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PUBLIC EMPLOYEES RETIREMENT SYSTEM OF OHIO

THE COMPREHENSIVE

Annual Financial Report

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FOR THE CALENDAR YEAR ENDED DECEMBER 31, 1983

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THE COMPREHENSIVE
**Annual
Financial
Report**

for the
Calendar Year Ended December 31, 1983

Issued by:

William S. McLaughlin, Executive Director
Richard E. Schumacher, Assistant Director, Comptroller

PUBLIC EMPLOYEES RETIREMENT SYSTEM
277 East Town Street, Columbus, Ohio 43215

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BILL TO

Elected Members



JERRY E. CAPLINGER

Representing Municipal Employees



WALTER H. KYLE

Representing State Employees



RICHARD J. REHMER

Representing College - University Employees



DUSTY RHODES

Representing Miscellaneous Employees



WILLIAM G. WILCOX

Representing Retirees



WAYNE F. WILKE

Representing County Employees

Statutory Members



ANTHONY J. CELEBREZZE, JR.

Attorney General



THOMAS E. FERGUSON

State Auditor



WILLIAM G. SYKES

Director, Administrative Services

Executive Director



WILLIAM S. McLAUGHLIN

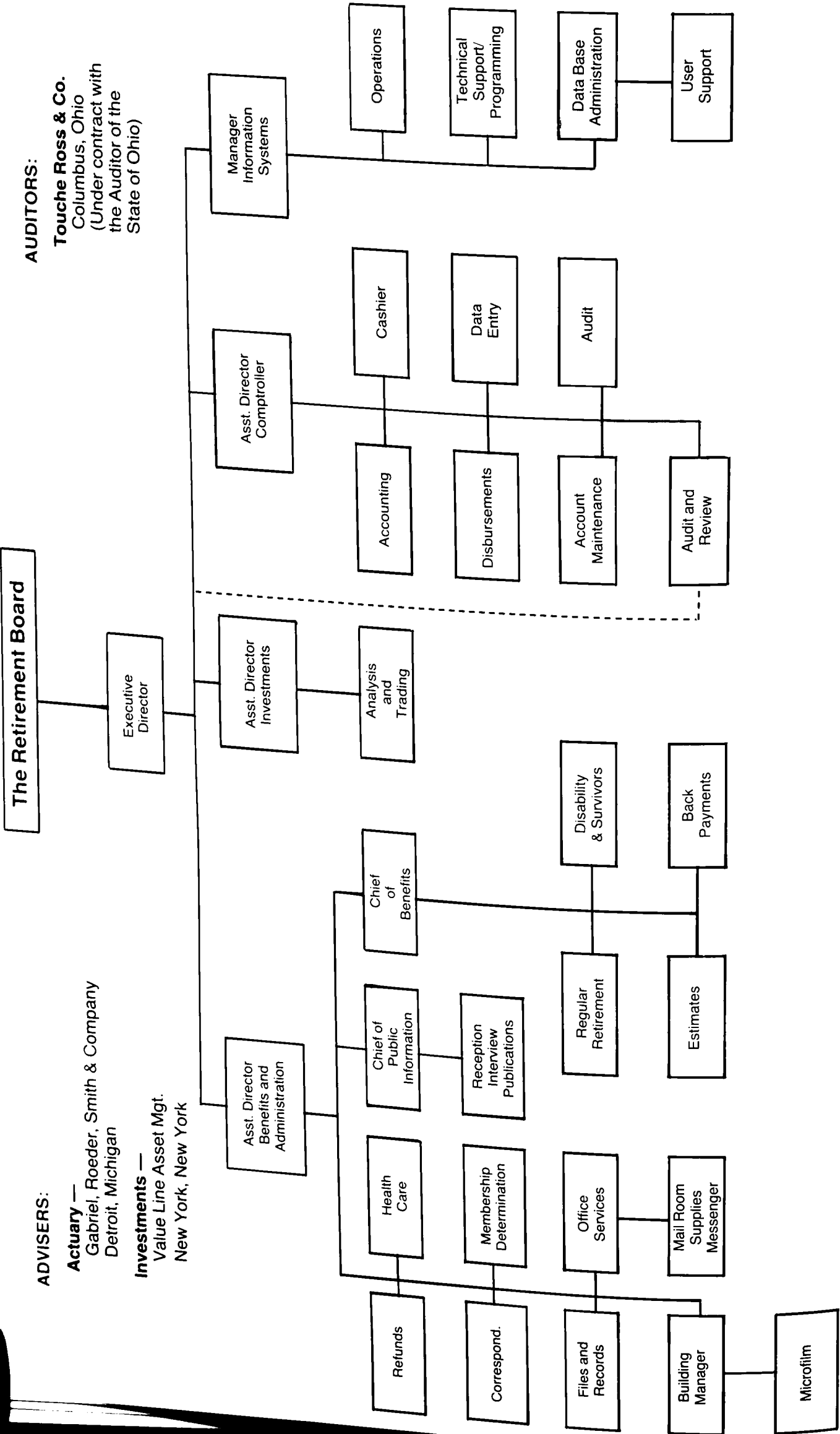
Assistant Directors

RICHARD D. MYERS
Benefits

ROBERT A. McLAUGHLIN
Investments

RICHARD E. SCHUMACHER
Comptroller

ORGANIZATIONAL STRUCTURE



ADVISERS:

Actuary —
 Gabriel, Roeder, Smith & Company
 Detroit, Michigan

Investments —
 Value Line Asset Mgt.
 New York, New York

AUDITORS:

Touche Ross & Co.
 Columbus, Ohio
 (Under contract with
 the Auditor of the
 State of Ohio)

PUBLIC EMPLOYEES RETIREMENT SYSTEM OF OHIO
277 EAST TOWN STREET
COLUMBUS, OHIO 43215

TELEPHONE (614) 466-2085

Chairman and Members of the Retirement Board
Public Employees Retirement System
Columbus, Ohio 43215

June 1, 1984

Dear Chairman and Members of the Board:

The Annual Financial Report of the Public Employees Retirement System of Ohio for the fiscal year ended December 31, 1983 is herewith submitted. The report consists of six sections: an Introductory Section which contains the Letter of Transmittal, and the identification of the administrative organization and consulting services utilized by the system; the Financial Statements Section contains the opinion of the independent certified public accountant as well as the financial statements of the System; the Actuarial Section contains the independent actuary's opinion and results of their annual actuarial valuation; the Statistical Section which consists of significant data pertaining to Public Employees Retirement System of Ohio; the Investment Section contains the investment report, portfolio summary and the portfolio listings and the last section is the plan summary.

ACCOUNTING SYSTEM AND REPORTS

The report of the Public Employees Retirement System of Ohio has been prepared in accordance with the principles of governmental accounting and reporting as set forth by the American Institute of Certified Public Accountants and the National Council on Governmental Accounting. A copy of this report is being forwarded to the Government Finance Officers Association for the Certificate of Conformance annual review.

The accrual basis of accounting is used in the recording of financial transactions. Expenses are recorded when the liability is incurred and revenues are recorded in the accounting period in which they are earned and become measurable. Interest is accrued on a monthly basis. Entries for amortization of premium, accumulation of discount and writeoff of deferred losses are also accrued monthly. Losses on bond exchanges are accounted for under the deferral and amortization method. Accounts receivable at year end in addition to accrued interest receivable reflect accrued employer charges and investment proceeds due on sales that have not yet settled. Investments are recorded at cost; thus, on the balance sheet, bonds and mortgages are carried at amortized book value while stocks are carried at cost. Fixed assets are listed at cost less accumulated depreciation.

This Annual Financial Report contains statements only for the year ended December 31, 1983. Comparative financial statements have been omitted as the prior year was not subject to an independent certified audit.

REVENUES

The revenues needed to finance retirement benefits are accumulated through the collection of employer and employee contributions and through income on investments. Total revenues for 1983 were \$1,540.9 million. Employee contributions provided 21.4% of the revenues; employer contributions provided 35.3% and investment income provided 43.3%. Contribution rates from both employees and employers remained unchanged from the prior year.

EXPENSES

The primary expense of a retirement system relates to the purpose for which it is created; namely, the payment of benefits. Consequently, recurring benefit payments prescribed by the plan, refunds of contributions to terminated employees and the cost of administering the system comprise the total expense.

Benefit disbursements for 1983 totalled \$529.9 million. Of this amount \$466.8 million was paid to fulfill the system's obligations to its retirees. Refunds to members or beneficiaries for reasons of separation from service or death totalled \$63.1 million. Health care costs in 1983 amounted to \$103.2 million. These costs are paid by the Public Employees Retirement System on a split-funding program initiated in January of 1981. Under the split-funding arrangement, the Aetna Insurance Company is paid directly by the system for claims incurred. This method is less costly than the premium method previously used for coverage on our retirees.

FUNDING AND RESERVES

Funds are derived from the excess of revenues over expenses, and are accumulated by the retirement system in order to meet current and future benefit obligations to retirees and beneficiaries. The higher the level of funding the larger the accumulation of assets and the greater the investment income potential. Continuous improvement in the funding of the system is sought through suitable reserves, higher investment earnings and effective cost containment programs. As of December 31, 1983 funds established by the system totalled \$8,154.9 million. The actuarial valuation dated December 31, 1982 reflects an unfunded accrued liability of \$5,253.8 million. This is the difference between the employer accumulation fund balance and the actuarially calculated liability for the fund. This "unfunded accrued liability" is being amortized in an orderly fashion over future years. The state government portion of the liability is being funded over 29 years; the local government portion over 34 years and law enforcement portion over 16 years.

A detailed discussion of funding is provided in the actuarial section (pages 21 to 24).

INVESTMENTS

The investment portfolio provided net revenues of \$666.7 million to the system in 1983. Net revenues are comprised of bond interest, accumulation of discount, amortization of premium, dividend income, recognized gains and losses on the sale of securities and amortization of deferred loss on bonds sold. A complete listing of the portfolio is presented on pages 34 to 49.

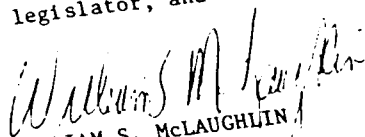
PROFESSIONAL SERVICES

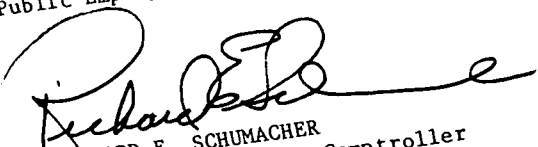
Professional services are provided to the Public Employees Retirement System by consultants appointed by the Board to aid in efficient and effective management of the system. Actuarial services are provided by Gabriel, Roeder, Smith & Company, Detroit, Michigan. The investment adviser is Value Line, New York City. The financial records of the retirement system were audited by Touche Ross & Company, Certified Public Accountants, Columbus, Ohio under contract with the Auditor of the State of Ohio.

ACKNOWLEDGMENTS

The preparation of this report reflects the combined efforts of the Public Employees Retirement System's staff under the Retirement Board's direction. Its purpose is to provide complete and reliable information as a basis for making management decisions, as a means for determining compliance with legal provisions and as a means for determining responsible stewardship over the assets contributed by the members and their employers.

This report is being mailed to all employer units of Public Employees Retirement System of Ohio, each state legislator, and other interested parties.


WILLIAM S. McLAUGHLIN
Executive Director


RICHARD E. SCHUMACHER
Assistant Director - Comptroller

FINANCIAL SECTION

Report of Independent Certified Public Accountants

Financial Statements

Balance Sheet

Statement of Revenues, Expenses, and Changes
in Fund Balances

Notes to Financial Statements

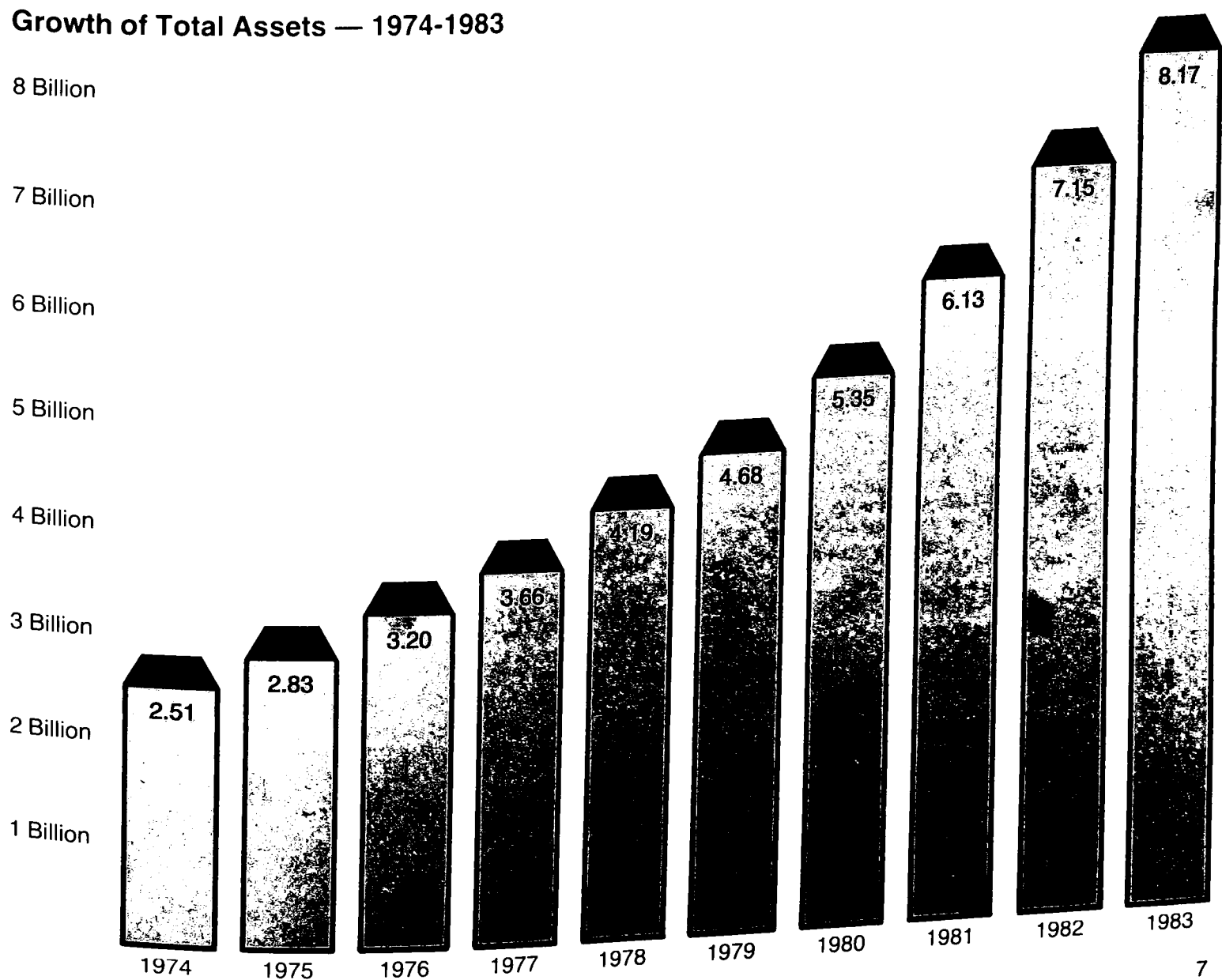
Additional Information

Schedule of Cash Receipts and Disbursements

Investment Summary

Schedule of Administrative Expense

Growth of Total Assets — 1974-1983



REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Touche Ross & Co.

March 15, 1984

Honorable Thomas E. Ferguson,
Auditor of State, State of Ohio and
Members of the Retirement Board
Public Employees Retirement System of Ohio
Columbus, Ohio

We have examined the balance sheet of the Public Employees Retirement System of Ohio as of December 31, 1983, and the related statements of revenues, expenses and changes in fund balances and changes in financial position for the year then ended, and the additional information listed in the accompanying index. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of the Public Employees Retirement System of Ohio as of December 31, 1983, and the results of its operations, changes in fund balances and the changes in its financial position for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Further, it is our opinion that the additional information referred to above presents fairly the information set forth therein.

Touche Ross & Co.

Certified Public Accountants

BALANCE SHEET

Year Ended December 31, 1983

ASSETS

Cash and Short-Term Investments:	
Cash	\$ 3,854,122
Short-Term Investments	<u>284,201,954</u>
	<u>288,056,076</u>
Receivables:	
Employer	88,307,757
Investment Sale Proceeds	19,757,203
Accrued Interest and Dividends	<u>185,584,760</u>
	<u>293,649,720</u>
Investments: (Notes 3 and 4):	
Bonds	4,718,634,922
Mortgages	836,671,503
Stocks	1,510,163,952
Real Estate-Commingled Funds	150,032,134
Venture Capital — Stocks and Notes	<u>53,033,750</u>
	<u>7,268,536,261</u>
Fixed Assets:	
Land	1,874,808
Buildings and Building Improvements	6,374,983
Furniture, Fixtures and Equipment	<u>2,059,933</u>
	10,309,724
Accumulated Depreciation	<u>(1,681,565)</u>
	<u>8,628,159</u>
Other Assets:	
Deferred Cost on Bonds Sold (Note 4)	312,104,221
Prepaid Expenses	<u>65,597</u>
	<u>312,169,818</u>
	<u>\$8,171,040,034</u>

TOTAL ASSETS

LIABILITIES AND FUND BALANCES

Liabilities:	
Medical Benefits Payable	\$ 8,165,633
Investment Commitments Payable	6,696,082
Accrued Administrative Expenses (Note 7)	<u>1,297,989</u>
Total Liabilities	<u>16,159,704</u>
Fund Balances (Note 1h):	
Members Savings Fund	1,843,417,207
Employer Accumulation Fund (Net Unfunded Accrued Liabilities \$5,253,818,854) (Note 5)	2,392,237,125
Annuity and Pension Reserve Fund	3,458,550,530
Survivor Benefit Fund	453,786,437
Income Fund	6,770,842
Expense Fund	<u>118,189</u>
Total Fund Balances	<u>8,154,880,330</u>
	<u>\$8,171,040,034</u>

TOTAL LIABILITIES AND FUND BALANCES

	Total	Member Savings
Revenues:		
Member Contributions	\$ 330,125,897	\$ 330,117,764
Employer Contributions	544,109,013	
Investment Income	666,680,588	
Other	56,228	
Total Revenues	<u>1,540,971,726</u>	<u>330,117,764</u>
Expenses:		
Benefit Payments	466,770,558	
Refunds	63,144,826	62,949,454
Administrative Expenses	8,774,539	
Total Expenses	<u>538,689,923</u>	<u>62,949,454</u>
Excess of Revenues Over Expenses	<u>1,002,281,803</u>	<u>267,168,310</u>
Transfers — Increase (Decrease)		
Retirement Annuities		(107,176,543)
Disability Benefits		(7,564,509)
Survivor Annuities		(5,131,891)
Retirement to (from) Other Systems		(1,613,382)
Statutory Interest		33,281,695
Annual Interest		
Other		(25,800)
Total Transfers		<u>(88,230,430)</u>
Balance January 1, 1983		<u>1,664,479,327</u>
Balance, December 31, 1983	<u>7,152,598,527</u>	<u>1,664,479,327</u>
	<u>\$8,154,880,330</u>	<u>\$1,843,417,207</u>

BIL TO

Employer Accumulation	Annuity and Pension Reserve	Survivor Benefit	Income	Expense
\$ 503,841,118	\$	\$ 40,267,895	\$	\$ 8,133
	34,996	9,513	666,680,588	131,439
<u>503,841,118</u>	<u>34,996</u>	<u>40,277,408</u>	<u>666,560,868</u>	<u>139,572</u>
194,410	425,470,345	41,300,213	603	359
			1,297,989	7,476,550
<u>194,410</u>	<u>425,470,345</u>	<u>41,300,213</u>	<u>1,298,592</u>	<u>7,476,909</u>
<u>503,646,708</u>	<u>(425,435,349)</u>	<u>(1,022,805)</u>	<u>665,262,276</u>	<u>(7,337,337)</u>
(301,309,426)	408,485,969			
(53,812,639)	61,377,148	5,131,891		
(970,917)	2,584,299			
(33,281,695)				
277,174,688	238,251,825	34,496,005	(549,922,518)	6,846,213
121,298,100	71,904,460	(84,563,876)	(115,459,097)	6,846,213
<u>9,098,111</u>	<u>782,603,701</u>	<u>(44,935,980)</u>	<u>(665,381,615)</u>	<u>609,313</u>
<u>1,879,492,306</u>	<u>3,101,382,178</u>	<u>499,745,222</u>	<u>6,890,181</u>	<u>\$ 118,189</u>
<u>\$2,392,237,125</u>	<u>\$3,458,550,530</u>	<u>\$453,786,437</u>	<u>\$ 6,770,842</u>	

STATEMENT OF CHANGES IN FINANCIAL POSITION

Year Ended December 31, 1983

FUNDS PROVIDED BY:

Excess of Revenues Over Expenses	\$1,002,281,803
Item Not Requiring an Outlay of Funds — Depreciation	470,365
Increase (Decrease) in Cash Due to Changes in:	
Employer Receivables	(7,852,577)
Investment Sale Proceeds Receivable	(1,179,053)
Accrued Interest and Dividends Receivable	(67,316,620)
Deferred Costs on Bonds Sold	174,987,444
Prepaid Expenses	23,649
Medical Benefits Payable	7,587,078
Investment Commitments Payable	6,696,082
Accrued Administrative Expenses	1,297,989
Cash Provided From Operations	<u>1,116,996,160</u>
Sales, Maturities of Investments:	
Bonds	5,987,984,669
Mortgages	120,961,870
Stocks	615,687,767
Venture Capital — Stocks and Notes	<u>166,250</u>
	<u>7,841,796,716</u>

FUNDS USED FOR:

Purchase of Investments:	
Bonds	7,558,370,627
Mortgages	249,653,795
Stocks	1,310,845,257
Real Estate-Commingled Funds	150,032,134
Venture Capital — Stocks and Notes	49,950,000
Additions to Fixed Assets	<u>783,919</u>
	<u>9,319,635,732</u>
Net Decrease in Funds	(1,477,839,016)
Cash and Short-Term Investments, Beginning of Year	<u>1,765,895,092</u>
Cash and Short-Term Investments, End of Year	<u>\$ 288,056,076</u>

See Notes to Financial Statements

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NOTES TO FINANCIAL STATEMENTS

NOTE 1. Summary of Significant Accounting Policies:

(a) Administration of System

The Public Employees Retirement System of Ohio is a statewide retirement system for all public employees in Ohio except those covered by one of the other state or local retirement systems in Ohio. The System is administered in accordance with Chapter 145 of the Ohio Revised Code.

(b) Basis of Accounting

The basic financial statements are prepared using the accrual basis of accounting under which expenses are recorded when the liability is incurred and revenues are recorded in the accounting period in which they are earned and become measurable.

(c) Member Contributions

Member contribution rates, presently 8.5% (9.5% for law enforcement officers), are established by the Retirement Board upon recommendation by the Actuary. Contributions are primarily made by payroll deductions and remitted by participating employers.

(d) Employer Contributions

Employer contribution rates, based on gross payroll, presently 13.71% for state, 13.95% for city, county and miscellaneous employer units and 18.10% for law enforcement employer units, are determined by the Retirement Board based upon recommendation by the Actuary. The actuarial formula used is the entry age normal actuarial cost method. This formula determines the amount of contributions necessary to fund (1) the current service cost, which represents the estimated amount necessary to pay for benefits earned by the employees during the current service year; and, (2) the prior service cost for service earned prior to plan inception and subsequent benefit increases, which represents the amount necessary to pay for unfunded accrued liabilities over a period of 29 years for state, 34 years for local government and 16 years for law enforcement divisions.

(e) Investments

Short-term investments, equity securities, and investments in real estate-commingled funds are shown at cost. Fixed income investments are reflected in the balance sheet at amortized cost. Income is recognized as earned. The cost of investments sold is determined using the average cost method. Dividend income is recognized based on the date preferred and common stocks trade "ex-dividend."

(f) Fixed Assets

Fixed assets are recorded at cost at the time of acquisition.

Depreciation is computed on the straight-line method over the estimated useful lives of the assets ranging from fifty years for buildings and building improvements to three to ten years for furniture, fixtures and equipment.

(g) Deferred Cost on Bonds Sold

Losses on bond exchanges are accounted for under the deferral and amortization method of accounting whereby net losses on bonds exchanged are deferred and amortized over the shorter of the life of the bond sold or of the bond purchased.

(h) Funds

Various funds are established to hold the reserves for future and current benefit payments.

(1) **The Members Savings Fund** holds members' contributions in trust prior to their refund or transfer to a benefit disbursement fund.

(2) **The Employer Accumulation Fund** is used to accumulate employer contributions to be used in providing the reserves required to transfer to the Annuity and Pension Reserve Funds as members retire or become eligible for disability benefits.

(3) **The Annuity and Pension Reserve Fund** is the fund from which annuity and disability pensions are paid. This reserve is fully funded according to the latest actuarial valuation performed as of December 31, 1982. There are sufficient assets in this fund to pay the vested benefits of all retirants and beneficiaries as of the valuation date.

(4) **The Survivor Benefit Fund** provides the reserves to pay benefits due dependents of deceased members of the retirement system. This fund is also fully funded as described above.

(5) **The Income Fund** is the fund which is credited with the interest and dividends earned on investments. The balance in this fund is transferred to other funds to aid in the funding of future benefit payments.

(6) **The Expense Fund** provides for disbursement of administrative expenses, with the necessary monies allocated to it from the Income Fund.

NOTE 2. Description of Plan:

Purpose — The Public Employees Retirement System of Ohio (PERS) is a multi-employer defined benefit plan created by the Ohio General Assembly. Its purpose is to provide retirement, disability retirement and survivor benefits for its members.

Administration — The general administration and management of PERS is vested in a nine member Board consist-

ing of six elected members and three statutory members. The Board appoints an Executive Director, an Actuary and other employees. All public employees in Ohio, except for certain specified exclusions and exemptions, are required to become contributing members of PERS.

Contributions — Employees and employers are required to contribute to PERS at rates set by the Retirement Board upon recommendation by the Actuary. Currently the rates based on gross payroll are:

	Employee Rate	Employer Rate
State Group	8.5%	13.71%
Local Government Group	8.5%	13.95%
Law Enforcement Group	9.5%	18.10%

These rates fall within the ranges set by state statute.

Pension Benefits — Benefits are calculated on the basis of age, final average salary and service credit. Members are eligible for retirement benefits at age 60 with five or more years of service credit or at any age with thirty or more years of service. The benefit is based on 2% of final average salary multiplied by the years of service credit. Effective February 1, 1984, the formula was changed to 2.1% of final average salary. (See Note 9 for further discussion.) Persons retiring before age 65 with less than thirty years of service credit receive a percentage reduction in benefit amounts.

Law Enforcement Officers Benefits — Full-time sheriffs, deputy sheriffs and full-time township constables or police officers are eligible for special retirement options available to those members of this class at age 52 or older. The benefit is calculated by multiplying 2.5% of final average salary by the first twenty years of service, 2% of final average salary for the next five years and 1.5% of final average salary for each additional year of service. This option also permits early retirement under qualifying circumstances as early as age 48.

Disability Benefits — A member who becomes permanently disabled for the performance of duty and has completed sixty months of contributing service is eligible for a disability benefit.

Survivor Benefits — Dependents of deceased members may qualify for survivor benefits if the deceased employee had at least eighteen months of service credit with three months of credit within the two and one-half years immediately preceding death. Chapter 145 of the Revised Code specifies the dependents and the conditions under which they qualify for survivor benefits.

Refunds — Upon termination of employment, a member may withdraw contributions made to PERS. The law requires a three-month waiting period after service termination before the refund may be paid. The acceptance of a refund cancels the individual's rights and benefits in PERS. Employer contributions to PERS are not refundable.

Additional Benefits After Retirement — PERS provides health care coverage for all persons receiving monthly benefits from PERS. After July 1, 1986, a new benefit recipient

must have ten years of Ohio service credit to qualify for the free health care benefit. Once a member has received benefits for twelve months, a 3% cost of living adjustment is added to each monthly benefit on an annual basis. Benefit recipients who submit proof of payment of Medicare Part B premiums are reimbursed by PERS for the basic Part B premium. A lump-sum death benefit of \$500 is provided upon death to the beneficiaries of retirants receiving regular or disability benefits.

NOTE 3. Summary of Investments:

A summary of investments held at December 31, 1983 is as follows:

	Book Value	Market Value
Short-Term Investments:		
	<u>\$ 284,201,954</u>	<u>\$ 286,797,000</u>
Investments:		
Bonds — Par Value	5,635,891,364	
Net Unamortized Discount	<u>917,256,442</u>	
Amortized Cost	<u>4,718,634,922</u>	4,518,569,265
Mortgages —		
Face Value	1,078,600,883	
Net Unamortized Discount	<u>241,929,380</u>	
Amortized Cost	<u>836,671,503</u>	868,268,050
Stocks — Common	1,510,163,952	2,037,966,297
Real Estate-Commingled Funds	150,032,134	155,846,113
Venture Capital — Stocks and Notes	<u>53,033,750</u>	<u>63,231,250</u>
Total Investments	<u>\$7,268,536,261</u>	<u>\$7,643,880,975</u>

If available, quoted market prices have been used to value investments as of December 31, 1983. Securities, not having a quoted market price, have been valued at yields currently available on comparable securities of issuers with similar credit ratings. Venture capital-stocks and notes not having quoted market prices are shown at cost. The market value of real estate-commingled funds is based upon appraisals of the properties held.

Weighted average purchase yield at December 31, 1983 is as follows:

Short-term investments	9.35%
Long-term investments	10.75%
Total yield	10.70%

Total yield adjusted for amortization of deferred cost on bonds sold is 10.49%.

NOTE 4. Deferred Cost on Bonds Sold:

The Retirement System defers losses on the sale of bonds under a program to reinvest the proceeds in similar bonds. These exchanges are made to increase annual income, to shorten or lengthen maturity as market conditions change,

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or to improve the quality of the bond portfolio. The policy for deferred cost is to amortize these costs over the remaining term of the bonds sold or the term of the bond purchased, whichever is shorter. On the subsequent sale of any bond purchased as part of a bond swap on which a loss was deferred, any unamortized loss is immediately recognized.

The following summarizes the changes in deferred cost for the year ended December 31, 1983:

Beginning Balance	\$487,091,665
Losses Realized on Bonds Exchanged	204,427,680
Losses Amortized	(24,099,020)
Losses Written off on Sales Prior to Maturity	<u>(355,316,104)</u>
Ending Balance	<u>\$312,104,221</u>

NOTE 5. Unfunded Accrued Liabilities and Actuarial Assumptions:

Actuarial accrued liabilities include all of the following:

- a. Future monthly payments to retirants who are receiving benefit payments on the valuation date and to beneficiaries, including those receiving optional survivors' benefits.
- b. The portion of projected future monthly retirement and disability benefits payable to active members based upon their service rendered up to the valuation date (using the entry age normal method) and their projected salary scale plus the pro rata portion of certain death benefits.
- c. The potential future monthly retirement benefits payable to inactive members based on their service credit and salary earned up to the valuation date.
- d. The potential future health care benefits to be paid on behalf of active members, inactive members, retirants and beneficiaries.

The actuarial accrued liability is the amount determined by the Actuary through application of actuarial assumptions which reflect the time value of money (through discounts for interest between the valuation date and the expected dates of payment) and the probability of benefit payment (by means of multiple-decrement probability tables for death,

disability, and withdrawal).

The actuarial assumptions employed as of December 31, 1982 include the following:

Investment Return — 7.5%

Salary Scale — The active member payroll is assumed to increase 5.5% annually, which is the portion of the individual pay increase assumptions attributable to inflation.

Multiple Decrement Tables

Death — For determination of active and inactive members' mortality, the 1960 Basic Group Mortality Table was used. For retirants mortality, the 1971 Group Mortality Male and Female Tables, projected to 1984, were used.

Disability — Based upon PERS's experience.

Withdrawal — Based upon PERS's experience.

There were no changes in actuarial assumptions during the year.

The System's actuarial valuation is calculated separately for retirants and beneficiaries, and active and inactive members.

The actuarial present value of benefits to be paid retirants and beneficiaries currently receiving benefits and deferred survivor beneficiaries, whose benefits have been determined, is calculated using the assumptions noted above. The assets set aside in the Annuity and Pension Reserve Fund and the Survivor Benefit Fund together with interest credited thereon are compared to the allowances for the remaining lifetimes of the retirants and beneficiaries, and any deficiency is then funded by a transfer from the Employer Accumulation Fund. Consequently, all determined benefits are fully funded.

The accrued liability for active and inactive members is calculated on the projected benefit basis, under which the present value of each member's expected benefit payable at retirement or death is determined. The assets of the Members Savings Fund and Employer Accumulation Fund are subtracted from this present value to arrive at the unfunded accrued liability.

The unfunded liabilities based upon the last actuarial valuation are as follows:

	December 31, 1982			
	State Group	Local Government Group	Law Enforcement Group	Total
Present value of actuarial accrued liabilities for active and inactive accounts	\$3,398,326,582	\$5,285,934,540	\$126,188,781	\$8,810,449,903
Less:				
Employer Accumulation Fund*	758,474,192	1,079,463,288	54,214,242	1,892,151,722
Members Savings Fund	619,320,946	1,025,354,024	19,804,357	1,664,479,327
Unfunded Accrued Liabilities	<u>\$2,020,531,444</u>	<u>\$3,181,117,228</u>	<u>\$ 52,170,182</u>	<u>\$5,253,818,854</u>

* Amounts shown reflect adjustments for transfers out of the Employer Accumulation Fund to fully fund the Annuity and Pension Reserve Fund and Survivor Benefit Fund.

**NOTE 6. Leases:**

The System leases equipment with lease terms of one year or less. Total rent expense was \$1,053,969 for the year ended December 31, 1983.

NOTE 7. Vacation and Sick Leave Policy:

At December 31, 1983, \$1,122,011 has been accrued for unused vacation and sick leave for the System's employees. Employees who resign or retire are entitled to full compensation for all earned unused vacation. Unused sick leave pay is lost upon termination. However, employees who retire are entitled to receive a percentage of unused sick leave.

NOTE 8. Professional Trends:

Presently, the National Council on Governmental Accounting (NCGA), the Financial Accounting Standards Board (FASB) and the Governmental Accounting Standards Board (GASB), claim to be the standard setting authorities which PERS must follow in regard to financial reporting. This situation presents conflicting opinions and views by the various standard setting bodies within the accounting profession, creating a dilemma for PERS as to which standard to follow.

In March, 1980, the Financial Accounting Standards Board issued Statement 35 (SFAS #35) titled "Accounting and Reporting by Defined Benefit Pension Plan." The principal impact of this Statement on the financial statements of PERS would be to require that all of the investments be stated at fair market value, and that the deferred costs on security exchanges be eliminated.

In a release dated August 1, 1980, the National Council on Governmental Accounting (NCGA) expressed its concern "that acceptance of SFAS #35 as generally accepted accounting principles for governmental pension plans could create a situation resulting in the preparation of financial statements for public pension plans that may be subject to misinterpretations, especially in determining the proper level of funding for the plan." Accordingly, the NCGA urged government accountants to continue preparing financial statements in accordance with the principles stated in NCGA Statement 1.

In April, 1983 the NCGA adopted Statement 6 "Pension Accounting and Financial Reporting: Public Employees Retirement Systems and State and Local Governments Employees." The accounting procedures promulgated in NCGA

Statement 6 regarding the reporting of fixed income securities states that gains and losses arising from an exchange may be accounted for under either the completed transaction method or the deferral and amortization method (swap method). If the deferral and amortization method is used, it must be used consistently for gains and losses.

Transactions should not be timed deliberately to avoid immediate recognition of losses while recognizing gains. As PERS presently defers only losses on exchanged securities, the adoption and enactment of NCGA Statement 6, which requires the deferral of both gains and losses, would entail substantial changes in the reporting and accounting for exchanged securities.

In September of 1983, NCGA Statement 6 was deferred indefinitely. In November 1983, the FASB issued Statement 75, which deferred indefinitely the application of SFAS #35 to pension plans of state and local governmental units.

Accordingly, PERS has elected not to change its present accounting principles until such time as consensus is reached among the various standard setting authorities.

NOTE 9. Subsequent Events:

The Ohio Legislature passed Amended House Bill No. 232 in February, 1984. The bill provides the following changes in the retirement system:

- (1) Changes the minimum base for granting full-time service credit from \$150 monthly to \$250 monthly effective January 1, 1985. (Service credit will not be reduced below 20% where the member contributes in each month even though annual earnings are \$600 or less.)
- (2) Provides a 5% ad hoc increase to pension recipients effective February 1, 1984.
- (3) Changes the basis for calculating benefits due a member of PERS on age and service or disability retirement from 2% to 2.1% of final average salary effective February 1, 1984.
- (4) Permits certain PERS members who became subject to Social Security taxes on January 1, 1984 to elect to be exempted from further contributions to PERS effective January 1, 1984.

The impact of these changes will be reflected in the next actuarial valuation.

FINANCIAL INFORMATION

DISBURSEMENTS

Year Ended December 31, 1983

CASH BALANCE AT BEGINNING OF YEAR \$ 2,354,447

Receipts:	322,915,349
Member Contributions	530,905,183
Employer Contributions	7,409,782
Purchases of Back Service	5,488,970
State Subsidies	
Investments:	13,664,413,671
Matured and Sold	694,572,635
Interest and Dividends	130,896
Rental Income	98,717
Miscellaneous	
	<u>15,225,935,203</u>
TOTAL CASH RECEIPTS	

Disbursements:	60,470,084
Refunds:	2,673,207
Separation Beneficiaries	
Annuity Payments:	359,545,422
Retirement Annuities	56,906,520
Disability Benefits	40,447,667
Survivor Annuities	2,615,346
Retirement to Other Systems	14,693,830,431
Investment Purchases	7,946,851
Administrative Expenses	
	<u>15,224,435,528</u>
TOTAL CASH DISBURSEMENTS	

CASH BALANCE AT END OF YEAR \$ 3,854,122

INVESTMENT

	January 1, 1983		Purchases
	Book Value	Market Value	
Bonds and Notes			
U.S. Government and Agencies	\$ 159,122,277	\$ 175,255,852	\$4,321,535,937
Corporate			
Industrial	1,080,931,372		790,534,725
Utilities	1,447,408,089		2,367,833,683
Finance	61,651,078		3,943,979
Total Corporate	2,589,990,539	2,594,841,226	3,162,312,387
Canadian Obligations	399,136,148	374,536,306	74,522,303
Mortgages	707,979,578	792,964,200	249,653,795
Stocks — Common	815,006,462	1,257,291,072	1,310,845,257
Venture Capital			
Notes			36,000,000
Stocks	3,250,000	17,000,000	13,950,000
Total Venture Capital	3,250,000	17,000,000	49,950,000
Real Estate — Commingled Funds			
Total	<u>\$4,674,485,004</u>	<u>\$5,211,888,656</u>	<u>150,032,134</u> <u>\$9,318,851,813</u>



T SUMMARY

Maturities, Sales and Amortizations	December 31, 1983		% Total Market	Purchase Yield
	Book Value	Market Value		
\$2,520,490,335	\$1,960,167,879	\$1,911,312,164	25.0%	11.43
875,399,853	996,066,244			
2,217,285,829	1,597,955,943			
<u>23,332,528</u>	<u>42,262,529</u>			
3,116,018,210	2,636,284,716	2,493,296,353	33.0%	12.41
351,476,124	122,182,327	113,960,748	1.0%	12.21
120,961,870	836,671,503	868,268,050	11.0%	13.40
615,687,767	1,510,163,952	2,037,966,297	27.0%	5.11
	36,000,000	36,000,000	.5%	
<u>166,250</u>	<u>17,033,750</u>	<u>27,231,250</u>	<u>.5%</u>	
166,250	53,033,750	63,231,250	1.0%	9.84
	150,032,134	155,846,113	2.0%	
<u>\$6,724,800,556</u>	<u>\$7,268,536,261</u>	<u>\$7,643,880,975</u>	<u>100.00%</u>	<u>10.75</u>

SCHEDULE OF ADMINISTRATIVE EXPENSE

Year Ended December 31, 1983

PERSONAL SERVICES:

Salaries and Wages	\$4,698,858
Retirement Contributions	616,546
Insurance	345,540
	<u>5,660,944</u>

SUPPLIES:

Office Supplies	102,272
Printing and Publications	37,065
Dues and Subscriptions	7,471
	<u>146,808</u>

OTHER SERVICES AND CHARGES:

Professional Services:	
Auditing	8,814
Actuarial	54,400
Investment	244,125
Medical	111,361
Pension Review	23,035
Employee Training	23,711
Data Processing Contract	7,605
Communication:	
Telephone and Telegraph	95,420
Freight, Express and Drayage	7,339
Postage	315,191
Transportation and Travel	87,054
Utilities	205,684
Equipment Rentals	1,053,969
Repair and Maintenance:	
Equipment	2,413
Building	288,076
Microfilm	18,809
Retirement Study Commission	94,462
Taxes — Real Property	13,641
Miscellaneous	8,884
	<u>2,663,993</u>

DEPRECIATION ON:

Building	97,658
Equipment and Fixtures	205,136
	<u>302,794</u>

TOTAL ADMINISTRATIVE EXPENSES

\$8,774,539

BILL TO Anne Kenny Interlibrary Loan Department.

ACTUARIAL SECTION

GABRIEL ROEDER SMITH & COMPANY
ACTUARIES & CONSULTANTS
2090 First National Building
Detroit, Michigan 48226
Area 313 961-3346

February 29, 1984

The Retirement Board
Public Employees Retirement System of Ohio
277 East Town Street
Columbus, Ohio 43215

The basic financial objective of PERS is to establish and receive contributions which, expressed as percents of active member payroll, will remain approximately level from generation to generation of Ohio citizens.

In order to determine PERS present financial position and level contribution rates for the future, annual actuarial valuations are made. The lastest completed actuarial valuation is shown in our reports, as of December 31, 1982. Conditions and results are based upon data and assumptions. These valuations indicate that the contribution rates, established by the Retirement Board for benefits then in effect, meet the basic objective.

Assumptions concerning future financial experiences are needed for an actuarial valuation. We believe the assumptions used in the regular annual valuations produce results which are reasonable.

Each year an actuarial gain/loss analysis is performed, which determines the relationship between assumed financial experience and actual experience, for each major risk area. In the last decade two economic assumptions have been trouble spots. The investment return rate has not exceeded the inflation rate by a reasonable amount (2% annually is the current assumed margin). Increases in retired life health care costs have substantially exceeded overall inflation increases.

Based upon the valuation results it is our opinion that the Public Employees Retirement System of Ohio continues in sound condition in accordance with actuarial principles of level cost financing.

Respectfully submitted,

Norman V. Jones
Norman V. Jones

R. G. Roeder
Richard G. Roeder

REPORT OF THE ACTUARY

RGR:jg

Summary of Assumptions Adopted by Retirement Board After Consulting with Actuary

Funding Method. An entry age normal actuarial cost method of valuation is used in determining benefit liabilities and normal cost. Differences between assumed and actual experience (actuarial gains and losses) become part of unfunded actuarial accrued liabilities. Unfunded actuarial accrued liabilities are amortized to produce payments which are level percents of payroll contributions. Adopted 1975.

Assets Valuation Method. Present assets were valued at amortized cost.

Valuation Data. The data about persons now covered and about present assets were furnished by the system's administrative staff. Data is examined for general reasonableness and year-to-year consistency, but is not audited by the Actuary.

Economic Assumptions. The following economic assumptions, adopted in 1982, are used by the actuary.

Investment Return. 7.5 percent annually, compounded annually. Considering other financial assumptions, the 7.5 percent rate translates to an assumed real rate of return of 2 percent; the real rate of return is the rate of investment return over the inflation rate.

Active Employee Total Payroll. Increasing 5.5% annually, compounded annually, which is the base portion of the individual pay increase assumption. In effect, this assumes no change in the number of active employees.

Individual Employee Pay Increases. An employee's pay is assumed to increase each year, in accordance with a table consisting of a percent increase for each age. For

Turnover. Probabilities of separation from employment before age and service retirement because of death, withdrawal or disability are:

Sample Ages	Years of Service	% Separating Within Next Year								
		Death		Withdrawal				Disability		
		Men	Women	State		Law Enforcement	Local		Men	Women
	0			30.00%	30.00%	15.00%	25.00%	25.00%		
	1			25.00	25.00	10.00	20.00	20.00		
	2			20.00	20.00	8.00	14.00	14.00		
	3			15.00	15.00	7.00	9.00	12.00		
	4			12.00	12.00	6.00	8.00	10.00		
	5 & Over	.12	.10	9.60	11.40	4.90	9.60	11.40	0.08	0.06
30		.25	.15	6.20	7.40	3.60	6.20	7.40	0.39	0.23
40		.71	.43	2.30	3.10	2.00	2.30	3.10	1.12	0.72
50		1.80	1.16	1.00	1.50	1.00	1.00	1.50		
60										

sample ages, the following table describes annual increase percents.

Age	Merit & Seniority		Base (Economy)	Increase Next Year	
	State	Local		State	Local
30	3.2%	2.8%	5.5%	8.7%	8.3%
40	2.2	1.8	5.5	7.7	7.3
50	1.4	1.2	5.5	6.9	6.7
60	0.6	0.6	5.5	6.1	6.1

Decrement Assumptions. The following tables of probabilities, adopted in 1981, for the indicated risk areas are used by the actuary.

Mortality. The tables used in evaluating allowances to be paid were the 1971 Group Annuity Mortality Male and Female tables, projected to 1984.

Retirement. Probabilities of age and service retirement applicable to members eligible to retire are:

Retirement Ages	% Retiring Next Year		
	Men	Women	Law Enforcement
50-61	12%	15%	15%
62	15	18	15
63	15	20	15
64	20	22	15
65	35	35	15
66	30	30	15
67	30	30	15
68	30	30	15
69	40	40	15
70	100	100	15

Anne Kenny Interlibrary Loan Department.

BILL TO

Actuarial Valuation Data

Valuation Year	Active Members			Retired Lives		
	Number	Annual Payroll (\$ millions)	Average Pay	Number	Annual Allowances (\$ millions)	Average Allowance
1975	234,888	\$2,120	\$ 9,024	52,543	\$133	\$2,522
1976	240,639	2,346	9,747	56,522	148	2,621
1977	271,388	2,694	9,928	60,393	170	2,816
1978	274,700	3,056	11,124	64,386	191	2,964
1979	261,513	3,217	12,302	69,858	231	3,312
1980	256,688	3,441	13,405	73,620	257	3,497
1981	252,623	3,308	13,092	77,718	302	3,880
1982	248,855	3,654	14,683	81,166	331	4,076

Summary of Unfunded Accrued Liabilities

Each time a new benefit is added which applies to service already rendered, an "unfunded accrued liability" is created. Laws governing PERS require that these additional liabilities be financed systematically over a period of future years. Also, if actual financial experiences are less favorable than assumed financial experiences, the difference is added to unfunded accrued liabilities.

In an inflationary economy, the value of dollars is decreasing. This environment results in employee pay increasing in dollar amounts and retirement benefits increasing in dollar amounts resulting in unfunded accrued liabilities increasing

in dollar amounts, all at a time when the actual substance of these items may be decreasing. Looking at just the dollar amounts of unfunded accrued liabilities can be misleading. Unfunded accrued liabilities dollars divided by active employee payroll dollars provides an index which clarifies understanding. The smaller the ratio of unfunded liabilities to active member payroll, the stronger the system. Observation of this relative index over a period of years will give an indication of whether the system is becoming financially stronger or weaker.

Summary of Assets and Actuarial Accrued Liabilities (\$ Amounts in Millions)

Valuation Year	Actuarial Accrued Liabilities (AAL)	Valuation Assets	Unfunded Actuarial Accrued Liabilities (UAAL)	Ratio of Assets to AAL	Active Member Payroll	UAAL As A % of Active Member Payroll
1975	\$ 5,063	\$2,728	\$2,334	54%	\$2,140	110%
1976	5,572	3,044	2,528	55	2,345	108
1977	6,448	3,480	2,968	54	2,694	110
1978	7,576	4,015	3,561	53	3,056	117
1979	8,964	4,667	4,298	52	3,217	134
1980	10,388	5,235	5,153	50	3,441	150
1981	11,055	6,106	4,949	55	3,308	150
1982	12,399	7,145	5,254	58	3,654	144

Short-Term Solvency Test

The PERS financing objective is to pay for benefits through contributions that remain approximately level from year to year as a percent of member payroll. If the contributions to the system are level in concept and soundly executed, the system will pay all promised benefits when due — the ultimate test of financial soundness.

A short-term solvency test is one means of checking a system's progress under its funding program. In a short-term solvency test, the plan's present assets (cash and investments) are compared with: 1) Active member contributions on deposit; 2) The liabilities for future benefits to present retired lives; 3) The liabilities for service already rendered by active members. In a system that has been following the dis-

cipline of level percent of payroll financing, the liabilities for active member contributions on deposit (liability 1) and the liabilities for future benefits to present retired lives (liability 2) will be fully covered by present assets (except in rare circumstances). In addition, the liabilities for service already rendered by active members (liability 3) will be partially covered by the remainder of present assets. Generally, if the system has been using level cost financing, the funded portion of liability 3 will increase over time. Liability 3 being fully funded is very rare.

It is wise to pay attention to both fundamental and short-term solvency tests.

Computed Accrued Liabilities
(\$ Amounts in Millions)

Valuation Year	(1) Active Member Contributions	(2) Retirants and Beneficiaries	(3) Active Members (Employer Financed Portion)	Reported Assets	Portion of Accrued Liabilities Covered by Reported Assets		
					(1)	(2)	(3)
1975	\$ 801						
1976	897	\$1,289	\$2,973				
1977	1,002	1,443	3,232	\$2,738	100	100	21
1978	1,126	1,683	3,763	3,044	100	100	22
1979	1,216	1,923	4,527	3,480	100	100	21
1980	1,216	2,414	4,527	4,015	100	100	21
1981	1,363	2,710	5,334	4,667	100	100	19
1982	1,491	3,296	6,316	5,235	100	100	18
	1,664	3,588	6,268	6,106	100	100	21
			7,146	7,145	100	100	26

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STATISTICAL SECTION

Revenues by Source

Disbursements by Type

Disbursements by Category

Member Count

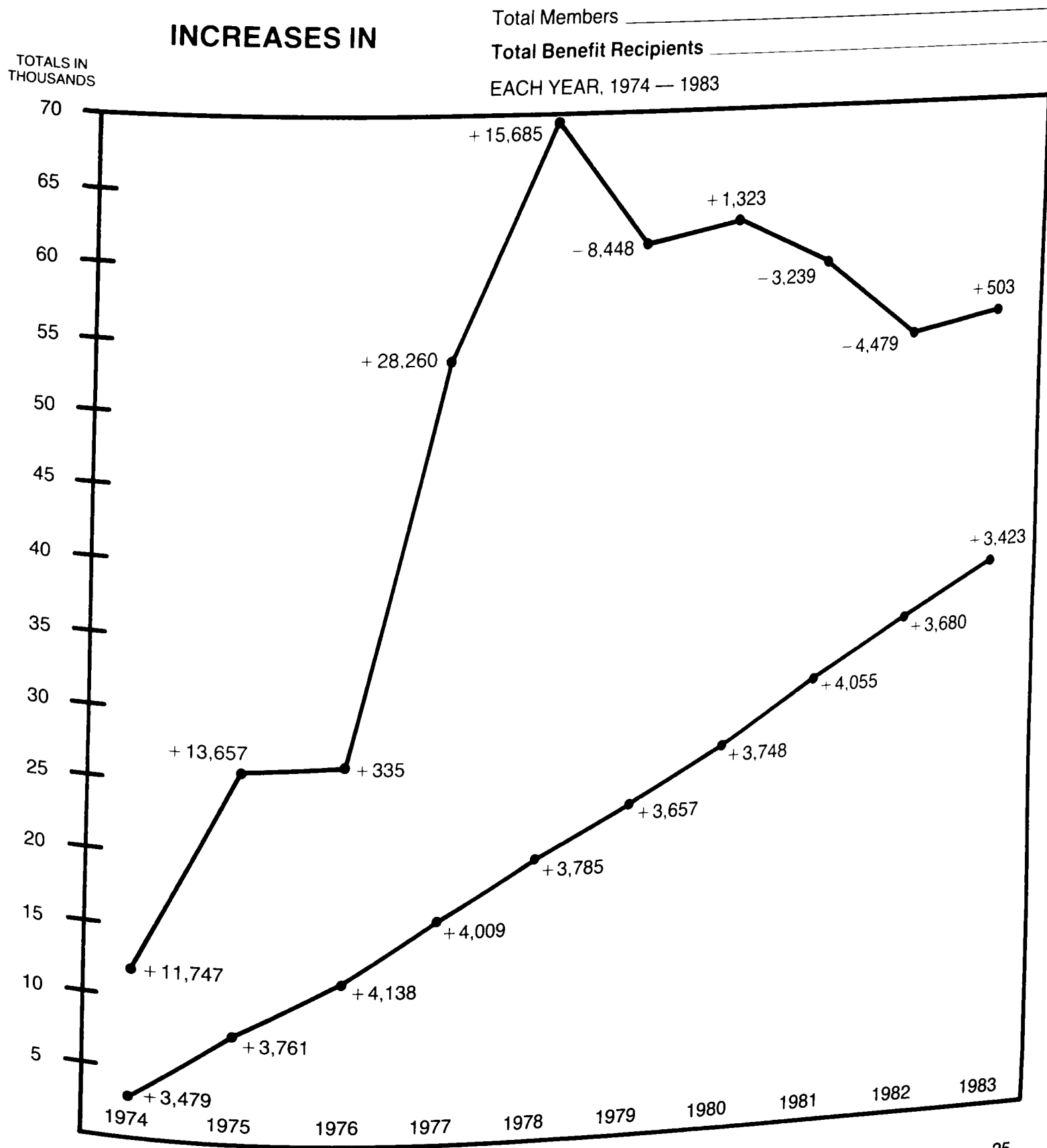
Contribution Rates: Members

Number of Employer Units

Employer Contribution Rates

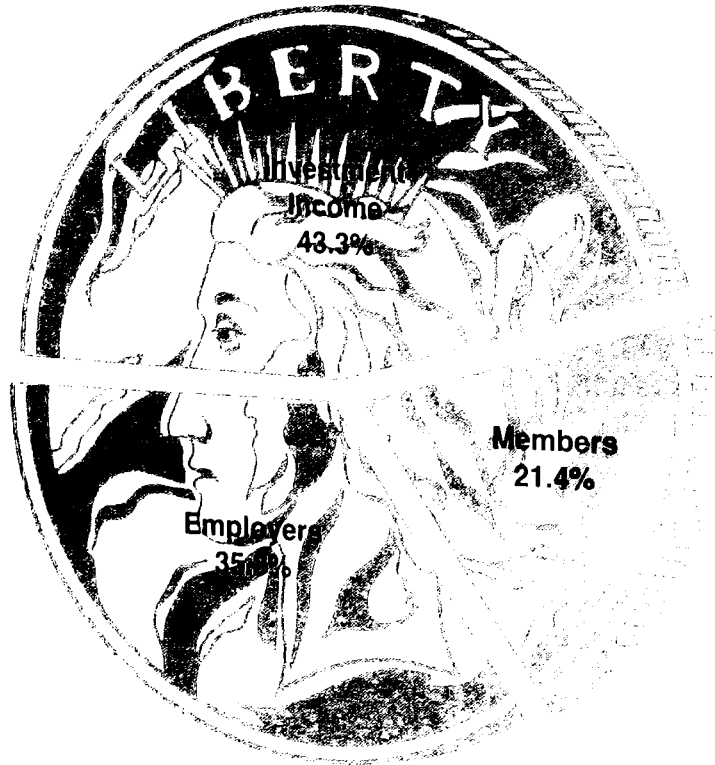
Net Benefit Payments by Category

New Benefit and Refund Payments by Year





The 1983 PERS Dollar Came From —



REVENUES BY SOURCE

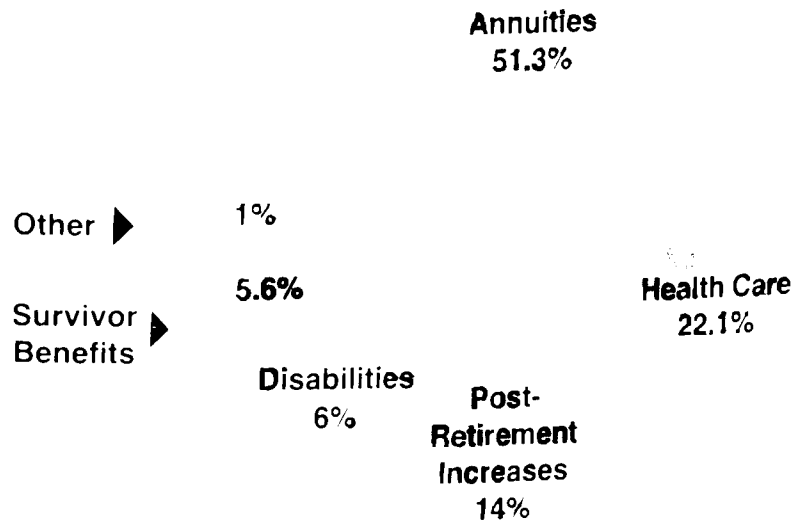
Last Ten Years

Year	Member Contributions	Employer Contributions	Investment Income (Net)	Other	Total
1974	\$148,475,457	\$185,180,430	\$ 70,907,627	\$110,688	\$ 404,674,202
1975	160,162,773	223,886,119	130,914,060	339,924	515,302,876
1976	179,683,373	262,752,079	151,840,150	90,868	594,366,470
1977	201,919,726	309,575,701	202,686,233	14,409	714,196,069
1978	234,747,412	378,228,720	208,163,680	60,423	821,200,235
1979	248,550,285	394,820,271	218,710,495	204,640	862,285,691
1980	269,246,190	439,006,229	329,014,384	184,250	1,037,451,053
1981	284,930,608	469,535,130	457,387,532	230,852	1,212,084,122
1982	311,779,921	505,809,912	686,420,515*	192,959	1,504,203,307
1983	330,125,897	544,109,013	666,680,588	56,228	1,540,971,726

*Reflects an increase of \$137,685,082 in net investment income resulting from a change to the accrual basis of accounting as of December 31, 1982.

BILL TO Anne Kenny Interlibrary Loan Department.

The 1983 PERS Benefit Dollar Was Spent For —



DISBURSEMENTS BY TYPE

Last Ten Years

	Benefit Payments	Refunds	Administrative Expense	Total
1974	\$124,111,520	\$32,733,683	\$2,883,614	\$159,728,817
1975	155,995,116	32,454,951	3,532,127	191,982,194
1976	176,555,770	36,962,005	3,823,413	217,341,188
1977	204,824,240	45,189,181	4,171,429	254,184,850
1978	234,238,430	60,132,020	4,683,030	299,053,480
1979	268,433,588	95,946,284	5,205,476	369,585,348
1980	299,609,180	64,514,399	5,798,912	369,922,491
1981	345,857,579	76,238,930	6,620,678	428,717,187
1982	406,828,497	66,978,882	7,223,272	481,030,651
1983	466,770,558	63,144,826	8,774,539	538,689,923

DISBURSEMENTS

Last Ten Years

	BENEFITS					
	Annuities	Disabilities	Other Systems	Survivors	CPI	Post Retirement Legislative Incr.
1974	\$ 79,688,330	\$ 6,071,920	\$2,394,625	\$12,550,588	\$ 2,678,474	\$12,298,844
1975	91,848,956	8,004,005	4,071,754	14,152,719	3,566,227	19,442,953
1976	104,889,718	10,268,674	2,492,386	15,448,314	4,764,863	18,726,070
1977	121,894,409	13,180,932	1,448,220	16,955,127	6,778,913	18,596,335
1978	137,607,458	15,699,450	1,225,617	18,295,016	9,185,292	17,231,971
1979	153,958,033	18,801,479	2,038,904	19,808,511	13,212,604	18,170,820
1980	170,755,615	21,862,642	1,849,714	21,521,104	19,101,857	18,956,041
1981	192,045,068	24,970,899	1,967,683	22,974,505	24,942,579	23,399,149
1982	214,286,038	27,372,888	2,023,006	24,535,836	31,468,090	27,594,317
1983	239,346,014	29,678,413	2,615,346	25,977,513	38,569,453	25,841,902

MEMBER COUNT

Last 10 Years

	Active Contributing	Inactive	Total
1974	231,759	28,770	260,529
1975	244,912	29,274	274,186
1976	250,712	23,809	274,521
1977	280,045	22,736	302,781
1978	279,088	39,378	318,466
1979	263,614	46,404	310,018
1980	258,559	52,782	311,341
1981	255,097	53,005	308,102
1982	251,169	52,454	303,623
1983	250,566	53,560	304,126

CONTRIBUTION RATES: MEMBERS

Last 10 Years

Calendar Year	Contribution Rate
1974	8.0
1975	8.0
1976	8.0
1977	8.5
1978	8.5
1979	8.5
1980	8.5
1981	8.5
1982	8.5*
1983	8.5*

*Effective November 1982 Law Enforcement Contribution Rate is 9.5%

BILL TO Anne Kenny Interlibrary Loan Department.

DISBURSEMENTS

Last Ten Years

	BENEFITS					
	Annuities	Disabilities	Other Systems	Survivors	CPI	Post Retirement Legislative Incr.
1974	\$ 79,688,330	\$ 6,071,920	\$2,394,625	\$12,550,588	\$ 2,678,474	\$12,298,844
1975	91,848,956	8,004,005	4,071,754	14,152,719	3,566,227	19,442,953
1976	104,889,718	10,268,674	2,492,386	15,448,314	4,764,863	18,726,070
1977	121,894,409	13,180,932	1,448,220	16,955,127	6,778,913	18,596,335
1978	137,607,458	15,699,450	1,225,617	18,295,016	9,185,292	17,231,971
1979	153,958,033	18,801,479	2,038,904	19,808,511	13,212,604	18,170,820
1980	170,755,615	21,862,642	1,849,714	21,521,104	19,101,857	18,956,041
1981	192,045,068	24,970,899	1,967,683	22,974,505	24,942,579	23,399,149
1982	214,286,038	27,372,888	2,023,006	24,535,836	31,468,090	27,594,317
1983	239,346,014	29,678,413	2,615,346	25,977,513	38,569,453	25,841,902

BILL TO Anne Kenny Interlibrary Loan Department.

MEMBER COUNT

Last 10 Years

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1975	244,912	29,274	274,186
1976	250,712	23,809	274,521
1977	280,045	22,736	302,781
1978	279,088	39,378	318,466
1979	263,614	46,404	310,018
1980	258,559	52,782	311,341
1981	255,097	53,005	308,102
1982	251,169	52,454	303,623
1983	250,566	53,560	304,126

CONTRIBUTION RATES: MEMBERS

Last 10 Years

Calendar Year	Contribution Rate
1974	8.0
1975	8.0
1976	8.0
1977	8.5
1978	8.5
1979	8.5
1980	8.5
1981	8.5
1982	8.5
1983	8.5

*Effective November 1982 Law Enforcement Contribution Rate is 9.5%



BY CATEGORY

Health Care	Death Benefits	REFUNDS			Total All Payments
		Separation	Beneficiaries	Other	
\$ 7,554,739	\$ 874,000	\$30,314,990	\$1,945,013	\$ 416,022	\$156,787,545
13,701,002	1,207,500	28,572,476	1,958,709	1,922,062	188,448,363
18,785,745	1,180,000	34,671,269	1,845,152	422,612	213,494,803
24,699,933	1,270,371	43,393,966	1,693,303	91,455	250,002,964
33,719,070	1,274,556	57,696,936	2,220,385	214,699	294,370,450
41,112,677	1,330,560	76,573,982	2,524,667	16,847,635	364,379,872
44,182,218	1,379,989	61,560,229	2,515,380	438,790	364,123,579
54,033,205	1,524,491	73,182,786	2,617,655	438,489	422,096,509
78,112,241	1,436,081	63,954,454	2,722,037	302,391	473,807,379
103,156,330	1,585,587	59,871,357	2,673,207	600,262	529,915,384

PER OFFICE OF EMPLOYMENT SECURITY

PERIOD YEARS

State	County	Law Enforcement	Municipalities	Villages	Miscellaneous	Liabilities	Payments	Balance
1978	213	—	213	313	384	45	6,265	10,014
1979	214	—	214	347	309	389	6,270	8,730
1980	217	319	217	347	309	351	6,137	7,317
1981	219	311	219	317	304	250	6,343	7,157
1982	246	16	246	317	27	257	6,311	7,184
1983	246	16	246	317	27	257	6,311	7,184
1984	246	16	246	317	27	257	6,311	7,184
1985	246	16	246	317	27	257	6,311	7,184
1986	246	16	246	317	27	257	6,311	7,184
1987	246	16	246	317	27	257	6,311	7,184
1988	246	16	246	317	27	257	6,311	7,184
1989	246	16	246	317	27	257	6,311	7,184
1990	246	16	246	317	27	257	6,311	7,184
1991	246	16	246	317	27	257	6,311	7,184
1992	246	16	246	317	27	257	6,311	7,184
1993	246	16	246	317	27	257	6,311	7,184
1994	246	16	246	317	27	257	6,311	7,184
1995	246	16	246	317	27	257	6,311	7,184
1996	246	16	246	317	27	257	6,311	7,184
1997	246	16	246	317	27	257	6,311	7,184
1998	246	16	246	317	27	257	6,311	7,184
1999	246	16	246	317	27	257	6,311	7,184
2000	246	16	246	317	27	257	6,311	7,184
2001	246	16	246	317	27	257	6,311	7,184
2002	246	16	246	317	27	257	6,311	7,184
2003	246	16	246	317	27	257	6,311	7,184
2004	246	16	246	317	27	257	6,311	7,184
2005	246	16	246	317	27	257	6,311	7,184
2006	246	16	246	317	27	257	6,311	7,184
2007	246	16	246	317	27	257	6,311	7,184
2008	246	16	246	317	27	257	6,311	7,184
2009	246	16	246	317	27	257	6,311	7,184
2010	246	16	246	317	27	257	6,311	7,184
2011	246	16	246	317	27	257	6,311	7,184
2012	246	16	246	317	27	257	6,311	7,184
2013	246	16	246	317	27	257	6,311	7,184
2014	246	16	246	317	27	257	6,311	7,184
2015	246	16	246	317	27	257	6,311	7,184
2016	246	16	246	317	27	257	6,311	7,184
2017	246	16	246	317	27	257	6,311	7,184
2018	246	16	246	317	27	257	6,311	7,184
2019	246	16	246	317	27	257	6,311	7,184
2020	246	16	246	317	27	257	6,311	7,184
2021	246	16	246	317	27	257	6,311	7,184
2022	246	16	246	317	27	257	6,311	7,184
2023	246	16	246	317	27	257	6,311	7,184

EMPLOYER CONTRIBUTION RATES

STATE — Last Ten Years

Calendar Year	CURRENT COSTS			UNFUNDED LIABILITY		
	Normal	Health	Survivor Benefits	Past Service	Health	Total
1974	6.63%	— %	1.15%	2.62%	— %	10.40%
1975	8.50	—	1.35	2.15	—	12.00 (1)
1976	8.36	—	1.35	2.29	—	12.00
1977	6.74	1.15	1.35	3.71	0.76	13.71 (2)
1978	6.93	1.12	1.38	3.54	0.74	13.71
1979	6.62	1.25	1.32	3.60	0.92	13.71
1980	6.41	1.31	1.34	3.92	0.73	13.71
1981	6.40	1.27	1.04	4.09	0.91	13.71
1982	5.77	1.10	0.99	4.93	0.92	13.71
1983	4.55	1.65	0.86	5.25	1.40	13.71

(1) Effective 7-1-75 (2) Effective 7-1-77

LOCAL — Last Ten Years

Calendar Year	CURRENT COSTS			UNFUNDED LIABILITY		
	Normal	Health	Survivor Benefits	Past Service	Health	Total
1974	5.91%	— %	1.35%	2.14%	— %	9.40%
1975	7.71	—	1.52	1.97	—	11.20
1976	8.10	—	1.55	2.25	—	11.90
1977	6.43	1.29	1.55	3.96	0.72	13.95 (1)
1978	7.09	1.66	1.37	3.06	0.77	13.95
1979	6.96	1.68	1.30	3.16	0.85	13.95
1980	6.79	1.75	1.38	3.33	0.70	13.95
1981	6.67	1.65	1.06	3.65	0.92	13.95
1982	6.03	1.27	1.07	4.66	0.92	13.95
1983	4.86	1.97	0.92	4.83	1.37	13.95

(1) Effective 7-1-77

LAW ENFORCEMENT

Calendar Year	CURRENT COSTS			UNFUNDED LIABILITY		
	Normal	Health	Survivor Benefits	Past Service	Health	Total
1975	7.71%	— %	1.52%	1.97%	— %	11.20%
1976	13.02	—	0.85	3.67	—	17.54
1977	10.26	1.29	0.85	5.42	0.28	18.10 (1)
1978	10.86	1.66	0.85	4.45	0.28	18.10
1979	11.69	1.68	0.83	3.62	0.28	18.10
1980	11.82	1.75	0.94	2.88	0.70	18.10
1981	11.35	1.65	1.28	3.46	0.36	18.10
1982	10.38	1.27	1.58	4.47	0.40	18.10
1983	8.66	2.00	1.42	5.27	0.75	18.10

(1) Effective 7-1-77

BILL TO Anne Kenny Interlibrary Loan Department.

BENEFIT PAYMENTS

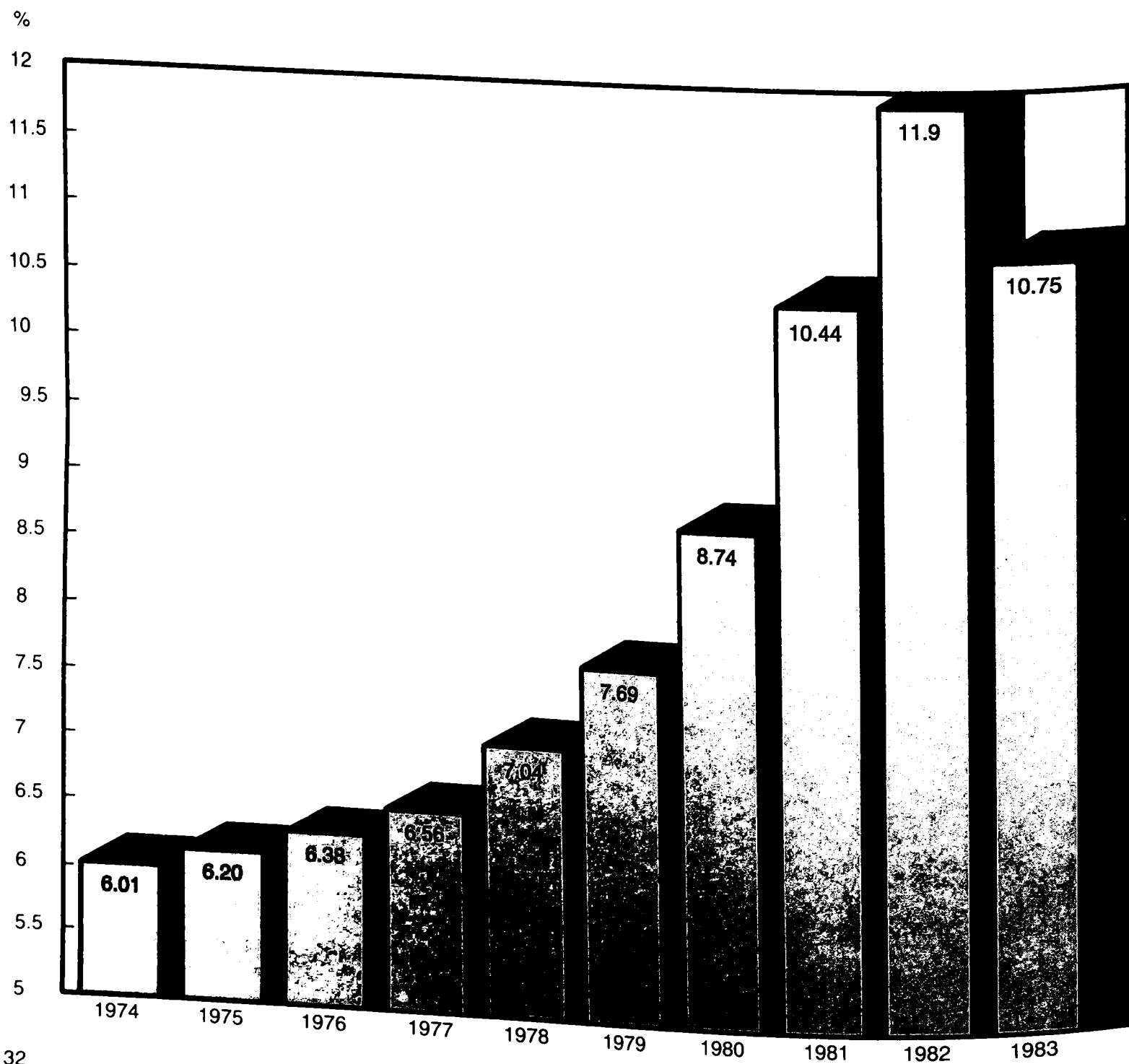
NET BENEFIT PAYMENTS BY CATEGORY

As of Year-end	Annuities	Disabilities	Survivors	Total
1974	40.659	2,531	7,048	50,238
1975	43.510	2,980	7,509	53,999
1976	46.718	2,466	7,953	58,137
1977	49.945	3,904	8,297	62,146
1978	52.986	4,334	8,611	65,931
1979	55.866	4,770	8,952	69,588
1980	58.798	5,184	9,354	73,336
1981	62.212	5,565	9,614	77,391
1982	65.363	5,807	9,901	81,071
1983	68.345	6,017	10,132	84,494

NEW BENEFIT AND REFUND PAYMENTS BY YEAR

Year Ending Dec. 31	Annuity	Disability	S1 & S2 Survivors	Refund
1974	4,437	509	640	34,321
1975	4,910	650	759	34,024
1976	5,023	751	677	36,542
1977	5,172	711	673	34,807
1978	5,067	706	675	46,632
1979	4,851	701	666	53,727
1980	5,068	715	667	36,831
1981	5,772	693	727	35,108
1982	5,445	563	667	28,283
1983	5,143	509	631	23,665

Portfolio Purchase Yield — Last Ten Years



INVESTMENT REPORT

The 1983 year was truly a bullish period for the stock market. The Dow Jones Industrial Average closed the year at 1258.64, 20.26% over its starting level of 1046.54. The Dow advance, which began in August 1982 and lasted until June 1983, was propelled by expectations of declining interest rates, an improving economy, and strong earnings gains. In mid-June, investors became concerned with the possibility of rising interest rates, an over-heated economy, and the growing number of earnings disappointments. This change in investor sentiment caused the Dow to consolidate.

To describe the changing levels in the bond market in 1983 is not as easily done as it is in the stock market. One valuable measure of the bond market is the Lehman Brother Index of government and corporate bonds, which exhibited a return of 8% in 1983. The 1983 bond market was dominated by government and agency financings. The U.S. Treasury alone sold over two-hundred billion dollars of debt in the market.

This last year was very important in the management of our bond and stock portfolio.

In the bond area we have an emphasis on quality and liquidity, which led to the purchases of \$1,703,500 U.S. Treasury securities and another \$73,000,000 of U.S. Government agency bonds. No corporate bonds using new monies were purchased in 1983. We emphasized establishing a larger government portfolio because historical yield spreads favored owning the higher quality securities.

Most of our common stock purchases took place early in the year, and as the year-end approached, we were net sellers.

The year 1984 brings with it all the uncertainties that can be expected in the second year of economic expansion, in addition to the national elections. It is in this environment that the retirement system will continue to stress high-yielding investments.

This conservative investment stance does not mean we are neglecting either the latest sophisticated investment techniques or our pursuit of profitable investment opportunities, especially in Ohio.

INVESTMENT PORTFOLIO SUMMARY

Year Ended December 31, 1983

	Par Value	Market Value	Book Value	Yield (1)	% of Portfolio
U.S. Gov't. & Agencies	\$2,060,995,200	\$1,911,312,164	\$1,960,167,879	11.43%	24.45%
Corporate	3,444,913,164	2,493,296,353	2,636,284,716	12.41	40.88
Canadian	129,983,000	113,960,748	122,182,327	12.21	1.54
Mortgages	1,078,600,883	868,268,050	836,671,503	13.40	12.80
Venture Capital	53,033,750	63,231,250	53,033,750	9.84	.63
Stocks (At Cost)	1,510,163,952	2,037,966,297	1,510,163,952	5.11	17.92
Real Estate	150,032,134	155,846,113	150,032,134	-0-	1.78
Total Portfolio	\$8,427,722,083	\$7,643,880,975	\$7,268,536,261	10.75%	100.00%

(1) See Notes to Financial Statements — Note 3.



DETAILED LISTING OF BOND PORTFOLIO

December 31, 1983

Anne Kenny Interlibrary Loan Department.

U.S. GOVERNMENT & AGENCIES

Bond Name	Coupon	Maturity	Par Value	Book Value	Market Value
FALCON ONE SEA TRANSPORT COMPANY	12.100%	12/31/2006	\$11,000,000	\$11,000,000	\$9,761,180
FHA—SERIES MM	4.625%	12/01/1992	3,400	2,395	2,616
FHA—SERIES MM	4.125%	04/01/1986	37,800	37,160	28,666
GLOBAL MARINE DEEP WATER DRILLING OFFSHORE LOGISTICS, INCORPORATED SHIPCO	14.000%	10/01/1996	22,110,000	22,110,000	19,895,904
UNITED STATES TREASURY	9.125%	12/15/2000	1,777,000	1,777,000	1,363,616
UNITED STATES TREASURY	8.000%	11/22/2001	9,457,000	6,490,503	6,516,156
UNITED STATES TREASURY	8.375%	08/15/2000	8,000,000	6,139,510	5,984,960
UNITED STATES TREASURY	8.750%	11/15/2008	46,300,000	36,579,279	35,130,125
UNITED STATES TREASURY	9.125%	05/15/2009	239,600,000	188,072,289	188,385,500
UNITED STATES TREASURY	10.375%	11/15/2009	99,650,000	90,374,550	87,816,562
UNITED STATES TREASURY	13.750%	11/15/2010	51,300,000	53,715,773	54,634,500
UNITED STATES TREASURY	13.875%	05/15/2011	2,000,000	2,323,980	2,310,000
UNITED STATES TREASURY	10.375%	11/15/2012	100,000,000	88,435,372	88,250,000
UNITED STATES TREASURY	10.750%	05/15/2003	65,500,000	59,490,023	59,441,250
UNITED STATES TREASURY	11.125%	08/15/2003	266,500,000	262,508,217	248,844,375
UNITED STATES TREASURY	12.000%	08/15/2013	162,260,000	165,202,260	163,780,376
UNITED STATES TREASURY	10.500%	11/15/1992	50,000,000	47,153,877	46,500,000
UNITED STATES TREASURY	10.500%	01/15/1990	327,000,000	327,671,658	310,650,000
UNITED STATES TREASURY	10.875%	02/15/1993	61,900,000	60,704,808	58,727,625
UNITED STATES TREASURY	10.500%	04/15/1990	177,600,000	175,625,655	168,276,000
UNITED STATES TREASURY	10.750%	07/15/1990	75,000,000	72,205,604	71,671,500
UNITED STATES TREASURY	11.875%	08/15/1993	100,000,000	100,144,776	100,125,000
UNITED STATES TREASURY	11.750%	11/15/1993	159,000,000	157,674,267	158,403,750
UNITED STATES TREASURY	11.750%	11/15/1993	25,000,000	24,728,914	24,812,500
TOTAL U.S. GOVERNMENT & AGENCIES	11.375%	02/15/1989	\$2,060,995,200	\$1,960,167,879	\$1,911,312,164

CANADIAN

BRITISH COLUMBIA HYDRO AND POWER	15.000%	04/15/2011	\$13,500,000	\$13,370,332	\$15,251,355
BRITISH COLUMBIA HYDRO AND POWER	15.500%	07/15/2011	3,000,000	3,238,860	3,481,920
BRITISH COLUMBIA HYDRO AND POWER	15.500%	11/15/2011	11,700,000	11,807,737	13,581,945
HYDRO QUEBEC	8.600%	09/15/2006	13,500,000	9,447,313	9,192,420
HYDRO QUEBEC	13.250%	12/15/2013	5,850,000	5,800,079	5,854,329
HYDRO QUEBEC	9.250%	09/01/1997	22,250,000	22,250,000	16,066,057
MANITOBA HYDRO ELECTRIC BOARD	8.000%	10/15/2003	2,245,000	1,852,486	1,486,818
MANITOBA HYDRO ELECTRIC BOARD	8.625%	12/01/2006	13,250,000	10,093,372	9,251,415
PROVINCE OF MANITOBA	14.750%	03/15/1997	22,800,000	24,911,219	25,520,496
NEW BRUNSWICK ELECTRIC POWER COMMISSION	9.000%	02/15/1997	4,688,000	4,673,514	3,248,596
REGIONAL MUNICIPALITY OF PEEL	8.750%	01/15/1998	5,000,000	4,967,312	3,502,700
QUEBEC HYDRO ELECTRIC COMMISSION	7.875%	02/01/2002	2,300,000	1,596,810	1,475,082
QUEBEC HYDRO ELECTRIC COMMISSION	7.500%	01/01/2003	9,900,000	8,173,288	6,047,613
TOTAL CANADIAN			\$129,983,000	\$122,182,327	\$113,960,748

CORPORATE

ACF INDUSTRIES	14.500%	12/01/1996	\$ 7,750,000	\$ 7,450,713	\$ 8,144,940
ACF INDUSTRIES	11.000%	10/01/1989	801,000	801,000	745,490
ACCELERATION CORPORATION	10.500%	09/01/1994	4,600,000	4,600,000	4,040,456
AIR PRODUCTS AND CHEMICALS	11.625%	05/15/2010	8,950,000	7,519,771	8,122,572
AMERICAN CYANAMID COMPANY	7.375%	04/15/2001	3,000,000	1,935,522	1,913,730

NOTE: Cents omitted. Columns will not add.

Bond Name	Coupon	Maturity	Par Value	Book Value	Market Value
AMERICAN CYANAMID COMPANY	8.375%	03/15/2006	11,150,000	8,346,696	7,683,130
ANHEUSER BUSCH, INCORPORATED	9.200%	04/01/2005	32,000,000	25,703,508	24,325,760
ANHEUSER BUSCH, INCORPORATED	8.550%	09/01/2008	18,500,000	13,946,641	13,124,825
APPALACHIAN POWER COMPANY	7.625%	02/01/2002	2,500,000	2,221,962	1,548,750
APPALACHIAN POWER COMPANY	7.500%	12/01/2002	7,440,000	7,061,209	4,513,401
APPALACHIAN POWER COMPANY	8.125%	07/01/2003	2,300,000	1,947,229	1,488,813
APPALACHIAN POWER COMPANY	8.500%	03/01/2004	6,500,000	5,907,701	4,345,055
ARCHER DANIELS MIDLAND COMPANY	7.000%	05/15/2011	16,850,000	9,273,761	9,516,543
ARKANSAS POWER AND LIGHT COMPANY	10.500%	06/01/2004	1,600,000	1,615,055	1,278,240
ATCHISON TOPEKA AND SANTE FE	7.500%	09/19/1989	79,493	79,170	68,763
ATLANTIC CITY ELECTRIC COMPANY	7.500%	04/01/2002	6,100,000	3,425,394	3,866,302
ATLANTIC CITY ELECTRIC COMPANY	7.750%	06/01/2003	4,250,000	2,420,856	2,745,117
ATLANTIC RICHFIELD COMPANY	11.375%	05/01/2010	18,000,000	16,599,635	16,383,060
ATLANTIC RICHFIELD COMPANY	13.625%	03/15/2011	3,350,000	3,553,718	3,500,649
ATLANTIC RICHFIELD COMPANY	12.500%	09/15/2012	58,850,000	61,095,347	58,039,047
ATLANTIC RICHFIELD COMPANY	11.000%	04/15/2013	4,000,000	3,643,648	3,539,320
BALTIMORE AND OHIO RAILROAD	9.000%	06/01/1986	800,000	800,000	750,864
BALTIMORE AND OHIO RAILROAD	9.000%	06/01/1987	700,000	700,000	636,160
BALTIMORE AND OHIO RAILROAD	9.000%	06/01/1991	800,000	796,505	655,448
BALTIMORE AND OHIO RAILROAD	9.000%	06/01/1992	800,000	796,179	642,560
BALTIMORE AND OHIO RAILROAD	9.000%	06/01/1993	800,000	795,875	632,640
BALTIMORE GAS AND ELECTRIC	7.250%	04/15/2001	9,100,000	6,517,960	5,703,243
BALTIMORE GAS AND ELECTRIC	7.125%	01/01/2002	5,500,000	2,970,213	3,374,965
BALTIMORE GAS AND ELECTRIC	8.125%	02/01/2004	1,000,000	709,178	672,740
BALTIMORE GAS AND ELECTRIC	8.375%	09/15/2006	2,000,000	1,566,878	1,365,820
BELL TELEPHONE COMPANY OF PENNSYLVANIA	8.000%	08/01/2009	5,500,000	3,671,253	3,594,525
BELL TELEPHONE COMPANY OF PENNSYLVANIA	8.625%	07/01/2006	4,750,000	3,444,958	3,347,325
BELL TELEPHONE COMPANY OF PENNSYLVANIA	9.625%	07/15/2014	2,600,000	2,017,520	2,000,804
BELL TELEPHONE COMPANY OF PENNSYLVANIA	9.250%	01/15/2019	6,420,000	4,788,558	4,755,615
BELL TELEPHONE COMPANY OF PENNSYLVANIA	11.875%	04/15/2020	17,020,000	15,919,559	15,718,310
BIG THREE INDUSTRIES	9.850%	10/01/2009	11,175,000	9,530,665	8,820,204
BORDEN COMPANY	8.500%	04/01/2004	3,000,000	1,990,709	2,150,730
BORDEN COMPANY	9.375%	06/15/2009	11,500,000	8,188,565	8,839,705
BRUSH WELLMAN, INCORPORATED	12.500%	02/01/2001	15,000,000	15,000,000	14,626,800
BURLINGTON NORTHERN, INCORPORATED	15.500%	01/02/1999	10,253,772	10,253,772	11,888,634
BURLINGTON NORTHERN, INCORPORATED	14.250%	01/01/1994	1,750,000	1,750,000	1,911,665
BURLINGTON NORTHERN, INCORPORATED	9.250%	12/01/1992	5,000,000	5,000,000	4,735,650
CARGILL, INCORPORATED	9.500%	12/15/2000	4,250,000	4,250,000	3,269,015
CARGILL, INCORPORATED	8.250%	06/30/2003	9,500,000	7,007,968	6,558,420
CARLISLE CORPORATION	11.000%	06/15/2000	15,000,000	15,000,000	13,025,700
CARNATION COMPANY	7.500%	03/01/1996	802,000	747,866	564,976
CAROLINA POWER AND LIGHT	7.750%	05/01/2003	2,600,000	1,572,765	1,660,958
CAROLINA TELEPHONE AND TELEGRAPH COMPANY	7.750%	10/01/2001	1,000,000	1,004,353	654,040
CATERPILLAR TRACTOR COMPANY	9.000%	05/01/2008	3,900,000	3,094,704	2,787,915
CATERPILLAR TRACTOR COMPANY	8.600%	05/01/1999	4,200,000	3,161,694	3,120,852
CATERPILLAR TRACTOR COMPANY	8.000%	11/01/2001	31,250,000	22,849,124	21,408,710
CATERPILLAR TRACTOR COMPANY	6.000%	05/01/2007	40,425,000	20,931,211	20,610,686
CATERPILLAR TRACTOR COMPANY	13.375%	10/01/2007	17,625,000	18,216,602	17,911,935
CENTRAL HUDSON GAS AND ELECTRIC COMPANY	7.750%	02/01/2002	1,000,000	1,010,644	637,550
CENTRAL ILLINOIS PUBLIC SERVICE	7.500%	05/01/2002	3,680,000	2,516,643	2,348,980
CENTRAL POWER AND LIGHT	7.500%	05/01/2002	5,750,000	6,907,469	6,580,817
CENTRAL TELEPHONE COMPANY OF VIRGINIA	15.875%	04/01/2012	1,000,000	987,157	632,340
CHESAPEAKE AND POTOMAC TELEPHONE OF MD.	8.200%	09/01/2007	10,250,000	5,877,152	5,602,547
CHESAPEAKE AND POTOMAC TELEPHONE OF MD.	6.625%	10/01/2008	9,200,000	6,850,419	6,524,732
CHESAPEAKE AND POTOMAC TELEPHONE OF MD.	8.875%	06/01/2009	21,700,000	16,711,917	15,404,613
CHESAPEAKE AND POTOMAC TELEPHONE OF VA.	9.000%	10/01/2018	3,000,000	2,268,440	2,271,810
CHESAPEAKE AND POTOMAC TEL. OF WASH. D.C.	9.500%	04/15/2019	10,300,000	6,604,615	6,387,339
CHESAPEAKE AND POTOMAC TELEPHONE OF W. VA.	7.750%	11/01/2013	950,000	710,331	553,641
CHESAPEAKE AND POTOMAC TELEPHONE OF W. VA.	7.250%	05/01/2009			

NOTE: Cents omitted. Columns will not add.

Bond Name	Coupon	Maturity	Par Value	Book Value	Market Value
CINCINNATI BELL, INCORPORATED	7.375%	08/01/2011	100,000	81,266	59,957
CINCINNATI BELL, INCORPORATED	9.600%	10/01/2015	7,725,000	6,235,879	5,877,180
CINCINNATI GAS AND ELECTRIC COMPANY	9.150%	11/01/2004	250,000	193,938	156,235
CITICORP	8.450%	03/15/2007	8,600,000	5,411,604	5,805,344
CITICORP	8.125%	07/01/2007	7,000,000	4,414,276	4,553,220
CITIZENS UTILITIES	8.875%	03/01/2005	5,164,000	4,775,245	3,625,592
CLEVELAND ELECTRIC ILLUMINATING COMPANY	15.250%	07/30/1992	20,000,000	20,000,000	20,915,800
COLONIAL PIPELINE CORPORATION	9.950%	06/01/1996	9,488,000	9,488,000	6,199,174
COMMONWEALTH EDISON COMPANY	10.000%	04/01/1999	20,000,000	20,000,000	19,189,000
CONSOLIDATED EDISON OF NEW YORK	7.900%	04/01/1999	400,000	296,077	274,944
CORNING GLASS WORKS	7.000%	03/15/2007	34,750,000	18,641,128	19,014,852
DANA CORPORATION	8.875%	11/15/2008	9,250,000	7,315,635	6,683,032
DELMARVA POWER AND LIGHT COMPANY	7.000%	11/01/1998	2,450,000	1,994,065	1,533,063
DELMARVA POWER AND LIGHT COMPANY	7.625%	12/01/2001	1,000,000	711,328	644,390
DELMARVA POWER AND LIGHT COMPANY	7.500%	08/01/2002	7,750,000	5,704,122	4,917,685
DELMARVA POWER AND LIGHT COMPANY	8.000%	07/01/2003	3,845,000	2,926,853	2,541,122
DIAMOND STATE TELEPHONE COMPANY	8.200%	08/01/2011	1,000,000	914,625	652,350
DIAMOND STATE TELEPHONE COMPANY	7.750%	12/01/2013	5,250,000	4,825,816	3,229,327
DOW CHEMICAL COMPANY	9.750%	01/02/2000	2,746,229	2,746,229	2,169,383
DOW CHEMICAL COMPANY	9.750%	07/02/1999	2,746,689	2,746,689	2,175,570
DUKE POWER COMPANY	7.375%	12/01/2001	750,000	471,046	471,975
DUKE POWER COMPANY	8.125%	09/01/2007	1,800,000	1,271,452	1,186,740
DUKE POWER COMPANY	9.375%	08/01/2008	2,250,000	1,725,143	1,682,932
DUKE POWER COMPANY	10.125%	05/01/2009	6,000,000	4,613,116	4,792,860
DUQUESNE LIGHT COMPANY	8.375%	04/01/2007	3,300,000	3,271,433	2,123,154
EATON CORPORATION	7.000%	04/01/2011	24,000,000	11,917,453	13,333,920
EXXON PIPELINE	9.000%	10/15/2004	6,500,000	5,563,688	4,967,690
EXXON PIPELINE	8.875%	10/15/2000	3,800,000	3,015,785	2,917,070
EXXON PIPELINE	8.250%	03/01/2001	5,700,000	4,220,079	4,118,136
FEDERATED DEPARTMENT STORES	10.250%	06/15/2010	3,800,000	3,252,845	3,193,596
FEDERATED DEPARTMENT STORES	10.625%	05/01/2013	16,300,000	14,292,983	14,091,024
FIRST BANC GROUP OF OHIO, INCORPORATED	9.000%	11/01/1996	8,125,000	8,125,000	5,834,968
FLORIDA POWER AND LIGHT COMPANY	8.000%	06/01/1999	1,000,000	733,447	687,870
FLORIDA POWER AND LIGHT COMPANY	7.625%	06/01/2002	4,600,000	2,655,199	2,963,550
FLORIDA POWER AND LIGHT COMPANY	7.500%	01/01/2003	2,500,000	1,578,947	1,581,150
FLORIDA POWER AND LIGHT COMPANY	9.125%	01/01/2008	1,500,000	1,144,116	1,095,480
FLORIDA POWER AND LIGHT COMPANY	15.250%	03/01/2010	1,500,000	1,663,326	1,674,990
FLORIDA POWER CORPORATION	7.375%	06/01/2002	4,100,000	2,240,149	2,578,900
FLORIDA POWER CORPORATION	7.250%	11/01/2002	6,400,000	3,518,677	3,954,560
FLORIDA POWER CORPORATION	8.000%	12/01/2003	4,300,000	2,609,834	2,856,662
FLORIDA POWER CORPORATION	8.750%	10/01/2006	2,500,000	1,815,779	1,762,800
FOURTH SWANSEA PROPERTIES, INCORPORATED	6.375%	07/01/1993	2,595,412	2,364,405	1,658,935
FRUIT GROWERS EXPRESS	9.250%	05/15/1989	800,003	800,003	731,666
GENERAL AMERICAN TRANSPORTATION	8.150%	06/01/1997	2,000,000	1,804,005	1,410,900
GENERAL AMERICAN TRANSPORTATION	13.875%	09/15/2001	11,000,000	10,754,571	10,910,680
GENERAL FOODS CORPORATION	6.000%	06/15/2001	18,000,000	11,394,041	9,960,480
GENERAL FOODS CORPORATION	7.000%	06/15/2011	4,000,000	2,316,362	2,339,480
GENERAL MILLS, INCORPORATED	9.375%	03/01/2009	22,800,000	16,237,116	17,745,696
GENERAL MOTORS ACCEPTANCE CORPORATION	8.250%	11/15/2006	6,600,000	4,705,525	4,478,298
GENERAL MOTORS CORPORATION	8.625%	04/01/2005	4,500,000	3,391,766	3,261,870
GENERAL TELEPHONE COMPANY OF CALIFORNIA	7.625%	12/01/2001	2,300,000	1,681,782	1,448,586
GENERAL TELEPHONE COMPANY OF CALIFORNIA	8.500%	04/01/2007	1,450,000	1,108,587	971,181
GENERAL TELEPHONE COMPANY OF CALIFORNIA	8.875%	04/01/2008	1,550,000	1,532,753	1,069,066
GENERAL TELEPHONE COMPANY OF FLORIDA	8.625%	03/01/2000	3,500,000	2,942,566	2,484,755
GENERAL TELEPHONE COMPANY OF FLORIDA	7.500%	08/01/2002	18,105,000	11,039,642	11,533,066
GENERAL TELEPHONE COMPANY OF FLORIDA	8.125%	11/01/2003	2,000,000	1,711,774	1,326,780
GENERAL TELEPHONE COMPANY OF FLORIDA	8.250%	12/01/2006	6,000,000	4,179,231	3,960,420
GENERAL TELEPHONE COMPANY OF INDIANA	7.500%	12/01/2001	1,000,000	901,967	640,560

NOTE: Cents omitted. Columns will not add.



Bond Name	Coupon	Maturity	Par Value	Book Value	Market Value
GENERAL TELEPHONE COMPANY OF INDIANA	6.250%	07/01/1997	2,000,000	1,720,245	1,140,220
GENERAL TELEPHONE COMPANY OF KENTUCKY	8.375%	03/01/2007	1,000,000	989,350	658,380
GENERAL TELEPHONE COMPANY OF MICHIGAN	7.625%	05/01/2003	3,000,000	2,533,045	1,854,000
GENERAL TELEPHONE COMPANY OF OHIO	7.625%	09/01/2002	1,000,000	636,838	630,720
GENERAL TELEPHONE COMPANY OF OHIO	16.625%	05/01/2011	5,000,000	4,899,758	5,782,550
GENERAL TELEPHONE COMPANY OF PENNSYLVANIA	8.000%	09/01/2003	1,200,000	751,752	771,336
GENERAL TELEPHONE COMPANY OF THE SOUTHWEST	7.500%	10/01/2002	6,600,000	4,079,775	4,102,230
GENERAL TELEPHONE COMPANY OF THE SOUTHWEST	7.750%	10/01/2003	2,150,000	1,520,147	1,364,325
GENERAL TELEPHONE COMPANY OF THE SOUTHWEST	8.375%	05/01/2007	1,700,000	1,681,290	1,127,185
GENERAL TELEPHONE COMPANY OF UPSTATE N. Y.	9.125%	04/01/2004	5,500,000	5,387,112	3,775,200
GEORGIA POWER COMPANY	8.125%	06/01/2001	2,735,000	2,739,005	1,777,257
GEORGIA POWER COMPANY	7.625%	11/01/2001	1,500,000	1,508,405	917,490
GEORGIA POWER COMPANY	7.500%	12/01/2002	5,650,000	5,650,000	3,376,157
GREAT NORTHERN NEKOOSA	8.700%	04/01/2008	38,250,000	30,661,892	27,171,652
GULF POWER COMPANY	8.875%	07/01/2000	1,000,000	785,224	730,270
GULF STATES UTILITIES COMPANY	8.500%	08/01/2003	3,000,000	2,290,456	1,939,230
GULF STATES UTILITIES COMPANY	10.125%	04/01/2009	1,250,000	1,123,780	925,237
HARRIS CORPORATION	11.500%	06/01/2010	1,500,000	1,470,178	1,354,425
HARSCO CORPORATION	12.250%	05/01/2010	15,000,000	14,445,272	14,123,850
HAWAIIAN TELEPHONE COMPANY	8.750%	09/01/2000	3,450,000	2,520,149	2,487,277
HAWAIIAN TELEPHONE COMPANY	8.000%	09/01/2001	1,600,000	1,578,709	1,066,992
HERSHEY FOODS	9.500%	03/15/2009	26,475,000	20,396,388	20,614,229
HONEYWELL, INCORPORATED	9.375%	06/15/2009	26,500,000	18,376,315	20,129,930
HONEYWELL, INCORPORATED	14.125%	02/01/2011	17,550,000	16,855,669	18,273,411
HOUSTON LIGHT AND POWER	8.125%	02/01/2004	5,700,000	3,445,495	3,718,623
HOUSTON LIGHT AND POWER	8.375%	10/01/2006	14,850,000	9,509,426	9,792,387
HOUSTON LIGHT AND POWER	8.875%	09/01/2008	14,450,000	9,162,826	9,955,327
HUNTINGTON BANCSHARES, INCORPORATED	8.875%	09/15/1997	9,187,500	9,115,063	6,134,493
ILLINOIS BELL TELEPHONE COMPANY	8.000%	06/01/2005	3,500,000	2,476,501	2,324,665
ILLINOIS BELL TELEPHONE COMPANY	7.625%	04/01/2006	2,000,000	1,263,871	1,272,520
ILLINOIS BELL TELEPHONE COMPANY	8.000%	12/10/2004	9,750,000	6,563,042	6,491,355
ILLINOIS BELL TELEPHONE COMPANY	8.250%	08/18/2016	1,000,000	675,495	661,160
ILLINOIS BELL TELEPHONE COMPANY	12.250%	08/05/2017	9,895,000	9,436,576	9,396,687
ILLINOIS POWER COMPANY	7.625%	06/01/2003	11,925,000	8,178,460	7,507,980
ILLINOIS POWER COMPANY	8.625%	07/01/2006	2,225,000	1,706,691	1,514,424
ILLINOIS POWER COMPANY	8.875%	08/01/2008	13,500,000	9,534,605	9,373,995
INDIANA BELL TELEPHONE COMPANY	8.000%	10/01/2014	500,000	322,096	324,325
INDIANAPOLIS POWER AND LIGHT	8.000%	10/01/2014	3,900,000	2,774,034	2,465,268
INTERNATIONAL BUSINESS MACHINES	7.400%	03/01/2002	3,900,000	57,375,852	52,636,765
INTERSTATE POWER COMPANY	9.375%	10/01/2004	63,930,000	1,988,766	1,340,800
INTERSTATE POWER COMPANY	8.375%	09/15/2002	2,000,000	1,988,766	4,595,118
INTERSTATE POWER COMPANY	9.000%	03/15/2008	6,600,000	6,493,234	1,525,837
IOWA-ILLINOIS GAS AND ELECTRIC COMPANY	7.875%	08/15/1999	2,242,000	1,990,214	5,206,640
IOWA-ILLINOIS GAS AND ELECTRIC COMPANY	8.750%	04/01/2006	7,400,000	6,717,466	1,340,280
IOWA-ILLINOIS GAS AND ELECTRIC COMPANY	8.250%	01/15/2007	2,000,000	1,326,005	942,867
IOWA-ILLINOIS GAS AND ELECTRIC COMPANY	8.250%	01/15/2007	1,350,000	1,268,244	5,183,412
IOWA POWER AND LIGHT	8.750%	09/01/2008	7,450,000	6,921,973	3,303,550
IOWA POWER AND LIGHT	8.750%	03/01/2006	5,000,000	4,933,436	4,739,196
IOWA POWER AND LIGHT	8.250%	09/15/2007	6,325,000	6,270,471	3,145,000
IOWA PUBLIC SERVICE COMPANY	9.750%	01/15/2009	5,000,000	4,285,910	3,953,216
IOWA PUBLIC SERVICE COMPANY	7.375%	06/01/2002	5,000,000	5,868,425	1,612,990
IOWA PUBLIC SERVICE COMPANY	8.000%	08/01/2007	6,080,000	2,149,166	1,861,825
IOWA PUBLIC SERVICE COMPANY	8.750%	08/01/2008	2,300,000	2,455,621	2,934,562
IOWA SOUTHERN UTILITIES	9.250%	07/01/2005	2,500,000	3,750,000	1,322,980
JOHNSON, S. C. AND SONS	10.000%	11/01/1999	3,750,000	1,928,200	9,503,400
KANSAS POWER AND LIGHT	7.625%	04/01/1999	2,000,000	14,271,944	9,104,188
KOPPERS CORPORATION	11.250%	08/01/1992	15,000,000	10,103,374	7,302,680
KROGER COMPANY	6.000%	04/01/2003	17,450,000	7,702,837	8,832,000
KROGER COMPANY	6.000%	04/01/2003	14,000,000	10,000,000	
LANCASTER COLONY CORPORATION	10.000%	12/01/1989	10,000,000		

NOTE: Cents omitted. Columns will not add.

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Bond Name	Coupon	Maturity	Par Value	Book Value	Market Value
LOUISVILLE AND NASHVILLE RAILROAD	8.625%	02/01/1983	187,000	187,000	180,062
LOUISVILLE AND NASHVILLE RAILROAD	10.000%	11/01/1990	816,124	816,124	658,612
LOUISVILLE AND NASHVILLE RAILROAD	9.250%	10/30/1991	2,321,880	2,321,880	1,757,594
LYONDELL PROPERTIES, INCORPORATED	9.500%	09/15/1997	7,637,003	7,637,003	5,934,715
MADISON GAS AND ELECTRIC COMPANY	9.750%	11/15/2005	3,000,000	2,778,722	2,289,120
MAYER, OSCAR & COMPANY	11.625%	05/15/2010	12,125,000	11,261,225	11,189,798
MINNESOTA POWER AND LIGHT	8.700%	09/01/2006	2,000,000	1,665,087	1,381,800
MINNESOTA POWER AND LIGHT	8.350%	09/01/2007	3,100,000	1,787,670	2,055,331
MISSOURI PACIFIC RAILROAD COMPANY	7.375%	03/15/1983	350,000	350,000	347,210
MONONGAHELA POWER COMPANY	10.375%	11/01/2004	1,800,000	1,773,863	1,433,268
MONONGAHELA POWER COMPANY	8.625%	12/01/2007	6,725,000	6,536,566	4,736,148
MONSANTO COMPANY	8.750%	05/15/2008	37,150,000	26,474,411	26,417,736
MOUNTAIN STATES TELEPHONE AND TELEGRAPH	7.375%	11/01/2011	1,250,000	786,017	748,925
MOUNTAIN STATES TELEPHONE AND TELEGRAPH	11.250%	11/01/2019	525,000	459,925	456,498
MUSTANG FUEL CORPORATION	9.625%	07/31/1996	1,625,000	1,625,000	1,368,997
MUSTANG FUEL CORPORATION	10.375%	07/31/1995	1,800,000	1,800,000	1,490,436
NEW ENGLAND TELEPHONE & TELEGRAPH COMPANY	6.375%	09/01/2008	2,000,000	1,115,828	1,073,680
NEW ENGLAND TELEPHONE & TELEGRAPH COMPANY	8.625%	09/01/2009	12,765,000	9,302,297	8,877,674
NEW ENGLAND TELEPHONE & TELEGRAPH COMPANY	8.200%	06/01/2004	7,550,000	5,238,547	5,151,063
NEW ENGLAND TELEPHONE & TELEGRAPH COMPANY	7.375%	10/15/2007	66,550,000	40,267,209	40,624,116
NEW ENGLAND TELEPHONE & TELEGRAPH COMPANY	8.000%	11/15/2003	13,150,000	8,980,201	8,806,818
NEW ENGLAND TELEPHONE & TELEGRAPH COMPANY	12.200%	05/15/2017	3,900,000	3,672,086	3,674,775
NEW JERSEY BELL TELEPHONE COMPANY	7.750%	09/01/2013	500,000	313,052	313,930
NEW JERSEY BELL TELEPHONE COMPANY	14.625%	03/01/2021	10,000,000	11,179,154	11,045,400
NEW YORK TELEPHONE COMPANY	7.750%	03/01/2009	5,750,000	3,625,743	3,558,732
NEW YORK TELEPHONE COMPANY	7.750%	12/15/2006	5,500,000	3,566,630	3,539,195
NEW YORK TELEPHONE COMPANY	8.000%	07/15/2008	9,100,000	6,159,286	5,967,143
NEW YORK TELEPHONE COMPANY	8.300%	08/15/2012	15,750,000	10,759,733	10,537,655
NEW YORK TELEPHONE COMPANY	9.000%	05/01/2014	13,000,000	9,668,275	9,354,670
NEW YORK TELEPHONE COMPANY	8.875%	03/15/2015	11,300,000	8,129,551	8,001,191
NEW YORK TELEPHONE COMPANY	8.625%	06/15/2016	14,250,000	10,010,651	9,800,580
NEW YORK TELEPHONE COMPANY	8.250%	10/15/2015	12,800,000	8,356,597	8,471,808
NEW YORK TELEPHONE COMPANY	8.875%	06/15/2018	5,050,000	3,729,043	3,564,997
NEW YORK TELEPHONE COMPNAY	11.000%	05/15/2023	49,180,000	42,857,842	42,316,439
NORFOLK & WESTERN RAILWAY	7.000%	01/01/1984	97,000	97,000	96,991
NORTHWESTERN BELL TELEPHONE	7.875%	01/01/2011	2,000,000	1,283,136	1,288,020
NORTHWESTERN BELL TELEPHONE	7.500%	04/01/2005	3,550,000	2,286,756	2,237,920
NORTHWESTERN BELL TELEPHONE	9.500%	08/15/2016	3,000,000	2,259,102	2,275,620
OHIO BELL TELEPHONE COMPANY	8.750%	01/01/2010	2,500,000	1,943,722	1,761,000
OHIO BELL TELEPHONE COMPANY	7.875%	10/01/2013	10,450,000	6,849,343	6,634,600
OHIO BELL TELEPHONE COMPANY	9.000%	11/01/2018	2,000,000	1,429,502	1,430,960
OKLAHOMA GAS & ELECTRIC COMPANY	7.125%	01/01/2002	6,500,000	3,692,827	3,988,595
OLEFINS PROPERTIES, INCORPORATED	9.150%	06/01/1995	4,639,929	4,639,929	3,712,268
ORANGE & ROCKLAND UTILITIES	8.125%	05/15/2003	6,250,000	4,093,439	4,079,500
OWENS-CORNING FIBERGLAS	12.000%	05/01/2010	7,900,000	6,879,312	7,211,910
PACIFIC GAS & ELECTRIC COMPANY	7.750%	12/01/2005	5,250,000	4,695,710	3,341,415
PACIFIC NORTHWEST BELL TELEPHONE	7.750%	08/01/2009	6,000,000	4,035,380	3,761,580
PACIFIC NORTHWEST BELL TELEPHONE	8.625%	10/01/2010	4,250,000	3,208,852	2,925,360
PACIFIC NORTHWEST BELL TELEPHONE	8.750%	06/01/2008	4,050,000	2,917,542	2,841,520
PACIFIC NORTHWEST BELL TELEPHONE	9.000%	11/01/2012	4,250,000	3,353,145	3,035,392
PACIFIC NORTHWEST BELL TELEPHONE	10.125%	10/01/2019	31,750,000	26,828,145	25,095,517
PACIFIC TELEPHONE & TELEGRAPH COMPANY	11.000%	05/01/2020	29,800,000	26,400,511	25,457,544
PACIFIC TELEPHONE & TELEGRAPH COMPANY	6.500%	07/01/2003	27,310,000	15,895,658	15,124,551
PACIFIC TELEPHONE & TELEGRAPH COMPANY	8.650%	04/01/2005	11,300,000	8,397,303	7,868,416
PACIFIC TELEPHONE & TELEGRAPH COMPANY	7.800%	03/01/2007	26,050,000	16,624,183	16,513,355
PACIFIC TELEPHONE & TELEGRAPH COMPANY	7.250%	02/01/2008	9,100,000	5,216,779	5,374,460
PACIFIC TELEPHONE & TELEGRAPH COMPANY	7.625%	06/01/2009	19,950,000	12,493,411	12,277,230
PACIFIC TELEPHONE & TELEGRAPH COMPANY	9.500%	06/15/2011	3,350,000	2,571,354	2,495,582

NOTE: Cents omitted. Columns will not add.



Bond Name	Coupon	Maturity	Par Value	Book Value	Market Value
PACIFIC TELEPHONE & TELEGRAPH COMPANY	8.875%	07/01/2015	50,200,000	38,282,073	35,817,700
PACIFIC TELEPHONE & TELEGRAPH COMPANY	8.375%	02/01/2017	16,400,000	11,361,438	10,781,360
PACIFIC TELEPHONE & TELEGRAPH COMPANY	9.000%	01/15/2018	3,400,000	2,567,565	2,396,024
PACIFIC TELEPHONE & TELEGRAPH COMPANY	9.625%	07/15/2018	27,815,000	21,071,384	20,847,620
PACIFIC TELEPHONE & TELEGRAPH COMPANY	9.625%	11/01/2014	8,960,000	6,823,505	6,733,440
PACIFIC TELEPHONE & TELEGRAPH COMPANY	9.875%	02/15/2016	21,450,000	16,972,478	16,510,708
PACIFIC TELEPHONE & TELEGRAPH COMPANY	9.750%	07/01/2019	24,550,000	19,322,831	18,626,085
PARKER HANNIFIN CORPORATION	11.750%	06/01/1989	10,000,000	10,000,000	7,024,800
PENNSYLVANIA MART PROPERTIES	10.250%	04/01/2000	2,246,253	2,246,253	1,822,250
PENNSYLVANIA POWER & LIGHT COMPANY	7.000%	01/01/1999	5,150,000	4,366,976	3,143,920
PENNSYLVANIA POWER & LIGHT COMPANY	8.125%	06/01/1999	2,000,000	2,014,546	1,357,560
PENNSYLVANIA POWER & LIGHT COMPANY	7.250%	02/01/2001	6,375,000	5,537,218	3,897,866
PENNSYLVANIA POWER & LIGHT COMPANY	7.625%	02/01/2002	3,125,000	2,758,545	1,972,843
PENNSYLVANIA POWER & LIGHT COMPANY	7.500%	01/01/2003	10,300,000	9,388,233	6,364,679
PENNSYLVANIA POWER & LIGHT COMPANY	9.750%	05/01/2005	11,515,000	10,929,661	8,766,830
PENNSYLVANIA POWER & LIGHT COMPANY	9.750%	11/01/2005	12,700,000	12,546,415	9,655,683
PENNSYLVANIA POWER & LIGHT COMPANY	8.250%	12/01/2006	9,350,000	8,174,976	6,124,156
PETROLEUM FACILITIES, INCORPORATED (SERIES P)	4.700%	06/01/1989	85,000	80,458	61,523
PETROLEUM FACILITIES, INCORPORATED (SERIES R)	4.700%	12/01/1989	213,000	201,478	150,356
PETROLEUM FACILITIES, INCORPORATED (SERIES T)	4.700%	06/01/1989	193,000	181,907	146,805
PHILIP MORRIS, INCORPORATED	6.000%	07/15/2001	8,500,000	4,562,582	4,606,915
POTOMAC ELECTRIC POWER	7.750%	03/15/2004	4,250,000	3,563,814	2,774,315
POTOMAC ELECTRIC POWER	8.375%	01/15/2009	7,000,000	4,266,081	4,762,870
PUBLIC SERVICE COMPANY OF COLORADO	7.250%	02/01/2001	2,000,000	1,105,184	1,241,660
PUBLIC SERVICE COMPANY OF COLORADO	7.500%	08/01/2002	2,000,000	1,137,704	1,259,260
ROCHESTER GAS & ELECTRIC COMPANY	8.375%	09/15/2007	5,100,000	5,001,422	3,403,383
ROCHESTER TELEPHONE CORPORATION	7.625%	03/01/2001	5,200,000	4,884,261	3,297,320
ROCHESTER TELEPHONE CORPORATION	9.500%	03/01/2005	3,500,000	2,913,656	2,603,720
ST. LOUIS SOUTHWESTERN RAILWAY	9.750%	10/01/1990	1,400,000	1,400,000	1,249,290
SEABOARD COAST LINE RAILWAY	9.250%	05/15/1983	927,000	927,046	919,621
SEARS ROEBUCK & COMPANY	8.000%	04/01/2006	8,475,000	5,858,811	5,706,471
SEARS ROEBUCK & COMPANY	7.875%	02/01/2007	28,740,000	19,692,020	19,011,510
SEARS ROEBUCK & COMPANY	7.000%	11/15/2001	7,885,000	4,868,527	4,831,849
SEARS ROEBUCK & COMPANY	6.000%	05/01/2000	12,000,000	6,861,746	6,674,160
SEARS ROEBUCK & COMPANY	10.750%	05/01/2013	1,000,000	857,018	867,400
SECOND SWANSEA PROPERTIES, INCORPORATED	6.250%	02/01/1992	1,077,905	975,288	701,101
SMITH INTERNATIONAL	9.850%	05/15/2004	12,500,000	10,903,808	10,051,125
SOCIETY BANK	9.750%	10/01/1996	5,891,059	5,891,059	4,569,812
SOHIO/BP TRANS ALASKA PIPELINE CAPITAL	10.625%	01/01/1998	33,262,000	33,262,000	29,292,845
SOHIO/BP TRANS ALASKA PIPELINE CAPITAL	9.750%	01/01/1993	2,863,000	2,380,144	2,398,564
SOHIO PIPELINE	8.750%	05/01/2001	20,130,000	15,096,757	14,851,310
SOUTH CAROLINA ELECTRIC & GAS	8.000%	03/01/2001	2,000,000	1,458,570	1,344,140
SOUTH CAROLINA ELECTRIC & GAS	7.250%	01/01/2002	3,591,000	2,341,589	2,200,780
SOUTH CAROLINA ELECTRIC & GAS	9.125%	02/01/2006	2,590,000	2,420,314	1,894,377
SOUTH CAROLINA ELECTRIC & GAS	8.400%	12/01/2006	2,000,000	1,431,463	1,357,800
SOUTH CAROLINA ELECTRIC & GAS	10.125%	04/01/2009	3,600,000	3,249,795	2,805,084
SOUTH CENTRAL BELL TELEPHONE COMPANY	9.875%	06/01/2009	10,000,000	7,467,811	7,694,000
SOUTH CENTRAL BELL TELEPHONE COMPANY	8.250%	12/01/2004	21,250,000	15,135,009	14,539,675
SOUTH CENTRAL BELL TELEPHONE COMPANY	7.375%	11/01/2007	7,000,000	4,368,566	4,306,960
SOUTH CENTRAL BELL TELEPHONE COMPANY	8.250%	08/01/2013	40,505,000	28,916,636	27,005,493
SOUTH CENTRAL BELL TELEPHONE COMPANY	9.200%	04/01/2010	33,050,000	25,412,215	24,396,518
SOUTH CENTRAL BELL TELEPHONE COMPANY	8.250%	03/01/2017	14,230,000	9,853,144	9,440,466
SOUTH CENTRAL BELL TELEPHONE COMPANY	8.250%	11/01/2015	38,500,000	26,232,231	25,582,480
SOUTH CENTRAL BELL TELEPHONE COMPANY	9.625%	03/01/2019	75,630,000	59,110,693	57,924,250
SOUTH CENTRAL BELL TELEPHONE COMPANY	9.875%	09/15/2018	34,350,000	26,511,217	26,731,513
SOUTH CENTRAL BELL TELEPHONE COMPANY	12.875%	10/01/2020	8,545,000	8,649,051	8,457,157
SOUTH CENTRAL BELL TELEPHONE COMPANY	11.875%	04/01/2023	19,150,000	18,140,222	17,653,236
SOUTHERN BELL TELEPHONE & TELEGRAPH	7.600%	09/01/2008	21,525,000	13,525,721	13,511,027

NOTE: Cents omitted. Columns will not add.

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Bond Name	Coupon	Maturity	Par Value	Book Value	Market Value
SOUTHERN BELL TELEPHONE & TELEGRAPH	7.375%	07/15/2010	15,650,000	9,654,734	9,490,316
SOUTHERN BELL TELEPHONE & TELEGRAPH	7.625%	03/15/2013	30,600,000	19,122,758	19,011,780
SOUTHERN BELL TELEPHONE & TELEGRAPH	8.000%	02/15/2014	21,540,000	14,203,029	13,930,348
SOUTHERN BELL TELEPHONE & TELEGRAPH	8.250%	04/15/2016	17,705,000	12,062,496	11,710,795
SOUTHERN BELL TELEPHONE & TELEGRAPH	8.125%	05/01/2017	28,200,000	19,117,278	18,355,098
SOUTHERN BELL TELEPHONE & TELEGRAPH	8.625%	09/01/2018	24,930,000	17,720,892	17,110,705
SOUTHERN BELL TELEPHONE & TELEGRAPH	10.900%	12/01/2019	124,395,000	108,222,543	106,143,765
SOUTHERN BELL TELEPHONE & TELEGRAPH	12.875%	10/05/2020	2,765,000	2,746,937	2,736,575
SOUTHERN BELL TELEPHONE & TELEGRAPH	16.000%	11/01/2021	10,000,000	11,673,893	11,701,500
SOUTHERN BELL TELEPHONE & TELEGRAPH	11.750%	04/19/2023	26,115,000	24,093,830	23,785,803
SOUTHERN INDIANA GAS & ELECTRIC COMPANY	8.350%	01/15/2007	2,800,000	1,829,101	1,889,720
SOUTHERN NEW ENGLAND TELEPHONE COMPANY	7.750%	06/01/2004	1,500,000	990,015	970,245
SOUTHERN NEW ENGLAND TELEPHONE COMPANY	8.125%	05/01/2008	6,100,000	4,274,990	4,044,300
SOUTHERN NEW ENGLAND TELEPHONE COMPANY	9.625%	12/01/2010	11,500,000	8,150,250	8,816,705
SOUTHERN NEW ENGLAND TELEPHONE COMPANY	14.125%	03/15/2020	11,140,000	12,112,292	11,815,752
SQUARE D COMPANY	10.375%	11/01/1999	2,800,000	2,800,000	2,363,648
STANDARD OIL COMPANY OF CALIFORNIA	8.750%	07/01/2005	1,000,000	742,485	737,620
STANDARD OIL COMPANY OF INDIANA	8.375%	06/15/2005	25,750,000	18,847,490	18,430,305
STANDARD OIL COMPANY OF INDIANA	7.875%	08/01/2007	26,400,000	18,842,837	17,715,192
STANDARD OIL COMPANY OF OHIO	8.500%	01/01/2000	1,500,000	1,137,128	1,082,565
STANDARD OIL COMPANY OF OHIO	8.375%	03/15/2007	45,150,000	33,202,846	31,069,972
STAUFFER CHEMICAL	10.875%	05/01/2013	2,000,000	1,697,036	1,713,720
TEXAS INSTRUMENTS	8.850%	01/15/2001	3,000,000	2,197,238	2,229,960
TIME, INCORPORATED	12.700%	02/01/2005	22,300,000	22,695,722	21,868,495
TUCSON ELECTRIC POWER COMPANY	9.375%	04/15/2009	4,000,000	2,865,970	3,063,440
TUCSON ELECTRIC POWER COMPANY	7.650%	05/01/2003	5,800,000	4,994,553	3,706,954
UNION CARBIDE COMPANY	8.500%	10/01/2009	2,425,000	2,340,817	1,630,933
UNION CARBIDE COMPANY	9.350%	08/15/2009	11,145,000	8,543,795	8,311,049
UNION OIL COMPANY OF CALIFORNIA	8.625%	01/15/1999	1,686,623	1,686,623	1,227,726
UNION TANK CAR COMPANY	8.625%	03/01/2006	28,550,000	23,254,612	20,657,478
UNION TANK CAR COMPANY	14.000%	01/15/2001	15,000,000	14,660,916	15,294,150
UNITED TELEPHONE COMPANY OF FLORIDA	15.375%	07/15/2001	12,200,000	11,861,900	13,589,702
UNITED TELEPHONE COMPANY OF OHIO	10.000%	11/15/2004	1,000,000	751,053	778,950
UTAH POWER & LIGHT COMPANY	9.000%	09/15/2008	3,500,000	3,429,855	2,461,585
UTAH POWER & LIGHT COMPANY	7.500%	05/01/2002	6,000,000	3,514,077	3,800,220
VIRGINIA ELECTRIC & POWER COMPANY	8.500%	03/01/2007	2,500,000	2,300,474	1,714,200
VIRGINIA ELECTRIC & POWER COMPANY	7.750%	06/01/1999	2,250,000	1,553,578	1,498,860
VIRGINIA ELECTRIC & POWER COMPANY	7.375%	06/01/2002	13,100,000	8,300,565	8,144,270
VIRGINIA ELECTRIC & POWER COMPANY	10.000%	11/01/2005	2,755,000	2,317,796	2,135,951
VIRGINIA ELECTRIC & POWER COMPANY	9.250%	03/01/2006	2,500,000	1,873,380	1,836,900
VIRGINIA ELECTRIC & POWER COMPANY	8.750%	09/01/2006	3,400,000	2,631,576	2,379,626
VIRGINIA ELECTRIC & POWER COMPANY	8.625%	03/01/2007	1,000,000	680,346	684,270
WARREN PROPERTY CORPORATION	9.625%	07/01/2008	1,500,000	1,150,523	1,132,665
WEST PENN POWER COMPANY	0.000%	10/01/2007	130,182,284	33,666,937	37,705,996
WEYERHAEUSER COMPANY	8.500%	12/01/2007	4,300,000	3,254,540	2,952,724
WISCONSIN TELEPHONE COMPANY	7.950%	08/15/2006	32,000,000	19,733,238	21,305,280
WITCO CHEMICAL CORPORATION	11.375%	06/01/2017	2,000,000	1,841,848	1,780,860
WORTHINGTON INDUSTRIES	12.000%	12/01/1984	8,000,000	8,000,000	7,561,760
TOTAL VALUES	9.250%	12/01/1998	15,000,000	15,000,000	11,429,100
			\$3,444,913,164	\$2,636,284,716	\$2,493,296,353

MORTGAGES

Bond Name	Coupon	Maturity	Par Value	Book Value	Market Value
FORT LEWIS	4.250%	07/01/1985	\$ 330,427	\$ 321,340	\$ 280,863
FORT LEWIS	4.500%	06/01/1988	264,317	264,317	224,669
FORT LEWIS	4.500%	09/01/1988	507,113	507,113	431,046
FORT LEWIS	4.500%	12/01/1988	397,106	397,106	337,540
FORT ORD	4.000%	08/01/1984	128,321	122,867	109,073

NOTE: Cents omitted. Columns will not add.



Bond Name	Coupon	Maturity	Par Value	Book Value	Market Value
FORT RILEY	4.500%	01/01/1988	285,779	277,206	242,912
FORT RILEY	4.500%	03/01/1988	610,492	592,178	518,918
FORT RILEY	4.500%	05/01/1988	540,432	524,219	459,367
FORT RILEY	4.500%	06/01/1988	560,898	544,071	476,763
FORT RILEY	4.500%	07/01/1988	560,555	543,739	476,472
FORT RILEY	4.500%	09/01/1988	672,833	652,648	571,908
FORT SILL	4.500%	10/01/1988	662,478	642,604	563,106
FORT SILL	4.500%	09/01/1985	165,835	164,383	140,959
RUSSWOOD	4.500%	10/01/1985	181,049	179,464	153,891
YUMA HOUSING	4.000%	09/01/1984	192,331	185,840	163,481
2ND CUMBERLAND HOUSING	4.000%	01/01/1985	228,005	218,315	193,804
3RD CUMBERLAND HOUSING	4.500%	11/01/1986	293,867	270,725	249,787
4TH CUMBERLAND HOUSING	4.500%	01/01/1987	466,538	429,799	396,558
CUTLER NRS	4.500%	08/01/1986	309,310	284,952	262,914
MAYPORT QUARTERS	4.500%	11/01/1986	99,081	99,824	84,219
MAYPORT QUARTERS	4.500%	01/01/1988	714,331	727,725	607,181
MAYPORT QUARTERS	4.500%	03/01/1988	743,137	761,715	631,666
5TH NEWPORT	4.500%	04/01/1988	584,047	598,648	496,440
6TH NEWPORT	4.500%	08/01/1987	317,836	317,836	270,161
ALTUS AFB	4.500%	06/01/1987	304,367	304,367	258,712
BEALE AFB	4.000%	08/01/1984	446,482	427,506	379,509
BEALE AFB	4.250%	01/01/1987	449,734	450,296	382,274
BEALE AFB	4.250%	02/01/1987	407,364	408,383	346,260
CHARLESTON AFB	4.250%	04/01/1987	419,601	420,650	356,661
KINCHELOE AFB	4.000%	10/01/1984	126,699	121,314	107,694
KINCHELOE AFB	4.500%	11/01/1986	243,926	243,926	207,337
LAUGHLIN AFB	4.500%	01/01/1987	302,528	299,881	257,149
LAUGHLIN AFB	4.000%	10/01/1984	269,165	260,080	228,790
LUKE AFB	4.000%	12/01/1984	169,003	161,820	143,652
LUKE AFB	4.000%	03/01/1985	542,697	519,632	461,292
MALMSTROM AFB	4.000%	08/01/1985	415,818	398,146	353,445
MINOT AFB	4.500%	05/01/1988	573,250	573,250	487,263
MINOT AFB	4.500%	02/01/1987	343,168	343,168	291,693
TURNER AFB	4.500%	05/01/1987	353,043	353,043	300,086
VANCE AFB	4.500%	06/01/1987	458,094	463,820	389,380
FHA—ALICE VILLAGE	4.250%	11/01/1984	122,606	119,541	104,215
FHA—ALMOND TERRACE	7.500%	03/01/2022	3,546,038	2,275,093	2,278,329
FHA—AMHERST VILLAGE	7.500%	07/01/2022	1,564,374	884,089	1,005,110
FHA—ANGLERS MANOR	7.500%	05/01/2021	3,084,068	1,653,831	1,981,513
FHA—APPLE VILLAGE	7.500%	03/01/2021	3,155,753	1,526,596	2,027,571
FHA—ARBOR TERRACE	7.500%	02/01/2019	6,974,266	4,125,969	4,480,966
FHA—ASPEN-STRATFORD APARTMENTS	7.500%	10/01/2021	1,380,434	719,551	886,929
FHA—AUSTIN VILLAGE APARTMENTS	7.500%	05/01/2019	2,185,263	1,311,158	1,404,031
FHA—AUTUMN TRACE APARTMENTS	7.500%	02/01/2022	1,852,917	896,349	1,190,499
FHA—BATAVIA VILLAGE	7.500%	08/01/2021	1,647,614	869,116	1,058,592
FHA—BAYBERRY HOUSING FOR THE ELDERLY	7.500%	02/01/2021	1,498,911	819,303	963,050
FHA—BRIARWOOD APARTMENTS OF COLUMBUS	7.500%	08/01/2018	5,393,487	3,169,747	3,465,315
FHA—BROOKCHESTER SECTION VI	7.500%	04/20/2022	5,019,553	2,516,211	3,225,063
FHA—CAMBRIDGE SQUARE	7.500%	10/15/2020	2,019,705	1,287,562	1,297,660
FHA—CAMBRIDGE VILLAGE	7.500%	10/01/2019	3,322,866	1,993,720	2,134,941
FHA—CAMPUS MANOR	7.500%	08/01/2018	1,544,951	1,052,509	992,631
FHA—CANTON TOWER	7.500%	05/01/2019	1,491,777	786,912	958,467
FHA—CARLTON-GREEN ESTATES	7.500%	08/01/2018	4,527,009	3,658,046	2,908,603
FHA—THE CAROLINA	9.500%	11/01/2019	3,471,533	3,284,939	2,482,146
FHA—CASA DE AMIGOS	7.500%	07/01/2022	2,401,821	1,662,510	1,543,170
FHA—CEDAR PARK APARTMENTS	7.500%	10/01/2022	1,395,039	969,704	896,312
FHA—CEDAR WOODS APARTMENTS	7.500%	01/01/2023	4,916,475	3,565,079	3,158,835
FHA—CHEYENNE STATION	7.500%	07/20/2021	2,479,740	1,209,366	1,593,232
FHA—THE CHIMNEYS OF OAK CREEK	7.500%	02/01/2022	2,809,389	1,601,352	1,805,033
	7.500%	08/01/2023	7,612,046	5,376,533	4,890,739

NOTE: Cents omitted. Columns will not add.



Bond Name	Coupon	Maturity	Par Value	Book Value	Market Value
FHA—CINNAMON RUN	7.500%	11/01/2022	11,267,673	8,197,559	7,239,480
FHA—CLIFFVIEW APARTMENTS	7.500%	10/15/2020	3,939,604	2,511,497	2,531,195
FHA—130 CLINTON STREET	7.500%	10/01/2019	3,586,749	2,157,977	2,304,486
FHA—COUNTRYSQUIRE APARTMENTS	7.500%	08/01/2022	1,918,300	1,081,441	1,232,507
FHA—COVE APARTMENTS & RACQUETBALL CLUB	7.500%	10/01/2022	4,919,987	2,863,589	3,161,092
FHA—CRAWFORD SQUARE APARTMENTS	7.500%	09/01/2019	1,059,889	577,744	680,979
FHA—CREEKWOOD APARTMENTS	7.500%	11/01/2006	2,845,012	1,534,429	2,123,090
FHA—CROSS CREEK APARTMENTS	7.500%	07/01/2006	2,519,314	1,363,618	1,833,985
FHA—DEEP LAKE HERMITAGE APARTMENTS	7.500%	06/01/2020	3,905,592	2,060,200	2,509,343
FHA—DELAWARE VILLAGE	7.500%	02/01/2003	1,311,340	703,206	978,587
FHA—DELHI ESTATES	7.500%	11/01/2004	2,186,171	1,177,819	1,740,738
FHA—DOUGLAS MANOR	7.500%	12/01/2002	3,211,231	1,926,738	2,396,381
FHA—DUCKWOOD TRAILS	7.500%	10/01/2006	5,184,978	2,787,491	4,024,839
FHA—EAGLES LANDING	7.500%	01/01/2007	991,676	590,047	740,038
FHA—EARHART WOODS	7.500%	08/01/2005	4,274,467	2,965,416	3,405,725
FHA—EASTSIDE HILLS APARTMENTS	7.500%	08/01/2005	1,527,052	820,957	1,215,915
FHA—EISNER COURT	7.500%	12/01/2002	1,867,785	1,007,371	1,375,157
FHA—ELGIN MANOR	7.500%	12/01/2008	3,620,122	1,909,614	2,950,400
FHA—ESSEX VILLAGE	7.500%	12/27/1988	3,109,876	1,813,365	2,810,550
FHA—FAIRINGTON APARTMENTS	7.500%	02/01/2021	4,352,293	3,019,440	2,796,348
FHA—FAIRINGTON APARTMENTS OF SOUTHBEND	7.500%	10/01/2006	4,557,813	2,466,988	3,446,846
FHA—FAIRVIEW MANOR	7.500%	09/01/2009	4,318,401	2,279,986	3,703,029
FHA—FERNWOOD COURT	7.500%	01/01/2008	2,622,756	1,268,759	1,983,459
FHA—FINLEY APARTMENTS	7.500%	06/01/2020	1,407,462	760,029	904,294
FHA—FLEETWOOD APARTMENTS	7.500%	05/01/2008	1,930,305	953,399	1,405,204
FHA—FOREST PARK APARTMENTS	7.500%	07/01/2020	1,485,958	812,223	954,728
FHA—FORUM MANOR	7.500%	11/01/2009	1,536,963	914,493	1,146,959
FHA—FOUNTAIN SQUARE APARTMENTS	7.500%	04/01/2008	2,641,587	1,393,437	2,076,948
FHA—FOX RIDGE APARTMENTS	7.500%	02/01/2008	2,484,982	1,400,909	1,953,817
FHA—FOXCHASE OF ALEXANDRIA	7.500%	08/01/2023	77,635,296	56,295,604	49,880,677
FHA—FOXWOOD APARTMENTS	7.500%	01/01/2007	2,590,525	1,366,502	2,036,800
FHA—FRANKLIN COURT	7.500%	01/01/2004	2,781,863	1,526,127	2,232,445
FHA—GARFIELD HOUSE	7.500%	02/01/2023	12,423,466	8,761,513	7,982,077
FHA—GENTRY PLACE	7.500%	08/01/2021	3,139,666	1,518,814	2,017,235
FHA—GILLPARK COOPERATIVE	7.500%	12/01/1993	9,982,897	5,128,710	8,011,274
FHA—GLENBROOK II	7.500%	08/01/2022	3,391,284	1,916,547	2,178,900
FHA—HADLEY WEST	7.500%	12/01/1994	6,129,762	3,602,455	4,919,134
FHA—HARBOUR TOWN	7.500%	10/15/2020	2,538,819	1,618,497	1,631,191
FHA—HIDDEN MEADOW TOWNHOUSES	7.500%	03/01/2021	3,295,767	1,584,028	2,117,530
FHA—HIGHLAND PLACE	7.500%	09/01/2021	3,827,037	2,052,248	2,458,871
FHA—HIGHVIEW PARK	7.500%	10/01/2018	1,271,617	866,290	817,014
FHA—HILLCREST ELDERLY	7.500%	09/15/2017	3,713,658	2,175,085	2,386,025
FHA—HOPKINS VILLAGE	7.500%	08/01/2020	5,749,297	3,104,620	3,693,923
FHA—HUNTERS CREEK	7.500%	10/01/2021	4,583,945	2,533,408	2,945,185
FHA—HUNTINGTON TOWERS	7.500%	10/01/2019	5,330,866	2,885,415	3,425,081
FHA—IRVING OAKS	7.500%	08/01/2022	2,803,363	1,584,290	1,801,161
FHA—JAMESTOWN APARTMENTS OF SEYMOUR	7.500%	08/01/2004	3,331,162	1,998,697	2,619,126
FHA—JAMESTOWN APARTMENTS OF VALPARAISO	7.500%	06/01/2020	4,820,181	2,832,815	3,096,966
FHA—KEYSTONE APARTMENTS	7.500%	05/01/2021	8,359,206	4,179,603	5,370,790
FHA—KING VILLAGE	7.500%	10/01/2007	1,893,445	1,022,460	1,412,983
FHA—KOKOMO MANOR	7.500%	09/01/2019	2,490,483	1,348,013	1,600,135
FHA—LAKEVIEW APARTMENTS	7.500%	03/01/2007	3,195,675	1,833,518	2,512,599
FHA—LALUZ APARTMENTS	7.500%	01/01/2010	2,673,961	1,466,932	2,102,402
FHA—LATANA SQUARE	7.500%	02/01/2022	1,368,974	780,315	879,566
FHA—LAWRENCE VILLAGE	7.500%	08/01/2020	1,723,595	939,530	1,107,410
FHA—LAWRENCEBURG VILLAGE	7.500%	01/01/2021	1,967,599	1,072,536	1,264,182
FHA—LIMA CLUB APARTMENTS	7.500%	11/01/2018	2,029,324	1,382,494	1,303,840
FHA—LOGAN PLACE	7.500%	11/01/2019	1,086,252	536,512	697,917
FHA—LONE OAK MANOR	7.500%	08/01/2019	1,517,249	800,349	974,833

Bond Name	Coupon	Maturity	Par Value	Book Value	Market Value
FHA—MAJESTIC OAKS APARTMENTS	7.500%	10/01/2021	4,363,731	2,301,868	2,803,697
FHA—MAPLE HILLS APARTMENTS	7.500%	01/01/2019	1,697,649	838,487	1,090,739
FHA—MARION VILLAGE	7.500%	11/01/2021	1,554,114	837,293	998,518
FHA—McMILLEN WOOD	7.500%	03/01/2019	2,461,581	1,968,447	1,581,566
FHA—MEADOWLANDS	7.500%	02/01/2022	1,769,381	999,946	1,136,827
FHA—MONUMENT SQUARE APARTMENTS	7.500%	09/01/2019	2,169,473	1,477,954	1,393,886
FHA—MT. VERNON PLAZA	7.500%	12/01/2018	7,645,370	5,389,993	4,912,150
FHA—NEW FLORAL GARDENS	7.500%	08/01/2019	10,866,113	6,203,691	6,981,477
FHA—NEWARK GREEN	7.500%	10/20/2021	1,279,383	615,765	822,003
FHA—NORTHWOOD APARTMENTS OF FRANKLIN	7.500%	02/01/2020	2,296,508	1,243,021	1,475,506
FHA—OAKWOOD GARDENS	7.500%	04/01/2023	6,777,821	3,820,996	4,354,750
FHA—OLENTANGY COMMONS	7.500%	09/01/2021	4,946,282	2,733,661	3,177,986
FHA—PARISH SQUARE APARTMENTS	7.500%	05/01/2022	1,027,823	552,567	660,376
FHA—PARK BLUFF APARTMENTS	7.500%	07/01/2019	3,667,256	2,200,353	2,356,212
FHA—PLEASANT HILL APARTMENTS	7.500%	06/01/2022	2,717,824	1,549,160	1,746,202
FHA—RICHFIELD APARTMENTS	7.500%	04/01/2021	3,015,575	1,458,785	1,937,506
FHA—RIDGE VILLAGE	7.500%	06/01/2022	1,364,576	771,175	876,740
FHA—RIDGWOOD II APARTMENTS	7.500%	12/01/2020	3,457,379	1,661,703	2,221,366
FHA—RIVER BEND APARTMENTS	7.500%	03/01/2022	3,014,329	1,458,181	1,936,706
FHA—RIVERVIEW APARTMENTS	7.500%	05/01/2019	1,772,966	957,401	1,139,130
FHA—ROLLING RIDGE TOWNHOUSES	7.500%	07/20/2021	1,888,401	996,131	1,213,298
FHA—ROSLYN PLAZA	7.500%	10/20/2019	3,287,955	2,272,801	2,112,511
FHA—SHAKER PARK GARDENS APARTMENTS	7.500%	08/01/2021	3,334,528	1,788,141	2,142,434
FHA—SHAWNEE II	7.500%	09/01/2019	1,903,558	940,188	1,223,036
FHA—SILVER SPRING SQUARE	7.500%	08/20/2022	1,559,732	881,465	1,002,127
FHA—SOUTHGATE VILLAGE	7.500%	02/01/2022	2,449,013	1,457,162	1,573,490
FHA—STANFORD TOWNHOUSES	7.500%	01/01/2019	3,881,793	2,663,883	2,494,052
FHA—TAMARIND SQUARE	7.500%	09/01/2018	1,214,673	827,501	780,427
FHA—THE TERRACE	7.500%	08/01/2020	2,788,012	1,546,228	1,791,297
FHA—THOMASTON GARDENS	7.500%	03/01/2021	2,023,101	999,232	1,299,842
FHA—TOWNHOMES OF CHOWEN BEND	7.500%	04/01/2022	2,496,734	1,383,392	1,604,152
FHA—TOWNHOUSE OF LOWELL	7.500%	01/01/2019	3,255,820	1,913,442	2,091,864
FHA—TRAFALGOR SQUARE	7.500%	01/20/2020	1,631,612	1,395,029	1,162,524
FHA—TREE BOURNE II	9.440%	12/30/2017	1,592,946	936,013	1,023,468
FHA—TUDOR RIDGE	7.500%	12/01/2018	3,600,494	2,880,395	2,313,317
FHA—TULLAHOMA VILLAGE APARTMENTS	7.500%	02/01/2020	1,756,108	867,361	1,128,299
FHA—TWINOAKS	7.500%	05/01/2018	1,789,118	1,218,844	1,149,508
FHA—UNIVERSITY VILLAGE	7.500%	12/20/2021	4,821,199	2,724,648	3,097,620
FHA—VANDALIA ELDERLY	7.500%	07/01/2018	1,465,775	998,567	941,761
FHA—VILLAGE PARK APARTMENTS	7.500%	06/01/2020	1,014,091	555,822	651,554
FHA—THE VILLAS	7.500%	07/01/2022	3,748,407	2,628,866	2,408,351
FHA—VISTA VERDE APARTMENTS	7.500%	05/01/2022	2,180,205	1,242,716	1,400,781
FHA—VISTA VERDE II	7.500%	06/01/2022	2,020,135	1,404,214	1,297,937
FHA—WASHBURN APARTMENTS	7.500%	08/01/2018	1,127,100	783,458	724,162
FHA—WASHINGTON SQUARE APARTMENTS	7.500%	06/01/2009	2,844,460	1,534,131	2,439,125
FHA—WESLEY CAMILLA TOWER	7.500%	05/01/2019	8,861,361	6,241,481	5,693,424
FHA—WILLOW WOOD ESTATES	7.500%	05/01/2022	1,603,249	1,114,433	1,030,087
FHA—WILLOWBROOK APARTMENTS	7.500%	11/01/2019	1,124,563	608,687	722,532
FHA—WILLOWPARK APARTMENTS	7.500%	11/01/2019	1,719,879	928,734	1,105,022
FHA—WILMINGTON GREEN	7.500%	03/01/2010	2,384,209	1,293,669	2,503,420
FHA—WOOD GLEN APARTMENTS	7.500%	12/01/2020	2,717,525	1,467,463	1,746,009
FHA—WOODLEN PLACE	7.500%	07/01/2009	2,038,691	1,096,019	1,748,178
FHA—WRIGHTSTOWN ARMS APARTMENTS	7.500%	05/01/2020	1,483,050	802,724	952,859
FEDERAL HOME LOAN MORTGAGE CORP.	7.000%	10/01/2008	24,950,751	18,900,194	17,500,956
FEDERAL HOME LOAN MORTGAGE CORP.	11.500%	07/01/2013	10,958,488	10,807,808	10,273,144
FEDERAL HOME LOAN MORTGAGE CORP.	11.500%	08/01/2013	4,002,653	3,947,617	3,741,520
FEDERAL HOME LOAN MORTGAGE CORP.	12.000%	08/01/2013	11,126,092	10,866,454	10,672,815
FEDERAL HOME LOAN MORTGAGE CORP.	12.000%	09/01/2013	12,022,664	11,839,794	11,532,860
FEDERAL HOME LOAN MORTGAGE CORP.	13.000%	11/01/2013	3,028,487	3,001,987	3,028,487
FEDERAL HOME LOAN MORTGAGE CORP.	13.000%	10/01/2013	3,626,286	3,594,556	3,626,286

NOTE: Cents omitted. Columns will not add.



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Bond Name	Coupon	Maturity	Par Value	Book Value	Market Value
FEDERAL HOME LOAN MORTGAGE CORP.	10.000%	10/01/2009	17,518,458	14,759,301	15,408,710
FmHA—ALLEN EDMONDS SHOE CORPORATION	9.200%	08/15/2008	554,959	554,959	412,346
FmHA—ENDRIES FASTENER & SUPPLY COMPANY	9.200%	10/20/2008	238,696	238,696	177,356
FmHA—FRIDAY CANNING COMPANY	9.300%	10/26/1993	11,525,675	11,525,675	10,352,707
FmHA—HOLIDAY INN OF LAS CRUCES	10.050%	12/01/2004	3,884,844	3,914,000	3,105,389
FmHA—NORLAND CORPORATION	9.200%	07/15/2008	383,696	383,696	285,093
FmHA—OCOMOWOC CANNING COMPANY	9.200%	09/25/2008	6,093,720	6,093,720	4,527,756
FmHA—PACKAGING SERVICES	9.200%	09/15/1999	1,100,904	1,105,021	920,378
FmHA—ROBERT ENDRIES COMPANY	10.125%	09/15/1999	99,745	99,745	74,112
FmHA—SHELL PATTERNS	9.200%	08/20/2008	142,961	142,961	106,223
FmHA—TEXFI INDUSTRIES, INCORPORATED	9.200%	08/30/2008	7,935,000	7,935,000	8,043,550
GNMA—SHEARSON AMERICAN EXPRESS — 020611	14.000%	03/27/1995	4,166,637	3,177,061	2,922,854
GNMA—UTAH MORTGAGE — 020616	8.250%	06/15/2008	3,404,994	2,638,870	2,443,492
GNMA—WEYERHAEUSER MORTGAGE — 021696	8.500%	08/15/2008	3,889,706	2,965,901	2,728,590
GNMA—NORWEST MORTGAGE — 021824	8.250%	06/15/2008	3,391,476	2,586,001	2,379,087
GNMA—REAL ESTATE FINANCING — 023537	8.250%	04/15/2008	926,055	651,712	694,041
GNMA—WESTERN PACIFIC FIN. CORP. — 023653	9.000%	09/15/2008	895,700	777,019	702,560
GNMA—UNITED FEDERAL MORTGAGE — 023969	9.500%	06/15/2009	874,096	615,145	655,100
GNMA—HOME FEDERAL — 024800	9.000%	09/15/2008	2,562,314	1,953,764	1,797,437
GNMA—CHASE MORTGAGE CORPORATION — 026127	8.250%	07/15/2008	913,568	638,926	684,682
GNMA—STOCKTON WHATLEY DAVIN — 02659	9.000%	06/15/2009	242,927	167,923	182,064
GNMA—INTERNATIONAL MORTGAGE CORP. — 026880	9.000%	01/15/2009	1,879,994	1,323,045	1,408,980
GNMA—AMERICAN MORTGAGE — 026942	9.000%	12/15/2008	666,007	460,377	499,145
GNMA—MERCANTILE MORTGAGE — 026971	9.000%	09/15/2008	831,533	585,193	623,201
GNMA—WEYERHAEUSER COMPANY — 027104	9.000%	10/15/2008	1,325,106	821,566	993,114
GNMA—MURRAY INVESTMENT COMPANY — 027222	9.000%	09/15/2008	889,946	622,405	666,979
GNMA—ADVANCE MORTGAGE — 027497	9.000%	11/15/2008	916,148	644,739	686,616
GNMA—AMERICAN GENERAL MORTGAGE — 027583	9.000%	11/15/2008	22,496	15,550	16,860
GNMA—COUNTRYWIDE FUNDING — 028015	9.000%	01/15/2009	160,936	111,260	120,615
GNMA—WEYERHAEUSER MORTGAGE — 028063	9.000%	11/15/2008	3,323,482	2,667,094	2,490,817
GNMA—J. I. KISLAK MORTGAGE — 028236	9.000%	11/15/2008	966,637	840,369	758,201
GNMA—JUSTICE MORTGAGE — 029023	9.000%	12/15/2008	46,076	32,253	36,141
GNMA—THARPE & BROOKS — 029037	9.500%	09/15/2009	1,593,629	1,101,596	1,194,361
GNMA—UTAH MORTGAGE CORPORATION — 027220	9.500%	09/15/2009	42,649	29,481	31,964
GNMA—MID-STATES MORTGAGE COMPANY — 029325	9.500%	12/15/2008	938,484	656,352	736,119
GNMA—NATIONAL AMERICAN — 029487	9.000%	02/15/2009	476,641	345,564	373,863
GNMA—CHASE HOME MORTGAGE CORP. — 030198	9.500%	12/15/2008	945,891	653,847	708,908
GNMA—FIRST CONTINENTAL MORTGAGE — 030383	9.500%	09/15/2009	924,628	809,339	725,250
GNMA—CHARLES F. CURRY COMPANY — 030510	9.000%	06/15/2009	911,673	630,194	683,263
GNMA—UNITED VIRGINIA MORTGAGE CORP. — 03588	9.500%	09/15/2009	2,688,134	1,957,300	2,014,649
GNMA—COLLATERAL INVESTMENT CO. — 030894	9.000%	04/15/2009	940,972	658,092	705,221
GNMA—SUBURBAN COASTAL — 031157	9.000%	04/15/2009	471,858	290,786	370,112
GNMA—CONSERVATIVE MORTGAGE CO. — 031539	9.000%	04/15/2009	1,837,592	1,605,063	1,441,352
GNMA—RAINIER MORTGAGE — 031883	9.500%	07/15/2009	921,426	644,511	690,572
GNMA—NEVADA SAVINGS — 031926	9.500%	06/15/2009	36,577	25,604	28,690
GNMA—CITIZENS FIDELITY BANK — 032162	9.000%	06/15/2009	886,947	769,427	695,695
GNMA—CENTRAL MORTGAGE COMPANY — 032310	9.500%	07/15/2009	915,496	632,839	686,127
GNMA—GULF COAST INVESTMENT CORP. — 032662	9.500%	08/15/2009	859,798	601,858	674,400
GNMA—CENTRAL MORTGAGE — 032829	9.000%	06/15/2009	87,646	61,352	68,747
GNMA—INSTITUTIONAL SECURITIES CORP. — 032836	9.500%	09/15/2009	47,119	34,161	36,959
GNMA—RALPH C. SUTRO COMPANY — 032867	9.500%	09/15/2009	956,387	669,532	750,161
GNMA—RALPH C. SUTRO COMPANY — 032868	9.500%	10/15/2009	951,421	775,408	746,266
GNMA—LARSON MORTGAGE — 032874	9.500%	11/15/2009	712,995	581,090	559,251
GNMA—WESTERN MORTGAGE LOAN CORP. — 032944	9.500%	07/15/2009	941,107	823,763	738,176
GNMA—WESTERN MORTGAGE LOAN CORP. — 032949	9.500%	07/15/2009	462,034	323,424	362,406
GNMA—ECONOMY SAVINGS & LOAN — 033038	9.500%	08/15/2009	934,743	813,518	733,184
GNMA—UTAH MORTGAGE — 033059	9.500%	07/15/2009	952,666	690,682	747,242
GNMA—NOWLIN MORTGAGE — 033097	9.500%	08/15/2009			

NO...mitted. Columns will not add.



Bond Name	Coupon	Maturity	Par Value	Book Value	Market Value
GNMA—UNITY SAVINGS ASSOCIATION — 033159	9.500%	07 15 2009	932.163	808.656	731.161
GNMA—MORTGAGE CORP. OF THE SOUTH — 033285	9.500%	10 15 2009	36.320	26.332	28.488
GNMA—MORTGAGE CORP. OF THE SOUTH — 033287	9.500%	08 15 2009	886.482	771.517	695.330
GNMA—NORTHLAND MORTGAGE COMPANY — 033511	9.500%	07 15 2009	948.701	664.090	744.132
GNMA—MID-STATES MORTGAGE CORP. — 033678	9.500%	07 15 2009	464.048	336.435	363.985
GNMA—GUIDE MORTGAGE COMPANY — 033740	9.500%	10 15 2009	469.766	328.836	368.470
GNMA—MID-STATES MORTGAGE CORP. — 033831	9.500%	06 15 2009	38.808	28.135	30.439
GNMA—AIKEN-SPIER, INCORPORATED — 033963	9.000%	07 15 2009	2,777.981	2,022.719	2,081.985
GNMA—PIONEER SAVINGS & LOAN — 034000	9.500%	07 15 2009	945.993	820.649	742.009
GNMA—NEW YORK GUARDIAN MORTGAGE — 034068	9.500%	09 15 2009	936.611	817.779	734.649
GNMA—MID-STATES MORTGAGE COMPANY — 034083	9.500%	08 15 2009	931.016	807.657	730.261
GNMA—LAUIER MORTGAGE CORPORATION — 034159	9.500%	08 15 2009	443.199	374.503	347.632
GNMA—FIRST FAMILY MORTGAGE — 034310	9.500%	08 15 2009	43.615	31.621	34.210
GNMA—NBD MORTGAGE — 034389	9.500%	10 15 2009	932.287	675.908	731.258
GNMA—STANDARD FED. SAVINGS & LOAN — 034480	9.500%	10 15 2009	928.759	807.439	728.490
GNMA—STANDARD FED. SAVINGS & LOAN — 034481	9.500%	10 15 2009	871.853	757.964	683.855
GNMA—WESTERN BANCORP MORT. CORP. — 034483	11.000%	12 15 2009	918.845	740.245	817.423
GNMA—STANWELL MORTGAGE — 034568	9.500%	09 15 2009	902.342	782.782	707.770
GNMA—FIRST FAMILY MORTGAGE CORP. — 034711	9.500%	09 15 2009	915.886	641.120	718.394
GNMA—FORT WORTH MORTGAGE — 034793	9.500%	09 15 2009	924.657	670.376	725.273
GNMA—LOMAS & NETTLETON — 035024	9.500%	09 15 2009	1,401.806	926.949	1,099.535
GNMA—CAPITAL MORTGAGE COMPANY — 035075	9.500%	09 15 2009	947.102	686.649	742.879
GNMA—FIRST CONTINENTAL MORTGAGE — 035174	9.500%	10 15 2009	925.755	648.028	726.134
GNMA—DREW MORTGAGE — 035234	9.500%	10 15 2009	994.877	863.055	780.351
GNMA—MORTGAGE ASSOCIATES, INC. — 035275	9.500%	10 15 2009	1,810.125	1,267.088	1,419.808
GNMA—ICM MORTGAGE CORPORATION — 035341	10.000%	01 15 2010	6,725.178	5,876.124	5,506.037
GNMA—CITIZENS & SOUTHERN — 035415	9.500%	09 15 2009	956.430	829.703	750.195
GNMA—MASON McDUFFIE — 035541	9.500%	08 15 2009	779.778	658.912	611.634
GNMA—GENSTAR PACIFIC — 035616	10.000%	11 15 2009	447.969	340.456	366.761
GNMA—GENSTAR PACIFIC FINANCIAL CORP. — 035620	9.500%	11 15 2009	896.424	780.170	703.128
GNMA—WESTLAND MORTGAGE — 035724	9.500%	09 15 2009	903.344	785.343	708.556
GNMA—UNITED SAVINGS & LOAN — 035844	9.500%	09 15 2009	943.311	825.693	739.905
GNMA—MANNING SAVINGS & LOAN — 035885	10.000%	01 15 2010	915.403	799.833	749.459
GNMA—SHERWOOD & ROBERTS — 035943	10.000%	11 15 2009	880.726	669.351	721.068
GNMA—FBS HOMES — 036085	9.500%	10 15 2009	955.807	669.065	749.706
GNMA—MAJESTIC SAVINGS & LOAN — 036189	9.500%	09 15 2009	979.322	851.397	768.151
GNMA—FIRST FAMILY MORTGAGE CORP. — 036206	9.500%	10 15 2009	889.636	622.745	697.804
GNMA—NORTH AMERICAN MORTGAGE CORP. — 036269	9.500%	10 15 2009	1,847.917	1,573.616	1,449.450
GNMA—COUNTRYWIDE FUNDING — 036303	9.500%	10 15 2009	886.474	769.016	695.324
GNMA—ECONOMY SAVINGS & LOAN — 036340	9.500%	10 15 2009	916.409	802.144	718.803
GNMA—ECONOMY SAVINGS & LOAN — 036346	10.000%	11 15 2009	651.149	569.756	533.109
GNMA—GRAHAM MORTGAGE — 036395	9.500%	11 15 2009	2,818.845	2,401.612	2,211.017
GNMA—BANCO MORTGAGE COMPANY — 036420	9.500%	10 15 2009	227.500	192.238	178.444
GNMA—MILIKIN MORTGAGE COMPANY — 036451	9.500%	10 15 2009	807.829	707.105	633.637
GNMA—FARM & HOME SAVINGS ASSOC. — 036484	9.500%	11 15 2009	956.749	693.643	750.445
GNMA—MANUFACTURERS HANOVER — 036488	10.000%	11 15 2009	900.936	684.712	737.615
GNMA—SECURITIES PACIFIC MORTGAGE — 036495	9.500%	10 15 2009	139.236	117.655	109.212
GNMA—RAINIER MORTGAGE — 036554	10.000%	12 15 2009	1,818.127	1,586.316	1,488.537
GNMA—SHERWOOD & ROBERTS — 036645	9.500%	10 15 2009	847.094	737.237	664.435
GNMA—LOMAS & NETTLETON COMPANY — 036697	10.000%	11 15 2009	453.409	395.566	371.215
GNMA—LOMAS & NETTLETON COMPANY — 036698	9.500%	10 15 2009	1,703.115	1,487.037	1,335.872
GNMA—LOMAS & NETTLETON COMPANY — 036813	11.000%	12 15 2009	254.545	204.431	226.448
GNMA—UNITED FIRST MORTGAGE CORP. — 036822	11.000%	12 15 2009	851.023	683.478	757.087
GNMA—UNITY SAVINGS ASSOCIATION — 037122	11.000%	11 15 2009	24.091	19.408	21.432
GNMA—GENSTAR PACIFIC FINANCIAL — 037330	9.500%	01 15 2010	898.947	732.642	705.107
GNMA—RESERVE SAVINGS & LOAN — 037510	9.500%	10 15 2009	895.831	777.133	702.663
GNMA—STOCKTON WHATLEY DAVIN — 037613	11.000%	11 15 2009	887.405	684.445	789.453
GNMA—UNITED MORTGAGE COMPANY — 037743	9.500%	10 15 2009	46.609	32.626	36.559
GNMA—EAGLE INVESTMENT — 037913	10.000%	12 15 2009	4,358.572	3,508.650	3,568.450
GNMA—LOMAS & NETTLETON COMPANY — 037913	10.000%	12 15 2009			

NOTE: Cents omitted. Columns will...



Bond Name	Coupon	Maturity	Par Value	Book Value	Market Value
GNMA—LOMAS & NETTLETON — 037914	11.000%	12/15/2009	42,293	34,073	37,625
GNMA—MANUFACTURERS HANOVER MORT. — 038053	11.000%	01/15/2010	184,088	148,306	163,768
GNMA—CONTINENTAL ILLINOIS NAT. BANK — 038083	9.500%	10/15/2009	458,036	332,076	359,270
GNMA—SECURITY PACIFIC — 038100	10.000%	11/15/2009	4,769,314	4,208,920	3,904,733
GNMA—KISSELL COMPANY — 038241	11.000%	02/15/2010	4,033,963	3,892,774	3,588,694
GNMA—KISSELL COMPANY — 038347	11.000%	01/15/2010	3,885,600	3,885,600	3,456,707
GNMA—KISSELL COMPANY — 038350	9.500%	10/15/2009	4,297,566	4,071,944	3,370,882
GNMA—KISSELL COMPANY — 038351	10.000%	11/15/2009	3,519,621	3,451,164	2,881,584
GNMA—KISSELL COMPANY — 038352	10.000%	11/15/2009	4,331,792	4,247,547	3,546,525
GNMA—UNIVERSITY SAVINGS — 038489	9.500%	01/15/2010	987,834	805,084	774,827
GNMA—CONTINENTAL ILLINOIS MORTGAGE — 038546	11.000%	01/15/2010	88,096	70,972	78,372
GNMA—KISSELL COMPANY — 038823	11.000%	12/15/2009	869,205	869,205	773,262
GNMA—DRG FINANCIAL — 038863	10.750%	01/15/2015	5,533,616	5,146,263	4,837,598
GNMA—FIRST FAMILY MORTGAGE CORP. — 039223	9.500%	12/15/2009	940,374	658,262	737,601
GNMA—CAPITAL MORTGAGE COMPANY — 039233	11.000%	03/15/2010	759,224	611,650	675,420
GNMA—KISSELL COMPANY — 040286	11.000%	03/15/2010	2,519,228	2,405,862	2,241,155
GNMA—UNITED FIRST MORTGAGE — 041116	11.000%	09/15/2010	912,638	731,253	811,901
GNMA—ENGEL MORTGAGE — 042484	11.000%	07/15/2010	663,886	533,184	590,606
GNMA—FULTON GOSS, INCORPORATED — 042747	11.000%	08/15/2010	928,447	745,659	825,965
GNMA—NATIONAL MORTGAGE COMPANY — 043510	11.000%	07/15/2010	1,642,007	1,322,846	1,460,763
GNMA—ICM MORTGAGE CORPORATION — 043566	12.500%	12/15/2010	4,793,383	4,309,545	4,766,732
GNMA—BANCO MORTGAGE COMPANY — 043594	11.000%	09/15/2010	9,126,920	7,757,882	8,119,490
GNMA—PLAZA MORTGAGE — 043851	11.000%	09/15/2010	894,243	718,189	795,536
GNMA—FIRST FAMILY MORTGAGE — 043880	11.000%	09/15/2010	446,698	359,872	397,392
GNMA—WATERFIELD MORTGAGE — 044616	11.000%	09/15/2010	446,698	359,872	397,392
GNMA—CAMERON BROWN — 044668	12.500%	12/15/2010	2,229,044	1,905,832	2,216,650
GNMA—UNITED VIRGINIA MORTGAGE — 044695	12.500%	12/15/2010	5,679,135	5,168,013	5,647,559
GNMA—MERRILL LYNCH MORTGAGE — 045024	10.000%	09/15/2010	984,196	747,989	805,781
GNMA—SUBURBAN COASTAL CORPORATION — 045219	9.000%	12/15/2009	7,287,755	5,848,423	5,461,881
GNMA—FIRST MORTGAGE CORPORATION — 045425	12.500%	12/15/2010	6,125,773	5,635,711	6,091,713
GNMA—WEYERHAEUSER MORTGAGE — 045842	10.000%	12/15/2010	982,366	746,598	804,282
GNMA—FIRST FAMILY MORTGAGE — 047019	12.500%	12/15/2010	2,325,967	1,988,702	2,313,034
GNMA—KISSELL COMPANY — 047127	13.000%	03/15/2011	4,537,737	3,942,167	4,649,592
GNMA—EAGLE MORTGAGE — 048415	12.500%	12/15/2010	4,312,326	3,687,038	4,288,349
GNMA—KISSELL COMPANY — 051652	11.500%	10/15/2010	6,030	4,990	5,586
GNMA—KISSELL COMPANY — 051653	14.000%	06/15/2011	720,731	704,875	774,259
GNMA—UTAH MORTGAGE LOAN — 051659	15.000%	07/15/2011	608,531	608,531	672,135
GNMA—ICM MORTGAGE — 052117	17.000%	11/15/2011	2,059,897	2,059,897	2,374,712
GNMA—KISSELL COMPANY — 052439	17.000%	10/15/2011	129,339	129,339	149,106
GNMA—COLONIAL SAVINGS & LOAN — 061869	15.000%	09/15/2011	2,204,087	1,992,800	2,434,458
GNMA—COLONIAL MORTGAGE CORP. — 064334	11.500%	04/15/2013	1,480	1,442	1,371
GNMA—F & M MORTGAGE — 064423	8.000%	01/15/2009	7,299,582	5,492,935	4,989,483
GNMA—REILLY MORTGAGE GROUP — 064441	11.500%	02/15/2013	5,158	5,026	4,778
GNMA—NORWEST MORTGAGE — 069400	12.000%	03/15/2018	6,792,717	6,724,790	6,522,435
COLUMBIA FINANCE CORPORATION OF DELAWARE	11.500%	07/15/2013	5,452,142	5,084,122	5,050,210
PULTE ACCEPTANCE CORPORATION — SERIES D	17.500%	01/15/2010	22,517,259	22,517,259	24,512,063
PULTE ACCEPTANCE CORPORATION — SERIES F	12.550%	01/15/2008	9,853,900	9,836,702	9,842,075
PULTE ACCEPTANCE CORPORATION — SERIES G	12.600%	09/15/2008	9,606,786	9,689,771	9,614,087
PULTE ACCEPTANCE CORPORATION — SERIES N	13.750%	03/15/2008	7,627,481	7,015,078	7,963,624
PULTE ACCEPTANCE CORPORATION — SERIES O	13.750%	02/15/2009	19,399,573	19,399,573	20,329,783
PULTE ACCEPTANCE CORPORATION — SERIES Q	14.500%	04/15/2009	23,637,370	23,637,370	25,057,976
PULTE ACCEPTANCE CORPORATION — SERIES R	14.500%	09/15/2009	14,373,451	14,373,451	15,261,731
PULTE ACCEPTANCE CORPORATION — SERIES S	14.850%	08/15/2009	17,642,102	17,642,102	18,918,861
PULTE ACCEPTANCE CORPORATION — SERIES U	14.850%	07/15/2009	23,723,647	23,723,647	25,438,392
PULTE ACCEPTANCE CORPORATION — SERIES V	17.375%	05/15/2010	10,797,730	10,797,730	11,338,373
SOCIETY ACCEPTANCE CORPORATION	15.500%	09/15/2012	10,456,638	10,456,638	11,140,712
U. S. CAPITAL FINANCE CORPORATION — SERIES A	14.500%	03/15/1996	15,431,711	15,431,711	16,126,446
U. S. CAPITAL FINANCE CORPORATION — SERIES B	16.750%	08/15/2010	10,253,019	10,253,019	10,590,138
TOTAL MORTGAGES	15.750%	01/15/2011	13,195,198	13,195,198	13,152,577
			\$1,078,600,883	\$836,671,503	\$868,268,050

BILL TO



Market Value

37.625
163.768
359.270
904.733
588.694
456.707
370.882
381.584
646.525
74.827
78.372
73.262
37.596
37.601
75.420
11.155
11.901
10.606
5.965
0.763
6.732
9.490
5.536
7.392
6.651
5.559
7.781
881
715
282
034
592
349
586
259
136
112
106
456
571
183
76
35
10
63
75
57
3
6

DETAILED LISTING OF STOCK PORTFOLIO

December 31, 1983

COMMON

Name	Shares	Cost	Market Value
ABBOTT LABS	800,000	\$ 14,196,313	\$ 36,200,000
AHMANSON, H.F. & COMPANY	175,000	4,859,686	5,381,250
AMDAHL CORPORATION	951,900	16,483,384	17,491,162
AMERICAN BRANDS	243,574	7,620,042	14,431,759
AMERICAN GENERAL CORPORATION	400,000	8,696,392	9,100,000
AMERICAN GREETINGS	534,000	11,750,809	14,151,000
AMERICAN HOME PRODUCTS CORPORATION	500,000	15,981,489	24,812,500
AMERICAN HOSPITAL SUPPLIES	613,800	16,256,708	24,321,825
AMERICAN NATURAL RESOURCES	147,500	5,210,326	6,766,562
ANGELICA CORPORATION	123,600	1,781,498	2,796,450
ANHEUSER BUSCH COMPANY	500,000	22,024,376	31,250,000
ARMSTRONG WORLD INDUSTRIES	623,100	17,910,280	17,213,137
ASSOCIATED DRY GOODS CORPORATION	250,000	15,782,048	14,656,250
ATLANTIC RICHFIELD COMPANY	585,500	13,369,634	25,322,875
AUTOMATIC DATA PROCESSING	206,300	5,857,100	7,323,650
BANC ONE CORPORATION	225,000	5,362,500	5,793,750
BANDAG, INCORPORATED	131,800	3,610,041	7,314,900
BANK OF BOSTON CORPORATION	242,000	10,178,196	9,801,000
BANKERS TRUST NEW YORK	137,000	5,029,991	6,182,125
BARD, C.R.	675,000	13,130,696	23,287,500
BARNETT BANKS OF FLORIDA, INCORPORATED	145,000	4,980,693	5,655,000
BAXTER TRAVENOL LABORATORIES	1,384,000	14,349,403	32,178,000
BLACK & DECKER MANUFACTURING	238,800	6,141,631	6,298,350
BORDEN, INCORPORATED	200,000	11,003,802	11,300,000
BORG WARNER	715,000	15,281,340	17,696,250
BRISTOL-MYERS COMPANY	636,400	9,962,429	26,887,900
BROWNING-FERRIS INDUSTRIES	600,000	8,839,665	25,800,000
BURLINGTON INDUSTRIES, INCORPORATED	375,000	15,533,543	13,171,875
BURLINGTON NORTHERN	290,000	10,357,636	28,710,000
BURROUGHS CORPORATION	290,000	5,145,296	5,239,000
CAPITAL CITIES COMMUNICATIONS	104,000	11,772,000	11,520,000
CAPITAL HOLDING CORPORATION	80,000	12,398,149	12,993,750
CENTRAL & SOUTHWEST CORPORATION	350,000	6,159,505	7,800,000
CITICORP	400,000	14,570,408	13,179,375
CITIZENS & SOUTHERN GEORGIA	355,000	5,863,820	5,606,250
CLEVELAND ELECTRIC ILLUMINATING	390,000	10,209,563	9,312,500
CLOROX COMPANY	500,000	9,357,220	7,950,000
COLLINS FOODS INTERNATIONAL	300,000	3,143,364	4,001,400
COMMONWEALTH EDISON COMPANY	205,200	9,469,372	9,100,000
CONSOLIDATED EDISON COMPANY OF N.Y.	350,000	9,194,760	9,950,000
CONSOLIDATED NATURAL GAS COMPANY	400,000	5,034,956	5,928,125
CORESTATES FINANCIAL CORPORATION	175,000	5,610,625	6,200,000
DAYTON HUDSON CORPORATION	200,000	13,174,517	12,450,000
DONNELLEY, R. R. & SONS	400,000	11,957,929	15,761,900
DUN & BRADSTREET COMPANIES	409,400	11,827,372	40,027,200
DUPONT (EI) DE NEMOURS & COMPANY	645,600	26,778,552	26,603,200
EASTERN GAS & FUEL	511,600	10,212,812	10,320,000
EL PASO ELECTRIC	430,000	9,471,294	8,961,250
EMERSON ELECTRIC	670,000	9,659,234	17,848,600
EMERY AIR FREIGHT	268,400	7,832,454	10,419,125
EXXON	406,600	28,439,479	48,121,060
FEDERATED DEPARTMENT STORES	1,287,520	14,750,328	13,406,250
FIRST BANK SYSTEM	250,000	4,510,727	5,917,875
FIRST CHICAGO CORPORATION	110,100	10,368,745	11,418,750
FLORIDA POWER & LIGHT COMPANY	450,000	4,491,368	5,570,600
FMC CORPORATION	138,400	6,435,814	7,380,000
GENERAL DYNAMICS	160,000	19,679,720	24,412,500
GENERAL ELECTRIC COMPANY	420,000	12,029,676	28,140,000
GENERAL FOODS	480,000	5,175,128	6,781,500
	132,000		

NOTE: Cents omitted. Columns will not add.



Name	Shares	Cost	Market Value
GENERAL MILLS, INCORPORATED	132,300	6,348,181	6,912,675
GENERAL RE CORPORATION	480,000	11,028,125	32,880,000
GENUINE PARTS	400,000	14,874,326	18,000,000
GETTY OIL	380,300	17,005,271	37,316,937
GILLETTE COMPANY	138,600	6,328,738	6,739,425
GOLDEN WEST FINANCIAL	275,000	4,923,904	6,084,375
GOODYEAR TIRE & RUBBER	400,000	11,801,540	12,150,000
GREAT WESTERN FINANCIAL CORPORATION	270,000	6,541,593	5,940,000
GTE CORPORATION	700,000	25,968,224	30,625,000
GULF STATES UTILITIES	380,000	5,620,200	4,845,000
HALLIBURTON COMPANY	141,000	5,076,142	5,692,875
HARTMARX CORPORATION	262,500	4,046,027	8,498,437
HEINZ (H.J.)	165,000	3,926,454	6,270,000
HOLIDAY INNS, INCORPORATED	400,000	20,975,172	19,000,000
HOOVER COMPANY	200,000	4,050,000	5,375,000
HOUSTON NATURAL GAS	145,500	5,102,685	6,220,125
INTERNATIONAL BUSINESS MACHINE	248,300	28,044,424	30,292,600
JEFFERSON PILOT	175,000	6,384,095	6,606,250
JOHNSON & JOHNSON	405,100	9,683,243	16,558,462
K-MART	560,000	18,702,520	18,620,000
LILLY, ELI & COMPANY	82,000	5,053,057	4,745,750
LINCOLN NATIONAL CORPORATION	30,800	1,999,831	2,009,700
LUCKY STORES, INCORPORATED	65,000	1,401,420	1,226,875
MACY, R.H. & COMPANY	550,000	11,981,202	28,737,500
MANUFACTURERS HANOVER	128,000	5,612,994	4,864,000
MARINE MIDLAND BANKS	210,000	5,154,303	5,197,500
MARRIOTT CORPORATION	153,300	11,274,536	10,922,625
MASCO CORPORATION	600,000	6,457,387	20,250,000
MCDONALDS CORPORATION	255,000	8,342,950	17,977,500
MCGRAW HILL, INCORPORATED	860,000	9,849,222	36,335,000
MELLON NATIONAL	120,000	5,545,090	6,120,000
MELVILLE CORPORATION	461,400	9,105,967	16,091,325
MERCANTILE TEXAS CORPORATION	190,000	6,280,794	5,082,500
MESA PETROLEUM	430,000	5,036,515	5,751,250
MINNESOTA MINING & MANUFACTURING	347,400	20,631,735	28,660,500
MOBIL CORPORATION	752,300	23,781,081	21,628,625
MONTANA POWER	198,000	5,082,485	5,816,250
MORGAN, J.P. & COMPANY	148,200	7,726,847	9,984,975
N.C.N.B. CORPORATION	250,000	5,382,861	6,843,750
NEW ENGLAND ELECTRIC SYSTEM	138,600	5,039,418	5,405,400
NORFOLK SOUTHERN CORPORATION	87,900	5,500,646	5,548,687
NORTHERN STATES POWER COMPANY	150,000	5,230,599	5,700,000
NORWEST CORPORATION	160,000	5,521,778	5,380,000
OLIN CORPORATION	200,200	6,177,569	6,156,150
OVERNITE TRANSPORTATION	150,000	2,036,861	4,537,500
PAYLESS CASHWAYS, INCORPORATED	400,000	11,323,400	9,400,000
PFIZER, INCORPORATED	837,200	13,937,654	29,929,900
PHILIP MORRIS	480,000	22,166,229	34,440,000
PHILLIPS PETROLEUM	170,000	6,082,090	5,865,000
PILLSBURY COMPANY	136,800	4,250,619	4,976,100
PITNEY BOWES, INCORPORATED	400,000	11,480,796	13,050,000
POLAROID CORPORATION	168,000	5,943,759	5,628,000
PROCTER & GAMBLE	433,200	25,232,552	24,638,250
PUBLIC SERVICE INDIANA	264,900	6,280,769	3,079,462
PUROLATOR, INCORPORATED	122,900	7,603,399	7,619,800
RALSTON PURINA	835,000	18,466,918	23,171,250
REPUBLIC BANK	149,000	5,117,602	4,600,375
REVCO D. S., INCORPORATED	825,000	12,548,183	28,565,625
ROCKWELL INTERNATIONAL	436,600	12,153,290	14,407,800
RUBBERMAID	150,000	2,897,600	5,868,750
RYAN HOMES INCORPORATED	128,600	5,685,504	4,501,000
RYDER SYSTEM, INCORPORATED	256,073	7,046,124	14,916,252
SAFeway STORES	135,500	3,219,114	3,489,125
SANDERS ASSOCIATES	112,000	3,021,851	5,628,000
SANTA FE INDUSTRIES	126,800	3,929,135	3,788,150
SEARS ROEBUCK & COMPANY	600,000	23,804,213	22,275,000
SECURITY PACIFIC CORPORATION	117,400	4,365,264	5,987,400
SEDCO, INCORPORATED	157,500	5,192,105	5,906,250
SONAT, INCORPORATED	192,000	5,228,340	6,312,000

NOTE: Cents omitted. Columns will not add.

BILL TO

Name	Shares	Cost	Market Value
SOUTHLAND CORPORATION	525,000	11,174,989	16,865,625
SPERRY CORPORATION	145,000	6,293,883	6,833,125
STANDARD OIL OF INDIANA	400,000	8,933,107	20,300,000
STANDARD OIL OF OHIO	120,000	4,979,280	5,370,000
SUPER VALU STORES	458,900	12,575,856	13,422,825
TEXACO, INCORPORATED	573,700	21,181,765	20,581,487
TEXAS COMMERCE BANCSHARES	138,000	5,247,545	5,709,750
TEXAS OIL & GAS	649,000	22,407,171	30,989,750
TORCHMARK CORPORATION	370,000	12,446,674	15,817,500
TRAVELERS CORPORATION	354,000	6,839,239	11,239,500
TUCSON ELECTRIC POWER COMPANY	160,000	5,232,323	6,080,000
U.S. GYPSUM	116,100	6,051,950	6,878,925
U.S. SHOE	300,000	5,270,465	11,287,500
U.S.F. & G. CORPORATION	180,400	9,802,541	9,989,650
UNION ELECTRIC COMPANY	365,000	5,761,839	4,699,375
UNITED TECHNOLOGIES	338,500	23,001,812	24,541,250
V F CORPORATION	386,800	4,025,183	11,652,350
WAL-MART STORES, INCORPORATED	167,800	4,710,201	6,544,200
WALGREEN COMPANY	379,100	11,604,170	14,500,575
WARNER - LAMBERT COMPANY	400,000	12,098,040	11,850,000
WELLS FARGO & COMPANY	180,000	5,191,056	7,132,500
WENDY'S INTERNATIONAL	675,000	7,401,719	14,090,625
WEYERHAEUSER	285,000	9,581,477	9,618,750
WHITTAKER CORPORATION	205,000	6,582,231	3,792,500
WOOLWORTH, F. W.	341,900	10,132,191	12,009,237
XEROX CORPORATION	130,000	5,914,817	6,435,000
YELLOW FREIGHT SYSTEM, INCORPORATED	125,000	4,946,255	5,375,000
ZENITH RADIO CORPORATION	200,000	5,895,763	7,100,000
TOTAL STOCK PORTFOLIO	52,908,467	\$1,510,163,952	\$2,037,966,297

OHIO INVESTMENTS

Bond Name	Coupon	Maturity	Par Value	Book Value	Market Value
NEW BMI COMPANY	14.500%	02/01/1993	\$12,000,000	\$12,000,000	\$12,000,000
NEW BMI COMPANY	14.500%	02/01/1994	12,000,000	12,000,000	12,000,000
NEW BMI COMPANY	14.500%	02/01/1995	12,000,000	12,000,000	12,000,000
TOTAL VENTURE CAPITAL BONDS			\$36,000,000	\$36,000,000	\$36,000,000

Stocks	Shares	Book Value	Market Value
CARDINAL DEVELOPMENT FUND	2,500,000	\$ 2,500,000	\$ 2,500,000
RITZY'S, G. D.	1,375,000	1,833,750	12,031,250
MICRO INDUSTRIES CORPORATION	4,000	3,000,000	3,000,000
NEW SODA COMPANY	4,700,000	4,700,000	4,700,000
PICKETT HOTEL COMPANY	80,000	5,000,000	5,000,000
TOTAL VENTURE CAPITAL STOCKS	8,659,000	\$17,033,750	\$27,231,250

REAL ESTATE — COMMINGLED FUNDS

REAL ESTATE	\$ 50,000,000	\$ 50,000,000	\$ 52,126,366
AETNA SEPARATE ACCOUNT	60,032,134	60,032,134	61,958,167
CIGNA SEPARATE ACCOUNT R	20,000,000	20,000,000	21,040,088
SMITH BARNEY REAL ESTATE CORPORATION	20,000,000	20,000,000	20,721,492
WACHOVIA BANK & TRUST COMPANY	150,032,134	150,032,134	155,846,113
TOTAL REAL ESTATE			

NOTE: Cents omitted. Columns will not add.

PLAN STATEMENT: THE PUBLIC EMPLOYEES RETIREMENT SYSTEM OF OHIO

Purpose

The Public Employees Retirement System of Ohio (PERS) was created by the Ohio General Assembly. Its purpose is to provide a retirement, disability retirement and survivor benefit program for its members, the public employees of Ohio.

Administration

The general administration and management of PERS are vested in the nine member Public Employees Retirement Board. Six members are elected by the groups they represent, namely, state employees, county employees, municipal employees, state college and university non-teaching employees, retirants, and miscellaneous employees, including townships and public libraries. Three are statutory members, namely, the State Auditor, the Attorney General and the Director of the Department of Administrative Services. Members of the Board receive no compensation but are reimbursed for expenses.

The Board appoints the executive director, an actuary and other employees as necessary for the transaction of business. The State Treasurer is, by law, the custodian of the funds of the System.

All public employees in Ohio are required to become contributing members of PERS upon beginning public employment except those covered by one of the other state or local retirement systems in Ohio. Excluded from membership are new employees retired from another state or municipal system in Ohio, active contributors to the State Police and Fire Pension Fund or State Highway Patrol Pension Fund, or Law Enforcement Officers who have earnings other than

their compensation as Law Enforcement Officers.

The law provides for optional membership as follows:

- Elected public officials;
- Temporary or emergency employees whose employment will not exceed three calendar months;
- Students whose employment will not exceed 1,500 hours in any calendar year;
- Any new employee, not a member at the time of his employment, whose employment will not exceed 20 hours per week.

Employer Contributions

Employer units contribute to PERS at rates set by the Retirement Board upon recommendation by the Actuary. Currently, the employer rates are:

- State employer units — 13.71% of gross payrolls;
- City, County and miscellaneous employer units — 13.95% of gross payrolls;
- Law Enforcement employer units — 18.10% of gross payrolls.

Member Contributions

The majority of contributing members of PERS pay, through payroll deductions, a percentage of their gross salaries set by the Retirement Board upon recommendation by the Actuary. The current rate is 8.5%. Law enforcement officers pay 9.5%.

Individual accounts for each member of the Retirement System are maintained by PERS and funds contributed are



fully refundable at service termination or death. Each year PERS mails to members a statement of the balance in their individual accounts and a report setting forth the financial status of PERS and major developments of the year.

Regular Retirement

Members are eligible to retire at age 60 or thereafter if they have at least five years or 60 contributing months of membership in PERS. They also may retire at age 55 if they have 25 years of service credit, or at any age with 30 or more years of service credit.

Service credit allowed under Chapter 145. of the Revised Code includes:

1. Service rendered to the State or a political subdivision on which contributions have been paid.
2. Certain military service which interrupted contributing public service.
3. Prior service before 1935.
4. Any out-of-service period of three years or less during which the member was receiving an award from Worker's Compensation.
5. Previously unreported service in Ohio.
6. Service purchased by the member for:
 - a. Military service that is not being used for other retirement programs, except Social Security.
 - b. An authorized leave of absence not to exceed one year.
 - c. Comparable public service outside Ohio or with the federal government that is not being used for other retirement programs, except Social Security.
 - d. Service restored by redeposit which had been cancelled by an earlier refund.
 - e. Service in an Ohio police or fire department or the State Highway Patrol that is not being used for other retirement purposes.
 - f. Up to 30% additional credit on completed terms of full-time contributing elective service.

Benefit Calculations

Benefits are figured on the basis of age, final average salary and service credit. Final average salary is the average of the three highest years of earnings.

A full benefit at age 65 or with 30 or more years of service credit is based on 2% of final average salary multiplied by years of service. If the final average salary is \$4,300 or less, a minimum formula of \$86 times number of years of service

is used. The maximum annual benefit cannot exceed 90% of final average salary.

Persons with less than 30 years of service credit who retire before age 65 receive a percentage reduction in the benefit amount as specified in the law. Benefits are paid monthly.

Optional Payment Plans

Members have the option of taking their monthly pensions on a straight life plan of payment, which pays the highest amount, or they may take any one of several optional payment plans at reduced amounts that assure monthly benefits to a designated beneficiary if the member predeceases the designated beneficiary.

Law Enforcement Officers' Benefits

A special retirement option is provided for full-time sheriffs and deputy sheriffs, and for full-time township constables or police officers. The option, which is available at age 52 or later, requires certification of satisfactory completion of the Peace Officers Training School and 25 years or more of total service credit (including military service) as a law enforcement officer.

The annual benefit is calculated by multiplying 2.5% of final average salary by the first 20 years of service, 2% of final average salary by the next 5 years, and 1.5% of final average salary by each additional year of service. The total benefit amount cannot exceed 72% of final average salary.

A member with at least 15 years of total service as a law enforcement officer who is discharged for a reason other than retirement, death, dishonesty, cowardice, intemperate habits, or conviction of a felony, may apply for retirement benefits, calculated on the total years of service credit multiplied by 1½% of the final average salary. The benefit shall start on or after the attainment of age 55 by the applicant.

A peace officer with 25 years of service credit may elect a reduced pension as early as age 48 or may choose to leave the contributions on deposit until age 52 in order to receive full benefits. By choosing to take retirement benefits early, the peace officer agrees to accept 75% of the full benefit at age 48, 80% at age 49, 86% at age 50, or 93% at age 51. Once a member elects to receive a reduced benefit under these provisions, this election may not be changed.

Law enforcement officers may elect at time of retirement to take benefits under the regular provisions of the law in lieu of those special benefits provided for them.



Disability Retirement

Before reaching age 60, a member who becomes permanently disabled for the performance of duty, may apply for and receive monthly disability benefits if he or she has completed at least five years or 60 contributing months of service credit.

Two percent of final average salary multiplied by the length of public service plus additional service equal to the difference between the applicant's age and age 60 determines the annual benefit. The benefit amount cannot exceed 75% nor be less than 30% of final average salary.

Survivor Benefits

Certain dependents may qualify for monthly survivor benefits if the deceased member had at least 18 months of Ohio service credit with three months of it within the two and one-half years immediately before death, or was receiving a disability benefit at the time of death, as follows:

1. A surviving spouse age 62 or older (age 50 if the deceased member had 10 or more years of service credit).
2. A spouse with dependent child(ren) under age 18 (or 22 if students).
3. Dependent parent(s) age 65 or over.
4. An incompetent spouse or incompetent child(ren), orphan(s) or dependent parent(s) at any age.

If a surviving spouse remarries before reaching age 62, rights to benefits cease, except that the benefit will be resumed if the remarriage ends in divorce, annulment, dissolution or death within two years after the survivor benefit ceased.

If the member dies after reaching retirement age but before applying for benefits, the surviving spouse or other sole dependent beneficiary at any age, may elect to take a monthly joint survivorship annuity for life, known as Option 1.

Refunds

Upon termination of employment and application, a member may withdraw contributions made to the Retirement System. The law requires a three-month waiting period after service termination before the refund may be paid. The acceptance of a refund cancels the individual's rights and benefits in PERS.

If a refund is taken and the individual later returns to covered public employment, the amount refunded can be re-deposited, plus interest, after a period of 18 months. Money contributed to PERS by employer units is not refundable.

Beneficiaries

The beneficiary of a member of PERS is determined in one of two different ways:

- 1) By automatic succession as determined by law. The order of automatic succession is:
 - a. Spouse.
 - b. If no spouse, the youngest dependent child under age 18 (or, if student, under 22). If monthly benefits are taken, payments will be determined on the basis of all minor children. Incompetent dependent children are included, regardless of age.
 - c. If no minor child(ren), then all living children will share equally in a refund of the account.
 - d. If none of the foregoing, the older parent qualifies for a refund. If the parent(s) are dependent, 65 or older, or incompetent, monthly benefits will be paid if they so elect.
 - e. If none of the foregoing, a refund is made to the estate of the deceased.
- 2) By specific designation in writing by the member on a form provided by PERS. At time of retirement, the member must designate a beneficiary on the retirement application.

Additional Benefits After Retirement

- a. Health Care Coverage — All persons receiving benefits from PERS are covered by hospital insurance at no cost to the individual. After July 1, 1990, a new benefit recipient must have 10 years of Ohio service in order to qualify for the free health care. Spouses and dependent children may be covered if the benefit recipient authorizes the appropriate production.
- b. Cost-of-living Adjustments — Once a member has received benefits for 12 months, a 3% cost-of-living adjustment is added to each monthly benefit amount in the year that the Consumer Price Index shows an increase of 3% or more.
- c. Medicare Part B Premium Reimbursement — Retirees who submit proof of coverage for Medicare Part B are reimbursed by PERS for their basic Medicare Part B premiums. This amount is added to their monthly benefits.
- d. Death Benefits — At the death of a former member receiving regular retirement benefits or disability benefits, a lump sum payment of \$500 is made to the beneficiary, or if none, to the person responsible for burial expenses or to the decedent's estate.

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