

YEARS OF SERVICE

The Comprehensive
ANNUAL FINANCIAL REPORT
for the
Calendar Year Ended December 31, 1984

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

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

TABLE OF CONTENTS

INTRODUCTION	3-10
Certificate of Conformance in Financial Reporting	3
The Public Employees Retirement Board	4
Organizational Structure	5
Fifty Years of Service	6-8
Letter of Transmittal	9-10
FINANCIAL SECTION	11-25
Report of Independent Certified Public Accountants	12
Financial Statements	13-20
Balance Sheet	13
Statement of Revenues, Expenses, and Changes in Fund Balances	14-15
Statement of Changes in Financial Position	16
Notes to Financial Statements	17-20
Additional Information	21-24
Schedule of Cash Receipts and Disbursements	21
Investment Summary	22-23
Schedule of Administrative Expense	24
ACTUARIAL SECTION	26-30
Report of The Actuary	27
Summary of Assumptions	28
Summary of Unfunded Accrued Liabilities	29
Short-Term Solvency Test	30
50 YEARS OF GROWTH	31-34
STATISTICAL SECTION	35-42
Revenues by Source	36
Disbursements by Type	37
Disbursements by Category	38-39
Member Count	38
Contribution Rates: Members	38
Number of Employer Units	39
Net Benefit Payments by Category	40
New Benefit and Refund Payments by Year	40
Employer Contribution Rates	41
INVESTMENT SECTION	42-61
Investment Report	43
Investment Portfolio Summary	43
Investments	44-61
Detailed Listing of Bond Portfolio	44-59
Ohio Investments	59
Real Estate — Commingled Funds	59
Detailed Listing of Stock Portfolio	60-61
PERS PLAN STATEMENT	62-64

Certificate
of
Conformance
in Financial
Reporting

Presented to
Public Employee Retirement
System of Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 1983

A Certificate of Conformance in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to governmental units and public employee retirement systems whose comprehensive annual financial reports (CAFR's) are judged to substantially conform to program standards.



Arthur W. Blumfeld
President

Jeffrey L. Esler
Executive Director

THE RETIREMENT BOARD

Elected Members



JERRY E. CAPLINGER

Representing
Municipal
Employees

DUSTY RHODES

Representing
Miscellaneous
Employees



WALTER H. KYLE

Representing
State
Employees

WILLIAM G. WILCOX

Representing
Retirees



RICHARD J. REHMER

Representing
College - University
Employees

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



WILLIAM S. McLAUGHLIN

Executive Director

Assistant Directors

RICHARD D. MYERS
Benefits

ROBERT A. McLAUGHLIN
Investments

RICHARD E. SCHUMACHER
Comptroller

ORGANIZATIONAL STRUCTURE

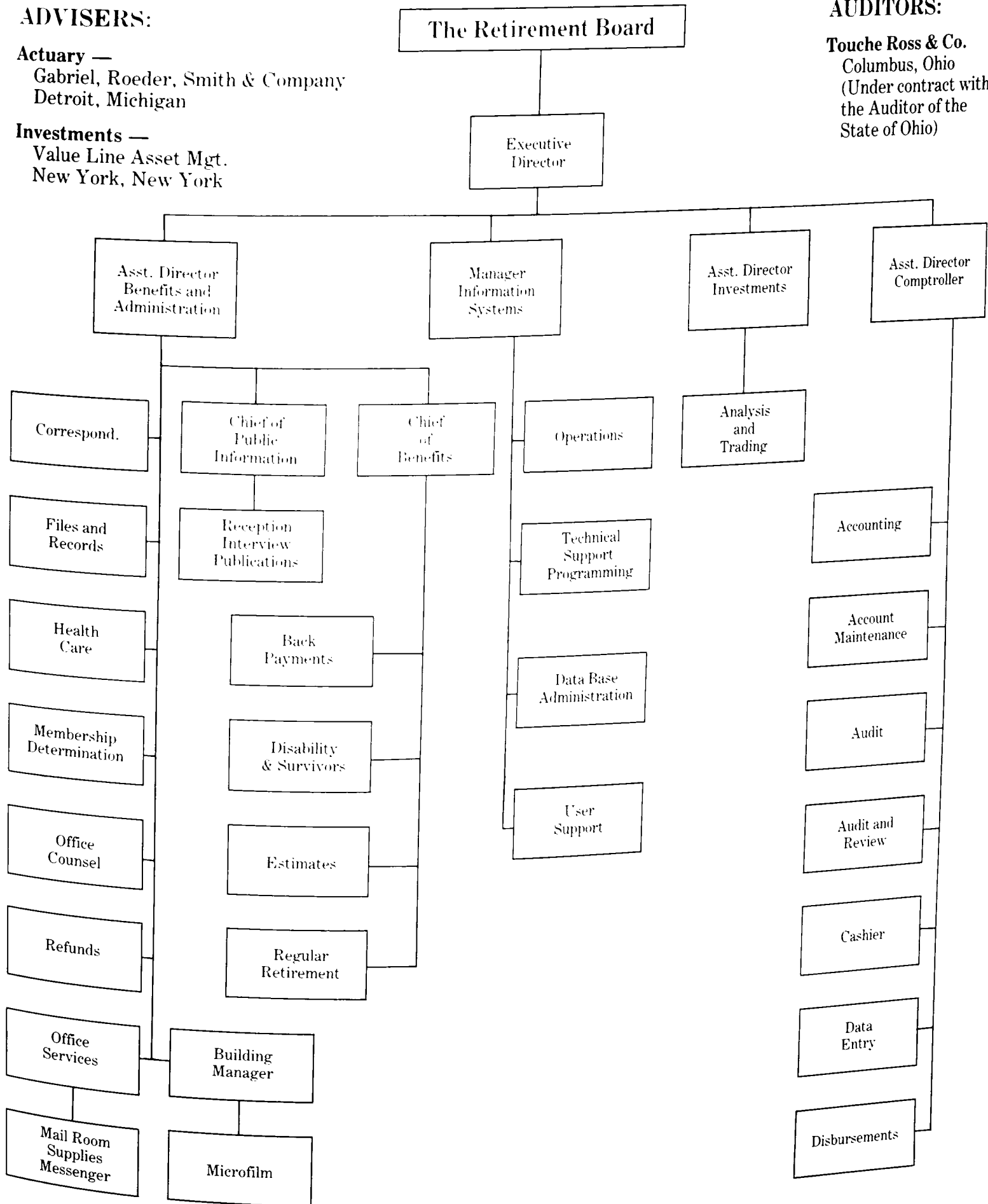
ADVISERS:

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)



This year marks the 50th anniversary of the Public Employees Retirement System of Ohio — one that we are particularly proud to celebrate because we have established a tradition of being one of the best systems in the country.

Over the past half century PERS has provided the financial security of savings and service to thousands of public employees. We have protected that security and assured members and their beneficiaries that they will always receive the most prompt and accurate payment of maximum benefits permitted by law. This is the PERS tradition, and we intend to continue to serve our members this way in the future.

Back in 1925, using the Teachers Retirement System as a model, a group of state employees planned and proposed a retirement system for state workers. By 1931, this group, known as the State Employees' Beneficial Association of Ohio, had unsuccessfully sponsored a bill before the Legislature. The next time around, however, with the help of Representative Charles S. Best of Columbus and Senator William P. Haynes of Coshocton, the bill was passed into law and became effective January 1, 1935. The State Employees Retirement System was born.

In 1937, the Legislature authorized the State to make contributions. The first retirement check, in the amount of \$106.07, was sent out January 31, 1938. Since then, 15,681,241 checks have been paid to 142,682 retirees or beneficiaries for a total disbursement of \$4,015,645,729. In addition,

the Retirement System has refunded \$985,048,948 to members who have left public employment.

In 1984 alone, more than \$522,466,256 in benefits have been paid to 87,732 members who have retired.

When the Retirement System began operations in 1935, membership was restricted to state units. At that time there were 6,022 "charter" members.

By July 1, 1938, employees of all counties and municipalities in the state were included in the membership. This strong initial growth launched the system toward becoming one of the largest statewide public retirement systems in the nation. In 1938 membership rose from 16,000 to more than 42,000. Within the next 20 years it expanded to include all public employees in the state, with the exception of certain employees with their own retirement systems: members of boards of education and state university faculties, police, firemen, and highway patrol officers.

Of course, we have realized a significant increase in our membership since then. From 6,022 in 1935, we have grown to 304,727 through 1984; 250,796 of those are active contributing members, and 53,931 have money on deposit but currently are not working in state service. There were 87,732 retirants and beneficiaries at the end of 1984.

The future looks very bright. Through the expansion of services and development of new legislation, we anticipate steady growth for PERS and increasing benefits for our members.

50 YEARS OF SERVICE



THE START OF IT ALL: On June 30, 1933, Governor George White signed the bill authorizing establishment of the State Employees Retirement System, effective January 1, 1935.

HIGHLIGHTS OF A HALF CENTURY

- 1933 — Under the direction of Dale W. Stump, the first executive director, The State Employees Retirement System is established.
- 1935 — State employees begin making deposits to the System.
- 1936 — Wilson E. Hoge, the second executive director, is appointed.
- 1937 — State employers make first contributions.
- 1938 — First retirement check paid. The System expands to include employees of counties, municipalities, health, park and conservancy districts. Name is changed to Public Employees Retirement System.
- 1941 — Membership is made optional for elected officials, but most join.
- 1943 — Fred L. Schneider, the third executive director, is appointed.
- 1945 — State pays up delinquent contributions to the System, putting it on a sound actuarial reserve basis.
- 1947 — Benefits are increased to retirees and a monthly minimum \$15 pension is established.
- 1951 — Survivor benefits are provided, thus making the System more valuable to younger members.
- 1955 — Benefits are increased. Guaranteed minimum with service credit formula goes into effect.
- 1957 — Benefits in effect are adjusted. Service required to qualify for disability benefits is reduced from ten to five years.
- 1959 — An increase from 10% to 14% is made in all benefits. Service required for members to qualify their survivors for benefits is reduced from three years to 18 months. On the last day of 1959, PERS completes its 25th year of operation. During the quarter of a century, a total of 1,400,000 checks have been paid to 19,659 retirants or beneficiaries, amounting to almost \$100 million.
- 1965 — Benefits are increased.
- 1966 — Assets pass the billion dollar mark. Investments, deposits, and accounts receivables total \$1,007,650,411.
- 1968 — Benefits are increased.
- 1969 — An annual increase of 12.30% takes place, the largest increase to this time.
- 1970 — The move into the new building located at 277 East Town Street is complete. Improvements are made in benefits to survivors relating to a member's final average salary (up to 60%). Also expanded eligibility requirements are extended to children age 18 and over.
- 1971 — J. Douglass Peters, the fourth executive director, is appointed. A 1½% cost-of-living increase is enacted, for retirees receiving at least 36 monthly payments, for this year and any other years in which the Consumer Price Index reflects an increase of 1½% or more. An automatic cost-of-living increase is implemented. The three-year marriage requirement is eliminated for a widow or widower as a qualification for sole survivor benefits.
- 1972 — Historic year for legislation. House Bill (No. 430) fixes the rate of employee contribution at 8% and makes it possible for employer rates to increase to a maximum of 13%, if necessary. Retirement is made possible after 32 years of service credit, regardless of the member's age. Veterans are able to credit three years of their military duty toward retirement. A uniform annual earnings requirement of \$3,200 is adopted. The payment of premium costs of hospital and medical coverage for all receiving age and service, disability, or survivor benefit payment is authorized. A \$500 death benefit is provided to be made payable to the estate of those who die while receiving an age and service or disability benefit.
- 1974 — House Bill 1476 provides increases ranging from 5% to 33% for many receiving retirement and disability benefits. A 20% increase of benefits is made to widows and children of members who died on the job. The purchase of out-of-state or federal service toward retirement service credit is authorized. Final average salary period is reduced from five to three years.
- 1975 — The state employer rate of contributions increases from 10.4% to 12%.
- 1976 William S. McLaughlin is appointed the fifth executive director. A 2% increase in the cost-of-living adjustment is made.
- 1979 — A 3% cost-of-living adjustment goes into effect. Legislation is enacted granting a 5% ad hoc increase on the first \$5,000 of annual pension for those whose benefits had been figured on the old five-year formula.
- 1981 — An ad hoc increase from 4% to 6%, supplemental to the 3% annual cost-of-living award is granted to members.
- 1982 — The new 37,000 square foot addition to the 277 East Town Street building is opened and occupied by a number of PERS departments.
- 1984 — Benefit formula is increased to 2.1%, and retirees were given a 5% increase.

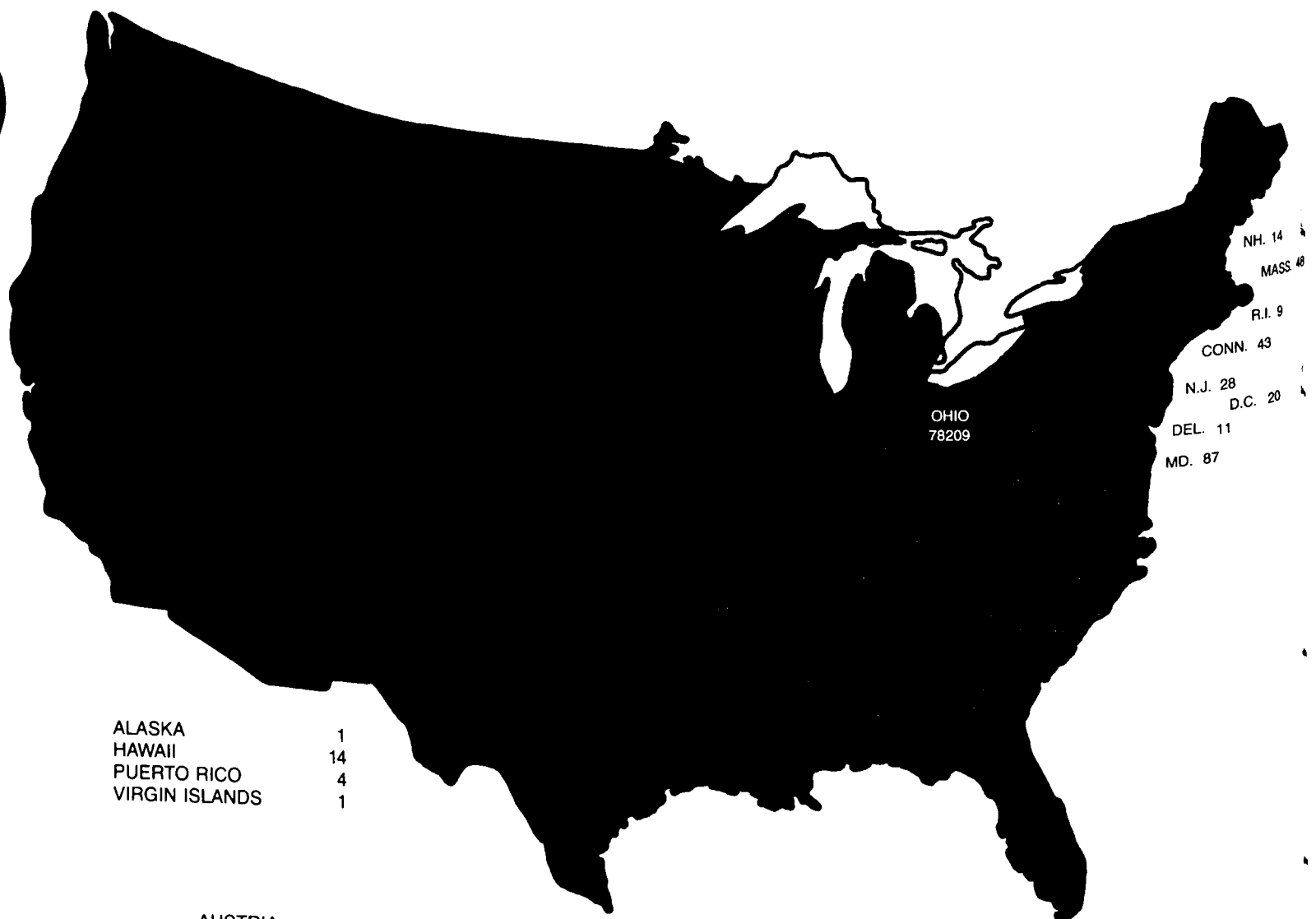
THOSE WHOM WE SERVE

The Public Employees Retirement System in 1984 assisted 304,727 of its members in their quest for a secure source of income during their retirement years. In addition, last year it dispensed \$522,466,256 in annuity, disability, and survivor benefits to 87,732 beneficiaries of this 50-year-old System.

Although the majority of 1984 PERS retirants are spending their well-earned retirement dollars within the borders of the United States (see map), each month PERS warrants are sent all over the world, even a few behind the Iron Curtain.

One of the most distinguished groups among our retirants is our centenarians. All but two of these thirteen men and women who range in age from 101 to 104 live in Ohio. All worked longer than the law required and retired somewhere between the ages of 68 and 95. One persistent lady, in fact, retired five times. The last time was at the age of 88, thus ending a career that spanned 65 years. Another gentleman recently retired at the age of 95.

We would like to think that the benefits these special individuals, as well as all our retirants, have received from PERS over the years have contributed to making their lives richer and fuller.



ALASKA 1
HAWAII 14
PUERTO RICO 4
VIRGIN ISLANDS 1

AUSTRIA 2
BRAZIL 1
CANADA
ALBERTA 3
BRITISH COLUMBIA 1
MANITOBA 1
NEW BRUNSWICK 1
NEWFOUNDLAND 1
NOVA SCOTIA 2
ONTARIO 18
CYPRUS 1

CENTRAL AMERICA-
BELIZE 1
ENGLAND 5
FRANCE 1
GREECE 6
HUNGARY 2
IRELAND 3
ISRAEL 2
ITALY 11
JAPAN 2
KUWAIT 1

MEXICO 3
NETHERLANDS 1
NEW ZEALAND 1
POLAND 2
SPAIN 2
SOUTH AMERICA-
VENEZUELA 1
TURKEY 1
WEST GERMANY 7
YUGOSLAVIA 1

NH. 14
MASS. 48
R.I. 9
CONN. 43
N.J. 28
D.C. 20
DEL. 11
MD. 87

OHIO
78209

LETTER OF TRANSMITTAL

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, OH 43215

June 1, 1985

Dear Chairman and Members of the Board:

On this our fiftieth anniversary, it is a privilege to submit to you the Annual Financial Report of the Public Employees Retirement System of Ohio for the fiscal year ended December 31, 1984. We believe this report reflects the careful stewardship of assets and dedicated service to members and retirants.

The report consists of six sections: an Introductory Section which contains a Letter of Transmittal, the identification of the administrative organization and consulting services utilized by the system, and a history of the past fifty years of operation; the Financial Statements Section contains the opinion of the independent certified public accountant and 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 consists of significant data pertaining to the Retirement System; the Investment Section contains the investment report, portfolio summary and the portfolio listings; and the last section is the System's plan summary.

CERTIFICATE OF CONFORMANCE

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Conformance in financial reporting to the Public Employees Retirement System of Ohio for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 1983. In order to be awarded a Certificate of Conformance, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, in which contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Conformance is valid for a period of one year only. We believe our current report continues to conform to Certificate of Conformance Program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

ACCOUNTING SYSTEM

The accrual basis of accounting is used in recording 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 write-off of deferred loss also are 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. In 1984 an enhancement to our cash management program was implemented. Under our new procedure, receipts are deposited as received and are recorded as undistributed deposits until such time as they are allocated to member contributions, employer receivables, employer contributions, and investment income. Therefore, the funds become available for investment purposes sooner.

Management is responsible for maintaining systems of internal accounting controls which are designed to provide responsible assurances for the safeguarding of assets and the reliability of financial records.

REVENUES

The 1984 revenue from employee and employer contributions totaled \$902.9 million. Net investment income for the period was \$713.9 million. As a comparison, the same figures for 1983 were \$874.2 million and \$666.7 million, respectively. Contribution rates for both employees and employers remain unchanged from the prior year.

EXPENSES

Benefit payments are the primary expense of a Retirement System. Consequently, recurring benefit payments prescribed by the plan, refunds of the contributions to terminated employees, and the cost of administering the system comprise the total expense.

Benefit disbursements for 1984 totaled \$607.6 million. Of this amount \$522.5 million was paid to fulfill the system's obligations to its retirants. Refunds to members or beneficiaries for reasons of separation from service or death totaled \$85.1 million. Health care costs in 1984 amounted to \$104.3 million. These costs are paid by the Public Employees Retirement System on a split-funding program initiated in January, 1981. The Aetna Insurance Company administers the claims processing under this agreement.

FUNDING AND RESERVES

Funds, derived from the excess of revenues over expenses, 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, 1984, funds established by the system totaled \$9,155.1 million. The actuarial valuation dated December 31, 1983, reflects an unfunded accrued liability of \$5,819.4 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 36 years, the local government portion over 42 years, and the law enforcement portion over 16 years.

A detailed discussion of the funding is provided in the actuarial section (pages 26 to 30).

INVESTMENTS

The investment portfolio provided net revenues of \$713.9 million to the system in 1984. 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 44 to 61.

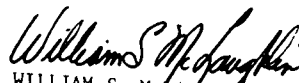
PROFESSIONAL SERVICES


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 Accounts, Columbus, Ohio, under contract with the Auditor of the State of Ohio.

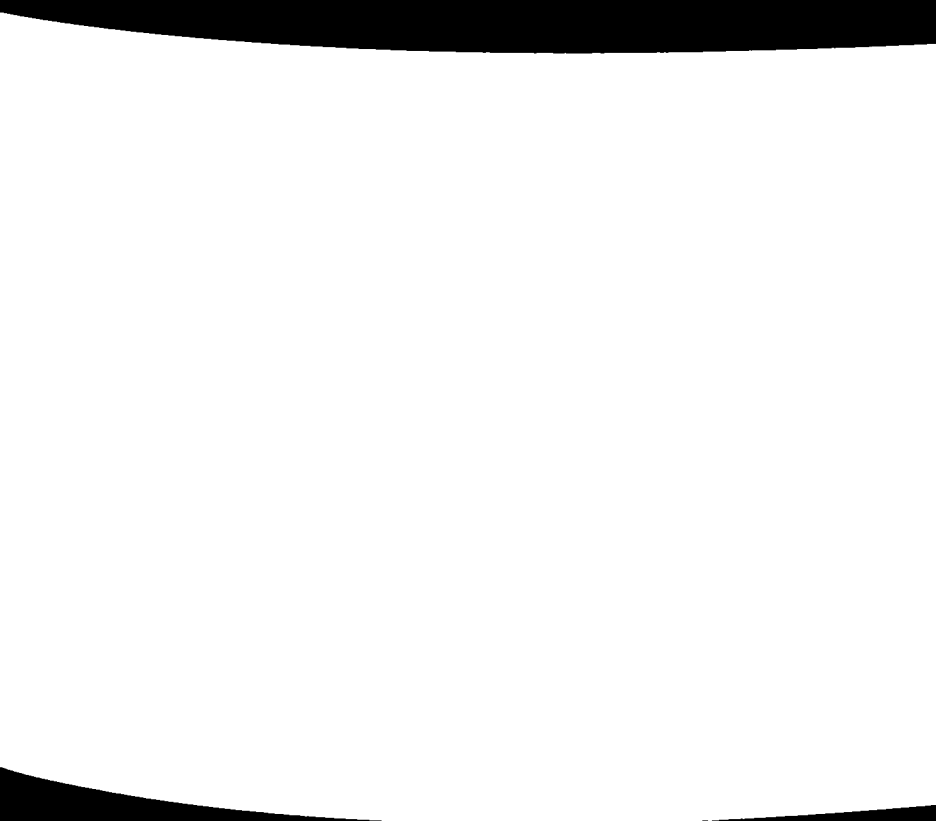
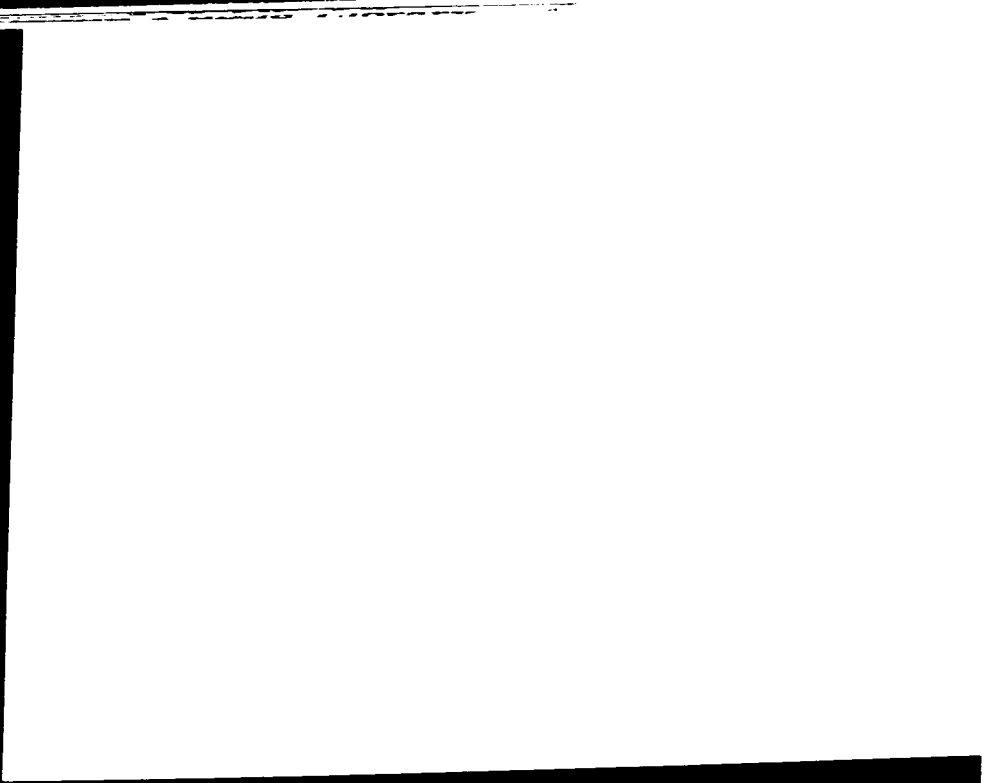
ACKNOWLEDGMENTS

The preparation of this report reflects the combined efforts of the System's staff under the direction of the Retirement Board. Its purpose is to provide complete and reliable information as a basis for making management decisions, as a means for determining compliance with the 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 the System, each state legislator, and other interested parties.


WILLIAM S. McLAUGHLIN
Executive Director


RICHARD E. SCHUMACHER
Assistant Director - Comptroller



Touche Ross & Co.

March 25, 1985

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 sheets of the Public Employees Retirement System of Ohio as of December 31, 1984 and 1983, and the related statements of revenues, expenses and changes in fund balance and changes in financial position for the years then ended, and the additional information listed in the accompanying index. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of the Public Employees Retirement System of Ohio as of December 31, 1984 and 1983, and the results of its operations, changes in its fund balance and changes in its financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis. 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

December 31, 1984
With Comparative Figures for 1983

ASSETS	1984	1983
Cash and Short-Term Investments:		
Cash	\$ 12,529,307	\$ 3,854,122
Short-Term Investments	<u>1,286,959,397</u>	<u>284,201,954</u>
	<u>1,299,488,704</u>	<u>288,056,076</u>
Receivables:		
Employer	86,407,165	88,307,757
Investment Sale Proceeds	11,536,384	19,757,203
Accrued Interest	<u>155,426,993</u>	<u>185,584,760</u>
	<u>253,370,542</u>	<u>293,649,720</u>
Investments (Notes 3 and 4):		
Bonds	4,425,177,252	4,718,634,922
Mortgages	1,364,696,921	836,671,503
Stocks	1,388,954,972	1,510,163,952
Real Estate — Commingled Funds	152,351,158	150,032,134
Venture Capital — Stocks and Notes	<u>54,960,489</u>	<u>53,033,750</u>
	<u>7,386,140,792</u>	<u>7,268,536,261</u>
Fixed Assets:		
Land	1,874,808	1,874,808
Buildings and Building Improvements	6,410,017	6,374,983
Furniture, Fixtures and Equipment	<u>2,187,669</u>	<u>2,059,933</u>
	10,472,494	10,309,724
Accumulated Depreciation	<u>(1,922,831)</u>	<u>(1,681,565)</u>
	<u>8,549,663</u>	<u>8,628,159</u>
Other Assets:		
Deferred Cost on Bonds Sold (Note 4)	232,855,656	312,104,221
Prepaid Expenses	<u>113,929</u>	<u>65,597</u>
	<u>232,969,585</u>	<u>312,169,818</u>
TOTAL ASSETS	<u><u>\$9,180,519,286</u></u>	<u><u>\$8,171,040,034</u></u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Undistributed Deposits (Note 1h)	\$ 10,860,137	\$ 8,165,633
Medical Benefits Payable	8,600,706	6,696,082
Investment Commitments Payable	4,468,329	1,297,989
Accrued Administrative Expenses (Note 7)	<u>1,509,825</u>	<u>16,159,704</u>
TOTAL LIABILITIES	<u>25,438,997</u>	<u>16,159,704</u>
Fund Balances (Note 1i):		
Members Savings Fund	2,011,158,247	1,843,417,207
Employer Accumulation Fund (Net Unfunded Accrued Liabilities: 1984 — \$5,819,389,840; 1983 — \$5,253,818,854) (Note 5)	<u>2,810,166,280</u>	<u>2,392,237,125</u>
Annuity and Pension Reserve Fund	3,841,073,859	3,458,550,530
Survivor Benefit Fund	492,143,349	453,786,437
Income Fund	524,725	6,770,842
Expense Fund	<u>13,829</u>	<u>118,189</u>
Total Fund Balances	<u>9,155,080,289</u>	<u>8,154,880,330</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$9,180,519,286</u></u>	<u><u>\$8,171,040,034</u></u>

See Notes to Financial Statements



STATEMENT OF REVENUES, EXPENSES, AND TRANSFERS

	MEMBERS SAVINGS	EMPLOYER ACCUMULATION	ANNUITY AND PENSION RESERVE
Revenues:			
Member Contributions			
Employer Contributions	\$ 345,361,223		
Investment Income		\$ 514,471,612	
Other			
Total Revenues			\$ 42,860
	<u>345,361,223</u>	<u>514,471,612</u>	<u>42,860</u>
Expenses:			
Benefit Payments			
Refunds			
Administrative Expenses	84,473,366	633,665	477,797,205
Total Expenses			
	<u>84,473,366</u>	<u>633,665</u>	<u>477,797,205</u>
Excess of Revenues Over Expenses			
	<u>260,887,857</u>	<u>513,837,947</u>	<u>(477,754,345)</u>
Transfers — Increase (Decrease)			
Retirement Annuities	(113,015,999)	(325,725,746)	438,741,745
Disability Benefits	(8,470,413)	(57,376,852)	65,847,265
Survivor Annuities	(5,754,277)		
Retirement to (from) Other Systems	(1,965,518)	(1,182,949)	3,148,467
Statutory Interest	36,269,400	(36,269,400)	
Annual Interest		325,630,144	263,853,370
Other		(983,989)	88,686,827
Total Transfers	<u>(210,010)</u>	<u>(95,908,792)</u>	<u>860,277,674</u>
Balance, January 1, 1984	<u>(93,146,817)</u>	<u>(95,908,792)</u>	<u>860,277,674</u>
Balance, December 31, 1984	<u>1,843,417,207</u>	<u>2,392,237,125</u>	<u>3,458,550,530</u>
	<u>\$2,011,158,247</u>	<u>\$2,810,166,280</u>	<u>\$3,841,073,859</u>

AND CHANGES IN FUND BALANCES

Year Ended December 31, 1984

Year Ended
December 31, 1983

<i>SURVIVOR BENEFITS</i>	<i>INCOME</i>	<i>EXPENSE</i>	<i>TOTAL</i>	<i>TOTAL</i>
\$ 43,026,804		\$ 7,216	\$ 345,368,439	\$ 330,125,897
	\$713,857,919		557,498,416	544,109,013
<u>2,090</u>	<u>40,337</u>	<u>102,060</u>	<u>713,857,919</u>	<u>666,680,588</u>
<u>43,028,894</u>	<u>713,898,256</u>	<u>109,276</u>	<u>1,616,912,121</u>	<u>1,540,971,726</u>
44,669,051			522,466,256	466,770,558
	686	343	85,108,060	63,144,826
<u>44,669,051</u>	<u>686</u>	<u>9,137,846</u>	<u>9,137,846</u>	<u>8,774,539</u>
<u>(1,640,157)</u>	<u>713,897,570</u>	<u>9,138,189</u>	<u>616,712,162</u>	<u>538,689,923</u>
		<u>(9,028,913)</u>	<u>1,000,199,959</u>	<u>1,002,281,803</u>
5,754,277				
34,242,792	(623,726,306)			
<u>39,997,069</u>	<u>(96,417,381)</u>	<u>8,924,553</u>		
<u>453,786,437</u>	<u>(720,143,687)</u>	<u>8,924,553</u>		
<u>\$492,143,349</u>	<u>6,770,842</u>	<u>118,189</u>	<u>8,154,880,330</u>	<u>7,152,598,527</u>
	<u>\$ 524,725</u>	<u>\$ 13,829</u>	<u>\$9,155,080,289</u>	<u>\$8,154,880,330</u>



STATEMENT OF CHANGES IN FINANCIAL POSITION

Year Ended December 31, 1984
With Comparative Figures for 1983

	1984	1983
FUNDS PROVIDED BY:		
Excess of Revenues over Expenses	\$ 1,000,199,959	\$1,002,281,803
Item Not Requiring an Outlay of Funds — Depreciation	366,645	470,365
Increase (Decrease) in Cash Due to Changes in:		
Employer Receivables	1,900,592	(7,852,577)
Investment Sale Proceeds Receivable	8,220,819	(1,179,053)
Accrued Interest and Dividends Receivable	30,157,767	(67,316,620)
Deferred Costs on Bonds Sold	79,248,565	174,987,444
Prepaid Expenses	(48,332)	23,649
Medical Benefits Payable	435,073	7,587,078
Investment Commitments Payable	(2,227,753)	6,696,082
Accrued Administrative Expenses	211,836	1,297,989
Undistributed Deposits	10,860,137	
Cash Provided From Operations	<u>1,129,325,308</u>	<u>1,116,996,160</u>
Sales and Maturities of Investments:		
Bonds	10,057,048,207	5,987,984,669
Mortgages	277,745,992	120,961,870
Stocks	608,874,887	615,687,767
Venture Capital — Stocks and Notes	10,761	166,250
Total Funds Provided	<u>12,073,005,155</u>	<u>7,841,796,716</u>
FUNDS USED FOR:		
Purchase of Investments:		
Bonds		7,558,370,627
Mortgages	9,763,590,537	249,653,795
Stocks	805,771,410	1,310,845,257
Real Estate — Commingled Funds	487,665,907	150,032,134
Venture Capital — Stocks and Notes	2,319,024	49,950,000
Additions to Fixed Assets	1,937,500	783,919
Total Funds Used	<u>288,149</u>	<u>9,319,635,732</u>
Net Increase (Decrease) in Funds	<u>11,061,572,527</u>	<u>(1,477,839,016)</u>
Cash and Short-Term Investments, Beginning of Year	1,011,432,628	1,765,895,092
Cash and Short-Term Investments, End of Year	<u>288,056,076</u>	<u>288,056,076</u>
	<u>\$ 1,299,488,704</u>	<u>\$ 288,056,076</u>

See Notes to Financial Statements

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 covered 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 36 years for state, 42 years for local government and 18 years for law enforcement divisions.

(e) Investments

Short term investments consisting of commercial paper and U.S. Treasury obligations are carried at cost. PERS did not engage in any repurchase or reverse repurchase transactions during 1984 or 1983. 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 dividends declared.

(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 life 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 purchased.

(h) Undistributed Deposits

Cash receipts are recorded as undistributed deposits until such time as they are allocated to employer receivables, employer contributions, member contributions, and investment income.

(i) 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 Fund 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 study dated December 31, 1983. 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 investment earnings and miscellaneous income. 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 consisting of six elected members and three statutory members. The Board appoints an Executive Director, an Actuary and other employees. All public employees in Ohio are required to become contributing members of PERS. There are certain specified exclusions and exemptions from compulsory membership.

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 range 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. Through January 31, 1984, the benefit was 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. 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. This option is 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 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 ben-

efits 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 health care premium. A lump-sum death benefit of \$500 is provided upon death, to the beneficiaries of retirees receiving regular or disability benefits.

NOTE 3. Summary of Investments:

A summary of investments held at year end is as follows:

	DECEMBER 31, 1984	
	BOOK VALUE	MARKET VALUE
Short-Term Investments:	\$1,286,959,397	\$1,297,002,000
Bonds — Par	\$5,249,576,638	
Net Unamortized Discount	824,399,386	
Bonds — Net	4,425,177,252	\$4,462,770,951
Mortgages — Par	1,744,700,941	
Net Unamortized Discount	380,004,020	
Mortgages — Net	1,364,696,921	1,432,436,951
Stocks — Common and Preferred	1,388,954,972	1,833,268,859
Venture Capital	54,960,489	55,876,739
Real Estate-Commingled Funds	152,351,158	172,534,238
Total Investments	\$7,386,140,792	\$7,956,887,738

	DECEMBER 31, 1983	
	BOOK VALUE	MARKET VALUE
Short-Term Investments:	\$ 284,201,954	\$ 286,797,000
Bonds — Par	\$5,635,891,364	
Net Unamortized Discount	917,256,442	
Bonds — Net	4,718,634,922	\$4,518,569,265
Mortgages — Par	1,078,600,883	
Net Unamortized Discount	241,929,380	
Mortgages — Net	836,671,503	868,268,050
Stocks — Common and Preferred	1,510,163,952	2,037,966,297
Venture Capital	53,033,750	63,231,250
Real Estate-Commingled Funds	150,032,134	155,846,113
Total Investments	\$7,268,536,261	\$7,643,880,975

If available, quoted market prices have been used to value investments as of December 31, 1984 and 1983. Securities, not having a quoted market price, have been valued on yields currently available on comparable securities of issuers with similar credit ratings. Venture capital not having quoted market prices is shown at cost. The market value of real estate commingled funds is based upon appraisals of the properties held.

Weighted average purchase yields are as follows:

	<u>1984</u>	<u>1983</u>
Short-term investments	8.46%	9.35%
Long-term investments	11.18%	10.75%
Total yield	10.83%	10.70%
Total yield adjusted for amortization of deferred cost on bonds sold	10.67%	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, 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.

	<u>1984</u>	<u>1983</u>
Beginning Balance	\$312,104,221	\$487,091,665
Losses Realized on Bonds Exchanged	341,372,692	204,427,680
Losses Amortized	(21,282,031)	(24,099,020)
Losses Written off on Sales Prior to Maturity	(399,339,226)	(355,316,104)
Ending Balance	<u>\$232,855,656</u>	<u>\$312,104,221</u>

NOTE 5. Accumulated Plan Benefits and Actuarial Assumptions:

Accumulated plan benefits are and include all of the following:

Future monthly payments to retirants who are receiving benefit payments on the valuation date and to beneficiaries including those receiving optional survivors' benefits.

The portion of potential future monthly retirement and disability benefits payable to active members attributable to their service credit and salary earned up to the valuation date plus the pro rata portion of certain death benefits.

The potential future monthly service 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 present value of accumulated plan benefits is the amount determined by the System's Actuary by applying actuarial assumptions to adjust the accumulated plan benefits to 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, 1983, include:

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 Annuity Mortality Male and Female Tables, projected to 1984, were used.

Disability — Based upon System's experience.

Withdrawal — Based upon System's experience.

There were no changes in actuarial assumptions during either 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 Employee Savings Fund and Employer Accumulation Fund are subtracted from this present value to arrive at the unfunded accrued liability.

The unfunded liability based upon the last two actuarial valuations is as follows:



	DECEMBER 31, 1983			DECEMBER 31, 1982	
	State Group	Local Government Group	Law Enforcement Group	Total	Total
Present value of actuarial accrued liability for active and inactive accounts	\$3,828,645,734	\$5,985,187,959	\$152,523,653	\$9,966,357,346	\$8,810,449,903
Less:					
Employer Accumulation Fund*	921,085,540	1,311,603,638	70,861,121	2,303,550,299	1,892,151,722
Member Savings Fund	684,866,372	1,133,413,791	25,137,044	1,843,417,207	1,664,479,327
Unfunded Accrued Liability	<u>\$2,222,693,822</u>	<u>\$3,540,170,530</u>	<u>\$ 56,525,488</u>	<u>\$5,819,389,840</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 \$1,574,491 and \$1,053,969 for the years ended December 31, 1984 and 1983, respectively.

NOTE 7. Vacation and Sick Leave Policy:

As of December 31, 1984 and 1983, \$1,293,243 and \$1,122,011, respectively, was 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 Financial Accounting Standards Board (FASB) and the Governmental Accounting Standards Board (GASB), (previously the National Council on Governmental Accounting (NCGA)), claim to be the standard setting authorities which Public Employees Retirement System of Ohio 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 No. 35 (FASB #35) titled "Accounting and Reporting by Defined Benefit Pension Plans." The principal impact of this Statement on financial statements will be to require that all of the investments be stated at fair market value, and the elimination of deferred costs on security exchanges.

In a release dated August 1, 1980, the National Council on Governmental Accounting (NCGA) expressed its concern "that acceptance of FASB #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 statement 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 FASB #35 to pension plans of state and local governmental units.

The Governmental Accounting Standards Board (GASB) has placed the pension disclosure issue on its technical agenda project and anticipates issuance of an exposure draft of a proposed statement that would provide authoritative guidance concerning the disclosure of information by Public Employee Retirement Systems (PERS) and state and local government employers regarding defined benefit pension plans in notes to financial statements and required statistical tables.

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

ADDITIONAL INFORMATION

SCHEDULE OF

CASH RECEIPTS AND DISBURSEMENTS

Year Ended December 31, 1984
With Comparative Figures for 1983

	1984	1983
CASH BALANCE AT BEGINNING OF YEAR	\$ 3,854,122	\$ 2,354,447
Receipts:		
Member Contributions	337,208,540	322,915,349
Employer Contributions	554,480,667	530,905,183
Purchases of Back Service	8,026,622	7,409,782
State Subsidies	5,058,192	5,488,970
Investments:		
Matured and Sold	18,767,633,908	13,664,413,671
Interest and Dividends	816,973,486	694,572,635
Rental Income	102,059	130,896
Undistributed Deposits	10,860,137	
Miscellaneous	135,149	98,717
TOTAL CASH RECEIPTS	<u>20,500,478,760</u>	<u>15,225,935,203</u>
Disbursements:		
Refunds:		
Separation Beneficiaries	81,955,101	60,470,084
Annuity Payments:	3,154,663	2,673,207
Retirement Annuities	410,977,501	359,545,422
Disability Benefits	62,879,273	56,906,520
Survivor Annuities	44,947,488	40,447,667
Retirement to Other Systems	3,227,849	2,615,346
Investment Purchases	19,875,712,036	14,693,830,431
Administrative Expenses	8,949,664	7,946,851
TOTAL CASH DISBURSEMENTS	<u>20,491,803,575</u>	<u>15,224,435,528</u>
CASH BALANCE AT END OF YEAR	<u>\$ 12,529,307</u>	<u>\$ 3,854,122</u>



INVESTMENT S

For the year ended Dec

	JANUARY 1, 1984		
	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>	<u>PURCHASES</u>
Bonds and Notes			
U.S. Government and Agencies	\$1,960,167,879	\$1,911,312,164	\$ 6,281,302,665
Corporate			
Industrial	996,066,244		1,343,362,104
Utilities	1,597,955,943		1,969,858,770
Finance	42,262,529		30,136,073
Total Corporate	2,636,284,716	2,493,296,353	3,343,356,947
Canadian Obligations	122,182,327	113,960,748	138,930,925
Mortgages	836,671,503	868,268,050	805,771,410
Venture Capital			
Bonds	36,000,000	36,000,000	
Stocks	17,033,750	27,231,250	1,937,500
Total Venture Capital	53,033,750	63,231,250	1,937,500
Stocks — Common	1,510,163,952	2,037,966,297	487,665,907
Real Estate — Commingled Funds	150,032,134	155,846,113	2,319,024
Total	<u>\$7,268,536,261</u>	<u>\$7,643,880,975</u>	<u>\$11,061,284,378</u>

SUMMARY

December 31, 1984

<u>MATURITIES SALES, AND AMORTIZATIONS</u>	<u>DECEMBER 31, 1984</u>		<u>% TOTAL MARKET</u>	<u>PURCHASE YIELD</u>
	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>		
\$6,432,058,509	\$1,809,412,035	\$1,858,752,582	22.74	12.18%
1,158,507,603	1,180,920,745			
2,301,336,321	1,266,478,392			
<u>29,844,428</u>	<u>42,554,174</u>			
3,489,688,352	2,489,953,311	2,478,576,695	37.44	12.65%
135,301,346	125,811,906	125,441,674	1.50	12.62%
277,745,992	1,364,696,921	1,432,436,951	20.01	13.01%
	36,000,000	36,000,000	.41	
<u>10,761</u>	<u>18,960,489</u>	<u>19,876,739</u>	<u>.22</u>	
10,761	54,960,489	55,876,739	.63	10.23%
608,874,887	1,388,954,972	1,833,268,859	15.93	5.08%
	<u>152,351,158</u>	<u>172,534,238</u>	<u>1.75</u>	
<u>\$10,943,679,847</u>	<u>\$7,386,140,792</u>	<u>\$7,956,887,738</u>	<u>100.00</u>	<u>11.18%</u>

SCHEDULE OF ADMINISTRATIVE EXPENSE

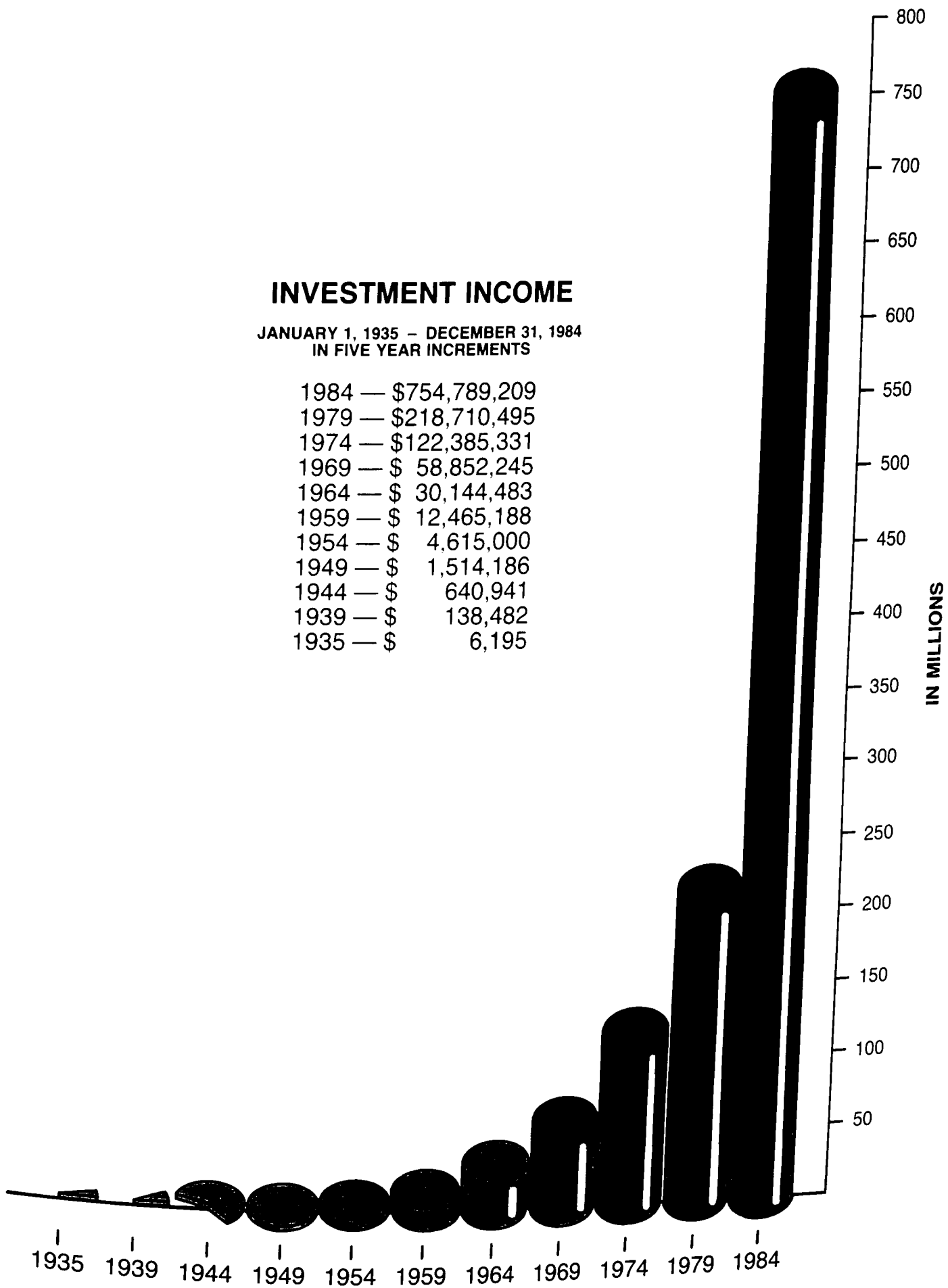
Year Ended December 31, 1984
With Comparative Figures for 1983

	1984	1983
PERSONAL SERVICES:		
Salaries and Wages	\$4,077,211	\$4,698,858
Retirement Contributions	676,369	616,546
Insurance	381,251	345,540
Bureau of Employment Services	<u>7,560</u>	<u> </u>
	<u>5,142,391</u>	<u>5,660,944</u>
SUPPLIES:		
Office Supplies	162,354	102,272
Printing and Publications	39,508	37,065
Dues and Subscriptions	<u>9,323</u>	<u>7,471</u>
	<u>211,185</u>	<u>146,808</u>
OTHER SERVICES AND CHARGES:		
Professional Services:		
Auditing		8,814
Actuarial	59,949	54,400
Investment	282,329	244,125
Medical	133,020	111,361
Pension Review	30,650	23,035
Employee Training	24,714	23,711
Data Processing Contract	99,850	7,605
Disaster Recovery Service	68,333	
Communication:		
Telephone and Telegraph	75,752	95,420
Freight, Express and Drayage	10,330	7,339
Postage	367,245	315,191
Transportation and Travel	101,154	87,054
Utilities	207,481	205,684
Equipment Rentals	1,574,491	1,053,969
Repair and Maintenance:		
Equipment		2,413
Building	3,688	288,076
Microfilm	254,534	18,809
Retirement Study Commission	17,468	94,462
Taxes — Real Property	95,293	13,641
Miscellaneous	6,753	8,884
	<u>4,591</u>	<u>8,884</u>
	<u>8,771,201</u>	<u>8,471,745</u>
DEPRECIATION ON:		
Building	97,658	97,658
Equipment and Fixtures	<u>268,987</u>	<u>205,136</u>
	<u>366,645</u>	<u>302,794</u>
TOTAL ADMINISTRATIVE EXPENSES	<u><u>\$9,137,846</u></u>	<u><u>\$8,774,539</u></u>

INVESTMENT INCOME

JANUARY 1, 1935 - DECEMBER 31, 1984
IN FIVE YEAR INCREMENTS

1984	—	\$754,789,209
1979	—	\$218,710,495
1974	—	\$122,385,331
1969	—	\$ 58,852,245
1964	—	\$ 30,144,483
1959	—	\$ 12,465,188
1954	—	\$ 4,615,000
1949	—	\$ 1,514,186
1944	—	\$ 640,941
1939	—	\$ 138,482
1935	—	\$ 6,195





REPORT OF THE ACTUARY

GABRIEL, ROEDER, SMITH & COMPANY
ACTUARIES & CONSULTANTS

2090 First National Building
Detroit, Michigan 48226
Area 313: 961-3346

March 28, 1985

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.

Annual actuarial valuations measure PERS present financial position and level contribution rates for the future. The latest completed actuarial valuations were based upon data and assumptions as of December 31, 1983. Conditions and results are shown in our reports.

These valuations indicate that the contribution rates, established by the Retirement Board for benefits then in effect, meet the basic financial objective.

Assumptions concerning future financial experience are needed for an actuarial valuation. 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, actual experience has been less favorable than assumed. The primary reasons are that the substantial gains from investment income that PERS has been able to achieve have been more than offset by inflation-generated salary and health care cost increases. Overall, however, we continue to believe the assumptions used in the regular valuations produce results which are reasonable.

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 L. Jones
Norman L. Jones

Richard G. Roeder
Richard G. Roeder

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

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		
	STATE & LOCAL	LAW ENFORCEMENT	
	MEN	WOMEN	
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

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		
30	5 & Over	.12	.10	9.60	11.40	4.90	9.60	11.40	0.08	0.06
40		.25	.15	6.20	7.40	3.60	6.20	7.40	0.39	0.23
50		.71	.43	2.30	3.10	2.00	2.30	3.10	1.12	0.72
60		1.80	1.16	1.00	1.50	1.00	1.00	1.50		

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
1983	248,307	3,814	15,361	85,594	369	4,285

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 (U.AAL)	RATIO OF ASSETS TO AAL	ACTIVE MEMBER PAYROLL	U.AAL 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
1983	13,997	8,156	5,820	58	3,814	153

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

discipline 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.

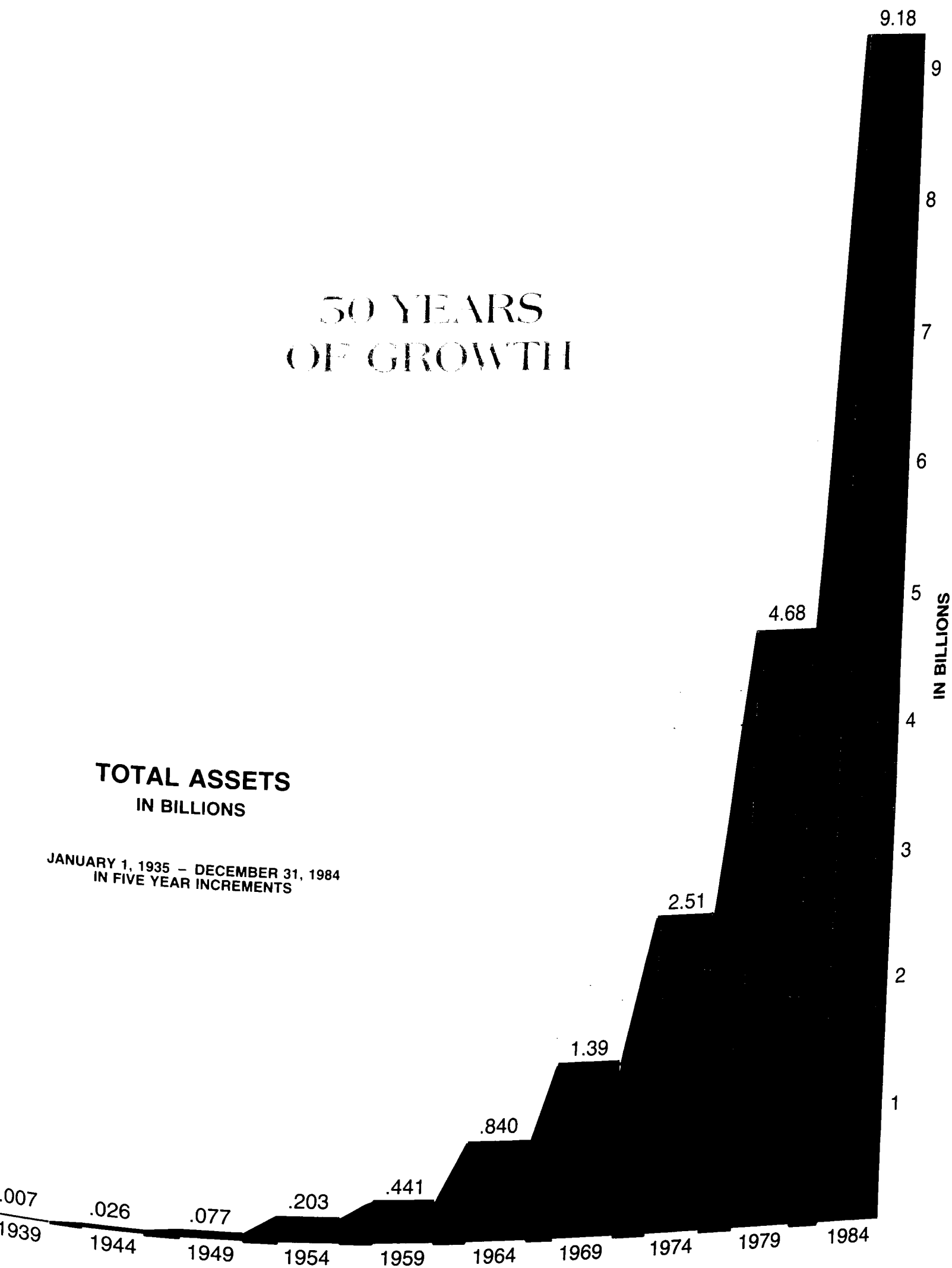
Computed Accrued Liabilities
(\$ Amounts in Millions)

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	\$1,289	\$2,973	\$2,738	100	100	21
1976	897	1,443	3,232	3,044	100	100	22
1977	1,002	1,683	3,763	3,480	100	100	21
1978	1,126	1,923	4,527	4,015	100	100	21
1979	1,216	2,414	5,334	4,667	100	100	19
1980	1,363	2,710	6,316	5,235	100	100	18
1981	1,491	3,296	6,268	6,106	100	100	21
1982	1,664	3,588	7,146	7,145	100	100	26
1983	1,843	4,011	8,123	8,156	100	100	28

50 YEARS OF GROWTH

TOTAL ASSETS IN BILLIONS

JANUARY 1, 1935 - DECEMBER 31, 1984
IN FIVE YEAR INCREMENTS

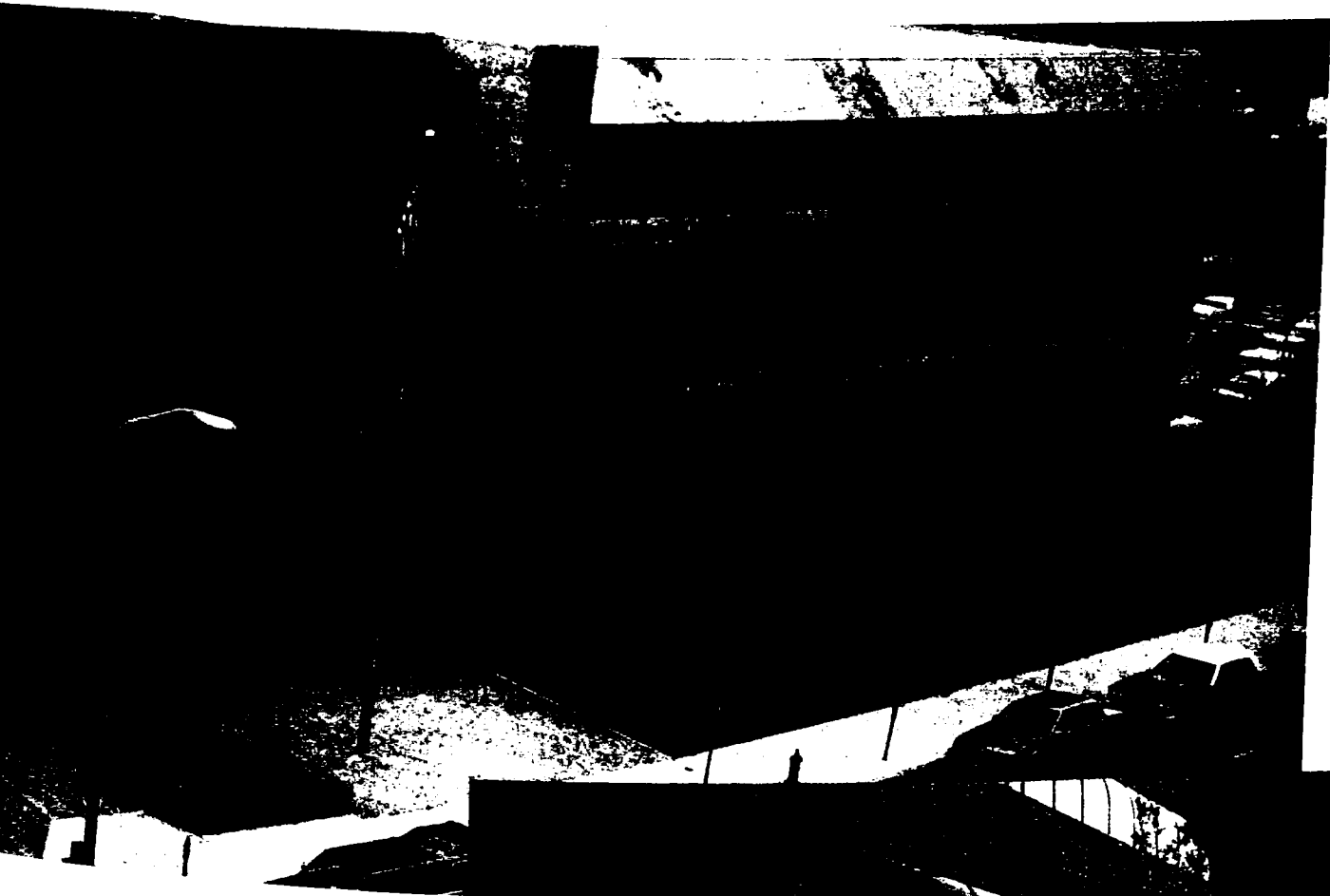


THE HOME OF



IT TOOK 37 YEARS, but in August 1970, the Public Employees Retirement System found a permanent home in an impressive and functional office building in Columbus (above and right). Twelve years later, with increases of 50% in benefit recipients, a 37,000-foot addition and more parking space for 500 cars were imperative. From 1933, during the depths of The Great Depression, when leading to PERS began, until a year after Ohioan Neil Armstrong was launched, the system made do with leased office space in two historic Columbus landmarks (upper left) on West Broad Street from 1933 until July 1, 1937, and the lower left) on East Gay Street from 1937 until 1970.

OF PERS



*Retirement System of Ohio finally
building at 277 East Town Street
of 50% in membership and 100%
ce for staff and visitors became
m, when organizational efforts
ng walked on the moon, PERS
marks, the Wyandotte Building
d the Nitschke Building (lower*



THOSE WHO HAVE DIRECTED

The 56 distinguished Ohioans named below, along with the current board of directors listed on page 4 of this report, unselfishly gave of their time and talents to make the Public Employees Retirement System what it is today.

Harry E. Neal, 1934 - 36
 John W. Bricker, 1934 - 36
 Joseph T. Tracy, 1934 - 36
 Ralph Emmons, 1934 - 35
 James C. Woodard, 1934 and 37
 W. B. Francis, 1936 - 37
 Charles J. Manney, 1936 - 39
 Herbert S. Duffy, 1937 - 38; 1949 - 50
 Hazel Hite, 1938
 Edward V. Stoecklein, 1938
 Carl W. Smith, 1938; 1946 - 47; 1950 - 57
 Thomas J. Herbert, 1939 - 44
 William J. Maloney, 1939 - 51
 Fred J. Morr, 1939 - 69
 Pauline Reich, 1939
 Gertrude Jones, 1939 - 45; 1948 - 49
 Joseph T. Ferguson, 1937 - 52; 1971 - 75
 William S. Evatt, 1941 - 45
 Marie A. Newberry, 1941 - 45

Hugh S. Jenkins, 1945 - 48
 John C. Waidner, 1946 - 54
 Jane Roberts, 1946
 Dorothy Strouse, 1947 - 57
 C. William O'Neill, 1951 - 56
 Robert D. McKean, 1951 - 70
 James A. Rhodes, 1953 - 62
 Raphael Horwitz, 1955 - 66; 1971 - 78
 Leland S. Dougan, 1957 - 59
 William Saxbe, 1957 - 58; 1963 - 68
 Elma A. Whitney, 1958 - 69
 Mark McElroy, 1959 - 62; 1970 - 82
 James T. Welch, 1960 - 63
 Roger W. Tracy, 1963 - 64
 Wayne Ward, 1963 - 69
 Chester W. Goble, 1964
 Roger Cloud, 1965 - 66; 1967 - 70
 Archer E. Reilly, 1966
 Paul E. Moyer, 1967 - 70

Paul W. Brown, 1969 - 70
 Charles F. Ream, 1969 - 71
 Doris Wood, 1970 - 79
 Charles E. Hughes, 1971 - 74
 William J. Brown, 1971 - 82
 Paul A. Corey, 1971 - 73
 Joseph J. Sommer, 1973 - 74; 1983
 Charles J. Ramsey, 1975 - 78
 Richard Krabach, 1975 - 76
 Richard D. Jackson, 1977 - 79
 John S. Reed, 1979 - 82
 Carl R. Griffith, 1979 - 80
 Donna A. Morrow, 1979 - 82
 William W. Wilkins, 1979
 Philip S. Hamilton, 1981
 William D. Keip, 1982
 Donna Dulinsky, 1982
 Allen Boyer, 1982

THOSE WHO HAVE LED

Only five executive directors have been named by the boards to administer the daily operations of PERS:



DALE W. STUMP
1934 - 35



WILSON E. HOGE
1935 - 1943



FRED L. SCHNEIDER
1943 - 1972



J. DOUGLASS PETERS
1972 - 1976



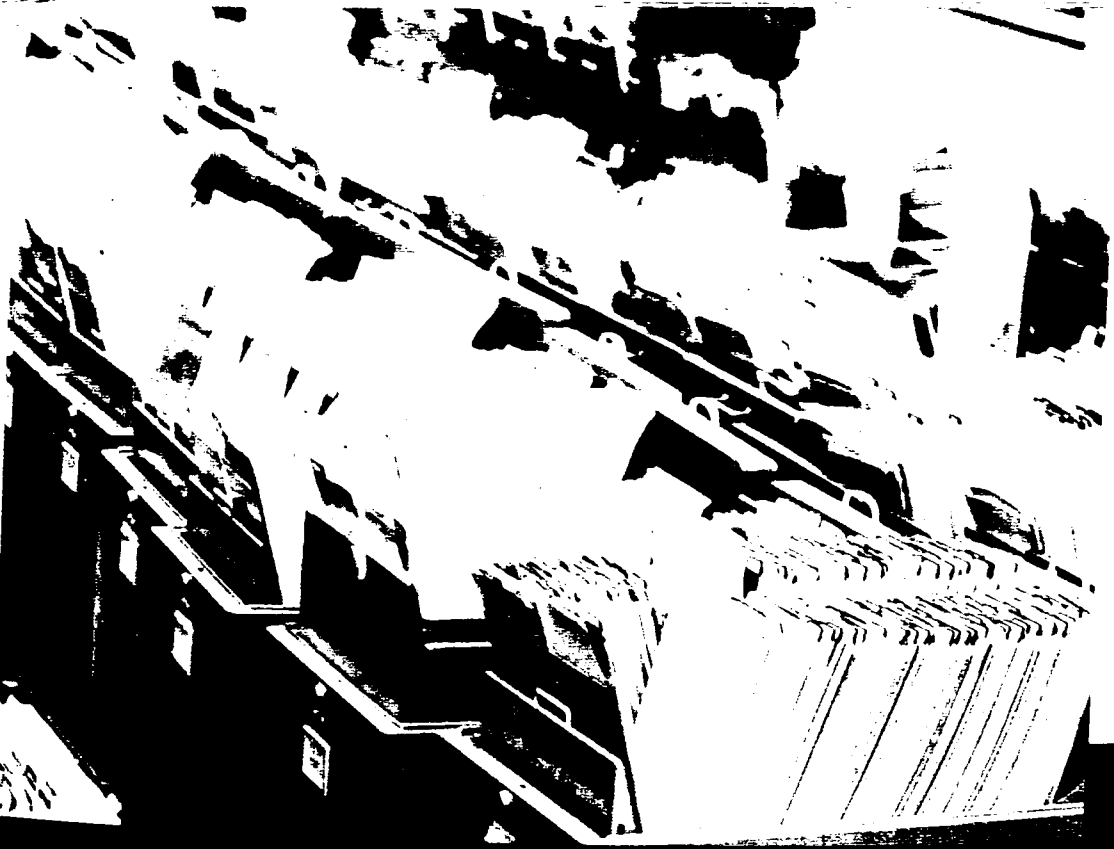
WILLIAM S. McLAUGHLIN
1976 -

IN MEMORIAM

The Public Employees Retirement Board and staff mourn the passing of Executive Director Emeritus Fred L. Schneider, who died December 6, 1984.

Mr. Schneider joined the PERS staff in 1938, was elevated to its top administrative post in 1943, and directed its impressive growth for almost three decades, until his retirement in 1972. During his 34 years of service and his many professional honors, Mr. Schneider became widely known as "Ohio's Mr. Retirement." His leadership, characterized by fiscal conservatism and a keen sense of stewardship, is a continuing influence on all associated with PERS.

He will be missed.





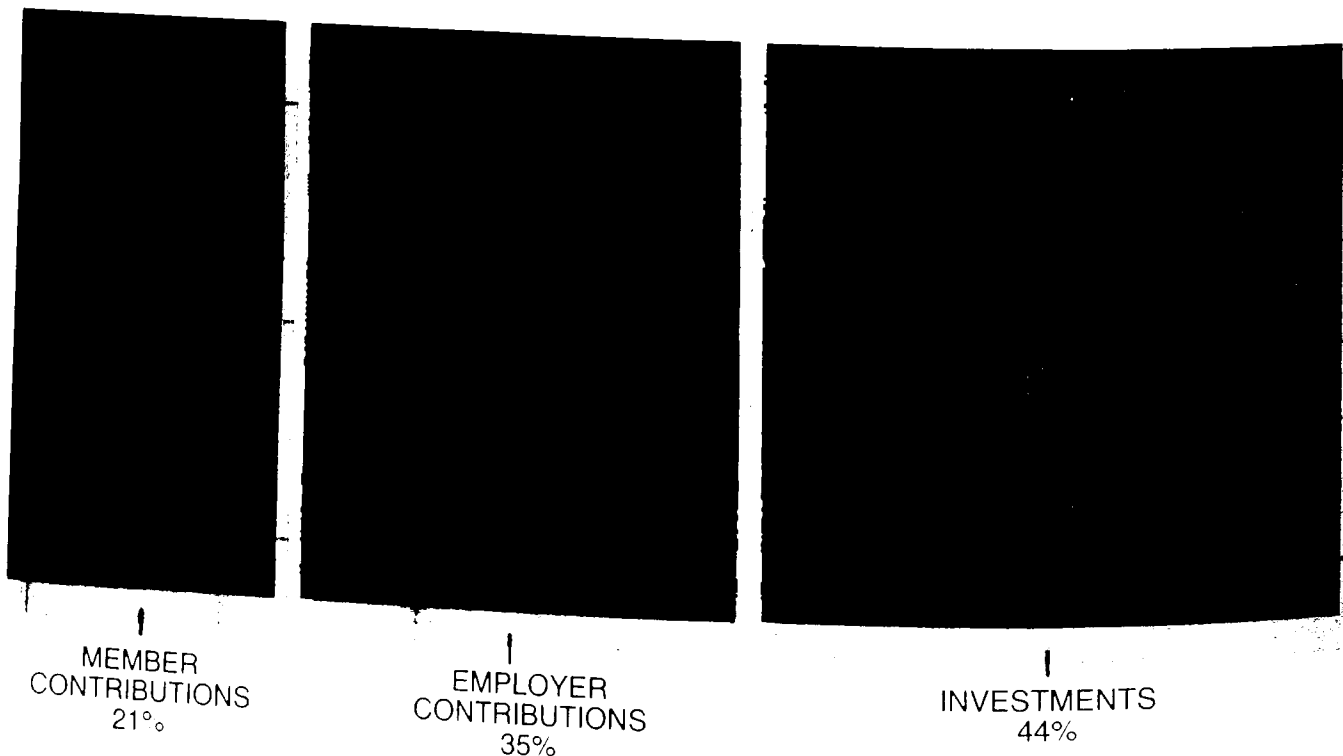
REVENUES BY SOURCE

Last Ten Years

	MEMBER CONTRIBUTIONS	EMPLOYER CONTRIBUTIONS	INVESTMENT INCOME (NET)	OTHER	TOTAL
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
1984	345,368,439	557,498,416	713,857,919	187,347	1,616,912,121

*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.

THE 1984 PERS DOLLAR CAME FROM:

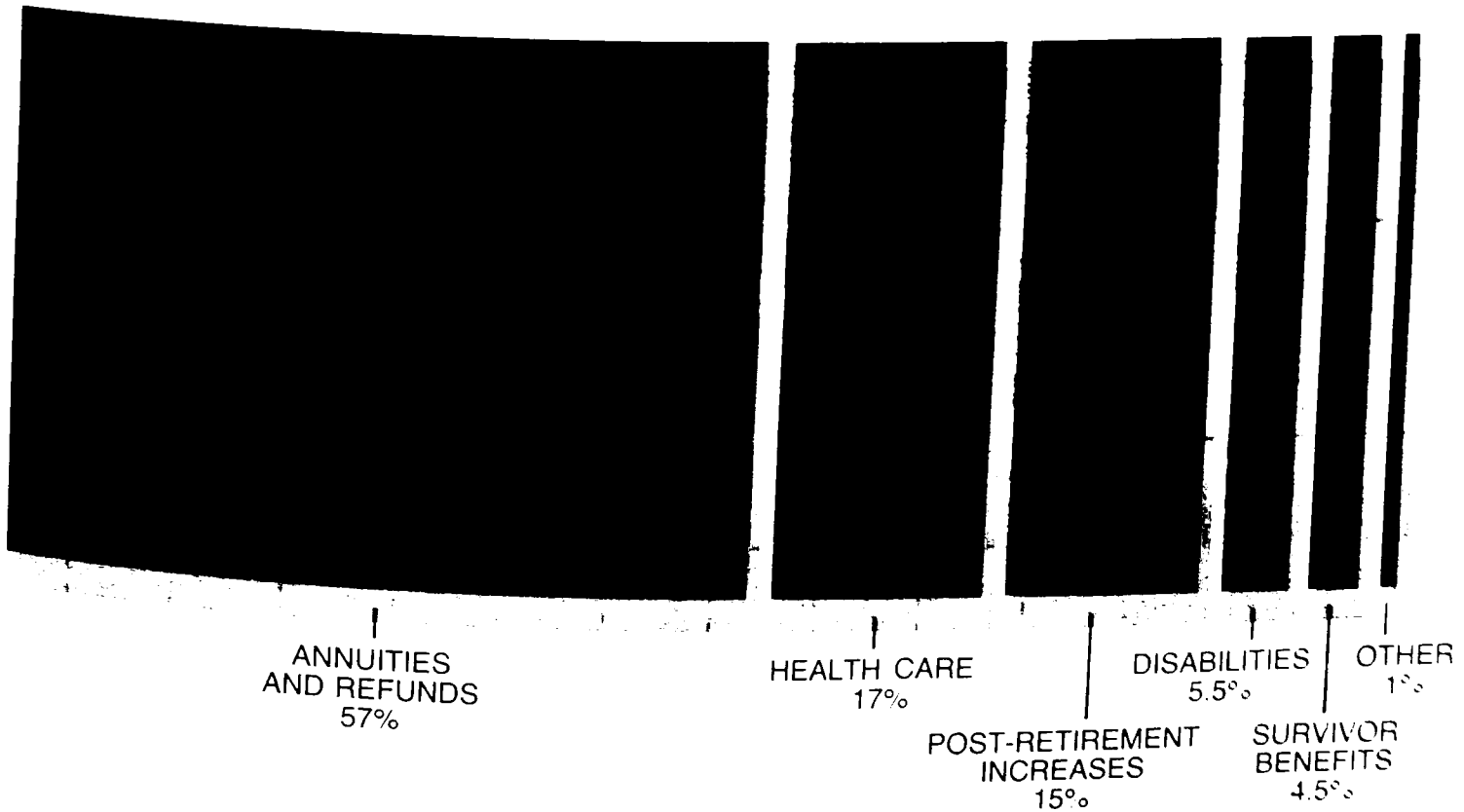


DISBURSEMENTS BY TYPE

Last Ten Years

	<i>BENEFIT PAYMENTS</i>	<i>REFUNDS</i>	<i>ADMINISTRATIVE EXPENSE</i>	<i>TOTAL</i>
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
1984	522,466,256	85,108,060	9,137,846	616,712,162

THE 1984 PERS DOLLAR WAS SPENT FOR:





DISBURSEMENTS BY

Last 10 Years

BENEFITS

	ANNUITIES	DISABILITIES	OTHER SYSTEMS	SURVIVORS	CPI	POST RETIREMENT LEGISLATIVE INCR.
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
1984	266,061,642	32,411,456	3,227,849	27,608,949	46,263,861	40,967,243

MEMBER
COUNT

Last 10 Years

CONTRIBUTION
RATES: MEMBERS

Last 10 Years

	ACTIVE CONTRIBUTING	INACTIVE	TOTAL	CALENDAR YEAR	CONTRIBUTION RATE
1975	244,912	29,274	274,186	1975	8.0
1976	250,712	23,809	274,521	1976	8.0
1977	280,045	22,736	302,781	1977	8.5
1978	279,088	39,378	318,466	1978	8.5
1979	263,614	46,404	310,018	1979	8.5
1980	258,559	52,782	311,341	1980	8.5
1981	255,097	53,005	308,102	1981	8.5
1982	251,169	52,454	303,623	1982	8.5*
1983	250,566	53,560	304,126	1983	8.5*
1984	250,796	53,931	304,727	1984	8.5*

*Effective November 1982 Law Enforcement Contribution Rate is 9.5%.



BY CATEGORY

Years

HEALTH CARE	DEATH BENEFITS	REFUNDS			TOTAL ALL PAYMENTS
		SEPARATION	BENEFICIARIES	OTHER	
\$ 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
104,257,965	1,667,291	80,620,354	3,154,663	1,333,043	607,574,316

NUMBER OF EMPLOYER UNITS

Last 10 Years

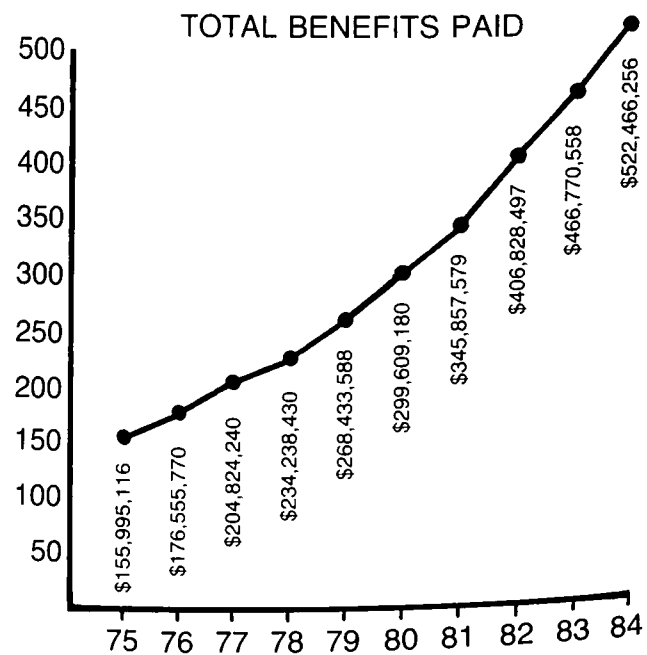
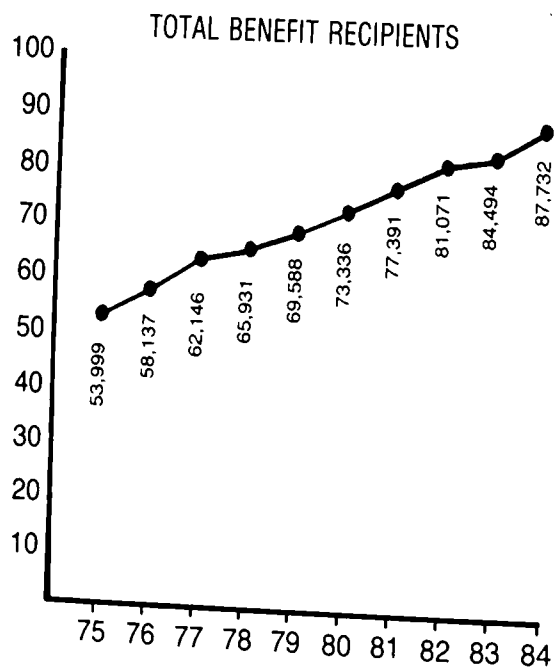
CALENDAR YEAR	STATE	COUNTY	LAW ENFORCEMENT	MUNICIPALITIES	VILLAGES	MISCELLANEOUS	LIBRARIES	TOWNSHIPS	TOTALS
1975	184	203	83	284	549	329	250	1,270	3,152
1976	173	159	88	269	557	334	250	1,275	3,105
1977	269	200	88	277	572	321	250	1,283	3,260
1978	270	205	88	281	578	332	251	1,281	3,286
1979	262	198	88	281	569	323	248	1,283	3,252
1980	253	193	88	284	560	327	248	1,275	3,228
1981	252	200	146	291	569	328	249	1,286	3,321
1982	248	207	151	294	576	348	249	1,267	3,340
1983	259	170	162	300	584	353	249	1,342	3,419
1984	270	184	148	330	561	371	254	1,296	3,414



BENEFIT PAYMENTS

NET BENEFIT PAYMENTS BY CATEGORY

AS OF YEAR-END	ANNUITIES	DISABILITIES	SURVIVORS	TOTAL
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
1984	71,228	6,189	10,315	87,732



NEW BENEFIT AND REFUND PAYMENTS BY YEAR

YEAR ENDING DEC. 31	ANNUITIES	DISABILITIES	S1 & S2 SURVIVORS	REFUND
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	727	36,831
1981	5,772	693	667	35,108
1982	5,445	563	631	28,283
1983	5,143	509	596	23,665
1984	5,475	562	568	28,988

EMPLOYER CONTRIBUTION RATES

STATE — Last Ten Years

Calendar Year	CURRENT COSTS			UNFUNDED LIABILITY		
	Normal	Health	Survivor Benefits	Past Service	Health	Total
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
1984	4.61	1.70	0.80	5.13	1.47	13.71

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

LOCAL — Last Ten Years

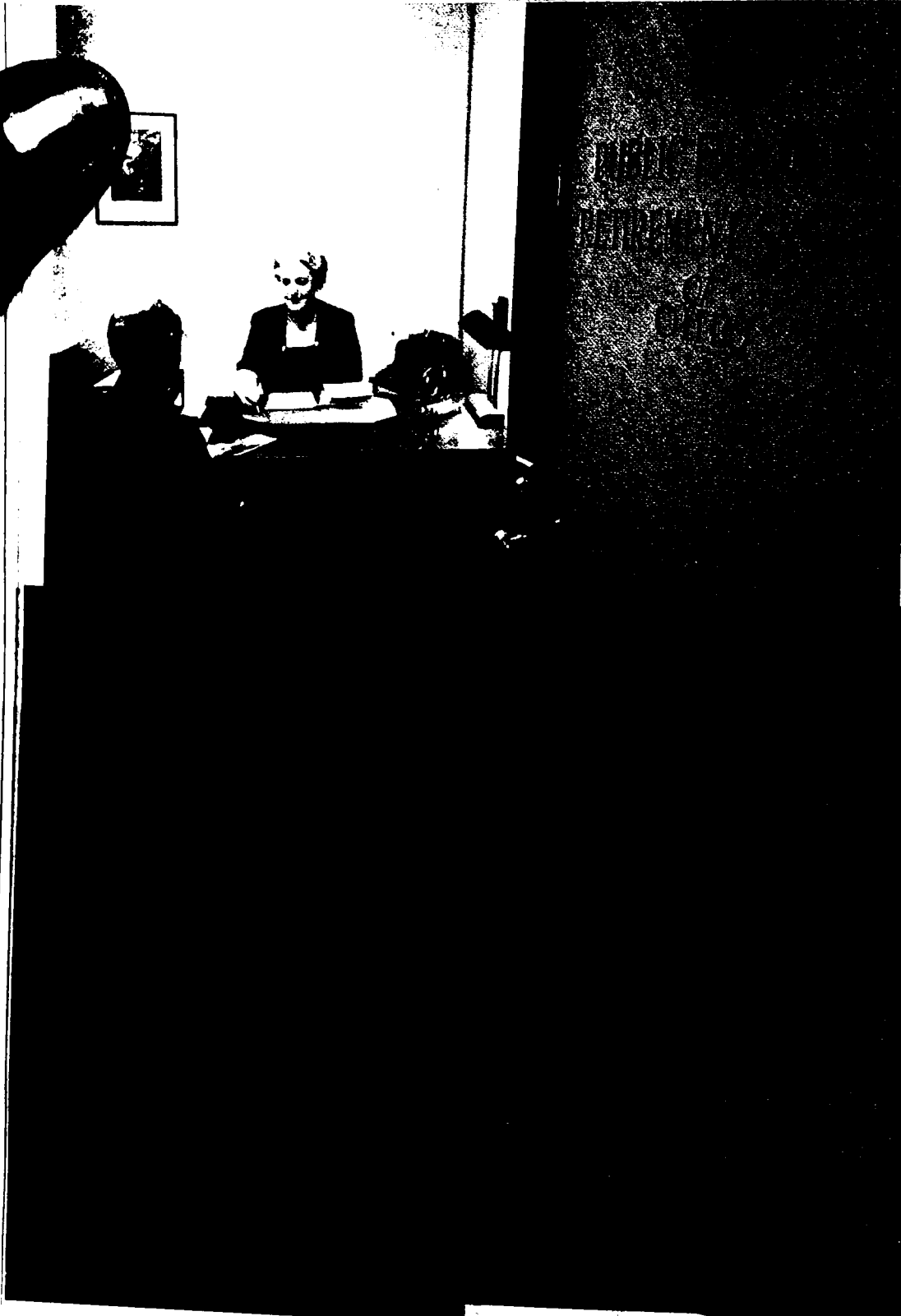
Calendar Year	CURRENT COSTS			UNFUNDED LIABILITY		
	Normal	Health	Survivor Benefits	Past Service	Health	Total
1975	7.71%	— %	1.52%	1.97%	— %	11.20%
1976	8.10	—	1.55	2.25	—	11.90
1977	6.43	1.29	1.55	3.96	0.72	13.95 (1)
1978	7.09	1.66	1.37	3.06	0.77	13.95
1979	6.96	1.68	1.30	3.16	0.85	13.95
1980	6.79	1.75	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
1984	4.83	2.20	0.88	4.56	1.48	13.95

(1) Effective 7-1-77

LAW ENFORCEMENT — Last Ten Years

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	2.89	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
1984	8.15	2.32	1.57	5.14	0.92	18.10

(1) Effective 7-1-77



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INVESTMENT REPORT

During the first half of 1984, the economy continued the expansionary momentum it had built up at the close of 1983. As the year progressed, it became increasingly obvious that this momentum was beginning to wane. In marked contrast to the first half of the year, in which GNP expanded at 10.1% and 7.1% in the first and second quarters, respectively, the second half of 1984 reported much slower GNP growth of 1.6% in the third quarter and 2.8% in the fourth quarter. Volatile economic activity translated into extremely volatile financial markets during 1984.

PERS' total fund performance was 13.1% in 1984. The performance compares favorably to other pension and investment funds with similar asset allocations. PERS ranked in the top 3% of all such funds monitored by the SEI Funds Evaluation Service.

In this type of environment the stock market proved to be as unpredictable as the economy. Our stock portfolio achieved a total return of 3.8% in 1984. This compares favorably to the .77% total return performance achieved by Dow. Portfolio performance was enhanced by prudent stock selection within strong industry groups in 1984.

The year 1984 was very good for the bond portfolio. Total return on the bond portfolio was 17.4%; this compared very well to a total return figure of 15% on the Shearson Lehman Government Corporate Bond Index. In 1984, the bond portfolio achieved superior returns by stressing corporate bond arbitrage trades, market timing trades with U.S. Treasury bonds, and a general long-term belief that over time the structural forces in place regarding inflation would benefit the long-term bond investor.

The outlook for 1985 is for continued sluggish expansion in real GNP. The impact of a strong U.S. dollar and high real interest rates will make it much more difficult to expand at historically healthy growth rates in 1985.

In 1985 the goal of PERS is to achieve a total portfolio return in excess of our actuarially assumed rate of return of 7.5% plus administrative expenses. We believe superior total returns can be brought about by being a selective buyer and seller of stocks and by trading and positioning our bond portfolio to take advantage of market aberrations and changing interest rates.

INVESTMENT PORTFOLIO SUMMARY

Year Ended December 31, 1984

	PAR VALUE	MARKET VALUE	BOOK VALUE	YIELD	% OF PORTFOLIO
U.S. Gov't. & Agencies	\$1,982,652,108	\$1,858,752,582	\$1,809,412,035	12.18%	22.74
Corporate	3,264,789,530	2,478,576,695	2,489,953,311	12.65%	37.44
Canadian	131,221,000	125,441,674	125,811,906	12.62%	1.50
Mortgages	1,744,700,941	1,432,436,951	1,364,696,921	13.01%	20.01
Venture Capital	54,960,489	55,876,739	54,960,489	10.23%	.63
Stocks (at cost)	1,388,954,972	1,833,268,859	1,388,954,972	5.08%	15.93
Real Estate	152,351,158	172,534,238	152,351,158	-0-	1.75
Total Portfolio	<u>\$8,719,630,198</u>	<u>\$7,956,887,738</u>	<u>\$7,386,140,792</u>	11.18%	<u>100.00</u>

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

DETAILED LISTING OF BOND PORTFOLIO

December 31, 1984

U.S. GOVERNMENT & AGENCIES

BOND NAME	COUPON	MATURITY	PAR VALUE	BOOK VALUE	MARKET VALUE
United States Treasury Receipts	0.000%	08/15/1990	\$ 25,080,000	\$ 13,029,762	\$ 13,198,851
United States Treasury Receipts	0.000%	02/15/1991	3,180,000	1,424,813	1,585,261
United States Treasury Receipts	0.000%	08/15/1991	11,880,000	5,160,368	5,595,004
United States Treasury Receipts	0.000%	08/15/1990	7,231,250	3,528,969	3,805,589
United States Treasury Receipts	0.000%	02/15/1991	7,231,250	3,290,553	3,604,850
United States Treasury Receipts	0.000%	08/15/1991	7,231,250	3,084,645	3,405,629
United States Treasury Receipts	0.000%	05/15/1991	22,326,250	10,312,597	10,817,961
United States Treasury Receipts	0.000%	02/15/1990	9,281,250	4,862,073	5,171,419
United States Treasury Receipts	0.000%	08/15/1990	9,831,250	4,834,784	5,173,891
Falcon One Sea Transport Company	12.100%	12/31/2006	10,888,407	10,888,407	10,011,890
FHA—Series MM	4.625%	12/01/1992	3,400	2,438	2,176
FHA—Series MM	4.125%	04/01/1986	37,800	37,484	34,292
Global Marine Deep Water Drilling	14.000%	10/01/1996	22,110,000	22,110,000	18,816,936
United States Treasury	8.375%	08/15/2000	14,500,000	10,728,450	11,128,750
United States Treasury	8.750%	11/15/2008	147,910,000	105,722,982	114,445,362
United States Treasury	9.125%	05/15/2009	20,203,000	14,628,325	16,200,179
United States Treasury	10.375%	11/15/2009	13,375,000	11,968,857	12,029,073
United States Treasury	12.750%	11/15/2010	2,000,000	2,031,638	2,167,500
United States Treasury	13.875%	05/15/2011	12,585,000	12,954,837	14,818,837
United States Treasury	11.625%	11/15/2002	9,608,000	8,799,459	9,541,896
United States Treasury	10.375%	11/15/2012	307,251,000	277,207,446	276,525,900
United States Treasury	11.125%	08/15/2003	157,833,000	149,090,726	150,828,371
United States Treasury	12.000%	08/15/2013	43,525,000	44,238,940	44,803,329
United States Treasury	11.750%	11/15/2014	7,478,000	7,517,678	7,608,865
United States Treasury	13.750%	05/15/1992	30,142,000	31,397,794	33,287,920
United States Treasury	10.500%	11/15/1992	53,508,000	49,465,447	50,932,659
United States Treasury	10.500%	01/15/1990	199,000,000	183,531,680	194,148,380
United States Treasury	10.875%	02/15/1993	54,990,000	50,895,440	53,168,181
United States Treasury	10.500%	04/15/1990	126,500,000	124,133,526	123,021,250
United States Treasury	10.750%	07/15/1990	51,500,000	48,475,734	50,437,555
United States Treasury	11.875%	08/15/1993	85,000,000	83,760,446	86,275,000
United States Treasury	11.750%	11/15/1993	207,798,000	207,626,291	209,616,232
United States Treasury	10.875%	02/15/1987	42,900,000	42,102,965	43,449,549
United States Treasury	11.750%	05/15/1989	111,776,000	107,466,095	114,151,240
United States Treasury	12.375%	04/15/1991	12,250,000	12,250,109	12,724,687
United States Treasury	13.875%	08/15/1989	28,950,000	29,846,383	31,627,875
United States Treasury	13.625%	06/30/1988	76,644,000	79,375,408	82,655,955
United States Treasury	13.750%	07/15/1991	29,114,000	31,628,466	31,934,273
Total Values			\$1,982,652,108	\$1,809,412,035	\$1,858,752,582

CANADIAN

British Columbia Hydro and Power	15.000%	04/15/2011	\$ 13,950,000	\$ 14,702,474	\$ 16,135,965
British Columbia Hydro and Power	15.500%	07/15/2011	4,000,000	4,143,426	4,752,480
British Columbia Hydro and Power	15.500%	11/15/2011	13,700,000	14,213,158	16,281,080
Hydro Quebec	9.250%	09/01/1997	17,500,000	17,500,000	13,001,625
Manitoba Hydro Electric Board	8.000%	10/15/2003	1,245,000	914,471	-859,323
Manitoba Hydro Electric Board	8.625%	12/01/2006	12,150,000	9,320,752	8,820,049
New Brunswick Electric Power Commission	9.000%	02/15/1997	4,376,000	4,363,506	3,126,039
Province of Manitoba	14.750%	03/15/1997	20,800,000	22,915,651	23,734,256
Province of Ontario	9.250%	02/15/2000	5,000,000	3,723,465	4,036,200



BOND NAME	COUPON	MATURITY	PAR VALUE	BOOK VALUE	MARKET VALUE
Province of Ontario	7.300%	12 15 2002	3,500,000	2,197,504	2,280,005
Province of Ontario	7.900%	10 15 2003	1,500,000	975,295	1,036,605
Province of Ontario	8.600%	03 15 2004	2,000,000	1,399,238	1,612,760
Province of Ontario	8.875%	03 01 2005	3,000,000	2,230,841	2,275,230
Province of Ontario	8.400%	01 15 2007	1,750,000	1,184,701	1,255,047
Province of Ontario	8.750%	01 05 2008	3,000,000	2,027,864	2,225,040
Province of Ontario	9.375%	06 01 2008	1,000,000	730,540	789,180
Province of Ontario	9.375%	11 30 2008	1,000,000	753,908	788,360
Province of Ontario	15.125%	05 01 2011	15,000,000	17,726,213	17,491,050
Province of Saskatchewan	8.700%	11 15 2006	4,250,000	3,065,086	3,122,177
Province of Saskatchewan	8.625%	05 15 2007	2,500,000	1,723,805	1,819,200
Total Values			\$131,221,000	\$125,811,906	\$125,441,674

CORPORATE

ACF Industries	14.500%	12 01 1996	\$ 7,750,000	\$ 7,473,879	\$ 8,723,555
ACF Industries	11.000%	10 01 1989	667,000	667,000	648,290
Acceleration Corporation	10.500%	09 01 1994	4,600,000	4,600,000	4,259,370
Air Products and Chemicals	11.625%	05 15 2010	2,000,000	1,858,913	1,872,220
Aluminum Company of America	7.000%	04 15 2011	2,000,000	1,069,504	1,169,740
American Cyanamid Company	8.375%	03 15 2006	14,700,000	10,227,412	10,465,224
American Telephone and Telegraph	7.000%	02 15 2001	1,500,000	968,272	966,675
American Telephone and Telegraph	8.800%	05 15 2005	4,870,000	3,452,140	3,663,116
American Telephone and Telegraph	8.625%	02 01 2007	14,530,000	10,124,525	10,668,797
Anheuser Busch, Incorporated	11.875%	10 01 2012	5,535,000	5,117,169	5,350,739
Anheuser Busch, Incorporated	9.200%	04 01 2005	34,350,000	27,827,912	27,633,888
Appalachian Power Company	7.625%	02 01 2002	2,500,000	2,237,335	1,622,900
Appalachian Power Company	7.500%	12 01 2002	7,440,000	7,081,230	4,729,161
Appalachian Power Company	8.125%	07 01 2003	2,300,000	1,965,318	1,611,357
Appalachian Power Company	8.500%	03 01 2004	6,500,000	5,937,067	4,695,665
Archer Daniels Midland Company	7.000%	05 15 2011	24,350,000	13,245,844	14,237,201
Atchison Topeka and Sante Fe	7.500%	09 19 1989	79,493	79,493	70,952
Atlantic City Electric Company	7.500%	04 01 2002	6,100,000	3,571,925	3,961,340
Atlantic City Electric Company	7.750%	06 01 2003	4,250,000	2,515,047	2,808,145
Atlantic Richfield Company	8.625%	04 01 2000	3,600,000	2,697,453	2,768,940
Atlantic Richfield Company	7.750%	12 15 2003	7,525,000	5,063,792	5,194,131
Atlantic Richfield Company	11.375%	05 01 2010	28,595,000	25,376,782	26,653,113
Atlantic Richfield Company	13.625%	03 15 2011	5,000,000	5,026,362	5,378,000
Atlantic Richfield Company	12.500%	09 15 2012	36,022,000	35,168,242	36,105,571
Atlantic Richfield Company	11.000%	04 15 2013	25,153,000	21,615,623	22,765,728
Baker International Corporation	6.000%	03/15/2002	28,475,000	14,683,073	15,632,775
Baltimore and Ohio Railroad	9.000%	06/01/1986	800,000	800,000	777,520
Baltimore and Ohio Railroad	9.000%	06/01/1987	700,000	700,000	663,271
Baltimore and Ohio Railroad	9.000%	06/01/1991	800,000	796,976	694,680
Baltimore and Ohio Railroad	9.000%	06/01/1992	800,000	796,633	682,528
Bell Telephone Company of Pennsylvania	9.000%	06/01/1993	800,000	796,313	671,288
Bell Telephone Company of Pennsylvania	9.625%	07/15/2014	22,460,000	16,514,918	17,862,887
Bell Telephone Company of Pennsylvania	9.250%	01/15/2019	3,480,000	2,400,595	2,653,465
Big Three Industries	11.875%	04/15/2020	13,480,000	11,544,453	12,876,365
Borden Company	9.850%	10/01/2009	11,175,000	9,379,472	9,137,238
Borden Company	8.500%	04/01/2004	4,250,000	2,791,431	3,141,940
Boston Edison	9.375%	06/15/2009	4,250,000	2,995,621	3,360,475
Brush Wellman, Incorporated	8.125%	05/15/2001	2,000,000	1,347,458	1,417,300
Burlington Northern, Incorporated	12.500%	02/01/2001	15,000,000	15,000,000	14,773,050
Burlington Northern, Incorporated	15.500%	01/02/1999	9,847,323	9,847,323	11,450,467
Burlington Northern, Incorporated	12.875%	08/01/2005	5,000,000	5,109,443	5,115,200
Burroughs Corporation	9.250%	12/01/1992	4,675,000	4,675,000	4,489,122
	11.500%	08/01/2010	31,600,000	27,228,871	29,526,408

BOND NAME	COUPON	MATURITY	PAR VALUE	BOOK VALUE	MARKET VALUE
Cargill, Incorporated	9.500%	12/15/2000	4,000,000	4,000,000	3,190,160
Carlisle Corporation	11.000%	06/15/2000	15,000,000	15,000,000	13,474,200
Carnation Company	7.500%	03/01/1996	768,000	720,421	565,931
Carolina Telephone and Telegraph Company	9.000%	05/01/2008	3,900,000	3,127,795	2,918,253
Caterpillar Tractor Company	8.000%	11/01/2001	3,650,000	2,386,439	2,469,188
Caterpillar Tractor Company	6.000%	05/01/2007	24,750,000	12,418,365	13,291,740
Caterpillar Tractor Company	13.375%	10/01/2007	7,300,000	6,794,905	7,287,079
Central Illinois Light Company	7.875%	09/01/2001	2,000,000	1,269,162	1,394,840
Central Illinois Public Service	8.450%	11/01/2006	2,000,000	1,373,578	1,448,920
Central Power and Light	15.875%	04/01/2012	7,750,000	8,964,533	8,761,995
Central Telephone Company of Virginia	8.200%	09/01/2007	1,000,000	987,700	686,190
Chesapeake and Potomac Telephone of Maryland	6.625%	10/01/2008	2,320,000	1,319,523	1,329,081
Chesapeake and Potomac Telephone of Maryland	7.250%	02/01/2012	1,000,000	572,992	610,680
Chesapeake and Potomac Telephone of Virginia	8.750%	03/01/2010	1,500,000	1,027,744	1,106,310
Chesapeake and Potomac Tel. of Washington, D.C.	7.750%	11/01/2013	10,300,000	6,728,471	6,666,572
Cincinnati Bell, Incorporated	7.375%	08/01/2011	100,000	81,945	63,198
Cincinnati Bell, Incorporated	9.600%	10/01/2015	9,540,000	7,618,938	7,622,078
Citizens Utilities	8.875%	03/01/2005	5,164,000	4,793,609	3,931,869
Cleveland Electric Illuminating Company	8.375%	12/01/2011	2,000,000	1,169,705	1,312,440
Cleveland Electric Illuminating Company	8.375%	08/01/2012	1,750,000	1,115,941	1,146,705
Cleveland Electric Illuminating Company	15.250%	09/15/1991	20,000,000	20,000,000	20,742,400
Commonwealth Edison Company	8.000%	08/01/2001	1,400,000	960,999	967,120
Commonwealth Edison Company	8.000%	10/15/2003	2,000,000	1,350,201	1,359,040
Commonwealth Edison Company	8.125%	01/15/2007	2,575,000	1,729,204	1,742,940
Commonwealth Edison Company	8.250%	12/01/2007	10,200,000	6,951,206	6,975,168
Commonwealth Edison Company	9.125%	10/15/2008	6,500,000	4,815,118	4,824,105
Commonwealth Edison Company	12.125%	05/15/2013	6,000,000	5,714,521	5,671,380
Commonwealth Edison Company	10.000%	04/01/1999	20,000,000	20,000,000	17,195,000
Consolidated Edison of New York	7.900%	04/01/1999	400,000	302,891	284,056
Consolidated Edison of New York	7.900%	09/01/2001	9,075,000	5,831,411	6,296,688
Consolidated Edison of New York	7.900%	04/15/2002	6,000,000	3,874,152	4,142,160
Consolidated Edison of New York	8.400%	10/15/2003	5,750,000	3,928,220	4,168,807
Cyprus Mines	8.500%	04/15/2001	34,870,000	24,889,622	27,245,325
Dana Corporation	8.875%	11/15/2008	23,500,000	17,249,216	17,061,940
Dayton-Hudson Corporation	10.875%	05/15/2005	6,450,000	5,387,155	5,790,229
Dayton-Hudson Corporation	14.750%	06/01/2012	7,100,000	7,476,499	8,262,767
Dayton-Hudson Corporation	11.875%	10/15/2012	12,230,000	10,816,434	11,794,978
Dayton-Hudson Corporation	10.750%	05/01/2013	10,650,000	9,070,657	9,428,445
Delmarva Power and Light Company	8.750%	01/01/2000	1,500,000	1,074,130	1,164,480
Delmarva Power and Light Company	7.625%	12/01/2001	1,000,000	727,437	672,970
Delmarva Power and Light Company	10.000%	06/01/2004	3,000,000	2,468,065	2,513,280
Digital Equipment	13.000%	04/15/2014	11,800,000	11,897,793	12,402,508
Dow Chemical Company	9.750%	01/02/2000	2,679,733	2,679,733	2,193,495
Dow Chemical Company	9.750%	07/02/1999	2,694,742	2,694,742	2,211,737
Dupont De Nemours Chemical Company	8.450%	11/15/2004	1,000,000	683,551	739,230
Dupont De Nemours Chemical Company	8.500%	05/01/2006	5,000,000	3,755,500	3,692,750
Dupont De Nemours Chemical Company	6.000%	12/01/2001	4,225,000	2,434,753	2,428,656
Duke Power Company	8.625%	08/01/2000	1,300,000	933,683	979,225
Duke Power Company	7.375%	12/01/2002	3,400,000	2,241,573	2,199,018
Duke Power Company	8.375%	10/01/2006	2,000,000	1,363,903	1,426,380
Duke Power Company	9.375%	08/01/2008	1,495,000	1,153,195	1,160,777
Duke Power Company	10.125%	05/01/2009	6,000,000	4,667,855	4,938,840
Duquesne Light Company	8.375%	04/01/2007	3,300,000	3,272,661	2,180,442
Eaton Corporation	7.875%	12/01/2003	5,110,000	3,508,823	3,450,272
Eaton Corporation	7.000%	04/01/2011	4,500,000	2,436,673	2,612,835
Engelhard Minerals and Chemicals	11.750%	08/01/2005	1,000,000	883,207	944,950
Federated Department Stores	10.250%	06/15/2010	6,264,000	5,384,933	5,419,299
First Banc Group of Ohio, Incorporated	9.000%	11/01/1996	7,500,000	7,500,000	5,603,550



BOND NAME	COUPON	MATURITY	PAR VALUE	BOOK VALUE	MARKET VALUE
Florida Power and Light Company	15.875%	03/01/2011	1,500,000	1,572,839	1,730,715
Florida Power Corporation	8.000%	12/01/2003	7,300,000	4,830,012	5,074,875
Florida Power Corporation	8.750%	10/01/2006	5,500,000	4,035,904	4,033,015
Ford Motor Company	9.150%	08/01/2004	12,500,000	9,519,526	9,757,575
Fourth Swansea Properties	6.375%	07/01/1993	2,412,333	2,197,621	1,642,364
Fruit Growers Express	9.250%	05/15/1989	666,670	666,670	630,416
General American Transportation	8.150%	06/01/1997	2,000,000	1,818,610	1,419,520
General American Transportation	13.875%	09/15/2001	9,000,000	8,776,599	9,628,280
General Electric Company	8.500%	05/01/2004	12,250,000	8,551,043	9,384,112
General Foods Corporation	6.000%	06/15/2001	11,060,000	6,081,676	6,358,172
General Foods Corporation	7.000%	06/15/2011	11,550,000	6,471,614	6,899,392
General Mills, Incorporated	9.375%	03/01/2009	23,300,000	16,862,315	18,433,562
General Motors Acceptance Corporation	8.750%	02/01/2000	2,500,000	1,844,079	1,931,150
General Motors Acceptance Corporation	8.000%	01/15/2002	7,885,000	5,426,953	5,613,173
General Motors Acceptance Corporation	8.000%	07/15/2007	6,650,000	4,514,608	4,589,893
General Motors Acceptance Corporation	8.650%	02/15/2008	1,000,000	694,263	736,100
General Motors Acceptance Corporation	9.400%	07/15/2004	5,300,000	4,067,294	4,236,449
General Telephone Company of California	7.625%	12/01/2001	2,300,000	1,716,282	1,530,029
General Telephone Company of California	8.875%	04/01/2008	1,550,000	1,533,464	1,131,763
General Telephone Company of Florida	8.000%	03/01/2001	1,200,000	754,098	841,392
General Telephone Company of Florida	7.500%	08/01/2002	18,105,000	11,419,784	11,952,538
General Telephone Company of Florida	8.125%	11/01/2003	2,000,000	1,726,304	1,392,820
General Telephone Company of Florida	8.250%	12/01/2006	9,500,000	6,444,920	6,600,600
General Telephone Company of Indiana	6.250%	07/01/1997	2,000,000	1,740,964	1,215,280
General Telephone Company of Michigan	7.625%	05/01/2003	3,000,000	2,557,194	2,011,260
General Telephone Company of Ohio	7.625%	09/01/2002	1,000,000	656,290	676,380
General Telephone Company of Ohio	16.625%	05/01/2011	5,000,000	4,903,425	6,034,950
General Telephone Company of the Southwest	7.500%	10/01/2002	4,600,000	2,952,536	3,008,814
General Telephone Company of the Southwest	7.750%	10/01/2003	2,150,000	1,552,034	1,433,856
General Telephone Company of the Southwest	8.375%	05/01/2007	1,700,000	1,682,092	1,181,075
Georgia Power Company	9.125%	04/01/2004	5,500,000	5,392,686	4,127,473
Georgia Power Company	8.125%	06/01/2001	1,235,000	1,236,471	838,384
Georgia Power Company	7.625%	11/01/2001	1,500,000	1,507,934	979,725
Great Northern Nekoosa Corporation	7.500%	12/01/2002	4,650,000	4,650,000	2,933,726
Gulf Power Company	8.700%	04/01/2008	43,150,000	34,494,449	31,686,771
Halliburton Company	7.500%	05/01/2002	2,500,000	1,617,700	1,622,250
Harris Corporation	10.200%	06/01/2005	29,075,000	25,229,400	25,392,651
Harsco Corporation	11.500%	06/01/2010	4,000,000	3,434,583	3,723,320
Hawaiian Telephone Company	12.250%	05/01/2010	8,900,000	8,458,095	8,677,144
Hershey Foods	8.000%	09/01/2001	1,600,000	1,579,914	1,117,132
Honeywell, Incorporated	9.500%	03/15/2009	44,715,000	35,014,152	35,751,878
Honeywell, Incorporated	9.375%	06/15/2009	25,535,000	18,307,462	19,948,708
Houston Light and Power	14.125%	02/01/2011	3,850,000	3,688,551	4,135,420
Houston Light and Power	8.750%	03/01/2005	2,500,000	1,810,625	1,822,075
Luntington Bancshares, Incorporated	8.875%	09/01/2008	4,375,000	2,835,684	3,190,775
Illinois Bell Telephone Company	8.875%	09/15/1997	8,531,250	8,468,893	5,929,645
Illinois Bell Telephone Company	7.750%	09/01/2002	2,500,000	1,681,044	1,674,425
Illinois Bell Telephone Company	8.000%	06/01/2005	8,950,000	5,865,398	6,242,988
Illinois Power Company	7.625%	04/01/2006	2,000,000	1,314,011	1,322,120
Illinois Power Company	12.250%	08/05/2017	4,000,000	3,918,839	3,927,720
Illinois Bell Telephone Company	7.625%	06/01/2003	11,925,000	8,369,555	7,658,107
Indianapolis Power and Light	8.875%	08/01/2008	7,000,000	4,578,043	5,006,330
International Business Machines	8.125%	03/01/2017	2,000,000	1,291,277	1,369,330
Interstate Power Company	7.400%	03/01/2002	2,400,000	1,676,891	1,567,104
Interstate Power Company	9.375%	10/01/2004	66,430,000	59,403,780	55,860,987
Interstate Power Company	8.375%	09/15/2002	2,000,000	1,989,366	1,444,430
Interstate Power Company	9.000%	03/15/2008	6,600,000	6,497,644	4,940,232
Iowa Illinois Gas and Electric Company	7.875%	08/15/1999	2,242,000	2,006,320	1,582,044

NOTE: Cents omitted. Columns will not add.

BOND NAME	COUPON	MATURITY	PAR VALUE	BOOK VALUE	MARKET VALUE
Iowa Illinois Gas and Electric Company	8.750%	04/01/2006	7,400,000	6,747,304	5,476,370
Iowa Illinois Gas and Electric Company	8.250%	01/15/2007	2,000,000	1,355,256	1,405,720
Iowa Illinois Gas and Electric Company	8.750%	09/01/2008	1,350,000	1,271,558	991,386
Iowa Power and Light	8.750%	03/01/2006	7,450,000	6,945,790	5,493,257
Iowa Power and Light	8.250%	09/15/2007	5,000,000	4,936,244	3,491,150
Iowa Public Service Company	9.750%	01/15/2009	2,325,000	2,303,425	1,870,323
Iowa Public Service Company	7.375%	06/01/2002	5,000,000	4,309,442	3,248,350
Iowa Southern Utilities	8.000%	08/01/2007	6,080,000	5,877,395	4,148,019
Johnson, S. C. and Sons	9.250%	07/01/2005	2,500,000	2,457,685	1,926,250
K-Mart Corporation	10.000%	11/01/1999	3,750,000	3,750,000	3,038,962
Koppers Corporation	13.500%	01/01/2009	5,850,000	5,850,000	6,149,110
Kroger Company	11.250%	08/01/1992	15,000,000	14,316,739	10,113,600
Kroger Company	6.000%	04/01/2003	17,450,000	10,484,966	9,445,859
Lancaster Colony Corporation	6.000%	04/01/2003	14,000,000	8,029,914	7,576,800
Louisville and Nashville Railroad	10.000%	12/01/1989	10,000,000	10,000,000	9,118,800
Louisville and Nashville Railroad	8.625%	02/01/1983	187,000	187,000	186,715
Louisville and Nashville Railroad	10.000%	11/01/1990	690,207	690,207	592,308
Louisville Gas and Electric	9.250%	10/30/1991	2,031,645	2,031,645	1,638,664
Madison Gas and Electric Company	8.875%	03/01/2005	2,500,000	1,810,371	1,873,850
Mayer, Oscar and Company	9.750%	11/15/2005	3,000,000	2,788,838	2,429,550
Mercantile Stores	11.625%	05/15/2010	9,050,000	8,171,340	8,617,591
Minnesota Power and Light	12.500%	01/15/2014	2,000,000	1,849,661	2,023,540
Minnesota Power and Light	8.700%	09/01/2006	1,000,000	703,198	732,250
Mobil Oil Corporation	8.350%	09/01/2007	5,500,000	3,391,542	3,882,835
Monongahela Power Company	13.765%	09/15/2004	7,295,000	7,468,337	7,629,621
Monongahela Power Company	10.375%	11/01/2004	1,800,000	1,775,117	1,533,096
Monsanto Company	8.625%	12/01/2007	6,725,000	6,544,444	4,884,972
Mountain States Telephone & Telegraph	8.750%	05/15/2008	44,925,000	31,435,428	33,151,505
Mustang Fuel Corporation	15.750%	08/05/2021	10,300,000	11,638,225	12,046,262
Mustang Fuel Corporation	9.625%	07/31/1996	1,500,000	1,500,000	1,299,840
New England Telephone & Telegraph Company	10.375%	07/31/1995	1,650,000	1,650,000	1,413,043
New England Telephone & Telegraph Company	8.625%	09/01/2009	6,240,000	4,550,372	4,509,960
New England Telephone & Telegraph Company	7.375%	10/15/2007	19,995,000	12,008,896	12,671,431
New Jersey Bell Telephone Company	8.000%	11/15/2003	3,000,000	2,099,815	2,085,930
New Jersey Bell Telephone Company	6.625%	04/01/2008	2,500,000	1,478,739	1,473,525
New Jersey Bell Telephone Company	7.250%	04/01/2011	2,150,000	1,327,466	1,344,567
New Jersey Bell Telephone Company	7.750%	09/01/2013	3,000,000	1,769,833	1,983,450
New Jersey Bell Telephone Company	8.750%	06/01/2018	1,800,000	1,184,267	1,311,480
New York Telephone Company	14.625%	03/01/2021	11,840,000	12,920,696	13,284,243
New York Telephone Company	7.500%	03/01/2009	9,750,000	6,202,460	6,234,247
New York Telephone Company	7.750%	12/15/2006	10,805,000	6,691,918	7,185,757
New York Telephone Company	8.000%	07/15/2008	18,000,000	11,890,253	12,234,600
New York Telephone Company	7.375%	12/15/2011	1,600,000	994,137	997,360
New York Telephone Company	8.300%	08/15/2012	20,690,000	13,868,781	14,326,997
New York Telephone Company	9.000%	05/01/2014	10,310,000	7,619,165	7,689,610
New York Telephone Company	8.875%	03/15/2015	4,330,000	2,931,855	3,182,896
New York Telephone Company	8.626%	06/15/2016	5,295,000	3,474,050	3,780,788
New York Telephone Company	8.250%	10/15/2015	19,105,000	12,480,053	13,080,811
New York Telephone Company	7.875%	06/15/2017	11,695,000	7,187,340	7,701,625
New York Telephone Company	8.875%	06/15/2018	2,150,000	1,511,261	1,575,176
New York Telephone Company	11.625%	08/01/2019	8,000,000	7,565,831	7,395,840
Northern Indiana Public Service	11.000%	05/15/2023	29,685,000	25,659,035	26,198,496
Northern Indiana Public Service	7.500%	04/01/2002	3,000,000	1,972,852	1,975,560
Northern Indiana Public Service	8.900%	04/01/2004	3,750,000	2,770,418	2,692,012
Northwestern Bell Telephone	8.375%	10/15/2006	5,000,000	3,505,105	3,361,200
Northwestern Bell Telephone	7.000%	01/01/2009	1,000,000	598,190	611,330
Northwestern Bell Telephone	7.875%	01/01/2011	1,500,000	1,006,568	1,005,090

ents omitted. Columns will not add.

BOND NAME	COUPON	MATURITY	PAR VALUE	BOOK VALUE	MARKET VALUE
Northwestern Bell Telephone	9.500%	08/15/2016	7,800,000	6,061,881	6,139,614
Ohio Bell Telephone Company	8.750%	01/01/2010	5,000,000	3,803,467	3,659,300
Ohio Bell Telephone Company	7.500%	10/01/2011	6,200,000	3,671,759	3,928,320
Oklahoma Gas & Electric Company	7.125%	01/01/2002	6,500,000	3,848,740	4,157,270
Olefins Properties, Incorporated	9.150%	06/06/1995	4,399,896	4,399,896	3,653,233
Orange & Rockland Utilities	8.000%	12/01/2001	3,000,000	2,122,458	2,114,640
Orange & Rockland Utilities	8.125%	05/15/2003	6,250,000	4,204,745	4,416,625
Orange & Rockland Utilities	9.125%	03/01/2004	1,950,000	1,502,372	1,503,489
Owens-Corning Fiberglas	12.000%	05/01/2010	7,900,000	6,918,069	7,301,022
Pacific Northwest Bell Telephone	7.750%	08/01/2009	6,000,000	4,112,164	3,963,060
Pacific Northwest Bell Telephone	9.000%	11/01/2012	4,250,000	3,384,247	3,189,497
Pacific Northwest Bell Telephone	8.750%	08/01/2018	1,315,000	907,169	954,019
Pacific Northwest Bell Telephone	10.125%	10/01/2019	8,250,000	6,678,217	6,814,170
Pacific Telephone & Telegraph Company	8.650%	04/01/2005	3,750,000	2,516,203	2,768,887
Pacific Telephone & Telegraph Company	7.800%	03/01/2007	8,200,000	5,343,282	5,412,820
Pacific Telephone & Telegraph Company	7.250%	02/01/2008	2,510,000	1,493,499	1,545,005
Pacific Telephone & Telegraph Company	7.625%	06/01/2009	3,950,000	2,415,809	2,530,093
Pacific Telephone & Telegraph Company	9.500%	06/15/2011	1,375,000	1,056,224	1,071,015
Pacific Telephone & Telegraph Company	8.875%	07/01/2015	92,840,000	67,608,431	68,501,065
Pacific Telephone & Telegraph Company	8.375%	02/01/2017	16,400,000	11,469,172	11,373,236
Pacific Telephone & Telegraph Company	9.000%	01/15/2018	14,040,000	9,404,369	10,388,476
Pacific Telephone & Telegraph Company	9.625%	07/15/2018	4,860,000	3,720,995	3,806,935
Pacific Telephone & Telegraph Company	9.875%	02/15/2016	32,200,000	24,286,996	25,902,002
Pacific Telephone & Telegraph Company	9.750%	07/01/2019	24,495,000	18,616,708	19,420,615
Pacific Telephone & Telegraph Company	15.500%	03/01/2020	2,000,000	2,220,765	2,293,300
Parker Hannifin Corporation	11.750%	06/01/1989	10,000,000	10,000,000	7,553,700
Penney, J.C. Company	11.500%	06/15/2010	3,000,000	2,431,419	2,803,290
Penney, J.C. Company	12.000%	07/15/2010	2,150,000	2,086,703	2,083,866
Penney, J.C. Company	6.000%	05/01/2006	13,790,000	6,962,327	7,373,513
Penney, J.C. Company	12.375%	11/01/2014	1,000,000	978,693	989,500
Pennsylvania Mart Properties	10.250%	04/01/2000	2,221,124	2,221,124	1,864,633
Pennsylvania Power & Light Company	7.000%	01/01/1999	5,150,000	4,419,168	3,335,758
Pennsylvania Power & Light Company	8.125%	06/01/1999	2,000,000	2,013,603	1,447,840
Pennsylvania Power & Light Company	7.250%	02/01/2001	6,375,000	5,586,251	4,094,025
Pennsylvania Power & Light Company	7.625%	02/01/2002	3,125,000	2,778,807	2,067,750
Pennsylvania Power & Light Company	7.500%	01/01/2003	10,300,000	9,435,378	6,670,486
Pennsylvania Power & Light Company	9.750%	05/01/2005	11,515,000	10,957,096	9,267,272
Pennsylvania Power & Light Company	9.750%	11/01/2005	12,700,000	12,556,678	10,207,244
Pennsylvania Power & Light Company	8.250%	12/01/2006	9,350,000	8,226,244	6,522,373
Pennsylvania Power & Light Company	4.700%	06/01/1989	66,000	63,124	51,173
Petroleum Facilities, Incorporated (Series P)	4.700%	12/01/1989	164,000	156,627	124,006
Petroleum Facilities, Incorporated (Series R)	4.700%	06/01/1989	149,000	141,770	119,600
Petroleum Facilities, Incorporated (Series T)	8.875%	06/01/2004	9,000,000	6,551,706	6,900,120
Philip Morris, Incorporated	6.000%	07/15/2001	19,550,000	10,444,097	11,060,999
Phillips Petroleum	7.625%	03/15/2001	4,750,000	3,061,773	3,157,182
Phillips Petroleum	8.875%	11/15/2000	4,500,000	3,434,637	3,397,815
Phillips Petroleum	12.250%	10/15/2012	3,805,000	3,700,386	3,646,712
Phillips Petroleum	11.250%	05/01/2013	6,000,000	5,556,864	5,377,320
Phillips Petroleum	8.375%	01/15/2009	2,000,000	1,241,396	1,426,660
Potomac Electric Power	7.250%	02/01/2001	2,000,000	1,157,555	1,279,500
Public Service Company of Colorado	7.500%	08/01/2002	2,000,000	1,184,099	1,294,880
Public Service Company of Colorado	7.700%	06/15/2001	1,675,000	1,083,614	1,149,602
Quaker Oats Company	12.875%	10/15/2014	13,900,000	14,345,380	14,272,520
Ralston Purina Company	10.875%	07/15/2010	21,165,000	17,217,823	18,697,161
Reylon, Incorporated	13.350%	10/01/2012	21,115,000	22,100,178	22,329,534
Reynolds, R.J. Industries	8.375%	09/15/2007	5,100,000	5,005,580	3,338,103
Rochester Gas & Electric Company	7.625%	03/01/2001	5,200,000	4,902,650	3,497,156

NOTE: Cents omitted. Columns will not add.



BOND NAME	COUPON	MATURITY	PAR VALUE	BOOK VALUE	MARKET VALUE
Rochester Telephone Corporation	9.500%	03/01/2005	4,300,000	3,522,162	3,357,483
St. Louis Southwestern Railway	9.750%	10/01/1990	1,200,000	1,200,000	1,094,844
Seaboard Coast Line Railway	9.250%	05/15/1985	331,000	331,000	329,176
Sears Roebuck & Company	8.000%	04/01/2006	10,125,000	6,762,257	7,091,246
Sears Roebuck & Company	7.875%	02/01/2007	2,320,000	1,598,515	1,596,392
Sears Roebuck & Company	7.000%	11/15/2001	9,000,000	5,364,516	5,774,940
Sears Roebuck & Company	10.750%	05/01/2013	10,150,000	8,382,697	9,021,827
Sears Roebuck & Company	11.875%	12/01/2014	22,175,000	21,544,152	21,447,438
Second Swansea Properties, Incorporated	6.250%	02/01/1992	990,454	896,163	685,137
Shell Oil Company	8.750%	05/15/2005	3,150,000	2,197,825	2,395,323
Shell Oil Company	8.000%	04/15/2007	6,090,000	3,873,083	4,245,887
Shell Oil Company	14.250%	06/15/2011	10,975,000	11,177,805	12,153,495
Society Bank	9.750%	10/01/1996	5,438,079	5,438,079	4,374,282
Sohio/BP Trans Alaska Pipeline Capital	10.625%	01/01/1998	30,970,000	30,970,000	27,971,484
Sohio/BP Trans Alaska Pipeline Capital	9.750%	01/01/1993	2,615,000	2,205,465	2,294,139
Sohio Pipeline	8.750%	05/01/2001	9,400,000	7,100,504	7,206,510
South Carolina Electric & Gas	9.125%	12/01/1999	1,750,000	1,270,777	1,369,497
South Carolina Electric & Gas	8.000%	03/01/2001	2,000,000	1,490,100	1,407,640
South Carolina Electric & Gas	9.125%	02/01/2006	2,590,000	2,427,997	1,967,726
South Carolina Electric & Gas	10.125%	04/01/2009	4,100,000	3,642,481	3,388,445
South Carolina Electric & Gas	9.875%	06/01/2009	5,250,000	3,749,639	4,254,285
South Central Bell Telephone Company	8.250%	12/01/2004	4,375,000	3,041,045	3,104,718
South Central Bell Telephone Company	7.375%	11/01/2007	14,475,000	8,905,882	9,209,139
South Central Bell Telephone Company	7.375%	08/01/2012	3,000,000	1,883,292	1,874,370
South Central Bell Telephone Company	8.250%	08/01/2013	20,310,000	13,927,590	14,014,509
South Central Bell Telephone Company	9.200%	04/01/2010	14,430,000	11,005,185	11,104,750
South Central Bell Telephone Company	8.250%	03/01/2017	5,675,000	3,845,319	3,894,412
South Central Bell Telephone Company	8.250%	11/01/2015	6,490,000	4,454,066	4,461,680
South Central Bell Telephone Company	9.625%	03/01/2019	8,651,000	6,845,539	6,829,099
South Central Bell Telephone Company	12.875%	10/01/2020	3,800,000	3,938,793	3,854,720
South Central Bell Telephone Company	11.875%	04/01/2023	4,000,000	3,336,806	3,808,000
Southern Bell Telephone & Telegraph	7.600%	09/01/2008	38,790,000	24,721,959	25,258,496
Southern Bell Telephone & Telegraph	7.375%	07/15/2010	18,400,000	10,841,375	11,524,288
Southern Bell Telephone & Telegraph	7.625%	03/15/2013	45,100,000	27,856,647	28,906,394
Southern Bell Telephone & Telegraph	8.000%	02/15/2014	23,355,000	14,987,805	15,634,771
Southern Bell Telephone & Telegraph	8.250%	04/15/2016	16,825,000	11,294,421	11,511,496
Southern Bell Telephone & Telegraph	8.125%	05/01/2017	22,860,000	14,946,826	15,454,045
Southern Bell Telephone & Telegraph	8.625%	09/01/2018	26,715,000	17,742,076	19,031,766
Southern Bell Telephone & Telegraph	10.900%	12/01/2019	120,625,000	106,422,612	106,422,612
Southern Bell Telephone & Telegraph	12.875%	10/05/2020	7,000,000	105,424,987	7,100,800
Southern Bell Telephone & Telegraph	16.000%	11/01/2021	8,000,000	7,180,904	9,373,440
Southern Bell Telephone & Telegraph	11.750%	04/19/2023	28,070,000	9,060,403	26,297,660
Southern Indiana Gas & Electric Company	8.350%	01/15/2007	2,800,000	25,016,183	1,989,344
Southern New England Telephone Company	7.750%	06/01/2004	1,500,000	1,866,960	1,015,845
Southern New England Telephone Company	8.125%	05/01/2008	5,600,000	3,966,365	3,863,216
Southern New England Telephone Company	9.625%	12/01/2010	12,925,000	9,569,119	10,323,714
Southern New England Telephone Company	14.125%	03/15/2020	3,040,000	3,295,459	3,335,305
Southwestern Bell Telephone	9.250%	01/15/2015	1,565,000	1,187,560	1,187,694
Square D Company	10.375%	11/01/1999	2,625,000	2,292,097	2,292,097
Standard Oil Company of Indiana	8.375%	06/15/2005	21,445,000	15,007,258	15,881,309
Standard Oil Company of Indiana	7.875%	08/01/2007	91,595,000	58,384,067	63,680,507
Standard Oil Company of Ohio	8.500%	01/01/2000	8,500,000	6,407,021	6,428,805
Standard Oil Company of Ohio	8.375%	03/15/2007	4,000,000	2,774,789	2,870,840
Standard Oil Company of Ohio	10.875%	05/01/2013	2,000,000	1,665,892	1,783,240
Stauffer Chemical	8.850%	01/15/2001	3,250,000	2,441,064	2,445,657
Texas Power & Light	8.250%	02/01/2004	4,140,000	2,937,712	2,927,973
Texas Power & Light	8.600%	01/01/2006	2,510,000	1,569,820	1,816,512

NOTE: Cents omitted. Columns will not add.

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BOND NAME	COUPON	MATURITY	PAR VALUE	BOOK VALUE	MARKET VALUE
ucson Electric Power Company	7.650%	05/01/2003	3,800,000	3,217,235	2,524,454
ucson Electric Power Company	8.500%	10/01/2009	2,425,000	2,344,086	1,721,798
Union Carbide Company	8.500%	01/15/2005	14,180,000	9,224,883	9,209,484
Union Carbide Company	9.350%	08/15/2009	29,695,000	21,709,036	20,627,334
Union Carbide Company	8.625%	01/15/1999	1,649,728	1,649,728	1,249,075
Union Oil Company of California	8.625%	03/01/2006	51,635,000	40,024,555	38,968,934
Union Tank Car Company	14.000%	01/15/2001	6,000,000	5,936,162	6,358,380
Union Tank Car Company	15.375%	07/15/2001	3,000,000	2,927,678	3,470,700
United Telephone Company of Florida	10.000%	11/15/2004	1,000,000	762,978	821,060
United Telephone Company of Ohio	9.000%	09/15/2008	2,000,000	1,961,539	1,495,100
Utah Power & Light Company	7.500%	05/01/2002	6,000,000	3,649,652	3,923,640
Utah Power & Light Company	8.500%	03/01/2007	2,500,000	2,309,086	1,796,725
Virginia Electric & Power Company	7.500%	09/01/2001	4,250,000	2,692,666	2,785,960
Virginia Electric & Power Company	7.375%	06/01/2002	13,100,000	8,561,127	8,510,677
Virginia Electric & Power Company	10.000%	11/01/2005	5,500,000	4,005,271	4,505,105
Virginia Electric & Power Company	8.750%	09/01/2006	2,000,000	1,427,520	1,483,780
Virginia Electric & Power Company	9.625%	07/01/2008	3,000,000	2,200,334	2,396,460
Warren Property Corporation	0.000%	10/01/2007	125,283,846	36,750,055	34,365,359
West Penn Power Company	8.500%	12/01/2007	4,300,000	3,298,247	3,082,326
Westvaco Corporation	12.650%	01/15/2014	3,950,000	3,795,061	3,986,735
Weyerhaeuser Company	7.950%	08/15/2006	25,500,000	16,369,547	17,586,330
Wisconsin Telephone Company	8.250%	11/15/2016	3,000,000	1,959,708	2,076,660
Wisconsin Telephone Company	11.375%	06/01/2017	8,000,000	6,903,703	7,440,720
Worthington Industries	9.250%	12/01/1998	15,000,000	15,000,000	11,862,600
Total Values			\$3,264,789,530	\$2,489,953,311	\$2,478,576,695

BOND NAME	COUPON	MATURITY	PAR VALUE	BOOK VALUE	MARKET VALUE
rt Lewis	4.250%	07/01/1985	\$ 124,328	\$ 120,909	\$ 109,408
rt Lewis	4.500%	06/01/1988	210,106	210,106	184,894
rt Lewis	4.500%	09/01/1988	409,152	409,152	360,054
rt Lewis	4.500%	12/01/1988	324,654	324,654	285,696
rt Riley	4.500%	01/01/1988	220,560	213,943	194,093
rt Riley	4.500%	03/01/1988	477,148	462,834	419,891
rt Riley	4.500%	05/01/1988	427,284	414,466	376,010
rt Riley	4.500%	06/01/1988	445,862	432,486	392,359
rt Riley	4.500%	07/01/1988	447,899	434,462	394,151
rt Riley	4.500%	09/01/1988	542,860	526,574	477,717
rt Riley	4.500%	10/01/1988	536,956	520,847	472,521
rt Sill	4.500%	09/01/1985	72,672	72,036	63,951
rt Sill	4.500%	10/01/1985	81,324	80,613	71,565
rt Sill	4.500%	11/01/1986	197,418	181,871	173,728
rt Sill	4.500%	10/01/1985	322,246	296,870	283,577
rt Sill	4.500%	11/01/1986	197,636	182,072	173,920
rt Sill	4.500%	01/01/1987	66,563	67,062	58,575
rt Sill	4.500%	08/01/1986	551,311	561,648	485,154
rt Sill	4.500%	11/01/1986	580,822	595,342	511,123
rt Sill	4.500%	01/01/1988	459,175	470,654	404,074
rt Sill	4.500%	03/01/1988	236,276	236,276	207,923
rt Sill	4.500%	08/01/1987	222,230	222,230	195,562
rt Sill	4.500%	06/01/1987	310,268	310,655	273,035
rt Sill	4.250%	01/01/1987	284,584	285,295	250,434
rt Sill	4.250%	02/01/1987	299,889	300,639	263,902
rt Sill	4.250%	04/01/1987	145,222	145,222	127,796
rt Sill	4.500%	11/01/1986	188,593	186,943	165,962
rt Sill	4.500%	01/01/1987			

NOTE: Cents omitted. Columns will not add.

BOND NAME	COUPON	MATURITY	PAR VALUE	BOOK VALUE	MARKET VALUE
Luke AFB	4.000%	03/01/1985	110,720	106,014	97,433
Luke AFB	4.000%	08/01/1985	169,657	162,446	149,298
Malstrom AFB	4.500%	05/01/1988	453,231	453,231	398,843
Minot AFB	4.500%	02/01/1987	239,269	239,269	210,556
Minot AFB	4.500%	05/01/1987	254,557	254,557	224,011
Turner AFB	7.480%	06/01/1987	334,472	338,653	294,336
FHA—Alice Village	7.480%	03/01/2022	1,509,840	860,608	981,396
FHA—Almond Terrace	7.480%	07/01/2022	1,557,235	880,054	1,012,202
FHA—Amherst Village	7.440%	05/01/2021	3,068,421	1,645,440	1,994,474
FHA—Anglers Manor	7.440%	03/01/2021	3,141,584	1,519,742	2,042,029
FHA—Apple Village	7.440%	02/01/2019	6,938,701	4,104,928	4,510,156
FHA—Arbor Terrace	7.440%	10/01/2021	1,374,284	716,345	893,284
FHA—Aspen-Stratford Apartments	7.440%	05/01/2019	2,176,831	1,306,098	1,414,940
FHA—Austin Village Apartments	7.480%	02/01/2022	1,844,428	892,243	1,198,878
FHA—Autumn Trace Apartments	7.480%	08/01/2021	1,640,175	865,192	1,066,114
FHA—Batavia Village	7.440%	02/01/2022	1,491,582	815,297	969,528
FHA—Bayberry Housing For The Elderly	7.480%	08/01/2021	5,365,424	3,153,254	3,487,525
FHA—Briarwood Apartments of Columbus	7.480%	04/20/2022	4,998,060	2,505,437	3,248,739
FHA—Brookchester	7.440%	10/15/2020	2,007,184	1,279,580	1,304,670
FHA—Cambridge Square	7.480%	10/01/2019	3,307,127	1,984,276	2,149,632
FHA—Cambridge Village	7.480%	08/01/2018	1,536,930	1,047,045	999,004
FHA—Campus Manor	7.480%	05/01/2019	1,483,715	782,659	964,414
FHA—Canton Tower	7.460%	08/01/2018	4,498,564	3,635,061	2,924,067
FHA—Carlton-Green Estates	9.440%	11/01/2019	3,460,657	3,274,648	3,115,318
FHA—The Carolina	7.440%	07/01/2022	2,391,604	1,655,439	1,554,543
FHA—Casa De Amigos	7.480%	10/01/2022	1,388,756	965,336	902,691
FHA—Cedar Park Apartments	7.480%	07/01/2011	4,896,637	3,550,693	3,182,814
FHA—Cedar Woods Apartments	7.480%	07/20/2021	2,468,470	1,203,870	1,604,505
FHA—Cheyenne Station	7.480%	02/01/2022	2,797,200	1,594,404	1,818,180
FHA—The Chimneys of Oak Creek	7.480%	08/01/2023	7,580,518	5,354,264	4,927,336
FHA—Cliffview Apartments	7.440%	10/15/2020	3,920,943	2,499,601	2,548,613
FHA—130 Clinton Street	7.440%	10/01/2019	3,548,730	2,135,103	2,306,674
FHA—Countryside Apartments	7.440%	10/01/2022	1,909,545	1,076,506	1,241,204
FHA—Cove Apartments & Racquetball Club	7.480%	09/01/2019	1,953,916	1,187,004	1,270,046
FHA—Crawford Square Apartments	7.440%	11/01/2006	1,054,332	574,715	685,315
FHA—Creekwood Apartments	7.440%	07/01/2006	2,828,956	1,525,769	1,838,822
FHA—Cross Creek Apartments	7.480%	07/01/1999	2,505,190	1,355,974	1,628,374
FHA—Deep Lake Hermitage Apartments	7.440%	02/01/2003	3,886,241	2,049,992	2,526,057
FHA—Delaware Village	7.480%	11/01/2004	1,305,420	700,031	848,523
FHA—Delhi Estates	7.440%	12/01/2002	2,175,968	1,172,322	1,414,380
FHA—Douglas Manor	7.480%	10/01/2006	3,193,758	1,916,255	2,075,943
FHA—Duckwood Trails	7.480%	01/01/2007	5,162,481	2,775,396	3,355,613
FHA—Eagles Landing	7.480%	08/01/2005	987,287	587,435	641,737
FHA—Earhart Woods	7.480%	08/01/2005	4,248,498	2,947,399	2,761,524
FHA—Eastside Hills Apartments	7.440%	12/01/2002	1,520,427	817,395	988,277
FHA—Eisner Court	7.480%	12/01/2008	1,859,011	1,002,639	1,208,357
FHA—Elgin Manor	7.440%	12/27/1988	3,582,201	1,889,611	2,328,431
FHA—Essex Village	7.480%	09/01/2007	3,093,413	1,803,766	2,010,718
FHA—Fairfield West Townhouses	7.480%	02/01/2021	1,613,799	960,210	1,048,969
FHA—Fairington Apartments	7.440%	10/01/2006	4,328,771	3,003,121	2,813,701
FHA—Fairington Apartments of Southbend	7.480%	09/01/2009	4,533,670	2,453,920	2,946,886
FHA—Fairview Manor	7.440%	01/01/2008	2,685,643	1,309,785	1,745,669
FHA—Fernwood Court	7.440%	06/01/2020	2,609,912	1,262,546	1,696,443
FHA—Finley Apartments	7.440%	05/01/2008	1,400,489	756,264	910,317
FHA—Fleetwood Apartments	7.480%	07/01/2020	1,919,824	948,222	1,247,886
FHA—Forest Park Apartments	7.480%	11/01/2009	1,478,644	808,225	961,118
FHA—Forum Manor	7.480%		1,530,116	910,419	994,575

BOND NAME	COUPON	MATURITY	PAR VALUE	BOOK VALUE	MARKET VALUE
FHA—Fountain Square Apartments	7.480%	04/01/2008	2,629,662	1,387,146	1,709,280
FHA—Fox Ridge Apartments	7.440%	02/01/2008	2,474,271	1,394,870	1,608,277
FHA—Foxchase of Alexandria	7.490%	08/01/2023	77,336,128	56,078,669	50,268,483
FHA—Foxwood Apartments	7.480%	01/01/2007	2,577,302	1,359,527	1,675,247
FHA—Franklin Court	7.480%	01/01/2004	2,768,707	1,518,910	1,799,660
FHA—Garfield House	7.480%	02/01/2023	13,126,032	9,256,992	8,531,921
FHA—Gentry Place	7.440%	10/01/2010	3,125,585	1,512,003	2,031,631
FHA—Gillpark Cooperative	7.440%	12/01/1993	9,931,572	5,102,342	6,455,522
FHA—Glenbrook II	7.480%	08/01/2022	3,377,142	1,908,554	2,195,142
FHA—Hadley West	7.440%	12/01/1994	6,098,714	3,584,208	3,964,165
FHA—Harbour Town Apartments	7.440%	01/01/2008	2,525,097	1,609,749	1,641,314
FHA—Hidden Meadow Townhouses	7.440%	04/01/2010	3,280,488	1,576,685	2,132,317
FHA—Highland Place	7.440%	09/01/2002	3,809,874	2,043,044	2,476,419
FHA—Highview Park	7.480%	01/01/2011	1,265,232	861,940	822,401
FHA—Hillcrest Elderly	7.480%	09/15/2017	3,693,986	2,163,564	2,401,091
FHA—Hillside Apartments	7.440%	07/01/1999	1,364,089	736,608	886,659
FHA—Hopkins Village	7.440%	07/01/2007	4,354,477	2,351,417	2,830,410
FHA—Hunters Creek	7.480%	10/01/2021	4,563,523	2,522,121	2,966,290
FHA—Huntington Towers	7.440%	10/01/2019	5,303,003	2,870,334	3,446,952
FHA—Irving Oaks	7.480%	08/01/1998	2,790,569	1,577,060	1,813,870
FHA—Jamestown Apartments of Seymour	7.440%	08/01/2004	3,313,516	1,988,110	2,153,786
FHA—Jamestown Apartments of Valparaiso	7.440%	06/01/2020	4,796,730	2,819,033	3,117,874
FHA—Keystone Apartments	7.440%	10/01/2010	8,320,717	4,160,358	5,408,467
FHA—King Village	7.440%	10/01/2007	1,883,212	1,016,934	1,224,088
FHA—Kokomo Manor	7.440%	09/01/2019	2,477,466	1,340,967	1,610,352
FHA—Lakeview Apartments	7.480%	03/01/2007	3,182,348	1,825,872	2,068,527
FHA—Laluz Apartments	7.480%	01/01/2010	2,661,060	1,459,855	1,729,690
FHA—Lasby Park	7.480%	01/01/2010	2,019,149	1,403,529	1,312,448
FHA—Latana Square	7.480%	02/01/2022	1,362,474	776,610	885,608
FHA—Lawrence Village	7.480%	08/01/2020	1,715,168	934,936	1,114,859
FHA—Lawrenceburg Village	7.440%	01/01/2021	1,958,293	1,067,464	1,272,890
FHA—Lima Club Apartments	7.480%	11/01/2018	2,018,023	1,374,795	1,311,715
FHA—Logan Place	7.480%	11/01/2019	1,080,613	533,726	702,398
FHA—Lone Oak Manor	7.480%	08/01/2019	1,508,994	795,994	980,846
FHA—Majestic Oaks Apartments	7.480%	10/01/2021	4,342,596	2,290,719	2,822,687
FHA—Maple Hills Apartments	7.440%	01/01/2019	1,688,287	833,863	1,097,387
FHA—Marion Village	7.480%	11/01/2021	1,547,236	833,587	1,005,703
FHA—McMillen Wood	7.480%	03/01/2019	2,448,097	1,957,664	1,591,263
FHA—Meadowlands	7.440%	09/01/2019	1,761,498	995,491	1,144,973
FHA—Monument Square Apartments	7.480%	12/01/2018	2,158,133	1,470,229	1,402,786
FHA—Mt. Vernon Plaza	7.440%	11/01/2020	7,583,558	5,346,416	4,929,313
FHA—New Bridge Village	7.440%	07/01/2019	3,762,818	2,062,397	2,445,832
FHA—New Floral Gardens	7.440%	08/01/2019	2,648,877	1,544,557	1,721,770
FHA—New Floral Gardens	7.480%	10/20/2021	4,399,041	2,565,076	2,859,377
FHA—Newark Green	7.440%	10/01/2011	1,273,683	613,022	827,894
FHA—Northwood Apartments of Franklin	7.440%	04/01/2023	2,284,505	1,236,524	1,484,928
FHA—Oakwood Gardens	7.480%	09/01/2021	6,751,007	3,805,880	4,388,154
FHA—Olentangy Commons	7.480%	06/01/2022	4,922,006	2,720,244	3,199,304
FHA—Pleasant Hill Apartments	7.440%	07/01/2019	2,706,340	1,542,613	1,759,121
FHA—Park Bluff Apartments	7.480%	05/01/2022	3,644,400	2,186,640	2,368,860
FHA—Parish Square Apartments	7.480%	05/01/2022	1,023,451	550,216	665,243
FHA—Rainier Vista Apartments	7.440%	04/01/2021	2,946,108	1,664,960	1,914,970
FHA—Richfield Apartments	7.480%	06/01/2022	3,002,736	1,452,574	1,951,778
FHA—Ridge Village	7.440%	04/01/2010	1,358,810	767,916	883,226
FHA—Ridgewood II Apartments	7.440%	05/01/2010	3,440,919	1,653,792	2,236,598
FHA—River Bend Apartments	7.440%	07/01/2011	3,000,447	1,451,466	1,950,291
FHA—Riverview Apartments	7.440%	07/01/2011	1,762,549	951,776	1,145,658

NOTE: Cents omitted. Columns will not add.

BOND NAME

BOND NAME	COUPON	MATURITY	PAR VALUE	BOOK VALUE	MARKET VALUE
FHA—Rolling Ridge Townhouses	7.480%	08/01/2008	1,879,819	991,604	1,221,882
FHA—Roslyn Plaza	7.400%	08/01/2010	3,270,770	2,260,922	2,126,001
FHA—Shaker Park Gardens Apartments	7.440%	03/01/2010	3,319,473	1,780,068	2,157,657
FHA—Shawnee II	7.440%	04/01/2009	1,893,608	935,274	1,230,846
FHA—Silver Spring Square	7.480%	10/01/2008	1,552,736	877,512	1,009,279
FHA—Southgate Village	7.480%	02/01/2022	2,438,387	1,450,840	1,584,951
FHA—Stanford Townhouses	7.400%	09/01/2012	3,860,242	2,649,094	2,509,158
FHA—Tamarind Square	7.480%	02/01/2008	1,208,409	823,234	785,466
FHA—Tanglewood Apartments	9.710%	02/01/2014	2,196,905	1,787,731	1,988,199
FHA—The Terrace	7.480%	12/01/1999	2,773,094	1,537,955	1,802,512
FHA—Thomaston Gardens	7.440%	06/01/2008	2,013,722	994,599	1,308,919
FHA—Townhomes of Chowen Bend	7.480%	04/01/2022	1,312,890	748,347	853,379
FHA—Townhouse of Lowell	7.440%	01/01/2019	3,237,744	1,902,819	2,104,534
FHA—Trafalgor Square	9.440%	01/20/2020	1,626,584	1,390,729	1,464,267
FHA—Tree Bourne II	7.480%	12/30/2017	1,584,134	930,835	1,029,687
FHA—Tudor Ridge	7.440%	12/01/2018	3,601,314	2,881,051	2,340,854
FHA—Tullahoma Village Apartments	7.440%	02/01/2020	1,748,009	863,361	1,136,206
FHA—Twinoaks	7.480%	05/01/2018	1,780,013	1,212,642	1,157,008
FHA—University Village	7.480%	07/01/2009	4,795,419	2,710,078	3,117,022
FHA—Urbana Village	7.440%	11/01/2013	1,172,485	628,745	762,155
FHA—Vandalia Elderly	7.480%	08/01/2013	1,458,165	993,383	947,808
FHA—Village Park Apartments	7.480%	12/01/2012	1,009,067	553,068	655,894
FHA—The Villas	7.480%	09/01/2013	3,732,671	2,617,831	2,426,237
FHA—Vista Verde Apartments	7.480%	09/01/2010	2,170,056	1,236,932	1,410,536
FHA—Vista Verde II	7.480%	11/01/2011	2,010,904	1,397,797	1,307,088
FHA—Washburn Apartments	7.480%	03/01/2010	1,120,629	778,959	728,409
FHA—Washington Square Apartments	7.440%	06/01/2009	2,831,704	1,527,251	1,840,608
FHA—Wesley Camilla Tower	7.480%	05/01/2019	8,811,499	6,206,361	5,727,474
FHA—Willow Wood Estates	7.480%	05/01/2022	1,596,176	1,109,516	1,037,514
FHA—Willowbrook Apartments	7.440%	11/01/2019	1,118,867	605,604	727,263
FHA—Willowpark Apartments	7.440%	11/01/2019	1,711,009	923,945	1,112,156
FHA—Wilmington Green	7.480%	03/01/2010	2,373,445	1,287,829	1,542,740
FHA—Windrush-Knoxville	7.470%	07/01/2013	3,799,334	2,559,801	2,469,567
FHA—Wood Glen Apartments	7.440%	12/01/2010	2,704,587	1,460,477	1,757,982
FHA—Woodlen Place	7.480%	07/01/2009	2,029,962	1,091,326	1,319,475
FHA—Wrightstown Arms Apartments	7.440%	04/01/2011	1,475,701	798,746	959,206
Federal Home Loan Mortgage Corporation	10.000%	10/01/2010	12,186,890	9,947,549	10,663,528
Federal Home Loan Mortgage Corporation	13.000%	12/01/2013	16,428,485	16,500,359	16,808,476
Federal Home Loan Mortgage Corporation	11.500%	07/01/2013	10,764,508	10,616,496	10,199,371
Federal Home Loan Mortgage Corporation	9.000%	02/01/2010	22,827,680	19,175,251	18,946,974
Federal Home Loan Mortgage Corporation	11.500%	08/01/2013	3,795,675	3,743,484	3,596,402
Federal Home Loan Mortgage Corporation	9.500%	10/01/2011	5,613,687	4,519,018	4,771,634
Federal Home Loan Mortgage Corporation	12.000%	08/01/2013	10,908,250	10,652,066	10,769,824
Federal Home Loan Mortgage Corporation	9.000%	03/01/2007	3,573,599	2,800,808	2,966,087
Federal Home Loan Mortgage Corporation	12.000%	09/01/2013	11,801,831	11,622,205	11,652,066
Federal Home Loan Mortgage Corporation	10.000%	01/01/2010	1,290,035	1,046,540	1,128,780
Federal Home Loan Mortgage Corporation	13.000%	11/01/2013	2,963,925	2,937,991	3,032,481
Federal Home Loan Mortgage Corporation	8.750%	08/01/2004	2,404,620	1,851,557	1,968,782
Federal Home Loan Mortgage Corporation	13.000%	10/01/2013	3,331,415	3,302,265	3,408,471
Federal Home Loan Mortgage Corporation	8.250%	04/01/2009	1,898,631	1,426,347	1,518,905
Federal Home Loan Mortgage Corporation	9.750%	10/01/2009	3,063,389	2,561,759	2,626,856
Federal Home Loan Mortgage Corporation	8.500%	02/01/2007	2,768,936	2,104,391	2,246,299
Federal Home Loan Mortgage Corporation	10.750%	12/01/2009	6,552,202	5,823,270	5,937,933
Federal Home Loan Mortgage Corporation	8.500%	03/01/2007	1,032,605	765,418	837,701
Federal Home Loan Mortgage Corporation	10.250%	11/01/2009	10,483,373	9,069,459	9,238,472
Federal Home Loan Mortgage Corporation	10.000%	09/01/2009	1,305,882	1,050,827	1,142,647
Federal Home Loan Mortgage Corporation	8.000%	05/01/2009	16,822,536	12,112,226	13,352,888

BOND NAME	COUPON	MATURITY	PAR VALUE	BOOK VALUE	MARKET VALUE
Federal Home Loan Mortgage Corporation	9.500%	11/01/2010	8,231,922	6,914,814	6,997,133
Federal Home Loan Mortgage Corporation	8.250%	05/01/1998	3,206,309	2,460,842	2,565,047
Federal Home Loan Mortgage Corporation	10.000%	07/01/2010	8,067,862	7,029,125	7,059,379
Federal Home Loan Mortgage Corporation	8.250%	12/01/2009	18,151,878	13,523,149	14,521,503
Federal Home Loan Mortgage Corporation	9.250%	09/01/2005	4,261,668	3,590,455	3,569,147
Federal Home Loan Mortgage Corporation	9.750%	12/01/2009	13,406,489	11,072,922	11,496,064
Federal Home Loan Mortgage Corporation	10.000%	05/15/2009	2,757,126	2,391,807	2,412,485
Federal Home Loan Mortgage Corporation	9.250%	07/01/2009	16,211,437	13,065,405	13,577,078
Federal Home Loan Mortgage Corporation	9.000%	06/01/2009	11,858,426	9,442,272	9,842,494
Federal Home Loan Mortgage Corporation	7.250%	04/01/2008	4,688,164	3,527,843	3,593,805
Federal Home Loan Mortgage Corporation	12.000%	05/01/2013	4,815,125	4,475,057	4,754,021
Federal Home Loan Mortgage Corporation	10.500%	11/01/2009	3,987,765	3,487,397	3,584,003
Federal Home Loan Mortgage Corporation	12.000%	06/01/2013	6,528,452	6,067,380	6,445,606
Federal Home Loan Mortgage Corporation	12.250%	08/01/2013	5,522,085	5,166,601	5,473,767
Federal Home Loan Mortgage Corporation	9.250%	05/01/2009	2,387,895	1,999,862	1,999,862
Federal Home Loan Mortgage Corporation	12.750%	12/01/2013	5,382,434	5,143,589	5,449,715
Federal Home Loan Mortgage Corporation	7.500%	11/01/2008	32,407,275	23,616,801	25,156,147
Federal Home Loan Mortgage Corporation	12.750%	05/01/2014	5,324,548	5,088,271	5,391,104
Federal Home Loan Mortgage Corporation	8.500%	01/01/2009	6,820,334	5,200,505	5,532,996
Federal Home Loan Mortgage Corporation	12.750%	03/01/2014	9,814,507	9,378,988	9,937,188
Federal Home Loan Mortgage Corporation	10.000%	12/01/2009	3,295,761	2,702,524	2,883,790
Federal Home Loan Mortgage Corporation	8.000%	04/01/2010	30,005,825	23,685,848	23,817,123
Federal Home Loan Mortgage Corporation	9.000%	01/01/2009	1,201,252	967,008	997,039
Federal Home Loan Mortgage Corporation	12.500%	11/01/2014	9,997,711	9,716,525	10,016,506
Federal Home Loan Mortgage Corporation	12.500%	03/01/2014	992,582	964,666	994,448
nmHA—Allen Edmonds Shoe Corporation	9.200%	08/15/2008	549,548	549,548	444,941
nmHA—Endries Fastener & Supply Company	9.200%	10/20/2008	236,456	236,456	191,446
nmHA—Friday Canning Company	9.300%	11/01/1993	10,782,803	10,782,803	9,613,839
nmHA—Holiday Inn of Las Cruces	10.050%	12/01/2004	3,836,759	3,865,554	3,338,133
nmHA—Norland Corporation	9.200%	07/15/2008	379,657	379,657	307,389
nmHA—Oconomowoc Canning Company	9.200%	09/25/2008	6,039,249	6,039,249	4,889,678
nmHA—Packaging Services	10.125%	09/15/1999	993,940	997,657	889,308
nmHA—Robert Endries Company	9.200%	08/20/2008	98,768	98,768	79,967
nmHA—Shell Patterns	9.200%	08/30/2008	141,594	141,594	114,641
nmHA—South Point Ethanol	14.000%	06/01/1994	23,800,000	23,800,000	24,909,318
nmHA—Texfi Industries, Incorporated	14.000%	03/27/1995	7,245,000	7,245,000	7,608,481
NMA—First Security — 642	8.000%	07/15/2001	4,528,878	3,450,439	3,485,832
NMA—Lambrecht Realty Company — 6278	8.500%	07/15/2018	3,112,310	2,322,561	2,469,431
NMA—Riht Mortgage — 9491	8.750%	08/15/2004	2,257,427	1,753,033	1,817,929
NMA—Riht Mortgage — 12383	8.750%	02/15/2005	1,879,481	1,454,248	1,513,565
NMA—Blyth Eastman — 16350	8.750%	11/15/2019	53,157,733	39,083,808	41,545,958
NMA—Sovran Mortgage — 20251	8.250%	09/15/2005	2,573,655	1,704,242	2,072,590
NMA—Rainier Financial — 20454	8.750%	11/15/2019	1,615,100	1,175,994	1,243,126
NMA—Utah Mortgage — 20616	8.000%	10/15/2007	3,301,477	2,558,645	2,619,524
NMA—Lomas & Nettleton — 22413	8.500%	08/15/2008	1,986,201	1,446,202	1,528,759
NMA—Norwest Mortgage — 23424	8.000%	12/15/2007	1,906	1,464	1,557
NMA—United Federal Mortgage — 23969	9.000%	10/15/2008	826,489	581,642	675,399
NMA—Rainier Financial — 24405	9.000%	09/15/2008	1,792,735	1,305,335	1,379,850
NMA—Home Federal — 24800	8.000%	02/15/2008	2,462,283	1,877,491	1,924,422
NMA—Lomas & Nettleton — 25758	8.250%	07/15/2008	4,077,424	2,968,874	3,138,352
NMA—Advance Mortgage — 27497	8.000%	03/15/2008	857,103	599,436	700,416
NMA—J. I. Kislak Mortgage — 28236	9.000%	01/15/2009	2,935,165	2,355,469	2,398,587
NMA—Security Pacific Mortgage — 28477	9.000%	12/15/2008	1,083	835	885
NMA—Mid-States Mortgage — 29325	9.000%	11/15/2008	39,413	27,244	32,208
NMA—Rainier Mortgage — 31883	9.500%	02/15/2009	1,757,197	1,534,841	1,483,179
NMA—Central Mortgage Company — 32310	9.500%	06/15/2009	878,577	762,166	741,572
NMA—Central Mortgage Company — 32829	9.500%	08/15/2009	818,892	573,224	691,194

NOTE: Cents omitted. Columns will not add.

BOND NAME	COUPON	MATURITY	PAR VALUE	BOOK VALUE	MARKET VALUE
GNMA—Western Mortgage Loan — 32944	9.500%	07/15/2009	706,261	575,603	596,127
GNMA—Utah Mortgage — 33059	9.500%	07/15/2009	891,505	775,888	752,484
GNMA—Mortgage Corp. of the South — 33287	9.500%	08/15/2009	860,789	749,156	726,557
GNMA—Aiken-Spier, Incorporated — 33963	9.000%	07/15/2009	2,692,413	1,960,414	2,200,213
GNMA—NBD Mortgage — 34389	9.500%	10/15/2009	894,727	648,677	755,203
GNMA—Standard Federal Savings — 34481	9.500%	10/15/2009	857,236	745,256	723,558
GNMA—Western Bancorp Mortgage — 34483	9.500%	12/15/2009	899,392	724,573	838,683
GNMA—Stanwell Mortgage — 34568	11.000%	09/15/2009	854,345	741,144	721,118
GNMA—First Family Mortgage — 34711	9.500%	09/15/2009	826,501	578,551	697,616
GNMA—Lomas & Nettleton — 35024	9.500%	09/15/2009	1,327,026	877,500	1,120,090
GNMA—Capital Mortgage Company — 35075	9.500%	09/15/2009	853,476	618,770	720,385
GNMA—Mortgage Associates, Inc. — 35275	9.500%	10/15/2009	1,699,427	1,189,598	1,434,418
GNMA—ICM Mortgage Corporation — 35341	9.500%	01/15/2010	6,673,055	5,830,582	5,813,899
GNMA—Citizens & Southern — 35420	10.000%	11/15/2009	919,446	701,940	801,068
GNMA—Mason McDuffie — 35541	10.000%	08/15/2009	745,964	630,339	629,638
GNMA—Manufacturers Hanover — 35610	9.500%	11/15/2009	918,347	701,100	800,110
GNMA—Genstar Pacific — 35620	10.000%	11/15/2009	832,650	724,666	702,806
GNMA—Westland Mortgage — 35724	9.500%	09/15/2009	895,290	778,342	755,679
GNMA—First Family Mortgage — 36206	9.500%	10/15/2009	881,829	617,280	744,317
GNMA—Countrywide Funding — 36303	9.500%	10/15/2009	861,068	746,976	726,793
GNMA—F B S Mortgage Corporation — 36335	9.500%	11/15/2009	897,860	685,460	782,260
GNMA—Economy Savings & Loan — 36340	9.500%	10/15/2009	896,456	784,679	756,663
GNMA—Graham Mortgage — 36395	10.000%	11/15/2009	2,754,105	2,346,454	2,324,629
GNMA—Milikin Mortgage Company — 36451	9.500%	10/15/2009	736,893	645,013	621,982
GNMA—Rainier Mortgage — 36554	9.500%	12/15/2009	1,780,579	1,553,555	1,551,330
GNMA—Sherwood & Roberts — 36645	10.000%	10/15/2009	838,515	729,771	707,757
GNMA—Lomas & Nettleton Company — 36697	10.000%	11/15/2009	4,360,692	3,603,022	3,799,253
GNMA—Lomas & Nettleton Company — 36698	9.500%	10/15/2009	1,632,784	1,425,628	1,378,167
GNMA—Unity Savings Association — 36822	11.000%	12/15/2009	686,592	551,419	640,247
GNMA—Reserve Savings & Loan — 37330	9.500%	10/15/2009	846,689	690,051	714,656
GNMA—Stockton Whatley Davin — 37510	9.500%	11/15/2009	846,716	734,526	714,679
GNMA—Security Pacific — 37532	10.000%	11/15/2009	3,293,550	2,721,295	2,869,505
GNMA—United Mortgage Company — 37613	10.000%	12/15/2009	881,430	679,837	821,934
GNMA—Lomas & Nettleton Company — 37913	9.500%	10/15/2009	4,221,773	3,398,526	3,678,219
GNMA—Continental Illinois — 38083	10.000%	11/15/2009	444,443	322,221	375,136
GNMA—Security Pacific — 38100	9.500%	10/15/2009	4,685,318	4,134,793	4,082,083
GNMA—Kissell Company — 38350	10.000%	11/15/2009	4,118,968	3,902,722	3,476,656
GNMA—Kissell Company — 38352	10.000%	12/15/2009	4,242,932	4,160,415	3,696,654
GNMA—Kissell Company — 38823	11.000%	03/15/2010	830,140	830,140	774,105
GNMA—Capital Mortgage Company — 39233	10.000%	04/15/2010	744,390	599,699	694,143
GNMA—General Electric Mortgage — 40189	11.000%	03/15/2010	972,872	742,726	847,614
GNMA—Kissell Company — 40286	11.000%	09/15/2010	2,406,400	2,298,112	2,243,968
GNMA—United First Mortgage — 41116	11.000%	08/15/2010	869,612	696,778	810,913
GNMA—Fulton Goss, Incorporated — 42497	11.000%	09/15/2010	882,924	709,099	823,327
GNMA—Banco Mortgage Company — 43594	11.000%	01/15/2010	8,710,765	7,404,150	8,122,788
GNMA—First Family Mortgage — 43880	9.000%	12/15/2009	428,544	345,246	399,618
GNMA—Merrill Lynch Mortgage — 45023	13.000%	08/15/2011	2,036,207	1,569,152	1,663,968
GNMA—Merrill Lynch Mortgage — 45024	12.500%	01/15/2011	6,943,757	5,572,365	5,674,369
GNMA—Murray Investment Company — 49397	15.000%	07/15/2011	91,776	92,178	93,583
GNMA—Valley Federal — 50537	17.000%	11/15/2011	2,004,033	1,994,013	2,008,422
GNMA—Kissell Company — 51653	17.000%	10/15/2011	565,658	565,658	615,509
GNMA—Utah Mortgage Loan Corp. — 51659	15.000%	09/15/2011	1,974,720	1,974,720	2,256,118
GNMA—ICM Mortgage — 52117	13.000%	05/15/2012	129,143	129,143	147,546
GNMA—Kissell Company — 52439	13.000%	11/15/2012	1,637,227	1,480,280	1,781,515
GNMA—General Electric Mortgage — 54557	11.500%	04/15/2013	359,452	361,025	366,530
GNMA—Hinton Mortgage — 59989			990,570	1,009,453	1,010,074
GNMA—Colonial Savings & Loan — 61869			1,480	1,442	1,415

NOTE: Cents omitted will not add.

BOND NAME	COUPON	MATURITY	PAR VALUE	BOOK VALUE	MARKET VALUE
GNMA—Colonial Mortgage Corporation — 64334	8.000%	01/15/2009	6,893,295	5,187,205	5,305,700
GNMA—F & M Mortgage — 64423	11.500%	02/15/2013	5,158	5,026	4,931
GNMA—Reilly Mortgage Group — 64441	12.000%	03/15/2018	998	988	980
GNMA—Citicorp Real Estate — 66029	7.250%	11/15/2022	9,898,583	5,894,444	7,266,154
GNMA—Citicorp Real Estate — 66030	7.250%	11/15/2022	9,829,417	5,808,571	7,215,382
GNMA—Citicorp Real Estate — 66031	7.250%	08/15/2022	9,821,048	5,803,626	7,209,239
GNMA—Citicorp Real Estate — 66035	7.250%	05/15/2022	5,010,153	3,037,405	3,677,752
GNMA—Citicorp Real Estate — 66040	7.250%	07/15/2022	10,220,496	6,039,674	7,502,457
GNMA—Citicorp Real Estate — 66041	7.250%	09/15/2022	9,866,217	5,830,318	7,242,395
GNMA—Citicorp Real Estate — 66042	7.250%	12/15/2022	2,990,953	1,767,466	2,195,539
GNMA—Citicorp Real Estate — 66044	7.250%	05/15/2022	11,894,691	6,542,080	8,731,417
GNMA—Citicorp Real Estate — 66044	7.250%	05/15/2022	27,091,540	17,135,399	19,886,816
GNMA—Genstar Mortgage — 67049	12.500%	11/15/2013	992,767	991,837	994,942
GNMA—Kissell Company — 67715	11.500%	08/15/2013	7,893,793	7,242,555	7,545,992
GNMA—Shearson American Express — 70279	12.500%	11/15/2013	996,763	995,829	998,946
GNMA—Directors Mortgage — 71042	12.500%	11/15/2013	998,028	993,662	1,000,214
GNMA—Lincoln Service Company — 100673	12.500%	11/15/2013	991,290	986,953	993,461
GNMA—Gill Company — 100702	12.500%	10/15/2013	976,167	975,252	978,305
GNMA—Wells Fargo — 100864	12.500%	10/15/2013	995,342	994,409	997,522
GNMA—Gilbralter Mortgage — 102117	12.500%	10/15/2013	996,233	991,875	998,415
GNMA—STM Mortgage — 102282	12.500%	11/15/2013	1,957,855	1,948,066	1,962,143
GNMA—Moore Mortgage — 102538	12.500%	10/15/2013	995,669	994,736	997,850
GNMA—Benchmark Mortgage — 103029	12.500%	12/15/2013	981,511	976,604	983,661
GNMA—Gersham Investment Corp. — 103222	12.500%	11/15/2013	988,449	983,507	990,614
GNMA—New York Guardian — 104308	12.500%	10/15/2013	1,014,266	1,013,315	1,016,487
GNMA—The Georgia Company — 104438	12.500%	12/15/2013	996,197	991,216	998,379
GNMA—Chase Home Mortgage — 104477	12.500%	12/15/2013	1,990,307	1,980,355	1,994,665
GNMA—Manufacturers Hanover — 104735	12.500%	11/15/2014	1,981,052	1,971,146	1,985,390
GNMA—Norwest Mortgage Company — 104907	12.500%	11/15/2013	5,941,510	5,935,940	5,954,522
GNMA—American Savings & Loan — 105189	12.500%	10/15/2013	1,015,584	1,014,631	1,017,808
GNMA—Kissell Company — 105211	12.500%	12/15/2013	979,291	974,395	981,436
GNMA—Sovran Mortgage — 105398	12.500%	12/15/2013	985,669	980,741	987,828
GNMA—Colonial Mortgage — 105877	12.500%	02/15/2014	994,038	989,068	996,215
GNMA—Bankers Mortgage — 106329	12.500%	11/15/2013	975,547	974,633	977,684
GNMA—Central Pacific Mortgage — 106475	12.500%	05/15/2014	998,060	993,070	1,000,246
GNMA—Homestead Savings — 106579	10.000%	03/15/2014	2,932,548	2,929,798	2,938,970
GNMA—Hinton Mortgage — 106702	12.500%	12/15/2013	1,023,503	1,020,304	1,025,744
GNMA—Central Savings & Loan — 106773	12.500%	06/15/2014	1,000,000	996,875	1,002,190
GNMA—Central Savings & Loan — 106775	12.500%	12/15/2014	10,000,045	10,178,170	10,196,945
GNMA—Cameron Brown — 107321	13.000%	12/15/2014	1,002,133	1,001,194	1,004,328
GNMA—Cameron Brown — 107322	12.500%	11/15/2013	1,988,580	1,986,716	1,992,935
GNMA—Fleet Mortgage — 107611	12.500%	11/15/2013	2,010,754	2,001,957	2,015,158
GNMA—Fleet Mortgage — 107620	12.500%	06/15/2014	998,890	1,017,931	1,018,558
GNMA—Standard Federal Savings — 108603	13.000%	07/15/2014	998,576	1,017,611	1,018,238
GNMA—Westamerica Mortgage — 108862	13.000%	07/15/2014	5,902,654	5,897,121	5,915,581
GNMA—Fleet Mortgage — 109359	12.500%	12/15/2013	1,995,493	1,989,257	1,999,863
GNMA—Draper & Kramer — 109448	12.500%	05/15/2014	975,295	974,380	977,431
GNMA—Bankers Mortgage — 109632	12.500%	02/15/2014	998,195	995,076	1,000,381
GNMA—Commonwealth Mortgage — 109758	12.500%	05/15/2014	1,020,050	1,109,094	1,022,284
GNMA—Beverly Hills Savings — 109773	12.500%	05/15/2014	2,000,000	2,038,125	2,039,380
GNMA—Sibley Corporation — 110419	13.000%	12/15/2014	1,010,709	1,009,761	1,012,922
GNMA—Colonial Mortgage — 110910	12.500%	06/15/2014	998,588	997,651	1,000,775
GNMA—First American Mortgage — 110977	12.500%	08/15/2014	1,019,950	1,015,488	1,022,184
GNMA—Rouse Real Estate — 111179	12.500%	04/15/2014	1,010,465	1,006,044	1,012,678
GNMA—S. E. Mortgage — 111571	12.500%	05/15/2014	1,020,804	1,016,338	1,023,040
GNMA—Kissell Company — 111874	12.500%	04/15/2014			
GNMA—Embeague Corporation — 112581					

NOTE: Cents omitted. Columns will not add

BOND NAME	COUPON	MATURITY	PAR VALUE	BOOK VALUE	MARKET VALUE
GNMA—Central Savings & Loan — 112742	12.500%	06/15/2014	1,022,815	1,019,619	1,025,055
GNMA—Central Savings & Loan — 112748	12.500%	07/15/2104	1,023,793	1,020,594	1,026,035
GNMA—Waterfield Mortgage — 112757	13.000%	07/15/2014	998,811	1,017,851	1,018,478
GNMA—Merrill Lynch Mortgage — 113171	12.000%	01/15/2014	46,578,088	45,559,192	45,719,188
GNMA—Bloomington Federal — 113594	12.500%	11/15/2013	1,995,285	1,986,556	1,999,655
GNMA—Directors Securities — 113671	13.000%	08/15/2014	2,768,376	2,780,487	2,822,885
GNMA—Directors Securities — 113672	13.000%	07/15/2014	2,718,505	2,730,398	2,772,032
GNMA—Lomas & Nettleton — 113728	12.500%	03/15/2014	997,744	996,808	999,929
GNMA—Benchmark Mortgage — 114193	13.000%	12/15/2014	1,003,641	1,022,773	1,023,402
GNMA—Security Pacific Mortgage — 114640	13.000%	11/15/2014	1,000,000	1,019,062	1,019,690
GNMA—Guardian Mortgage — 114724	12.500%	07/15/2014	1,006,142	1,001,740	1,008,346
GNMA—Continental Bank — 115849	12.500%	10/15/2014	1,999,501	1,990,753	2,003,880
GNMA—Directors Securities — 115984	13.000%	10/15/2014	2,275,433	2,285,388	2,320,236
GNMA—Directors Securities — 115987	13.000%	09/15/2014	2,632,846	2,644,365	2,684,687
GNMA—Genstar Mortgage — 116391	13.000%	11/15/2014	1,021,880	1,026,351	1,042,001
GNMA—Goldome Realty — 116576	13.000%	11/15/2014	998,900	1,017,941	1,018,568
GNMA—Mortgage Inv. Co. of El Paso — 116820	13.000%	06/15/2014	1,996,803	1,988,067	2,001,176
GNMA—Waterfield Mortgage — 117208	13.000%	07/15/2014	1,000,000	1,019,062	1,019,690
GNMA—Homestead Savings — 117238	13.000%	12/15/2014	1,015,406	1,034,762	1,035,399
GNMA—Dolphin Financial — 117241	13.000%	11/15/2014	1,000,000	1,019,062	1,019,690
GNMA—Citicorp Homeowners — 117474	13.000%	12/15/2014	1,000,000	1,019,062	1,019,690
GNMA—Buckeye Savings & Loan — 117825	13.000%	12/15/2014	1,000,000	1,019,062	1,019,690
GNMA—Goldome — 117867	13.000%	11/15/2014	1,003,230	1,022,354	1,022,984
GNMA—Colonial Mortgage — 118228	12.500%	10/15/2014	1,009,771	1,014,188	1,029,653
GNMA—Souran Mortgage — 118511	12.000%	11/15/2014	999,724	998,787	1,001,913
GNMA—Deposit Trust — 118563	12.500%	09/15/2014	16,112,867	15,730,187	15,815,746
GNMA—Maryland Mortgage — 118602	13.000%	06/15/2014	1,998,316	1,989,573	2,002,692
GNMA—Countrywide Funding — 118767	12.500%	11/15/2014	1,000,000	1,019,062	1,019,690
GNMA—Waterfield Mortgage — 119182	12.500%	12/15/2014	1,017,310	1,012,859	1,019,538
GNMA—Mason McDuffie — 119509	13.000%	12/15/2014	1,000,000	999,062	1,002,190
GNMA—New York Guardian — 119715	13.000%	10/15/2014	999,586	1,018,641	1,019,268
GNMA—Atlantic Home Mortgage — 120173	12.500%	11/15/2014	999,710	1,018,767	1,019,394
GNMA—Kissell Company — 120293	13.000%	09/15/2014	985,806	982,725	987,965
GNMA—Kissell Company — 120329	12.500%	11/01/2014	3,004,578	3,017,723	3,063,738
GNMA—Allstate Mortgage — 120362	12.500%	11/15/2014	1,001,977	998,845	1,004,171
GNMA—W M C Mortgage — 120518	12.500%	12/15/2014	1,000,000	996,875	1,002,190
GNMA—Manufacturers Hanover — 120704	12.500%	12/15/2014	3,004,514	2,993,875	3,011,094
GNMA—B. F. Saul Mortgage Company — 120843	13.000%	12/15/2014	2,000,000	2,038,125	2,039,380
GNMA—Citicorp — 120879	13.000%	09/15/2014	1,024,346	1,021,145	1,026,589
GNMA—Crossland Mortgage — 121098	12.500%	12/15/2014	1,000,000	1,019,062	1,019,690
GNMA—New York Guardian — 121340	12.500%	12/15/2014	1,000,000	1,019,062	1,019,690
GNMA—New York Guardian — 121346	13.000%	12/15/2014	976,928	976,013	979,068
GNMA—New York Guardian — 121347	13.000%	12/15/2014	977,633	974,577	979,774
GNMA—Troy & Nichols — 12177	13.000%	11/15/2014	1,000,000	1,019,062	1,019,690
GNMA—Alliance Mortgage — 122040	12.500%	11/15/2014	1,018,567	1,023,024	1,038,623
GNMA—Kissell Company — 122690	12.500%	12/15/2014	999,662	998,725	1,001,851
GNMA—ARCS Mortgage — 122763	12.500%	12/15/2014	1,008,300	1,003,889	1,010,508
GNMA—Commonwealth Mortgage — 123175	12.500%	12/15/2014	1,000,000	995,625	1,002,190
GNMA—Commonwealth Edison — 123198	13.000%	11/15/2014	2,982,675	2,969,626	2,989,207
GNMA—Standard Federal — 123406	13.000%	11/15/2014	984,219	1,002,981	1,003,598
GNMA—Liberty Mortgage — 123461	12.500%	12/15/2014	1,009,007	1,028,242	1,028,875
GNMA—Chemical Mortgage — 123508	13.000%	11/15/2014	1,000,000	995,625	1,002,190
GNMA—Bloomington Federal — 123919	12.500%	11/15/2014	1,000,000	1,019,062	1,019,690
Citicorp FHA Project — 87	7.430%	01/01/2002	2,000,000	1,991,250	2,004,380
Citicorp FHA Project — 136	7.430%	11/01/2012	19,747,496	12,687,766	12,835,873
Columbia Finance Corporation of Delaware	17.500%	01/15/2010	8,285,006	5,569,078	5,385,255
Federal National Mortgage Association	7.250%	05/25/2007	15,452,338	15,452,338	18,002,128
			10,399,108	6,541,689	8,046,310

NOTE: Cents omitted will not add.

BOND N
General
Merrill
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Pulte A
Pulte A
Pulte A
Pulte A
Pulte A
Reilly M
Reilly M
Security
Society
U. S. C
U. S. C

OH

BOND N
New B
New B
New B

STOCKS
Cardin
Micro
Muller
New S
Pickett
Primus
Ritzys

RE

REAL
Aetna
Cigna
Secur
Wach

INVESTMENTS

BOND NAME	COUPON	MATURITY	PAR VALUE	BOOK VALUE	MARKET VALUE
General Electric Mortgage Securities	8.674%	05/25/2007	52,541,925	37,945,778	41,764,525
Merrill Lynch FHA Project — 109	7.430%	06/01/2024	22,628,795	15,113,544	14,708,717
Multiple Acceptance Corporation — Series N	13.750%	02/15/2009	18,623,680	18,623,680	19,593,974
Multiple Acceptance Corporation — Series O	14.500%	04/15/2009	21,488,590	21,488,590	22,935,632
Multiple Acceptance Corporation — Series Q	14.500%	09/15/2009	12,155,363	12,155,363	12,973,906
Multiple Acceptance Corporation — Series R	14.850%	08/15/2009	15,750,925	15,750,925	16,974,299
Multiple Acceptance Corporation — Series S	14.850%	07/15/2009	21,412,911	21,412,911	23,076,052
Multiple Acceptance Corporation — Series U	17.375%	05/15/2010	7,788,652	7,788,652	8,272,794
Multiple Acceptance Corporation — Series V	15.500%	09/15/2012	8,461,198	8,461,198	9,167,285
Willy Mortgage FHA Project — 95	7.430%	11/10/2024	20,542,280	12,986,729	13,352,482
Willy Mortgage FHA Project — 24	7.430%	12/01/2011	4,983,981	3,339,267	3,239,588
Security Pacific FHA Project — 16	7.430%	10/01/2020	18,731,072	12,942,000	12,175,196
Society Acceptance Corporation	14.500%	03/15/1996	12,254,351	12,254,351	13,944,471
S. Capital Finance Corporation — Series A	16.750%	08/15/2010	7,180,487	7,180,487	8,051,192
S. Capital Finance Corporation — Series B	15.750%	01/15/2011	12,016,640	12,016,640	13,032,767
Total Values			\$1,744,700,941	\$1,364,696,921	\$1,432,436,951

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	2,801,739	\$ 2,801,739	\$ 2,801,739
Micro Industries Corporation	400,000	3,000,000	3,000,000
Miller Food Products	625	625,000	625,000
New Soda Company	4,700,000	4,700,000	4,700,000
Pickett Hotel Company	80,000	5,000,000	5,000,000
Primus Capital Fund	1,000,000	1,000,000	1,000,000
Wozny's, G. D., Incorporated	1,375,000	1,833,750	2,750,000
Total Venture Capital Stocks	10,357,364	\$18,960,489	\$19,876,739

REAL ESTATE — COMMINGLED FUNDS

REAL ESTATE	PAR VALUE	BOOK VALUE	MARKET VALUE
na Separate Account 87	\$ 50,000,000	\$ 50,000,000	\$ 58,379,256
na Separate Account R	60,032,133	60,032,133	67,902,521
urity Capital Real Estate Corporation	22,250,841	22,250,841	23,738,636
hovia Bank & Trust Company	20,068,182	20,068,182	22,513,823
Total Real Estate	\$152,351,158	\$152,351,158	\$172,534,238

NOTE: Cents omitted. Columns will not add.

DETAILED LISTING OF STOCK PORTFOLIO

December 31, 1984

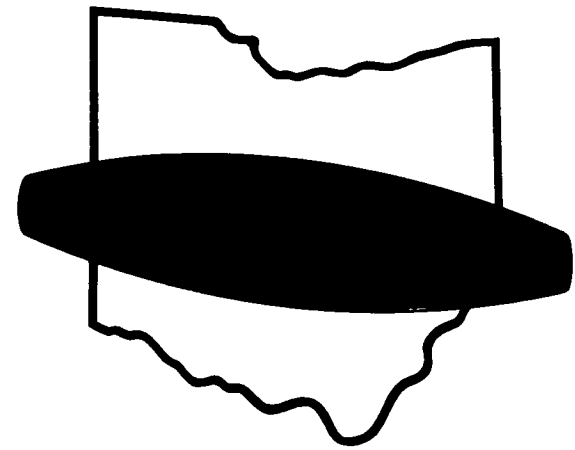
NAME	SHARES	COST	MARKET VALUE
Abbott Laboratories	\$ 800,000	\$ 14,196,313	\$ 33,400,000
Amidahl Corporation	951,900	16,483,384	12,731,662
American Brand Incorporated	243,574	7,620,042	15,649,629
American General Corporation	400,000	8,696,392	10,450,000
American Greeting	534,000	11,750,809	16,554,000
American Home Products Corporation	1,174,800	50,947,809	59,327,400
American Hospital Supply Corporation	331,800	8,786,528	9,539,250
American Natural Resources Company	221,250	5,210,326	8,684,062
American Natural Resources Company	623,100	17,910,280	20,951,737
Armstrong World Industries	250,000	15,782,048	12,812,500
Associated Dry Goods Corporation	585,500	13,369,634	25,835,187
Atlantic Richfield Company	206,300	5,857,100	8,045,700
Automatic Data Processing Incorporated	247,500	5,362,500	6,342,187
Banc One Corporation	131,800	3,610,041	6,919,500
Bandag Incorporated	137,000	5,029,991	7,500,750
Bankers Trust New York Corporation	145,000	4,980,693	6,361,875
Barnett Banks of Florida, Incorporated	151,700	1,570,452	1,991,062
Baxter Travenol Laboratories	238,800	6,141,631	5,611,800
Black & Decker Manufacturing	200,000	6,141,631	12,950,000
Borden, Incorporated	715,000	11,003,802	15,283,125
Borg Warner Corporation	200,000	6,141,631	33,331,450
Bristol Myers Company	715,000	11,003,802	27,260,000
Burlington Northern, Incorporated	636,400	15,281,340	5,902,000
Burroughs Corporation	580,000	9,962,429	13,170,000
Capital Cities Communications	104,000	10,357,636	15,050,000
Capital Holding Corporation	80,000	5,145,296	7,556,250
Capital Cities Communications	350,000	11,772,000	8,625,000
Capital Holding Corporation	390,000	12,398,149	20,271,875
Citizens & Southern of Georgia	300,000	5,863,820	4,617,000
Clorox Company	300,000	5,863,820	10,200,000
Coca Cola Company	300,000	5,863,820	9,756,250
Collins Foods International	300,000	5,863,820	7,306,250
Columbia Gas System, Incorporated	325,000	9,357,220	12,600,000
Commonwealth Edison	307,800	19,993,820	20,060,600
Consolidated Edison Company of New York	300,000	3,143,364	42,367,500
Consolidated Natural Gas Company	350,000	9,581,626	11,072,500
Dayton Hudson Corporation	290,000	9,469,372	8,710,000
Donnelley, R. R. and Sons Company	175,000	6,665,860	29,829,400
Dun & Bradstreet Corporation	400,000	5,034,956	57,938,400
Eastern Gas & Fuel Association	409,400	13,174,517	12,906,250
El Paso Electric Company	645,600	11,957,929	9,618,750
Emerson Electric Company	430,000	11,827,372	34,041,100
Exxon Corporation	670,000	10,212,812	43,601,250
Federated Department Stores	429,200	9,471,294	17,153,625
Ford Chicago Corporation	1,287,520	19,683,510	16,702,262
General Dynamics	250,000	28,439,479	19,050,000
General Electric Company	450,000	14,750,328	7,848,225
General Foods Corporation	489,800	10,368,745	10,400,000
General Mills, Incorporated	770,000	23,908,868	28,437,500
Genuine Parts Company	307,000	27,647,362	
Gillette Company	328,300	15,138,778	
Goodyear Tire & Rubber Company	600,000	16,740,451	
GTE Corporation	138,600	14,874,326	
	400,000	6,328,738	
	700,000	11,801,540	
		25,968,224	

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Macy,
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Masco
Masco
McDon
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Melvil
Merck
Minne
Norfol
North
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Pfizer
Philip
Pillsb
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NOTE: Cents
columns will not add.

NAME	SHARES	COST	MARKET VALUE
			18,881,250
Hartmarx Corporation	662,500	15,130,730	7,095,000
Heinz, H. J. Company	165,000	3,926,454	17,500,000
Holiday Inns, Incorporated	400,000	20,975,172	30,571,937
International Business Machine	248,300	28,044,424	10,562,500
Internorth, Incorporated	250,000	10,192,711	10,565,625
Jefferson-Pilot Corporation	262,500	6,384,095	31,531,125
K-Mart Corporation	894,500	28,694,413	5,412,000
Killy, Eli & Company	82,000	5,053,057	15,600,000
Lincoln National Corporation	400,000	12,936,696	31,678,125
Macy, R. H. & Company	400,000	22,463,547	11,612,475
Marriott Corporation	153,300	11,274,536	16,800,000
Masco Corporation	600,000	6,457,387	832,500
Masco Industries	30,000	551,250	31,021,462
McDonald's Corporation	600,900	17,475,312	36,765,000
McGraw-Hill, Incorporated	860,000	9,849,222	17,187,150
Melville Corporation	461,400	9,105,967	25,756,000
Merek & Company, Incorporated	274,000	25,408,247	27,314,325
Minnesota Mining & Manufacturing	347,400	20,631,735	9,380,000
Norfolk Southern Corporation	160,000	9,994,701	6,262,500
Northern States Power Company	150,000	5,230,599	6,006,000
Overnite Transportation	200,200	6,177,569	4,143,750
Payless Cashways, Incorporated	150,000	2,036,861	6,350,000
Pepsico, Incorporated	400,000	11,323,400	30,012,500
Pfizer, Incorporated	700,000	27,039,030	35,371,700
Philip Morris, Incorporated	837,200	13,937,654	56,840,625
Hillsbury Company	705,000	37,803,849	25,534,100
Quaker Oats Company	573,800	20,129,517	14,200,000
Rockwell International Corporation	400,000	11,480,796	6,075,000
Wendy's International, Incorporated	450,000	9,393,750	24,692,400
Wendy's International, Incorporated	433,200	25,232,552	3,408,375
Wendy's International, Incorporated	89,400	3,332,149	29,851,250
Wendy's International, Incorporated	835,000	18,466,918	13,261,725
Wendy's International, Incorporated	436,600	12,153,290	6,675,000
Wendy's International, Incorporated	150,000	2,897,600	12,825,086
Wendy's International, Incorporated	263,755	7,046,116	5,811,750
Wendy's International, Incorporated	162,000	5,025,851	3,927,905
Wendy's International, Incorporated	152,540	3,929,125	43,815,000
Wendy's International, Incorporated	1,380,000	50,127,395	6,504,000
Wendy's International, Incorporated	192,000	5,228,340	21,150,000
Wendy's International, Incorporated	400,000	8,933,107	14,512,712
Wendy's International, Incorporated	458,900	12,575,856	42,631,875
Wendy's International, Incorporated	2,385,000	49,531,792	23,125,000
Wendy's International, Incorporated	740,000	12,446,674	26,410,250
Wendy's International, Incorporated	709,000	17,834,317	6,640,000
Wendy's International, Incorporated	160,000	5,232,323	12,492,500
Wendy's International, Incorporated	210,400	11,045,335	7,987,500
Wendy's International, Incorporated	300,000	5,270,465	14,529,900
Wendy's International, Incorporated	377,400	14,716,308	24,541,250
Wendy's International, Incorporated	677,000	23,001,812	20,682,300
Wendy's International, Incorporated	776,800	14,258,098	17,059,500
Wendy's International, Incorporated	379,100	11,604,170	13,900,000
Wendy's International, Incorporated	400,000	12,098,040	19,816,062
Wendy's International, Incorporated	420,500	13,936,204	14,962,500
Wendy's International, Incorporated	900,000	7,401,719	3,950,000
Wendy's International, Incorporated	200,000	5,895,763	
Total Stock Portfolio	46,964,239	\$1,388,954,972	\$1,833,268,859

NOTE: Cents omitted. Columns will not add.



PLAN STATEMENT

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 10 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:

Service rendered to the State or a political subdivision on which contributions have been paid,

Certain military service which interrupted contributing public service,

Prior service before 1935.

Any out-of-service period of three years or less during which the member was receiving an award from Workers' Compensation,

Previously unreported service in Ohio.

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 fulltime 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 2.1% of final average salary multiplied by years of service. If the final average salary is \$4,095 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, deputy sheriffs, township constables or police officers, and county narcotics agents. 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.

The annual benefit is determined by multiplying 2.1% of final average salary by the length of public service plus additional service equal to the difference between the applicant's age and age 60. 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 older.
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 redeposited, 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 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

1. Health Care Coverage — All persons receiving monthly benefits from PERS are covered by hospital and medical insurance at no cost to the individual. After July 1, 1986, a new benefit recipient must have 10 years of Ohio service, exclusive of purchased military or out-of-state service, in order to qualify for the free health care benefit. Spouses and dependent children may be covered if the benefit recipient authorizes the appropriate premium deduction.
2. 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 each year that the Consumer Price Index shows an increase of 3% or more.
3. Medicare Part B Premium Reimbursement — Recipients 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.
4. 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.

