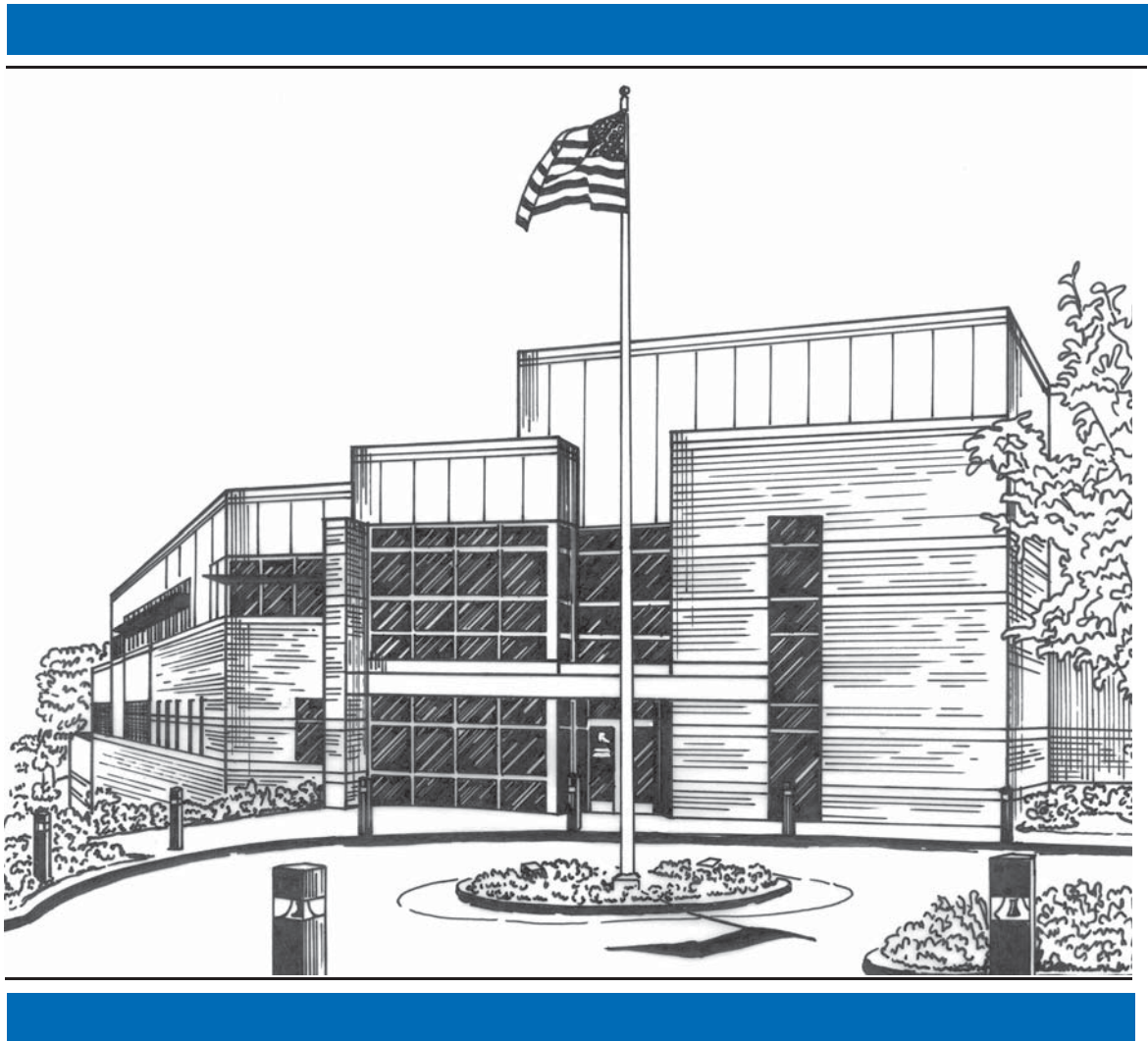


The Public School &
The Non-Teacher School Employee



Comprehensive Annual Financial Report

for the year ended June 30, 2002



Board of Trustees

Transmittal Letter

Certificate of Achievement in Financial Reporting

Organizational Chart

Professional Services

INTRODUCTORY SECTION

Intro

Board of Trustees*

As of June 30, 2002

Nancy Gaines

Chair
Elected NTRS Member
Term Expires 6/30/06



Wayne Wheeler

Vice-Chair
Elected PSRS Member
Term Expires 6/30/04



Veronica Hambacker

Elected
PSRS Member
Term Expires 6/30/02



Lynn Harmon

Appointed
Member
Term Expires 6/30/03



Peggy Preston

Elected
PSRS Member
Term Expires 6/30/04



William Wasson

Appointed
Retired Member
Term Expires 6/30/02



*One board position appointed by the governor was vacant.



December 9, 2002

TO: Board of Trustees and Members of the Retirement Systems:

We are pleased to present the *Comprehensive Annual Financial Report* of the Public School Retirement System of Missouri (PSRS) and the Non-Teacher School Employee Retirement System of Missouri (NTRS) for the fiscal year ended June 30, 2002. The management and staff of the systems are responsible for the accuracy and completeness of this report and for ensuring that all material disclosures have been made. To the best of our knowledge, the information presented is a fair and accurate portrayal of the financial position and operations of PSRS and NTRS as of June 30, 2002.

Report Contents

This report is presented in five sections:

- The Introductory Section contains general information about the retirement systems;
- The Financial Section contains the independent auditors' report, management's discussion and analysis of the financial statements, the financial statements and related notes, and required supplemental schedules;
- The Investment Section contains a summary of the investment activities during the year, including investment performance;
- The Actuarial Section reports the funded condition of both systems, including a summary of major actuarial assumptions; and
- The Statistical Section contains general information concerning members, benefit recipients and finances.

Overview of the Retirement Systems

The Public School Retirement System of Missouri, a cost sharing multiple employer retirement system, was established in 1946 by an act of the Missouri legislature to provide retirement, disability and death benefits to full-time, certificated employees in the public schools and four-year regional universities. It has been amended to include part-time employees of public schools and no longer accepts new employees of the regional universities.

M. Steve Yoakum
Executive Director
(Ext. 1099)

John K. Boudinot
Asst. Executive
Director
(Ext. 1098)

Alan Thompson
General Counsel
(Ext. 1097)

Mary Hiatte
Executive Assistant
(Ext. 1096)

The Non-Teacher School Employee Retirement System of Missouri, also a cost-sharing multiple employer retirement system, was established in 1965 by an act of the Missouri legislature to provide retirement, disability and death benefits to non-certificated school employees in the public schools, community colleges and junior colleges who have elected to join the system.

Financial Information

The systems' financial statements are prepared in accordance with generally accepted accounting principles (GAAP) within the guidelines established by the Governmental Accounting Standards Board (GASB). A system of internal controls is in place to help monitor and safeguard assets and promote efficient operations. An independent certified public accounting firm selected by the Board of Trustees performs a financial audit each year. In addition, the systems employ an internal auditor who performs operational reviews to ensure that control systems are functioning effectively and as intended.

Please refer to the Management's Discussion and Analysis on pages 17 through 21 for an overview of additions to and deductions from the plans for the fiscal year.

Investment Activities

The past fiscal year proved to be a difficult period for all institutional investors, including PSRS/NTRS. However, our disciplined investment approach and conservative strategy allowed PSRS/NTRS to outperform most of our peers during this period. While the combined investment portfolios generated a -2.8% return for the fiscal year, this return ranked in the top 25% of returns for large institutional pension systems. Our conservative investment approach proved advantageous during this period of tumultuous investment markets.

Funding Status

PSRS and NTRS are defined benefit retirement systems. This means that a formula made up of credit (years of service) times final average salary, times a multiplier (2.5% for PSRS and 1.61% for NTRS) creates each member's retirement benefit. The systems are also known as actuarial reserve retirement systems. Thus, a level contribution payment in conjunction with a moveable amortization period determines the relative health of the systems.

As of June 30, 2002, PSRS was 95.3% funded, while NTRS was 97.6% funded. This is a reduction from the June 30, 2001 funded ratios of 99.4% for PSRS and 103.1% for NTRS. The actuarial value of the assets of PSRS was \$22.2 billion while the accrued liability was \$23.3 billion. The actuarial value of the assets of NTRS was \$1.8 billion while the accrued liability was \$1.9 billion. The market value of the assets of PSRS was \$19.4 billion while the market value of assets of NTRS was \$1.6 billion.

Due to a decline in the market value of assets of the systems, the current contribution rates for PSRS and NTRS are currently not adequate to amortize the systems' unfunded actuarial accrued liabilities over a 30-year period. We are currently researching methods to make up this funding shortfall, including, contribution rate increases, benefit reductions, or a combination of both.

Major Initiatives During 2001-2002

After the move to our new facility in October 2001, the NTRS member services staff was combined with the PSRS member services staff to create one department under the leadership of the Director of Member Services. We believe that this restructuring will enable us to better serve our members through the application of consistent policies and procedures across systems.

No major legislation concerning PSRS or NTRS was enacted during the 2002 General Assembly.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to PSRS and NTRS for the *Comprehensive Annual Financial Report* for the fiscal year ended June 30, 2001. The Certificate of Achievement is a prestigious national award recognizing excellence in the preparation of state and local government financial reports. To be awarded the Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents meet or exceed program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for only one year. We believe our current report continues to meet the Certificate of Achievement program requirements and are submitting it to GFOA for consideration again this year.

Professional Services

Certain professional services are provided to the retirement systems by retained consultants. The required opinion letters from two of those consultants, Gabriel, Roeder, Smith and Company, actuaries, and Williams Keepers LLC, independent certified public accountants, are contained elsewhere in this report.

Investment consulting services, as well as investment manager search assistance and investment performance analysis, has been provided by Strategic Investment Solutions, of San Francisco, CA.

Acknowledgements

We would like to express our thanks and gratitude to the Board of Trustees, staff, and consultants who have worked diligently to produce this report and to ensure the successful operation of this retirement system.

Respectfully submitted,



M. Steve Yoakum
Executive Director



Lori Woratzeck
Chief Financial Officer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

The Public School Retirement System
of Missouri and the Non-Teacher
School Employee Retirement System

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2001

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Imelda Aruwa
President

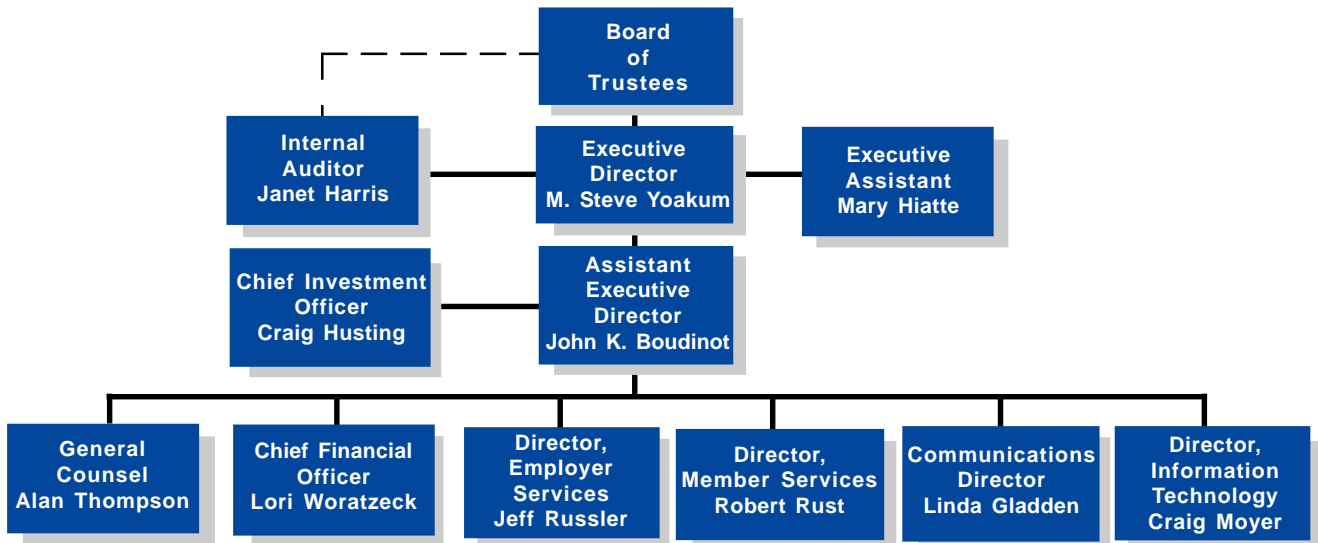
Jeffrey L. Essler
Executive Director

The Public School &
The Non-Teacher School Employee



Administrative Organization

June 30, 2002



Professional Services

June 30, 2002

Actuary

Gabriel, Roeder, Smith & Co.

Actuaries and Consultants
Norman S. Losk, FSA
Roseville, California

Auditor

Williams Keepers, LLC

Stephen C. Smith, CPA
Michael J. Oldelehr, CPA
Jill S. Hatfield, CPA
Jefferson City, Missouri

Computer Consultants

CMI Consulting

Roger Rudkin
Columbia, MO

Huber & Associates, Inc.

James Huber
Jefferson City, Missouri

Mitten Software

Jim Morgan
Minnetonka, Minnesota

Mize, Houser & Company

Professional Association

Marsha Oliver
Becky Holmquist
Topeka, Kansas

Insurance Consultant

Charlesworth & Associates

Bob Charlesworth
Overland Park, Kansas

Legal Counsel

Thompson Coburn

Attorneys at Law

Allen Allred
St. Louis, Missouri

Legislative Consultant

Jack Pierce
Jefferson City, Missouri

Medical Advisor

Dr. Robert H. Tanner
Jefferson City, Missouri

Investment Management Consultant*

Strategic Investment Solutions, Inc.

Michael R. Beasley
San Francisco, California

U.S. Equity Investment Advisors*

Alliance Capital Management

John A. Koltcs
Elizabeth Smith
Minneapolis, Minnesota

Dimensional Fund Advisors

Rex A. Sinquefield
Carol Wardlaw
Santa Monica, California

DSI International

John Holmgren, Jr.
Norwalk, Connecticut

State Street Global Advisors

Anne Eisenberg
Jim Thorsen
Boston, Massachusetts

Thomson, Horstmann & Bryant, Inc.

Richard Horstmann
Al Thomson
Saddle Brook, New Jersey

Trust Company of the West (TCW)

Glen Bickerstaff
Brian Beitner
Los Angeles, California

UBS Global Asset Management

John Leonard
Steven E. Wilde
Chicago, Illinois

International Investment Advisors*

Bank of Ireland Asset Management

Jane Neill
Lelia Long
Dublin, Ireland

BPI Global Asset Management

Dan Jaworski
Ryan Burrow
Orlando, Florida

INVESCO Global Asset Management

Erik Granade
Kirk Holland
Atlanta, Georgia

Oechsle International Advisors

Kathleen Harris
Jamie Macmillan
Boston, Massachusetts

Fixed Income Investment Advisors*

BlackRock Financial Management

Andy Phillips
Robert Capaldi
New York, New York

NISA Investment Advisors

Jess Yawitz
Robert Krebs
St. Louis, Missouri

Payden & Rygel

Brian Matthews
Michael Salvay
Los Angeles, CA

(continued)

Professional Services *(continued)*

State Street Global Advisors

Joe Marvan
Jim Thorsen
Boston, Massachusetts

Wellington Management Co., LLP

Tom Pappas
Alexander Grant
Boston, Massachusetts

Master Trustee/Custodian*

State Street Bank and Trust Company

R. Scott Paton
Steve Davies
Boston, Massachusetts

E-MAP U.S. Equity Advisors*

Analytic Investors, Inc.

Harindra de Silva
Los Angeles, California

Aronson & Partners

Ted Aronson
Philadelphia, Pennsylvania

Dresdner RCM Global Investors, LLC

Mary Bersot
San Francisco, California

New South Capital Management

Brooke Morrow
Memphis, Tennessee

Next Century Growth Investors, LLC

Tom Press
Minneapolis, Minnesota

Westwood Management Corporation

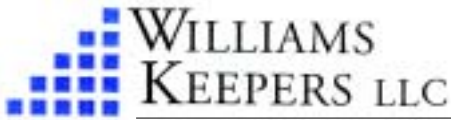
Susan Byrne
Dallas, Texas

Zevenbergen Capital, Inc.

Nancy Zevenbergen
Seattle, Washington

*Information on investment management and consulting fees can be found in the Schedule of Investment Expenses on page 58.

Independent Auditors' Report
Management's Discussion & Analysis
Basic Financial Statements
Required Supplementary Information
Schedule of Administrative Expenses
Schedule of Investment Expenses
Schedule of Professional/Consultant Fees
<u>FINANCIAL SECTION</u>



3220 West Edgewood, Suite E • Jefferson City, MO 65101 • 573/635-6196 573/635-8394 fax

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

JEFFERSON CITY
COLUMBIA
MEXICO

INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Public School Retirement System of Missouri
Non-Teacher School Employee Retirement System of Missouri

We have audited the accompanying statement of plan net assets of the Public School Retirement System of Missouri and the Non-Teacher School Employee Retirement System of Missouri (the System) as of June 30, 2002 and the related statement of changes in plan net assets for the year then ended. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net assets of the Public School Retirement System of Missouri and the Non-Teacher School Employee Retirement System of Missouri at June 30, 2002 and the changes in plan net assets for the year then ended, in conformity with U.S. generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary management discussion and analysis on pages 17 through 21 and the supplementary schedules of funding progress and employer contributions on pages 32 and 33 are not a required part of the basic financial statements of the System, but are required by the Governmental Accounting Standards Board (GASB). The supplementary information included on pages 34 through 36 is presented for purposes of additional analysis and is not a required part of the basic financial statements of the System. Such information, included on pages 17 through 21 and 32 through 36, has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Williams - Keepers LLC

August 30, 2002

Management's Discussion and Analysis

June 30, 2002

This discussion and analysis of the financial position of the Public School Retirement System and the Non-Teacher School Employees Retirement System (collectively referred to as the Systems) provides an overview of the Systems' financial activities for the fiscal year ended June 30, 2002. We encourage you to consider the information presented here in conjunction with additional information presented in the financial statements and required supplementary information.

Financial Highlights

The following highlights are explained in more detail for each system later in this discussion.

The combined net assets of the Systems at June 30, 2002 were \$21.0 billion. The net assets were down \$0.8 billion from June 30, 2001. This decrease was primarily due to the decrease in the fair value of investments of \$1.1 billion caused primarily by the slowdown in the general market conditions.

The overall investment return for the Systems was (2.8%). Although negative, the Systems' high bond allocation provided excellent diversification under the poor market environment. The Systems' return ranked in the top 25% of returns for large institutional pension systems.

The Systems' funding objective is to meet long-term benefit obligations through the accumulation of contributions and investment income. This funding shall be carried out in such a way to ensure that the burden of paying retirement costs shall be shared equitably by present and succeeding generations of members and taxpayers. As of June 30, 2002, the funded ratios were 95.3% for PSRS and 97.6% for NTRS. As of June 30, 2001, the funded ratios were 99.4% for PSRS and 103.1% for NTRS. The funded ratios have decreased due to increases in benefits paid and declining investment market conditions. If the funded ratios continue to decline, the Systems may need to consider contribution rate increases in the foreseeable future.

Revenues for the year were \$161.8 million. This figure is comprised of contribution revenue of \$788.7 million and investment losses of \$629.7 million. Other miscellaneous revenues contributed \$2.8 million.

Expenses increased 13.8% over the prior year from \$849.4 million to \$967.0 million. Most of this increase represented increased retirement benefits paid to members.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the financial report of the Systems. The financial report consists of:

The basic financial statements, comprised of the Statement of Plan Net Assets and the Statement of Changes in Plan Net Assets; the notes to the basic financial statements; and the required and other supplementary information.

The Statement of Plan Net Assets (page 22) presents information on the assets and liabilities of the Systems, with the difference between the two reported as net assets. The net assets of the Systems reflect the resources available to pay benefits to members when due. Over time, increases and decreases in net assets measure whether the Systems' financial position is improving or deteriorating.

The Statement of Changes in Plan Net Assets (page 23) presents information detailing the changes in net assets that occurred during the current fiscal year. All changes in net assets are reported on an accrual basis. This means that the revenue or expense is recognized as soon as the underlying event giving rise to the change occurs, regardless of when the actual cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods. For example, contributions due from a district, even though not yet paid by year end, will be reflected as revenue. Earned vacation accruals will be reflected as an expense, even though they have not been paid to employees.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes can be found on pages 24 through 31. The report also contains required supplementary information in addition to the basic financial statements themselves. The Schedules of Funding Progress (page 32) include historical trend information about the actuarially funded status of each plan from a long-term, ongoing perspective and the progress made in accumulating assets to pay benefits when due.

The Schedules of Employer Contributions (page 33) present historical trend information about the annual required contributions of employers and the actual contributions made by employers.

Other supplementary schedules are also included. The Schedule of Administrative Expenses (page 34) presents the overall cost of administering the system. The Schedule of Professional Services (page 36) further details this category of administrative expense.

The Schedule of Investment Expenses (page 35) shows the costs associated with investing the assets of the Systems. These expenses are shown as a reduction of revenue on the Statement of Plan Net Assets.

Financial Analysis of The Public School Retirement System

The Public School Retirement System (PSRS) is a mandatory cost-sharing multiple employer retirement system for full-time certificated employees and certain part-time employees of participating employers. PSRS members were required to contribute 10.5% of their annual covered salary during 2002. The employer was required to match that amount. PSRS members do not contribute to Social Security, except for employees hired after 1986 who contribute to Medicare only.

Assets

Total assets of PSRS as of June 30, 2002 were \$23.1 billion and were mostly comprised of cash, investments, and contributions due from employers. Total assets increased by \$0.4 billion or 1.8% from the prior year primarily due to increased invested security lending collateral.

Liabilities

Total liabilities as of June 30, 2002 were \$3.7 billion and were mostly comprised of obligations under security lending arrangements and payables from the purchase of investments. Total liabilities increased by \$1.1 billion. This increase was also primarily due to an increased liability for securities lending collateral.

Net Assets

System assets exceeded liabilities at June 30, 2002 by \$19.4 billion. This was down from 2001 net assets of \$20.2 billion by \$0.8 billion. This reduction was primarily due to a reduction in investment earnings due to adverse market conditions. In addition, benefit payments and other expenses exceeded contribution revenue by \$200.0 million. This trend is a natural progression in a mature defined benefit plan.

Public School Retirement System Plan Net Assets (000's)

	<u>2002</u>	<u>2001</u>	<u>Change</u>
Cash & Investments	\$ 22,474,060	\$ 22,166,681	\$ 307,379
Receivables	636,018	570,409	65,609
Other	9,925	8,201	1,724
Total Assets	<u>\$ 23,120,003</u>	<u>\$ 22,745,291</u>	<u>\$ 374,712</u>
Total Liabilities	<u>\$ 3,716,526</u>	<u>\$ 2,561,602</u>	<u>\$ 1,154,924</u>
Plan Net Assets	<u>\$ 19,403,477</u>	<u>\$ 20,183,689</u>	<u>(\$ 780,212)</u>

Public School Retirement System
Changes in Plan Net Assets (000's)

	<u>2002</u>	<u>2001</u>	<u>Change</u>
Additions			
Members' Contributions	\$ 356,684	\$ 335,275	\$ 21,409
Employer Contributions	340,000	324,526	15, 474
Investment Loss	(582,958)	(407,172)	(175,786)
Other	<u>2,762</u>	<u>810</u>	<u>1,952</u>
Total Additions	\$ 116,488	\$ 253,439	(\$ 136,951)
Deductions			
Monthly Benefits	\$ 860,435	\$ 749,891	\$ 110,544
Refunds of Contributions	31,779	35,047	(3,268)
Administrative Expenses	4,439	3,995	444
Other	<u>47</u>	<u>14</u>	<u>33</u>
Total Deductions	\$ 896,700	\$ 788,947	\$ 107,753
Change in Plan Net Assets	(\$ 780,212)	(\$ 535,508)	(\$ 244,704)

Revenues – Additions to Plan Net Assets

The reserves needed to finance retirement benefits are accumulated through the collection of employer and employee contributions and through investment earnings. Total contributions for the year increased by \$36.9 million to \$696.7 million. This was a 5.6% increase over the prior year. Retirement contributions are calculated at 10.5% of retirement salary for each member. The employer matches this amount. Members may also pay contributions to reinstate previously withdrawn service credit or to purchase various types of elective credit.

Net investment loss was \$583.0 million. This was an increase of 43.2% over the 2001 loss. This was a direct result of market declines that have affected all pension systems. While negative in absolute numbers, PSRS compared favorably to other systems. The PSRS one-year return of (2.8%) was better than 75% of large institutional pension funds, which on average, lost 5.2% for the year. All investment related expenses, such as fees paid to investment managers, are reflected as a reduction in revenue and are accounted for in this net figure.

Other income was up substantially due to the sale of the previous administration building. A gain on this sale was recorded for \$1.4 million.

Expenses – Deductions from Plan Net Assets

The primary expenses of PSRS include the payment of pension benefits to members and beneficiaries, refunds of contributions to former members, and the cost of administering the system. Total expenses for fiscal year 2002 were \$896.7 million, an increase of 13.7% over fiscal year 2001.

Benefit expenses increased by \$110.5 million. This was a result of cost-of-living increases applied to the benefits of current retirees and the addition of 2,292 new service and disability retirees. Refunds of contributions decreased by \$3.2 million to \$31.8 million. This is probably a reflection of the current market conditions. Members might feel that the stated return of 6% earned on their account balances with PSRS is an attractive choice compared to other retirement vehicles.

Administrative expenses increased by \$0.4 million to \$4.4 million. This was an 11.1% increase. This increase was primarily due to the addition of 5 staff members during the year, which has enabled us to better serve our members. The cost of these positions was charged 61% to PSRS and 39% to NTRS. In addition, our new administrative building was completed during fiscal year 2002. Depreciation charges were higher due to this factor.

Financial Analysis of the Non-Teacher School Employee Retirement System

The Non-Teacher School Employee Retirement System (NTRS) is a mandatory cost-sharing multiple employer retirement system for non-certificated employees and certain part-time certificated employees of participating employers. NTRS members were required to contribute 5% of their annual covered salary during 2002. The employer was required to match that amount. NTRS members also contribute to Social Security.

Assets

Total assets of NTRS as of June 30, 2002 were \$1.9 billion and were mostly comprised of cash, investments, and contributions due from employers. Total assets increased by \$0.1 billion from the prior year primarily due to increased invested security lending collateral.

Liabilities

Total liabilities as of June 30, 2002 were \$293.6 million and were mostly comprised of obligations under security lending arrangements and payables from the purchase of investments. Total liabilities increased by \$89.8 million. This increase was also primarily due to an increased liability for securities lending collateral.

Net Assets

NTRS assets exceeded liabilities at the close of fiscal year 2002 by \$1.6 billion. This was down from 2001 net assets by only \$25.0 million. Because NTRS is a much younger plan than PSRS, contribution revenues exceeded benefit payments and other expenses by \$21.7 million. Investment losses of \$46.7 million were a result of adverse market conditions.

Non Teacher School Employee Retirement System Plan Net Assets (000's)

	<u>2002</u>	<u>2001</u>	<u>Change</u>
Cash & Investments	\$ 1,827,470	\$ 1,759,804	\$ 67,666
Receivables	51,174	53,986	(2,812)
Other	1	8	(7)
Total Assets	<u>\$ 1,878,645</u>	<u>\$ 1,813,798</u>	<u>\$ 64,847</u>
Total Liabilities	<u>\$ 293,628</u>	<u>\$ 203,753</u>	<u>\$ 89,875</u>
Plan Net Assets	<u>\$ 1,585,017</u>	<u>\$ 1,610,045</u>	<u>(\$ 25,028)</u>

Non-Teacher School Employee Retirement System Changes in Plan Net Assets (000's)

	<u>2002</u>	<u>2001</u>	<u>Change</u>
Additions			
Members' Contributions	\$ 46,217	\$ 37,934	\$ 8,283
Employer Contributions	45,773	37,500	8,273
Investment Loss	(46,732)	(29,647)	(17,085)
Other	26	72	(46)
Total Additions	<u>\$ 45,284</u>	<u>\$ 45,859</u>	<u>(\$ 575)</u>
Deductions			
Monthly Benefits	\$ 59,871	\$ 49,038	\$ 10,833
Refunds of Contributions	7,866	9,201	(1,335)
Administrative Expenses	2,574	2,242	332
Other	1	4	(3)
Total Deductions	<u>\$ 70,312</u>	<u>\$ 60,485</u>	<u>\$ 9,827</u>
Change in Plan Net Assets	<u>(\$ 25,028)</u>	<u>(\$ 14,626)</u>	<u>(\$ 10,402)</u>

Revenues – Additions to Plan Net Assets

The reserves needed to finance retirement benefits are accumulated through the collection of employer and employee contributions and through investment earnings. Total contributions for the year increased by \$16.6 million to \$92.0 million. This was a 21.9% increase over the prior year. Retirement contributions are calculated at 5% of retirement salary for each member. The employer matches this amount. This rate was up 11.1% from the 2001 contribution rate of 4.5%. Members may also pay contributions to reinstate previously withdrawn service credit or to purchase various types of elective credit.

Net investment loss was \$46.7 million. This loss was an increase of 57.6% over the 2001 loss and was a direct result of market declines that have affected all pension systems. While negative in absolute numbers, NTRS compared favorably to other systems. The NTRS one-year return of (2.8%) was better than 75% of large institutional pension funds, which on average, lost 5.2% for the year. All investment related expenses, such as fees paid to investment managers, are reflected as a reduction in revenue and are accounted for in this net figure.

Expenses – Deductions from Plan Net Assets

The primary expenses of NTRS include the payment of pension benefits to members and beneficiaries, refunds of contributions to former members, and the cost of administering the system. Total expenses for fiscal year 2002 were \$70.3 million, an increase of 16.2% over fiscal year 2001.

Benefit expenses increased by \$10.8 million. This was a result of cost-of-living increases applied to the benefits of current retirees and the addition of 996 new service and disability retirees. In addition, the benefit formula increased from 1.51% to 1.61% while the temporary formula increased from 0.4% to 0.8%. Refunds of contributions decreased by \$1.3 million to \$7.9 million. This is probably a reflection of the current market conditions. Members might feel that the stated return of 6% earned on their account balances with NTRS is an attractive choice compared to other retirement vehicles.

Administrative expenses increased by \$0.3 million to \$2.6 million. This was a 14.8% increase. This increase was primarily due to the addition of 5 staff members during the year, which has enabled us to better serve our members. The cost of these positions was charged 61% to PSRS and 39% to NTRS. Our new administrative building was completed during fiscal year 2002. Depreciation charges were higher due to this factor. In addition, the portion of shared expenses allocated to NTRS increased from 38% to 39% in 2002. This is based upon the number of members served in each system.

Summary

Due to the long-term nature of defined benefit pension plans, it is important to look at the financial performance of the Systems over a period of years and not just at this single point in time. Although the Systems' have not met the 8% return assumption with the current 5-year return of 6%, management will continue to strive to improve the financial position of the Systems through a prudent investment program and long-term strategic planning. As indicated earlier, the current year decrease in net assets is a result of an overall investment market slowdown, which has affected all pension systems.

Requests for Information

This financial report is designed to provide the Board of Trustees, our members, and other users of our financial report with a general overview of the Systems' finances and to demonstrate the Systems' accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Public School and Non-Teachers School Employee Retirement System, P.O. Box 268, Jefferson City, MO 65102.

Statements of Plan Net Assets

as of June 30, 2002 with the comparative totals for June 30, 2001

	TOTALS			
	PSRS	NTRS	June 30, 2002	June 30, 2001
ASSETS				
Cash	\$ 27,773,096	\$ 16,772,268	\$ 44,545,364	\$ 61,463,675
Receivables				
Contributions	111,666,847	9,542,047	121,208,894	109,384,102
Accrued Interest and Dividends	89,720,380	7,298,706	97,019,086	83,593,847
Investment Sales	434,393,341	34,323,687	468,717,028	431,278,225
Due from NTRS	79,234	-	79,234	74,122
Other	158,181	9,267	167,448	64,561
Total Receivables	636,017,983	51,173,707	687,191,690	624,394,857
Investments, at fair value				
Fixed Income	9,834,577,972	801,877,819	10,636,455,791	10,286,316,788
Domestic Stocks	6,599,661,911	536,137,696	7,135,799,607	8,317,622,997
International Equities	2,774,231,184	221,114,503	2,995,345,687	2,995,764,330
Short Term Investments	597,913,307	45,313,635	643,226,942	382,207,816
Total Investments	19,806,384,374	1,604,443,653	21,410,828,027	21,981,911,931
Invested Securities Lending Collateral	2,639,902,565	206,253,796	2,846,156,361	1,883,109,573
Prepaid Expenses	177,131	-	177,131	183,974
Fixed Assets, net of accumulated depreciation	9,747,433	1,930	9,749,363	8,025,296
TOTAL ASSETS	23,120,002,582	1,878,645,354	24,998,647,936	24,559,089,306
LIABILITIES				
Accounts Payable	6,516,231	497,309	7,013,540	6,840,424
Interest Payable	311,133	39,876	351,009	270,988
Securities Lending Collateral	2,639,902,565	206,253,796	2,846,156,361	1,883,109,573
Investment Purchases	1,069,508,913	86,757,917	1,156,266,830	874,824,567
Due to PSRS	-	79,234	79,234	74,122
Lease Liability	19,619	-	19,619	2,175
Compensated Absences	267,223	-	267,223	233,659
TOTAL LIABILITIES	3,716,525,684	293,628,132	4,010,153,816	2,765,355,508
Net Assets Held in Trust for Pension Benefits <i>(Schedules of funding progress for the plans are presented on page 32.)</i>	\$ 19,403,476,898	\$ 1,585,017,222	\$ 20,988,494,120	\$ 21,793,733,798

Statements of Changes in Plan Net Assets

for the year ended June 30, 2002 with comparative totals for the year ended June 30, 2001

	TOTAL			
	PSRS	NTRS	2002	2001
ADDITIONS				
Contributions:				
Employer	\$ 340,000,556	\$ 45,773,119	\$ 385,773,675	\$ 362,025,916
Member	356,684,657	46,217,131	402,901,788	373,209,158
Total Contributions	<u>696,685,213</u>	<u>91,990,250</u>	<u>788,675,463</u>	<u>735,235,074</u>
Investment Income				
<i>From Investing Activities:</i>				
Net Appreciation (Depreciation) in Fair Value of Investments	(1,034,796,138)	(82,618,361)	(1,117,414,499)	(942,706,544)
Interest from Investments	357,735,014	28,571,047	386,306,061	424,827,763
Interest from Bank Deposits	103,894	12,400	116,294	299,208
Dividends	99,211,051	7,875,917	107,086,968	91,553,643
Total Investment Income (Loss)	<u>(577,746,179)</u>	<u>(46,158,997)</u>	<u>(623,905,176)</u>	<u>(426,025,930)</u>
Less Investment Expenses	23,267,281	1,975,791	25,243,072	23,956,486
Net Income (Loss) from Investing Activities	<u>(601,013,460)</u>	<u>(48,134,788)</u>	<u>(649,148,248)</u>	<u>(449,982,416)</u>
<i>From Security Lending Activities:</i>				
Security Lending Gross Income	62,303,154	4,689,540	66,992,694	135,148,223
Less Security Lending Activity Expenses:				
Agent Fees	4,142,698	313,547	4,456,245	2,775,900
Broker Rebates	40,105,474	2,973,883	43,079,357	119,209,205
Total Security Lending Expenses	<u>44,248,172</u>	<u>3,287,430</u>	<u>47,535,602</u>	<u>121,985,105</u>
Net Income from Security Lending Activity	<u>18,054,982</u>	<u>1,402,110</u>	<u>19,457,092</u>	<u>13,163,118</u>
Total Net Investment Income (Loss)	<u>(582,958,478)</u>	<u>(46,732,678)</u>	<u>(629,691,156)</u>	<u>(436,819,298)</u>
Other Income:				
NTRS Capital Asset Charge	223,160	-	223,160	226,639
Miscellaneous Income	2,538,421	26,070	2,564,491	655,731
Total Other Income	<u>2,761,581</u>	<u>26,070</u>	<u>2,787,651</u>	<u>882,370</u>
Total Additions	116,488,316	45,283,642	161,771,958	299,298,146
DEDUCTIONS				
Monthly Benefits	860,434,779	59,871,346	920,306,125	798,929,357
Refunds of Contributions	31,779,306	7,865,945	39,645,251	44,247,812
Administrative Expenses	4,439,493	2,574,150	7,013,643	6,236,682
Other Expenses	46,473	144	46,617	18,548
Total Deductions	<u>896,700,051</u>	<u>70,311,585</u>	<u>967,011,636</u>	<u>849,432,399</u>
NET INCREASE (DECREASE)	(780,211,735)	(25,027,943)	(805,239,678)	(550,134,253)
Net Assets Held in Trust for Pension Benefits				
Beginning of Year	20,183,688,633	1,610,045,165	21,793,733,798	22,343,868,051
End of Year	<u>\$ 19,403,476,898</u>	<u>\$ 1,585,017,222</u>	<u>\$ 20,988,494,120</u>	<u>\$ 21,793,733,798</u>

See accompanying Notes to the Financial Statements.

Notes to the Financial Statements

June 30, 2002

(with comparative information for June 30, 2001)

Note 1 — Plan Descriptions

The Board of Trustees of the Public School Retirement System administers two separate retirement systems, the Public School Retirement System (PSRS) and the Non-Teacher School Employee Retirement System (NTRS). The Board of Trustees consists of seven members, three of whom are elected PSRS active members, one an elected active member of NTRS and three persons appointed by the Governor, one of whom must be a retired member of either PSRS or NTRS.

The funds of the two systems are invested in conjunction with each other but each system retains title to its own investments. Each system's assets may be used only for the payment of benefits to the members of the separate system in accordance with the statutes governing that system.

The Public School Retirement System

The Public School Retirement System of Missouri (PSRS) is a mandatory cost-sharing multiple employer retirement system for all full-time certificated employees and certain part-time certificated employees of all public school districts in Missouri (except the school districts of St. Louis and Kansas City) and all public community colleges. The system also includes certificated employees of PSRS, Missouri State Teachers' Association, Missouri State High School Activities Association, and certain employees of the State of Missouri who elected to remain covered by PSRS under legislation enacted in 1986, 1987 and 1989.

PSRS was established as an independent trust fund by an Act of the Missouri General Assembly effective August 1, 1945. Statutes governing the retirement system are found in Sections 169.010-169.141 and Section 169.560-169.595 RSMo. It is a defined benefit plan providing service retirement, death and

disability benefits to its members. Members are vested for service retirement benefits after accruing 5 years of creditable service. Individuals who are (a) at least age 60 and have a minimum of 5 years of service, (b) have 30 years of service, or (c) qualify for benefits under the "Rule of 80" (service credit and age total at least 80) are entitled to a monthly benefit for life, which is calculated using a 2.5% formula factor. Beginning July 1, 2001, and ending June 30, 2008, a 2.55% formula factor is used to calculate benefits for members who have 31 or more years of service. Actuarially age-reduced benefits are available for members with 5 to 24.9 years of service at age 55 or with 25 years of service (if not yet age 55). Members who are less than age 55 and who do not qualify under the "Rule of 80" but have between 25 and 29.9 years of credit may retire with a lesser benefit formula factor during a window that will close July 1, 2003. Annual cost-of-living adjustments (COLAs) are provided for eligible service and disability retirees and for surviving beneficiaries receiving payments under optional retirement plans, up to a lifetime maximum of 80% of the original benefit amount.

Contributions — PSRS members were required to contribute 10.5% of their annual covered salary during both fiscal years. The employing districts were required to match the contributions made by employees. The contribution rate is set each year by the Board of Trustees upon the recommendation of the independent actuary within the maximum contribution limit set in Section 169.030 RSMo. Administrative costs are financed through investment earnings. Contributions for employees of the State of Missouri were made by the state in accordance with the actuarially determined contribution rate needed to fund current costs and prior service costs of state employees as authorized in Section 104.342.8 RSMo.

Members — The number of PSRS membership and benefit recipients served by the system at June 30 was:

	<u>2002</u>	<u>2001</u>
Retirees and beneficiaries receiving benefits	30,865	29,234
Inactive members entitled to but not yet receiving benefits	4,588	4,203
Active members:		
Vested	50,489	49,471
Non-vested	<u>23,184</u>	<u>23,217</u>
Total active members	73,673	72,688
Other inactive members	<u>4,788</u>	<u>4,727</u>
Total	<u>113,914</u>	<u>110,852</u>

Employers — PSRS had 546 contributing employers during 2002 and 548 during 2001.

The Non-Teacher School Employee Retirement System

The Non-Teacher School Employee Retirement System of Missouri (NTRS) is a mandatory cost-sharing multiple employer retirement system for all public school district employees (except the school districts of St. Louis and Kansas City), employees of the Missouri Association of School Administrators, and community college employees (except the Community College of St. Louis). Employees of covered districts who work 20 or more hours per week on a regular basis and who are not contributing members of the Public School Retirement System of Missouri (PSRS) must contribute to NTRS. Employees of PSRS who do not hold Missouri teaching certificates also contribute to NTRS.

NTRS was established as a trust fund by an Act of the Missouri General Assembly effective October 13, 1965. Statutes governing the retirement system are found in Sections 169.600 - 169.715 and Sections 169.560-169.595 RSMo. The statutes place responsibility for the operation of NTRS on the Trustees of the Public School Retirement System.

NTRS is a defined benefit plan providing service retirement and disability benefits to its members. Members are vested for service retirement benefits after accruing 5 years of creditable service. Individuals who are (a) at least age 60 and have a minimum of 5 years of service, (b) have 30 years of service, or

(c) qualify for benefits under the “Rule of 80” (service credit and age total at least 80) are entitled to a monthly benefit for life, which is calculated using a 1.61% formula factor. Beginning July 1, 2001, members qualifying for “Rule of 80” or “30 and out” are entitled to a temporary .8% benefit multiplier until reaching minimum Social Security age (currently age 62). Actuarially age-reduced retirement benefits are available with 5 years of service at age 55. Members who are less than age 55 and who do not qualify under the “Rule of 80” but have between 25 and 29.9 years of credit may retire with a lesser benefit formula factor during a window that will close July 1, 2003. Annual cost-of-living adjustments (COLAs) up to a lifetime maximum of 80% of the original benefit amount are provided for eligible service and disability retirees and for surviving beneficiaries receiving payments under optional retirement plans.

Contributions — NTRS members were required to contribute 5.0% of their annual covered salary during 2002 and 4.5% during 2001. The employing districts were required to match the contributions made by their employees. The contribution rate is set each year by the Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions in Section 169.620 RSMo. Administrative costs proportional to its membership size are reimbursed by NTRS to the Public School Retirement System and are financed through investment earnings.

Members – The number of NTRS membership and benefit recipients served by the system at June 30 was:

	<u>2002</u>	<u>2001</u>
Retirees and beneficiaries receiving benefits	14,270	13,673
Inactive members entitled to but not yet receiving benefits	2,768	2,498
Active members: Vested	20,181	19,022
Non-Vested	<u>26,547</u>	<u>26,495</u>
Total active members	46,728	45,517
Other inactive members	<u>13,145</u>	<u>11,493</u>
Total	<u>76,911</u>	<u>73,181</u>

Employers — NTRS had 536 contributing employers during 2002 and 535 during 2001.

Note 2 — Summary of Significant Accounting Policies

Basis of Accounting — The financial statements of both systems were prepared using the accrual basis of accounting. For both systems, member and employer contributions are required by state statute and are recognized in the period in which the employee services are performed. Benefits and refunds are recognized when due and payable in accordance with the statutes governing the systems. Expenses are recognized when the liability is incurred, regardless of when payment is made.

Cash — Cash includes cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Receivables — Receivables consist primarily of contributions owed and yet to be remitted by the employing districts, pending investment trades and interest and dividends payable to the systems as of the end of each fiscal year.

Method Used to Value Investments — Investments are reported at fair value on a trade date basis. Securities traded on international exchanges are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments and are discounted at prevailing interest rates for similar instruments.

Investments that do not have an established market are reported at estimated fair value.

Fixed Assets — The building and most other fixed assets are owned by PSRS and are stated at cost less depreciation accumulated since acquisition. The stated value does not purport to represent replacement or realized value. Costs of major additions and improvements are capitalized. Expenditures for maintenance and repairs are charged to operations as incurred. Depreciation is calculated using the straight-line method, with estimated lives ranging from three to forty years in the following major classes: computers and software, three years; vehicles, five years; equipment, five years; building and land improvements, fifteen years; building, forty years.

NTRS owns office equipment purchased before 1997 and follows the same guidelines for depreciation. NTRS reimburses PSRS for the use of fixed assets used by the two systems on a proportional basis. The amount of this reimbursement was \$223,160 in 2002 and \$226,639 in 2001.

Capital Lease — PSRS entered into a three-year lease agreement during 2001-2002 for a color copier. This agreement qualifies as a capital lease for accounting purposes, and therefore, has been recorded at the lower of fair market value or the present value of the future minimum lease agreement. The future minimum lease obligation and the net present value of these payments as of June 30, 2002 was \$19,619.

Note 3 — Designations of Net Assets Held in Trust for Pension Benefits

The systems designate the net assets held in trust for pension benefits for specific purposes:

PSRS

	<u>2002</u>	<u>2001</u>
<i>Designated for Members' Contributions (Member Reserves) —</i> Accumulation of active and terminated member contributions plus interest.	\$ 4,366,500,583	\$ 4,141,256,015
<i>Designated for the Payment of Benefits to Present Retirees —</i> Transfers from Member Reserves at retirement and an actuarially determined transfer from Operating Reserves to fund the system's obligation for benefit payments and cost-of-living adjustments to current retirees and beneficiary recipients.	10,588,268,955	9,503,551,714
<i>Designated for Additional Deposit Annuities —</i> Accumulation of the additional deposits over and above the contributions required by law. Defined contribution annuity payments are made to current retirees from this reserve.	1,276,650	1,369,729
<i>Designated for Operating Expenses/Benefits to Future Retirees (Operating Reserves) —</i> Accumulation of employer contributions and investment income used to fund future benefit payments, interest on member accounts and administration and maintenance expenses of the system.	4,447,430,710	6,537,511,175
Net Assets Held In Trust For Pension Benefits	<u>\$19,403,476,898</u>	<u>\$20,183,688,633</u>

NTRS

	<u>2002</u>	<u>2001</u>
<i>Designated for Members' Contributions (Member Reserves) —</i> Accumulation of active and terminated member contributions plus interest.	\$ 341,393,112	\$ 303,324,367
<i>Designated for the Payment of Benefits to Present Retirees —</i> Transfers from Member Reserves at retirement and an actuarially determined transfer from Operating Reserves to fund the system's obligation for benefit payments and cost-of-living adjustments to current retirees and beneficiary recipients.	651,294,735	565,125,714
<i>Designated for Operating Expenses/Benefits to Future Retirees (Operating Reserves) —</i> Accumulation of employer contributions and investment income used to fund future benefit payments, interest on member accounts and administration and maintenance expenses of the system.	592,329,375	741,595,084
Net Assets Held In Trust For Pension Benefits	<u>\$ 1,585,017,222</u>	<u>\$ 1,610,045,165</u>

Note 4 – Deposits and Investments

Deposits — Cash balances include short-term securities held by the custodial bank to meet future system obligations and operating balances held by the depository banks.

At June 30, 2002, the NTRS carrying amount of deposits at the depository bank was (\$483,854) and the bank balance was \$0. Since the bank balance was \$0, no amount was required to be collateralized. To maximize investment income, the float caused by outstanding checks was invested in overnight repurchase agreements, thus causing the negative book balance. These overnight repurchase agreements are reflected on the Schedule

of Investments in Note 4.

At June 30, 2002, the PSRS carrying amount of deposits at the depository bank was \$7,691,766 and the bank balance was \$8,631,549. Of the bank balance, \$100,000 was covered by federal depository insurance. The remaining \$8,531,549 was collateralized with securities held by the pledging financial institution's trust department or agent in the system's name.

The deposits held by the custodial bank are in a pooled short-term investment fund which are not required to be categorized.

The following are the balances of these accounts at June 30:

	<u>2002</u> <u>Book</u>	<u>2002</u> <u>Bank</u>	<u>2001</u> <u>Book</u>	<u>2001</u> <u>Bank</u>
PSRS				
Depository Bank	\$ 7,691,766	\$ 8,631,549	\$ 18,443,621	\$ 19,943,690
Custodial Bank	17,050,171	17,050,171	23,929,749	23,929,749
NTRS				
Depository Bank	\$ (483,854)	\$ -	\$ (561,288)	\$ -
Custodial Bank	15,484,060	15,484,060	15,009,127	15,009,127

Authorization of Investments — Funds for both systems that are in excess of a safe operating balance are invested by the investment agents under policies and procedures established by the Board of Trustees. Chapter 160.040 RSMo, as amended effective August 13, 1984, authorizes any investment which a prudent person acting in a like capacity and familiar with similar matters would use in the conduct of an enterprise of a like character and with like aims. Any person with fiduciary responsibility with respect to the retirement systems is covered by this "prudent person" rule.

Categories of Custodial Credit Risk — The Governmental Accounting Standards Board Statement No. 3 requires disclosure of custodial credit risk. Investments are categorized into three categories of credit risk. Category 1 includes investments that are insured or registered or for which the securities are held by the systems' custodial agent in the name of each system. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the name of each system. Category 3 includes uninsured and unregistered

investments, which are held by the custodial agent, but not in the systems' names.

A security for purposes of credit risk disclosure is a transferable financial instrument that evidences ownership or creditorship. "Securities" do not include investments made in open-end pooled funds or securities on loan to broker-dealers under the security lending program. Such investments are shown as "not categorized."

PSRS

	<u>June 30, 2002</u>	<u>June 30, 2001</u>
Category 1 Investments		
Municipals	\$ 25,823,585	\$ 23,801,498
FHA/VA Mortgages	4	4
US Government & Agencies Securities	2,971,050,622	2,565,148,571
Domestic Fixed Income	1,855,212,610	2,102,248,871
Domestic Equities	3,842,849,118	4,113,335,861
International Equities	1,846,095,450	1,718,310,916
REITS	7,151,282	5,732,258
Treasury bonds, notes & bills		13,715,004
Commercial Paper		171,937,755
Category 2 Investments		
Repurchase Agreements	3,031,159	2,245,263
Investments Not Categorized		
Loaned Under The Securities Lending Program		
U.S. Governmental and Agencies Securities	1,891,637,043	1,147,387,313
Domestic Corporate Fixed Income Securities	108,977,020	39,350,030
Domestic Equities	140,314,016	137,216,706
International Equities	498,974,486	429,229,273
Pooled Funds		
Domestic Corporate Fixed Income Securities	2,981,877,088	3,737,736,549
Domestic Equities	2,609,347,495	3,454,545,423
International Equities	429,161,248	626,252,982
Money Market Fund	597,913,307	82,929,921
Total Investments	19,809,415,533	20,371,124,198
Security Lending Collateral (not categorized)	2,639,902,565	1,753,183,322
Total	<u>\$22,449,318,098</u>	<u>\$22,124,307,520</u>
Reconciliation to Statement of Plan Net Assets		
Number from Above	\$22,449,318,098	\$22,124,307,520
Less:		
Security Lending Collateral	(2,639,902,565)	(1,753,183,322)
Repurchase Agreements reported as cash	(3,031,159)	(2,245,263)
Investments per Statement of Plan Net Assets	<u>\$19,806,384,374</u>	<u>\$20,368,878,935</u>

NTRS

	<u>June 30, 2002</u>	<u>June 30, 2001</u>
Category 1 Investments		
Municipals	\$ 1,900,090	\$ 1,764,086
US Government & Agencies Securities	244,178,254	219,928,142
Domestic Fixed Income	152,669,981	172,591,204
Domestic Equities	305,201,010	306,786,299
International Equities	151,151,005	138,822,195
REITS	543,938	412,716
Treasury bonds, notes & bills		1,768,223
Commercial Paper		17,757,235
Category 2 Investments		
Repurchase Agreements	1,772,062	2,397,203
Investments Not Categorized		
Loaned Under The Securities Lending Program		
U.S. Governmental and Agencies Securities	144,486,109	71,513,114
Domestic Fixed Income	6,106,250	3,329,160
Domestic Equities	19,109,857	20,404,261
International Equities	36,551,581	34,679,716
Pooled Funds		
Domestic Corporate Fixed Income Securities	252,537,135	295,617,924
Domestic Equities	211,282,891	279,189,473
International Equities	33,411,917	48,469,248
Money Market Fund	45,313,635	-
Total Investments	<u>1,606,215,715</u>	<u>1,615,430,199</u>
Security Lending Collateral (not categorized)	206,253,796	129,926,251
Total	<u>\$ 1,812,469,511</u>	<u>\$ 1,745,356,450</u>
Reconciliation to Statement of Plan Net Assets		
Number from Above	\$ 1,812,469,511	\$ 1,745,356,450
Less:		
Security Lending Collateral	(206,253,796)	(129,926,251)
Repurchase Agreements reported as cash	(1,772,062)	(2,397,203)
Investments per Statement of Plan Net Assets	<u>\$ 1,604,443,653</u>	<u>\$ 1,613,032,996</u>

Derivatives — The retirement systems are parties to certain financial investments with off-balance sheet risk used in the normal course of business to generate earnings and reduce exposure to fluctuations in market conditions. International security managers are authorized to engage in forward contracts to exchange different currencies at a specified date and rate. These forward contracts involve elements of custodial and market risk in excess of the amount recognized in the Statement of Plan Net Assets. The forward exchange contracts purchased/sold in effect at June 30 are shown below.

	<u>2002</u>	<u>Purchase Value</u>	<u>Fair Value</u>
PSRS		\$ 48,081,909	\$ 46,619,698
NTRS		3,273,569	3,159,186
	<u>2001</u>	<u>Purchase Value</u>	<u>Fair Value</u>
PSRS		\$ 54,761,282	\$ 53,935,159
NTRS		4,528,267	4,459,761

The retirement systems also participate in three pooled index funds that use off-balance-sheet financing instruments. The derivatives in the S&P 500 Index Fund are S&P 500 futures and those in the Russell 1000 Value Fund are S&P Barra Value futures, both of which are used to accommodate cash flows and to equitize receivables while maintaining tight tracking to the index. The derivatives in the developed country portion of the ACWI World ex-US Fund are also index futures used for the same purposes as in the domestic equity fund. In some emerging market countries, equity swaps are used to achieve part of the exposure. As of June 30, 2002, these off-balance-sheet financial instruments comprised 1.02% of the \$64.4 billion S&P 500 Index Fund, 0.94% of the \$15.1 billion Russell 1000 Value Fund, and 0% of the \$3.6 billion Bond Market Index. PSRS' participation in these funds was 3.61%, 13.28%, and 5.88%, respectively. The NTRS exposure was 0.25%, 1.34%, and 1.67%.

On June 30, 2001, off balance sheet financial instruments comprised 1.02% of the \$64.4 billion S&P 500 Index Fund, 0.84% of the \$5.1 billion Russell 1000 Value Fund, and 1.42% of the \$10.6 billion ACWI World ex-US Fund. PSRS' participation in these funds was 3.61%, 13.28%, and 5.88%, respectively. The NTRS exposure was 0.29%, 1.05%, and 0.46%.

Neither the percentages of participation in the funds nor the funds' exposure to derivatives differed substantially from the June 30 figures throughout either year.

Security Lending Activity – Under the “prudent person” authority of the governing statutes and in accordance with the policies set by the Board of Trustees, the systems lend securities to broker-dealers and banks pursuant to a form of loan agreement. The systems' custodial bank is authorized to lend available securities to approved broker-dealers and banks subject to the receipt of acceptable collateral.

During the fiscal year, the systems lent securities and received cash (both U.S. and foreign currency), securities issued or guaranteed by the U.S. government or its agencies, sovereign debt of foreign countries, and irrevocable bank letters of credit as collateral. The systems did not have the ability to pledge or sell noncash collateral absent borrower default. Borrowers were required to deliver collateral for each loan equal to: (1) in the case of loaned securities denominated in U.S. dollars or whose primary trading market was located in the United States, or sovereign debt issued by foreign governments, 102% of the fair value of the loaned securities; and (2) in the case of loaned securities not denominated in U.S. dollars or whose primary trading market was not located in the United States, 105% of the fair value of the loaned securities.

The systems did not impose any restrictions during the fiscal year on the amount of the loans that the custodial bank made

on their behalf. There were no failures by any borrowers to return loaned securities or pay distributions thereon during the year. There were no losses during the year resulting from a default of the borrowers or the custodial bank.

The systems and borrowers each maintained the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested; together with the cash collateral of other qualified tax-exempt plan lenders in a collective investment pool. The average duration of such investment pool as of June 30, 2002 was 64 days and an average weighted maturity of 405 days. Because the loans were terminable at will, their duration did not match the duration of the investments made with cash collateral. On June 30, 2002 the systems had no credit risk exposure to borrowers because the amounts the systems owed the borrowers exceeded the amounts the borrowers owed the systems.

The collateral held (including both cash collateral recognized in the “Statement of Plan Net Assets” and non-cash collateral) and the fair values of securities on loan for PSRS were \$2,794,103,529 and \$2,730,606,557 for June 30, 2002 and \$1,703,681,787 and \$1,655,307,037 for June 30, 2001. Net security lending income was \$18,054,982 for the 2001-2002 fiscal year and \$12,156,898 for the 2000-2001 fiscal year.

The collateral held (including both cash collateral recognized in the “Statement of Plan Net Assets” and non-cash collateral) and the fair values of securities on loan for NTRS were \$218,847,435 and \$214,114,461 for June 30, 2002 and \$167,706,214 and \$141,284,215 for June 30, 2001. Net security lending income was \$1,402,110 for the 2001-2002 fiscal year and \$1,066,220 for the 2000-2001 fiscal year.

The collective investment pool in which the collateral received from security lending loans is invested has the following characteristics. The fair value of the investments held by the pooled fund is based upon valuations provided by a recognized pricing service. Because the pooled fund does not meet the requirements of Rule 2a-7 of the Investment Company Act of 1940, the fund's investments are valued at fair market value for reporting purposes. The pooled fund is not registered with the Securities and Exchange Commission.

The custodial bank and, consequently, the investment vehicles it sponsors (including the pooled fund) are subject to the oversight of the Federal Reserve Board and the Massachusetts Commissioner of Banks. The fair value of the systems' position in the pooled fund is not the same as the value of the fund shares. The systems had no involuntary participation in an external investment pool through this fund and no income from one fund was assigned to another fund by the custodial bank during either fiscal year.

Note 5 – Additional Deposits Program

Section 169.035 RSMo provides for an additional deposits program for PSRS members. Members may make payments above the required defined benefit contribution amount to the retirement system in order to provide a monthly annuity at retirement based on the total of the deposits and interest.

This annuity is in addition to the defined benefit allowance provided by the system. Contributions to the program are tax-sheltered. As of September 1, 1996 new deposits to the program were limited to members currently with deposits in the program. No additional deposits were made during 2001-2002. The deposits and interest of the two members who have not yet retired totaled \$5,276 as of June 30, 2002.

The deposits to the program are included in the investment program of the PSRS defined benefit plan. The additional deposits program's basis of accounting and the asset valuation are identical to the defined benefit plan.

Note 6 – Retirement Plans

Section 401 (a) Defined Benefit Plan

All full-time retirement system employees holding a valid Missouri teaching certificate are covered by PSRS. All other eligible employees are members of NTRS. Both systems provide retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. Chapter 169 RSMo contains the statutory provisions of both systems.

PSRS members were required to contribute 10.5% of their annual covered salary during both years. PSRS, as the employer, was required to match that amount. The contribution rate is established and may be amended by the Board of Trustees. Employer contributions to PSRS totaled \$30,121 for the 2001-2002 fiscal year and \$46,644 for 2000-2001. The amounts for these years are equal to the required contributions.

NTRS members were required to contribute 5% of their annual covered salary during 2001-2002 and 4.5% during 2000-2001. PSRS, as the employer, was required to match that amount. The contribution rate is established and may be amended by the Board of Trustees. Employer contributions to NTRS totaled \$174,859 for the 2001-2002 fiscal year and \$132,876 for 2000-2001. The amounts for these years are equal to the required contributions.

Section 457 Deferred Compensation Plan

A Section 457 deferred compensation plan is also administered to provide additional retirement benefits for employees. Participation in this plan is voluntary. The level of contributions is elected by the employee, subject to limitations of IRC Section

457. The system matches the employee contributions up to a set maximum. For members of PSRS, the system will match up to \$50 per month. For members of NTRS, the system will match \$50 plus 0.52% of salary per month. Members immediately vest in the matching contributions. Employer matching contributions totaled \$60,132 for the 2001-2002 fiscal year and \$62,189 for the 2000-2001 fiscal year.

Maintenance of individual member accounts and custody of assets have been contracted to a third party administrator and investment custodian. Member contributions are sent directly to the third party administrator by the system. Members can self-direct investments of their contributions and their respective share of matching contributions in a number of investment options. Because the system does not hold the plan's assets and does not have significant administrative responsibilities, the plan's assets and changes in net assets are not reported in the systems' financial statements.

Note 7 — Risk Management

The retirement systems are exposed to various risks of loss related to natural disasters, errors and omissions, loss of assets, torts, etc. The systems have chosen to cover such losses through the purchase of commercial insurance. There have been no material insurance claims filed or paid during the past three years.

The systems have a disaster recovery plan that provides for continued computer operations at a remote location should the retirement office be unavailable for normal operations.

Note 8 – Commitments and Contingencies

PSRS was committed to the future purchase of investments at a cost of \$1,069,508,913 on June 30, 2002 and to the future purchase of \$801,538,387 in investments on June 30, 2001. NTRS had investment commitments of \$86,757,917 on June 30, 2002 and \$73,286,180 on June 30, 2001.

Certain legal proceedings are pending against PSRS and NTRS arising from normal activities. Although unable to predict the outcome of these matters, the Systems believe the final outcome of these actions will not have a material adverse effect on the Systems' financial statements.

Note 9 – Subsequent Events

The Systems suffered a decline in the market value of investments subsequent to June 30, 2002. As of August 30, 2002, the market value of the assets of PSRS has declined approximately \$580.0 million, or 2.9%. The market value of the assets of NTRS has declined \$46.6 million, or 2.9%. This decline in market value of investments is primarily the result of continued worldwide economic slowdown.

Schedules of Funding Progress

Required Supplementary Information

Public School Retirement System

(Dollar amount in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)—Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
6/30/1997	\$ 13,099,219	\$ 12,449,178 ¹	\$ (650,041)	105.2%	\$ 2,427,429	(26.8%)
6/30/1998	14,979,358	14,471,049 ²	(508,309)	103.5%	2,577,594	(19.7%)
6/30/1999	17,209,870	16,373,144 ³	(836,726)	105.1%	2,690,007	(31.1%)
6/30/2000	19,437,223	18,279,113 ⁴	(1,158,110)	106.3%	2,836,062	(40.8%)
6/30/2001	21,146,294	21,282,203 ⁵	135,909	99.4%	2,982,051	4.6%
6/30/2002	\$ 22,236,105	\$ 23,333,937⁶	\$ 1,097,832	95.3%	\$ 3,213,461	34.2%

¹ Assumptions used to calculate salary growth and COLA increases for retirees were revised.

² Legislative improvements to the benefit formula and to retirees' benefits added \$1.1 billion to the AAL.

³ Legislative improvement to age of eligibility ("rule of 80") and an ad hoc benefit increase to retirees added \$982.5 million to the AAL.

⁴ Legislative improvements to benefits added \$643 million to the AAL.

⁵ Legislative improvements to benefits added \$630.3 million to the AAL. Assumptions were also revised.

⁶ There were no legislative changes in fiscal year 2002.

Non-Teacher School Employee Retirement System

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)—Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
6/30/1997	\$ 1,001,035	\$ 964,212 ¹	\$ (36,823)	103.8%	\$ 556,534	(6.6%)
6/30/1998	1,150,311	1,036,347 ²	(113,964)	111.0%	616,303	(18.5%)
6/30/1999	1,335,308	1,168,511 ³	(166,797)	114.3%	685,272	(24.3%)
6/30/2000	1,522,660	1,395,300 ⁴	(127,360)	109.1%	735,400	(17.3%)
6/30/2001	1,686,242	1,636,076 ⁵	(50,166)	103.1%	814,158	(6.2%)
6/30/2002	\$ 1,810,619	\$ 1,855,982⁶	\$ 45,363	97.6%	\$ 895,420	5.1%

¹ Assumptions used to calculate salary growth and COLA increases for retirees were revised.

² Legislative improvements to the lifetime COLA limit, 25 and out benefit eligibility window, and an ad hoc benefit increase for retirees added \$13.7 million to the AAL.

³ Legislative improvements to the benefit formula and to retirees' benefits added \$80.3 million to the AAL.

⁴ Legislative improvements to benefits added \$80.3 million to the AAL.

⁵ Legislative improvements to benefits added \$126.4 million to the AAL. Assumptions were also revised.

⁶ There were no legislative changes in fiscal year 2002.

See accompanying Independent Auditors' Report.

Schedules of Employer Contributions

Required Supplementary Information

Public School Retirement System

Year Ended June 30	Annual Required Contribution (ARC)	Percentage Contributed
1997	\$ 251,957,622	100%
1998	273,125,719	100%
1999	287,698,736	100%
2000	304,944,352	100%
2001	324,525,673	100%
2002	\$ 340,000,556	100%

Non-Teacher School Employee Retirement System

Year Ended June 30	Annual Required Contribution (ARC)	Percentage Contributed
1997	\$ 24,393,542	100%
1998	27,315,729	100%
1999	30,012,859	100%
2000	34,185,605	100%
2001	37,500,243	100%
2002	\$ 45,773,119	100%

Notes to the Schedules of Trend Information

The information presented in the required supplementary schedules was determined as part of the actuarial valuation at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	June 30, 2002
Actuarial cost method	Entry Age Normal
Amortization method/Approach	Level Percent, Open
Remaining amortization period	
PSRS	30 years (1)
NTRS	30 years (2)
Asset valuation method	5-year smoothed market
Actuarial Assumptions:	
Investment rate of return	8.0%
Projected salary increases*	
PSRS	5.0 - 10.0%
NTRS	5.0 - 10.0%
*Includes inflation at	3.5%
Cost-of-living adjustments	3.5%

- (1) 30 year amortization assumes an ARC rate of 22.22% for fiscal year 2003. The maximum statutory contribution rate at June 30, 2002 was 23%.
(2) 30 year amortization assumes an ARC rate of 10.80% for fiscal year 2003. The maximum statutory contribution rate at June 30, 2002 was 10%.

See accompanying Independent Auditors' Report.

Schedule of Administrative Expenses

for the year ended June 30, 2002

	PSRS	NTRS	TOTAL
Personal Services	\$ 2,499,694	\$ 1,532,910	\$ 4,032,604
Professional Services			
Actuarial	52,518	30,198	82,716
Audit	18,980	12,870	31,850
Computer Consultants	29,460	18,835	48,295
Insurance Consultant	3,660	2,340	6,000
Legislative Consultant	18,961	12,123	31,084
Legal Expenses	<u>36,580</u>	<u>10,654</u>	<u>47,234</u>
Total Professional Services	160,159	87,020	247,179
Communications			
Information and Publicity	372,053	254,379	626,432
Postage	62,722	48,128	110,850
Printing	45,447	59,931	105,378
Staff Field	24,128	14,645	38,773
Telephone	<u>65,148</u>	<u>41,652</u>	<u>106,800</u>
Total Communications	569,498	418,735	988,233
Miscellaneous			
Building and Utilities	89,289	57,088	146,377
Board of Trustees	33,960	21,711	55,671
Insurance	64,391	41,168	105,559
Office	183,362	118,536	301,898
Staff Development	67,695	42,342	110,037
Miscellaneous	<u>90,607</u>	<u>29,460</u>	<u>120,067</u>
Total Miscellaneous	529,304	310,305	839,609
Charge For Use of Fixed Assets	-	223,160	223,160
Depreciation Expense	<u>680,838</u>	<u>2,020</u>	<u>682,858</u>
Total Administrative Expenses	<u>\$ 4,439,493</u>	<u>\$ 2,574,150</u>	<u>\$ 7,013,643</u>

Schedule of Investment Expenses

for the year ended June 30, 2002

	PSRS	NTRS	TOTAL
Investment Management Expenses			
U S Equity	\$ 10,884,270	\$ 822,156	\$ 11,706,426
International Equity	6,786,613	510,820	7,297,433
U S Fixed Income	<u>3,705,475</u>	<u>279,976</u>	<u>3,985,451</u>
Total Investment Management Expenses	21,376,358	1,612,952	22,989,310
Investment Consultant Fees	310,000	23,333	333,333
Custodial Bank Fees	1,239,750	123,767	1,363,517
Investment Staff Expenses	<u>341,173</u>	<u>215,739</u>	<u>556,912</u>
Total Investment Income Expenses	<u>\$ 23,267,281</u>	<u>\$ 1,975,791</u>	<u>\$ 25,243,072</u>
Security Lending Expenses			
Agent Fees	\$ 4,142,698	\$ 313,547	\$ 4,456,245
Broker Rebates	<u>40,105,474</u>	<u>2,973,883</u>	<u>43,079,357</u>
Total Security Lending Expenses	<u>\$ 44,248,172</u>	<u>\$ 3,287,430</u>	<u>\$ 47,535,602</u>

See accompanying Independent Auditors' Report.

Schedule of Professional/Consultant Fees

for the year ended June 30, 2002

	PSRS	NTRS	TOTAL
Actuarial services	\$ 52,518	\$ 30,198	\$ 82,716
Legal counsel	36,580	10,654	47,234
Financial audit	18,980	12,870	31,850
Legislative consulting	18,961	12,123	31,084
Technology consulting	29,460	18,835	48,295
Insurance consulting	3,660	2,340	6,000
Total	<u>\$ 160,159</u>	<u>\$ 87,020</u>	<u>\$ 247,179</u>

Letter from Strategic Investment Solutions, Inc.

Letter from the Chief Investment Officer

Investment Highlights

PSRS/NTRS Asset Allocation

Total Fund Review

Asset Class Reviews

Broker Commission Reports

Investment Summary and Expenses

INVESTMENT SECTION

Invest

STRATEGIC INVESTMENT SOLUTIONS, INC.

601 CALIFORNIA STREET, STE. 200
SAN FRANCISCO, CALIFORNIA 94108

MICHAEL R. BEASLEY
MANAGING DIRECTOR

TEL 415/362-3484
FAX 415/362-2752

October 31, 2002

To the Members of the Board:

I am pleased to report the performance of the Systems' investments for Fiscal Year 2002, another year of very unsettled worldwide financial markets. While the PSRS/NTRS investments have been structured to control excessive risk, the Systems' assets were not immune to the decline in the stock markets of the world during this fiscal period. Not since the 1970s and the 1930s have investors experienced such a dramatic and sustained decline in stock prices. This downturn is similar to previous corrections following periods of very favorable stock market returns. We do not know how long the downturn will take to correct the excesses of the previous cycle. Bull markets generally push stock prices to levels of extreme optimism and overvaluation as we saw in the late 1990s. Bear markets reduce prices beyond everyone's expectations and tend to bottom out at the peak of investors' pessimism.

The Total Fund return for the fiscal year ended June 30, 2002 for PSRS was -2.8 percent, and 6.0 percent for the past five years. The NTRS returned -2.8 percent for the fiscal year, and 6.0 percent for the past five years. Both funds exceeded the policy index. While the absolute returns were disappointing, the Systems outperformed 75 percent of a large universe of state and municipal pension funds.

Asset class performance for the fiscal year was mixed. The US equity return for both PSRS and NTRS was -15.4 percent; fixed income assets for both funds returned 8.8 percent; and the international equity return for both funds was -8.1 percent. All performance results were calculated in compliance with the AIMR Performance Presentation Standards.

During the fiscal year, the Board considered the results of a complete analysis of the current and expected financial condition of the Systems' investment portfolios. Two new asset classes were adopted to provide additional diversification of the risk of the public equity markets and to enhance the long-term potential of the Systems' investment portfolio. As always, thank you for giving us the opportunity to participate in this partnership with you.

Sincerely,



Michael R. Beasley

Managing Director



November 1, 2002

To the Members of the Systems:

On behalf of the PSRS and NTRS internal investment staff, I am honored to present the following reports on the Systems' investments for the fiscal year ending June 30, 2002. The combined Retirement Systems ended the year as one of the 50 largest defined benefit plans in the United States with total assets of \$20.9 billion.

Investors have had to deal with extremely volatile markets this past year, driven by events as diverse as major corporate scandals, worldwide political unrest and the continuing threat of terrorism. The assets in your Retirement Systems were not immune to this volatility. Thus, I will take the opportunity in this letter to answer the four investment-related questions that we have received most often from our members during this extended bear market:

- *How much have the PSRS and NTRS assets declined?*
- *How does the investment performance of PSRS and NTRS compare to other public retirement systems?*
- *Where are the PSRS and NTRS assets invested and have the investments changed during the 30-month down market?*
- *Will the negative investment environment continue?*

Decline in Assets

The combined assets of PSRS and NTRS have declined \$800 million over the last fiscal year. The annual peak in the Retirement Systems' assets occurred at June 30, 2000 with total assets of \$22.2 billion. Thus, the combined assets have declined \$1.3 billion over the last two-year period. The total loss in the Systems' fund balance over the last two fiscal years includes both investment losses and negative cash flows due to benefit payments exceeding member and employer contributions.

Investment Performance Comparison

For the second year in a row, the U.S stock market experienced the worst single year performance since 1974, with returns in fiscal year 2002 of -18.0 percent. As described in the preceding paragraph, the Systems were not immune to the downturn in the markets. The total fund performance for the fiscal year ending June 30, 2002 was -2.8 percent for both PSRS and NTRS, while the total annualized fund performance for the five-year period was 6.0 percent.

Despite the lower than expected returns, members should take comfort in the fact that PSRS and NTRS have maintained one of the most conservative asset allocations of any public retirement system in the country over the last several years with almost half of the assets invested in bonds. This diversified investment portfolio has provided substantial downside protection against the falling equity markets. The one-year, three-year and five-year returns for PSRS and NTRS now rank in the top 25 percent of the Independent Consultants Cooperative Universe of public funds. Simply stated, the Systems investment returns over the last several years were better than 75 percent of the public retirement systems in the country.

The solid long-term results (relative to a peer group and to the stock market) are due, for the most part, to the ability of the Board of Trustees to operate with a long-term focus. The Board of Trustees ignored the temptation in the late 1990's to increase the Systems' allocation to stocks. Instead, the Board maintained a diversified and conservative asset allocation that has protected the financial security of the Retirement Systems.

Asset Allocation

The main determinant of a pension fund's long-term success is related to its asset allocation. The Board adopted a diversified allocation in 1995 of 47 percent fixed income (bonds), 38 percent domestic equities and 15 percent international equities (this asset allocation was reaffirmed by the Board in 1998). Our primary objective as investment staff is to continuously analyze the Systems' asset allocation to ensure that it is positioned appropriately for *future* market environments. To meet that challenge, the Board of Trustees, the internal investment staff and the Systems' asset consultant spent much of the last two years researching different asset classes and conducting an in-depth analysis to restructure the asset allocation. The objective of this process was to ensure the optimal allocation of funds among asset classes given the Systems' return requirements, risk tolerance and liability stream.

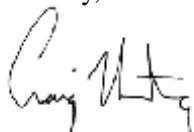
The Board adopted a new asset allocation in January that we believe will provide a higher expected return for the Systems while providing additional diversification from the traditional public markets. The new asset allocation includes 40 percent fixed income, 37 percent domestic equities, 15 percent international equities, 5 percent real return assets (such as inflation protected bonds and publicly traded real estate) and 3 percent in private equity.

Will this Market Continue?

If you go back and review the investment letter from the Annual Reports in the late 1990's, you will note a caution from the investment staff that the extraordinary returns in the domestic stock markets could not continue. For the three-year period ending June 30, 1999, the S&P 500 (common stocks) had compounded at approximately 29.0 percent annually. For the three-year period ending June 30, 2002, the S&P 500 had compounded at approximately -9.0 percent annually. Both of these returns are vastly different than the historical long-term (75 years) average for common stocks of just over 10.0 percent. We do not expect the extraordinary positive returns of the late 1990's or the extraordinary negative returns of the last three years to repeat. Instead, we anticipate a return to normalcy in the capital markets over the next several years.

The investment staff is committed to meeting the continuous challenges that lie ahead in the investment markets and we will work to ensure that the Systems' assets are positioned to provide long-term financial security to the members of the Retirement Systems.

Sincerely,



Craig A. Husting, CFA
Chief Investment Officer

Investment Highlights

As of June 30, 2002

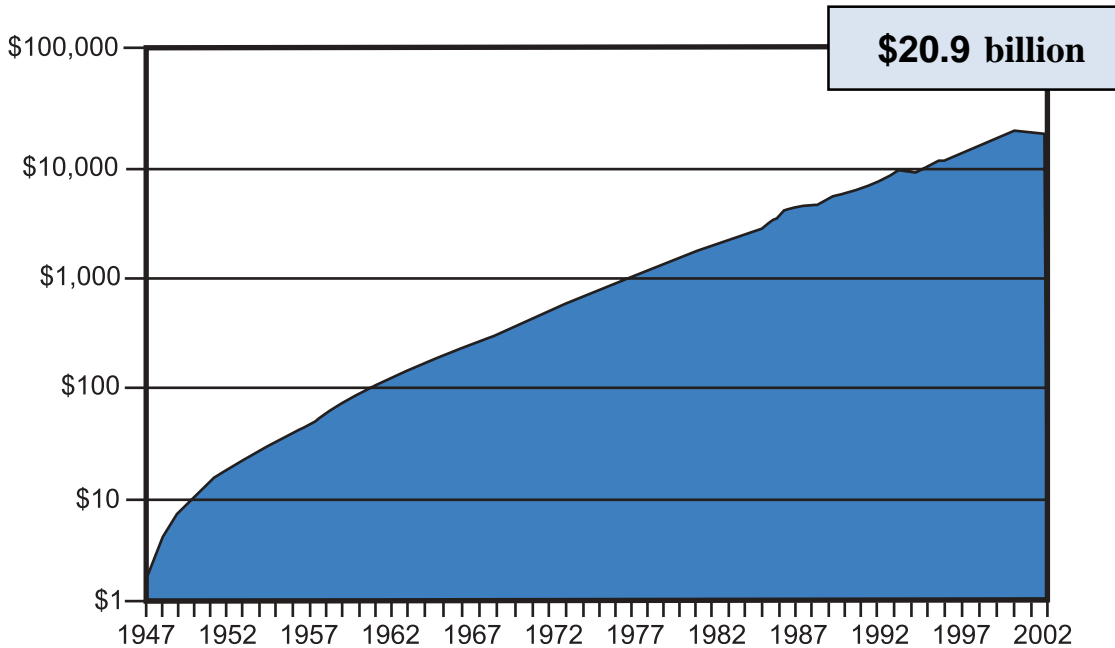
The Board of Trustees of the Public School & the Non-Teacher School Employee Retirement Systems (PSRS/NTRS) is charged with the responsibility for investing the assets of the Systems in a manner consistent with the fiduciary standards set forth in the ‘prudent person’ rule. To that end, the Board has adopted the following principles to guide all investment-related decisions:

- (1) Act in the exclusive interest of the members of the Systems,
- (2) Maximize total return within prudent risk parameters,
- (3) Preserve the long-term purchasing power of the fund.

The investment portfolios of PSRS/NTRS represent all contributions to the plans, from members and their employers, as well as all net earnings on these assets. These funds are held in support of both current and future liabilities. Total assets as of June 30, 2002 were \$20.9 billion in comparison to \$21.7 billion as of June 30, 2001, decreasing by approximately \$0.8 billion due to depreciating equity markets and benefit payments in excess of current contributions. The long-term growth in assets since the inception of PSRS in 1946 and NTRS in 1965 is shown in the graph below.

55 Years of Growth

(dollar amounts in millions)



PSRS/NTRS Asset Allocation

As of June 30, 2002

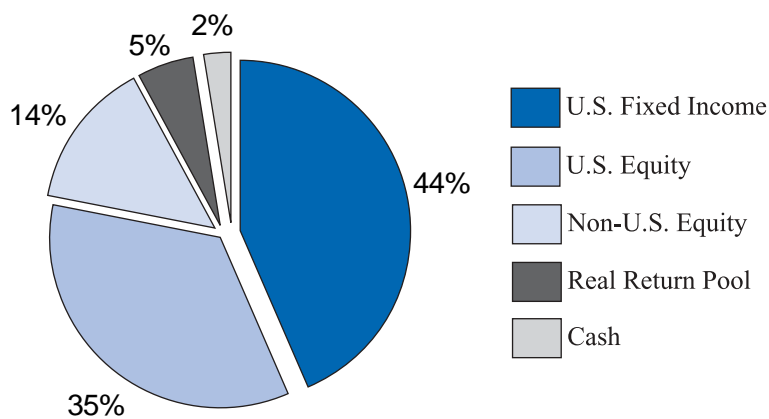
The time horizon of the Systems' investment portfolio reflects the long-term nature of the PSRS/NTRS pension obligations. Accordingly, diversification among investments displaying unique risk and return characteristics provides the framework for selecting an asset allocation that is expected, in the aggregate, to give the funds the highest long-term return within a prudent risk level.

In late 1995, the Board adopted the asset allocation targets of 47 percent U.S. Fixed Income, 38 percent U.S. Equity and 15 percent Non-U.S. Equity. This represented a significant increase in the percentage of assets invested

in domestic and international stocks when compared to previous allocations.

In January 2002, the Board approved two additional asset classes by allocating 3 percent to Private Markets (yet to be funded) and 5 percent to a Real Return Pool. When the Private Markets allocation is funded, new target allocations of 40 percent for U.S. Fixed Income and 37 percent for U.S. Equity will take effect. The Non-U.S. Equity target will remain at 15 percent. The pie chart below shows the actual allocation of assets as of June 30, 2002.

Asset Allocation 6/30/02



Asset Type	PSRS Market Value	NTRS Market Value	Combined Funds*	% of Total	Target Allocation
U.S. Fixed Income	\$ 8,382,619,665	\$ 680,574,958	\$ 9,063,194,623	43.5%	42.0%
U.S. Equity	6,675,015,425	539,288,531	7,214,303,956	34.6%	38.0%
Non-U.S. Equity	2,706,043,576	218,680,432	2,924,724,008	14.0%	15.0%
Real Return Pool	1,027,171,970	86,954,714	1,114,126,684	5.3%	5.0%
Cash & Equivalents*	485,447,874	49,138,949	534,586,823	2.6%	0.0%
Total Investments**	\$19,276,298,510	\$1,574,637,584	\$20,850,936,094	100.0%	100.0%

* All manager-held cash is reflected as Cash & Equivalents.

** Total Investments include accrued income and exclude securities lending collateral as of June 30, 2002.

Total Fund Review

Periods Ended June 30, 2002

Total Fund Investment Returns*

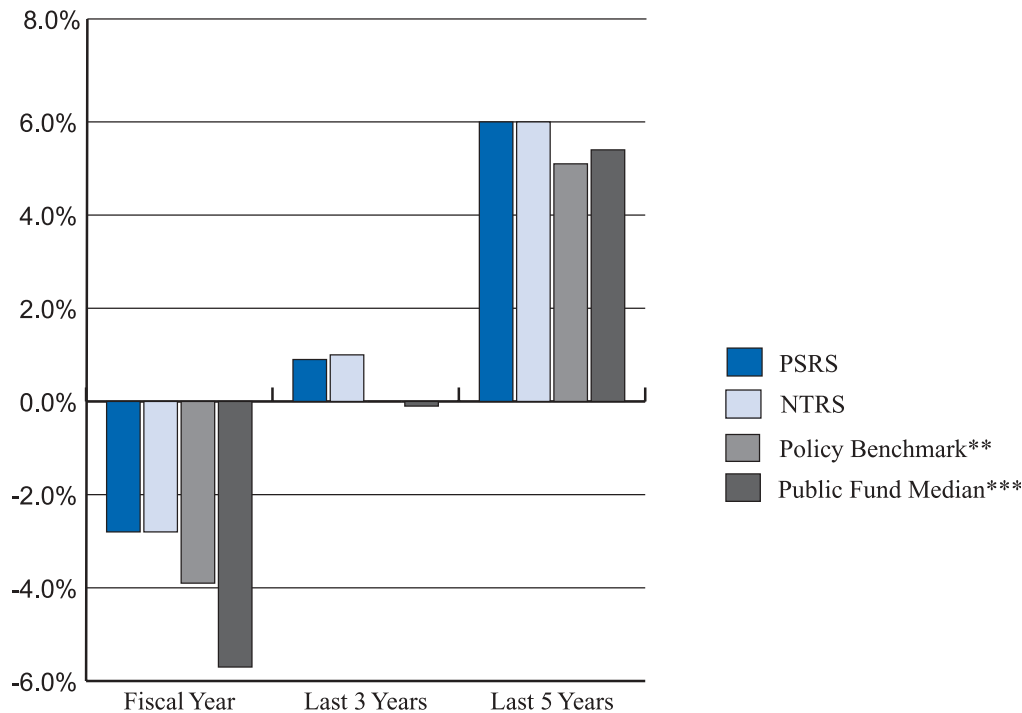
The Board has established a long-term goal to achieve a total investment return of at least 8.0 percent per year and a real rate of return of at least 4.5 percent per year. The real rate of return is the rate by which the long-term total return exceeds the inflation rate.

The one-year total returns of -2.8 percent for both PSRS and NTRS were below the long-term investment objective of 8.0 percent due to a very difficult market environment.

In addition, the annualized investment returns for the last three- and five-year periods for both PSRS and NTRS have been less than the 8.0 percent nominal return and the 4.5 percent real rate of return objectives. This is, again, due to the negative trend experienced by equity markets on a global basis since March 2000. The Consumer Price Index increased at an annualized 2.3 percent over the five-year period.

Total Fund Investment Returns 6/30/02

	Fiscal Year	Last 3 Years	Last 5 Years
PSRS	-2.8%	0.9%	6.0%
NTRS	-2.8%	1.0%	6.0%
Policy Benchmark **	-3.9%	0.0%	5.1%
Public Fund Median ***	-5.7%	-0.1%	5.4%



* Returns were prepared using a time-weighted return in accordance with the Association for Investment Management and Research (AIMR) Performance Presentation Standards.

** The Policy Benchmark is comprised of 42% Lehman Aggregate Index, 38% Russell 3000 Index, 15% MSCI All Country World – ex U.S. Free Index, and 5% Lehman U.S. TIPS Index as of June 30, 2002.

*** The Independent Consultants Cooperative (ICC) median fund return reflects a universe of public pension plans with assets in excess of \$1 billion.

Fixed Income Review

As of June 30, 2002

Market Value

As of June 30, 2002, the combined PSRS/NTRS fixed income assets managed by external investment advisors had a market value of approximately \$9.4 billion, representing 45.1 percent of total assets.

Fixed Income Statistics

The following tables display the statistical characteristics of the PSRS/NTRS bond portfolio as of June 30, 2002 with comparisons shown to the portfolio's policy benchmark (Lehman Aggregate Index). Additionally, the top ten fixed income holdings as of June 30, 2002 are compared to the top ten holdings of five years ago.

Characteristics	June 30, 2002 Combined Systems	June 30, 2002 Lehman Aggregate Index
Number of Securities	5,244	6,873
Average Coupon	6.2%	6.5%
Yield to Maturity	5.3%	5.3%
Average Maturity (Years)	7.0	7.3
Duration (Years)	4.2	4.4

Top Ten Largest Holdings* June 30, 2002	Combined Market Value	% of Total Bonds	Top Ten Largest Holdings* June 30, 1997	Combined Market Value	% of Total Bonds
USTB, 5.75%, 11/15/03	\$ 243,451,898	2.7%	USTB, 8.75%, 5/15/17	\$ 159,172,776	2.2%
GNMA TBA JUL 30, 6.5%, SINGLE FAM	161,670,000	1.8%	USTN, 7.875%, 11/15/04	138,787,692	2.0%
USTN, 2.75%, 9/30/03	133,765,340	1.5%	USTN, 17.625%, 1/31/99	125,973,753	1.8%
FNMA TBA, JUL 30, 7%, SINGLE FAM	123,036,987	1.3%	USTN, 6.25%, 6/30/98	113,604,291	1.6%
USTN, 4.875%, 2/15/12	105,512,193	1.1%	USTB, 8.125%, 8/15/19	99,025,408	1.4%
FNMA TBA JUL 30, 6.5%, SINGLE FAM	103,161,256	1.1%	USTB, 7.50%, 11/15/16	94,249,638	1.3%
USTB, 6.25%, 8/15/23	93,515,804	1.0%	USTN, 13.00%, 8/15/05	91,557,000	1.3%
FHLB DISC NOTE, 7/23/02	87,633,293	1.0%	USTN, 6.00%, 5/31/98	85,158,950	1.2%
USTB, 12.75%, 11/15/10	87,568,516	1.0%	USTN, 11.75%, 11/15/99	84,455,150	1.2%
USTN, 3.5%, 11/15/06	79,237,300	0.9%	USTN, 6.875%, 3/31/00	83,962,575	1.2%
TOTAL	\$ 1,218,552,587	13.4%	TOTAL	\$1,075,947,233	15.2%

Key to Holdings

USTN = U.S. Treasury Note
USTB = U.S. Treasury Bond

GNMA = Government National Mortgage Association
FNMA = Federal National Mortgage Association

FHLB = Federal Home Loan Bank

* Includes only actively managed separate accounts.

A complete list of portfolio holdings is available upon request.

Fixed Income Review

As of June 30, 2002

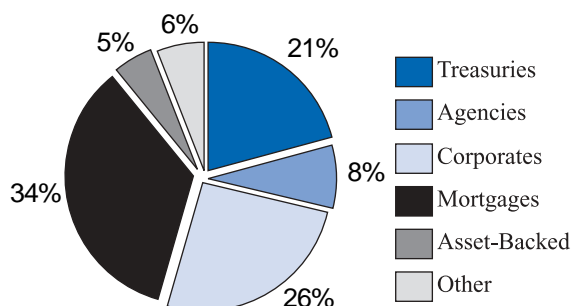
Fixed Income Structure

As of June 30, 2002, approximately 34 percent of the PSRS/NTRS fixed income portfolio was passively managed by State Street Global Advisors while the remaining 66 percent was actively managed by four separate external managers. The current fixed income portfolio structure includes dedicated allocations to mortgage-backed securities, government and corporate securities, and “core” and “core plus” mandates. A “core” assignment allows an external investment manager to invest in all major sectors of the U.S.

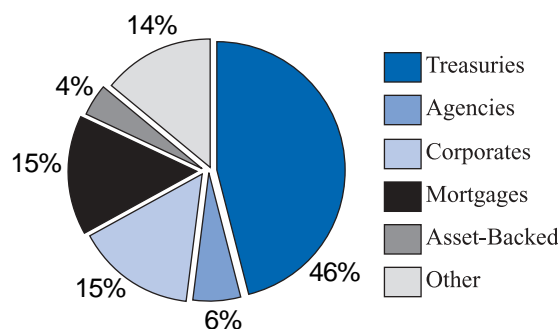
investment-grade fixed income market. A “core-plus” assignment allows an external investment manager to invest in “core” areas of the fixed income market and in non-core areas (such as below investment-grade bonds) within defined guidelines.

The pie charts below depict the fixed income composite by showing the current sector allocation of the portfolio compared with that of five years ago on a market value basis.

Sector Allocation 6/30/02



Sector Allocation 6/30/97



Fixed Income Investment Advisors

The following firms were under contract with PSRS/NTRS during Fiscal Year 2002 for management of fixed income securities.

Investment Advisor	Investment Style	Combined Portfolio Market Value*	% of Total Market Value
BlackRock Financial Management	Active Mortgages	\$ 1,551,383,598	7.4%
NISA Investment Advisors	Active Core	1,531,636,503	7.4%
Payden & Rygel	Active Core Plus	1,531,178,413	7.4%
State Street Global Advisors	Passive	3,234,414,224	15.5%
Wellington Management Company	Active Core	1,547,997,358	7.4%
Total		\$ 9,396,610,096	45.1%

* Includes manager cash.

Fixed Income Review

Periods ended June 30, 2002

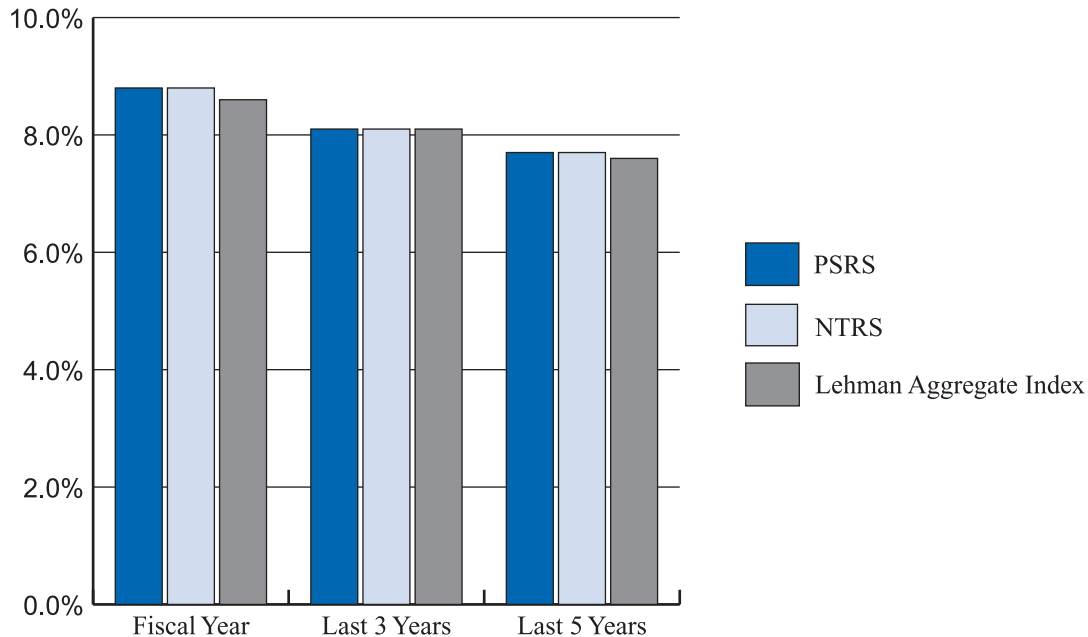
Fixed Income Investment Returns

The total return on the PSRS and NTRS bond portfolios for the fiscal year was 8.8 percent, outperforming the Lehman Aggregate Index by 20 basis points. Over the

five-year period ended June 30, 2002, the bond portfolios achieved an annual return of 7.7 percent, exceeding the benchmark's return by 10 basis points.

Fixed Income Investment Returns 6/30/02

	Fiscal Year	Last 3 Years	Last 5 Years
PSRS	8.8%	8.1%	7.7%
NTRS	8.8%	8.1%	7.7%
Lehman Aggregate Index	8.6%	8.1%	7.6%



Domestic Equity Review

As of June 30, 2002

Market Value

As of June 30, 2002, the combined PSRS/NTRS domestic equity assets managed by external investment advisors had a market value of approximately \$7.3 billion, representing 34.9 percent of total assets.

Domestic Equity Statistics

The following tables display the statistical characteristics of the PSRS/NTRS domestic equity portfolio as of June 30, 2002 with comparisons shown to the portfolio's policy benchmark (Russell 3000 Index). Additionally, the top ten U.S. stock holdings as of June 30, 2002 are compared to the top ten holdings of five years ago.

Characteristics	June 30, 2002 Combined Systems	June 30, 2002 Russell 3000 Index
Number of Securities	4,442	2,821
Dividend Yield	1.4%	1.6%
Price-to-Earnings Ratio	29.9	30.4
Avg. Market Capitalization	\$68 bil.	\$70 bil.
Price-to-Book Ratio	4.2	4.3

Top Ten Largest Holdings* June 30, 2002	Combined Market Value	% of Total U.S. Equities	Top Ten Largest Holdings* June 30, 1997	Combined Market Value	% of Total U.S. Equities
Microsoft Corp	\$ 129,116,506	1.8%	Philip Morris Co	\$ 72,623,100	1.2%
Pfizer Inc	95,522,000	1.3%	Xerox Corp	63,699,451	1.0%
Citigroup Inc	88,714,018	1.2%	Intel Corp	56,001,757	0.9%
General Electric Co	80,912,907	1.1%	Lockheed Martin Corp	54,428,618	0.9%
Wal-Mart Stores Inc	79,411,831	1.1%	Chase Manhattan Corp	46,153,219	0.8%
American Intl Group Inc	68,401,871	1.0%	Microsoft Corp	45,671,926	0.8%
Johnson & Johnson	61,657,236	0.9%	Burlington Northern Santa Fe	43,589,375	0.7%
Home Depot Inc	60,212,407	0.8%	Schering Plough Corp	43,346,026	0.7%
Wells Fargo & Co	59,876,766	0.8%	Enron Corp	39,604,451	0.7%
Kohls Corp	59,876,352	0.8%	Norwest Corp	39,341,250	0.7%
TOTAL	\$ 783,701,894	10.8%	TOTAL	\$ 504,459,173	8.4%

* Includes only actively managed separate accounts.

A complete list of portfolio holdings is available upon request.

Domestic Equity Review

As of June 30, 2002

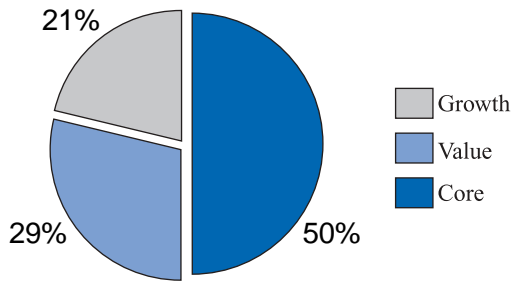
Domestic Equity Structure

As of June 30, 2002, 38.7 percent of the PSRS/NTRS domestic equity portfolio was passively managed. Another 19.0 percent was managed in an enhanced index style, in which the managers' guidelines permitted limited flexibility with the expectation of capturing additional return relative to the benchmark. The remainder of the portfolio was actively managed and diversified across a

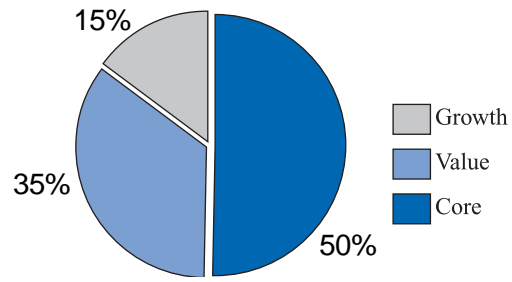
broad range of investment styles. The basic domestic equity portfolio structure was implemented in July 1996.

The pie charts below depict the domestic equity portfolio by presenting the current style structure of the portfolio for comparison with that of five years ago on a market value basis.

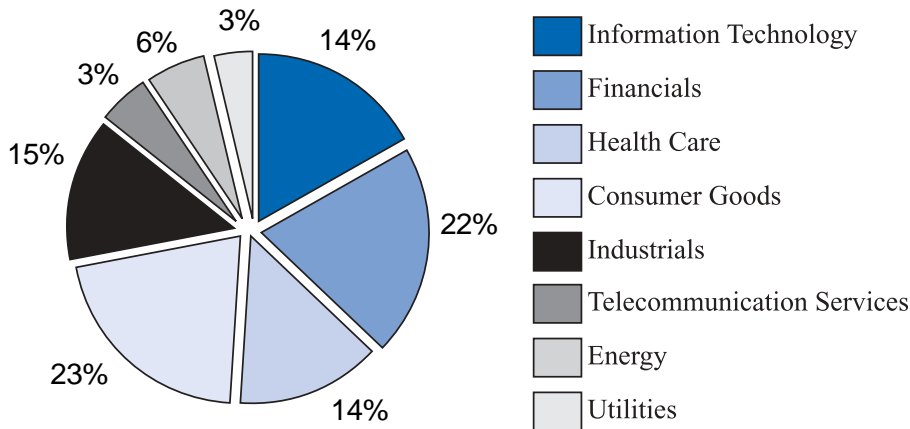
Asset Mix 6/30/02



Asset Mix 6/30/97



The following pie chart shows the allocation to sectors within the domestic equity market for the PSRS/NTRS portfolio as of June 30, 2002.



Domestic Equity Review

As of June 30, 2002

Domestic Equity Investment Advisors

The following firms were under contract with PSRS/NTRS during Fiscal Year 2002 for management of domestic equity securities.

Investment Advisor	Investment Style	Combined Portfolio Market Value* As of June 30, 2002	% of Total Market Value
Alliance Capital Management	Active Large Cap Growth	\$ 891,967,004	4.3%
Dimensional Fund Advisors	Enhanced Small Cap Value	462,573,143	2.2%
DSI International Management	Enhanced Core	920,477,218	4.4%
<i>E-MAP: Analytic Investors - Core</i>	<i>Structured Core</i>	<i>93,780,543</i>	<i>0.4%</i>
<i>E-MAP: Analytic Investors - Value</i>	<i>Structured Value</i>	<i>51,228,551</i>	<i>0.2%</i>
<i>E-MAP: Aronson + Partners</i>	<i>Active Large Cap Value</i>	<i>109,869,314</i>	<i>0.5%</i>
<i>E-MAP: Dresdner RCM Capital Management</i>	<i>Active Large Cap Growth</i>	<i>83,278,912</i>	<i>0.4%</i>
<i>E-MAP: New South Capital</i>	<i>Active Small Cap Value</i>	<i>52,626,320</i>	<i>0.3%</i>
<i>E-MAP: Next Century Growth Investors</i>	<i>Active Small Cap Growth</i>	<i>44,895,319</i>	<i>0.2%</i>
<i>E-MAP: Westwood Management</i>	<i>Active Large Cap Value</i>	<i>145,993,290</i>	<i>0.7%</i>
<i>E-MAP: Zevenbergen Capital</i>	<i>Active Large Cap Growth</i>	<i>52,696,637</i>	<i>0.3%</i>
Equity Manager Alpha Pool (E-MAP) Subtotal		634,368,886	3.0%
State Street Global Advisors (Passive)	S&P 500	2,162,655,410	10.4%
State Street Global Advisors (Passive)	Russell 1000 Value	657,974,977	3.2%
TCW Asset Management Company	Active All Cap Growth	473,914,269	2.3%
Thomson, Horstmann & Bryant, Inc.	Small Cap Value	377,772,456	1.8%
UBS Brinson	Large Cap Value	699,149,560	3.3%
Total		\$ 7,280,852,923	34.9%

* Includes manager cash.

Domestic Equity Review

Periods ended June 30, 2002

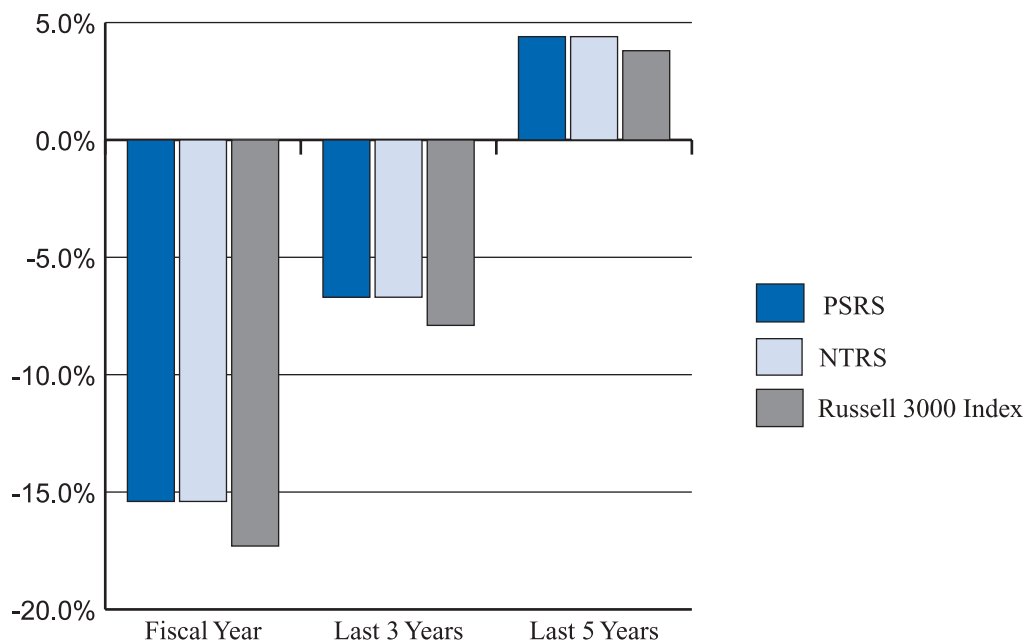
Domestic Equity Investment Returns

The total return on the PSRS and NTRS domestic equity portfolios was -15.4 percent compared to the benchmark return of -17.3 percent for the fiscal year ended June 30, 2002. This outperformance, on a relative basis, can primarily be attributed to the value added by the Systems' active management strategies.

While a negative absolute return is never easy to accept, the Board and Staff believe that diversification across all capitalization ranges and styles, as well as between active and passive managers, remains a primary fiduciary responsibility.

Domestic Equity Investment Returns 6/30/02

	Fiscal Year	Last 3 Years	Last 5 Years
PSRS	-15.4%	-6.7%	4.4%
NTRS	-15.4%	-6.7%	4.4%
Russell 3000 Index	-17.3%	-7.9%	3.8%



Non-U.S. Equity Review

As of June 30, 2002

Market Value

As of June 30, 2002, the combined PSRS/NTRS non-U.S. equity assets managed by external investment advisors had a market value of just over \$3 billion, representing 14.5 percent of the total funds.

Non-U.S. Equity Statistics

The following table displays the top ten non-U.S. stock holdings as of June 30, 2002 as compared to the top ten holdings of five years ago.

Top Ten Largest Holdings* June 30, 2002	Combined Market Value	% of Total Non-U.S. Equities	Top Ten Largest Holdings* June 30, 1997	Combined Market Value	% of Total Non-U.S. Equities
ENI	\$ 63,566,895	2.2%	Novartis AG	\$ 68,490,256	2.9%
Nestle SA	61,767,836	2.1%	STET	37,207,474	1.5%
Total Fina Elf	55,334,507	1.9%	ING Groep NV	34,547,027	1.4%
ING Groep NV	53,171,416	1.8%	Mannesmann AG	32,913,836	1.4%
Canon Inc.	52,459,923	1.8%	Glaxo Wellcome	29,365,617	1.2%
GlaxoSmithkline	51,524,787	1.8%	Vodafone Group	28,155,753	1.2%
Novartis AG	48,878,438	1.7%	Natl Austrl Bank	27,666,522	1.2%
Aventis SA	48,645,059	1.7%	Astra AB	25,870,343	1.1%
Diageo	45,620,498	1.5%	Hoechst AG	25,338,707	1.1%
HSBC Hldgs	44,088,484	1.5%	Telefonica de Esp	23,117,015	1.0%
TOTAL	\$ 525,057,843	18.0%	TOTAL	\$ 332,672,550	14.0%

* Includes only actively managed separate accounts.
A complete list of portfolio holdings is available upon request.

Non-U.S. Equity Review

As of June 30, 2002

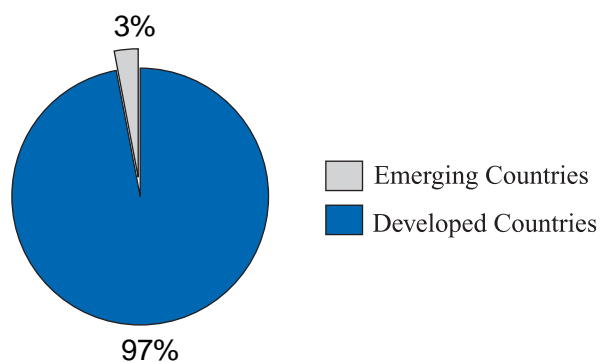
Non-U.S. Equity Structure

As of June 30, 2002, four separate external managers actively managed 100 percent of the PSRS/NTRS non-U.S. equity portfolios. The beginning non-U.S. stock portfolio structure was implemented in July 1996 with one-third passively managed (by one manager) and two-thirds actively managed (by two managers). In April 1999, the Board decreased the passive exposure from 33 percent to 25 percent and added a third active

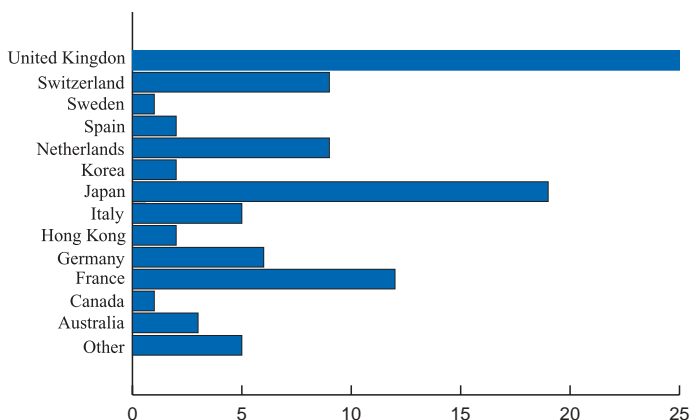
manager. The Board completed the move to 100 percent active management in January 2002 by adding a fourth active non-U.S. equity manager.

The pie chart below presents a breakdown of investments in developed and emerging markets in the non-U.S. equity portfolio and the bar graph depicts the specific country exposure.

Market Allocation 6/30/02



Country Allocation 6/30/02



Non-U.S. Equity Investment Advisors

The following firms were under contract with PSRS/NTRS during Fiscal Year 2002 for management of non-U.S. equity securities.

Investment Advisor	Investment Style	Combined Portfolio Market Value* As of June 30, 2002	% of Total Market Value
Bank of Ireland Asset Management	Active Core	\$ 821,294,095	4.0%
BPI Global Asset Management	Active Core	605,430,697	2.9%
INVESCO Global Asset Management	Active Value	859,757,151	4.1%
Oechsle International Advisors	Active Core	735,057,866	3.5%
Total		\$ 3,021,539,809	14.5%

* Includes manager cash.

Non-U.S. Equity Review

Periods ended June 30, 2002

Non-U.S. Equity Investment Returns

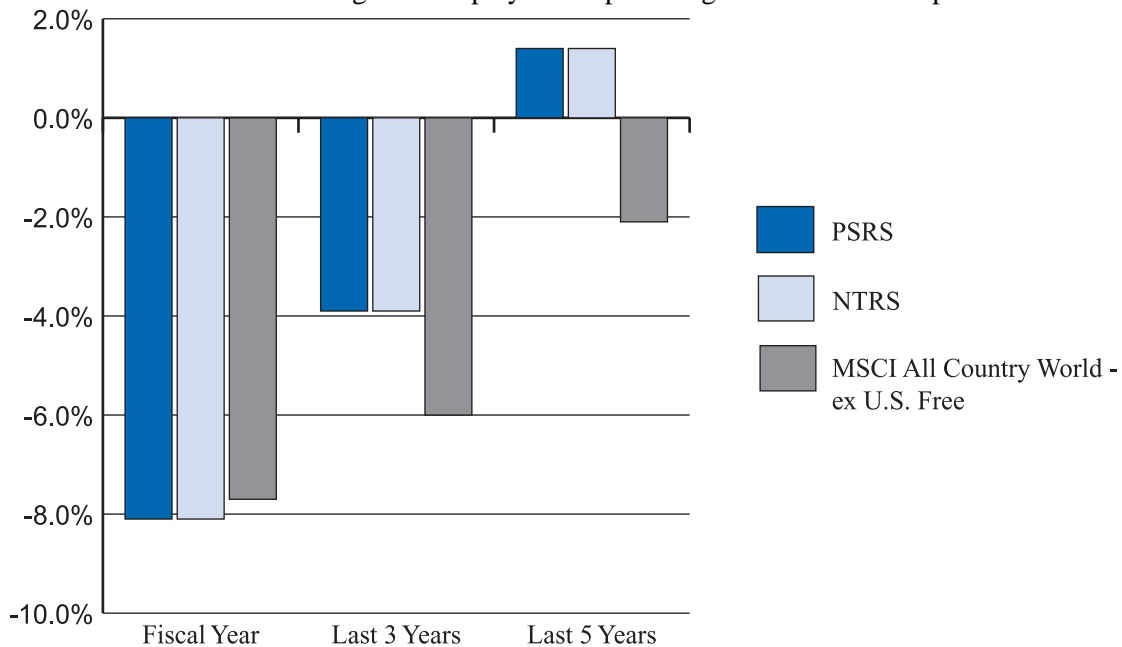
The total return on the PSRS and NTRS non-U.S. equity portfolios was -8.1 percent compared to the benchmark return of -7.7 percent for the fiscal year ended June 30, 2002. Both Systems suffered from the continuing decline in non-U.S. equity market levels over the past fiscal year.

The annual returns for both funds for the three- and five-year time periods illustrated below show significant outperformance relative to the policy benchmark (MSCI All Country World – ex U.S. Free Index).

Non-U.S. Equity Investment Returns 6/30/02

	Fiscal Year	Last 3 Years	Last 5 Years
PSRS	-8.1%	-3.9%	1.4%
NTRS	-8.1%	-3.9%	1.4%
MSCI All Country World - ex U.S. Free	-7.7%	-6.0%	-2.1%

The following table displays the top holdings in the real return pool as of June 30, 2002.



Real Return Pool Return

As of June 30, 2002

Market Value

As of June 30, 2002, the combined PSRS/NTRS real return pool assets managed by an external investment advisor had a market value of approximately \$1.1 billion, representing 5.3 percent of total assets.

Real Return Pool Structure

In January 2002, the Board approved a new asset class to be known as the real return pool. Its focus is to earn stable, but meaningful, real returns across future

economic and market cycles. This pool was approved with a target allocation of 5.0 percent and can include Treasury Inflation-Protected Securities (TIPS) and Real Estate Investment Trusts (REITs) due to their real return characteristics. As of June 30, 2002, 100 percent of the PSRS/NTRS real return pool portfolio was comprised of TIPS.

The following table displays the top holdings in the real return pool as of June 30, 2002.

Holdings* June 30, 2002	Combined Market Value	% of Total Real Return Pool
USTN, Inflation Indexed, 3.875%, 1/15/09	\$ 266,739,777	24.0%
USTB, Inflation Indexed, 3.625%, 4/15/28	178,434,406	16.0%
USTN, Inflation Indexed, 3.375%, 1/15/07	161,977,280	14.5%
USTN, Inflation Indexed, 3.625%, 1/15/08	152,904,089	13.7%
USTN, Inflation Indexed, 3.5%, 1/15/11	128,640,576	11.6%
USTB, Inflation Indexed, 3.875%, 4/15/29	123,389,904	11.1%
USTB, Inflation Indexed, 3.375%, 4/15/32	71,672,401	6.4%
USTN, Inflation Indexed, 4.25%, 1/15/10	13,196,612	1.2%
Total	\$ 1,096,955,045	98.5%

Key to Holdings

USTN = U.S. Treasury Note

USTB = U.S. Treasury Bond

Real Return Pool Investment Advisor

The following firm was under contract with PSRS/NTRS during fiscal year 2002 for management of real return pool securities.

Investment Advisor	Investment Style	Combined Portfolio Market Value** As of June 30, 2002	% of Total Market Value
NISA Investment Advisors	Semi-Passive Core	\$ 1,114,126,684	5.3%
Total		\$ 1,114,126,684	5.3%

* Includes only actively managed separate accounts.

** Includes manager cash.

Real Return Pool Review

Periods Ended June 30, 2002

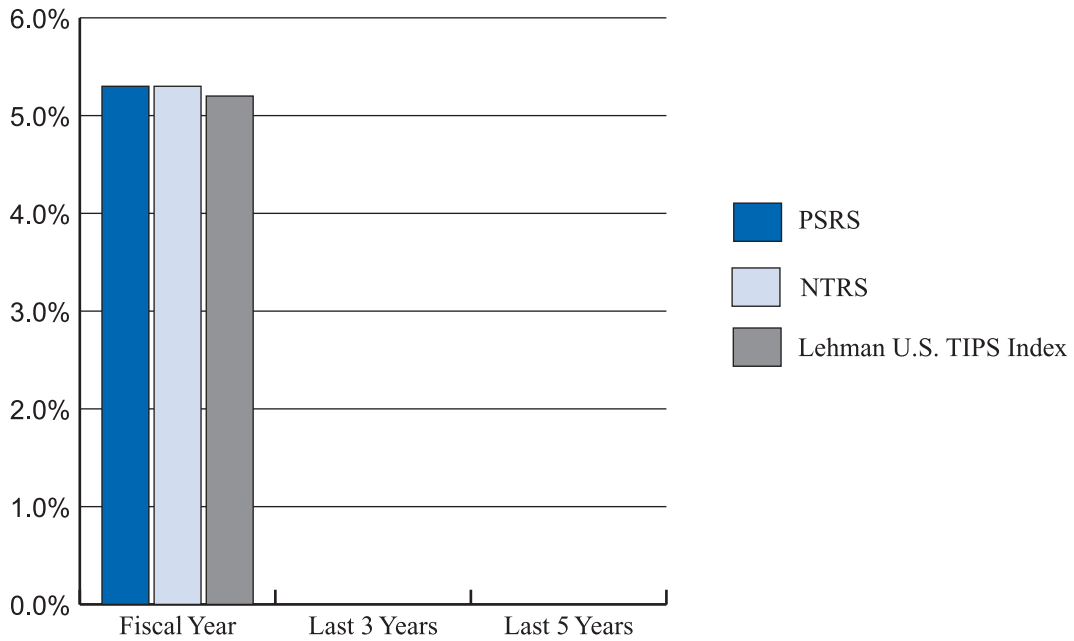
Real Return Pool Investment Returns

The total return on the PSRS and NTRS real return pool portfolios for the fiscal year was 5.3 percent, outperforming the Lehman U.S. TIPS Index by 10 basis

points. This performance is for the time period from inception (March 2002) through June 30, 2002.

Real Return Pool Investment Returns 6/30/02

	Fiscal Year*	Last 3 Years	Last 5 Years
PSRS	5.3%	NA	NA
NTRS	5.3%	NA	NA
Lehman U.S. TIPS Index	5.2%	NA	NA



*Returns are since inception (March 2002).

PSRS Broker Commissions Report

For The Fiscal Year Ended June 30, 2002

Brokerage Firm	Shares Traded	Dollars Traded	Commissions Paid	Cost Per Share
GOLDMAN SACHS + CO	26,657,489	\$ 382,730,041.79	\$ 593,839.04	\$ 0.02
MORGAN STANLEY	26,194,575	535,324,218.50	588,050.16	0.02
LEHMAN BROTHERS INC	25,151,920	395,453,011.73	568,833.22	0.02
DEUTSCHE BANK SECURITIES	19,302,548	403,448,461.00	506,755.83	0.03
MERRILL LYNCH	30,138,986	346,693,075.65	490,998.83	0.02
CREDIT SUISSE FIRST BOSTON CORP	12,498,410	185,459,701.22	359,832.57	0.03
INVESTMENT TECHNOLOGY GROUP INC	15,261,216	522,892,734.69	338,425.34	0.02
UBS WARBURG LLC	11,875,779	224,152,145.83	305,405.92	0.03
SALOMON SMITH BARNEY	6,978,609	185,108,251.21	299,601.87	0.04
CREDIT LYONNAIS SECURITIES	17,352,677	304,997,612.32	209,354.28	0.01
INSTINET	8,918,303	227,724,485.49	196,277.57	0.02
BEAR STEARNS + CO INC	4,801,607	162,136,743.53	164,316.40	0.03
DRESDNER	12,189,250	87,341,504.48	161,175.92	0.01
SANFORD CBERNSTEIN & CO LLC	4,013,064	98,175,100.32	152,178.84	0.04
JEFFERIES & COMPANY INC	4,043,780	106,766,504.72	130,301.50	0.03
J P MORGAN SECURITIES INC	2,825,540	102,243,575.78	94,610.77	0.03
SBC WARBURG	6,221,154	35,403,861.29	85,595.61	0.01
ABN AMRO SECURITIES LLC	5,225,183	56,924,139.01	84,139.99	0.02
BNP PARIBUS SECURITIES CORP	2,262,277	85,818,218.02	67,377.46	0.03
CAPITAL INSTITUTIONAL SERVICES	1,216,300	33,977,537.80	60,184.00	0.05
STATE STREET BROKERAGE SERVICES	2,983,822	78,472,385.93	59,566.44	0.02
CITATION GROUP	1,208,580	45,320,485.83	59,282.20	0.05
SBC WARBURG	3,556,658	22,718,537.28	57,025.94	0.02
CS FIRST BOSTON CORPORATION	3,114,440	33,586,663.38	56,558.54	0.02
WEEDEN + CO.	1,211,627	52,888,434.11	54,604.35	0.05
WARBURG DILLON READ	3,050,350	25,836,842.05	54,585.01	0.02
COLLINS STEWART	3,387,822	28,475,652.83	53,700.11	0.02
CANTOR FITZGERALD + CO	4,512,091	35,202,801.05	53,157.63	0.01
PRUDENTIAL SECURITIES INCORPORATED	1,484,905	47,215,818.66	50,723.65	0.03
HSBC INVESTMENT BANK PLC	1,989,754	28,154,088.50	50,354.43	0.03
NOMURA SECURITIES INTERNATIONAL INC	2,041,388	30,951,291.50	46,710.78	0.02
BROCKHOUSE + COOPER	1,588,538	22,540,477.71	45,896.59	0.03
SALOMON BROTHERS INTERNATIONAL	3,457,715	30,733,958.83	42,611.86	0.01
BAIRD, ROBERT W., & COMPANY INC	1,048,900	23,106,082.23	42,110.40	0.04
DONALDSON, LUFKIN + JENRETTE SECS	755,654	25,756,566.41	37,782.70	0.05
JB WERE CAPITAL MARKETS	1,593,100	7,521,746.13	37,620.90	0.02
RBC DOMINION SECURITIES	2,001,872	35,885,540.13	36,194.78	0.02
BANC AMERICA SECURITY LLC MONT DIV	976,170	31,820,679.73	34,245.70	0.04
SG COWEN SECURITIES CORP	829,906	25,307,515.44	33,485.80	0.04
BRIDGE TRADING	670,100	16,470,103.78	33,152.00	0.05
Other (<\$33,000)	39,642,826	685,036,138.38	964,806.89	0.03
Total	324,234,885	\$ 5,815,772,734.27	\$ 7,361,431.82	\$ 0.02

NTRS Broker Commissions Report

For The Fiscal Year Ended June 30, 2002

Brokerage Firm	Shares Traded	Dollars Traded	Commissions Paid	Cost Per Share
MORGAN STANLEY	2,123,498	\$ 42,457,650.36	\$ 46,497.94	\$ 0.02
GOLDMAN SACHS	2,085,663	29,210,002.62	45,303.48	0.02
MERRILL LYNCH	3,191,090	33,686,707.13	44,342.63	0.01
LEHMAN BROTHERS INC	1,565,240	28,594,882.99	43,624.08	0.03
DEUTSCHE BANK	1,549,352	30,993,600.04	39,491.71	0.03
CREDIT SUISSE FIRST BOSTON	1,284,362	17,860,586.80	34,698.06	0.03
SALOMON SMITH BARNEY INC	857,353	17,470,292.18	28,701.89	0.03
INVESTMENT TECHNOLOGY GROUP INC	1,202,389	41,199,968.24	26,992.81	0.02
UBS WARBURG	988,942	19,533,129.12	25,017.23	0.03
CREDIT LYONNAIS SECURITIES (USA) INC	1,699,735	25,904,580.81	17,477.64	0.01
INSTINET	694,233	17,561,856.38	15,349.16	0.02
SANFORD CBERNSTEIN CO LLC	318,594	7,691,426.32	12,088.41	0.04
DRESDNER	922,268	6,446,244.17	11,848.60	0.01
JEFFERIES & COMPANY INC	356,945	8,809,608.75	11,605.25	0.03
J P MORGAN SECURITIES INC	311,528	9,558,028.67	9,983.50	0.03
BHF SECURITIES CORPORATION	723,405	12,540,137.83	7,492.69	0.01
BEAR STEARNS + CO INC	192,334	6,214,143.04	7,369.63	0.04
SBC WARBURG SECURITIES	566,300	2,854,994.43	7,015.40	0.01
ABN AMRO SECURITIES LLC	404,332	4,509,081.77	6,635.40	0.02
NOMURA SECURITIES INTERNATIONAL INC	161,182	2,453,486.84	5,307.62	0.03
BNP PARIBUS SECURITIES CORP	180,512	6,548,812.37	5,131.47	0.03
CITATION GROUP	103,330	3,674,554.63	5,074.70	0.05
CAPITAL INSTITUTIONAL SERVICES	92,500	2,594,325.39	4,564.50	0.05
COLLINS STEWART	269,115	2,263,703.44	4,322.87	0.02
WEEDEN + CO.	90,970	4,020,923.72	4,143.50	0.05
CANTOR FITZGERALD + CO	351,350	2,727,672.20	4,139.64	0.01
HSBC INVESTMENT BANK PLC	151,328	2,276,059.35	4,064.91	0.03
PRUDENTIAL SECURITIES INCORPORATED	118,068	3,749,098.19	4,060.80	0.03
J B WERE AND SON	192,870	814,406.55	3,736.48	0.02
BAIRD, ROBERT W., & COMPANY INC	90,200	1,821,493.20	3,721.60	0.04
STATE STREET BROKERAGE SERVICES	180,428	4,453,719.81	3,600.56	0.02
RBC DAIN RAUSCHER INC	156,601	2,951,657.42	2,985.84	0.02
BROCKHOUSE + COOPER	109,968	1,515,985.78	2,871.71	0.03
DONALDSON, LUFKIN + JENRETTE SECS	55,413	1,955,535.20	2,770.65	0.05
SG COWEN SECURITIES CORP	64,001	1,911,317.96	2,615.11	0.04
BANC AMERICA SECURITY LLC MONT DIV	79,550	2,500,768.50	2,608.70	0.03
BRIDGE TRADING	50,825	1,237,382.86	2,513.25	0.05
DAIWA SECURITIES AMERICA INC	86,278	1,713,571.05	2,474.32	0.03
WILLIAM BLAIR & COMPANY, L.L.C	80,530	1,580,590.71	2,338.00	0.03
Other (<\$2,300)	2,845,428	46,013,625.60	66,376.82	0.03
Total	26,548,010	\$ 461,875,612.42	\$ 580,958.56	\$ 0.02

Investment Summary

As of June 30, 2002

Total Market Value	PSRS/NTRS	Percent of Total Market Value		
	Combined Funds - FY2002	FY2002	FY2001	FY2000
U.S Fixed Income	\$ 9,063,194,623	43.5%	45.9%	45.4%
U.S. Equity	7,214,303,956	34.6%	38.5%	37.7%
Non-U.S. Equity	2,924,724,008	14.0%	13.7%	16.0%
Real Return Pool	1,114,126,684	5.3%		
Cash and Short-Term Investments	534,586,823	2.6%	1.9%	0.9%
Total	\$ 20,850,936,094	100.0%	100.0%	100.0%
<i>Reconciliation with Statement of Plan Net Assets</i>				
<i>Accrued payable for investments purchased</i>	\$ 1,156,266,830			
<i>Accrued income payable</i>	351,009			
<i>Accrued receivable for investments sold</i>	(468,717,028)			
<i>Accrued income receivable</i>	(95,474,647)			
<i>Short-term investments designated for benefits</i>	(32,534,231)			
<i>Statement of Plan Net Assets</i>	<u>\$ 21,410,828,027</u>			

Investment Expenses

For the Year Ended June 30, 2002

	PSRS	NTRS	Total
Investment Managers			
Alliance Capital Management	\$ 1,953,000	\$ 147,000	\$ 2,100,000
Bank of Ireland Asset Management	2,148,207	161,693	2,309,900
BlackRock Financial Management	1,254,012	94,388	1,348,400
BPI	607,600	45,733	653,333
Brinson Partners	1,318,740	99,260	1,418,000
Dimensional Fund Advisors	821,190	61,810	883,000
DSI International Management	870,982	65,558	936,540
E-MAP	2,379,322	179,583	2,558,905
INVESCO Global Asset Management	1,791,459	134,841	1,926,300
NISA Investment Advisors	859,024	65,727	924,751
Oechsle International Advisors	2,239,347	168,553	2,407,900
Payden & Rygel	895,776	67,424	963,200
State Street Global Advisors	670,713	52,899	723,612
TCW Asset Management Company	1,881,733	141,636	2,023,369
Thomson, Horstmann & Bryant, Inc.	988,590	74,410	1,063,000
Wellington Management Company	696,663	52,437	749,100
Investment Management Expense	\$ 21,376,358	\$ 1,612,952	\$ 22,989,310
Investment Consultants			
Strategic Investment Solutions	310,000	23,333	333,333
Custodial Services			
State Street Bank & Trust	1,239,750	123,767	1,363,517
Staff Investment Expenses	341,173	215,739	556,912
Total Investment Expenses	<u>\$ 23,267,281</u>	<u>\$ 1,975,791</u>	<u>\$ 25,243,072</u>

Certification of Actuarial Results

**Calculation of Unfunded Actuarial Accrued
Liability**

**Required Contribution Rate and Amortization of
Unfunded Liability**

Analysis of Actuarial Gains and Losses

Summary of Active Member Valuation Data

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to and Removed from Retirement Rolls**

Summary Plan Descriptions

ACTUARIAL SECTION

Actuarial



GABRIEL, ROEDER, SMITH & COMPANY
CONSULTANTS & ACTUARIES

3017 Douglas Boulevard · Suite 300 · Roseville, CA 95661 · 916-774-7580 · fax 916-774-7581

October 18, 2002

Board of Trustees
Public School Retirement System of Missouri
Non-Teacher School Employee Retirement System of Missouri
3210 West Truman Boulevard
Jefferson City, MO 65109

Re: Certification of Actuarial Results

Dear Members of the Board:

At your request, we have performed actuarial valuations of the Public School Retirement System and the Non-Teacher School Employee Retirement System of Missouri as of June 30, 2002. An actuarial valuation of each system is performed annually.

The actuarial valuation is based upon:

- a. *Data relative to the Members of the Systems* – Data for all members of each system was provided by the staff. Such data is tested for reasonableness by the actuary but is used unaudited.
- b. *Assets of the Fund* – The values of the trust fund assets for each system are provided by the staff. A market related value of assets, with gains and losses recognized ratably over five years, is used to develop actuarial results.
- c. *Actuarial Method* – The actuarial method utilized for each system is the Entry Age Normal Cost Method. The objective of this method is to finance the benefits of the systems as a level percentage of pay over the entire career of each member. Any Unfunded Actuarial Accrued Liability (UAAL) under this method is separately financed. All actuarial gains and losses under this method are reflected in the UAAL.
- d. *Actuarial Assumptions* – The actuarial assumptions used in the valuation of each system are summarized in the next few pages. The Board has adopted this set of assumptions effective for the actuarial valuations as of June 30, 2001 and later.

The actuarial assumptions and methods used are in accordance with paragraph 36 of GASB Statement Number 25.

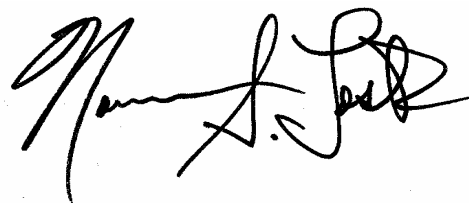
The trend data in the Financial Section and the schedules and other data in this Section are prepared by the staff with our guidance.

The Board's statement of funding policy provides that:

1. The Board of Trustees shall adopt actuarial assumptions, each of which individually represents a reasonable long-term estimate of anticipated experience under the system, derived from experience studies conducted every fifth year.
2. The actuarial funding method used shall be the Entry Age Normal Method with normal costs calculated as a percentage of payroll.
3. It shall be the general objective to maintain an amortization period of 30 years or less in the funding of the Unfunded Actuarial Accrued Liability. Whenever a change is made in a system's benefit and contribution rate structures, the amortization period for the system after this change should not exceed 30 years initially.
4. If an escalation in future payroll is assumed in determining the amortization payments toward the Unfunded Actuarial Accrued Liability, then the annual rate of such escalation shall not exceed the expected rate of expansion in total system payroll based upon the actuarial assumptions.
5. Assets used in the actuarial valuation shall be valued using adjusted market values averaged over a period of five years.
6. Annual actuarial valuations shall be made of the system's assets and liabilities. The contribution rate shall be established based on the results of these valuations.

The results of the valuations are based on the data and actuarial techniques described above and on the provisions of each system at the valuation date. Based on these items, we certify these results to be true and correct.

Sincerely,

A handwritten signature in black ink, appearing to read "Norman S. Losk". The signature is fluid and cursive, with a large initial "N" and "L".

Norman S. Losk, F.S.A.
Senior Consultant

PSRS Calculation of Unfunded Actuarial Accrued Liability

As of June 30, 2002

	Amount
(1) Present Value of Future Benefits for:	
Active Members	\$ 18,658,799,822
Service Retirees	10,051,969,685
Disability Retirees	105,164,174
Tax-sheltered Annuitants	1,276,650
Survivors	382,058,037
Death Benefits	49,077,059
Inactive Members	296,388,994
Total	29,544,734,421
 (2) Present Value of Future Normal Costs	 6,210,796,844
(3) Actuarial Accrued Liability ((1)-(2))	23,333,937,577
 (4) Actuarial Value of Assets	 22,236,105,216
(5) Unfunded Actuarial Accrued Liability ((3)-(4))	\$ 1,097,832,361

PSRS Required Contribution Rate & Amortization of Unfunded Liability

As of June 30, 2002

	Percentage of Payroll
(1) Total Contribution Rate, Member + Employer	21.00%
(2) Normal Cost Rate	20.57%
(3) Approximate Rate Available for Unfunded Actuarial Accrued Liability ((1) - (2))	.43%
(4) Number of Years Required to Amortize Unfunded Actuarial Accrued Liability	30*

* 30 year amortization assumes an annual required contribution rate of 22.22% for fiscal year 2003. The unfunded liability will never be amortized with a contribution rate of 21%.

PSRS Analysis of Actuarial Gains and Losses

As of June 30, 2002

(Dollar Amounts in Thousands)

(1) Unfunded Actuarial Liability as of July 1, 2001		\$ 399,702
(2) Normal Cost for 2002 Plan Year		613,173
(3) Contribution received during year		(696,685)
(4) Interest to Year End @ 8.00% on (1) (2) & (3)		28,700
(5) Expected Unfunded Actuarial Liability as of June 30, 2002		344,890
(6) Actuarial (Gain)/Loss During the Year		
From Investments	\$ 394,031	
From Actuarial Liabilities	358,911	
Total		752,942
(7) Actual Unfunded Actuarial Liability as of June 30, 2002		\$ 1,097,832

NTRS Calculation of Unfunded Actuarial Accrued Liability

As of June 30, 2002

	Amount
(1) Present Value of Future Benefits for:	
Active Members	\$ 1,913,756,462
Service Retirees	615,700,178
Disability Retirees	13,456,992
Survivors	22,137,565
Inactive Members	61,634,019
Total	2,626,685,216
(2) Present Value of Future Normal Costs	770,703,191
(3) Actuarial Accrued Liability ((1)-(2))	1,855,982,025
(4) Actuarial Value of Assets	1,810,618,705
(5) Unfunded Actuarial Accrued Liability ((3)-(4))	\$ 45,363,320

NTRS Required Contribution Rate & Amortization of Unfunded Liability

As of June 30, 2002

	Percentage of Payroll
(1) Total Contribution Rate, Member + Employer	10.00%
(2) Normal Cost Rate	10.55%
(3) Approximate Rate Available for Unfunded Actuarial Accrued Liability ((1) - (2))	-0.55%
(4) Number of Years Required to Amortize Unfunded Actuarial Accrued Liability	30*

** 30 year amortization assumes an annual required contribution rate of 10.8% for fiscal year 2003. The unfunded liability will never be amortized with a contribution rate of 10%.*

NTRS Analysis of Actuarial Gains and Losses

As of June 30, 2002

	Amount
(1) Unfunded Actuarial Liability as of July 1, 2001	\$ (50,166,463)
(2) Normal Cost for 2002 Plan Year	80,398,180
(3) Contribution received during year	(91,990,250)
(4) Interest to Year End @ 8.00% on (1) (2) & (3)	<u>(4,468,080)</u>
(5) Expected Unfunded Actuarial Liability as of June 30, 2002	(66,226,613)
(6) Actuarial (Gain)/Loss During the Year	
From Investments	\$ 33,052,246
From Liabilities	<u>78,537,687</u>
Total	<u>111,589,933</u>
(7) Actual Unfunded Actuarial Liability as of June 30, 2002	<u><u>\$ 45,363,320</u></u>

PSRS Summary of Actuarial Assumptions and Methods

Mortality -

Sample rates per 1,000 members by ages: (effective 6/30/02)

Active and Service Retired Members, Beneficiaries and Survivors

<u>Age</u>	<u>Male</u>	<u>Female</u>
20	0.430	0.280
40	0.891	0.652
60	5.581	3.863
80	45.171	35.362
100	268.815	256.712

Interest -

8% per annum compound, net of expenses. (1980)

Termination -

Illustrate per 1,000 members (male and female): (2002)

<u>Age</u>	<u>First Year</u>	<u>Second Year</u>	<u>Third Year</u>	<u>After Three Years</u>
20	140	110	100	35
30	120	100	80	31
40	100	90	60	21
50	90	70	40	8

Salary Increases -

Sample annual rates varying by service: (effective 6/30/02)

<u>Service</u>	<u>Increase</u>	<u>Service</u>	<u>Increase</u>
20	10.0%	9	6.0%
33	7.5	10 & over	5.0
46	7.0		

Retirement Rates -

Sample rates per 1000 eligible members: (effective 6/30/02)

<u>(1) Age 60</u>		<u>(2) Below 60 or Meet Rule of 80</u>		<u>(3) Below 60, Less Than 30 Years</u>	
<u>Age</u>	<u>5 Years</u>	<u>Service</u>	<u>With 30 Years</u>	<u>Before (1) or (2), After 55/25</u>	
60	250	30	500	First Year Eligible	400
62	250	31 & over	250	Thereafter	200
65	400				
67	300				
70+	1000				

Asset Valuation -	Based on five year average of adjusted market value returns. (1994)
Payroll Increase -	Total covered payroll is assumed to increase 5.0% per year. (effective 6/30/97) Membership is not assumed to increase.
Inflation -	3.5% per annum compound. (effective 6/30/97)
Actuarial Method -	Entry Age Normal Funding Method is used. Gains and losses are reflected immediately in the unfunded actuarial accrued liability of the System, and amortized in the future as a level percentage of payroll. (1947)
Other -	In addition to the above, other assumptions are made with respect to the incidence of disability, the rates of retirement under a special temporary program, mortality of disabled lives, the probability that a member has a spouse, minor children and the ages of the children. (effective 6/30/97)
COLA -	3.5% per year. (effective 6/30/97)

Note: Dates reflect the effective date as adopted by the Board of Trustees.

NTRS Summary of Actuarial Assumptions and Methods

Mortality -

Sample rates per 1,000 members by age: (effective 6/30/02)

Active and Service Retired Members, Beneficiaries, and Survivors

<u>Age</u>	<u>Male</u>	<u>Female</u>
20	0.530	0.284
40	1.156	0.709
60	8.986	4.439
80	68.615	39.396
100	333.461	276.427

Interest -

8% per annum compound, net of expenses. (1980)

Termination -

Illustrate per 1000 members (male and female): (1994)

<u>Age</u>	<u>First Year</u>	<u>Second Year</u>	<u>Third Year</u>	<u>After Three Years</u>	
				<u>Males</u>	<u>Females</u>
20	350	170	100	66	50
30	225	170	100	66	50
40	130	125	90	61	45
50	90	85	55	39	29

Salary Increases -

Sample annual rates varying by years of service: (effective 6/30/02)

<u>Service</u>	<u>Increase</u>	<u>Service</u>	<u>Increase</u>
0	10.0%	3	6.0 %
1	7.5	4	5.75
2	6.75	5 & over	5.0

Retirement Rates - Sample rates per 1000 members: (effective 6/30/02)

<u>(1) Age 60</u>		<u>(2) Below 60</u>		<u>(3) Below 60, Less Than 30 Years</u>	
<u>Age</u>	<u>5 Years</u>	<u>Service</u>	<u>With 30 Years</u>	<u>Before (1) or (2), After 55/25</u>	
60	100	30 & over	100	All Years Eligible	135
62	300				
65	350				
66-74	250				
75+	1000				

Asset Valuation -	Based on five year average of adjusted market values. (1994)
Payroll Increase -	Total covered payroll is assumed to increase 5.0% per year. (effective 6/30/97)
Inflation -	3.5% per annum compound. (effective 6/30/97)
Actuarial Method -	Entry Age Normal Funding Method is used. Gains and losses are reflected immediately in the unfunded actuarial accrued liability of the System, and amortized in the future as a level percentage of payroll. (1966)
Other -	In addition to the above, other assumptions are made with respect to the incidence of disability, the rates of retirement under a special temporary program, mortality of disabled lives, the probability that a member has a spouse and average work year. (effective 6/30/97)

Note: Dates reflect the effective date as adopted by the Board of Trustees.

PSRS Schedule of Active Member Valuation Data

Actuarial Valuation Date	Number of Members	Covered Annual Payroll (000)	Average Annual Salary	% Increase in Average Salary	Average Attained Age	Average Years of Service
6/30/1993	58,493	\$ 1,867,948	\$ 31,935	1.9%	42.3	12.3
6/30/1994	60,595	\$ 1,996,908	\$ 32,955	3.2%	42.5	12.3
6/30/1995	62,854	\$ 2,137,134	\$ 34,002	3.2%	42.5	12.3
6/30/1996	64,624	\$ 2,283,994	\$ 35,343	3.9%	42.6	12.3
6/30/1997	66,456	\$ 2,427,429	\$ 36,527	3.3%	42.5	12.1
6/30/1998	68,709	\$ 2,577,594	\$ 37,514	2.7%	42.5	11.9
6/30/1999	70,092	\$ 2,690,353	\$ 38,383	2.3%	42.5	11.7
6/30/2000	71,706	\$ 2,836,062	\$ 39,581	3.1%	42.5	11.6
6/30/2001	72,688	\$ 2,982,051	\$ 41,025	3.7%	42.4	11.3
6/30/2002	73,673	\$ 3,213,461	\$ 43,618	6.3%	42.4	11.2

NTRS Schedule of Active Member Valuation Data

Actuarial Valuation Date	Number of Members	Covered Annual Payroll (000)	Average Annual Salary	% Increase in Average Salary	Average Attained Age	Average Years of Service
6/30/1993	29,055	\$ 415,672	\$ 14,306	2.1%	45.7	7.7
6/30/1994	30,662	\$ 452,339	\$ 14,752	3.1%	45.5	7.6
6/30/1995	32,598	\$ 495,449	\$ 15,199	3.0%	45.3	7.3
6/30/1996	34,153	\$ 538,022	\$ 15,753	3.6%	45.2	7.2
6/30/1997	35,982	\$ 556,534	\$ 15,467	(1.8)%	45.1	7.1
6/30/1998	38,672	\$ 616,303	\$ 15,937	3.0%	44.8	6.7
6/30/1999	41,599	\$ 685,272	\$ 16,473	3.4%	44.6	6.5
6/30/2000	43,533	\$ 735,400	\$ 16,893	2.5%	44.5	6.4
6/30/2001	45,517	\$ 814,158	\$ 17,887	5.9%	44.6	6.3
6/30/2002	46,728	\$ 895,420	\$ 19,162	7.1%	44.8	6.4

PSRS Solvency Test

(Dollar amounts in thousands)

Actuarial Accrued Liability for:

Actuarial Valuation Date	Member Contributions	Current Retirees & Beneficiaries	Active & Inactive Members, Employer Financed Portion	Net Assets Available for Benefits	Percentage of Actuarial Liabilities Covered by Net Assets for:		
					(1)	(2)	(3)
6/30/1993	\$ 2,384,406	\$ 2,980,210	\$ 3,591,872	\$ 7,787,379	100.00%	100.00%	67.5%
6/30/1994	2,616,067	3,206,061	4,147,631	9,177,070	100.00%	100.00%	80.9%
6/30/1995	2,856,389	3,705,807	4,419,626	10,193,084	100.00%	100.00%	82.2%
6/30/1996	3,098,448	4,265,851	4,867,447	11,510,625	100.00%	100.00%	85.2%
6/30/1997	3,312,090	4,553,628	4,583,460	13,099,219	100.00%	100.00%	100.0%
6/30/1998	3,541,459	5,523,768	5,405,822	14,979,358	100.00%	100.00%	109.4%
6/30/1999	3,765,854	6,602,915	6,004,376	17,209,870	100.00%	100.00%	113.9%
6/30/2000	3,976,059	7,801,845	6,501,209	19,437,223	100.00%	100.00%	117.8%
6/30/2001	4,129,191	9,504,921	7,648,091	21,146,294	100.00%	100.00%	98.3%
6/30/2002	\$ 4,354,507	\$10,589,546	\$ 8,389,885	\$ 22,236,105	100.00%	100.00%	86.9%

NTRS Solvency Test

(Dollar amounts in thousands)

Actuarial Accrued Liability for:

Actuarial Valuation Date	Member Contributions	Current Retirees & Beneficiaries	Active & Inactive Members, Employer Financed Portion	Net Assets Available for Benefits	Percentage of Actuarial Liabilities Covered by Net Assets for:		
					(1)	(2)	(3)
6/30/1993	\$ 140,790	\$ 196,936	\$ 277,693	\$ 583,058	100.00%	100.00%	88.3%
6/30/1994	155,238	224,650	306,192	698,988	100.00%	100.00%	104.2%
6/30/1995	169,846	252,034	364,519	778,325	100.00%	100.00%	97.8%
6/30/1996	185,763	293,937	399,861	876,886	100.00%	100.00%	99.3%
6/30/1997	204,757	312,390	447,065	1,001,035	100.00%	100.00%	100.0%
6/30/1998	225,454	350,860	460,033	1,150,311	100.00%	100.00%	125.8%
6/30/1999	231,252	396,846	540,413	1,335,308	100.00%	100.00%	130.9%
6/30/2000	274,167	467,653	653,480	1,522,660	100.00%	100.00%	119.5%
6/30/2001	301,936	565,126	769,014	1,686,242	100.00%	100.00%	106.5%
6/30/2002	\$ 354,296	\$ 651,295	\$ 850,391	\$ 1,810,619	100.00%	100.00%	94.7%

PSRS Schedule of Retirees and Beneficiaries Added to and Removed from Retirement Rolls

	Added to Rolls		Removed from Rolls		Rolls End of Year		% Increase		
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances	Average Annual Allowances	in Annual Allowance	in Average Annual Allowance
2001-2002									
Service Retirees	2,252	76,277,040	763	16,160,604	28,128	814,713,192	28,964	14.53%	8.47%
Disability Retirees	41	890,640	40	688,908	597	11,589,792	19,413	7.27%	7.09%
Beneficiaries	246	4,309,632	105	1,452,696	2,140	39,500,232	18,458	15.70%	8.08%
2000-2001									
Service Retirees	2,629	84,732,912	749	14,326,116	26,639	711,328,968	26,703	18.15%	9.81%
Disability Retirees	44	896,940	28	432,888	596	10,803,876	18,127	11.23%	8.24%
Beneficiaries	184	3,478,620	84	978,240	1,999	34,139,676	17,078	19.26%	13.29%
1999-2000									
Service Retirees	2,152		779		24,759	602,073,480	24,317	19.56%	12.93%
Disability Retirees	45		34		580	9,712,992	16,747	11.18%	9.07%
Beneficiaries	196		90		1,899	28,625,688	15,074	26.30%	19.25%
1998-1999									
Service Retirees	1,947		730		23,386	503,554,404	21,532	20.43%	14.16%
Disability Retirees	41		33		569	8,736,408	15,354	13.75%	12.15%
Beneficiaries	176		74		1,793	22,665,480	12,641	21.66%	14.74%
1997-1998									
Service Retirees	1,757		728		22,169	418,135,200	18,861	10.86%	5.71%
Disability Retirees	27		32		561	7,680,348	13,690	2.14%	3.05%
Beneficiaries	187		82		1,691	18,630,408	11,017	13.17%	6.14%
1996-1997									
Service Retirees	1,797		732		21,140	377,172,204	17,842	13.48%	7.76%
Disability Retirees	30		31		566	7,519,512	13,285	3.43%	3.61%
Beneficiaries	170		74		1,586	16,462,368	10,380	14.99%	8.03%

Note: Detailed data on retirees added to and removed from the rolls is not available for years prior to 2001.

NTRS Schedule of Retirees and Beneficiaries Added to and Removed from Retirement Rolls

	Added to Rolls		Removed from Rolls		Rolls End of Year			% Increase	
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances	Average Annual Allowances	in Annual Allowance	in Average Annual Allowance
2001-2002									
Service Retirees	970	7,570,872	461	1,280,604	13,141	57,743,412	4,394	22.43%	17.68%
Disability Retirees	30	146,556	21	58,956	387	1,346,280	3,479	17.02%	14.29%
Beneficiaries	97	352,764	18	33,996	742	2,412,648	3,252	26.76%	13.27%
2000-2001									
Service Retirees	978	6,089,376	459	1,165,548	12,632	47,164,044	3,734	18.68%	13.81%
Disability Retirees	53	200,208	22	75,372	378	1,150,476	3,044	18.75%	9.03%
Beneficiaries	76	201,732	14	19,536	663	1,903,260	2,871	19.02%	7.89%
1999-2000									
Service Retirees	960		447		12,113	39,740,484	3,281	20.58%	15.49%
Disability Retirees	45		14		347	968,844	2,792	26.00%	14.76%
Beneficiaries	77		21		601	1,599,060	2,661	24.11%	12.56%
1998-1999									
Service Retirees	796		414		11,600	32,956,644	2,841	9.17%	5.57%
Disability Retirees	35		7		316	768,900	2,433	14.42%	4.29%
Beneficiaries	67		19		545	1,288,428	2,364	14.42%	4.32%
1997-1998									
Service Retirees	841		434		11,218	30,189,600	2,691	10.79%	6.74%
Disability Retirees	29		17		288	672,024	2,333	9.04%	4.48%
Beneficiaries	59		22		497	1,126,008	2,266	11.89%	3.56%
1996-1997									
Service Retirees	823		388		10,811	27,249,996	2,521	12.37%	7.87%
Disability Retirees	22		13		276	616,320	2,233	8.01%	4.49%
Beneficiaries	63		18		460	1,006,320	2,188	17.83%	6.32%

Note: Detailed data on retirees added to and removed from the rolls is not available for years prior to 2001.

PSRS Summary Plan Description

The Public School Retirement System of Missouri (PSRS) became operative July 1, 1946. It was established by an Act of the Missouri Legislature and is governed by Chapter 169 of the *Revised Statutes of Missouri*. Its purpose is to provide benefits to members and their dependents at retirement or in the event of death or disability prior to retirement.

PSRS is a defined benefit plan funded on an actuarial reserve basis, which guarantees availability of funds to pay benefits as prescribed by law. The system is established as an independent trust fund and is not subject to direction by any state agency. Administrative expenses are paid entirely out of investment earnings.

Administration

The administration of PSRS is vested in a seven-member Board of Trustees, composed of three elected PSRS members, one elected Non-Teacher School Employee Retirement System (NTRS) member, and three appointed trustees. The four elected trustees are selected by vote of the members and retirees of both systems. Two are elected each even-numbered calendar year to serve four-year terms. The three appointed trustees, one of whom must be a PSRS or an NTRS retiree, are named by the governor to serve four-year terms. The appointed trustees must be residents of school districts included in the retirement system but not employees of such districts nor state employees nor a state elected official. The Board appoints an Executive Director who is responsible for employment of the retirement office staff, routine operation of the system, and advisement of the Board on all matters pertaining to the system.

Member Participation

PSRS membership is automatic, regardless of position, for certificated, full-time employees of public school districts in Missouri (except the St. Louis and the Kansas City school districts), public junior college districts in Missouri, and of PSRS. Certificated, part-time employees whose services would qualify them for membership in the Non-Teacher School Employee Retirement System are contributing members of PSRS unless NTRS membership is elected.

Members working in covered employment are considered *active* members. Such members contribute 10.5% of total compensation to PSRS. The contributions are deducted and remitted by the employer and are credited by PSRS to individual member accounts. Since July 1, 1989, member contributions have been tax-deferred for federal and state income tax purposes under IRS 414(h)(2). Contributions are not considered income for such purposes until they are paid as a lump sum refund or monthly benefits.

Members not working in covered employment are considered *inactive* members.

Interest at a rate set each year by the Board of Trustees is credited to individual member accounts each June 30 on the previous June 30 balance. The rate credited on June 30, 2002 was 6%. Since PSRS is a defined benefit plan, benefits are based upon the member's final average salary and years of creditable service. The amount of interest credited to a member's account has no bearing on the monthly benefit amount payable at retirement.

In addition to credit earned for covered service, members may purchase credit in various categories including several types of leave, out-of-state school service, other public and private employment, active U.S. military duty, and service under the federal Uniformed Services Employment and Re-employment Rights Act of 1994 (USERRA).

Employer Participation

The employers served by PSRS withhold members' contributions from salary payments and match those contributions at a current rate of 10.5% of payroll. Employer contributions and investment earnings on those funds are placed by PSRS in a general reserve account to pay monthly benefits to retirees and to beneficiaries of deceased members. Employers are responsible for remitting contributions promptly and for furnishing contribution information and new membership records to PSRS. Employers also provide record data when members apply for benefits or for refunds upon termination of employment.

Survivor Benefits

The designated beneficiary of a member who dies before retirement is eligible for a lump sum refund of the member's contributions and interest. If the beneficiary is an eligible dependent and the member dies while in covered employment with at least two years of credit for such service, or while eligible for disability retirement benefits, monthly survivor benefits based on a percentage of the member's salary for the last full year of covered service can be elected instead of the contribution refund.

In lieu of a lump sum refund or monthly survivor benefits, survivors with an insurable interest and beneficiaries of disability retirees may elect to receive monthly benefits under the Option 2 retirement plan. Such benefits are payable when the member would have been eligible for early or normal retirement.

Refund of Contributions

Member contributions and interest are fully refundable upon termination of service or death. All credit and benefit rights are forfeited upon voluntary withdrawal or automatic termination of membership.

A member may, upon returning to covered employment, reinstate the credit forfeited through termination of a previous membership by repaying the money refunded plus interest.

Membership Termination

Membership is terminated by death, retirement, withdrawal of contributions, or absence from covered employment by a non-vested member for five consecutive school years.

Disability Retirement Benefits

Disability retirement benefits are payable to eligible members who, because of permanent disability, are unable to earn a livelihood in any occupation. In most instances, the disability retirement benefit is calculated at 50% of the member's salary for the last full year of creditable service.

Service Retirement Benefits

Service retirement benefits are payable to members who have terminated covered employment and have met certain eligibility requirements.

Benefit Formula—All service retirement benefits are based on a formula which multiplies final average salary by the applicable formula factor, by the years of credit and, in the case of early retirement, by an age reduction factor. Final average salary is obtained by dividing the total salaries for the 3 highest consecutive years of service by 36; the applicable factor is determined by the type of retirement eligibility; total credit is the amount accumulated at retirement for covered service and purchased credit; and the age factor, where applicable, is determined by the age at retirement.

Normal Retirement—A member may retire with benefits calculated under the standard (2.5%) formula factor at age 60 with 5 years of credit, at any age with 30 years of credit, or when a combination of age and service credit equals 80. Between 7/1/2001-6/30/2008, a member may retire with a 2.55%

formula factor with 31 or more years of service. A special provision in effect until July 1, 2003 allows members under age 55 with 25.0 – 29.9 years of credit to retire with benefits calculated under a modified formula factor ranging from 2.2% to 2.4% but with no age reduction factor applied.

Early Retirement—A member may retire with benefits calculated under the standard (2.5%) formula with an age reduction factor applied, at age 55 with 5 years of credit or at any age with 25 years of credit, as long as they do not qualify for Rule of 80 (after 7/1/2003).

Payment Options—A retiring member may elect to receive the maximum benefits payable under the Single Life option, or may elect to receive a reduced benefit under one of three Joint-and-Survivor options or under one of two Term-Certain options, to provide survivor benefit coverage in varying degrees after the retiree's death.

Certain benefit minimums apply to normal or early retirement with 15 or more years of credit. The minimums for 15 but fewer than 25 years of credit are reduced if a Joint-and-Survivor or a Term-Certain option is elected and/or if an age factor is applicable because of early retirement. The minimums for 25 or more years of credit are reduced only if a Joint-and-Survivor or a Term-Certain option is elected.

Post-Retirement Increases

Cost-of-living adjustments (COLAs) are provided beginning the second January after retirement (7/1/01) to service and disability retirees, and to Joint-and-Survivor beneficiaries of deceased retirees. The annual COLA, not to exceed 5%, is based on the increase in the cost of living as measured by the Department of Labor Consumer Price Index for the previous fiscal year and is applied to the current benefit of each eligible recipient. Lifetime COLAs are limited to 80% of the original retirement benefit. The 80% lifetime COLA limit became effective July 1, 2000.

Benefits Guide

A benefits guide containing detailed information concerning the retirement program can be obtained from the retirement office upon request.

NTRS Summary Plan Description

NTRS Summary Plan Description

The Non-Teacher School Employee Retirement System of Missouri (NTRS) was established by an Act of the Missouri Legislature effective November 1, 1965, and is governed by Chapter 169 of the Revised Statutes of Missouri. Its purpose is to provide benefits to members and their dependents at retirement or in the event of death or disability prior to retirement.

NTRS is a defined benefit plan funded on an actuarial reserve basis, which guarantees availability of funds to pay benefits as prescribed by law. The system is established as an independent trust fund and is not subject to direction by any state agency. Administrative expenses are paid entirely out of investment earnings.

Administration

The statutes provide that the responsibility for the operation and administration of the retirement system is vested in The Public School Retirement System (PSRS) Board of Trustees sitting as the Board of Trustees for NTRS. The Board is comprised of three elected PSRS members, one elected Non-Teacher School Employee Retirement System (NTRS) member and three appointed trustees. The four elected trustees are selected by vote of the members and retirees of both systems. Two are elected each even-numbered calendar year to serve four-year terms. The three appointed trustees, one of whom must be a PSRS or an NTRS retiree, are named by the governor to serve four-year terms. The appointed trustees must be residents of school districts included in the retirement system but not employees of such districts nor state employees nor a state elected official.

The Board appoints an Executive Director who is responsible for employment of the retirement office staff and routine operation of the system, and who acts as advisor to the Board on all matters pertaining to the system.

Member Participation

Active Members—are currently working in covered employment. Employees contribute 5.0% of their total compensation to NTRS. These amounts are deducted by the employing district and then forwarded to NTRS by the payroll officer and applied to the member's account in the NTRS. NTRS membership is automatic, regardless of position, for all persons not covered by The Public School Retirement System who are regularly employed for 20 or more hours a week by the public school districts in Missouri (except the St. Louis and the Kansas City school districts), public junior college districts in Missouri, and by the retirement system.

NTRS membership can be elected by employees with Missouri teaching certificates who work *in any position* for 20 or more hours weekly but less than full time; however, PSRS

membership is automatic if an NTRS election is not made. The election to join NTRS must be filed with the Board of Trustees within 90 days after entering first time, part-time employment.

Since July 1, 1989, member contributions have been tax-deferred for federal and state income tax purposes under IRC 414(h)(2). Contributions are not considered as income for federal or state income tax purposes until they are paid in a lump-sum refund or in monthly benefits.

Individual accounts are maintained for all NTRS members. Interest is credited each June 30 on the previous June 30 balance. The interest rate set annually by the Board of Trustees was 6% on June 30, 2002. Since NTRS is a defined benefit plan, benefits are based upon the member's final average salary and years of creditable service. The amount of interest credited to a member's account has no bearing on the monthly benefit amount payable at retirement.

In addition to credit earned for covered service, members may purchase credit in various categories including several types of leave, out-of-state school service, other public and private employment, active U.S. military duty, and service under the federal Uniformed Services Employment and Re-employment Rights Act of 1994 (USERRA).

Inactive Members—have contributions on deposit with NTRS but are not currently working in covered employment.

Member's Survivors—When a member dies before retirement, the designated beneficiary becomes eligible for a lump sum refund of the employee's contributions and interest. In lieu of the lump sum refund, beneficiaries with an insurable interest and beneficiaries of disability retirees may elect to receive monthly benefits under the Option 2 retirement plan. Benefits are payable to the beneficiary under the Option 2 plan when the member would have been eligible for early or normal retirement.

Membership Termination

Membership in the System is terminated by death, retirement, withdrawal of contributions, or absence from covered employment by a non-vested member for five consecutive school years.

Employer Participation

The employers served by NTRS withhold members' contributions from salary payments and match employee contributions at a current rate of 5% of payroll. Employer contributions and investment earnings on those funds are placed in a general reserve account to pay monthly benefits to retirees and to beneficiaries of deceased members. It is the responsibility of the employers to remit contributions to the retirement system promptly and to supply NTRS with new

membership records and members' contribution information. Employers also provide needed data when members apply for benefits or refund of contributions upon termination of employment.

Employer Participation

Member contributions plus interest are fully refundable upon termination of service or death. All credit and benefit rights are forfeited upon voluntary withdrawal or automatic membership termination. Voluntary withdrawal is available to members who cease covered employment. Automatic termination occurs when a non-vested member is absent from covered employment for five consecutive years. Only the money the member has contributed and accrued interest are refundable.

A member may, upon returning to covered employment, reinstate the credit forfeited through termination of a previous membership by repaying the money withdrawn plus interest.

Service retirement benefits are payable to persons who have terminated employment and who have met age and service requirements.

Benefit Formula—All service retirement benefits are based on a formula which multiplies final average salary by the applicable formula factor, by the years of credit and, in the case of early retirement, by an age reduction factor. Final average salary is obtained by dividing the total salaries for the three highest consecutive years of service by 36; the applicable factor is determined by the type of retirement eligibility; total credit is the amount accumulated at retirement for covered service and purchased credit; and the age factor, where applicable, is determined by the age at retirement.

Because of the conversion of the system from a formula integrated with Social Security to the present basis, a special "frozen benefit" is in effect for certain members for service prior to July 1, 1973.

Normal Retirement—A member may retire with benefits calculated under the standard (1.61%) formula at age 60 with 5 years of credit, at any age with at least 30 years of service, and at the point where the member's age plus creditable service equals or exceeds 80 (Rule of 80). A member may retire under the standard (1.61%) formula when the member qualifies for

Rule of 80 or 30 and out and will receive an additional .8% multiplier until he/she reaches minimum eligibility age for Social Security benefits (currently age 62). A special provision in effect until July 1, 2003 allows members under age 55 with 25.0-29.9 years of credit to retire with benefits calculated under a modified formula factor ranging from 1.51% to 1.59% but with no age reduction factor applied.

Early Retirement—A member may retire with benefits calculated under the standard (1.61%) formula with an age reduction factor applied, at age 55 with 5 but fewer than 25 years of credit.

Options—A retiring member may elect to receive the maximum benefits payable under the Single Life option, or may elect to receive a reduced benefit under one of three Joint-and-Survivor options or under one of two Term-Certain options, to provide survivor benefit coverage in varying degrees after the retiree's death. Another option, the Accelerated Payment Plan (APP), allows members to receive a higher NTRS benefit prior to minimum Social Security eligibility age (currently age 62). When the minimum Social Security eligibility age is attained, the member's NTRS benefit is reduced and remains at a reduced level for the remainder of their retirement.

Disability Retirement Benefits

Disability retirement benefits are payable to persons who have met service and eligibility requirements and who, because of permanent disability, are unable to earn a livelihood in any occupation. The disability retirement benefit is calculated at 90% of the normal service retirement.

Cost-of-Living Adjustments

Cost-of-living adjustments (COLAs) are provided starting the fourth January after retirement to service and disability retirees, and to Joint-and-Survivor beneficiaries of deceased retirees. The annual COLA, not to exceed 5%, is based on the increase in the cost of living as measured by the Department of Labor Consumer Price Index for the previous fiscal year and is applied to the current benefit of each eligible recipient. Lifetime COLAs are limited to 80% of the original retirement benefit.

Handbook

A handbook which furnishes more complete information concerning provisions of the NTRS law and regulations can be obtained from the retirement office.

Additions by Source

Deductions by Type

Summary of Changes in Membership

Growth Through the Years

2001-2002 New Service Retirees

2001-2002 New Retiree Statistics

Schedule of Retirees by Type and Benefits by Type

Average New Retiree Statistics

Average Benefit Payments to New Retirees

PSRS/NTRS Actuarial Assets and Liabilities

**Employees Reported on the 2001-2002
Annual Reports**

STATISTICAL SECTION

PSRS Additions by Source

(Dollar amounts in thousands)

Year	Employee Contributions	Employer Contributions	Investment Income	Other Income	Total
1993	\$ 190,865	\$ 186,293	\$ 808,048	\$	\$ 1,185,206
1994	205,230	200,422	740,602		1,146,254
1995	222,124	211,866	1,468,062*	541	1,902,593
1996	249,854	238,631	1,370,448	25,681	1,884,614
1997	264,736	251,958	2,396,120	494	2,913,308
1998	289,224	273,126	2,609,911	246	3,172,507
1999	302,183	287,699	1,795,732	273	2,385,887
2000	319,579	304,944	1,455,003	274	2,079,800
2001	335,275	324,526	(407,172)	810	253,439
2002	\$ 356,685	\$ 340,000	\$ (582,958)	\$ 2,761	\$ 116,488

* Includes recognition of previously deferred income and unrealized gains/losses as a result of adoption of GASB Statement 25.

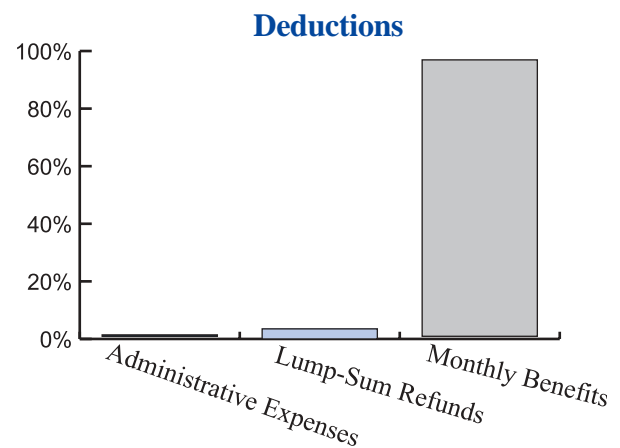
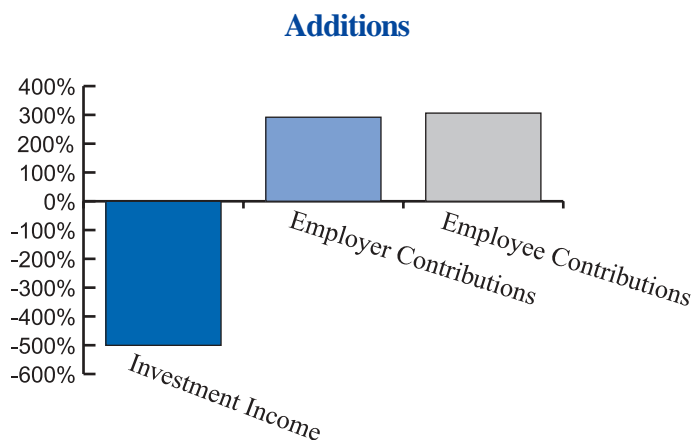
PSRS Deductions by Type

(Dollar amounts in thousands)

Year	Monthly Benefits	Lump-Sum Refunds	Administrative Expenses	Other	Total
1993	\$ 252,529	\$ 18,001	\$ 2,467	\$	\$ 272,997
1994	271,798	18,681	2,287		292,766
1995	300,612	19,731	2,801*	1	323,145
1996	349,698	23,256	3,763	25,045	401,762
1997	399,875	25,973	3,867	181	429,896
1998	442,850	28,409	2,827**	6	474,092
1999	534,619	31,044	3,137	3	568,803
2000	638,981	36,098	3,710	2	678,791
2001	749,891	35,047	3,995	14	788,947
2002	\$ 860,435	\$ 31,779	\$ 4,439	\$ 47	\$ 896,700

*1995 and following years do not include investment fees and expenses.

** Shared expenses were allocated under a new formula beginning in 1998.



NTRS Additions by Source

(Dollar amounts in thousands)

Year	Employee Contributions	Employer Contributions	Investment Income	Other Income	Total
1993	\$ 16,320	\$ 16,320	\$ 59,986	\$	\$ 92,626
1994	17,766	17,618	56,613		91,997
1995	19,249	19,457	112,452 *	25	151,183
1996	21,155	20,967	101,972	6	144,100
1997	24,616	24,394	183,542	11	232,563
1998	27,528	27,316	198,913	11	253,768
1999	30,372	30,013	137,142	17	197,544
2000	34,499	34,186	113,954	14	182,653
2001	37,934	37,500	(29,647)	73	45,860
2002	\$ 46,217	\$ 45,773	\$ (46,732)	\$ 26	\$ 45,284

* Includes recognition of previously deferred income and unrealized gains/losses as a result of adoption of GASB Statement 25.

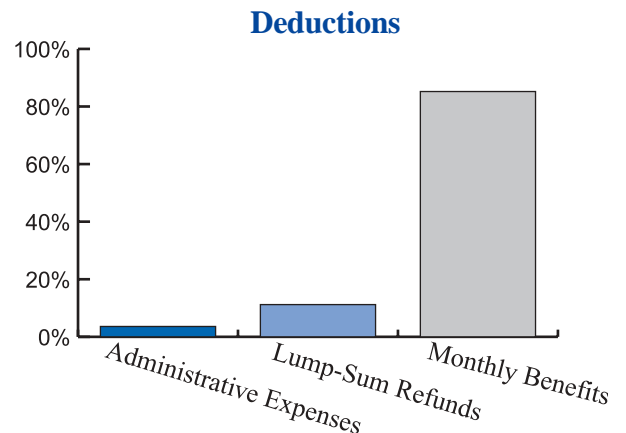
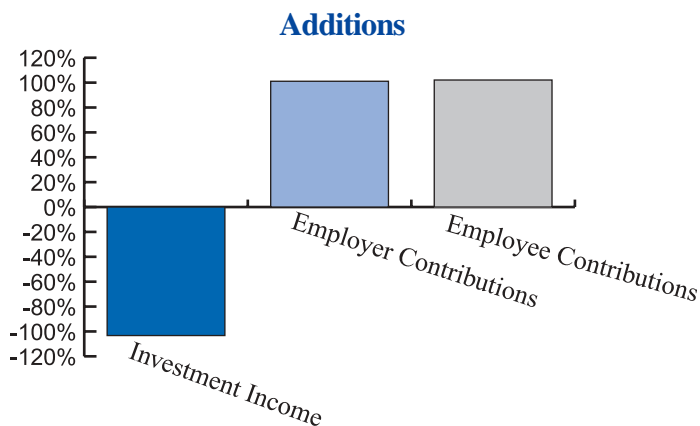
NTRS Deductions by Type

(Dollar amounts in thousands)

Year	Monthly Benefits	Lump-Sum Refunds	Administrative Expenses	Other	Total
1993	\$ 17,262	\$ 3,763	\$ 821	\$	\$ 21,846
1994	19,497	4,256	901		24,654
1995	22,067	5,000	690 *		27,757
1996	25,155	5,182	769		31,106
1997	28,265	6,160	884		35,309
1998	31,338	7,121	1,470**	1	39,930
1999	34,518	7,295	1,604	1	43,418
2000	41,530	9,902	1,919	1	53,352
2001	49,038	9,201	2,242	4	60,485
2002	\$ 59,871	\$ 7,866	\$ 2,574	\$ 1	\$ 70,312

*1995 and following years do not include investment fees and expenses.

**Shared expenses were allocated under a new formula beginning in 1998.

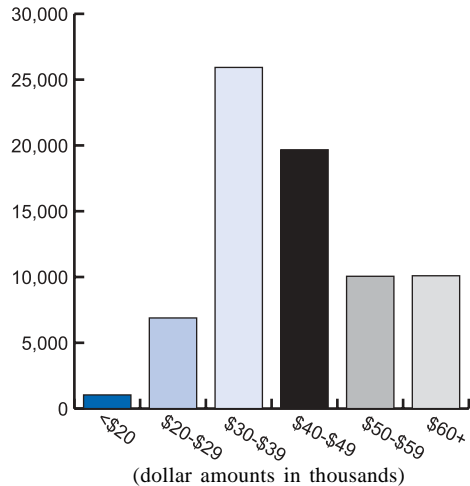


PSRS Summary of Changes in Membership During 2001-02

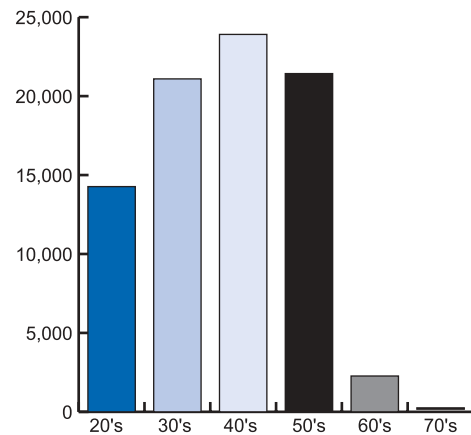
	<u>Male</u>	<u>Female</u>	<u>Total</u>
Membership July 1, 2001	18,954	62,664	81,618
New Members Added	1,409	4,619	6,028
Less:			
Service Retirements	688	1,554	2,242
Disability Retirements	10	31	41
Withdrawals	470	1,309	1,779
Deaths	21	43	64
Memberships Terminated	74	278	352
Other	37	82	119
	<u>1,300</u>	<u>3,297</u>	<u>4,597</u>
Net Change in Membership 2001-02	<u>109</u>	<u>1,322</u>	<u>1,431</u>
Membership June 30, 2002	<u><u>19,063</u></u>	<u><u>63,986</u></u>	<u><u>83,049</u></u>

Note: Ten members eligible for retirement died during the year. These are reflected as deaths on this schedule, but as new retirees on page 85.

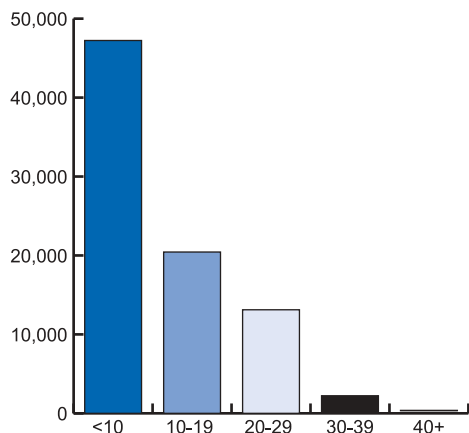
2001-02 PSRS Members by Annual Salary



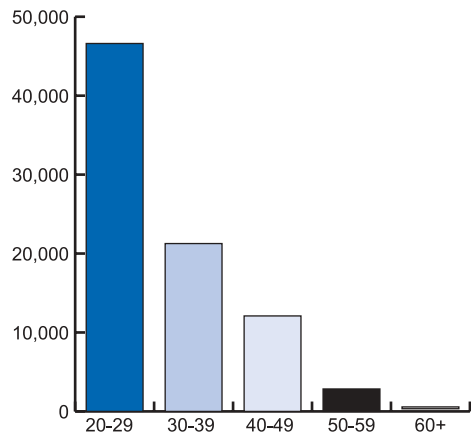
2001-02 PSRS Members by Current Age



2001-02 PSRS Members by Total Service Credit



2001-02 PSRS Age at Entry into System

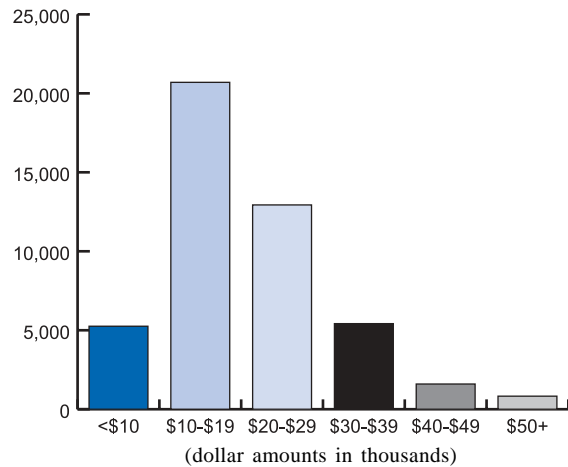


NTRS Summary of Changes in Membership During 2001-02

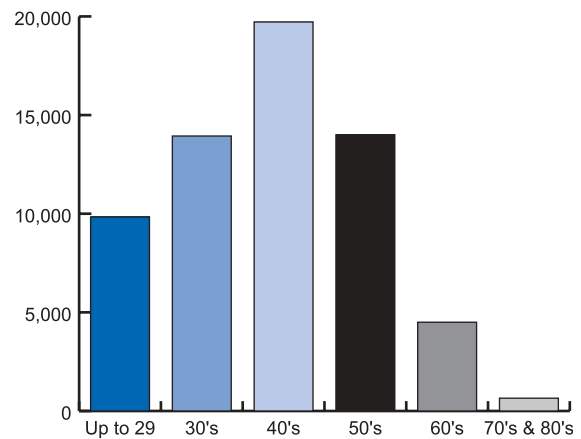
	<u>Male</u>	<u>Female</u>	<u>Total</u>
Membership July 1, 2001	14,725	44,783	59,508
New Members Added	2,584	6,786	9,370
Less:			
Service Retirements	256	702	958
Disability Retirements	12	18	30
Withdrawals	1,237	2,968	4,205
Deaths	36	52	88
Memberships Terminated	215	409	624
Other	96	236	332
	<u>1,852</u>	<u>4,385</u>	<u>6,237</u>
Net Change in Membership 2001-2002	<u>732</u>	<u>2,401</u>	<u>3,133</u>
Membership June 30, 2002	<u>15,457</u>	<u>47,184</u>	<u>62,641</u>

Note: Eight members eligible for retirement died during the year. These are reflected as deaths on this schedule, but as new retirees on page 86.

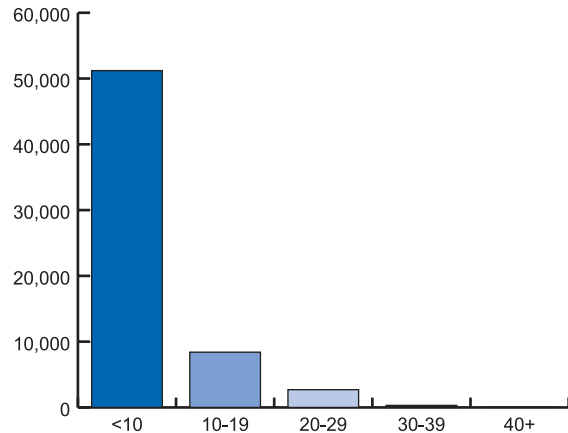
2001-02 NTRS Members by Annual Salary



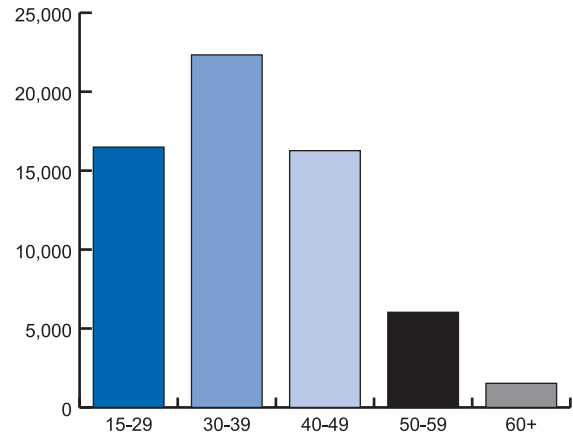
2001-02 NTRS Members by Current Age



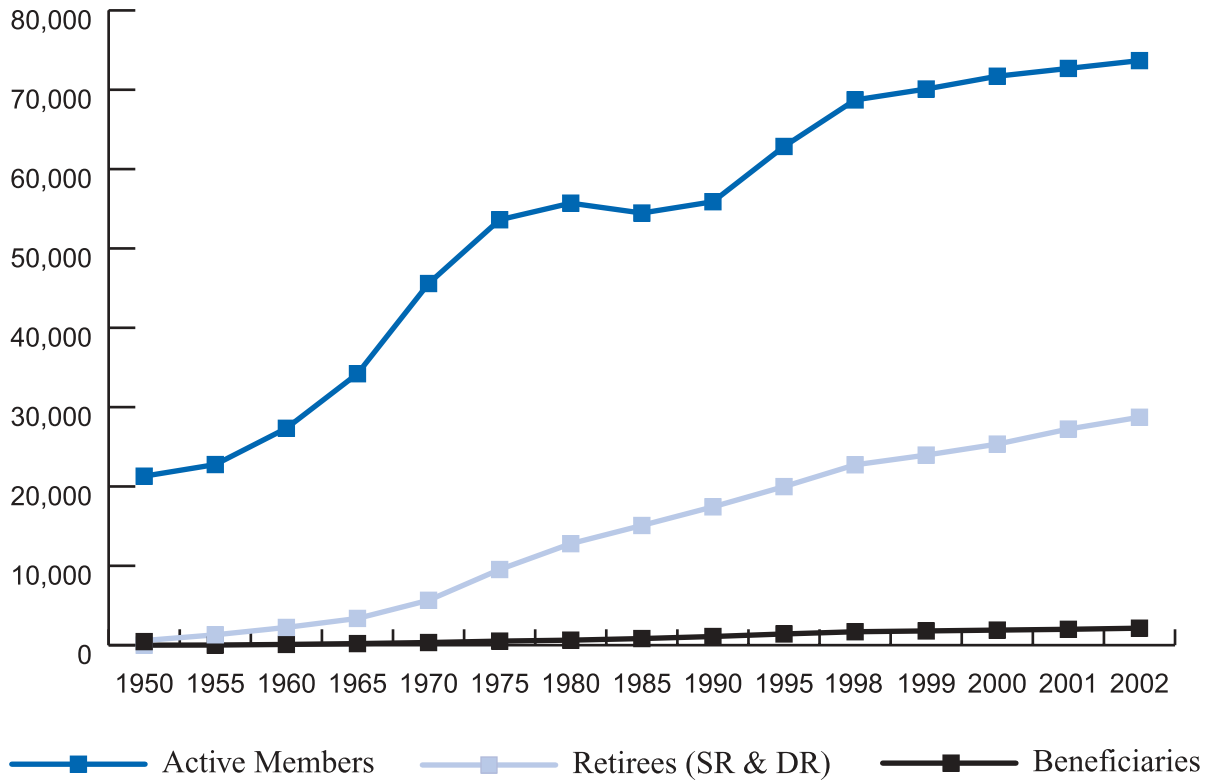
2001-02 NTRS Members by Total Service Credit



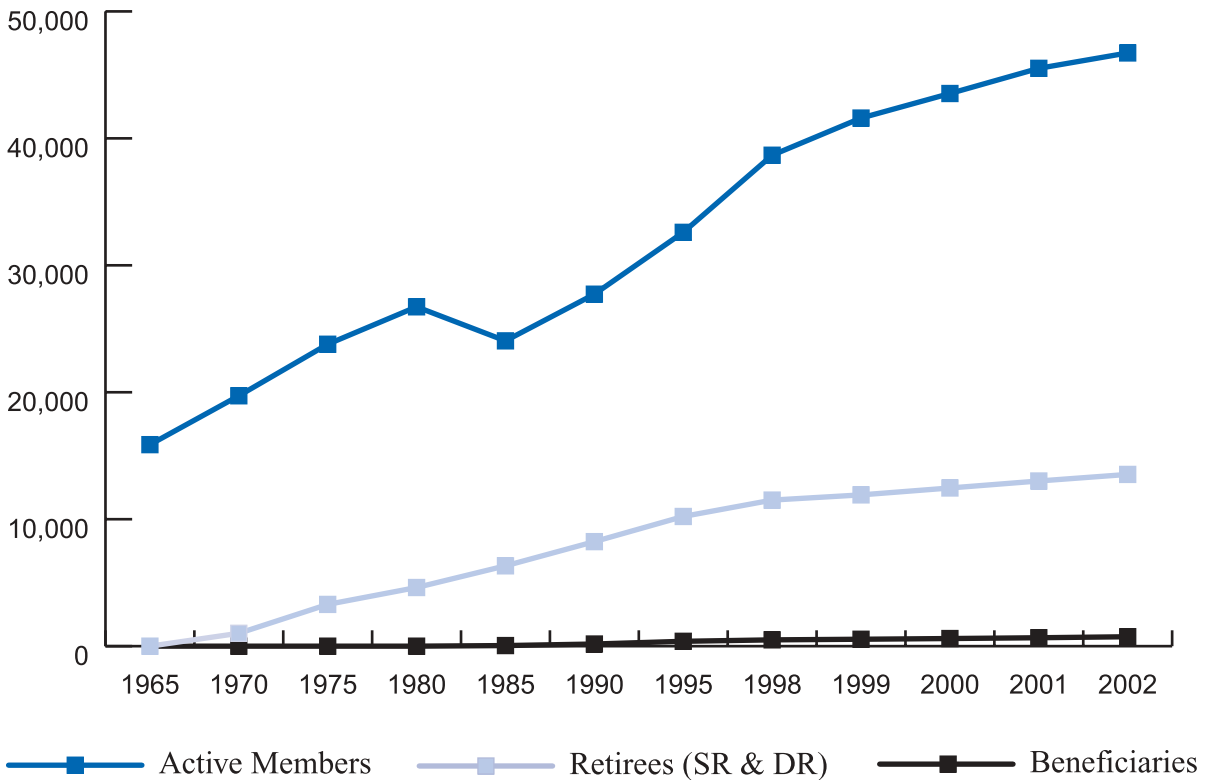
2001-02 NTRS Age at Entry into System



PSRS Growth Through the Years



NTRS Growth Through the Years

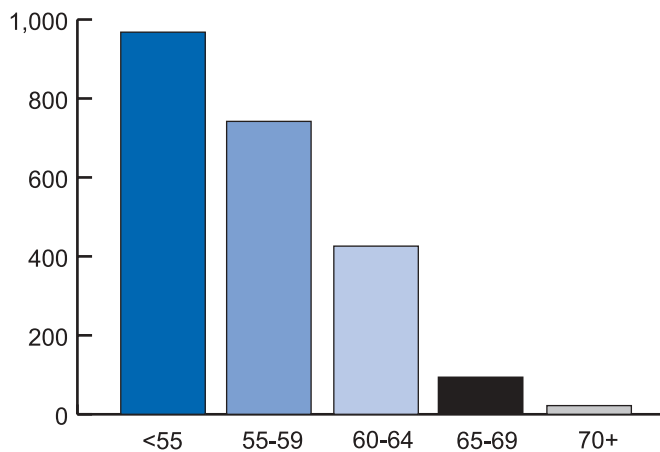


PSRS 2001-02 New Service Retirees

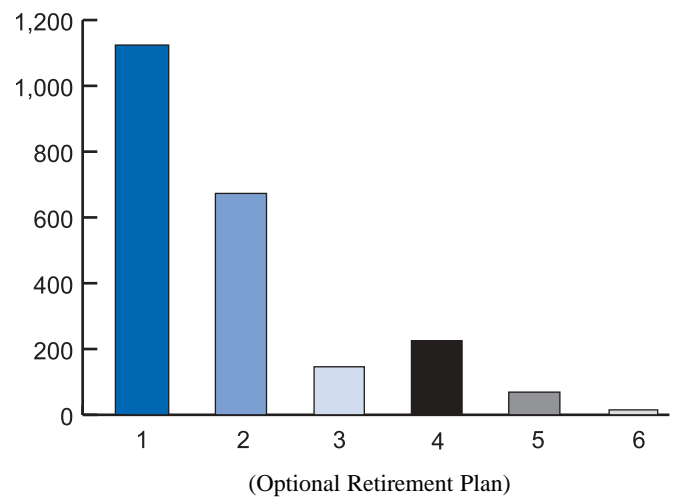
Summary of Changes in Benefit Payments

	<u>Service Retirees</u>	<u>Disability Retirees</u>	<u>Beneficiaries</u>
Retirees July 1, 2001	26,639	596	1,999
Added during year	2,252	41	246
Died during year	(758)	(39)	(89)
Other	(5)	(1)	(16)
Retirees June 30, 2002	<u>28,128</u>	<u>597</u>	<u>2,140</u>

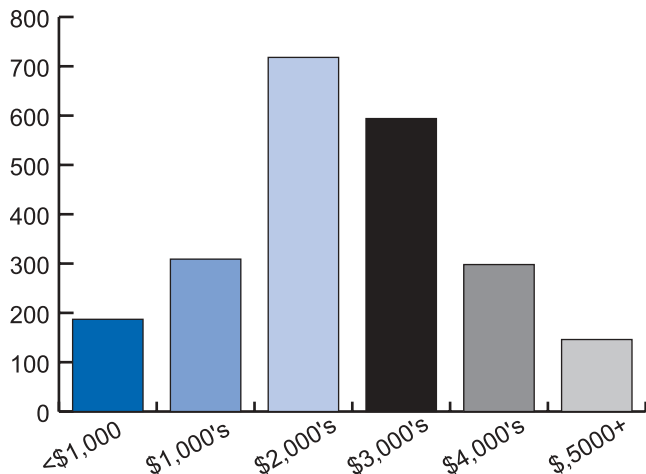
2001-02 New Service Retirees by Age at Retirement



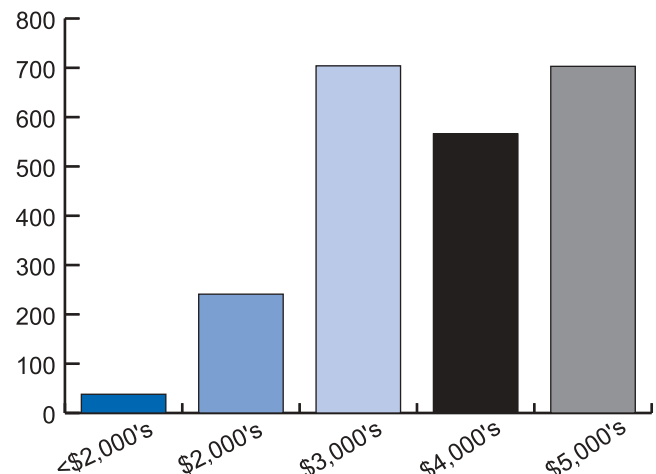
2001-02 New Service Retirees by Retirement Plan Option



2001-02 New Service Retirees by Single Life Benefit Amount



2001-02 New Service Retirees by Final Average Salary

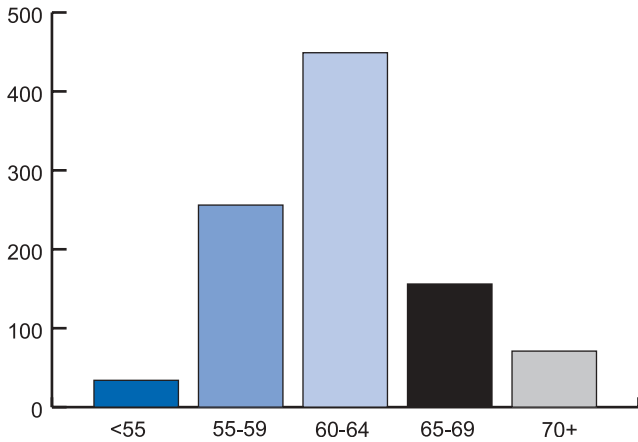


NTRS 2001-02 New Service Retirees

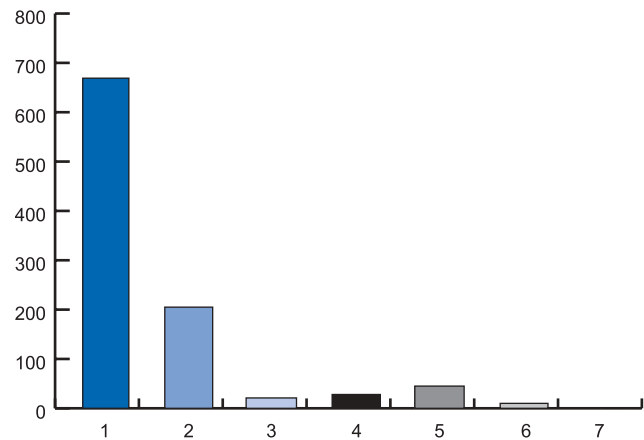
Summary of Changes in Benefit Payments

	<u>Service Retirees</u>	<u>Disability Retirees</u>	<u>Beneficiaries</u>
Retirees July 1, 2001	12,632	378	663
Added during year	966	30	97
Died during year	(461)	(21)	(18)
Other	4	0	0
Retirees June 30, 2002	13,141	387	742

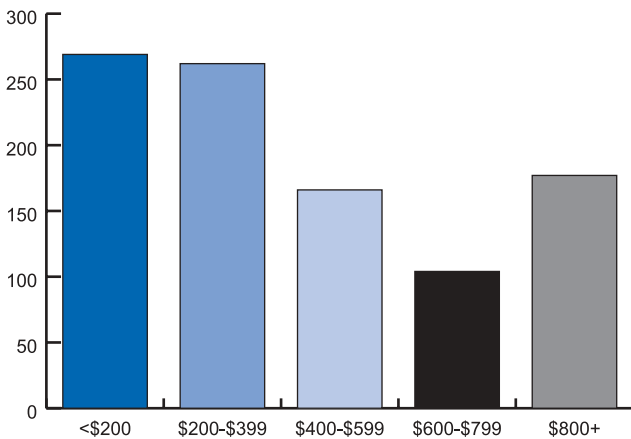
2001-02 New Service Retirees by Age



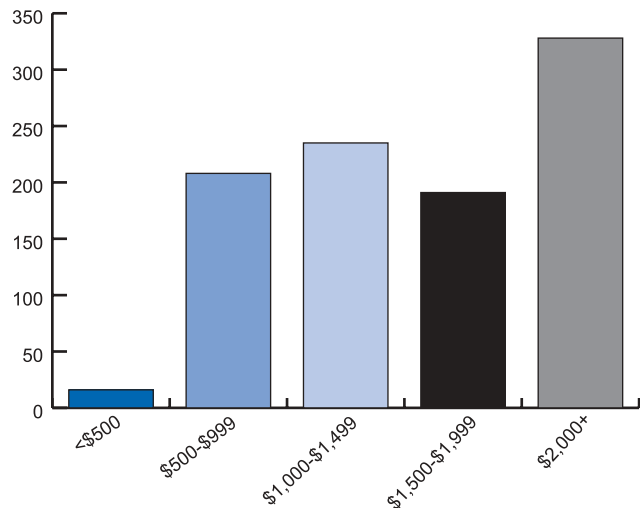
2001-02 New Service Retirees by Retirement Plan Option



2001-02 New Service Retirees by Single Life Benefit Amount



2001-02 New Service Retirees by Final Average Monthly Salary



PSRS Schedule of Retirees by Type (as of June 30) And Benefits by Type (for the year ended June 30)

(Dollar amount in thousands)

Year	Service Retirees		Disability Retirees		Beneficiaries	
	Number	Benefits	Number	Benefits	Number	Benefits
1992	17,903	\$ 210,379	545	\$ 5,392	1,262	\$ 8,149
1993	18,618	234,933	560	5,826	1,303	9,299
1994	18,963	254,957	556	6,102	1,372	10,373
1995	19,424	281,897	558	6,427	1,412	11,821
1996	20,075	329,115	567	7,180	1,490	13,403
1997	21,140	375,518	566	7,541	1,586	15,856
1998	22,169	417,421	561	7,716	1,691	17,623
1999	23,386	504,517	569	8,717	1,793	21,385
2000	24,759	601,718	580	9,762	1,899	27,501
2001	26,639	706,647	596	10,719	1,999	32,525
2002	28,128	\$ 810,898	597	\$ 11,621	2,140	\$ 37,916

PSRS Average New Retiree Statistics

Year Ending June 30	Regular Retirement Benefit	Increase From Previous Year	Age	Creditable Service
1992	\$ 1,716.78	-3	59.3	27.8
1993	1,854.29	7	59.0	26.8
1994	2,096.35	12	58.8	27.8
1995	2,013.36	-3	58.7	26.8
1996	2,182.88	8	56.3	27.8
1997	2,310.25	6	56.9	27.8
1998	2,205.00	-5	57.1	26.8
1999	2,446.78	10	57.0	26.7
2000	2,708.23	11	57.0	26.4
2001	2,805.75	4	56.7	26.6
2002	\$ 2,964.00	6%	56.6	26.6

NTRS Schedule of Retirees by Type (as of June 30) And Benefits by Type (for the year ended June 30)

(Dollar amount in thousands)

Year	Service Retirees		Disability Retirees		Beneficiaries	
	Number	Benefits	Number	Benefits	Number	Benefits
1993	9,257	\$ 16,464	215	\$ 347	293	\$ 478
1994	9,557	18,534	235	417	344	572
1995	9,967	20,842	249	481	383	699
1996	10,376	23,785	267	550	415	820
1997	10,811	26,555	276	598	460	967
1998	11,218	29,599	288	665	497	1,074
1999	11,600	32,548	316	745	545	1,225
2000	12,113	39,072	347	945	601	1,513
2001	12,632	46,093	378	1,122	663	1,823
2002	13,141	\$ 56,305	387	\$ 1,304	742	\$ 2,262

NTRS Average New Retiree Statistics

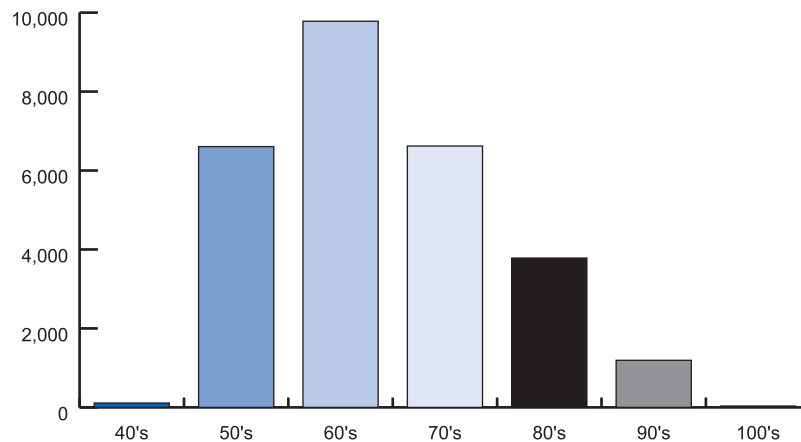
Year Ending June 30	New Service Retirees	Average New Monthly Benefit	% Increase/Decrease From Previous Year
1993	597	\$ 275.23	12%
1994	571	306.20	11
1995	679	298.76	-3
1996	797	330.40	11
1997	809	336.86	2
1998	834	338.02	0
1999	796	344.27	2
2000	962	398.09	16
2001	978	475.42	19
2002	966	\$ 548.14	15%

PSRS Schedule of Average Benefit Payments to New Retirees

Retirement Effective Dates	Years of Credit				
	5-9	10-19	20-29	30-39	40 +
2001-2002					
Average Monthly Benefit	\$ 485.88	\$ 1,253.00	\$ 2,738.14	\$ 3,871.70	\$ 4,823.27
Average Final Average Salary	\$ 3,276.23	\$ 3,637.32	\$ 4,248.47	\$ 4,824.01	\$ 4,823.27
Number of Retirees	93	232	1,034	875	18
2000-01					
Average Monthly Benefit	\$ 478.25	\$ 1,164.69	\$ 2,620.89	\$ 3,592.51	\$ 5,430.96
Average Final Average Salary	\$ 3,019.97	\$ 3,245.20	\$ 4,071.52	\$ 4,551.60	\$ 5,430.96
Number of Retirees	75	276	1,232	1,027	18
1999-00					
Average Monthly Benefit	\$ 505.60	\$ 1,127.90	\$ 2,472.05	\$ 3,513.50	\$ 5,208.22
Average Final Average Salary	\$ 2,949.00	\$ 3,309.97	\$ 3,900.41	\$ 4,447.34	\$ 5,209.06
Number of Retirees	95	218	913	912	14
1998-99					
Average Monthly Benefit	\$ 429.45	\$ 994.13	\$ 2,211.31	\$ 3,159.40	\$ 4,455.55
Average Final Average Salary	\$ 2,921.90	\$ 2,827.44	\$ 3,576.31	\$ 3,986.81	\$ 4,531.66
Number of Retirees	82	206	1,120	526	12
1997-98					
Average Monthly Benefit	\$ 443.62	\$ 921.12	\$ 2,008.50	\$ 2,839.48	\$ 3,406.63
Average Final Average Salary	\$ 2,716.17	\$ 2,781.28	\$ 3,502.13	\$ 3,899.53	\$ 3,574.90
Number of Retirees	43	203	757	722	23
1996-97					
Average Monthly Benefit	\$ 391.92	\$ 902.28	\$ 1,889.21	\$ 2,718.27	\$ 3,439.68
Average Final Average Salary	\$ 2,270.11	\$ 2,703.67	\$ 3,307.59	\$ 3,736.23	\$ 3,602.36
Number of Retirees	42	176	843	704	23

Ages of Retirees Receiving Benefits

As of 6/30/2002

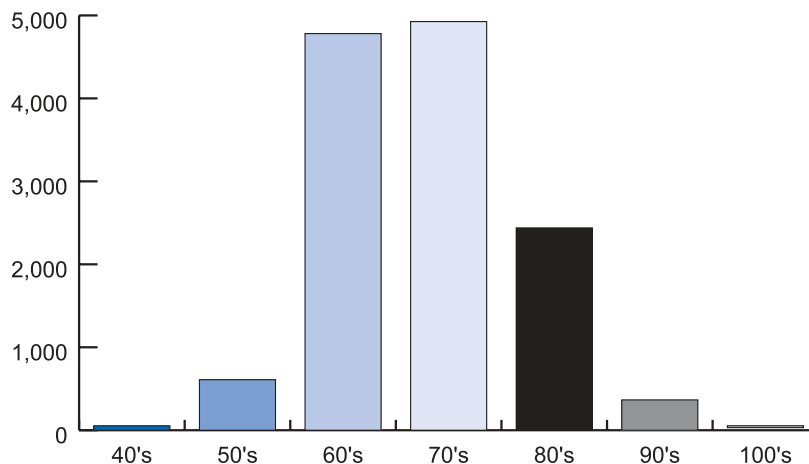


NTRS Schedule of Average Benefit Payments to New Retirees

Retirement Effective Dates	Years of Credit			
	5-9	10-19	20-29	30 +
2001-02				
Average Monthly Benefit	\$ 147.18	\$ 372.77	\$ 826.96	\$ 1,355.29
Average Final Average Salary	\$ 1,382.31	\$ 1,644.38	\$ 2,101.53	\$ 2,530.18
Number of Retirees	230	324	354	58
2000-01				
Average Monthly Benefit	\$ 140.88	\$ 345.23	\$ 685.46	\$ 1,149.53
Average Final Average Salary	\$ 1,363.00	\$ 1,644.77	\$ 1,894.10	\$ 2,299.70
Number of Retirees	217	371	306	84
1999-00				
Average Monthly Benefit	\$ 120.36	\$ 309.74	\$ 594.02	\$ 876.45
Average Final Average Salary	\$ 1,188.34	\$ 1,524.28	\$ 1,735.23	\$ 1,852.86
Number of Retirees	213	374	307	67
1998-99				
Average Monthly Benefit	\$ 110.51	\$ 270.07	\$ 507.31	\$ 824.22
Average Final Average Salary	\$ 1,190.23	\$ 1,405.33	\$ 1,580.10	\$ 1,915.99
Number of Retirees	187	300	259	50
1997-98				
Average Monthly Benefit	\$ 105.89	\$ 265.24	\$ 536.23	\$ 734.66
Average Final Average Salary	\$ 1,111.83	\$ 1,400.57	\$ 1,632.67	\$ 1,703.00
Number of Retirees	193	344	245	53
1996-97				
Average Monthly Benefit	\$ 119.00	\$ 250.00	\$ 504.00	\$ 710.00
Average Final Average Salary	\$ 1,206.00	\$ 1,313.00	\$ 1,571.00	\$ 1,614.00
Number of Retirees	184	301	269	57

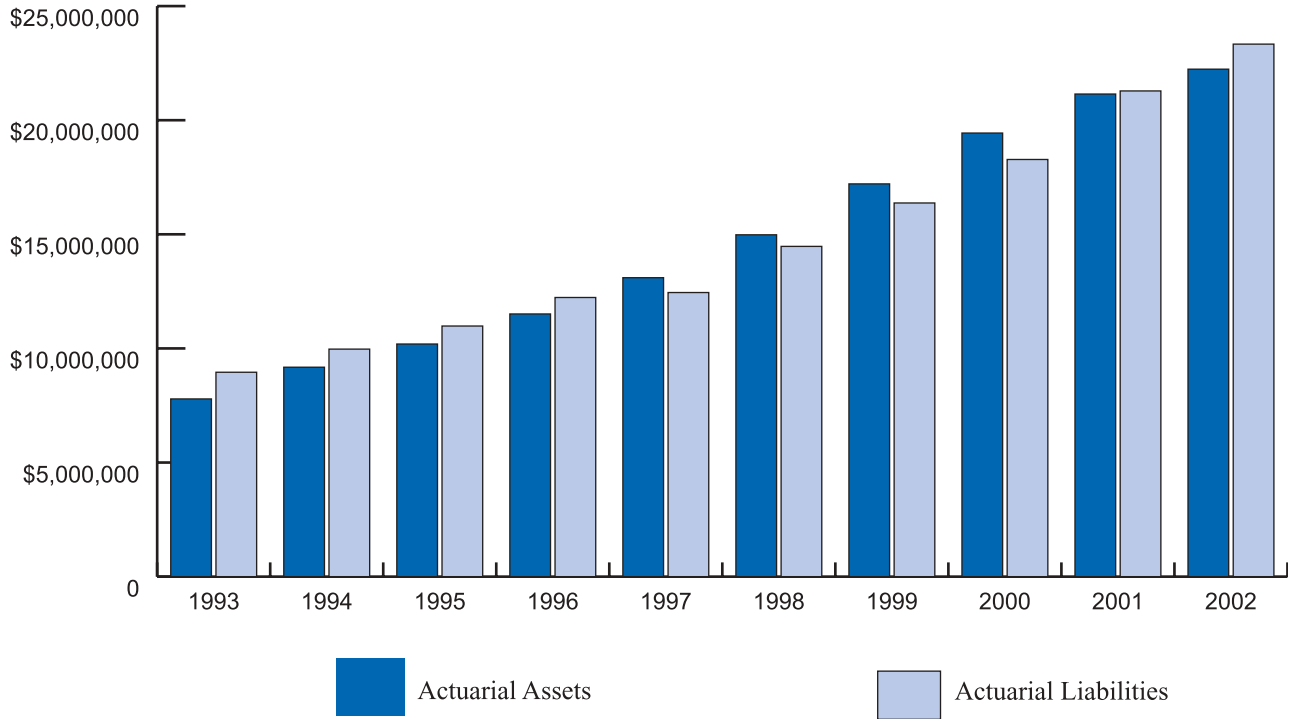
Ages of Retirees Receiving Benefits

As of 6/30/2002



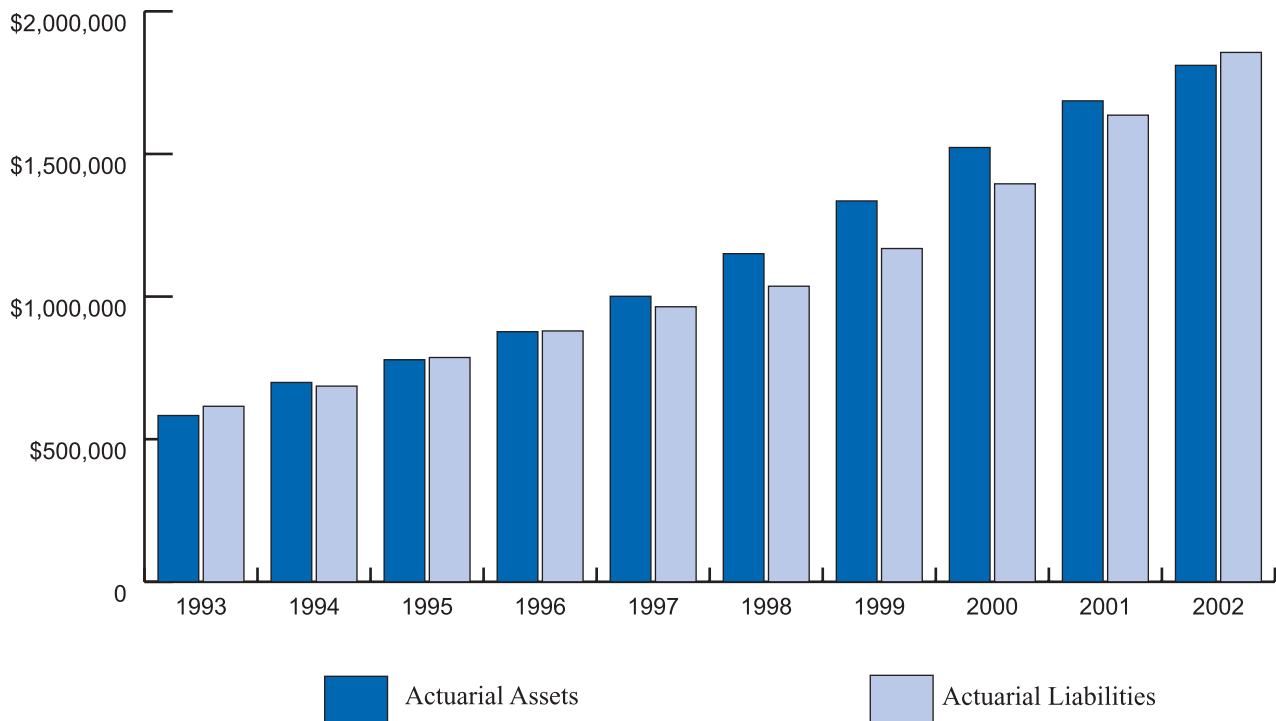
PSRS Comparison of Actuarial Assets and Total Actuarial Liabilities

(Dollar amount in thousands)



NTRS Comparison of Actuarial Assets and Total Actuarial Liabilities

(Dollar amount in thousands)



Employees Reported on the 2001-02 Annual Reports

DISTRICT	PSRS	NTRS	TOTAL	DISTRICT	PSRS	NTRS	TOTAL
Special School Dist-St. Louis	2,468	1,833	4,301	Ozark R-VI Schools	280	123	403
Springfield R-XII Schools	1,980	1,407	3,387	Willard R-II Schools	254	134	388
Parkway C-2 Schools	1,832	1,278	3,110	Mexico Public Schools	218	162	380
Rockwood R-VI Schools	1,564	1,148	2,712	Moberly Public Schools	234	146	380
North Kansas City Schools	1,436	1,081	2,517	Branson R-IV Schools	233	146	379
Columbia Public Schools	1,479	983	2,462	McDonald Co. C-1 Schools	250	128	378
Hazelwood R-I Schools	1,474	970	2,444	Nevada R-V Schools	244	133	377
Francis Howell R-III Schools	1,419	744	2,163	Excelsior Springs 40 Schools	254	116	370
Lee's Summit R-VII Schools	1,084	933	2,017	Union R-XI Schools	227	139	366
Independence Public Schools	939	1,062	2,001	Warren Co. R-III Schools	200	149	349
Ferguson-Florissant R-2 School	1,065	927	1,992	Carl Junction R-I Schools	207	140	347
Ft. Zumwalt R-II Schools	1,194	668	1,862	Jennings Public Schools	226	114	340
Blue Springs R-IV Schools	952	758	1,710	Windsor C-1 Schools	218	121	339
St. Joseph Public Schools	991	613	1,604	Dallas County R-I Schools	183	155	338
Park Hill Schools	745	541	1,286	Chillicothe R-II Schools	202	134	336
Fox C-6 Schools	767	483	1,250	Marshall Public Schools	227	109	336
Metropolitan Community College	500	711	1,211	Bolivar R-I Schools	216	118	334
Raytown C-2 Schools	666	527	1,193	Perry County 32 Schools	207	125	332
Mehlville R-IX Schools	805	376	1,181	St. Clair R-XIII Schools	176	154	330
Jefferson City Public Schools	732	408	1,140	Republic R-III Schools	218	104	322
Joplin R-VIII Schools	633	492	1,125	Jefferson College	185	132	317
Liberty Public Schools	556	519	1,075	Harrisonville R-IX Schools	201	113	314
Hickman Mills C-1 Schools	666	366	1,032	Reeds Spring R-IV Schools	184	130	314
St. Louis Community College	983	0	983	Clinton School District	191	115	306
Pattonville R-III Schools	594	366	960	Eldon R-I Schools	178	119	297
Northwest R-I Schools	576	376	952	Kennett 39 Public Schools	186	110	296
Riverview Gardens Schools	519	358	877	Marshfield R-I Schools	210	85	295
Fort Osage R-I Schools	422	383	805	Moberly Area Community College	191	104	295
Wentzville R-IV Schools	454	343	797	Monett R-I Schools	189	105	294
St. Charles Co. R-VI Schools	533	255	788	Crowder College	214	72	286
Normandy Public Schools	420	293	713	Mineral Area Community College	196	90	286
Kirkwood R-VII Schools	397	291	688	Aurora R-VIII Schools	168	115	283
Poplar Bluff R-I Schools	422	255	677	Kearney R-1 Schools	198	85	283
Ritenour Public Schools	480	190	670	New Madrid Co. R-I Schools	197	84	281
Waynesville R-VI Schools	461	208	669	Platte County R-III Schools	193	88	281
Grandview C-4 Schools	390	274	664	State Fair Community College	208	73	281
Cape Girardeau Public Schools	404	224	628	Potosi R-III Schools	175	104	279
University City Public Schools	351	277	628	Savannah R-III Schools	184	95	279
Sikeston R-VI Schools	332	268	600	Odessa R-VII Schools	195	82	277
Lindbergh R-VIII Schools	396	202	598	Festus R-VI Schools	166	105	271
Belton 124 Public Schools	361	234	595	Dexter R-XI Schools	173	97	270
Rolla 31 Public Schools	340	247	587	Mountain Grove R-III Schools	156	111	267
Sedalia 200 Public Schools	350	221	571	Cassville R-IV Schools	141	124	265
Clayton Public Schools	340	229	569	Knob Noster R-VIII Schools	170	93	263
Webster Groves Public Schools	340	218	558	Ste. Genevieve R-II Schools	164	98	262
Hannibal 60 Public Schools	333	222	555	Sullivan C-2 Schools	178	83	261
Lebanon R-III Schools	324	228	552	Gasconade Co. R-II Schools	162	91	253
Jackson R-II Schools	329	222	551	East Central College	154	98	252
Raymore-Peculiar R-II Schools	338	212	550	Maryville R-II Schools	165	86	251
Ladue Public Schools	364	179	543	Central R-III Schools	152	92	244
St. Charles Comm. College	296	245	541	St. James R-I Schools	145	94	239
Meramec Valley R-III Schools	301	237	538	Richmond R-XVI Schools	149	86	235
Camdenton R-III Schools	319	213	532	Fredericktown R-I Schools	141	93	234
Washington Public Schools	321	208	529	Greene Co. R-VIII Schools	148	84	232
Neosho R-V Schools	304	211	515	Grain Valley R-V Schools	136	91	227
Webb City R-VII Schools	268	202	470	Oak Grove R-VI Schools	144	83	227
Farmington R-VII Schools	298	170	468	Cameron R-I Schools	148	78	226
Troy R-III Schools	284	177	461	Morgan Co. R-II Schools	132	86	218
Carthage R-IX Schools	282	175	457	North Central Missouri College	101	114	215
Fulton Public Schools	225	231	456	School of the Osage R-II Sch.	139	76	215
Warrensburg R-VI Schools	289	158	447	Lamar R-I Schools	131	83	214
DeSoto Public Schools	254	187	441	Pleasant Hill R-III Schools	148	66	214
Hillsboro R-III Schools	243	190	433	Salem R-80 Schools	124	90	214
N. St. Francois R-I Schools	253	172	425	Three Rivers Community College	151	61	212
Center Public Schools	259	165	424	Boonville R-I Schools	138	71	209
Affton 101 Schools	223	195	418	St. Charles Co. R-V Schools	111	96	207
Ozarks Technical Comm. College	263	149	412	Seneca R-VII Schools	132	72	204
West Plains R-VII Schools	233	178	411	Doniphan R-I Schools	139	64	203
Nixa R-II Schools	300	109	409	Bowling Green R-I Schools	131	71	202
Kirksville R-3 School District	242	162	404	Charleston R-I Schools	116	86	202

DISTRICT	PSRS	NTRS	TOTAL	DISTRICT	PSRS	NTRS	TOTAL
Macon Co. R-1 Schools	129	73	202	Sherwood Cass R-VIII Schools	76	44	120
Holden R-III Schools	129	70	199	Marceline R-V Schools	78	41	119
Maplewood-Richmond Heights Sch	119	79	198	Portageville Schools	78	41	119
Caruthersville 18 Schools	139	58	197	East Carter Co. R-II Schools	74	44	118
Smithville R-II Schools	134	62	196	Pemiscot Co. Special Schools	67	51	118
Brookfield R-III Schools	129	66	195	Putnam Co. R-I Schools	78	40	118
Ava R-I Schools	130	63	193	Fair Grove R-X Schools	81	36	117
Mountain View R-3 Schools	116	77	193	Laclede Co. R-I Schools	74	43	117
Winfield R-IV Schools	115	74	189	Osage County R-III Schools	76	41	117
Willow Springs R-IV Schools	116	72	188	W. St. Francois R-IV Schools	80	37	117
Dunklin R-V Schools	118	69	187	Scotland Co. R-I Schools	68	47	115
North Callaway Co R-I Schools	126	61	187	Windsor R-I Schools	70	45	115
Lexington R-V Schools	129	53	182	Blue Eye R-V Schools	71	43	114
Hollister R-V Schools	106	75	181	Jefferson Co R-VII Schools	54	60	114
Montgomery Co. R-II Schools	118	63	181	Puxico R-VIII Schools	70	43	113
Crawford County R-II Schools	117	62	179	Southwest R-V Schools	75	38	113
Moniteau Co. R-I Schools	115	64	179	Westran R-I Schools	71	42	113
Warsaw R-IX Schools	101	77	178	Hamilton R-II Schools	74	38	112
Palmyra R-I Schools	105	72	177	Diamond R-IV Schools	70	41	111
East Newton Co. R-VI Schools	123	52	175	Gainesville R-V Schools	68	43	111
Malden R-I Schools	124	51	175	Licking R-VIII Schools	70	41	111
Clearwater R-I Schools	96	78	174	Van-Far R-I Schools	76	35	111
Lafayette Co. C-1 Schools	108	66	174	Pierce City R-VI Schools	75	34	109
Hancock Place Public Schools	132	40	172	Cole Camp R-I Schools	67	41	108
Houston R-I Schools	109	61	170	East Buchanan Co C-1 Schools	77	31	108
Southern Boone Co R-I Schools	112	58	170	Hickory County R-I Schools	63	45	108
East Prairie R-II Schools	93	75	168	Miller R-II Schools	67	41	108
Wright City R-II Schools	100	67	167	Laquey R-V Schools	65	42	107
Arcadia Valley R-II Schools	109	57	166	Woodland R-IV Schools	75	32	107
Trenton R-IX Schools	111	54	165	Fayette R-3 Schools	82	24	106
Strafford R-VI Schools	101	62	163	Crane R-III Schools	73	32	105
Gasconade Co. R-I Schools	100	61	161	Iberia R-V Schools	61	44	105
Forsyth R-III Schools	94	65	159	Jasper Co. R-V Schools	67	38	105
Mt. Vernon R-V Schools	113	46	159	Mansfield R-IV Schools	68	37	105
Carrollton R-VII Schools	97	60	157	Marionville R-IX Schools	72	33	105
Dixon R-1 Schools	92	63	155	Clinton Co. R-III Schools	78	25	103
South Callaway Co R-II Schools	96	57	153	Grandview R-II Schools	71	32	103
Valley Park Public Schools	100	53	153	Ash Grove R-IV Schools	72	30	102
El Dorado Springs R-II Schools	109	42	151	Cole Co. R-V Schools	66	36	102
Twin Rivers R-X Schools	94	57	151	Purdy R-II Schools	62	40	102
Centralia R-VI Schools	106	44	150	Salisbury R-IV Schools	57	45	102
Butler R-V Schools	99	49	148	Senath-Hornersville C-8 School	65	37	102
South Harrison Co. R-2 Schools	92	56	148	Cole County R-I Schools	66	35	101
Stockton R-I Schools	88	60	148	Fordland R-III Schools	64	36	100
Brentwood Public Schools	92	55	147	Milan C-2 Schools	59	41	100
Clark Co. R-I Schools	101	46	147	Hartville R-II Schools	67	32	99
Crawford Co. R-I Schools	84	63	147	Morgan Co. R-I Schools	62	37	99
Dept. of Elem. & Secondary Ed.	147	0	147	Southern Reynolds R-II Schools	51	48	99
Lawson R-XIV Schools	108	38	146	Bloomfield R-XIV Schools	73	24	97
Lewis County C-1 Schools	96	49	145	Sarcoxie R-II Schools	59	38	97
Cabool R-IV Schools	83	61	144	West Platte Co. R-II Schools	68	29	97
Lathrop R-II Schools	88	56	144	Neelyville R-IV Schools	56	40	96
Hayti R-II Schools	95	46	141	Paris R-II Schools	58	38	96
Kingston K-14 Schools	81	57	138	Adrian R-III Schools	60	35	95
Pleasant Hope R-VI Schools	88	46	134	Callaway County R-III Schools	58	36	94
Louisiana R-II Schools	80	52	132	Iron Co. C-4 Schools	50	44	94
Scott City R-I Schools	87	45	132	Gallatin R-V Schools	61	32	93
Scott Co. R-IV Schools	90	41	131	Sparta R-III Schools	63	30	93
Maries Co. R-II Schools	78	52	130	Albany R-III Schools	57	35	92
Shelby Co. R-IV Schools	85	45	130	Bismarck R-V Schools	66	26	92
Wellston Public Schools	74	56	130	Chaffee R-II Schools	49	42	91
Spokane R-VII Schools	85	44	129	South Pemiscot Co. R-V Schools	67	24	91
Greenville R-II Schools	76	52	128	Campbell R-II Schools	56	33	89
Alton R-IV Schools	74	53	127	Norwood R-I Schools	51	38	89
North Platte Co. R-1 Schools	84	43	127	Wellsville Middletown R-1 Sch.	52	37	89
Seymour R-II Schools	78	49	127	Cole Co. R-II Schools	60	28	88
Osage Co. R-II Schools	72	54	126	Smithton R-VI Schools	57	31	88
Schuyler County R-I Schools	75	51	126	Thayer R-II Schools	57	31	88
Steelville R-III Schools	74	52	126	Sturgeon R-V Schools	53	34	87
Bayless Public Schools	101	24	125	Van Buren R-I Schools	54	33	87
Boone County R-IV Schools	93	32	125	Clever R-V Schools	57	29	86
Elsberry R-II Schools	82	43	125	Greenfield R-IV Schools	52	34	86
Knox Co. R-I Schools	80	44	124	Meadow Heights R-II Schools	52	34	86
Monroe City R-I Schools	81	43	124	Public School Retirement System	7	79	86
Pike County R-III Schools	78	46	124				
Ralls Co. R-II Schools	86	38	124				

DISTRICT	PSRS	NTRS	TOTAL	DISTRICT	PSRS	NTRS	TOTAL
Johnson Co. R-VII Schools	51	34	85	Advance R-IV Schools	44	18	62
New Haven Public Schools	47	38	85	South Iron Co. R-I Schools	45	17	62
Pulaski Co. R-IV Schools	57	28	85	Dora R-III Schools	37	24	61
Valley R-VI Schools	48	37	85	North Pemiscot R-I Schools	43	18	61
Maysville R-I Schools	64	20	84	South Holt Co. R-1 Schools	45	16	61
Moniteau Co. R-VI Schools	54	30	84	Dent-Phelps R-III Schools	33	27	60
Fairview R-XI Schools	53	30	83	Holcomb R-III Schools	39	21	60
Marion C. Early R-5 Schools	55	28	83	Kirbyville R-VI Schools	40	20	60
Canton R-V Schools	57	25	82	Naylor R-II Schools	38	22	60
Concordia R-II Schools	51	31	82	Buchanan Co. R-IV Schools	42	17	59
Lone Jack C-6 Schools	49	33	82	Bunker R-III Schools	33	26	59
Mid-Buchanan Co R-V Schools	64	18	82	Green City R-I Schools	35	24	59
Newburg R-II Schools	52	30	82	North Nodaway Co. R-VI Schools	35	24	59
Plato R-V Schools	51	31	82	Richards R-V Schools	39	20	59
Tarkio R-I Schools	53	29	82	Shelby Co. C-1 Schools	42	17	59
Winona R-III Schools	54	28	82	Bakersfield R-IV Schools	31	27	58
Crocker R-II Schools	49	31	80	Hermitage R-IV Schools	34	24	58
Crystal City Public Schools	60	19	79	Holt Co. R-II Schools	37	20	57
Leeton R-X Schools	41	38	79	Howard County R-II Schools	36	21	57
Lonedell R-XIV Schools	45	34	79	Halfway R-III Schools	27	29	56
Summersville R-II Schools	56	23	79	Lutie R-VI Schools	29	27	56
Bernie R-XIII Schools	52	26	78	Otterville R-VI Schools	35	21	56
Lincoln R-II Schools	49	29	78	Adair Co. R-1 Schools	34	21	55
Camden County R-II Schools	50	27	77	Exeter R-VI Schools	31	24	55
Midway R-I Schools	52	25	77	LaMonte R-IV Schools	39	16	55
Princeton R-V Schools	55	22	77	Macks Creek R-5 Schools	38	17	55
Weaubleau R-III Schools	47	30	77	Niangua R-5 Schools	38	17	55
Liberal R-II Schools	49	26	75	Silex R-I Schools	37	18	55
Lakeland R-III Schools	48	26	74	Eminence R-I Schools	34	20	54
Lesterville R-IV Schools	35	39	74	Bronaugh R-VII Schools	30	23	53
New Franklin R-1 Schools	47	27	74	Clarkton C-4 Schools	34	19	53
Osceola Schools	51	23	74	Couch R-I Schools	33	19	52
Braymer C-4 Schools	47	26	73	Miller County R-III Schools	31	21	52
Maries Co. R-I Schools	51	22	73	Delta R-V Schools	36	15	51
Santa Fe R-X Schools	48	24	72	Drexel R-IV Schools	37	14	51
Slater Public Schools	48	23	71	NE Nodaway Co. R-V Schools	35	16	51
Galena R-II Schools	45	25	70	Northeast Vernon Co. R-I	33	18	51
Green Ridge R-VIII Schools	43	27	70	Oran R-III Schools	36	14	50
NE Randolph R-IV Schools	41	29	70	Walnut Grove R-V Schools	33	17	50
Richland R-I Schools	43	27	70	Calhoun R-VIII Schools	28	21	49
Scott County Central Schools	49	21	70	Grundy Co. R-V Schools	28	21	49
Sweet Springs R-VII Schools	47	23	70	Hurley R-I Schools	34	15	49
Southland C-9 Schools	43	26	69	Keytesville R-III Schools	26	23	49
Appleton City R-II Schools	49	19	68	Brunswick R-II Schools	33	15	48
Cass Co. R-V Schools	48	20	68	Fairfax R-III Schools	32	16	48
Harrisburg R-VIII Schools	44	24	68	Linn Co. R-I Schools	30	18	48
Pettis Co. R-V Schools	45	23	68	Marion Co. R-II Schools	32	16	48
Rock Port R-II Schools	49	19	68	North Mercer Co. R-III Schools	25	22	47
Wellington-Napoleon R-IX Sch.	44	24	68	Pilot Grove C-4 Schools	33	14	47
King City R-I Schools	43	24	67	St. Elizabeth R-IV Schools	29	18	47
Laclede County C-5 Schools	38	29	67	Glenwood R-VIII Schools	34	12	46
LaPlata R-II Schools	44	23	67	Oregon-Howell R-III Schools	31	15	46
Lockwood R-I Schools	43	24	67	Osage County R-I Schools	32	14	46
Nodaway-Holt R-VII Schools	41	26	67	Tri-County R-VII Schools	29	17	46
Verona R-VII Schools	38	29	67	Stewartsville C-2 Schools	33	12	45
West Nodaway Co. R-I Schools	48	19	67	Adair County R-II Schools	28	16	44
Gentry County R-II Schools	46	20	66	Miami R-I Schools	27	17	44
Humansville R-IV Schools	47	19	66	North Wood R-IV Schools	25	19	44
Polo R-VII Schools	43	23	66	South Nodaway Co. R-IV Schools	28	16	44
Wheatland R-II Schools	33	33	66	Gilman City R-IV Schools	26	17	43
Wheaton R-III Schools	43	23	66	Meadville R-IV Schools	31	12	43
Oak Ridge R-VI Schools	41	24	65	Nell Holcomb R-IV Schools	29	14	43
Worth Co. R-III Schools	45	20	65	Norborne R-VIII Schools	31	12	43
Fair Play R-II Schools	40	24	64	North Harrison Co. R-3 Schools	28	15	43
North Andrew Co. R-VI Schools	42	22	64	SW Livingston Co. R-1 Schools	30	13	43
Orrick R-XI Schools	40	24	64	Zalma R-V Schools	28	15	43
Rich Hill R-IV Schools	42	22	64	Bevier C-4 Schools	27	15	42
Billings R-IV Schools	46	17	63	Jefferson C-123 Schools	29	13	42
Climax Springs R-IV Schools	33	30	63	Junction Hill C-12 Schools	27	15	42
Community R-VI Schools	40	23	63	Bell City R-II Schools	29	12	41
Gideon 37 Public Schools	42	21	63	Bucklin R-II Schools	27	14	41

DISTRICT	PSRS	NTRS	TOTAL	DISTRICT	PSRS	NTRS	TOTAL
Golden City R-III Schools	27	14	41	Avenue City R-IX Schools	17	3	20
Kingsville R-I Schools	30	11	41	Gasconade C-4 Schools	11	9	20
Madison C-3 Schools	28	13	41	Thornfield R-I Schools	14	6	20
Moniteau Co. C-1 Schools	29	12	41	Laredo R-VII Schools	9	10	19
Renick R-V Schools	23	18	41	Centerville R-I Schools	12	6	18
Shell Knob Public Schools	29	12	41	Gorin R-III Schools	10	8	18
Chadwick R-I Schools	28	12	40	Hardeman R-X Schools	12	6	18
Delta C-7 Schools	27	13	40	Miami R-1 Schools	12	6	18
Phelps Co. R-III Schools	18	22	40	MO State Teachers Association	18	0	18
Sheldon R-VIII Schools	22	18	40	Plainview R-VIII Schools	12	6	18
Sunrise R-IX Schools	29	11	40	Swedeborg R-III Schools	9	9	18
Tina-Avalon R-II Schools	26	14	40	Callao C-8 Schools	13	4	17
Winston R-VI Schools	26	14	40	Holliday C-2 Schools	8	9	17
Macon Co. R-IV Schools	28	11	39	Kelso C-7 Schools	13	4	17
Marquand Zion R-VI Schools	26	12	38	Luray 33 Public Schools	10	7	17
Pattonburg R-II Schools	30	8	38	New York R-IV Schools	11	6	17
Bradleyville R-I Schools	26	11	37	Altenburg 48 Schools	11	5	16
Cooper Co. R-IV Schools	21	16	37	Boncl R-X Schools	8	8	16
Higbee R-VIII Schools	23	14	37	Manes R-V Schools	10	6	16
Malta Bend R-V Schools	26	11	37	Missouri City Public Schools	8	8	16
Prairie Home R-V Schools	27	10	37	Cowgill R-VI Schools	10	4	14
Atlanta C-3 Schools	23	13	36	High Point R-III Schools	9	5	14
Chilhowee R-IV Schools	26	10	36	Kingston Public Schools	10	4	14
Everton R-III Schools	24	12	36	Middle Grove C-1 Schools	11	3	14
Hardin-Central C-2 Schools	26	10	36	Orearville R-IV Schools	10	4	14
Northwestern R-I Schools	26	10	36	Coop. Sch. Dist. of St. Louis	13	0	13
Ridgeway R-V Schools	23	13	36	Roscoe C-1 Schools	8	5	13
Risco R-II Schools	23	13	36	Strain-Japan R-XVI Schools	9	4	13
Taneyville R-II Schools	24	12	36	Mark Twain R-VIII Schools	7	5	12
Cooter R-IV Schools	26	9	35	Mirabile C-1 Schools	8	4	12
Union Star R-II Schools	24	11	35	Shawnee R-III Schools	8	4	12
Hume R-VIII Schools	22	12	34	Davis R-XII Schools	4	7	11
Cainsville R-I Schools	18	15	33	Gilliam C-4 Schools	8	3	11
Craig R-III Schools	22	11	33	Moniteau Co. R-V Schools	7	4	11
Dadeville R-II Schools	28	5	33	Hudson R-IX Schools	6	3	9
Howell Valley R-I Schools	21	12	33	Southwest MO State University	6	0	6
Raymondville R-VII Schools	20	13	33	MO High School Act. Assoc.	5	0	5
Richwoods R-VII Schools	20	13	33	Division of Youth Services	2	0	2
Avilla R-XIII Schools	15	17	32	MO Southern State College	2	0	2
Bosworth R-V Schools	20	12	32	Truman State University	2	0	2
Breckenridge R-1 Schools	20	12	32	Central MO State University	1	0	1
Franklin Co. R-II Schools	19	13	32	Department of Corrections	1	0	1
Green Forest R-II Schools	17	15	32	Department of Mental Health	1	0	1
Newtown-Harris R-III Schools	17	15	32	Harris-Stowe State College	1	0	1
Osborn R-O Schools	25	7	32				
Stet R-XV Schools	18	14	32				
Ballard R-II Schools	18	13	31				
Belleview R-III Schools	14	17	31				
Leopold R-III Schools	21	10	31				
Spring Bluff R-XV Schools	19	12	31				
Strasburg C-3 Schools	18	13	31				
North Daviess Co R-III Schools	20	10	30				
Westview C-6 Schools	17	13	30				
Hale R-I Schools	22	7	29				
Leesville R-IX Schools	10	18	28				
East Lynne Public Schools	17	10	27				
Oak Hill R-I Schools	16	10	26				
Ripley Co. R-IV Schools	15	11	26				
Skyline R-II Schools	14	12	26				
Success R-VI Schools	11	15	26				
Pemiscot Co. R-III Schools	14	11	25				
Pettis Co. R-XII Schools	15	10	25				
Pleasant View R-VI Schools	15	10	25				
Livingston Co. R-III Schools	13	11	24				
Spickard R-II Schools	14	10	24				
Wyaconda C-1 Schools	15	9	24				
Clarksburg C-2 Schools	17	6	23				
Montrose R-XIV Schools	17	6	23				
Revere C-3 Schools	16	7	23				
Ripley Co. R-III Schools	14	8	22				
Blackwater R-II Schools	15	6	21				

**For more information on
The Public School Retirement System of Missouri and/or
the Non-Teacher School Employee Retirement System of Missouri,
write or call:**

The Public School Retirement System of Missouri

P.O. Box 268

Jefferson City, MO 65102

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FAX: (573) 634-5375

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