

Public School Employes' Retirement System  
Box 125  
Harrisburg, Pennsylvania 17108

Comprehensive Annual Financial Report  
For The  
Fiscal Year Ended June 30, 1989

Bernard J. Freitag  
Chairman  
Richard C. Harris  
Vice Chairman  
Board of Trustees

James A. Perry  
Executive Director

*Report prepared by the Public School Employes' Retirement System staff*

*Committee Co-Chairmen*

*Yvonne C. Wineholt  
Assistant Director of Fiscal Control*

*Douglas A. Bonsall  
Public Relations Director*

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# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Commonwealth of Pennsylvania Public  
School Employee Retirement System

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 1988

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



President

Executive Director





**Introductor  
Section**

## Letter of Transmittal

**COMMONWEALTH OF PENNSYLVANIA**  
**PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM**  
BOX 125  
HARRISBURG, PENNSYLVANIA 17108  
Area Code 717-787-8540  
December 1, 1989

The Board of Trustees  
Public School Employees' Retirement System  
Harrisburg, PA 17101

We are pleased to present the seventieth Annual Financial Report for the Pennsylvania Public School Employees' Retirement System for the fiscal year ended June 30, 1989. The Retirement System is solely responsible for the accuracy and completion of this report as required by an amendment to Title 24, Part IV, Retirement for School Employees of the Pennsylvania Consolidated Statutes, Act 96 of October 2, 1975.

The Pennsylvania Public School Employees' Retirement System was established by law as an independent administrative board, directed by a governing board which exercises control and management of the System, including the investment of its assets.

An addendum to Act 96, Act 183 of 1982, created the requirement for an annual audit of the System by a certified public accounting firm. The System has contracted with Peat Marwick Main & Co. for this audit of its financial statements and has received a favorable opinion as evidenced in the auditor's opinion letter in the *Financial Section* of this report.

The report has been prepared in accordance with the principles of governmental accounting and reporting as promulgated by the Governmental Accounting Standards Board. The report consists of five sections: the *Introductory Section* containing the Transmittal Letter, the Chairman's Report, and the Administrative Organizational Structure; the *Financial Section* containing the opinion of the independent certified public accountant and the financial statements of the System; the *Actuarial Section* containing the opinion of the independent actuarial firm and the results of their latest actuarial valuation; the *Statistical Section* containing significant data pertaining to the System; and the *Investment Portfolio Section* containing an overview of the System's investment activities and details of the System's investments.

### Demographics

The members eligible to participate in the System include all full time public school employes and part time public school employes who render at least 80 days or 500 hours in any of 634 reporting units in Pennsylvania. Currently, the active membership stands at 199,500 members with an approximate annual active payroll of \$5.1 billion.

The current annuitant membership is comprised of 95,429 retirees and beneficiaries who receive \$59.2 million each month. The average benefits for each option type are detailed in the Statistical Section of this report. This year's averages reflect increases in the benefits paid to annuitants resulting from a cost of living increase granted to eligible participants effective January 1, 1989. The average yearly benefit paid to annuitants is \$7,440.

The System is a cost-sharing multi-employer defined benefit pension plan, to which 634 reporting units contribute. The Commonwealth of Pennsylvania provides half of the employer contributions to the System. The System is administered by a staff of 209. The system is headquartered in Harrisburg, Pennsylvania and six field offices are maintained in strategic areas of the state to enable direct contact with the membership and employers of the System.

### Major System Initiatives

Some of the major goals attained by the System during the current year include the calculation and application of a cost of living increase for the annuitant membership enacted by passage of Act 112 of 1988. Over 73,500 eligible annuitants received an average increase of \$52 per month as a result of this legislation.

The System has begun development of a comprehensive business plan to integrate all information and systems. The first step to identify all inputs and outputs has been completed. The next phase will be a conceptual system design of the member system.

In the investment area, the System funded a global fixed income portfolio, allocating 3% of the System's assets to this investment category. Hiring has begun for internal portfolio managers in an effort to internalize a portion of the investment management. The Board has become increasingly involved in corporate governance issues and in exercising proxy voting rights and has begun development of a social responsibility policy.

Certain new initiatives have been undertaken to benefit the membership and assure that the System has the resources to function at a high efficiency level. These initiatives include working to promote proposed legislation to allow the System to establish administrative staff salaries to assure that the System has the human resources required to adequately administer the future initiatives established by the Board. The System is cooperating with the State Legislature to seek some measure of relief for retiree health care insurance costs. The System has also undertaken an expansion of its pre-retirement counseling to more fully explore the impact of retirement from the workforce in socio-economic terms.

### The Financial Picture

The System maintains a full accrual accounting system. More specific accounting information is detailed in the Summary of Significant Accounting Policies (Note 2) in the notes to the financial statements.

The System's assets totaled \$14.3 billion at book value (\$15.4 billion at market value) as of June 30, 1989. This was an increase over the prior year book value of \$1.7 billion. Based on market valuation of its assets, the System is the 14th largest public pension fund in the nation and the 28th largest among public and corporate pension funds worldwide.

### Revenues

Public employe retirement systems are established by law to pay retirement benefits and to accumulate the resources with which to pay such benefits. The System accumulates its resources through collection of contributions from its members and employers and from income earned on invested contributions. Contributions and investment income for 1989 totaled \$2,450.5 million detailed as follows:

Revenue Source	1989 (Millions)	1988 (Millions)
Member Contributions . . . . .	\$ 287.8	\$ 276.0
Employer Contributions . . . . .	989.5	932.5
Investment Income . . . . .	<u>1,173.2</u>	<u>978.1</u>
<b>Total . . . . .</b>	<b>\$2,450.5</b>	<b>\$2,186.6</b>

The largest portion of the increase resulted from the investment earnings of the System, an increase of \$195.1 million over the prior year. The investment income is detailed in Note 4 of the financial statements.

The increase in contributions resulted from the increase in salaries paid to participating members upon which the members' and employers' contributions to the System are based. The employer rate of contribution was 19.27 percent of salaries for the 1988-89 fiscal year. This rate is shared equally by the school districts and the Commonwealth of Pennsylvania. Additional revenue details are provided in **Schedule 2 of the Financial Section** of this report.

### Expenses

The largest single factor of expense relates to the purpose for which the Retirement System was created: payment of benefits. These payments, coupled with the expense to administer the plan, constitute the total expenses of the System. Expenses by type for 1989 and 1988 are shown for comparative purposes.

Expenses	1989 (Millions)	1988 (Millions)
Retirement Benefits .....	\$709.7	\$652.3
Disabilities .....	25.4	23.3
Lump-Sum Payments .....	116.2	76.6
Refunds .....	12.1	12.7
Administrative .....	11.1	10.2
Net Transfers .....	<u>11.3</u>	<u>18.3</u>
<b>Total</b> .....	<b>\$885.8</b>	<b>\$793.4</b>

Pension payments to the system's 95,429 annuitants exceeded \$59.2 million per month. Expenses to administer the Retirement System continue to represent a small fraction of total expenses, constituting only 1 percent of the System's total expenditures. A detailed breakdown of these expenses, with budget comparisons by expenditure category, appears in the *Financial Section* (Schedule 3).

The ten-year trend in expense by type is presented in Schedule 2 of the notes to the Financial Statements.

### Funding

The Public School Employees' Retirement System uses an actuarial reserve type of funding which is financed by member contributions, employer contributions and earnings from invested assets. For the year ended June 30, 1989 member contributions constituted 12 percent of the annual funding, employer contributions constituted 40 percent and investment earnings accounted for 48 percent. The employer rate of contribution for the 1989-90 fiscal year is 19.68 percent of compensation. However, .75 percent is attributable to the Act 112 cost of living adjustment granted to retirees. Excluding this component of the rate, the System would have experienced a fourth consecutive year decrease in the rate from 19.27 percent in 1988-89 fiscal year to 18.93 percent for the 1989-90 fiscal year. This decrease was attributable to the Board's prudent financial policy of maximizing return while minimizing risk.

Funding is the process of specifically setting aside money for current and future use. Proper funding entails an actuarial examination of the fund balances to ensure money will be available for future and current benefit payments. With such a systematic approach, reliability can be placed on the balances of these accounts. Continuous improvement in the funding by increased earnings and contributions is sought along with control over expenses. As of June 30, 1989, the Fund balance increased \$1,564.8 million over the prior year — from \$12,434.5 million to \$13,999.3 million after meeting the retirement obligations of the System.

The results of the latest actuarial valuation indicate that the rates of contribution payable by the members and employers, when taken together with the current assets of the System, are adequate to fund the actuarial liabilities on account of all benefits payable under the System. Additional information on the System's funding progress is contained in the **Actuarial and Financial Sections** of this report.

### **Investments**

Earnings from the investment portfolio represent a major source of revenue to the System, accounting for nearly one-half of total revenues for the year.

Investments of the Public School Employees' Retirement System netted \$1,173.2 million in earnings for the year. The investment portfolio totalled \$14.7 billion, at market value, as of June 30, 1989. This represents an increase of approximately \$2.1 billion over the prior year.

The investment portfolio is high quality and well-diversified to emphasize a long-term investment approach. The investment objective of the Fund is to produce a real return over inflation over time. The Board of Trustees recognizes that the objectives of a sound and prudent policy are to produce investment results that will preserve the assets of the Fund, as well as maximize earnings of the Fund consistent with its long-term needs.

Detailed information on the investment performance of the System is contained in the **Investment Portfolio Section** of this report.

### **Federal and State Tax Status**

The Pennsylvania Public School Employees' Retirement System is a qualified trust fund under Section 401(a) of the Internal Revenue Code. As a result of the qualified status, the trust fund is entitled to an exemption, under Section 501(a) of the Code, from Federal income taxation on its investment earnings. Additionally, contributions made on behalf of the active members are tax deferred under Section 414(h) of the Internal Revenue Code. The trust fund and any benefits accruing to the members of the System are exempt from Pennsylvania state and municipal taxes.

### **Professional Services**

Professional consultants are appointed by the Board of Trustees to perform services essential to the efficient operation of the System. An annual audit by an independent accounting firm and annual valuation by an actuarial consultant attest to the financial and actuarial soundness of the System. The investment performance of the Fund is reviewed by investment evaluation firms on a quarterly basis. The consultants providing services to the System are listed in the **Introductory Section** of this report.

### **Other Information**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the System for its comprehensive annual financial report for the fiscal year ended June 30, 1988.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

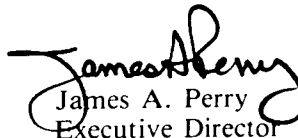
The certificate is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements and we will be submitting this report to GFOA to determine eligibility for the 1989 certificate.

A reproduction of this award appears in this **Introductory Section**. This is the sixth consecutive year the System has received this recognition. The Certificate of Achievement reflects the highest form of recognition in the area of governmental financial reporting, and its attainment represents a significant accomplishment by the Retirement System and its management.

Respectfully submitted,



Arthur J. Granito, Director  
Bureau of Fiscal Control



James A. Perry  
Executive Director

# *Mission Statement*



*The Board of Trustees of the Public School Employees' Retirement System, empowered by statute with the authority and having fiduciary responsibility to ensure the timely and accurate payment of benefits to the members of the System and to maintain the stability of the Fund, shall:*

- 1. effectively collect contributions to the Fund*
- 2. prudently invest the assets of the Fund, and*
- 3. diligently obtain and maintain the long-term, optimum value of the total Fund for the members of the System, the Commonwealth and its taxpayers, and the school districts of the Commonwealth.*

*Adopted  
4/26/85*

# **Administrative Organization**

## **PSERS Board of Trustees**

### **as of June 30, 1989**

**Secretary of Education of the Commonwealth of Pennsylvania (ex officio)**  
Honorable Terry Dellmuth, Acting

**Treasurer of the Commonwealth of Pennsylvania (ex officio)**  
Honorable Catherine Baker Knoll

**Executive Secretary of the Pennsylvania School Boards Association, Inc. (ex officio)**  
Mr. Joseph V. Oravitz

**Two Members Appointed by the Governor of the Commonwealth of Pennsylvania**  
Mr. Albert Fondy (term expires January 1, 1991)  
Mr. Winston J. Churchill, Jr. (term expires February 14, 1992)

**Three Members Elected from Among the Contributors of the System for a Term of Three Years**  
Mr. Bernard J. Freitag (term expires January 1, 1990)  
Mr. Dennis Ciani (term expires January 1, 1991)  
Mr. Jacque D. Angle (term expires January 1, 1992)

**One Member of the Annuitant Group of the System Elected from Among their Number for a Term of Three Years**  
Ms. Dorothy B. Taylor (term expires January 1, 1990)

**One Member Elected from Among Nonprofessional Contributors of the System for a Term of Three Years**  
Ms. Mary Ann Caputo (term expires January 1, 1991)

**One Member Elected by Members of Pennsylvania Public School Boards from Among their Number for a Term of Three Years**  
Mr. Richard C. Harris (term expires January 1, 1991)

**Two Members (nonvoting) Appointed by the Speaker of the House from the Pennsylvania House of Representatives, One Representing the Majority Party and One Representing the Minority Party**  
Honorable Max Pievsky  
Honorable Peter R. Vroon

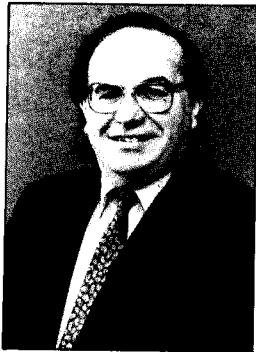
**Two Members (nonvoting) Appointed by the President Pro Tempore of the Pennsylvania Senate, One Representing the Majority Party and One Representing the Minority Party**  
Honorable John W. Regoli  
Honorable M. Joseph Rocks



## PSERS Board of Trustees



**Bernard J. Freitag**  
Chairman



**Richard C. Harris**  
Vice Chairman



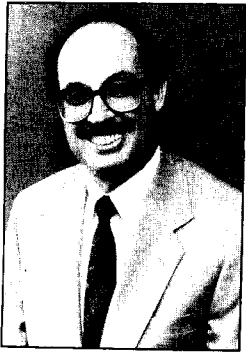
**Jacque D. Angle**



**Mary Ann Caputo**



**Winston J. Churchill**



**Dennis Ciani**



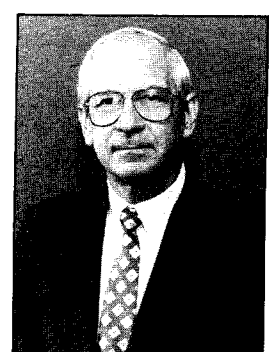
**Terry Dellmuth**



**Albert Fondy**



**Catherine Baker  
Knoll**



**Joseph V. Oravitz**



**Max Pievsky**



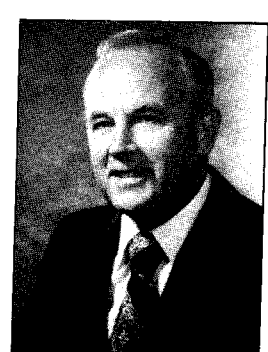
**John W. Regoli**



**M. Joseph Rocks**



**Dorothy B. Taylor**



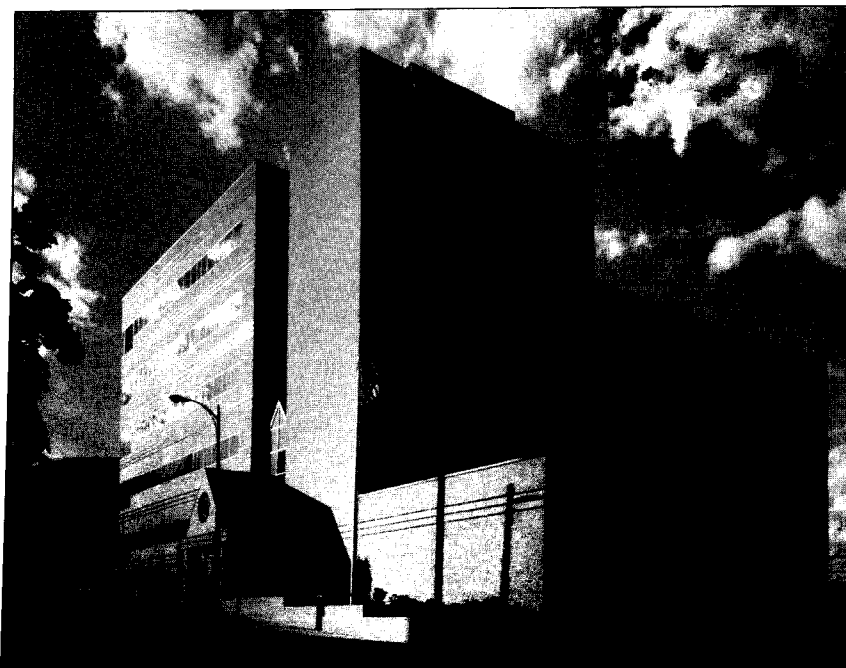
**Peter R. Vroon**

## 1989 Board Committees

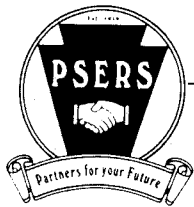
<b>Appeals</b>	<b>Audit/Budget</b>	<b>Building</b>	<b>Election</b>
Mr. Ciani, Chairman Ms. Caputo Mr. Dellmuth Mr. Oravitz Ms. Taylor	Mr. Oravitz, Chairman Mr. Dellmuth Ms. Knoll Mr. Rocks	Mr. Fondy, Chairman Mr. Angle Ms. Caputo Mr. Ciani Ms. Knoll	Mr. Oravitz, Chairman Mr. Ciani Mr. Fondy
<b>Finance</b>	<b>Legislative</b>	<b>Personnel</b>	<b>Proxy</b>
Mr. Harris, Chairman Mr. Angle Mr. Dellmuth Mr. Fondy Ms. Knoll Mr. Pievsky Mr. Vroon	Ms. Taylor, Chairperson Ms. Caputo Mr. Dellmuth Mr. Regoli Mr. Rocks	Mr. Angle, Chairman Mr. Ciani Mr. Fondy Mr. Dellmuth Mr. Harris Ms. Knoll Mr. Oravitz	Mr. Harris, Chairman Mr. Ciani Mr. Fondy Ms. Knoll
	<b>Public Relations</b>	<b>Real Estate</b>	
	Ms. Taylor, Chairperson Ms. Caputo Mr. Ciani	Ms. Knoll, Chairperson Mr. Angle Mr. Harris	

NOTE: Mr. Freitag is a voting ex-officio member of all committees.

## PSERS Headquarters Building



## Chairman's Report



COMMONWEALTH OF PENNSYLVANIA  
**PUBLIC SCHOOL EMPLOYES' RETIREMENT SYSTEM**

**Bernard J. Freitag**, Chairman of the Board  
Telephone: 215-757-7420

December 1, 1989

Honorable Robert P. Casey  
Governor of Pennsylvania

Members of the Legislature  
Members of the Retirement System

Dear Governor Casey, Legislators and Members:

On behalf of the Board of Trustees of the Pennsylvania Public School Employes' Retirement System, I am pleased to report the very positive results in this seventieth Annual Financial Report for the fiscal year ended June 30, 1989. The report presents an in-depth review of the financial, actuarial and investment status of the Retirement Fund.

The Retirement System continues to grow. The market value of assets surpassed \$15 billion at fiscal year end; active membership approximates 200,000 and annuitants now total over 96,000 receiving pension benefits in excess of \$59 million per month.

The financial integrity and actuarial soundness of the System are attested by the accompanying reports of the independent auditor and consulting actuary.

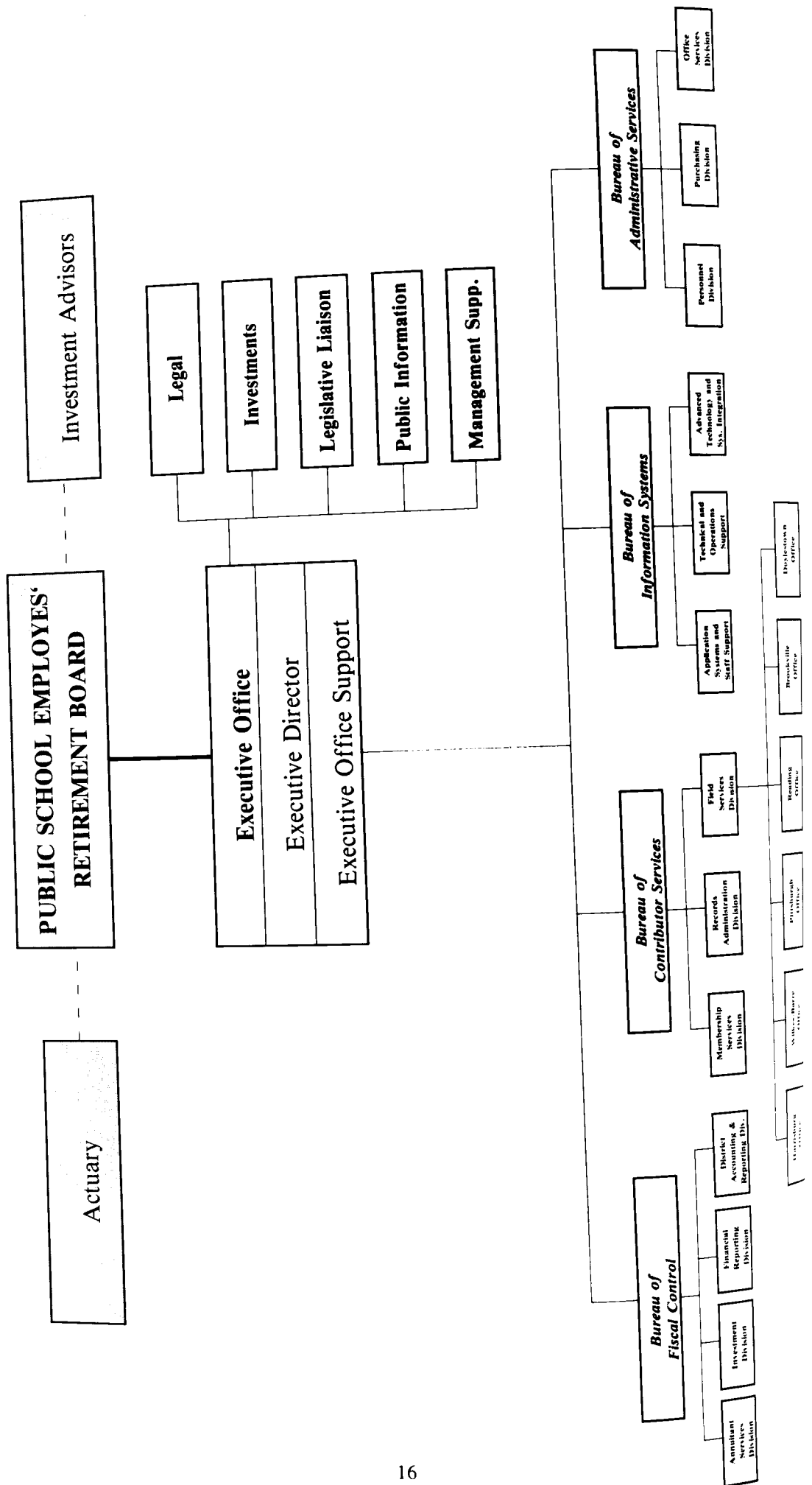
This report highlights many of the significant activities of the Retirement System for the year ended June 30, 1989 as well as plans to continue improving services to the active and retired members of the System.

The Board of Trustees is committed to assuring that the retirement funds are managed prudently for the sole benefit of the members. The Board of Trustees pledges to continue to administer the affairs of the Pennsylvania Public School Employes' Retirement System in the most competent and efficient manner possible.

A handwritten signature in cursive script that reads 'Bernard J. Freitag'.

Bernard J. Freitag  
Chairman  
Board of Trustees

# Organizational Chart of the Public School Employees' Retirement System



## **Organizational Structure of the Public School Employes' Retirement System**

### **Public School Employes' Retirement Board**

The Board, consisting of fifteen members, adopts and promulgates rules and regulations for the uniform administration of the System and exercises a fiduciary responsibility over the investment of the Fund's assets. In addition, the Board certifies salary deductions and contribution rates, makes actuarial investigations of the Retirement System, provides for independent audits of the System, and publishes an annual financial statement of the condition of the Retirement Fund. Administratively, the Board reviews the activities performed by the System's Executive Office.

### **Executive Office**

The Executive Director serves as chief administrative officer of a rapidly growing governmental agency which is chartered to administer a large pension fund for public school employes. Generally, the Executive Director directs and manages the operation of the Retirement System to achieve the primary objectives of the Fund as established by the Retirement Board. This office plans, formulates, and recommends to the Board policies and directions which further sound management practices and represent the best interests of the active members and annuitants of the System. Particularly, the Executive Director monitors the operation of the investment portfolio and evaluates portfolio performance for consideration by the Board, certifies expenditures of the Fund, and measures performance of professional individuals or firms with whom the Board contracts for specialized services. The Executive Director also apprises the Board of any development which will in any way affect the Retirement System and its operation.

Additional functions of the Executive Office are performed by specialized support staff. The Public Relations Office is responsible for the coordination and release of information about the Retirement System. In fulfilling this obligation, this office prepares press releases, bulletins, newsletters, the annual report, pamphlets, and members' handbooks, and answers written, personal, and telephone inquiries. This office is responsible for the development of the agency video series and for coordination of the annual Board seminar. It also maintains personal contact with school retiree groups across the state by providing speakers and displays.

The legislative liaison in the Executive Office monitors and reports on legislative activities which may impact on members' benefits or the administration of the System.

The Investment Office is responsible for the investment activities of the Retirement System as opposed to the administrative functions of investment accounting. The Fund's assets are allocated to numerous investment advisors for investment in the areas of equities, fixed income, real estate, venture capital, and options. A portion of the portfolio is now managed in-house. The Chief Investment Officer oversees the performance and operations of the investment advisors and reports to the Board. He is responsible for assuring that the Board's investment policies and decisions are carried out. The Investment Office and the Board have formulated a plan for meeting the earnings requirements of the Fund's target liability by the use of strategic asset allocation.

Legal services are provided by a team of professional personnel shared by PSERS, the State Employes' Retirement System, and the Pennsylvania Municipal Retirement System. The legal staff is responsible for interpretation of the Retirement Code, for representation of the System in administrative hearings and courts, for determination of legality of contracts, and for providing advice related to matters of corporate governance.

The Management Support team is responsible for the implementation of a work management study to improve PSERS's efficiency and support resource allocations.

## **Bureau of Administrative Services**

The Bureau of Administrative Services directs and coordinates staff activities relating to personnel, purchasing, and office services, as well as preparation of and year-round monitoring of the administrative budget. The Bureau Director is responsible for conducting all elections to the Board of Trustees.

### **Personnel and Training Division**

This division coordinates a comprehensive human resources operation through establishing and maintaining personnel and training policies and programs. Specifically, the division maintains a position classification system; administers the Commonwealth benefits and employe services program; oversees the recruitment, selection, and placement of job candidates; develops, conducts, and evaluates an intensive training program; processes personnel transactions and maintains the automated personnel management system; oversees the labor relations function; and maintains personnel and leave records. Also, the Affirmative Action function is carried out in this division.

### **Purchasing and Contracting Division**

This division administers the agency procurement function through the purchase and maintenance of supplies, furniture and equipment. The division reviews agency purchase requests, making recommendations to management and staff, formulating specifications, securing and awarding bids, preparing purchasing documents, determining the need for maintenance agreements and ensuring compliance with the agency's and Commonwealth requirements and procedures. The division prepares, maintains and administers Service Purchase Contracts for services, maintenance and computer software, and controls the agency master file on blueback contracts. The division chief serves as the agency Contract Compliance Officer, MBE-WBE Compliance Officer and Surplus Property Control Officer. Automotive services, telephone services and office equipment repairs are coordinated in this division.

### **Office Services Division**

This division develops techniques to improve practices and the allocation of resources, develops administrative procedures, conducts space and equipment utilization studies, and negotiates leases. The division also manages a forms and publications program by providing graphic, composition, reproduction, and distribution services. The division coordinates, directs and tests a Disaster Recovery program and operates a consolidated mail and messenger service. The division chief has had primary responsibility for the coordination of building management and security at the agency's headquarters building.

## **Bureau of Fiscal Control**

This bureau has responsibility for the planning, organization, and direction of a complete accounting system. Fulfilling this responsibility includes preparation of financial statements and the administrative budget, accounting for the investment portfolio transactions, consulting with the Board of Trustees on financial matters, and serving as liaison with financial consultants, actuaries, fund evaluators, investment advisors, other state and federal agencies, and all reporting units.

### **Division of Investment Accounting**

The Division of Investment Accounting has responsibility for managing investment transactions to guarantee adherence to policies and guidelines prescribed by the Board. It serves as intermediary with mortgage companies, brokers, investment evaluators, money managers, and the State Treasury Department. The division accounts for a \$12 billion investment portfolio through the execution and reconciliation of all investment transactions.

### **Division of Financial Reporting**

The Division of Financial Reporting has responsibility for the classification, analysis, and reporting of all financial transactions. The General Ledger Section records all financial data including outgoing payments from the Fund and incoming receipts to the Fund. It maintains the cash receipts journal, cash disbursements journal and the general ledger and is responsible for the preparation of financial statements. The Data Control Section controls the updates to the individual members' savings accounts and the application of interest, the auditing of withdrawals from these accounts and the reconciliation of the total member balances with the General Ledger.

### **Division of Annuitant Services**

The Division of Annuitant Services administers a \$50 million monthly annuitant payroll. This administration involves the creation and maintenance of the automated payroll file, deduction of hospitalization costs for eligible annuitants, and provision of tax and accounting information. The Division is responsible for calculating and processing post-retirement death benefits and also provides general information and assistance to the annuitant membership.

### **Division of District Accounting and Reporting**

The Division of District Accounting and Reporting has responsibility for the collection, posting and reconciliation of member and employer contributions. Supported by the Accounts Receivable Section and the District Reporting Section, this division collects all membership salary and service data, handles all employee and employer billings and receivable procedures, and provides services to the reporting units by interpreting the Rules and Regulations regarding membership and by ensuring the proper application of reporting codes and procedures.

## **Bureau of Contributor Services**

The Bureau of Contributor Services has the responsibility for the administration, management, and direction of all activities related to the System's membership. The Bureau performs a variety of specialized services which facilitate the timely and accurate payment of benefits to members of the System. It provides direct and indirect professional and technical services to the active membership from the moment of enrollment to the receipt of the first regular monthly retirement check. The Bureau consists of three divisions: Membership Services, Records Administration, and Field Services.

### **Membership Services Division**

Membership Services Division is responsible for ensuring a timely and accurate benefit for new retirees, expediting the return of contributions to members leaving the System, computing the amount due for all types of services, computing death benefits for members who have died in service, and making adjustments to retiree's accounts where needed, and supplying information to active members or retirees regarding their accounts. The Division consists of five sections: Retirement Support, Retirement Processing, Purchase of Service, Refund, and Closing and Adjusting.

### **Records Administration Division**

Records Administration Division is responsible for the security and management of the records of all members of the System. The Division enrolls new members into the System, records beneficiary information, determines eligibility for membership, grants Multiple Service membership, maintains name and address files, provides oral and written communications, provides centralized recording and storing services for the agency, updates information, and disseminates member records to other areas of the agency as needed. The Division consists of four sections: Member Communications, Research and Reports, Files Maintenance and Information Processing.

### **Field Services Division**

Field Services Division provides information and guidance to members, annuitants, and reporting units through eight field offices that are strategically located throughout the Commonwealth of Pennsylvania. Each field office serves as a professional liaison between the agency, members, and reporting units. A major function of the field staff is providing counseling and estimates of benefits to prospective retirees. This is provided by two retirement programs: Retirement Benefits Program, for a group who plan to retire during the current school year, and Pre-Retirement Program, for a group who plan to retire some time other than the current school year. A new one day Retirement Education Program is being offered to members who plan to retire within the next five to ten years.

The field staff is also responsible for coordinating and conducting training sessions for reporting unit business personnel on the proper completion of PSERS' forms and reports.



## **Bureau of Information Systems**

The Bureau of Information Systems has the responsibility for planning, administering, and controlling all electronic data processing activities within PSERS. Additionally, this bureau interprets and applies agency policies and objectives across all data processing activities, provides professional services for feasibility studies, system analysis, system design and programming, data communications and data management, hardware and software selection and computer operations. The bureau also formulates short-term and long-range developmental plans to permit the agency to meet directed missions.

### **Application Systems and Staff Support Division**

This division has three main functions: data administration, development and maintenance of all application systems, and testing and training of all end-user software and application systems.

Responsibilities for data administration include design, definition and control of all data collected by this agency; planning for future data needs; development of data standards; development of procedures for the collection and use of data; data dictionary administration.

Responsibilities for the application systems support function are systems analysis and design, feasibility and workflow analysis, conceptual system design, detailed system design, program and system specifications, identifying potential applications for automation, developing program logic and translating logic into machine readable code, program testing and debugging, creation of screen and image printer formats, development of system and source library routines; maintenance and enhancements to existing systems; implementation of federal and state legislation; implementation of federal and state court decisions; development of operational, program and system documentation.

The staff support group is responsible for testing and training of all end-user software and application systems which reside on the mainframes and microcomputers. Responsibilities include the development of training material and course outlines; training individuals and groups of end-users; development of test files, system integration testing; development of user and operational manuals. Another major responsibility of this group is centralized end-user contact for the bureau. All problems and requests related to hardware, software, training, information and services will be directed to this group.

Responsibilities include identification and tracking of problems or requests; processing requests with end-user software, if possible; forward all problems/requests to appropriate divisions; summarize problems and requests reported; recommend to bureau management methods to eliminate problems and improve methods to handle requests.

### **Technical and Operations Support Division**

This division has the responsibility for the administration and operation of the agency's mainframe and microcomputer systems and all associated software.

This division provides software support in the areas of data communications, data management, end user software, operating systems, compilers, system utilities, vendor supplied applications and microcomputer packages. This support includes the modification and enhancement of existing software and the development of supporting software when necessary. It develops and enforces efficiency and usage standards for the various software products and evaluates their performance on a continuing basis. The division provides technical training and assistance to management and BIS staff in the areas of project development, problem analysis and resolution, and development of long and short range plans. It develops backup and recovery procedures for data management, data communications and other critical system resources. It provides for the security and integrity of data, system access security and change control security.

This division monitors system hardware and software for acceptable performance and resource utilization, making adjustments to configurations and parameters when necessary. It analyzes current workload and usage trend data to ensure sufficient availability of resources to meet future agency needs.

This division provides for the operation and control of the computer mainframes, associated peripherals and data entry equipment. In addition support is provided for the agency's data communications networks and microcomputer clusters. The division evaluates performance and assures effective availability and utilization of this hardware consistent with agency needs and priorities. It is also accountable for the organization and execution of control functions (input-output validation, computer job accounting, output distribution and quality checks of completed work), the performance of data entry and verification services and the programs necessary to perform the verification and editing.

### **Advanced Technology and Systems Integration Division**

This division has the responsibility for performing research into technological developments within the information processing industry, the evaluation of the impact and implications of those advancements relative to the hardware components and software products in use within the agency, and the selection, testing, and the application of systems integration engineering principles to assure proper merger of new technology into the existing environment.

Specifically, the division provides the expertise to evaluate new vendor offerings and ascertain their applicability toward the improvement of services to users of electronic information processing systems. Additionally, the division is responsible for the development of strategic plans to assure the successful integration of selected new technology while minimizing the impact, disruption, and displacement of those products currently being utilized within the agency.

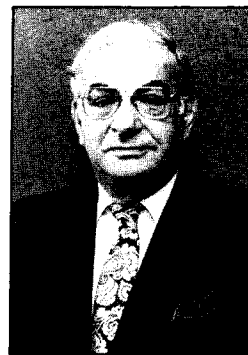
## Administrative Staff



**James A. Perry**  
Executive Director



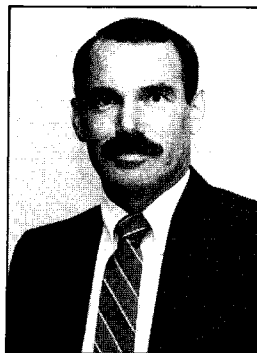
**Clay B. Mansfield**  
Chief Investment Officer



**Abbott A. Leban**  
Chief Counsel



**Arthur J. Granito**  
Director of  
Fiscal Control



**Dale W. Houck**  
Director of  
Information Systems



**Linda L. Weidner**  
Director of  
Contributor Services



**Thomas E. Yagel**  
Director of  
Administrative Services

# Professional Consultants

## Investment Advisors

**Bankers Trust Co. (Equities)**  
280 Park Avenue  
6th Floor, West Building  
New York, NY 10017

**CEO Venture Fund (Venture Capital)**  
4516 Henry Street, Suite 402  
Pittsburgh, PA 15213

**Cashman, Farrell & Associates (Equities)**  
1235 Westlake Drive  
Berwyn, PA 19312

**Columbus Circle Investors, Inc. (Equities)**  
Metro Center, Eighth Floor  
One Station Place  
Stanford, CT 06902

**Commonwealth of Pennsylvania (Short Term)**  
Treasury Department  
Harrisburg, PA 17120

**Commonwealth Ventures Partners -  
Century IV (Venture Capital)**  
Century IV Partners  
1750 Market Street  
Philadelphia, PA 19103

**Criterion Investment Management Co.  
(Fixed Income)**  
1000 Louisiana Street, Suite 6000  
Houston, TX 77002

**Delaware Investment Advisors (Equities & Fixed  
Income)**  
10 Penn Center Plaza, 14th Floor  
Philadelphia, PA 19103

**Dreman Value Management, Inc. (Equities)**  
30 Montgomery Street  
Jersey City, NJ 07302

**Fidelity Bank (Mortgages & Real Estate)**  
P.O. Box 1300  
Philadelphia, PA 19105

**First Pennsylvania Bank (Custodial Bank &  
Security Lending)**  
Center Square West, 9th Floor  
16th and Market Streets  
Philadelphia, PA 19101

**Genesis Seed Fund, Ltd. (Venture Capital)**  
Two Penn Center Plaza  
Philadelphia, PA 19102

**Glenmede Trust Co. (Fixed Income &  
Convertibles)**  
229 South 18th Street  
Philadelphia, PA 19103

**Jones Lang Wootton Realty Advisors (Real  
Estate)**  
101 East 52nd Street, 20th Floor  
New York, NY 10022

**Loomis, Sayles & Co. (Fixed Income)**  
One Financial Center, 34th Floor  
Boston, MA 02111

**Loyalhanna Commonwealth Fund (Venture  
Capital)**  
681 Andersen Drive  
Pittsburgh, PA 15220

**Mackenzie Financial Corp. (Equities)**  
150 Bloor Street, West - 5th Floor  
Toronto, Ontario  
Canada M5S 2X9

**Mellon Bank, N.A. (Fixed Income & Equities)**  
One Mellon Bank Center  
Pittsburgh, PA 15258-0001

**Mellon Capital Management (Equities &  
Balanced)**  
595 Market Street, Suite 2900  
San Francisco, CA 94105

**Miller Anderson & Sherrerd (Fixed Income &  
Equities)**  
Two Bala Plaza, Room 2220  
Bala Cynwyd, PA 19004

**Morgan Stanley Asset Management Inc. (Fixed  
Income)**  
1221 Avenue of the Americas  
21st Floor  
New York, NY 10020

**NEPA Management Corp. (Venture Capital)**  
Goodman Drive  
Lehigh University  
Bethlehem, PA 18015

**Newbold's Asset Management (Equities)**  
937 Haverford Road  
Bryn Mawr, PA 19010-3845

**Oppenheimer Capital Corp. (Equities)**  
Oppenheimer Tower, 37th Floor  
World Financial Center  
New York, NY 10281

**Investment Advisors (Continued)**

**Oppenheimer Option Management (Options)**

Division of Oppenheimer Capital  
Oppenheimer Tower, 37th Floor  
World Financial Center  
New York, NY 10281

**Pacific Investment Management Co. (Fixed Income)**

840 Newport Center Drive, 3rd floor  
P.O. Box 9000  
Newport Beach, CA 92660

**Pennsylvania Investment Private Placement (CIGNA) (Venture Capital)**

Connecticut General Life Insurance Co.  
P.O. Box 2975  
Hartford, CT 06152

**Pennsylvania Venture Capital Fund (APA/Fostin) (Venture Capital)**

Fostin Capital Associates  
Fostin Plaza VI  
681 Andersen Drive  
Pittsburgh, PA 15220

**Pilgrim Baxter Greig & Associates (Equities)**

1255 Drummers Lane  
Suite 200  
Wayne, PA 19087

**Pittsburgh National Bank (Fixed Income)**

One Oliver Plaza, 27th Floor  
Pittsburgh, PA 15265

**Provident Capital Management, Inc. (Equities)**

1700 Market Street, Suite 2720  
Philadelphia, PA 19103-3899

**Putnam Advisory Co., Inc. (Fixed Income)**

One Post Office Square  
Post Office Stop A7A  
Boston, MA 02109

**Security Pacific Investment Managers (Equities)**

300 South Grand Avenue, Suite 2200  
Los Angeles, CA 90071

**Webster Capital Management Corp. (Options)**

20 Exchange Place  
New York, NY 10005

## Small Manager Fund Advisors

**Ariston Capital Management Corp.**

12301 N.E. 10th Place - Suite 250  
Bellevue, WA 98005

**Beutel Goodman International, PLC**

5-6 St. Andrew's Hill  
London, England EC4V

**Birmingham Capital Management Co., Inc.**

31 Inverness Center Parkway  
Birmingham, AL 35242

**Brandywine Asset Management**

The Pennsylvania Building  
110 South French Street - Suite 400  
Wilmington, DE 19807

**Brown Capital Management, Inc.**

519 North Charles Street  
Baltimore, MD 21201

**Comstock Partners, Inc.**

45 Broadway - 9th Floor  
New York, NY 10006

**Crabbe-Huson Company**

One Financial Center  
121 S.W. Morrison, Suite 1400  
Portland, OR 97204

**Cutler & Company, Inc.**

503 Airport Road  
Medford, OR 97504

**Darien Capital Management**

1 East Putnam Avenue - 2nd Floor  
Greenwich, CT 06830

**Eagle Asset Management, Inc.**

880 Carillon Parkway  
St. Petersburg, FL 33716

**Fielding Management Company, Inc.**

379 Park Avenue  
Rochester, NY 14607

**Gulf Investment Management, Inc.**

820 Gessner, Suite 720  
Houston, TX 77024-4258

**Small Manager Fund Advisors (Continued)**

**Hudson Capital Advisors**  
3 East 54th Street  
New York, NY 10022

**Income Research & Management, Inc.**  
126 High Street, Ninth Floor  
Boston, MA 02110

**InterQuant Capital Advisors, Ltd.**  
40 East 52nd - 10th Floor  
Boston, MA 02110

**Mortgage Government Securities, Inc./AIM**  
11 Greenway Plaza 2112  
Houston, TX 77046

**PCM International**  
745 Broad Street, 2 Plaza  
Newark, NJ 07101

**Princeton Money Managers, Inc.**  
11 Greenway Plaza 2112  
Houston, TX 77046

**Trust Company of the West**  
400 South Hope Street  
Los Angeles, CA 90071

**WorldInvest Ltd.**  
56 Russell Square  
London, England WC1B

## Investment Evaluators

**Evaluation Associates, Inc.**  
Norwalk, CT

## Actuary

**George B. Buck Consulting Actuaries, Inc.**  
Chicago, IL

## Auditor

**Peat Marwick Main and Co.**  
Harrisburg, PA

## Medical Examiners

**Dr. Stanley R. Goldman, M.D.**  
Harrisburg, PA

**Dr. Johnathan Tocks, M.D.**  
Enola, PA

**Dr. Richard Davis, M.D.**  
Enola, PA

**Dr. Robert Little, M.D.**  
Harrisburg, PA



**Financial  
Section**

# Independent Auditors' Report

## KPMG Peat Marwick

Certified Public Accountants

**Peat Marwick Main & Co.**

225 Market Street  
Suite 300  
P.O. Box 1190  
Harrisburg, PA 17108-1190

Telephone 717 238 7131

Telecopier 717 238 7131

The Board of Trustees  
Commonwealth of Pennsylvania  
Public School Employees' Retirement System

We have audited the accompanying balance sheets of the Commonwealth of Pennsylvania Public School Employees' Retirement System as of June 30, 1989 and 1988, and the related statements of revenues, expenses and changes in fund balance and changes in financial position for the years then ended. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Commonwealth of Pennsylvania Public School Employees' Retirement System at June 30, 1989 and 1988, and the results of its operations and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles.

The analysis of funding progress on Schedule 1 is not a required part of the basic financial information of the System but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit this information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in Schedules 2 through 4 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the examinations of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

September 29, 1989

*Peat Marwick Main & Co.*



## Balance Sheets

### June 30, 1989 and 1988

(Amounts in Thousands)

Assets	1989	1988
<b>Investments, at cost (note 4):</b>		
Corporate and government debentures (market value \$5,111,292 in 1989 and \$4,231,869 in 1988) .....	\$ 5,006,060	\$ 4,241,751
Common and preferred stocks (market value \$5,381,486 in 1989 and \$4,413,960 in 1988) .....	4,449,807	3,931,532
Mortgage investments (market value \$1,448,073 in 1989 and \$1,065,324 in 1988) .....	1,436,802	1,095,883
Other long-term investments (market value \$733,859 in 1989 and \$788,630 in 1988) .....	678,240	726,530
Short-term investments (market value \$1,988,845 in 1989 and \$2,036,793 in 1988) .....	<u>1,988,338</u>	<u>2,036,821</u>
<b>Total investments</b>	<u><b>13,559,247</b></u>	<u><b>12,032,517</b></u>
<b>Receivables:</b>		
Contributions:		
Employes .....	50,806	48,046
Employers .....	169,526	163,335
Commonwealth of Pennsylvania .....	129,161	116,815
Investment:		
Income .....	235,254	138,248
Proceeds .....	173,915	117,268
Other .....	<u>1,805</u>	<u>2,669</u>
<b>Total receivables</b>	<u><b>760,467</b></u>	<u><b>586,381</b></u>
Cash .....	<u>3</u>	<u>2</u>
Fixed assets (net of accumulated depreciation of \$1,367 and \$1,897 in 1989 and 1988, respectively) .....	<u>6,247</u>	<u>3,498</u>
<b>Total assets</b>	<u><b>\$14,325,964</b></u>	<u><b>\$12,622,398</b></u>
<b>Liabilities and Fund Balance</b>		
<b>Liabilities:</b>		
Accounts payable and accrued expenses .....	\$ 34,946	\$ 34,556
Installment benefits payable .....	45,188	29,741
Investment purchases payable .....	<u>246,576</u>	<u>123,558</u>
<b>Total liabilities</b>	<u><b>326,710</b></u>	<u><b>187,855</b></u>
<b>Unfunded Actuarial Liability (note 1d)</b>		
<b>Fund balance (note 3):</b>		
State accumulation account .....	5,581,105	4,603,507
Members' savings account .....	3,171,058	2,921,143
Reserve for retirement .....	5,064,075	4,693,658
Reserve for disabilities .....	<u>183,016</u>	<u>216,235</u>
<b>Total fund balance</b>	<u><b>13,999,254</b></u>	<u><b>12,434,543</b></u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><b>\$14,325,964</b></u>	<u><b>\$12,622,398</b></u>

See accompanying notes to financial statements.

**Statements of Revenues, Expenses and Changes in Fund Balance**  
**Years ended June 30, 1989 and 1988**  
**(Amounts in Thousands)**

	<b>Year ended June 30, 1989</b>				
	<b>Total</b>	<b>State Accumulation Account</b>	<b>Members' Savings Account</b>	<b>Reserve for Retirement</b>	<b>Reserve Disability</b>
<b>Revenue:</b>					
Contributions:					
Employers .....	\$ 499,273	\$ 499,273	\$ —	\$ —	\$ —
Employees .....	287,803	—	287,803	—	—
Commonwealth of Pennsylvania .....	490,237	490,237	—	—	—
	<u>1,277,313</u>	<u>989,510</u>	<u>287,803</u>	<u>—</u>	<u>—</u>
Investment revenue, net of related expenses (note 4) .....	1,173,176	779,447	119,023	265,291	—
<b>Total revenue</b>	<u>2,450,489</u>	<u>1,768,957</u>	<u>406,826</u>	<u>265,291</u>	<u>—</u>
<b>Expenses:</b>					
Benefits .....	851,308	—	—	825,926	—
Refunds .....	12,134	—	12,134	—	—
Net transfers to State Employees' Retirement System .....	11,281	10,069	1,212	—	—
Administrative expenses .....	11,055	11,055	—	—	—
<b>Total expenses</b>	<u>885,778</u>	<u>21,124</u>	<u>13,346</u>	<u>825,926</u>	<u>—</u>
<b>Excess (deficiency) of revenues over expenses</b>	<u>1,564,711</u>	<u>1,747,833</u>	<u>393,480</u>	<u>(560,635)</u>	<u>—</u>
<b>Transfers between reserves for:</b>					
Retirements by members .....	—	(720,253)	(126,290)	811,006	—
Annuityants who returned to service .....	—	10,843	—	(8,189)	—
Actuarial requirements .....	—	(78,100)	—	128,235	—
Other .....	—	17,275	(17,275)	—	—
<b>Net transfers between reserves</b>	<u>—</u>	<u>(770,235)</u>	<u>(143,565)</u>	<u>931,052</u>	<u>—</u>
<b>Fund balance at beginning of year</b>	<u>12,434,543</u>	<u>4,603,507</u>	<u>2,921,143</u>	<u>4,693,658</u>	<u>—</u>
<b>Fund balance at end of year</b>	<u>\$13,999,254</u>	<u>\$5,581,105</u>	<u>\$3,171,058</u>	<u>\$5,064,075</u>	<u>—</u>

See accompanying notes to financial statements.

**Statements of Revenues, Expenses and Changes in Fund Balance (Continued)**  
 Years ended June 30, 1989 and 1988  
 (Amounts in Thousands)

	<b>Year ended June 30, 1988</b>				
	<b>Total</b>	<b>State Accumulation Account</b>	<b>Members' Savings Account</b>	<b>Reserve for Retirement</b>	<b>Reserve for Disabilities</b>
<b>Revenue:</b>					
Contributions:					
Employers .....	\$ 466,871	\$ 466,871	\$ —	\$ —	\$ —
Employes .....	275,994	—	275,994	—	—
Commonwealth of Pennsylvania .....	<u>465,661</u>	<u>465,661</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<b>1,208,526</b>	<b>932,532</b>	<b>275,994</b>	<b>—</b>	<b>—</b>
Investment revenue, net of related expenses (note 4) .....	<u>978,063</u>	<u>611,133</u>	<u>109,050</u>	<u>248,046</u>	<u>9,834</u>
<b>Total revenue</b>	<b><u>2,186,589</u></b>	<b><u>1,543,665</u></b>	<b><u>385,044</u></b>	<b><u>248,046</u></b>	<b><u>9,834</u></b>
<b>Expenses:</b>					
Benefits .....	752,234	—	—	728,900	23,334
Refunds .....	12,684	—	12,684	—	—
Net transfers to State Employees' Retirement System .....	18,332	16,665	1,667	—	—
Administrative expenses .....	<u>10,196</u>	<u>10,196</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Total expenses</b>	<b><u>793,446</u></b>	<b><u>26,861</u></b>	<b><u>14,351</u></b>	<b><u>728,900</u></b>	<b><u>23,334</u></b>
Excess (deficiency) of revenues over expenses	<u>1,393,143</u>	<u>1,516,804</u>	<u>370,693</u>	<u>(480,854)</u>	<u>(13,500)</u>
<b>Transfers between reserves for:</b>					
Retirements by members .....	—	(650,331)	(117,840)	689,538	78,633
Annuitants who returned to service .....	—	1,648	19	(1,579)	(88)
Actuarial requirements .....	—	(227,297)	—	263,036	(35,739)
Other .....	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Net transfers between reserves</b>	<b><u>—</u></b>	<b><u>(875,980)</u></b>	<b><u>(117,821)</u></b>	<b><u>950,995</u></b>	<b><u>42,806</u></b>
Fund balance at beginning of year	<u>11,041,400</u>	<u>3,962,683</u>	<u>2,668,271</u>	<u>4,223,517</u>	<u>186,929</u>
<b>Fund balance at end of year</b>	<b><u>\$12,434,543</u></b>	<b><u>\$4,603,507</u></b>	<b><u>\$2,921,143</u></b>	<b><u>\$4,693,658</u></b>	<b><u>\$216,235</u></b>

See accompanying notes to financial statements.

**Statements of Changes in Financial Position**  
**Years ended June 30, 1989 and 1988**  
(Amounts in Thousands)

	1989	1988
<b>Resources provided by:</b>		
Excess of revenues over expenses .....	\$ 1,564,711	\$1,391,133
Sales and maturities of long-term investments .....	9,479,416	7,972,853
Items not requiring (providing) resources currently:		
Net (gain) from sales of long-term investments .....	(290,425)	(165,612)
Net amortized premium (discount) .....	1,064	(15,112)
Depreciation .....	667	(52)
<b>Total resources provided</b>	<b><u>10,755,433</u></b>	<b><u>9,186,213</u></b>
<b>Resources used by:</b>		
Purchases of long-term investments .....	10,765,268	8,864,731
Acquisition of equipment .....	3,416	1,000
<b>Total resources used</b>	<b><u>10,768,684</u></b>	<b><u>8,865,731</u></b>
<b>(DECREASE) INCREASE IN WORKING CAPITAL</b>	<b><u>\$ (13,251)</u></b>	<b><u>\$ 320,482</u></b>

**Elements of net increase (decrease) in working capital**

<b>Current assets:</b>		
Short-term investments .....	\$ (48,483)	\$ 208,512
Contributions receivable .....	21,297	20,331
Investment income receivable .....	97,006	(5,517)
Investment proceeds and other receivables .....	55,783	(27,733)
Cash .....	1	195,777
<b>Increase in current assets</b>	<b><u>125,604</u></b>	<b><u>195,777</u></b>
<b>Current liabilities:</b>		
Accounts payable and accrued expenses .....	390	17,511
Installment benefits payable .....	15,447	(6,633)
Investment purchases payable .....	123,018	(136,717)
<b>Net increase (decrease) in current liabilities</b>	<b><u>138,855</u></b>	<b><u>(124,839)</u></b>
<b>(DECREASE) INCREASE IN WORKING CAPITAL</b>	<b><u>\$ (13,251)</u></b>	<b><u>\$ 320,482</u></b>

See accompanying notes to financial statements.

## Notes to Financial Statements

### June 30, 1989 and 1988

## (1)

**Organization and Description of the System****(a) Organization**

The Commonwealth of Pennsylvania Public School Employees' Retirement System (the "System") was established as of July 18, 1917, under the provisions of P.L. 1043, No. 343. The System is a cost-sharing multiple-employer plan and its designated purpose is to provide retirement allowances and other benefits to members. Membership in the System is mandatory for substantially all full-time public school employees in the Commonwealth. At June 30, 1989 there were 634 reporting units, generally school districts, and membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to, but not receiving benefits	<u>121,000</u>
Currently employed members:	
Vested	122,000
Nonvested	<u>74,000</u>
	<u>196,000</u>

All members are fully vested in their individual balance in the Members' Savings Account which is described in note 3(b).

Responsibility for the organization and administration of the System is vested in the Board of Trustees.

**(b) Benefits**

Significant amendments to the System were made in 1975 as a result of amendments to the Pennsylvania School Employees' Retirement Code ("the Code") by the Pennsylvania General Assembly. Under the provisions of the Code, members are eligible for monthly retirement benefits upon reaching (a) age 62; (b) age 60 and 30 or more years of service or; (c) 35 or more years of service regardless of age. Act 91, enacted for a period of one year from July 1, 1986 to June 30, 1987 (and extended through September 30, 1991 by Act 69 and Act 112), permits school employees with at least 30 years of credited service to retire without a reduction in benefits. This law does not require a minimum age in conjunction with length of service to be eligible for full benefits.

Such benefits are generally equal to 2 percent of the member's final average salary (as defined) multiplied by

the number of years of credited service. After completion of 10 years of service, a member's right to the defined benefit is vested and early retirement benefits may be elected. Under certain features of the System, participants may purchase credit for previous types of educational or military service on a lump-sum or installment purchase basis.

In addition to regular retirement benefits, the System also provides for disability retirement benefits and death benefits. Participants are eligible for disability retirement benefits after completion of 5 years of eligible service. Such benefits are equal to 2 percent of the member's final average salary (as defined) multiplied by the number of years of credited service, but not less than one third of such salary, nor greater than the benefit the member would have had at superannuation retirement age.

Death benefits are payable upon the death of an active member who has reached age 62 or who has at least 10 years of eligible service. Such benefits are equal to the benefit which would have been effective if the member retired on the day before death.

Members with credited service in the State Employees' Retirement System may elect to transfer such service to the Public School Employees' Retirement System upon commencement of employment in the public school system. Similarly, a member with credited service in the System may transfer such service to the State Employees' Retirement System upon becoming a member of that system.

Upon termination of a member's employment in the public school sector, the member's accumulated contributions plus interest are refundable from the Members' Savings Account.

**(c) Contributions**

The contribution policy is set by the Code and requires contributions by active members, employers and the Commonwealth. The rate of contribution for most active members was set by law at 5.25 percent of the member's compensation. For members joining the System on or after July 22, 1983, the rate of contribution is 6.25 percent. The contributions required of employers and the Commonwealth are based upon an actuarial valuation, using the "entry age normal" method, computed as a percentage of the total compensation of all active members during the period for which the amount is determined. The combined amounts required from the employers and Commonwealth were 19.27 percent and 19.54 percent of active member payroll for the years ended June 30, 1989 and 1988, respectively, and consisted of:

1. The first part of the document is a list of names and titles, including "The Hon. Mr. Justice G. D. C. O'Connell, Chief Justice of the Supreme Court of the State of New South Wales."

## Notes to Financial Statements

June 30, 1989 and 1988

### 1. Description of the System

the number of years of credited service. After completion of 10 years of service, a member's right to the defined benefit is vested and early retirement benefits may be elected. Under certain features of the System, participants may purchase credit for previous types of educational or military service on a lump-sum or installment purchase basis.

In addition to regular retirement benefits, the System also provides for disability retirement benefits and death benefits. Participants are eligible for disability retirement benefits after completion of 5 years of eligible service. Such benefits are equal to 2 percent of the member's final average salary (as defined) multiplied by the number of years of credited service, but not less than one third of such salary, nor greater than the benefit the member would have had at superannuation retirement age.

Death benefits are payable upon the death of an active member who has reached age 62 or who has at least 10 years of eligible service. Such benefits are equal to the benefit which would have been effective if the member retired on the day before death.

Members with credited service in the State Employees' Retirement System may elect to transfer such service to the Public School Employees' Retirement System upon commencement of employment in the public school system. Similarly, a member with credited service in the System may transfer such service to the State Employees' Retirement System upon becoming a member of that system.

Upon termination of a member's employment in the public school sector, the member's accumulated contributions plus interest are refundable from the Members' Savings Account.

### (c) Contributions

The contribution policy is set by the Code and requires contributions by active members, employers and the Commonwealth. The rate of contribution for most active members was set by law at 5.25 percent of the member's compensation. For members joining the System on or after July 22, 1983, the rate of contribution is 6.25 percent. The contributions required of employers and the Commonwealth are based upon an actuarial valuation, using the "entry age normal" method, computed as a percentage of the total compensation of all active members during the period for which the amount is determined. The combined amounts required from the employers and Commonwealth were 19.27 percent and 19.54 percent of active member payroll for the years ended June 30, 1989 and 1988, respectively, and consisted of:

**Statements of Changes in Financial Position**  
**Years ended June 30, 1989 and 1988**  
(Amounts in Thousands)

	1989	1988
<b>Resources provided by:</b>		
Excess of revenues over expenses .....	\$ 1,564,711	\$1,393,143
Sales and maturities of long-term investments .....	9,479,416	7,972,659
Items not requiring (providing) resources currently:		
Net (gain) from sales of long-term investments .....	(290,425)	(165,031)
Net amortized premium (discount) .....	1,064	(15,109)
Depreciation .....	667	625
<b>Total resources provided</b>	<u><b>10,755,433</b></u>	<u><b>9,186,287</b></u>
 <b>Resources used by:</b>		
Purchases of long-term investments .....	10,765,268	8,864,763
Acquisition of equipment .....	3,416	1,038
<b>Total resources used</b>	<u><b>10,768,684</b></u>	<u><b>8,865,801</b></u>
 <b>(DECREASE) INCREASE IN WORKING CAPITAL</b>	<u><b>\$ (13,251)</b></u>	<u><b>\$ 320,486</b></u>
 <b>Elements of net increase (decrease) in working capital</b>		
<b>Current assets:</b>		
Short-term investments .....	\$ (48,483)	\$ 208,624
Contributions receivable .....	21,297	20,380
Investment income receivable .....	97,006	(5,471)
Investment proceeds and other receivables .....	55,783	(27,756)
Cash .....	1	(1)
<b>Increase in current assets</b>	<u><b>125,604</b></u>	<u><b>195,776</b></u>
 <b>Current liabilities:</b>		
Accounts payable and accrued expenses .....	390	17,581
Installment benefits payable .....	15,447	(6,093)
Investment purchases payable .....	123,018	(136,198)
<b>Net increase (decrease) in current liabilities</b>	<u><b>138,855</b></u>	<u><b>(124,710)</b></u>
 <b>(DECREASE) INCREASE IN WORKING CAPITAL</b>	<u><b>\$ (13,251)</b></u>	<u><b>\$ 320,486</b></u>

See accompanying notes to financial statements.



## Notes to Financial Statements June 30, 1989 and 1988

(1)

### Organization and Description of the System

**(a) Organization**

The Commonwealth of Pennsylvania Public School Employees' Retirement System (the "System") was established as of July 18, 1917, under the provisions of P.L. 1043, No. 343. The System is a cost-sharing multiple-employer plan and its designated purpose is to provide retirement allowances and other benefits to members. Membership in the System is mandatory for substantially all full-time public school employes in the Commonwealth. At June 30, 1989 there were 634 reporting units, generally school districts, and membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employes entitled to, but not receiving benefits	<u>121,000</u>
Currently employed members:	
Vested	122,000
Nonvested	<u>74,000</u>
	<u>196,000</u>

All members are fully vested in their individual balance in the Members' Savings Account which is described in note 3(b).

Responsibility for the organization and administration of the System is vested in the Board of Trustees.

**(b) Benefits**

Significant amendments to the System were made in 1975 as a result of amendments to the Pennsylvania School Employees' Retirement Code ("the Code") by the Pennsylvania General Assembly. Under the provisions of the Code, members are eligible for monthly retirement benefits upon reaching (a) age 62; (b) age 60 and 30 or more years of service or; (c) 35 or more years of service regardless of age. Act 91, enacted for a period of one year from July 1, 1986 to June 30, 1987 (and extended through September 30, 1991 by Act 69 and Act 112), permits school employes with at least 30 years of credited service to retire without a reduction in benefits. This law does not require a minimum age in conjunction with length of service to be eligible for full benefits.

Such benefits are generally equal to 2 percent of the member's final average salary (as defined) multiplied by

the number of years of credited service. After completion of 10 years of service, a member's right to the defined benefit is vested and early retirement benefits may be elected. Under certain features of the System, participants may purchase credit for previous types of educational or military service on a lump-sum or installment purchase basis.

In addition to regular retirement benefits, the System also provides for disability retirement benefits and death benefits. Participants are eligible for disability retirement benefits after completion of 5 years of eligible service. Such benefits are equal to 2 percent of the member's final average salary (as defined) multiplied by the number of years of credited service, but not less than one third of such salary, nor greater than the benefit the member would have had at superannuation retirement age.

Death benefits are payable upon the death of an active member who has reached age 62 or who has at least 10 years of eligible service. Such benefits are equal to the benefit which would have been effective if the member retired on the day before death.

Members with credited service in the State Employees' Retirement System may elect to transfer such service to the Public School Employees' Retirement System upon commencement of employment in the public school system. Similarly, a member with credited service in the System may transfer such service to the State Employees' Retirement System upon becoming a member of that system.

Upon termination of a member's employment in the public school sector, the member's accumulated contributions plus interest are refundable from the Members' Savings Account.

**(c) Contributions**

The contribution policy is set by the Code and requires contributions by active members, employers and the Commonwealth. The rate of contribution for most active members was set by law at 5.25 percent of the member's compensation. For members joining the System on or after July 22, 1983, the rate of contribution is 6.25 percent. The contributions required of employers and the Commonwealth are based upon an actuarial valuation, using the "entry age normal" method, computed as a percentage of the total compensation of all active members during the period for which the amount is determined. The combined amounts required from the employers and Commonwealth were 19.27 percent and 19.54 percent of active member payroll for the years ended June 30, 1989 and 1988, respectively, and consisted of:

# Statement of Changes in Financial Position

## Year ended June 30, 1969 and 1968

(Continued to Financial Position)

**Receipts provided by:**

Excess of receipts over expenses Sale and disposition of long term investments Income and operating expenditures - non-recurring Use of long term assets of long term investments Use of restricted fund assets Depreciation	1,234,567 123,456 123,456 123,456 123,456 123,456
<b>Total receipts provided</b>	<b>2,848,351</b>

**Receipts used by:**

Purchase of long term investments Acquisition of equipment	123,456 123,456
<b>Total receipts used</b>	<b>246,912</b>

**NET INCREASE FOR YEAR ENDING JUNE 30, 1969**

**Statement of net change in working capital**

**Change in:**

Working capital Investments - working capital Investments - non-recurring Investments - restricted and other investments Cash	123,456 123,456 123,456 123,456 123,456
<b>Change in working capital</b>	<b>500,000</b>

**Change in:**

Investments provided and received - working capital Investments - restricted funds Investments - non-recurring funds Use of long term assets of long term investments	123,456 123,456 123,456 123,456
<b>Change in investments</b>	<b>500,000</b>

**NET INCREASE FOR YEAR ENDING JUNE 30, 1969**

**See accompanying notes to financial statements.**

## Financial Statements 1987 and 1988

years of credited service. After completion of 10 years of credited service, a member's right to the ordinary retirement benefits and early retirement benefits remains intact. Certain features of the System, particularly the credit for previous types of educational service, are available on a lump-sum or installment purchase basis.

In addition to regular retirement benefits, the System provides for disability retirement benefits and death benefits. Participants are eligible for disability retirement benefits after completion of 5 years of eligible service. Disability benefits are equal to 2 percent of the member's salary (as defined) multiplied by the number of years of credited service, but not less than one third of the member's salary nor greater than the benefit the member would have had at superannuation retirement age. Disability benefits are payable upon the death of an eligible member who has reached age 62 or who has at least 10 years of credited service. Such benefits are equal to the benefit the member would have been effective if the member had died the day before death.

Members with credited service in the State Employees' Retirement System may elect to transfer such service to the School Employees' Retirement System upon termination of employment in the public sector. Similarly, a member with credited service in the School Employees' Retirement System may transfer such service to the State Employees' Retirement System upon becoming a member of the State Employees' Retirement System.

Upon termination of a member's employment in the public sector, the member's accumulated contributions plus interest are refundable from the member's Personal Account.

### Contributions

Contribution policy is set by the Code and regulations. For active members, employers and employees share the cost. The rate of contribution for most members is set by law at 5.25 percent of the member's salary. For members joining the System on or after January 1, 1983, the rate of contribution is 6.5 percent. Contributions required of employers are based upon an actuarial valuation of the System using the "age normal" method, computed on the basis of the total compensation of all active members for the period for which the amount is determined. The amounts required from employers in the Commonwealth were 19.27 percent of the total member payroll for the years 1987 and 1988, respectively, and consist of 12.5 percent for the State and 6.77 percent for the School Employees' Retirement System.

Notes to Financial Statements (Continued)

	(Amounts in Thousands)			
	1989	% of Current Covered Payroll	1988	% of Current Covered Payroll
Employer normal cost	\$443,148	8.63	\$416,156	8.72
Amortization of unfunded actuarial accrued liability	377,935	7.36	352,205	7.38
Amortization of supplemental annuities	168,427	3.28	164,171	3.44
	<u>\$989,510</u>	<u>19.27</u>	<u>\$932,532</u>	<u>19.54</u>

For the year ended June 30, 1989 contributions were made in accordance with the actuarially determined amounts. Employers and the Commonwealth share such cost equally. For the fiscal year ended June 30, 1989 Commonwealth school districts contributed \$499,273,000 and the Commonwealth contributed \$490,237,000 to the System. The difference between these two amounts results from timing differences in cash payments to the System. The Commonwealth contribution approximates 10 percent of current covered payroll. Covered payroll was \$4,642 million for the year ended June 30, 1988, the most recent year for which actual amounts are available. Effective July 1, 1989, the combined contribution rate was increased to 19.68 percent of covered payroll, which includes a rate of .75 percent of payroll due to the passage of Act 112.

(d) Actuarial Valuation

The contribution policy requires employers and the Commonwealth to make a normal contribution and a past service contribution as determined by a qualified actuary. The System's actuary uses the "entry age normal" method to determine normal costs. As of June 30, 1988, the date of the most recent actuarial report, the actuary computed that, utilizing the present method of funding, the unfunded actuarial liability of the employers and Commonwealth for prior service increased by \$696,771,000 from the prior year and was \$7,067,150,000. The actuary calculates that the average funding period to amortize total unfunded accrued and supplemental annuity liabilities is 18.0 years as of June 30, 1988.

Such liability includes \$109,831,000, as of June 30, 1988 and 1987, related to unaccrued interest receivable on Commonwealth contributions which were not paid on a timely basis.

Such interest receivable relates to an underfunding of

Commonwealth contributions for the years ended June 30, 1970 to 1973, and is not reflected in the financial statements. However, the System's actuary considers the interest receivable as a liability for purposes of the actuarial valuation.

Significant assumptions used in the actuarial computations include: (a) assumed interest rates on investments of 5.50 percent with annual increases ranging from 6.90 percent to 7.50 percent at age 69 per year, (b) assumed mortality, (c) no post-retirement benefit accruals, (d) assumed future, and (e) mortality, vesting, and withdrawal estimates based on the actuarial assumptions of the actuary.

The actuarial valuation was amended by the following amendments to the System's Act 112 under the passage of Act 112 by the Pennsylvania General Assembly: (1) an extension in the normal cost window program from June 30, 1988 to June 30, 1991; and (2) an additional mortality table (a cost of living adjustment) for the monthly annuity payment after the death of an eligible benefit recipient who was on a pension, withdrawal, or disability annuity as of June 30 or prior to July 1, 1987.

The amount of the additional monthly annuity payable to an eligible benefit recipient commencing with the first month of January 1, 1989 is equal to the monthly annuity for the number of years credited service plus the number of full years of service of an eligible benefit recipient on a withdrawal annuity, the additional monthly annuity is not payable prior to the annuitant's retirement age or following the annuitant's death at retirement age.

(2) Summary of Significant Accounting Policies

The financial statements are prepared on the accrual basis of accounting and conform to generally accepted accounting principles. To assist the reader in understanding the financial statements, a summary of the accounting policies is presented below.

(a) Investments

Corporate and government securities are reported at cost as of the reporting date. Income on bonds is reported on the accrual basis.

Investments in common stocks are carried at cost. Gains and losses are recognized on the basis of the fair market value sold. Dividend income is reported when declared.



Notes to Financial Statements (Continued)

of the book value of the assets of the System at the date of purchase or 5 percent of the total issued and outstanding common stock of that entity. Under other applicable state law, the Board may also invest System funds in state, municipal, public authority, corporate, and other qualified debt obligations.

The Systems's investments are categorized below to give an indication of the level of risk assumed by the System at June 30, 1989. In accordance with a contractual relationship between the Commonwealth's Treasury Department and a custodial agent, substantially all investments subject to categorization are held in book-entry form in the Commonwealth's name. Therefore, all such investments as well as certain securities physically held at the Commonwealth's Treasury Department are

reflected in Category 1, which is defined as insured or registered investments or investments for which the securities are held by the System or its agent in the System's name.

Investments may also be categorized as Category 2, which is defined as uninsured or unregistered investments for which the securities are held by a financial institution's trust department or agent in the System's name, and Category 3, which is defined as uninsured or unregistered investments for which the securities are held by the broker or dealer or by its trust department or agent but not in the System's name. The System has no investments which would be classified in Categories 2 or 3. However, the System does have investments which are not in any of the three defined categories, because the securities are not used as evidence of the investment. Such investments are separately identified.

	Category 1	Not Categorized	Market Value
	(Amounts in Thousands)		
U.S. Government and agency obligations . . .	\$ 3,605,619	\$ —	\$ 3,688,557
Corporate and municipal bonds . . . . .	1,125,091	—	1,150,468
Convertible bonds . . . . .	113,154	—	112,464
Foreign bonds . . . . .	162,196	—	159,803
Common stock . . . . .	4,396,745	—	5,326,421
Preferred stock . . . . .	53,062	—	55,065
FHA/VA residential mortgages . . . . .	163,572	—	150,012
FHA project mortgages . . . . .	36,241	—	27,536
Government agency participating mortgages .	1,004,893	—	1,025,373
Other participating mortgages . . . . .	231,782	—	244,814
Conventional mortgages . . . . .	314	—	338
FHA debentures . . . . .	2,342	—	2,342
Real estate owned . . . . .	204,004	—	203,709
Equity real estate . . . . .	255,305	—	288,463
Equity participating mortgages . . . . .	156,577	—	179,333
Foreign short-term investments . . . . .	72,067	—	72,388
Other U.S. short-term investments . . . . .	373,144	38,730	412,060
Venture capital . . . . .	—	60,012	60,012
Pa. Treasury short-term investment pool . . . .	—	1,504,397	1,504,397
	<u>\$11,956,108</u>	<u>\$1,603,139</u>	<u>\$14,663,555</u>

The Public School Employees' Retirement System of Pennsylvania

Financial Section

Notes to Financial Statements (Continued)

A summary of investment securities as of June 30, 1989 and 1988 and the approximate market values follows:

(Amounts in Thousands)

	1989		1988	
	Book Value	Market Value	Book Value	Market Value
<b>Corporate and government debentures:</b>				
U.S. Government and agency obligations .	\$ 3,605,619	\$ 3,688,557	\$ 3,189,216	\$ 3,192,226
Corporate and municipal bonds .....	1,125,091	1,150,468	997,810	986,469
Convertible bonds .....	113,154	112,464	54,725	53,174
Foreign bonds .....	162,196	159,803	—	—
	<u>5,006,060</u>	<u>5,111,292</u>	<u>4,241,751</u>	<u>4,231,869</u>
<b>Common and preferred stocks:</b>				
Common stock .....	4,396,745	5,326,421	3,899,957	4,381,663
Preferred stock .....	53,062	55,065	31,575	32,297
	<u>4,449,807</u>	<u>5,381,486</u>	<u>3,931,532</u>	<u>4,413,960</u>
<b>Mortgage investments:</b>				
Government agency participating mortgages	1,004,893	1,025,373	710,019	699,560
Other participating mortgages .....	231,782	244,814	163,314	170,328
FHA/VA residential mortgages .....	163,572	150,012	184,973	167,918
FHA project mortgages .....	36,241	27,536	37,234	27,175
Conventional mortgages .....	314	338	343	343
	<u>1,436,802</u>	<u>1,448,073</u>	<u>1,095,883</u>	<u>1,065,324</u>
<b>Other long-term investments:</b>				
Real estate owned .....	204,004	203,709	164,439	163,997
Equity real estate .....	255,305	288,463	275,447	308,963
Equity participating mortgages .....	156,577	179,333	236,209	265,235
Venture capital .....	60,012	60,012	48,995	48,995
FHA debentures .....	2,342	2,342	1,440	1,440
	<u>678,240</u>	<u>733,859</u>	<u>726,530</u>	<u>788,630</u>
<b>Short-term investments:</b>				
Pa. Treasury short-term investment pool ..	1,504,397	1,504,397	1,942,215	1,942,215
Other U.S. short-term investments .....	411,874	412,060	94,606	94,578
Foreign short-term .....	72,067	72,388	—	—
	<u>1,988,338</u>	<u>1,988,845</u>	<u>2,036,821</u>	<u>2,036,793</u>
	<u>\$13,559,247</u>	<u>\$14,663,555</u>	<u>\$12,032,517</u>	<u>\$12,536,576</u>

Notes to Financial Statements (Continued)

	(Amounts in Thousands)			
	1989		1988	
	Amount	% of Current Covered Payroll	Amount	% of Current Covered Payroll
Employer normal cost	\$443,148	8.63	\$416,156	8.72
Amortization of unfunded actuarial accrued liability	377,935	7.36	352,205	7.38
Amortization of supplemental annuities	168,427	3.28	164,171	3.44
	<u>\$989,510</u>	<u>19.27</u>	<u>\$932,532</u>	<u>19.54</u>

For the year ended June 30, 1989 contributions were made in accordance with the actuarially determined amounts. Employers and the Commonwealth share such cost equally. For the fiscal year ended June 30, 1989 Commonwealth school districts contributed \$499,273,000 and the Commonwealth contributed \$490,237,000 to the System. The difference between these two amounts results from timing differences in cash payments to the System. The Commonwealth contribution approximates 10 percent of current covered payroll. Covered payroll was \$4,642 million for the year ended June 30, 1988, the most recent year for which actual amounts are available. Effective July 1, 1989, the combined contribution rate was increased to 19.68 percent of covered payroll, which includes a rate of .75 percent of payroll due to the passage of Act 112.

(d) Actuarial Valuation

The contribution policy requires employers and the Commonwealth to make a normal contribution and a past service contribution as determined by a qualified actuary. The System's actuary uses the "entry age normal" method to determine normal costs. As of June 30, 1988, the date of the most recent actuarial report, the actuary computed that, utilizing the present method of funding, the unfunded actuarial liability of the employers and Commonwealth for prior service increased by \$696,771,000 from the prior year and was \$7,067,150,000. The actuary calculates that the average funding period to amortize total unfunded accrued and supplemental annuity liabilities is 18.0 years as of June 30, 1988.

Such liability includes \$109,831,000, as of June 30, 1988 and 1987, related to unaccrued interest receivable on Commonwealth contributions which were not paid on a timely basis.

Such interest receivable relates to an underfunding of

Commonwealth contributions for fiscal years ended June 30, 1970 to 1973, and is not recorded on the System's financial statements. However, the System's actuary considers the interest receivable an asset in the calculation of the actuarial valuation.

Significant assumptions underlying the actuarial computations include: (a) assumed rate of return on investments of 5.50 percent; (b) assumed rate of salary increases ranging from 6.99 percent at age 25 to 1.89 percent at age 69 per year; (c) assets valued at cost; (d) no post-retirement benefit increases assumed in the future, and (e) mortality, vesting, retirement age and withdrawal estimates based on tables furnished by the actuary.

The actuarial valuation as of June 30, 1988 included the following amendments to the System as mandated under the passage of Act 112 by the Pennsylvania General Assembly: (1) an extension in the current early retirement window program from June 30, 1989 to September 30, 1991; and (2) an additional monthly supplemental annuity (a cost of living adjustment), commencing with the first monthly annuity payment after January 1, 1989, for any eligible benefit recipient who is receiving a superannuation, withdrawal, or disability annuity which commenced on or prior to July 1, 1987.

The amount of the additional monthly supplemental annuity payable to an eligible benefit recipient effective commencing with the first monthly annuity payment after January 1, 1989 is equal to (i) \$2.00 multiplied by the number of years credited service, plus (ii) \$.50 multiplied by the number of full years on retirement. In the case of an eligible benefit recipient who is receiving a withdrawal annuity, the additional monthly supplemental annuity is not payable prior to July 1 coincident with or following the annuitant's attainment of superannuation age.

(2)

Summary of Significant Accounting Policies

The financial statements of the System are prepared on the accrual basis of accounting and conform to generally accepted accounting principles. In order to assist the reader in understanding the accompanying financial statements, a summary of the more significant accounting policies is presented below:

(a) Investments

Corporate and government bonds with fixed maturities are reported at cost as of the trade date of the transaction. Income on bonds is recognized as earned.

Investments in common and preferred stocks are carried at cost. Gains and losses on stock sales are recognized on the basis of the average cost of the stock sold. Dividend income is recognized as dividends are declared.



**Notes to Financial Statements (Continued)**

Mortgage investments are carried at the amount of the unpaid principal balance of the loan. Income on mortgages is recognized as earned.

Other long-term investments are carried at cost as of the trade date.

Investments which have incurred permanent impairment are written down to market value and losses are charged against investment income.

Short-term investments, principally investments in the state treasury investment pool are carried at cost, which approximates market value. Income on these investments is recognized when earned.

During the fiscal year ended June 30, 1989, the System owned no securities issued by school districts, the Commonwealth, or any related parties and made no loans to school districts, the Commonwealth, or any related party.

**(b) Fixed Assets**

Fixed assets, consisting primarily of data processing equipment, are carried at cost. The System depreciates fixed assets by the straight-line method over an estimated useful life of seven years.

**(c) Federal Income Tax Status**

During the years ended June 30, 1989 and 1988, the System qualified under the provisions of Section 501(a) of the Internal Revenue Code and was exempt from Federal income taxes.

**(d) Compensated Absences**

The system records a liability for employes' vacation and sick pay as earned.

**(3)**

**Description of Funds**

The Code defines the following funds to be maintained by the System:

**(a) State Accumulation Account**

The State Accumulation Account is credited with the contributions of the Commonwealth and the employers. Additionally, interest earnings of the System (after crediting the Members' Savings Account with the aforementioned 4 percent credit and the reserves for retirement and disabilities with a 5.50 percent credit) are credited to this account. Each year, the amounts necessary, as determined by the actuary for the payment of retirement and death benefits, are transferred from the State Accumulation Account to the Reserve for Retirement and Reserve for Disabilities. All administrative expenses necessary for the operation of the System are paid from the State Accumulation Account.

**(b) Members' Savings Account**

The Members' Savings Account is credited with all contributions made by active members of the System. Interest is added to the member's individual account at an annual rate of 4 percent.

Upon death or retirement of a member the accumulated contributions plus interest are transferred to the Reserve for Retirement or Reserve for Disabilities for subsequent payment of benefits.

**(c) Reserve for Retirement**

The Reserve for Retirement represents the amounts transferred from the Members' Savings and State Accumulation accounts, plus additional contributions made by the Commonwealth and employers for the payment of supplemental annuities and cost-of-living increases. All death and retirement benefits are paid from this reserve. Annual interest of 5.50 percent is credited to the Reserve for Retirement.

**(d) Reserve for Disabilities**

The Reserve for Disabilities represents the amounts transferred from the Members' Savings and State Accumulation accounts, plus additional contributions made by the Commonwealth and employers for the payment of supplemental annuities and cost-of-living increases. All disability benefits are paid from this reserve. Annual interest of 5.50 percent is credited to the Reserve for Disabilities.

**(4)**

**Investments**

The Board of Trustees (the "Board") has the responsibility to invest and reinvest available funds of the System, in accordance with the guidelines and limitations set forth in the Code and other applicable state law. The Board accomplishes the daily management of the System's investments through the use of investment advisors who act as agents for the System. Under the Code as amended, the Board may make investments in U.S. government and agency obligations, common and preferred stocks, mortgages, real estate, venture capital, and to the extent of not more than 10 percent of the book value of System assets, other prudent investments not otherwise specifically authorized, all in such manner as to maximize return while maintaining a sound portfolio with the guidelines of the Code, the Board may make investments in corporate and government debentures, common and preferred stocks, mortgage investments, real estate, venture capital, and index options in such a manner as to maximize return while maintaining a sound portfolio with minimum risk. By law, investments in common stock are limited to 50 percent of the total assets of the System. Additionally, the amount invested in common stock of any one entity may not exceed 2 percent

Notes to Financial Statements (Continued)

of the book value of the assets of the System at the date of purchase or 5 percent of the total issued and outstanding common stock of that entity. Under other applicable state law, the Board may also invest System funds in state, municipal, public authority, corporate, and other qualified debt obligations.

The Systems's investments are categorized below to give an indication of the level of risk assumed by the System at June 30, 1989. In accordance with a contractual relationship between the Commonwealth's Treasury Department and a custodial agent, substantially all investments subject to categorization are held in book-entry form in the Commonwealth's name. Therefore, all such investments as well as certain securities physically held at the Commonwealth's Treasury Department are

reflected in Category 1, which is defined as insured or registered investments or investments for which the securities are held by the System or its agent in the System's name.

Investments may also be categorized as Category 2, which is defined as uninsured or unregistered investments for which the securities are held by a financial institution's trust department or agent in the System's name, and Category 3, which is defined as uninsured or unregistered investments for which the securities are held by the broker or dealer or by its trust department or agent but not in the System's name. The System has no investments which would be classified in Categories 2 or 3. However, the System does have investments which are not in any of the three defined categories, because the securities are not used as evidence of the investment. Such investments are separately identified.

	Category 1	Not Categorized (Amounts in Thousands)	Market Value
U.S. Government and agency obligations ...	\$ 3,605,619	\$ —	\$ 3,688,557
Corporate and municipal bonds .....	1,125,091	—	1,150,468
Convertible bonds .....	113,154	—	112,464
Foreign bonds .....	162,196	—	159,803
Common stock .....	4,396,745	—	5,326,421
Preferred stock .....	53,062	—	55,065
FHA/VA residential mortgages .....	163,572	—	150,012
FHA project mortgages .....	36,241	—	27,536
Government agency participating mortgages .	1,004,893	—	1,025,373
Other participating mortgages .....	231,782	—	244,814
Conventional mortgages .....	314	—	338
FHA debentures .....	2,342	—	2,342
Real estate owned .....	204,004	—	203,709
Equity real estate .....	255,305	—	288,463
Equity participating mortgages .....	156,577	—	179,333
Foreign short-term investments .....	72,067	—	72,388
Other U.S. short-term investments .....	373,144	38,730	412,060
Venture capital .....	—	60,012	60,012
Pa. Treasury short-term investment pool ....	—	1,504,397	1,504,397
	<u>\$11,956,108</u>	<u>\$1,603,139</u>	<u>\$14,663,555</u>

The Public School Employees' Retirement System of Pennsylvania

Financial Section

Notes to Financial Statements (Continued)

A summary of investment securities as of June 30, 1989 and 1988 and the approximate market values follows:

(Amounts in Thousands)

	1989		1988	
	Book Value	Market Value	Book Value	Market Value
<b>Corporate and government debentures:</b>				
U.S. Government and agency obligations .	\$ 3,605,619	\$ 3,688,557	\$ 3,189,216	\$ 3,192,226
Corporate and municipal bonds .....	1,125,091	1,150,468	997,810	986,469
Convertible bonds .....	113,154	112,464	54,725	53,174
Foreign bonds .....	162,196	159,803	—	—
	<u>5,006,060</u>	<u>5,111,292</u>	<u>4,241,751</u>	<u>4,231,869</u>
<b>Common and preferred stocks:</b>				
Common stock .....	4,396,745	5,326,421	3,899,957	4,381,663
Preferred stock .....	53,062	55,065	31,575	32,297
	<u>4,449,807</u>	<u>5,381,486</u>	<u>3,931,532</u>	<u>4,413,960</u>
<b>Mortgage investments:</b>				
Government agency participating mortgages	1,004,893	1,025,373	710,019	699,560
Other participating mortgages .....	231,782	244,814	163,314	170,328
FHA/VA residential mortgages .....	163,572	150,012	184,973	167,918
FHA project mortgages .....	36,241	27,536	37,234	27,175
Conventional mortgages .....	314	338	343	343
	<u>1,436,802</u>	<u>1,448,073</u>	<u>1,095,883</u>	<u>1,065,324</u>
<b>Other long-term investments:</b>				
Real estate owned .....	204,004	203,709	164,439	163,997
Equity real estate .....	255,305	288,463	275,447	308,963
Equity participating mortgages .....	156,577	179,333	236,209	265,235
Venture capital .....	60,012	60,012	48,995	48,995
FHA debentures .....	2,342	2,342	1,440	1,440
	<u>678,240</u>	<u>733,859</u>	<u>726,530</u>	<u>788,630</u>
<b>Short-term investments:</b>				
Pa. Treasury short-term investment pool ..	1,504,397	1,504,397	1,942,215	1,942,215
Other U.S. short-term investments .....	411,874	412,060	94,606	94,578
Foreign short-term .....	72,067	72,388	—	—
	<u>1,988,338</u>	<u>1,988,845</u>	<u>2,036,821</u>	<u>2,036,793</u>
	<u>\$13,559,247</u>	<u>\$14,663,555</u>	<u>\$12,032,517</u>	<u>\$12,536,576</u>

Notes to Financial Statements (Continued)

In accordance with contracts between the Commonwealth and the custodial agent, the System participates in a security lending program, whereby System securities are transferred to an independent broker or dealer in exchange for collateral equal to 102 percent of the market value of securities on loan. Securities under loan are maintained on the System's financial records and are classified in the above summary of investment risk.

As the System does not trade or sell the collateral received in the securities lending program, such collateral is not considered an asset of the System and a corresponding liability is not required on the balance sheet.

The System has authorized investment managers to write covered call stock index options up to an amount of \$900,000,000 of the equity portfolio.

The major components of investment revenue for the years ended June 30, 1989 and 1988 are as follows:

	(Amounts in Thousands)	
	1989	1988
Corporate and government debentures .....	\$ 404,469	\$360,304
Common and preferred stocks .....	189,961	158,188
Mortgage investments .....	101,089	91,409
Other long-term investments .....	51,784	57,446
Short-term investments .....	175,243	129,407
Stock index option writing gain (loss) .....	(19,835)	18,290
Securities lending income .....	4,276	4,576
	<u>906,987</u>	<u>819,620</u>
Net amortized discount (premium) .....	(1,064)	15,109
Net gain on investment transactions .....	291,032	165,031
<b>Total investment revenue before investment expenses</b>	<b>1,196,955</b>	<b>999,760</b>
Investment expenses .....	(23,779)	(21,697)
<b>Net investment revenue</b>	<b><u>\$1,173,176</u></b>	<b><u>\$978,063</u></b>

Investment expenses are primarily composed of investment management fees.

The amounts for investment expenses do not reflect \$995,000 and \$703,000 in 1989 and 1988, respectively, which were paid on behalf of the System through the use of directed commissions. Additionally, the amounts do not include a portion of master trust fees which were paid through interest earnings on trades funded prior to settlement and directed commissions. The amount of master trust fees not reflected in investment expenses was \$281,000 and \$697,000 in 1989 and 1988, respectively.

**(5)  
Funding Status and Progress**

The amount shown below as "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits and is intended to help users assess the System's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among public employee retirement systems. The measure is independent

of the actuarial funding method used to determine contributions to the System, discussed in notes 1(c) and 1(d) above.

The pension benefit obligation was determined as part of an actuarial valuation at June 30, 1988, the date of the most recent actuarial report. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 5.50 percent per year compounded annually, (b) projected salary increases ranging from 6.99 percent at age 25 to 1.89 percent at age 69 per year and (c) no postretirement benefit increases.

At June 30, 1988, the unfunded pension benefit obligation was \$5,651,937,000 as follows:

Notes to Financial Statements (Continued)

(Amounts in Thousands)

Pension benefit obligation:	
Annuitants and survivor annuitants currently receiving benefits, and terminated members not yet receiving benefits	\$ 6,543,891
Current members:	
Accumulated member contributions with interest .....	2,739,231
System-financed vested .....	5,072,862
System-financed nonvested .....	<u>3,730,496</u>
<b>Total pension benefit obligation</b>	<b>18,086,480</b>
Net assets available for benefits, at cost (market value is \$12,938,600,000) .....	<u>12,434,543</u>
<b>Unfunded pension benefit obligation</b>	<b><u>\$ 5,651,937</u></b>

**(6)  
Relationships With Other Commonwealth  
Agencies**

The System is established by state law as an independent administrative board of the Commonwealth of Pennsylvania, which is directed by a governing board which exercises control and management of the System, including the investment of its assets. The System's board has fifteen members including the Commonwealth's Secretary of Education, the State Treasurer, the executive secretary of the Pennsylvania School Boards Association, two members appointed by the Governor, six elected members, including two from among the System's members and one from among school board members in Pennsylvania, and two members from the Senate and two members from the House of Representatives. The System's board members from the Senate and House of Representatives serve without a vote in board matters.

The Treasurer of the Commonwealth of Pennsylvania is designated under the Code as the custodian of all cash and investment securities of the System. The retirement plan of the System is a contributory defined benefit plan for which the benefit payments to members and contribution rates by employers and employees are specified in state law. The Commonwealth's contribution is disbursed to the Department of Education and the Department remits the contribution to the System in quarterly installments. Changes in benefit and contribution provisions for each retirement plan must be made by legislation. Under statutory provision, all legislative bills and amendments proposing to change the System's retirement plan are to be accompanied with an actuarial note prepared by an enrolled pension actuary providing an estimate of the cost and actuarial effect of the proposed change.

**(7)  
Litigation and Contingencies**

The System is subject to various threatened and pending lawsuits which deal with the question of benefit eligibility. It is the opinion of management that the ultimate liability arising from such litigation and threats of litigation will not have a material effect on the financial statements of the System.

**(8)  
Commitments**

The System has commitments to fund various venture capital partnerships which amounted to \$23.1 million at June 30, 1989.

**(9)  
Ten-Year Historical Trend Information**

Ten-year historical trend information designed to provide information about the System's progress made in accumulating sufficient assets to pay benefits when due is presented in Schedules 1 and 2.

# Schedule 1

## Analysis of Funding Progress

### Years Ended June 30, 1989 and 1988

(Dollar Amounts in Millions)

	(1)	(2)	(3)	(4)	(5)	(6)
Valuation As of 6/30*	Net Assets Available for Benefits	Pension Benefit Obligation	Percentage Funded (1) ÷ (2)	Unfunded Pension Benefit Obligation (2) — (1)	Annual Covered Payroll	Unfunded Pension Benefit Obligation as a Percentage of Covered Payroll (4) ÷ (5)
1988	\$12,434.5	\$18,086.5	68.8%	\$5,652.0	\$4,641.9	121.8%
1987	11,041.4	16,366.1	67.5%	5,324.7	4,415.1	120.6%
1986	9,348.5	14,870.9	62.9%	5,522.4	4,159.1	132.8%

An isolated analysis of the dollar amounts of net assets available for benefits, pension benefit obligation, and unfunded pension benefit obligation can be misleading. Expressing the net assets available for benefits as a percentage of the pension benefit obligation provides one indication of the System's funding status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the System. Trends in unfunded pension benefit obligation and annual covered payroll are both affected by inflation. Expressing the unfunded pension benefit obligation as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the System.

\*Information prior to 1986 is unavailable.

**Schedule 2**  
**Revenues by Source and Expenses by Type**  
**Years ended June 30, 1980 through 1989**  
 (Amounts in Thousands)

**Revenues by Source**

Fiscal Year	Employees' Contributions	Employers and Commonwealth Contributions		Investment Revenue	Total Revenues
		Dollar Amount	Percentage of Covered Payroll		
1989	\$287,803	\$989,510	21.3%	\$1,173,176	\$2,450,489
1988	275,994	932,532	21.1%	978,063	2,186,589
1987	250,420	888,260	21.8%	1,359,118	2,497,798
1986	228,760	831,840	21.4%	1,119,487	2,180,087
1985	217,946	763,488	21.7%	785,867	1,767,301
1984	197,096	608,617	17.9%	594,135	1,399,848
1983	184,639	541,109	16.7%	559,355	1,285,103
1982	180,562	501,025	15.9%	435,888	1,117,475
1981	175,306	478,859	16.1%	351,220	1,005,385
1980	161,330	396,839	14.4%	307,216	865,385

**Expenses by Type**

Fiscal Year	Benefits	Disabilities	Lump-Sum and Installments	Refunds	Administrative	Net Transfers	Total Expenses
1989	\$709,726	\$25,382	\$116,200	\$12,134	\$11,055	\$11,281	\$885,778
1988	652,258	23,334	76,642	12,684	10,196	18,332	793,446
1987	623,576	22,084	131,683	11,374	9,507	6,658	804,882
1986	585,122	21,835	77,553	12,710	8,506	8,863	714,589
1985	560,484	20,781	75,061	13,623	7,992	4,118	682,059
1984	501,434	19,069	70,785	14,684	6,955	6,677	619,604
1983	476,714	17,564	85,461	18,539	8,219	6,579	613,076
1982	450,863	18,795	53,199	19,206	5,892	5,052	553,007
1981	435,498	13,817	43,021	18,216	5,130	7,000	552,682
1980	417,782	13,891	27,865	18,503	3,504	5,886	487,431

**Schedule 3**  
**Administrative Expenses**  
**Years ended June 30, 1989 and 1988**  
(Amounts in Thousands)

	1989		1988	
	Actual	Budget	Actual	Budget
<b>Personnel costs:</b>				
Salaries and wages .....	\$ 5,017		\$ 4,425	
Social security contributions .....	614		520	
Retirement contributions .....	634		591	
Employes' insurance contributions .....	713		678	
Other employe benefits .....	72		240	
<b>Total personnel costs</b>	<b>7,050</b>	<b>\$ 7,792</b>	<b>6,454</b>	<b>\$ 6,678</b>
<b>Operating costs:</b>				
Auditor General services .....	1		6	
Treasury services .....	606		684	
Civil Service Commission services .....	23		21	
Classification and pay services .....	5		5	
Purchasing services .....	7		8	
Consultant fees .....	10		7	
Legal fees .....	22		20	
Specialized services .....	184		175	
Printing .....	177		145	
Postage .....	376		418	
Telephone and telegraph .....	125		139	
Dues and subscriptions .....	18		12	
Electricity .....	60		54	
Motorized equipment supplies and repair .....	4		4	
Travel .....	156		133	
Contracted maintenance services .....	347		248	
Rental of real estate .....	754		757	
Rental of equipment .....	84		27	
Office supplies .....	187		182	
Miscellaneous expenses .....	37		41	
<b>Total operating expenses</b>	<b>3,183</b>	<b>3,670</b>	<b>3,086</b>	<b>3,441</b>
<b>Fixed charges:</b>				
Furniture and equipment .....	155		31	
Depreciation .....	667		625	
<b>Total fixed charges</b>	<b>822</b>	<b>1,998</b>	<b>656</b>	<b>1,416</b>
<b>Total administrative expenses</b>	<b>\$11,055</b>	<b>\$13,460<sup>1</sup></b>	<b>\$10,196</b>	<b>\$11,557</b>

<sup>1</sup> Includes \$12,640,000 related to the 1988-89 appropriation and \$820,000 related to the 1987-88 appropriation.

<sup>2</sup> Includes \$10,755,000 related to the 1987-88 appropriation and \$774,000 related to the 1986-87 appropriation.



**Schedule 4**  
**Summary Schedule of Cash Receipts and**  
**Disbursements**  
**Years ended June 30, 1989 and 1988**  
 (Amounts in Thousands)

	1989	1988
Cash balance at beginning of year .....	\$ 2	\$ 3
<b>Add cash receipts:</b>		
Investment sales and maturities .....	14,602,533	10,143,450
Contributions:		
Employers .....	494,021	461,100
Employes .....	284,620	266,461
Commonwealth of Pennsylvania .....	477,891	459,494
Interest and dividends .....	830,631	824,681
Transfers from State Employees' Retirement System .....	1,403	3,408
Refund of expenditures .....	5,407	5,163
Other receipts .....	3,333	1,035
<b>Total cash receipts</b>	<u><b>16,699,839</b></u>	<u><b>12,164,792</b></u>
<b>Less cash disbursements:</b>		
Investment purchases .....	15,795,321	11,348,995
Benefit payments .....	837,721	756,536
Refunds .....	12,476	12,043
Transfers to State Employees' Retirement System .....	17,057	12,311
Administrative expenses .....	12,251	10,794
Other disbursements .....	25,012	24,114
<b>Total cash disbursements</b>	<u><b>16,699,838</b></u>	<u><b>12,164,793</b></u>
Cash balance at end of year .....	<u><u><b>\$ 3</b></u></u>	<u><u><b>\$ 2</b></u></u>





**Actuarial  
Section**

## Actuary's Certification Letter

### BUCK CONSULTANTS

Xerox Centre  
55 West Monroe Street Suite 1700  
Chicago, Illinois 60603

April 24, 1989

To the Retirement Board  
Public School Employees'  
Retirement System of Pennsylvania  
P.O. Box 125  
Harrisburg, PA 17108

Ladies and Gentlemen:

We have completed the June 30, 1988 actuarial valuation of the Public School Employees' Retirement System of Pennsylvania. The valuation was prepared on the basis of the data submitted by the Retirement System office and the actuarial assumptions adopted by the Retirement Board, and reflects the benefits in effect on the valuation date.

#### Amendments

The valuation reflects the fiscally-significant legislated amendments to the System under Act No. 112. These amendments provide for (i) an extension in the current early retirement window program from June 30, 1989 to September 30, 1991, and (ii) an additional monthly supplemental annuity, commencing with the first monthly annuity payment after January 1, 1989, for any eligible benefit recipient who is receiving a superannuation, withdrawal, or disability annuity which commenced on or prior to July 1, 1987.

The amount of the additional monthly supplemental annuity payable to an eligible benefit recipient effective commencing with the first monthly annuity payment after January 1, 1989 is equal to (i) \$2.00 multiplied by the number of years of credited service, plus (ii) \$.50 multiplied by the number of years on retirement. In the case of an eligible benefit recipient who is receiving a withdrawal annuity, the additional monthly supplemental annuity is not payable prior to the July 1 coincident with or following the annuitant's attainment of superannuation age.

#### Financing Objective and Employers' Contribution Rate

The financing objective of the System is to:

- (a) fully fund all current costs based on the normal contribution rate determined under the funding method; and
- (b) liquidate all unfunded accrued and supplemental annuity liabilities based on the level of contributions required to support the legislated amortization schedules.

On the basis of the current valuation, the total contribution rate payable by the employers for the year commencing July 1, 1989 should be set equal to 19.68 percent of payroll, which includes a rate of .75 percent of payroll due to Act No. 112.

The contribution rate of 19.68 percent of payroll payable by the employers, when taken together with the contributions payable by the members, is sufficient to achieve the financing objective set forth above.

We should note that the employers' contribution rate would have been 18.93 percent of payroll, if Act No. 112 had not been passed. When compared with the previous year's employers' rate of 19.27 percent, the current employers' rate without Act No. 112 of 18.93 percent shows a decrease of .34 percent over the prior year.

#### **Commonwealth's Assets and Participant Data**

The individual data for members of the System as of the valuation date were reported to the actuary by the Retirement System's staff. While the actuary did not verify the data at their source, he did perform tests for internal consistency and reasonability in relation to the data submitted for the previous valuation. It is our understanding that the outside auditor of the System has also made an examination of the data.

The valuation balance sheet includes an amount of \$109,831,000 representing the accumulated interest receivable on the Commonwealth's deficiency in contributions. The Board decided to freeze the accumulated interest receivable as of June 30, 1985 at the then current amount of \$109,831,000 until the issue of removing this receivable item from the valuation balance sheet is resolved.

#### **Actuarial Assumptions and Methods**

The rates of separation, salary increase and mortality after retirement used in the valuation were those adopted by the Retirement Board upon the recommendation of the actuary. An interest rate of 5½ percent was used in the valuation, as specified by the Statutes of the Commonwealth pertaining to the System. In our opinion, the actuarial assumptions used in the valuation are, in the aggregate, reasonable.

The actuarial cost method utilized is the entry age normal method with open-end accrued liability, as specified in the Statutes. The application of the method produces a rate of employer contribution which should remain fixed as a level percentage of payroll for each individual member included in the valuation. The rate of contribution determined under the method covers both the normal costs of the System on account of currently accruing benefits and the amortization of the total unfunded accrued liability of the System over specified liquidation periods.

The current assets applicable to the System were supplied by the Retirement System office and were taken at book value.

In determining the rate of amortization of the unfunded accrued and supplemental liabilities of the System (exclusive of the July 1, 1979, July 1, 1984, and January 1, 1989 supplemental increases), it was assumed that each annual payment is 4 percent greater than the previous payment, as specified by the Statutes of the Commonwealth. The July 1, 1979, July 1, 1984, and January 1, 1989 supplemental increases are funded through level annual payments.

#### **Unfunded Accrued Liability**

The unfunded accrued liability represents the present value of the portion of benefits accrued to the valuation date in respect of active members, annuitants, and survivor annuitants, adjusted for experience gains and losses, which is not covered by the current assets of the System. Under the entry age normal cost method used for valuation purposes, the unfunded accrued liability is determined as the present value of total prospective benefits payable, less the current assets of the System, less the present value of prospective normal contributions payable.

As of June 30, 1988, the total unfunded accrued liability amounted to \$6,957,319,000, which includes an amount of \$412,900,000 due to Act No. 112. The portion of the total unfunded accrued liability which is due to supplemental annuities that have been granted to certain annuitants is equal to \$1,429,439,000.

In order to liquidate the total unfunded accrued liability of \$6,957,319,000, the individual portions which have been established from time to time are to be amortized over a varying range of periods.

As noted below, the System currently has 11 unfunded portions to be amortized over a period ranging from 4 to 30 years.

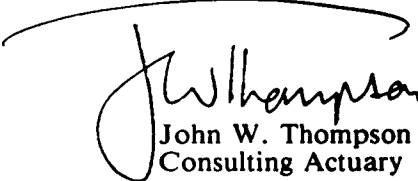
**Funding Adequacy**

The results of the valuation indicate that the rates of contribution payable by members and employers, when taken together with the current assets of the System, are adequate to fund the actuarial liabilities on account of all benefits payable under the System. The liquidation period for the 11 portions of the unfunded accrued liability range from 4 to 30 years.

**Financial Results and Membership Data**

Detailed summaries of the financial results of the valuation and membership data used in preparing the valuation are shown in the schedules which are presented in the body of the report.

Respectfully submitted,

  
John W. Thompson  
Consulting Actuary

**Actuarial Valuation**  
**June 30, 1988**  
**Section I - Financial Results**

Section I of this report summarizes the major financial results developed in the valuation as well as the actuarial methods and assumptions used.

**Schedule I**  
**Summary of Principal Results**  
(Dollar Amounts in Thousands)

Valuation Date	6/30/88	6/30/87
<b>Assets (book value)</b> .....	<b>\$12,544,374</b>	<b>\$11,151,231</b>
<b>Accounts receivable included in assets:</b>		
From State:		
Principal amount .....	\$ 116,815	\$ 112,283
Interest .....	109,831	109,831
From School Districts .....	163,335	157,383
From Members .....	48,046	38,150
<b>Total</b>	<b>\$ 438,027</b>	<b>\$ 417,647</b>
<b>Member average contribution rate</b> .....	<b>5.53%*</b>	<b>5.37%*</b>
<b>Employer contribution rate:</b>		
Normal .....	8.44%	8.63%
Accrued liability prior to Act No. 112 .....	7.32%	7.36%
Accrued liability Act No. 112 - current window extension .....	.10%	—
Supplemental annuity prior to July 1, 1979 increase .....	1.39%	1.40%
Supplemental annuity on account of July 1, 1979 increase .....	1.18%	1.25%
Supplemental annuity on account of July 1, 1984 increase .....	.60%	.63%
Supplemental annuity on account of January 1, 1989 (Act No. 112) ....	.65%	—
<b>Total</b>	<b>19.68%</b>	<b>19.27%</b>
<b>Total contribution rate (member plus employer)</b> .....	<b>25.21%</b>	<b>24.64%</b>
<b>Unfunded accrued liability:</b>		
Before consideration of Act 96 .....	\$4,368,127	\$4,094,232
Increase on account of Act 96 .....	584,161	592,708
Increase on account of 1984 "early retirement window" program ....	47,928	47,854
Increase on account of Unisex Factors .....	44,436	44,138
Increase on account of 1986 "early retirement window" program ....	37,851	37,445
Increase on account of change in actuarial assumptions .....	345,377	341,665
Act No. 112 - current window extension .....	100,000	—
<b>Total</b>	<b>\$5,527,880</b>	<b>\$5,158,042</b>
<b>Unfunded supplemental annuity liability:</b>		
Increases prior to July 1, 1979 .....	\$ 242,492	\$ 289,400
July 1, 1979 increases .....	479,088	506,801
July 1, 1984 increases .....	294,959	306,305
January 1, 1989 (Act No. 112) .....	412,900	—
<b>Total</b>	<b>\$1,429,439</b>	<b>\$1,102,506</b>
<b>Total unfunded accrued and supplemental annuity liability</b> .....	<b>\$6,957,319</b>	<b>\$6,260,548</b>

\*Average weighted member contributions rate.

The Public School Employees' Retirement System of Pennsylvania

Actuarial Section

Valuation Date	6/30/88	6/30/87
<b>Accrued liability funding period:</b>		
Established prior to Act 96 .....	18.4 years	18.2 years
Established on account of Act 96 .....	16 years	17 years
Established on account of 1984 "early retirement window" program .....	22 years	23 years
Established on account of Unisex Factors .....	25 years	26 years
Established on account of 1986 "early retirement window" program .....	28 years	29 years
Established on account of change in actuarial assumptions .....	28 years	29 years
Act No. 112 - current window extension .....	30 years	-
<b>Supplemental annuity liability funding period:</b>		
Established prior to July 1, 1979 .....	4 years	5 years
July 1, 1979 increases .....	12 years	13 years
July 1, 1984 increases .....	16 years	17 years
January 1, 1989 (Act No. 112) .....	20 years	-
<b>Average funding period to amortize total unfunded accrued and supplemental annuity liability:</b>	<b>18.0 years</b>	<b>17.7 years</b>



**Schedule II**  
**Valuation Balance Sheet**  
**As of June 30, 1988**  
(Dollar Amounts in Thousands)

**Assets**

**Current assets:**

Members' Savings Account .....	\$ 2,921,143	
Annuity Reserve Account* .....	4,987,993	
State Accumulation Account .....	<u>4,635,238</u>	
<b>Total Current Assets</b>		<b>\$12,544,374</b>

**Future assets:**

Member contributions .....	2,930,602	
Employer contributions:		
Normal .....	4,472,746	
Accrued liability** .....	\$5,527,880	
Supplemental annuity liability*** .....	<u>1,429,439</u>	
<b>Total Future Assets</b>		<u>14,360,667</u>
<b>Total Assets</b>		<b>\$26,905,041</b>

**Liabilities**

**Active membership:**

Benefits payable on account of:		
Member contributions accumulated to date .....	\$2,921,143	
Future member contributions .....	<u>2,930,602</u>	\$ 5,851,745
Remaining benefits payable to produce 2 percent benefit formula amounts** .....	<u>14,636,753</u>	\$20,488,498

**Retired membership:**

Benefits payable to annuitants and survivor annuitants*** .....		<u>6,416,543</u>
<b>Total Liabilities</b>		<b>\$26,905,041</b>

\* Includes Supplemental Retirement Allowance Account of \$1,428,550 thousands.

\*\* Includes an amount of \$100,000 thousands on account of the extension in the 1986 early retirement window program effective under Act No. 112.

\*\*\* Includes an amount of \$412,900 thousands on account of the increases to eligible benefit recipients effective January 1, 1989 under Act No. 112.

**Schedule III**  
**Approximate Reconciliation of Total Unfunded Accrued**  
**and Supplemental Annuity Liability**  
(Dollar Amounts in Millions)

<b>State Accumulation Account and Annuity Reserve Account</b>	<b>Amount</b>
(1) Unfunded accrued liability as of 6/30/87 .....	\$6,260.3
(2) Interest at 5½ percent for 1 year .....	344.3
(3) Less: Accrued liability contribution with interest for ½ year .....	<u>530.4</u>
(4) Expected unfunded accrued liability as of 6/30/88 = (1) + (2) - (3) .....	6,074.2
(5) Actual unfunded accrued liability as of 6/30/88 .....	<u>6,957.1</u>
<b>Net Increase From Expected</b>	<b>\$ 882.9</b>

Explanation of net increase:

Experience:

Interest surplus .....	\$(348.9)	
Salary increases above expected .....	616.3	
Retirement and other separations .....	93.0	
Pensioners' mortality experience .....	<u>9.6</u>	
Net experience loss		\$ 370.0

Amendments:

January 1, 1989 increases .....	\$ 412.9	
Current window extension .....	<u>100.0</u>	
Total increase for amendments		<u>512.9</u>
<b>Total Net Increase</b>		<b>\$882.9</b>

**Schedule IV**  
**Relationship Between Accrued Liabilities and Assets**  
**of System over Last 10 Years**  
(Dollar Amounts in Thousands)

<u>Valuation as of 6/30</u>	<u>Aggregate Accrued Liabilities for:</u>			<u>Reported Assets**</u>	<u>Portion of Accrued Liabilities Covered by Reported Assets</u>		
	(1) Active Member Contributions	(2) Annuitants and Beneficiaries	(3) Active Members (Employer Financed Portion)*		(1)	(2)	(3)
1988	\$2,921,143	\$6,416,543	\$10,164,007	\$12,544,374	100%	100.0%	31.5%
1987	2,668,271	5,740,249	9,003,259	11,151,231	100%	100.0%	30.5%
1986	2,464,839	5,348,751	8,181,910	9,458,315	100%	100.0%	20.1%
1985	2,274,834	4,950,826	7,332,210	7,992,817	100%	100.0%	10.5%
1984	2,085,294	4,822,488	6,712,779	6,897,484	100%	99.8%	0.0%
1983	1,919,861	4,361,033	5,987,048	6,109,592	100%	96.1%	0.0%
1982	1,868,012	4,031,176	5,465,494	5,977,119	100%	100.0%	1.4%
1981	1,717,739	3,876,225	5,042,226	5,399,010	100%	95.0%	0.0%
1980	1,578,884	3,569,221	3,515,904	4,901,476	100%	93.1%	0.0%
1979	1,433,024	3,500,991	3,099,333	4,514,353	100%	88.0%	0.0%

\* Equal to active members' liabilities (employer financed portion) less present value of future normal contributions based on new entrant normal rate.

\*\*Includes accounts and interest receivable.

**Schedule V**  
**Analysis of Accrued Liability of**  
**System as of June 30, 1988**  
(Dollar Amounts in Millions)

	Item	Amount
(1) Estimated value of accumulated benefits of System:		
Vested benefits		
— Members currently receiving payments .....		\$ 6,416.5
— Other members .....		7,939.4
	Subtotal	14,355.9
Nonvested benefits .....		1,506.6
	Total value of accumulated benefits	15,862.5
(2) Value of additional accrued liabilities reflecting effect of anticipated future increases in pay .....		3,639.2
(3) Total accrued liability of System = (1) + (2) .....		19,501.7
(4) Book value of assets .....		12,544.4
(5) Unfunded accrued and supplemental annuity liability of System (as shown in Schedule I) .....		\$ 6,957.3

**Notes:**

- (A) Accumulated benefits shown under item (1) above are made up of (a) benefits currently being paid to annuitants and beneficiaries, plus (b) accrued benefits of active membership based on service and pay history up to the current valuation date of June 30, 1988. Thus, accumulated benefits do not reflect the effect of future pay increases on the benefit ultimately payable upon retirement or separation from employment.
- (B) Item (3) shows the total accrued liability of the System as determined under the funding method, i.e., the entry-age normal cost method. Item (3) reflects the effect of anticipated future pay increases on the benefits ultimately payable.
- (C) The calculation of the estimated value of accumulated benefits took into account the probability of future payments by use of the same decrements as to death, disability, withdrawal, and retirement which were used in the regular valuation of the System. These decrements are set forth in Schedule VI. The interest rate used is the same as for the regular valuation, namely 5½ percent. As mentioned in note (A) above, the estimated value does not include any allowance for future pay increases.

**Schedule VI  
Pension Benefit Obligation Information  
as of June 30, 1988**

1. Statement No. 5 of the Governmental Accounting Standards Board (GASB) requires in part that a computation and disclosure of a standardized measure of the pension obligation for public employee retirement systems, and state and local governmental employers be made for purposes of assessing the funding status and funding progress of these systems and employers.

This measure is the actuarial present value (APV) as of the valuation date of credited projected benefits prorated on service, which is referred to in Statement No. 5 as the "pension benefit obligation" (PBO).

2. The determination of the pension benefit obligation as of June 30, 1988 includes an adjustment for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to June 30, 1988.

Significant actuarial assumptions used to determine the pension benefit obligation as of June 30, 1988 include the following:

- (1) An assumed rate of return on the investment of present and future assets of 5½% per annum, compounded annually.
- (2) Assumed projected annual salary increases ranging from 6.99% at age 25 to 1.89% at age 69, which reflect an allowance for inflation and merit or seniority increases.
- (3) No post-retirement benefit increases assumed in the future.

The relevant amounts as of June 30, 1988 are shown below:

Pension benefit obligation:

Annuitants and survivor annuitants currently receiving benefits .....	\$ 6,416,542,864
Inactive and terminated vested members not yet receiving benefits .....	<u>127,347,741</u>
Subtotal	6,543,890,605

Current members:

Accumulated member contributions with interest .....	2,739,230,689
System - financed vested .....	5,072,861,995
System - financed non-vested .....	<u>3,730,495,681</u>
Subtotal	11,542,588,365

**Total Pension Benefit Obligation      \$18,086,478,970**

The actuarial present value of credited projected benefits for active members is the portion of the total projected benefits allocated to the accrued liability using the unit credit actuarial cost method.

## Schedule VII Outline of Actuarial Assumptions and Methods

**Interest Rate:** 5½ percent per annum, compounded annually. Interest rate is specified by Statutes of Commonwealth and was first used in 1974. (4 percent used since 1960 in determining actuarial equivalent benefits.)

**Separations from service and salary increase:** Representative values of the assumed annual rates of separation (adopted in 1986) and annual rates of salary increase (used since 1974) are as follows:

Age	Withdrawal	Death	Disability	Annual Rate of Vesting & Early Retirement		Super-annuation Retirement	Salary Increase
				Less than 25 Years of Service	25 or More Years of Service		
<b>Men</b>							
25	10.01%	.07%	.01%	1.52%			6.99%
30	7.02%	.07%	.01%	1.52%			6.32%
35	5.88%	.07%	.02%	1.47%			5.23%
40	5.24%	.12%	.06%	1.10%	.13%		4.14%
45	4.85%	.20%	.11%	1.00%	.15%		3.27%
50	4.58%	.32%	.26%	1.30%	.30%	22.00%	2.60%
55	4.42%	.53%	.49%	2.30%	3.41%	20.90%	2.13%
60	4.37%	.94%	1.01%	3.26%	4.95%	18.15%	1.91%
65		1.74%				44.00%	1.90%
69		2.58%				16.50%	1.89%
<b>Women</b>							
25	9.96%	.03%	.01%	7.20%			6.99%
30	9.02%	.03%	.02%	4.40%			6.32%
35	7.92%	.04%	.05%	2.10%			5.23%
40	6.62%	.07%	.07%	1.40%	1.32%		4.14%
45	5.70%	.11%	.10%	1.50%	1.32%		3.27%
50	5.14%	.15%	.23%	2.05%	.86%	22.00%	2.60%
55	4.80%	.21%	.45%	3.00%	5.77%	19.80%	2.13%
60	4.74%	.34%	.79%	5.15%	11.00%	19.80%	1.91%
65		.63%				36.30%	1.90%
69		1.10%				27.50%	1.89%

**Death after retirement:** The 1984 George B. Buck Mortality Tables (adopted in 1986) for service retirements and dependent beneficiaries. Special mortality tables were used for disability retirements. (The 1963 George B. Buck Mortality Tables, adopted in 1967, used in determining actuarial equivalent benefits.)

**Valuation method:** Projected benefit method with level percentage entry age normal cost and open-end unfunded accrued liability. Gains and losses are reflected in the period remaining to liquidate the unfunded accrued liability. This method was required by a Statute of the Commonwealth enacted in 1975.

**Asset valuation method:** Amortized cost on bonds, initial cost on stocks and amortized value of mortgages.

**Pension Benefit Obligation:** The measure of the actuarial present value (APV) as of the valuation date of credited projected benefits prorated on service, or pension benefit obligation (PBO) as referred to in Statement No. 5 of the Governmental Accounting Standards Board (GASB), includes an adjustment for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to June 30, 1988. Significant actuarial assumptions used to determine the pension benefit obligation as of June 30, 1988 include the following:

- (1) An assumed rate of return on the investment of present and future assets of  $5\frac{1}{2}\%$  per annum, compounded annually.
- (2) Assumed projected annual salary increases ranging from 6.99% at age 25 to 1.89% at age 69, which reflect an allowance for inflation and merit or seniority increases.
- (3) No post-retirement benefit increases assumed in the future.

**Miscellaneous:** The valuation was based on members of the System as of June 30, 1988, and does not take into account future members. In determining the rate of amortization of the unfunded accrued and supplemental liabilities of the System (exclusive of the July 1, 1979, July 1, 1984, and January 1, 1989 supplemental increases), it was assumed that each annual payment is 4 percent greater than the previous payment, as specified by the Statutes of the Commonwealth. The July 1, 1979, July 1, 1984, and January 1, 1989 supplemental increases are funded through level annual payments.

## Section II - Membership Data

Data regarding the membership of the System for use as a basis for the valuation were furnished by the System's office. Tables A and B following summarize the membership of the System as of June 30, 1988 upon which the valuation was based. Detailed tabulations of the data are given in Section IV. Tables C and D show historical membership data for the last 10 years.

**Table A**  
**Active Membership of System**  
**As of June 30, 1988**

Group	Number	Annual Salaries
Active members included in Valuation:		
Men .....	69,496	\$1,983,369,719
Women .....	126,346	2,602,996,794
<b>Total</b>	<b>195,842</b>	<b>\$4,586,366,513*</b>

In addition to the above, 27,851 inactive members and vestees were included in the valuation.

\*For valuation purposes, salaries of \$4,514,142,827 were reported for the fiscal year ended June 30, 1988, which when annualized amount to \$4,586,366,513. Actual salaries for the fiscal year ended June 30, 1988 on an annualized basis amounted to \$4,641,941,681 for members who were in active status as of June 30, 1988. An adjustment was made in the valuation to reflect the amount of \$4,641,941,681.

**Table B**  
**Annuitants and Survivor Annuitants of the System**  
**As of June 30, 1988**

Class	Number	Annual Annuities
Retired on account of superannuation and those in receipt of withdrawal annuities:		
Men .....	27,211	\$217,210,970
Women .....	58,062	382,193,142
<b>Total</b>	<b>85,273</b>	<b>599,404,112</b>
Retired on account of disability:		
Men .....	1,336	8,477,430
Women .....	2,402	12,682,819
<b>Total</b>	<b>3,738</b>	<b>21,160,249</b>
Survivor annuitants in receipt of benefits:		
Men .....	428	1,702,719
Women .....	3,482	13,154,952
<b>Total</b>	<b>3,910</b>	<b>14,857,671</b>
Annuities in lieu of return of accumulated deductions:		
Men .....	-	-
Women .....	3	200
<b>Total</b>	<b>3</b>	<b>200</b>
<b>Grand Total</b>	<b>92,924</b>	<b>\$635,422,243</b>



**Table C**  
**History of Active Membership Data**  
**for Last 10 Years**

Valuation as of 6/30	Number of Active Members	Percentage Change in Membership	Annual Active Member Payroll	Percentage Change in Payroll
1988	195,842	(2.77)%	\$4,586,367,000	3.88%
1987	201,415	.92 %	4,415,102,000	8.57%
1986	199,571	( 1.07)%	4,066,471,000	4.59%
1985	201,735	.32 %	3,887,867,000	5.49%
1984	201,083	( 1.01)%	3,685,611,000	8.30%
1983	203,138	( 2.90)%	3,403,263,000	4.72%
1982	209,210	( 2.44)%	3,249,799,000	3.07%
1981	214,438	( 1.85)%	3,152,967,000	6.24%
1980	218,487	.04 %	2,967,712,000	7.74%
1979	218,400	( 1.16)%	2,754,638,000	5.07%

**Table D**  
**History of Annuitant and Survivor Annuitant Membership**  
**for Last 10 Years**

Year Ended 6/30	Number on Roll	Additions	Deletions	Percentage Change in Membership	Annual Annuities (Millions)	Percentage Change in Annuities
1988	92,924	5,818	3,271	2.82%	\$635.4	4.44%
1987	90,377	6,671	2,940	4.31%	608.4	6.51%
1986	86,646	6,586	2,828	4.53%	571.2	5.15%
1985	82,888	6,051	2,879	3.98%	543.2	3.07%
1984	79,716	5,989	2,611	4.43%	527.0	12.03%
1983	76,338	7,345	2,252	7.15%	470.4	7.20%
1982	71,245	6,098	2,303	5.63%	438.8	4.23%
1981	67,450	5,565	2,237	5.19%	421.0	3.16%
1980	64,122	5,070	1,947	5.12%	408.1	26.94%
1979	60,999	5,380	2,046	5.78%	321.5	5.51%

**Table E**  
**Summary of Accrued and Unfunded Accrued Liabilities**  
**for Last 10 Years**  
(Dollar Amounts in Millions)

Valuation As of 6/30	Aggregate Accrued Liabilities	Valuation* Assets	Assets As a Percentage of Accrued Liabilities	Unfunded Accrued Liabilities (UAL)	Total Annual Payroll	UAL As a Percentage of Total Payroll
1988	\$19,501.7	\$12,544.4	64.3%	\$6,957.3	\$4,641.9	149.9%
1987	17,411.7	11,151.2	64.0%	6,260.5	4,416.9	141.7%
1986	15,995.5	9,458.3	59.1%	6,537.2	4,159.0	157.2%
1985	14,557.9	7,992.8	54.9%	6,565.1	3,887.9	168.8%
1984	13,620.6	6,897.5	50.6%	6,723.1	3,685.6	182.4%
1983	12,267.9	6,109.6	49.8%	6,158.3	3,403.3	180.9%
1982	11,364.7	5,977.1	52.6%	5,387.5	3,249.8	165.8%
1981	10,636.2	5,399.0	50.8%	5,237.1	3,153.0	166.1%
1980	8,664.0	4,901.5	56.6%	4,933.9	2,967.7	166.2%
1979	8,033.3	4,514.3	56.2%	3,519.0	2,754.6	127.7%

\*Includes Commonwealth interest receivable.

## Section III - Summary of Benefit and Contribution Provisions

### Membership

For valuation purposes, all employees are considered to be members of Class T-C. All employees who become members on and after January 1, 1966 are members of the dual coverage group. Joint coverage members are those who became members prior to that date but subsequent to May 28, 1957. Joint coverage members may elect to become members of the dual coverage group but must make up the difference in accumulated deductions.

"Final average salary" means the highest average annual salary for any 3 years of service.

### Benefits

#### Superannuation Annuity Eligibility

Age 62, or age 60 with 30 years of service, or 35 years of service regardless of age.

#### Amount

Two percent of final average salary times years of service. Minimum of \$100 per year of service.

Benefit of a joint coverage member is reduced by 40 percent of primary insurance amount (subject to certain limitations) after age at which Social Security benefits become payable.

#### Withdrawal Annuity Eligibility

10 years of service.

#### Amount

Actuarial equivalent of benefit deferred to superannuation retirement age. If member separates after age 55 with 25 or more years of service, reduction is  $\frac{1}{4}$  percent for each month by which commencement of payments precedes superannuation retirement age. Benefit of a joint coverage member is reduced after age at which Social Security benefits become payable.

#### Disability Annuity Eligibility

5 years of service.

#### Amount

Two percent of final average salary per year of service, but not less than  $33\frac{1}{3}$  percent of such salary, nor greater than the benefit member would have had at superannuation retirement age. Minimum of \$100 per year of service.

#### Vesting Annuity Eligibility

10 years of service.

#### Amount

Accrued benefit deferred to superannuation retirement age.

#### Optional Benefits

**Option 1.** Reduced benefit with refund of balance of present value of annuity at retirement over payments received. If balance is less than \$5,000, benefit is paid in lump sum; otherwise, beneficiary may elect annuity and/or lump sum.

**Option 2.** Joint and 100 percent survivorship annuity.

**Option 3.** Joint and 50 percent survivorship annuity.

**Option 4.** Benefit of equivalent actuarial value.

#### Death Benefit Eligibility

Death of an active member or vestee who was eligible to receive an annuity.

#### Amount

Annuity which would have been effective if the member retired on the day before death. Option 1 assumed payable if no other option elected.

#### Return of Contributions Eligibility

Death or separation from service where no other benefit payable.

#### Amount

Refund of accumulated deductions (less annuity payments received in the case of a retired member).

## Contributions

### By Members

Members who were hired prior to July 22, 1983 contribute at a rate of  $5\frac{1}{4}$  percent of compensation, while members who were hired on or after July 22, 1983 contribute at a rate of 6 $\frac{1}{2}$  percent of compensation. Reduction for a joint coverage member of 40 percent of Social Security tax, exclusive of disability and medical coverage portion.

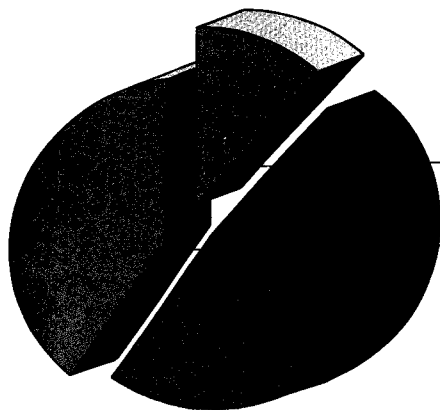
### By Commonwealth and School Districts

Balance of required contribution determined as normal contribution, accrued liability contribution, and supplemental annuity contribution, is shared equally by the Commonwealth and the School Districts.



**Statistical  
Section**

## Components of Total Revenue and Expense — 1989



### Total Revenue

Member Contributions 12%

Investment Income 48%

Employer Contributions 40%

### Total Expense

Benefits 81%

Transfers 1%

Administrative 1%

Refunds 1%

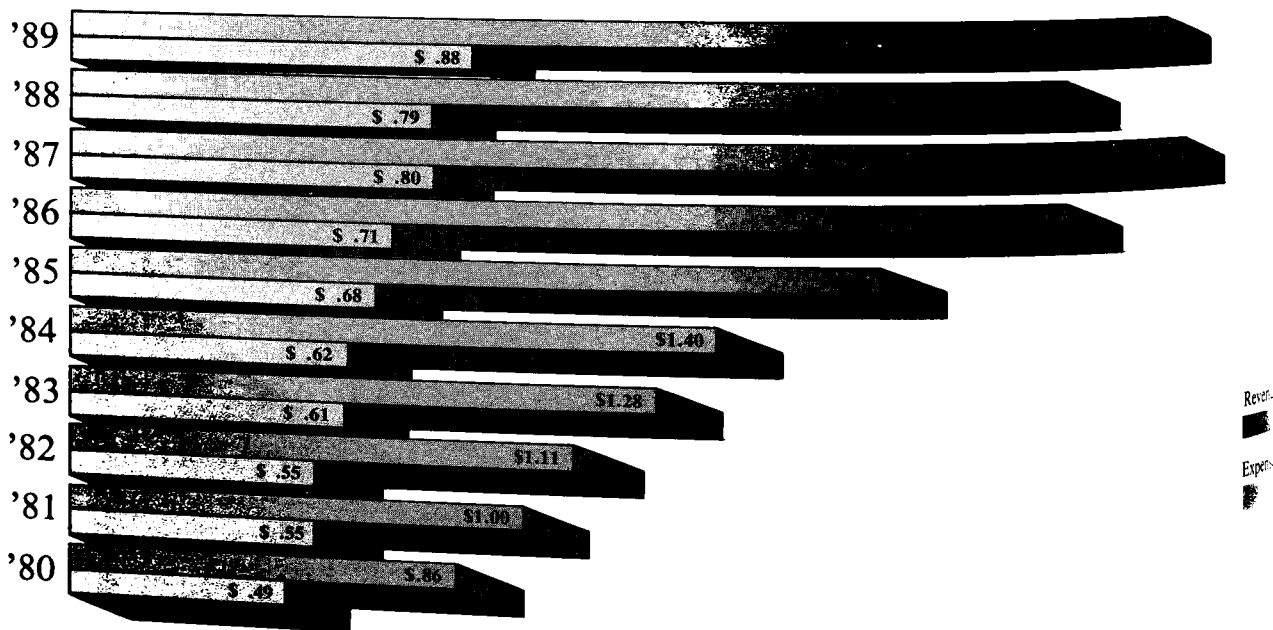
Disabilities 3%

Lump Sum & Installments 13%



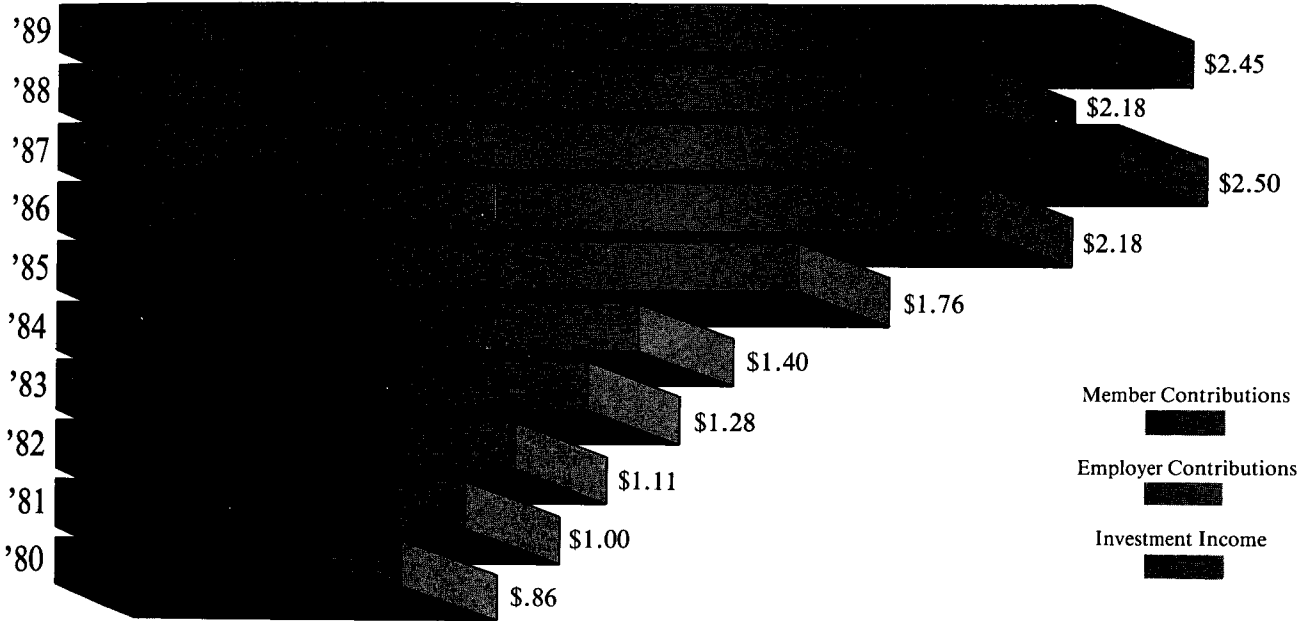
Data from schedule 2, page 41

## Revenue vs. Expense — 10 Year Trend (Amounts in Billions)



Data from schedule 2, page 41

### Revenue by Source — 10 Year Trend (Amounts in Billions)



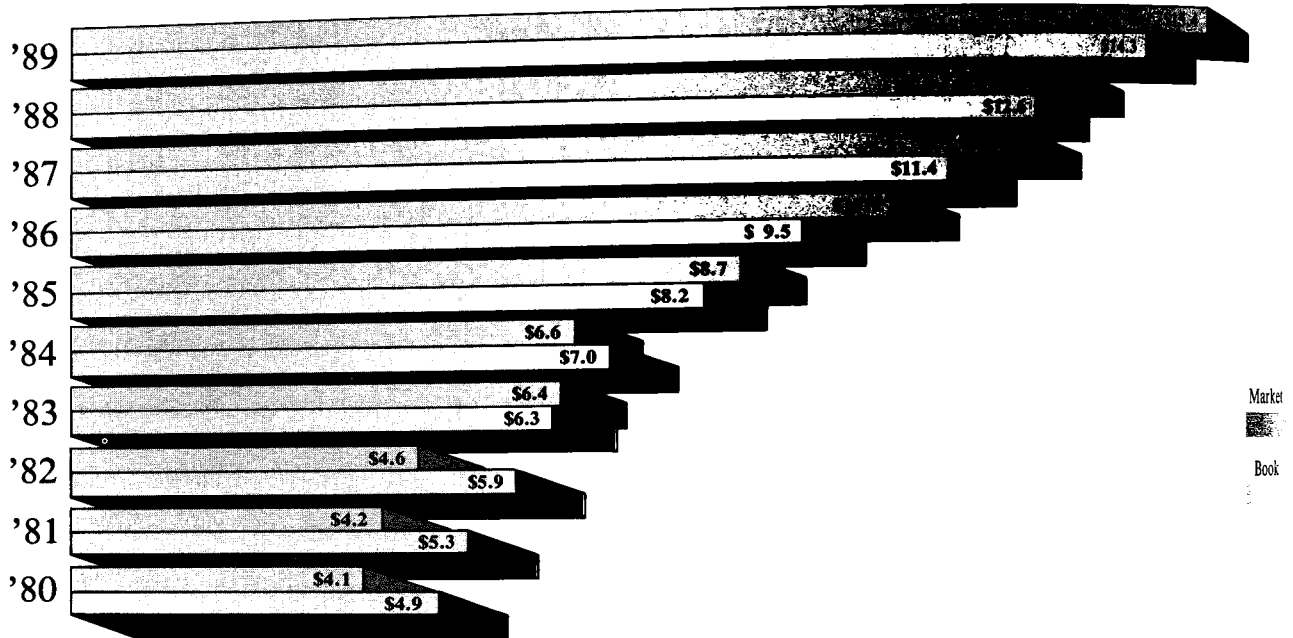
Data from Schedule 2, page 41

### Expense By Type — 10 Year Trend (Amounts in Millions)

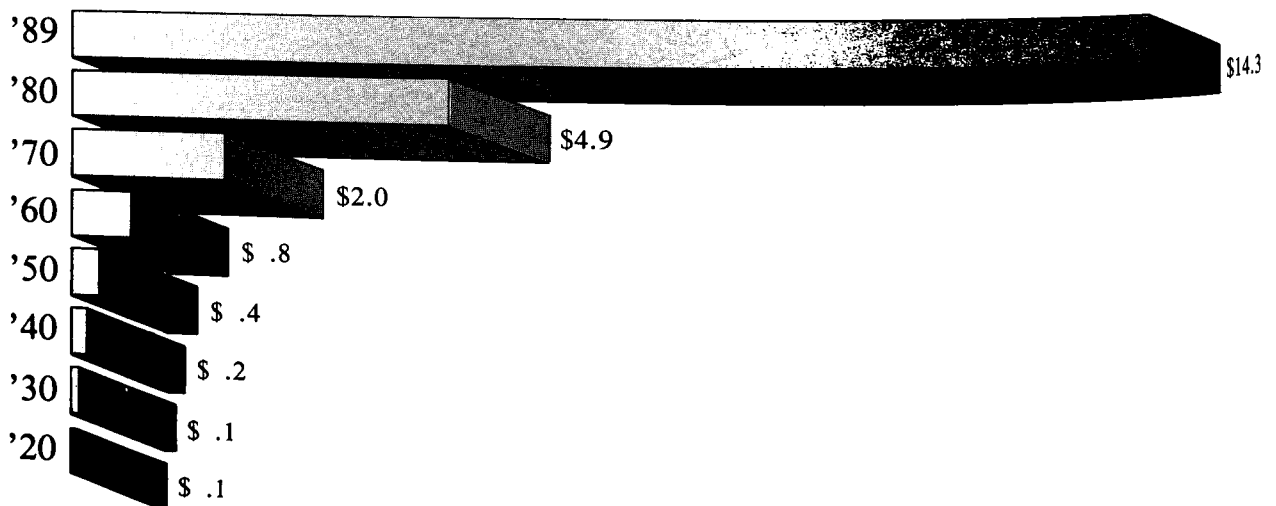


Data from Schedule 2, page 41

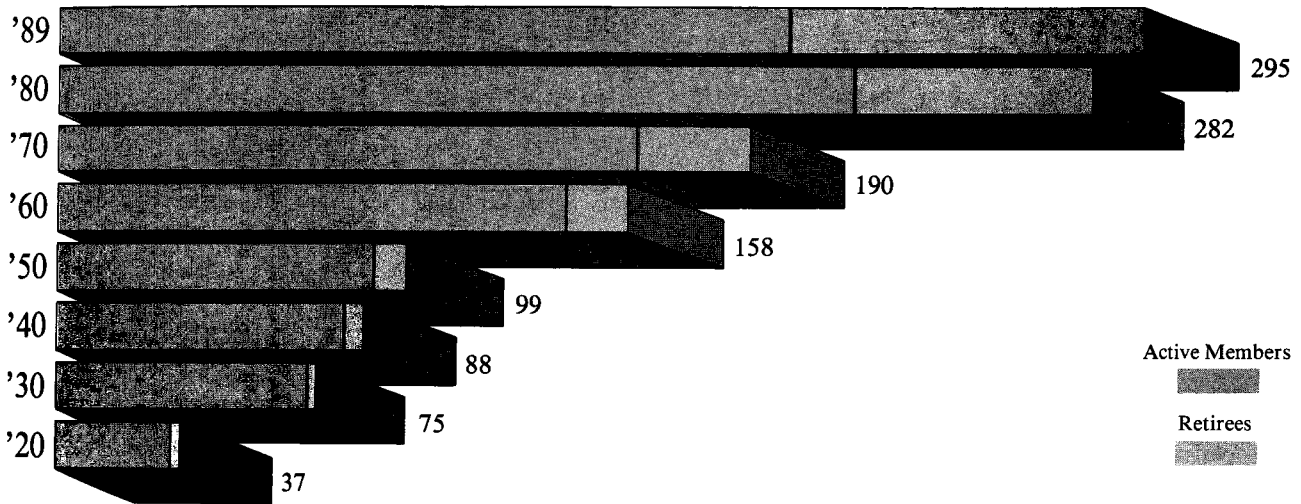
### Total Assets — 10 Year Trend (Amounts in Billions)



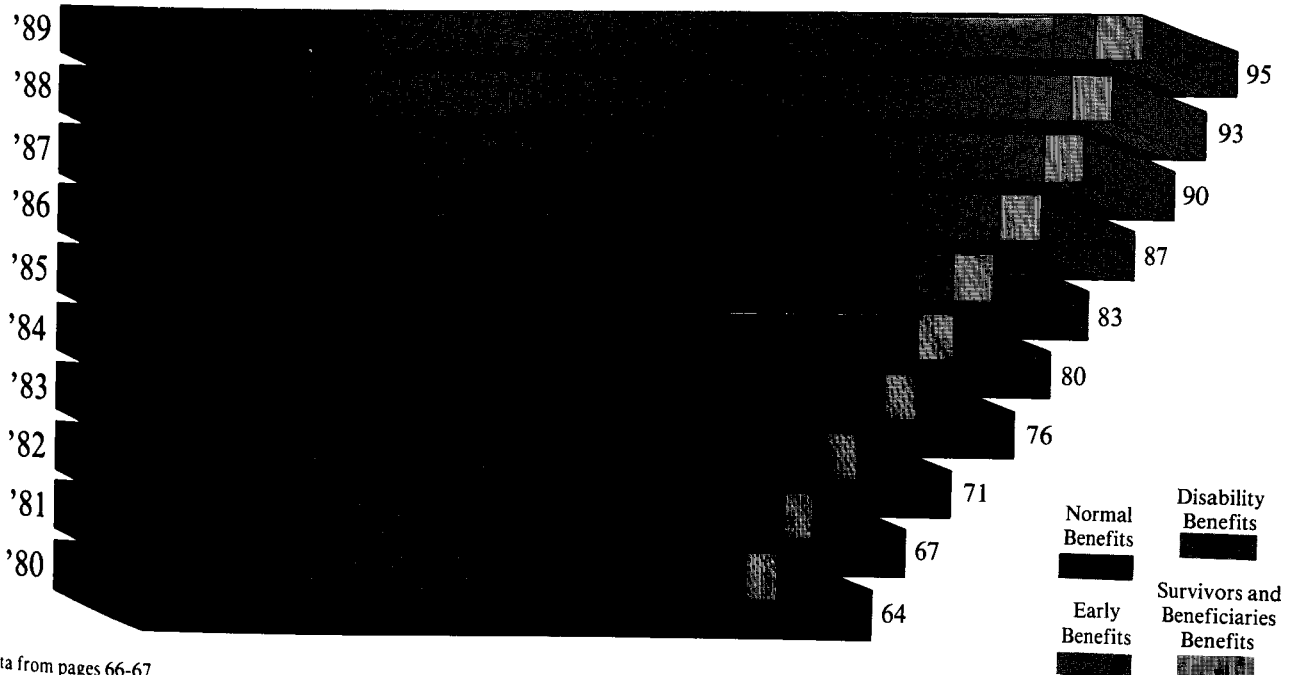
### Asset Growth (Book Value - Amounts in Billions)



### Total Membership — Active & Retired (In Thousands)



### Retired Members — 10 Year Trend (In Thousands)



Data from pages 66-67

**Schedule of Retired Members by Type of Benefit**

Year	Retirement Type	Options Selected					
		1		2		3	
		Number of Retirees	Average Mo. Benefit	Number of Retirees	Average Mo. Benefit	Number of Retirees	Average Mo. Benefit
1989	S	45,064	\$660	7,235	\$618	11,257	\$612
	W	17,059	509	3,273	376	3,311	664
	D	3,346	507	45	474	406	612
	R	3	6	0	0	0	0
	B	0	0	0	0	3,531	338
<b>Total</b>		<b>65,472</b>		<b>10,553</b>		<b>18,505</b>	
1988	S	44,840	\$603	7,076	\$566	10,990	\$747
	W	16,000	467	3,037	345	3,038	612
	D	3,293	462	50	452	395	552
	R	3	6	0	0	0	0
	B	0	0	0	0	3,285	325
<b>Total</b>		<b>64,136</b>		<b>10,163</b>		<b>17,708</b>	
1987	S	44,608	\$595	6,919	\$565	10,624	\$736
	W	14,956	449	2,818	336	2,801	596
	D	3,196	447	52	460	366	548
	R	3	6	0	0	0	0
	B	0	0	0	0	3,114	314
<b>Total</b>		<b>62,763</b>		<b>9,789</b>		<b>16,905</b>	
1986	S	44,047	\$588	6,745	\$565	10,216	\$726
	W	13,224	403	2,540	315	2,477	563
	D	3,095	440	55	464	344	531
	R	4	11	0	0	0	0
	B	0	0	0	0	2,953	305
<b>Total</b>		<b>60,370</b>		<b>9,340</b>		<b>15,990</b>	
1985	S	43,418	\$587	6,554	\$568	9,781	\$717
	W	11,638	378	2,232	300	2,148	536
	D	2,999	433	57	464	333	523
	R	4	11	0	0	0	0
	B	0	0	0	0	2,791	287
<b>Total</b>		<b>58,059</b>		<b>8,843</b>		<b>15,053</b>	
1984	S	42,918	\$538	6,372	\$526	9,392	\$666
	W	10,366	363	1,915	291	1,888	529
	D	2,922	390	61	416	314	472
	R	4	11	0	0	0	0
	B	0	0	0	0	2,614	273
<b>Total</b>		<b>56,210</b>		<b>8,348</b>		<b>14,208</b>	
1983	S	42,224	\$541	6,093	\$535	8,975	\$659
	W	9,235	373	1,621	303	1,682	540
	D	2,804	385	61	416	303	457
	R	4	11	0	0	0	0
	B	0	0	0	0	2,449	261
<b>Total</b>		<b>54,267</b>		<b>7,775</b>		<b>13,409</b>	
1982	S	41,334	\$546	5,686	\$545	8,389	\$653
	W	7,265	326	1,154	266	1,120	465
	D	2,705	379	65	411	280	454
	R	4	11	0	0	0	0
	B	0	0	0	0	2,303	247
<b>Total</b>		<b>51,308</b>		<b>6,905</b>		<b>12,092</b>	
1981	S	40,337	\$549	5,499	\$551	7,879	\$652
	W	6,058	335	865	285	864	471
	D	2,558	374	71	404	264	434
	R	4	11	0	0	0	0
	B	0	0	0	0	2,313	224
<b>Total</b>		<b>48,957</b>		<b>6,435</b>		<b>11,320</b>	
1980	S	39,416	\$557	5,449	\$557	7,357	\$654
	W	4,960	350	655	318	687	465
	D	2,393	369	75	405	229	466
	R	4	11	0	0	0	0
	B	0	0	0	0	2,195	211
<b>Total</b>		<b>46,773</b>		<b>6,179</b>		<b>10,468</b>	

**LEGEND:**

- Options:  
 1 — Maximum Option — Highest monthly allowance with guarantee of accumulated deductions only  
 2 — Option 1 — Maximum allowance reduced for Death Benefit protection  
 3 — Option 2 & 3 — Joint and survivor annuities  
 4 — Special Option — Plan approved by actuary  
 5 — Beneficiary options — Life, 5 and 10 year certain annuity plans



The Public School Employees' Retirement System of Pennsylvania

Statistical Section

Schedule of Retired Members by Type of Benefit (Continued)

Year	Retirement Type	4		5		Total Retirees	% Increase of Retirees
		Number of Retirees	Average Mo. Benefit	Number of Retirees	Average Mo. Benefit		
1989	S	277	\$1,221	0	\$ 0	63,833	1.0%
	W	29	982	0	0	23,672	7.1%
	D	0	0	0	0	3,797	1.6%
	R	0	0	0	0	3	0.0%
	B	151	178	442	301	4,124	6.1%
		<u>457</u>		<u>442</u>		<u>95,429</u>	<u>2.7%</u>
1988	S	268	\$1,098	0	\$ 0	63,174	1.2%
	W	24	835	0	0	22,099	7.3%
	D	0	0	0	0	3,738	3.4%
	R	0	0	0	0	3	0.0%
	B	156	178	446	303	3,887	4.6%
		<u>448</u>		<u>446</u>		<u>92,901</u>	<u>2.8%</u>
1987	S	282	\$1,073	0	\$ 0	62,433	1.8%
	W	24	823	0	0	20,599	12.8%
	D	0	0	0	0	3,614	3.4%
	R	0	0	0	0	3	-25.0%
	B	150	332	453	291	3,717	4.5%
		<u>456</u>		<u>453</u>		<u>90,366</u>	<u>4.3%</u>
1986	S	296	\$1,049	0	\$ 0	61,304	2.1%
	W	21	745	0	0	18,262	13.9%
	D	0	0	0	0	3,494	3.1%
	R	0	0	0	0	4	0.0%
	B	147	159	456	276	3,556	5.2%
		<u>464</u>		<u>456</u>		<u>86,620</u>	<u>4.5%</u>
1985	S	309	\$1,046	0	\$ 0	60,062	1.8%
	W	21	743	0	0	16,039	13.0%
	D	0	0	0	0	3,389	2.8%
	R	0	0	0	0	4	0.0%
	B	139	152	449	297	3,379	5.3%
		<u>469</u>		<u>449</u>		<u>82,873</u>	<u>4.0%</u>
1984	S	324	\$ 963	0	\$ 0	59,006	2.4%
	W	21	694	0	0	14,190	13.0%
	D	0	0	0	0	3,297	4.1%
	R	0	0	0	0	4	0.0%
	B	141	148	454	296	3,209	6.0%
		<u>486</u>		<u>454</u>		<u>79,706</u>	<u>4.3%</u>
1983	S	333	\$ 952	0	\$ 0	57,625	3.3%
	W	21	694	0	0	12,559	31.4%
	D	0	0	0	0	3,168	3.9%
	R	0	0	0	0	4	0.0%
	B	136	150	443	296	3,028	6.1%
		<u>490</u>		<u>443</u>		<u>76,384</u>	<u>7.2%</u>
1982	S	352	\$ 946	0	\$ 0	55,761	3.1%
	W	20	677	0	0	9,559	22.4%
	D	0	0	0	0	3,050	5.4%
	R	0	0	0	0	4	0.0%
	B	132	143	418	296	2,853	5.4%
		<u>504</u>		<u>418</u>		<u>71,227</u>	<u>5.5%</u>
1981	S	364	\$ 955	0	\$ 0	54,079	2.8%
	W	20	698	0	0	7,807	23.5%
	D	0	0	0	0	2,893	7.3%
	R	0	0	0	0	4	0.0%
	B	89	133	305	324	2,707	6.1%
		<u>473</u>		<u>305</u>		<u>67,490</u>	<u>5.2%</u>
1980	S	376	\$ 946	0	\$ 0	52,598	2.7%
	W	19	685	0	0	6,321	26.7%
	D	0	0	0	0	2,697	8.8%
	R	0	0	0	0	4	-33.3%
	B	81	138	276	311	2,552	8.7%
		<u>476</u>		<u>276</u>		<u>64,172</u>	<u>5.1%</u>

LEGEND:

- S - Superannuation or Normal Retirement
- W - Withdrawal or Early Retirement
- D - Disability Benefit
- R - Refund Annuity
- B - Beneficiaries Receiving Annuities

The Public School Employees' Retirement System of Pennsylvania

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Schedule of Retired Members by Type of Benefit

Year	Retirement Type	Options Selected					
		1		2		3	
		Number of Retirees	Average Mo. Benefit	Number of Retirees	Average Mo. Benefit	Number of Retirees	Average Mo. Benefit
1989	S	45,064	\$660	7,235	\$618	11,257	\$813
	W	17,059	509	3,273	376	3,311	664
	D	3,346	507	45	474	406	612
	R	3	6	0	0	0	0
	B	0	0	0	0	3,531	338
<b>Total</b>		<b>65,472</b>		<b>10,553</b>		<b>18,505</b>	
1988	S	44,840	\$603	7,076	\$566	10,990	\$747
	W	16,000	467	3,037	345	3,038	612
	D	3,293	462	50	452	395	558
	R	3	6	0	0	0	0
	B	0	0	0	0	3,285	325
<b>Total</b>		<b>64,136</b>		<b>10,163</b>		<b>17,708</b>	
1987	S	44,608	\$595	6,919	\$565	10,624	\$736
	W	14,956	449	2,818	336	2,801	596
	D	3,196	447	52	460	366	548
	R	3	6	0	0	0	0
	B	0	0	0	0	3,114	314
<b>Total</b>		<b>62,763</b>		<b>9,789</b>		<b>16,905</b>	
1986	S	44,047	\$588	6,745	\$565	10,216	\$726
	W	13,224	403	2,540	315	2,477	563
	D	3,095	440	55	464	344	531
	R	4	11	0	0	0	0
	B	0	0	0	0	2,953	303
<b>Total</b>		<b>60,370</b>		<b>9,340</b>		<b>15,990</b>	
1985	S	43,418	\$587	6,554	\$568	9,781	\$717
	W	11,638	378	2,232	300	2,148	536
	D	2,999	433	57	464	333	523
	R	4	11	0	0	0	0
	B	0	0	0	0	2,791	288
<b>Total</b>		<b>58,059</b>		<b>8,843</b>		<b>15,053</b>	
1984	S	42,918	\$538	6,372	\$526	9,392	\$666
	W	10,366	363	1,915	291	1,888	529
	D	2,922	390	61	416	314	472
	R	4	11	0	0	0	0
	B	0	0	0	0	2,614	273
<b>Total</b>		<b>56,210</b>		<b>8,348</b>		<b>14,208</b>	
1983	S	42,224	\$541	6,093	\$535	8,975	\$659
	W	9,235	373	1,621	303	1,682	540
	D	2,804	385	61	416	303	457
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	B	0	0	0	0	2,449	261
<b>Total</b>		<b>54,267</b>		<b>7,775</b>		<b>13,409</b>	
1982	S	41,334	\$546	5,686	\$545	8,389	\$653
	W	7,265	326	1,154	266	1,120	468
	D	2,705	379	65	411	280	454
	R	4	11	0	0	0	0
	B	0	0	0	0	2,303	247
<b>Total</b>		<b>51,308</b>		<b>6,905</b>		<b>12,092</b>	
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	W	6,058	335	865	285	864	471
	D	2,558	374	71	404	264	439
	R	4	11	0	0	0	0
	B	0	0	0	0	2,313	224
<b>Total</b>		<b>48,957</b>		<b>6,435</b>		<b>11,320</b>	
1980	S	39,416	\$557	5,449	\$557	7,357	\$654
	W	4,960	350	655	318	687	485
	D	2,393	369	75	405	229	460
	R	4	11	0	0	0	0
	B	0	0	0	0	2,195	211
<b>Total</b>		<b>46,773</b>		<b>6,179</b>		<b>10,468</b>	

LEGEND:

Options:

- 1 — Maximum Option — Highest monthly allowance with guarantee of accumulated deductions only
- 2 — Option 1 — Maximum allowance reduced for Death Benefit protection
- 3 — Option 2 & 3 — Joint and survivor annuities
- 4 — Special Option — Plan approved by actuary
- 5 — Beneficiary options — Life, 5 and 10 year certain annuity plans

The Public School Employees' Retirement System of Pennsylvania

Statistical Section

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		Number of Retirees	Average Mo. Benefit	Number of Retirees	Average Mo. Benefit		
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	W	29	982	0	0	23,672	7.1%
	D	0	0	0	0	3,797	1.6%
	R	0	0	0	0	3	0.0%
	B	151	178	442	301	4,124	6.1%
		<u>457</u>		<u>442</u>		<u>95,429</u>	<u>2.7%</u>
1988	S	268	\$1,098	0	\$ 0	63,174	1.2%
	W	24	835	0	0	22,099	7.3%
	D	0	0	0	0	3,738	3.4%
	R	0	0	0	0	3	0.0%
	B	156	178	446	303	3,887	4.6%
		<u>448</u>		<u>446</u>		<u>92,901</u>	<u>2.8%</u>
1987	S	282	\$1,073	0	\$ 0	62,433	1.8%
	W	24	823	0	0	20,599	12.8%
	D	0	0	0	0	3,614	3.4%
	R	0	0	0	0	3	-25.0%
	B	150	332	453	291	3,717	4.5%
		<u>456</u>		<u>453</u>		<u>90,366</u>	<u>4.3%</u>
1986	S	296	\$1,049	0	\$ 0	61,304	2.1%
	W	21	745	0	0	18,262	13.9%
	D	0	0	0	0	3,494	3.1%
	R	0	0	0	0	4	0.0%
	B	147	159	456	276	3,556	5.2%
		<u>464</u>		<u>456</u>		<u>86,620</u>	<u>4.5%</u>
1985	S	309	\$1,046	0	\$ 0	60,062	1.8%
	W	21	743	0	0	16,039	13.0%
	D	0	0	0	0	3,389	2.8%
	R	0	0	0	0	4	0.0%
	B	139	152	449	297	3,379	5.3%
		<u>469</u>		<u>449</u>		<u>82,873</u>	<u>4.0%</u>
1984	S	324	\$ 963	0	\$ 0	59,006	2.4%
	W	21	694	0	0	14,190	13.0%
	D	0	0	0	0	3,297	4.1%
	R	0	0	0	0	4	0.0%
	B	141	148	454	296	3,209	6.0%
		<u>486</u>		<u>454</u>		<u>79,706</u>	<u>4.3%</u>
1983	S	333	\$ 952	0	\$ 0	57,625	3.3%
	W	21	694	0	0	12,559	31.4%
	D	0	0	0	0	3,168	3.9%
	R	0	0	0	0	4	0.0%
	B	136	150	443	296	3,028	6.1%
		<u>490</u>		<u>443</u>		<u>76,384</u>	<u>7.2%</u>
1982	S	352	\$ 946	0	\$ 0	55,761	3.1%
	W	20	677	0	0	9,559	22.4%
	D	0	0	0	0	3,050	5.4%
	R	0	0	0	0	4	0.0%
	B	132	143	418	296	2,853	5.4%
		<u>504</u>		<u>418</u>		<u>71,227</u>	<u>5.5%</u>
1981	S	364	\$ 955	0	\$ 0	54,079	2.8%
	W	20	698	0	0	7,807	23.5%
	D	0	0	0	0	2,893	7.3%
	R	0	0	0	0	4	0.0%
	B	89	133	305	324	2,707	6.1%
		<u>473</u>		<u>305</u>		<u>67,490</u>	<u>5.2%</u>
1980	S	376	\$ 946	0	\$ 0	52,598	2.7%
	W	19	685	0	0	6,321	26.7%
	D	0	0	0	0	2,697	8.8%
	R	0	0	0	0	4	-33.3%
	B	81	138	276	311	2,552	8.7%
		<u>476</u>		<u>276</u>		<u>64,172</u>	<u>5.1%</u>

LEGEND:  
 Retirement Type:  
 S - Superannuation or Normal Retirement  
 W - Withdrawal or Early Retirement  
 D - Disability Benefit  
 R - Refund Annuity  
 B - Beneficiaries Receiving Annuities

# Schedule of Employers

## School Districts

### A

Abington  
Abington Heights  
Albert Gallatin  
Aliquippa  
Allegheny Valley  
Allentown City  
Altoona Area  
Ambridge Area  
Annville Cleona  
Antietam  
Apollo Ridge  
Armstrong  
Athens Area  
Austin Area  
Avela Area  
Avon Grove  
Avonworth

### B

Bald Eagle Area  
Baldwin Whitehall  
Bangor Area  
Beaver Area  
Bedford Area  
Belle Vernon Area  
Bellefonte Area  
Bellwood Antis  
Bensalem Township  
Benton Area  
Bentworth  
Berlin Brothers Valley  
Bermudian Springs  
Berwick Area  
Bethel Park  
Bethlehem Area  
Bethlehem Center  
Big Beaver Falls Area  
Big Spring  
Blackhawk  
Blacklick Valley  
Blairsville Saltsburg  
Bloomsburg Area  
Blue Mountain  
Blue Ridge  
Boyertown Area  
Bradford Area  
Brandywine Heights Area  
Brentwood Boro  
Bristol Boro  
Bristol Township  
Brockway Area  
Brookville Area  
Brownsville Area  
Burgettstown Area

Burrell  
Butler Area

### C

California Area  
Cambria Heights  
Cameron County  
Camp Hill  
Canon McMillan  
Canton Area  
Carbondale Area  
Carlisle Area  
Carlynton  
Carmichaels Area  
Catasauqua  
Centennial  
Center Area  
Central Bucks  
Central Cambria  
Central Columbia  
Central Dauphin  
Central Fulton  
Central Greene  
Central York  
Chambersburg Area  
Charleroi Area  
Chartiers Houston  
Chartiers Valley  
Cheltenham Township  
Chester Upland  
Chestnut Ridge  
Chichester  
Clairton  
Clarion Area  
Clarion Limestone Area  
Claysburg Kimmel  
Clearfield Area  
Coatesville Area  
Cocalico  
Colonial  
Columbia Boro  
Commodore Perry  
Conemaugh Township Area  
Conemaugh Valley  
Conestoga Valley  
Conewago Valley  
Conneaut  
Connellsville Area  
Conrad Weiser Area  
Cornell  
Cornwall Lebanon  
Corry Area  
Coudersport Area  
Council Rock  
Cranberry Area

Crawford Central  
Crestwood  
Cumberland Valley  
Curwensville Area

### D

Dallas  
Dallastown Area  
Daniel Boone Area  
Danville Area  
Deer Lakes  
Delaware Valley  
Derry Area  
Derry Township  
Donegal  
Dover Area  
Downingtown Area  
Du Bois Area  
Dunmore  
Duquesne City

### E

East Allegheny  
East Lancaster County  
East Lebanon County  
East Lycoming  
East Penn  
East Pennsboro Area  
East Stroudsburg  
Eastern York  
Easton Area  
Elizabeth Forward  
Elizabethtown Area  
Elk Lake  
Ellwood City Area  
Ephrata Area  
Erie City  
Everett Area  
Exeter Township

### F

Fairfield Area  
Fairview  
Fannett Metal  
Farrell Area  
Ferndale Area  
Fleetwood Area  
Forbes Road  
Forest Area  
Forest City Regional  
Forest Hills  
Fort Cherry  
Fort Le Boeuf  
Fox Chapel Area  
Fleetwood Area

The Public School Employees' Retirement System of Pennsylvania

Statistical Section

Forbes Road  
 Forest Area  
 Forest City Regional  
 Forest Hills  
 Fort Cherry  
 Fort Le Boeuf  
 Fox Chapel Area  
 Franklin Area  
 Franklin Regional  
 Frazier  
 Freedom Area  
 Freeport Area

**G**

Galeton Area  
 Garnet Valley  
 Gateway  
 General McLane  
 Gettysburg Area  
 Girard  
 Glendale  
 Governor Mifflin  
 Great Valley  
 Greater Johnstown  
 Greater Latrobe  
 Greater Nanticoke Area  
 Greencastle Antrim  
 Greensburg Salem  
 Greensville Area  
 Greenwood  
 Grove City Area

**H**

Halifax Area  
 Hamburg Area  
 Hampton Township  
 Hanover Area  
 Hanover Public  
 Harbor Creek  
 Harmony  
 Harrisburg City  
 Hatboro Horsham  
 Haverford Township  
 Hazleton Area  
 Hempfield  
 Hempfield Area  
 Hermitage  
 Highlands  
 Hollidaysburg Area  
 Homer Center  
 Hopewell Area  
 Huntingdon Area

**I**

Indiana Area  
 Interboro  
 Iroquois

**J**

Jamestown Area

Jeannette City  
 Jefferson Morgan  
 Jenkintown  
 Jersey Shore Area  
 Jim Thorpe Area  
 Johnsonburg Area  
 Juniata County  
 Juniata Valley

**K**

Kane Area  
 Karns City Area  
 Kennett Consolidated  
 Keystone  
 Keystone Central  
 Keystone Oaks  
 Kiski Area  
 Kutztown Area

**L**

Lackawanna Trail  
 Lake Lehman  
 Lakeland  
 Lakeview  
 Lampeter Strasburg  
 Lancaster City  
 Laurel  
 Laurel Highlands  
 Lebanon  
 Leechburg Area  
 Lehigh Area  
 Lewisburg Area  
 Ligonier Valley  
 Line Mountain  
 Littlestown  
 Lower Dauphin  
 Lower Merion  
 Lower Moreland  
 Loyalsock Township

**M**

Mahanoy Area  
 Manheim Central  
 Manheim Township  
 Marion Center Area  
 Marple Newtown  
 Mars Area  
 McGuffey  
 McKeesport Area  
 Mechanicsburg Area  
 Mercer Area  
 Methacton  
 Meyersdale Area  
 Mid Valley  
 Midd West  
 Middletown Area  
 Midland Boro  
 Mifflin County  
 Mifflinburg Area  
 Millcreek Township  
 Millersburg Area  
 Millville Area

Milton Area  
 Minersville Area  
 Mohawk Area  
 Monaca  
 Monessen  
 Moniteau  
 Montgomery Area  
 Montour  
 Montoursville Area  
 Montrose Area  
 Moon Area  
 Morrisville Boro  
 Moshannon Valley  
 Mount Carmel Area  
 Mount Lebanon  
 Mount Pleasant Area  
 Mount Union Area  
 Mountain View  
 Muhlenberg Township  
 Muncy

**N**

Nazareth Area  
 Neshaminy  
 Neshannock Township  
 New Brighton Area  
 New Castle Area  
 New Hope Solebury  
 New Kensington Arnold  
 Newport  
 Norristown Area  
 North Allegheny  
 North Clarion County  
 North East  
 North Hills  
 North Penn  
 North Pocono  
 North Schuylkill  
 North Star  
 Northampton Area  
 Northeast Bradford  
 Northeastern School District  
 of York County  
 Northern Bedford County  
 Northern Cambria  
 Northern Lebanon  
 Northern Lehigh  
 Northern Potter  
 Northern Tioga  
 Northern York County  
 Northgate  
 Northwest Area  
 Northwestern  
 Northwestern Lehigh  
 Norwin

**O**

Octorara Area  
 Oil City Area  
 Old Forge  
 Oley Valley  
 Oswayo Valley  
 Otto Eldred  
 Owen J. Roberts  
 Oxford Area

**P**

Palisades  
 Palmerton Area  
 Palmyra Area  
 Panther Valley  
 Parkland  
 Pen Argyl Area  
 Penn Cambria  
 Penn Crest  
 Penn Delco  
 Penn Hills Township  
 Penn Manor  
 Penn Trafford  
 Pennridge  
 Penns Manor  
 Penns Valley Area  
 Pennsbury  
 Pequea Valley  
 Perkiomen Valley  
 Peters Township  
 Philadelphia  
 Philipsburg Osceola  
 Phoenixville Area  
 Pine Grove Area  
 Pine-Richland  
 Pittsburgh  
 Pittston Area  
 Pleasant Valley  
 Plum Boro  
 Pocono Mountain  
 Port Allegany  
 Portage Area  
 Pottsgrove  
 Pottstown  
 Pottsville Area  
 Punxsutawney Area  
 Purchase Line

**Q**

Quaker Valley  
 Quakertown Community

**R**

Radnor Township  
 Reading  
 Red Lion Area  
 Redbank Valley  
 Reynolds  
 Richland  
 Ridgway Area  
 Ridley  
 Ringgold  
 Riverside  
 Riverside Beaver County  
 Riverview  
 Rochester Area  
 Rockwood Area  
 Rose Tree Media

**S**

Saint Clair Area  
 Saint Marys Area  
 Salisbury Elk Lick  
 Salisbury Township  
 Saucon Valley  
 Sayre Area  
 Schuylkill Haven Area  
 Schuylkill Valley  
 Scranton City  
 Selinsgrove Area  
 Shade Central City  
 Shaler Area  
 Shamokin Area  
 Shanksville Stonycreek  
 Sharon City  
 Sharpsville Area  
 Shenandoah Valley  
 Shenango Area  
 Shikellamy  
 Shippensburg Area  
 Slippery Rock Area  
 Smethport Area  
 Solanco  
 Somerset Area  
 Souderton Area  
 South Allegheny  
 South Butler County  
 South Eastern  
 South Fayette Township  
 South Middleton  
 South Moreland  
 South Park  
 South Side Area  
 South Western  
 South Williamsport Area  
 Southeast Delco  
 Southeastern Greene  
 Southern Columbia Area  
 Southern Fulton  
 Southern Huntingdon  
 Southern Lehigh  
 Southern Tioga  
 Southern York County  
 Southwest Butler County  
 Spring Cove  
 Spring Ford Area  
 Spring Grove Area  
 Springfield  
 Springfield Township  
 State College Area  
 Steel Valley  
 Steelton Highspire  
 Sto Rox  
 Stroudsburg Area  
 Sullivan County  
 Susquehanna Community  
 Susquehanna Township  
 Susquenita

**T**

Tamaqua Area  
 Titusville Area  
 Towanda Area  
 Tredeffrin Easttown  
 Tri Valley  
 Trinity Area  
 Troy Area  
 Tulpehocken Area  
 Tunkhannock Area  
 Turkeyfoot Valley  
 Tuscarora  
 Tussey Mountain  
 Twin Valley  
 Tyrone Area

**U**

Union  
 Union Area  
 Union City Area  
 Uniontown Area  
 Unionville-Chadds Ford  
 United  
 Upper Adams  
 Upper Darby  
 Upper Dauphin Area  
 Upper Dublin  
 Upper Merion Area  
 Upper Moreland Township  
 Upper Perkiomen  
 Upper Saint Clair Township

**V**

Valley Grove  
 Valley View

**W**

Wallenpaupack Area  
 Wallingford Swarthmore  
 Warren County  
 Warrior Run  
 Warwick  
 Washington  
 Wattsburg Area  
 Wayne Highland  
 Waynesboro Area  
 Weatherly Area  
 Wellsboro Area  
 West Allegheny  
 West Branch Area  
 West Chester Area  
 West Greene  
 West Jefferson Hills  
 West Middlesex Area  
 West Mifflin Area  
 West Perry  
 West Shore  
 West York Area  
 Western Beaver County  
 Western Wayne

Westmont Hilltop  
 Whitehall Coplay  
 Wilkes-Barre Area  
 Wilkesburg  
 William Penn  
 Williams Valley  
 Williamsburg Community  
 Williamsport Area  
 Wilmington Area

Wilson  
 Wilson Area  
 Windber Area  
 Wissahickon  
 Woodland Hills  
 Wyalusing Area  
 Wyoming Area  
 Wyoming Valley West  
 Wyomissing Area

**Y**  
 York  
 York Suburban  
 Yough

### Area Vocational Technical Schools

Admiral Peary  
 Allegheny Clarion  
 Altoona  
 Beaver County  
 Bedford-Everett  
 Berks  
 Bethlehem  
 Bucks County  
 Butler County  
 Carbon County  
 Central Chester County  
 Central Montgomery County  
 Central Westmoreland County  
 Centre County  
 Clarion County  
 Clearfield County  
 Columbia-Montour  
 Crawford County  
 Cumberland-Perry  
 Dauphin County  
 Delaware County  
 Eastern Montgomery County

Eastern Northampton County  
 Eastern Westmoreland County  
 Erie County  
 Fayette County  
 Forbes Road East  
 Franklin County  
 Fulton County  
 Greater Johnstown  
 Greene County  
 Harrisburg-Steelton-Highspire  
 Huntingdon County  
 Indiana County  
 Jefferson County-DuBois  
 Juniata-Mifflin  
 Lackawanna County  
 Lancaster County  
 Lawrence County  
 Lebanon County  
 Lehigh County  
 Lenape  
 Mercer County  
 Middle Bucks County

Mon Valley  
 Monroe County  
 North Fayette County  
 North Montco  
 North Westmoreland County  
 Northern Chester County  
 Northumberland County  
 Parkway West  
 Reading-Muhlenberg  
 Schuylkill County  
 Somerset County  
 SUN  
 Susquehanna County  
 Upper Bucks County  
 Venango County  
 Washington County Alternative  
 West Side  
 Western  
 Western Montgomery County  
 Wilkes-Barre  
 York County

### Intermediate Units

Allegheny #3  
 Appalachia #8  
 Arin #28  
 Beaver Valley #27  
 Berks County #14  
 Blast #17  
 Bucks County #22  
 Capital Area #15  
 Carbon Lehigh #21  
 Central Susquehanna #16

Central #10  
 Chester County #24  
 Colonial Northampton #20  
 Delaware County #25  
 Intermediate Unit #1  
 Lancaster Lebanon #13  
 Lincoln #12  
 Luzerne #18  
 Midwestern #4  
 Montgomery County #23

Northeastern Education #19  
 Northwest Tri County #5  
 Pittsburgh Mt. Oliver #2  
 Riverview #6  
 Schuylkill #29  
 Seneca Highlands #9  
 Tuscarora #11  
 Westmoreland #7

## Colleges/Universities

Bucks County Community College  
Butler County Community College  
Community College of Allegheny County  
Community College of Beaver County  
Community College of Delaware County  
Community College of Philadelphia  
Harrisburg Area Community College  
Lehigh County Community College  
Luzerne County Community College  
Montgomery County Community College  
Northampton County Area Community College  
Reading Area Community College  
Westmoreland County Community College  
Bloomsburg University  
California University  
Cheyney University

Clarion University  
East Stroudsburg University  
Edinboro University  
Indiana University  
Kutztown University  
Lock Haven University  
Mansfield University  
Millersville University  
Pennsylvania State University  
Shippensburg University  
Slippery Rock University  
University of Pittsburgh  
West Chester University  
Pennsylvania College of Technology

## Other

Berks County Earned Income Tax Bureau  
Chancellor's Office  
Department of Education - Commonwealth of  
Pennsylvania  
Northern Area Special Purpose School  
Overbrook School for the Blind  
Pennsylvania School Boards Association

Pennsylvania School for the Deaf  
Scotland School for Veterans Children  
Scranton School for the Deaf  
Thaddeus Stevens School of Technology  
Western Pennsylvania School for the Blind  
Western Pennsylvania School for the Deaf



## Components of Total Contribution Rate

(In Percentages)

Fiscal Year	Employer Contribution			Employee Contribution (Average)	Total Contribution Rate
	Normal Requirement (A)	Accrued Liability (B)	Total Employer		
89-90	8.44	11.24	19.68	5.53	25.21
88-89	8.63	10.64	19.27	5.37	24.64
87-88	8.72	10.82	19.54	5.34	24.88
86-87	9.13	10.77	19.90	5.29	25.19
85-86	9.16	10.88	20.04	5.27	25.31
84-85	8.35	10.96	19.31	5.25	24.56
83-84	8.75	8.31	17.06	5.25	22.31
82-83	7.93	8.07	16.00	5.25	21.25
81-82	6.93	8.07	15.00	5.25	20.25
80-81	6.93	8.07	15.00	5.25	20.25

## Accrued Liability Components

(In Percentages)

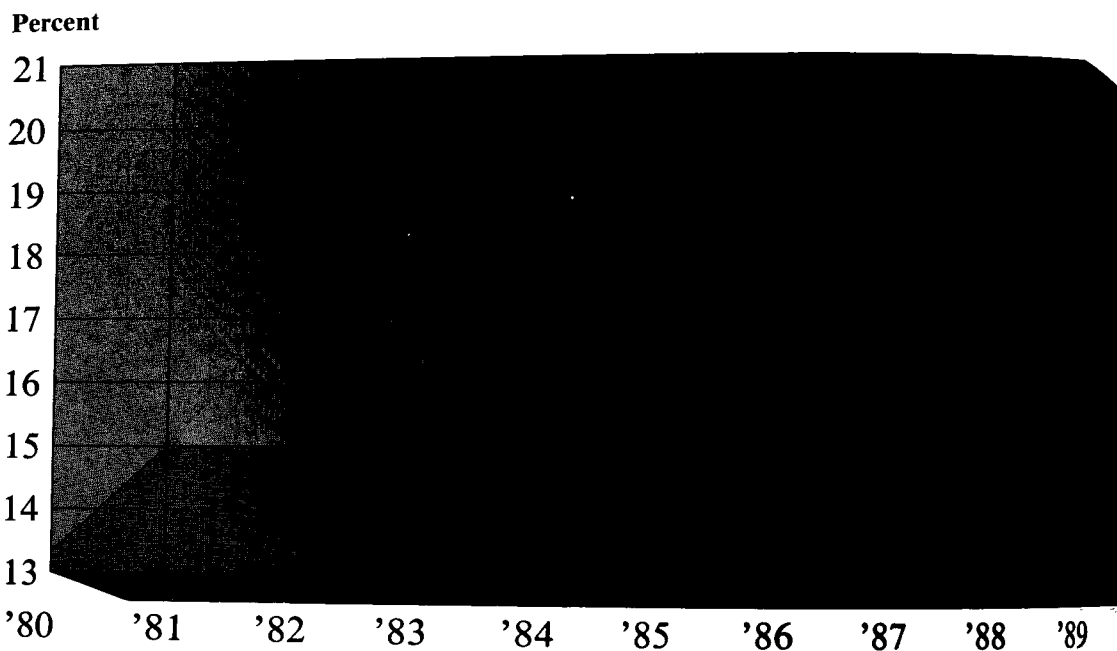
Fiscal Year	Accrued Liability 1	Supplemental (Pre 1979) 2	Supplemental 1979 3	Supplemental 1984 4	Supplemental 1989 5	Total Accrued Liability
89-90	7.32	1.39	1.18	0.60	0.75	11.24
88-89	7.36	1.40	1.25	0.63		10.64
87-88	7.38	1.43	1.34	0.67		10.82
86-87	7.10	1.55	1.41	0.71		10.77
85-86	7.10	1.55	1.49	0.74		10.88
84-85	7.72	1.55	1.69			10.96
83-84	5.07	1.55	1.69			8.31
82-83	4.83	1.55	1.69			8.07
81-82	4.83	1.55	1.69			8.07
80-81	4.83	1.55	1.69			8.07

The total contribution rate is the total of the employer and employee rates actuarially required for funding of the PSERS.

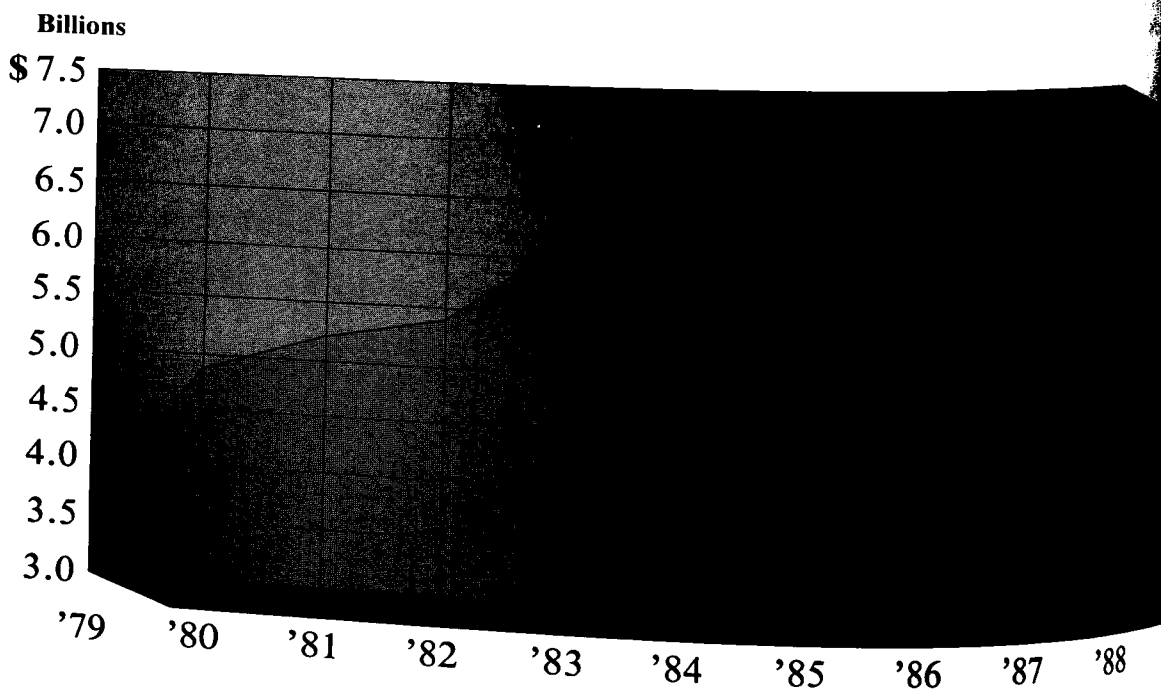
The total employer rate is comprised of a normal retirement and an accrued liability requirement and is shared equally by the Commonwealth and the Reporting Units:

- (A) The normal requirement portion is the percentage of compensation necessary to fund any prospective benefits payable to the member.
- (B) The total accrued liability portion is the percentage of compensation necessary to fund past increased benefits or supplemental annuities as follows:
  - 1 - Increased benefits and actuarial experience prior to and on account of Act 96 of 1975; also includes early retirement window and unisex factor increases;
  - 2 - Supplemental cost of living adjustments established prior to July 1, 1979;
  - 3 - Supplemental cost of living adjustments effective July 1, 1979;
  - 4 - Supplemental cost of living adjustments effective July 1, 1984.
  - 5 - Supplemental cost of living adjustments effective January 1, 1989.

### Total Employer Contribution Rate — 10 Year Trend



### Unfunded Accrued Liability — 10 Year Trend





**Investment  
Portfolio  
Section**

# Investment Overview

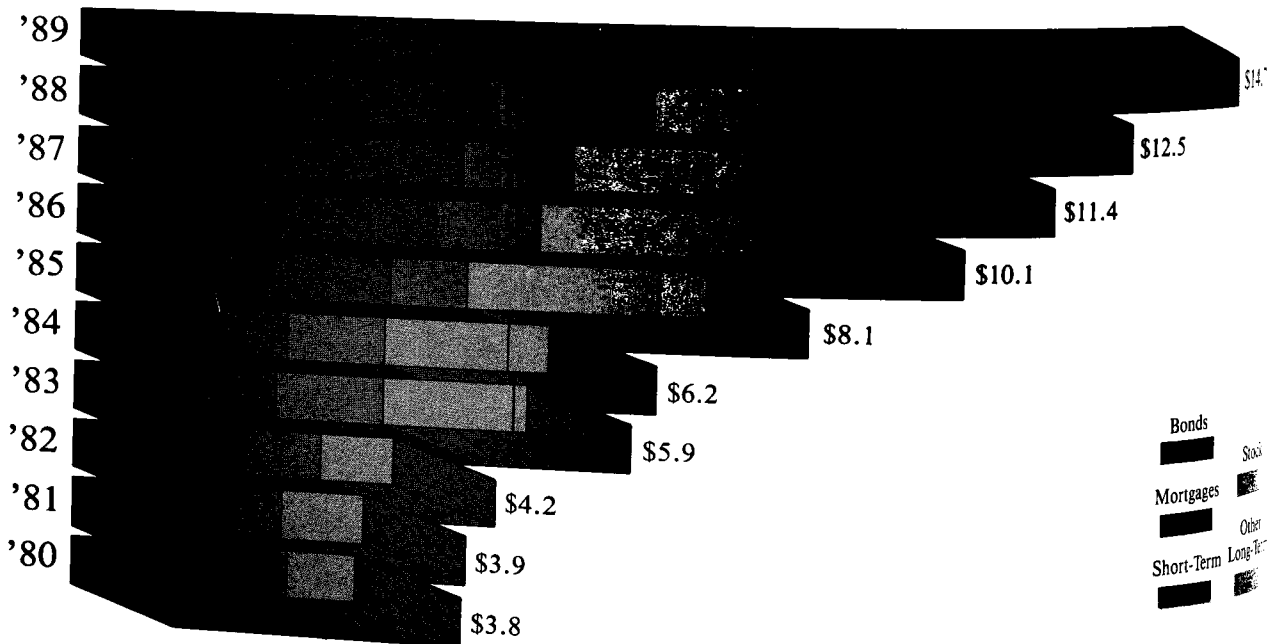
The Board of Trustees is dedicated to preserving the financial integrity of the Retirement Fund through a sound investment program. The investment policies and decisions of the Board are in constant focus with the long-term actuarial requirements of the System. All investments are made solely for the benefit of the active members and annuitants of the Retirement System.

The Board of Trustees, under the leadership of Board Chairman Freitag and Finance Chairman Harris, has followed a sound approach of diversifying investments among various asset classes in order to minimize possible negative impacts from adverse changes in financial markets. The Board continues its long-range strategic planning process which examines the real economic liability of the System and approaches investment risk as it relates to this liability. The result of this process will provide a closer focus on how and where better performance may be achieved through policy-guided strategic asset allocation decisions.

Through the Board's Chief Investment Officer, Clay B. Mansfield, the Board continues to practice a disciplined, measured step, strategic financial plan. The purpose is to move perspective on performance from quarter by quarter snapshots to actual financial performance measured through the liability side of the balance sheet. Such thinking is necessary if the Retirement Board is going to meet the mandates of the System's mission statement. Equally important in this process is understanding that the Board, by being financially driven, has established an operating plan that is effective in managing through all economic seasons.

The market value of the investments of the Public School Employees' Retirement System reached \$14.6 billion as of June 30, 1989. This is an increase from \$12.5 billion at June 30, 1988. A graphical representation showing the ten year trend of assets at market value follows.

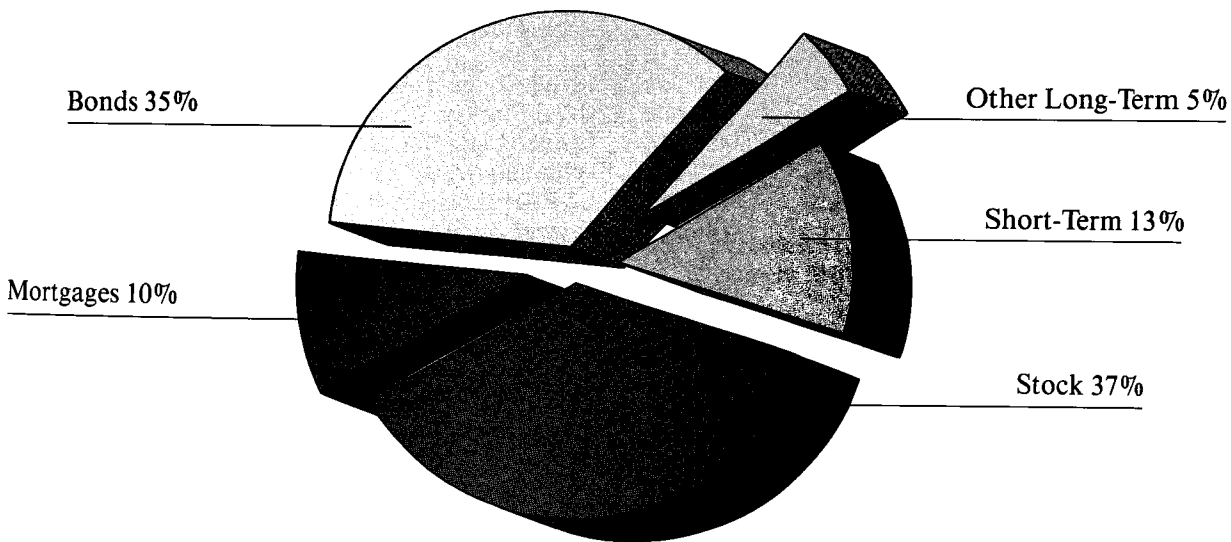
**Portfolio Distribution — 10 Year Trend**  
(Market Value - Amounts in Billions)



Investment Overview (Continued)

The composition of the Fund at market value was: corporate and government debentures, \$5.1 billion; common and preferred stocks, \$5.4 billion; mortgages, \$1.4 billion; other long term investments, \$.7 billion; and short-term investments, \$2.0 billion. The distribution by percent is illustrated in the chart below.

**Portfolio Distribution — 1989**  
(Market Value)



The time weighted rate of return for the fiscal year ending June 30, 1989 for the Fund's investments was 13.8%. This compares to a 2.6% return for the year ending June 30, 1988 and a 15.02% annualized return for the 5 years ending June 30, 1989.

Equities returned 20.2% this fiscal year, slightly less than the return of 20.5% for the Standard and Poor's 500 Index during that period. Equities had a -6.9% return for the fiscal year ending June 30, 1988.

The fixed income segment of the portfolio, consisting of corporate and government debentures and mortgage backed securities, returned 11.6% for the fiscal year compared to 12.3% for the Shearson-Lehman Government Corporate Index and 12.2% for the Salomon Broad Index. The fixed income return for the prior fiscal year was 7.3%.

Other long-term investments including equity real estate and mortgages returned 6.7% compared to 7.8% the prior year.

Short-term investments, composed primarily of the State Treasury Investment Pool, returned 8.6% compared to a 7.9% return on 90-day Treasury Bills. Short-term investments returned 6.8% last fiscal year.

**Investment Overview (Continued)**

The following chart lists the market value of assets, using a settlement date basis, under management by the System's funded investment advisors at June 30, 1989. The dollar value of cash equivalents held by the managers is also included in the Treasury portfolio total.

**Investment Managers  
Market Value (in thousands)**

<b>Equity Managers</b>		Loomis Sayles & Company, Inc .....	432,555
Mellon Capital Management .....	\$1,000,041	Criterion .....	296,889
Oppenheimer Capital Corp .....	879,278	Morgan Stanley .....	267,825
Delaware Investment Advisers .....	758,213	Global Fund .....	243,168
Mellon Bank, N.A. ....	578,546	Pittsburgh National Bank .....	216,652
Miller, Anderson & Sherrerd .....	506,466	Putnam .....	179,225
Cashman, Farrell & Assoc .....	492,281	The Fidelity Bank .....	177,885
Small Manager Fund .....	434,134		
Bankers Trust .....	337,365	<b>Other Long-Term Investment Managers</b>	
Dreman Value Management .....	332,604	The Fidelity Bank .....	382,716
Provident Capital Management Inc ....	181,084	Jones Lang Wootton Realty Advisors ..	288,759
Pilgrim Baxter .....	179,803	Commonwealth Venture Partners .....	20,000
Mackenzie Financial .....	165,751	APA/Fostin PA Venture Capital .....	20,000
Newbolds .....	146,316	Loyalhanna .....	15,000
Columbus Circle .....	66,497	Genesis Seed Fund .....	2,000
Security Pacific .....	63,051	CIGNA .....	1,025
Glenmede Trust .....	53,918	CEO Venture Fund .....	1,000
		NEPA Management Corp .....	985
<b>Fixed Income Managers</b>			
Mellon Bank, N.A. ....	2,613,537	<b>Short-Term Managers</b>	
In-House .....	858,234	Treasury, Commonwealth of PA .....	1,504,397
Miller, Anderson & Sherrerd .....	618,107	Delaware Investment Advisers .....	697,236
Pacific Investment Management .....	583,594		
Glenmede Trust Co .....	440,133	<b>Balanced Manager</b>	
		Mellon Capital Management .....	126,284

The System also has three option managers, Darien, Oppenheimer, and Webster who write covered index call options on \$900,000,000 of the equity portfolio.

Brokers fees on investment transactions for the fiscal year ending June 30, 1989 were \$6,711,550.

Investment management fees totalled \$23,778,536 this fiscal year compared to \$21,697,131 last fiscal year. A breakdown of investment fees paid follows:

**Summary Of Investment Fees  
Year Ended June 30, 1989**

Equity Managers .....	\$13,788,169
Fixed Income Managers .....	4,712,701
Real Estate Managers .....	2,999,849
Option Managers .....	450,253
Miscellaneous .....	1,827,564
	<u>\$23,778,536</u>

Investment Overview (Continued)

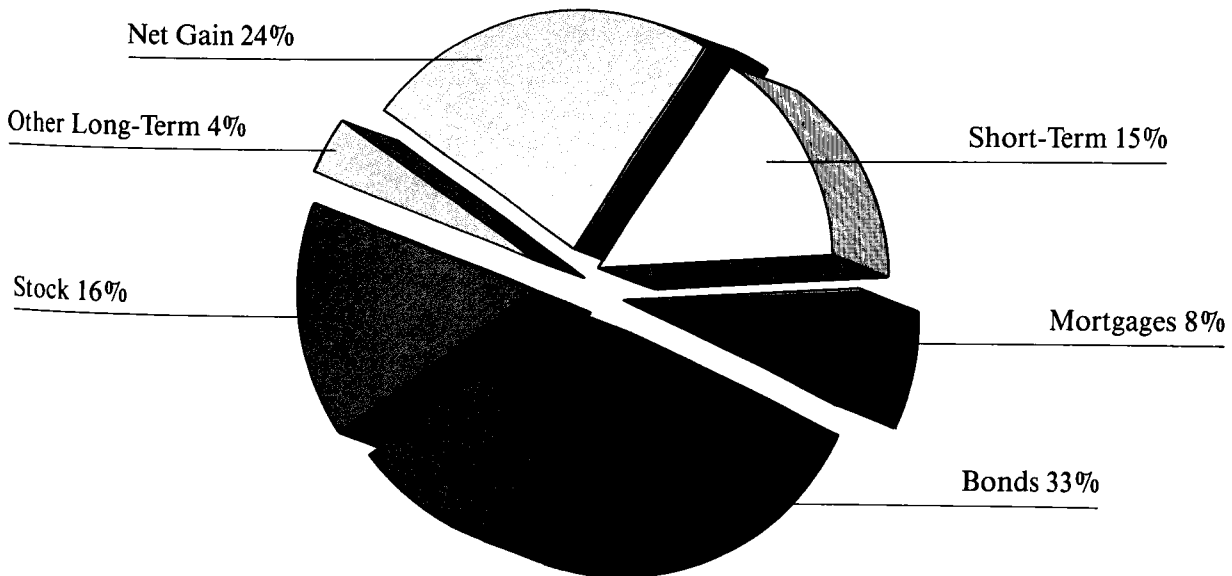
The next schedule shows the impact of investment transactions on book value for the major asset classes during the fiscal year.

**Summary of Investment Transactions**  
**Year ended June 30, 1989**  
**(Amounts in millions)**

Type of Investment	Book Value 6/30/88	Purchases	Sales	Gain/ (Loss)	Accretion/ (Amortiza- tion)	Book Value 6/30/89
Corporate and Government						
Debentures .....	\$4,242	\$7,423	\$6,647	(\$11)	(\$1)	5,006
Common and Preferred Stock .	3,932	2,330	2,103	291	0	4,450
Mortgage Investments.....	1,096	964	629	6	0	1,437
Other Long-term Investments ..	726	49	101	4	0	678
Short-term Investments .....	2,037	5,241	5,291	1	0	1,988
<b>Total</b>	<b>\$12,033</b>	<b>\$16,007</b>	<b>\$14,771</b>	<b>\$291</b>	<b>(\$1)</b>	<b>\$13,559</b>

Net investment revenue for the fiscal year ending June 30, 1989 exceeded \$1.1 billion, an increase from the prior fiscal year when net revenue was \$978 million. The components of investment revenue are shown in the following graph.

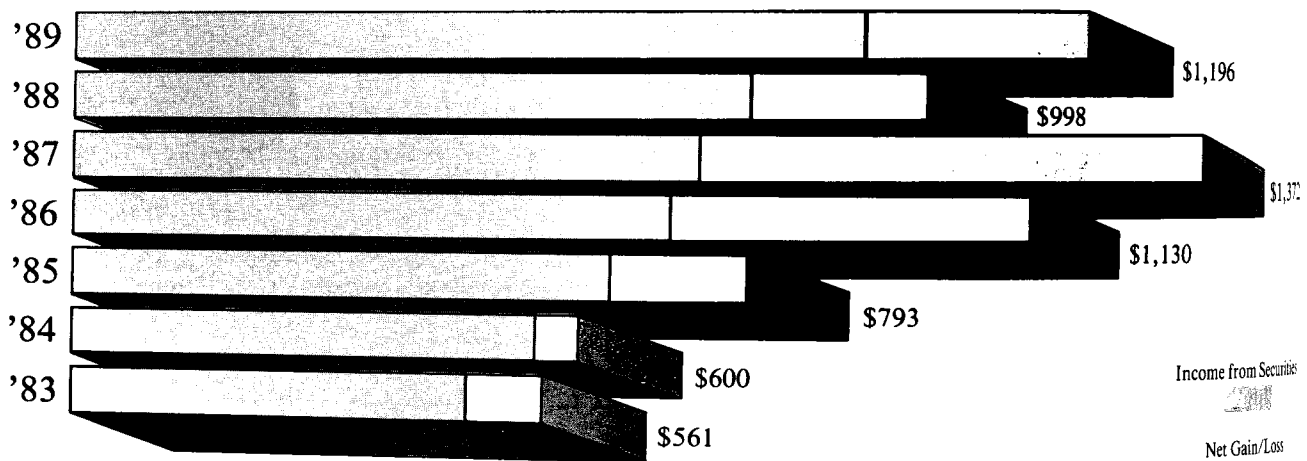
**Components of Investment Revenue — 1989**



**Investment Overview (Continued)**

The following graph illustrates the seven year trend of the components of investment revenue. In addition to realized gains and losses from the sale of investments, the category net gain/loss includes income from security lending, gains and losses on option overwriting, amortization of premiums and accretion of discounts.

**Components of Investment Revenue — 7 Year Trend**  
(Amounts in Millions)





## Portfolio Summary Statistics as of 6/30/89

### Trade Date Basis

Type of Investment	Book Value (\$)	% Book Value	Market Value (\$)	% Market Value
<b>Corporate and Government Debentures</b> <i>(detail begins on page 82)</i>				
U.S. Government & Agency Obligations ..	\$ 3,605,618,864	26.6%	\$ 3,688,556,610	25.2%
Corporate and Municipal Bonds .....	1,125,090,749	8.3%	1,150,467,634	7.8%
Convertible Bonds .....	113,154,215	0.8%	112,464,262	0.8%
Foreign Bonds .....	162,196,190	1.2%	159,803,624	1.1%
<b>Total</b>	<b>5,006,060,018</b>	<b>36.9%</b>	<b>5,111,292,130</b>	<b>34.9%</b>
<b>Common and Preferred Stock</b> <i>(detail begins on page 95)</i>				
Common Stock (140,245,508 shares) .....	4,396,744,391	32.4%	5,326,420,854	36.2%
Preferred Stock (1,437,141 shares) .....	53,062,315	0.4%	55,065,317	0.4%
<b>Total</b>	<b>4,449,806,706</b>	<b>32.8%</b>	<b>5,381,486,171</b>	<b>36.6%</b>
<b>Mortgage Investments</b> <i>(detail begins on page 140)</i>				
Government Agency Participating Mortgages .....	1,004,893,030	7.4%	1,025,373,526	7.0%
Other Participating Mortgages .....	231,781,453	1.7%	244,813,873	1.7%
FHA/VA Residential Mortgages .....	163,572,113	1.2%	150,011,984	1.0%
FHA Project Mortgages .....	36,240,804	0.3%	27,535,762	0.2%
Conventional Mortgages .....	314,446	0.0%	337,701	0.0%
<b>Total</b>	<b>1,436,801,846</b>	<b>10.6%</b>	<b>1,448,072,846</b>	<b>9.9%</b>
<b>Other Long-Term Investments</b> <i>(detail begins on page 149)</i>				
Real Estate Owned .....	204,003,446	1.5%	203,708,421	1.4%
Equity Real Estate .....	255,305,098	1.9%	288,463,196	2.0%
Equity Participating Mortgages .....	156,577,122	1.2%	179,332,756	1.2%
Venture Capital .....	60,012,325	0.4%	60,012,325	0.4%
FHA Debentures .....	2,342,225	0.0%	2,342,225	0.0%
<b>Total</b>	<b>678,240,216</b>	<b>5.0%</b>	<b>733,858,923</b>	<b>5.0%</b>
<b>Short-term Investments</b> <i>(detail begins on page 151)</i>				
PA Treasury Short-term Investment Fund	1,504,397,000	11.2%	1,504,397,000	10.3%
Other U.S. Short-term .....	411,873,824	3.0%	412,060,344	2.8%
Foreign Short-term .....	72,067,714	0.5%	72,388,119	0.5%
<b>Total</b>	<b>1,988,338,538</b>	<b>14.7%</b>	<b>1,988,845,463</b>	<b>13.6%</b>
<b>Grand Total</b>	<b>\$13,559,247,324</b>	<b>100.0%</b>	<b>\$14,663,555,533</b>	<b>100.0%</b>

**Portfolio Detail Statistics as of 6/30/89**  
**Trade Date Basis**

Description	Interest Rate (%)	Maturity Date	Par Value (\$)	Book Value (\$)	Market Value (\$)
<b>CORPORATE AND GOVERNMENT DEBENTURES</b>					
<b>U.S. Government &amp; Agency Obligations</b>					
Coupon Treas Receipt Int Pmt .....	10.37	05/15/93	4,980,000	2,815,336	3,640,875
Coupon Treas Receipt Int Pmt .....	10.37	05/15/94	12,014,250	6,124,942	8,115,625
Coupon Treas Receipt Int Pmt .....	10.37	11/15/94	12,481,125	5,980,014	8,100,250
Coupon Treas Receipt Int Pmt .....	11.12	08/15/93	1,001,250	550,411	717,595
Coupon Treas Receipt Int Pmt .....	11.62	11/15/94	10,695,000	5,186,033	6,941,025
Coupon Treas Receipt Int Pmt .....	12.00	02/15/90	4,980,000	4,140,323	4,738,475
Coupon Treas Receipt Int Pmt .....	12.00	02/15/94	11,481,250	5,996,970	7,909,425
Coupon Treas Receipt Int Pmt .....	13.25	11/15/94	2,802,375	1,351,125	1,818,750
Federal Farm Credit Banks .....	0.00	07/31/89	5,000,000	4,935,000	4,962,250
Federal Farm Credit Banks .....	0.00	07/10/89	13,000,000	12,822,965	12,970,450
Federal Farm Credit Banks .....	8.35	08/31/89	27,000,000	26,342,678	26,595,000
Federal Farm Credit Banks .....	8.70	09/07/89	4,000,000	3,933,300	3,935,000
Federal Farm Credit Banks .....	8.70	09/25/89	15,000,000	14,684,625	14,691,750
Federal Farm Credit Banks .....	8.70	09/28/89	11,000,000	10,760,750	10,766,000
Federal Farm Credit Banks .....	8.75	09/01/89	17,000,000	16,992,031	16,968,250
Federal Farm Credit Banks .....	9.00	09/20/89	15,000,000	14,576,250	14,709,750
Federal Farm Credit Banks .....	9.00	09/29/89	5,000,000	4,847,500	4,892,500
Federal Farm Credit Banks .....	9.25	07/17/89	17,000,000	16,742,285	16,931,450
Federal Farm Credit Banks .....	9.40	08/03/89	5,000,000	4,877,278	4,959,400
Federal Farm Credit Banks .....	9.55	07/23/90	10,000,000	10,085,927	10,100,000
Federal Farm Credit Banks .....	9.73	08/01/89	5,000,000	4,837,833	4,961,850
Federal Farm Credit Banks .....	9.80	11/01/89	6,000,000	6,001,875	6,015,000
Federal Farm Credit Banks .....	10.65	01/20/93	13,500,000	14,208,750	14,508,315
Federal Farm Credit Banks .....	11.50	01/20/92	10,000,000	10,618,209	10,715,600
Federal Farm Credit Banks .....	14.25	04/20/94	5,000,000	5,498,769	6,148,450
Federal Farm Credit Banks .....	15.65	10/23/89	4,000,000	4,165,205	4,080,000
Federal Home Loan Banks .....	0.00	11/20/89	15,000,000	15,000,000	14,990,750
Federal Home Loan Banks .....	6.70	03/26/90	20,000,000	19,971,378	19,687,600
Federal Home Loan Banks .....	7.70	08/26/96	3,375,000	3,040,137	3,225,150
Federal Home Loan Banks .....	7.87	10/25/93	10,000,000	9,581,250	9,846,900
Federal Home Loan Banks .....	7.95	09/27/93	3,200,000	3,069,472	3,155,000
Federal Home Loan Banks .....	8.05	02/25/93	10,000,000	10,027,532	9,953,100
Federal Home Loan Banks .....	8.15	04/27/92	2,000,000	2,000,000	1,986,500
Federal Home Loan Banks .....	8.25	09/25/96	10,000,000	9,894,236	9,846,500
Federal Home Loan Banks .....	8.82	11/28/89	20,000,000	19,122,900	19,300,000
Federal Home Loan Banks .....	9.15	08/21/89	10,000,000	9,791,583	9,874,600
Federal Home Loan Banks .....	9.25	11/25/98	3,000,000	3,000,000	3,145,500
Federal Home Loan Banks .....	9.35	08/18/89	7,000,000	6,821,831	7,002,100
Federal Home Loan Banks .....	9.35	08/25/89	5,000,000	4,998,047	5,000,000
Federal Home Loan Banks .....	9.40	08/22/89	7,280,000	7,065,200	7,186,500
Federal Home Loan Banks .....	9.50	01/25/93	10,000,000	10,000,000	10,390,600
Federal Home Loan Banks .....	9.53	10/20/89	15,000,000	14,997,656	14,990,750
Federal Home Loan Banks .....	9.63	07/18/89	14,535,000	14,150,077	14,472,750
Federal Home Loan Banks .....	10.00	03/25/92	500,000	500,000	519,500
Federal Home Loan Banks .....	10.20	04/20/91	10,000,000	10,000,000	10,000,000
Federal Home Loan Banks .....	10.30	07/25/95	6,800,000	7,021,000	7,250,500
Federal Home Loan Banks .....	10.30	09/25/90	4,300,000	4,451,846	4,377,500
Federal Home Loan Banks .....	10.70	01/25/93	5,000,000	5,028,577	5,367,500
Federal Home Loan Banks .....	10.80	03/25/93	9,250,000	9,231,113	10,021,500

### Portfolio Detail Statistics as of 6/30/89 Trade Date Basis

Description	Interest Rate (%)	Maturity Date	Par Value (\$)	Book Value (\$)	Market Value (\$)
<b>U.S. Govt. &amp; Agency Obligations (Continued)</b>					
Federal Home Loan Banks .....	12.50	09/25/90	10,000,000	10,230,251	10,446,900
Federal Home Loan Banks .....	14.12	07/25/89	14,900,000	15,251,700	14,969,881
Federal Home Loan Mtg Corp .....	9.00	07/27/89	10,000,000	9,930,000	9,934,600
Federal Home Loan Mtg Corp .....	9.15	12/01/89	10,000,000	9,990,625	9,993,800
Federal Home Loan Mtg Corp .....	9.25	07/17/89	8,700,000	8,574,817	8,664,939
Federal Home Loan Mtg Corp .....	10.90	03/30/90	5,000,000	4,858,891	5,077,350
Federal Home Loan Mtg Corp .....	11.85	08/30/91	15,170,000	15,134,368	16,156,050
Federal National Mtg Assn .....	7.70	12/10/96	3,425,000	3,069,121	3,281,595
Federal National Mtg Assn .....	7.75	11/10/93	12,450,000	11,664,289	12,306,078
Federal National Mtg Assn .....	7.95	02/10/93	2,650,000	2,531,578	2,630,947
Federal National Mtg Assn .....	8.15	08/12/96	5,000,000	4,986,413	4,912,500
Federal National Mtg Assn .....	9.15	04/10/98	10,000,000	9,959,445	10,450,000
Federal National Mtg Assn .....	9.40	08/10/98	10,000,000	9,953,125	10,518,700
Federal National Mtg Assn .....	9.55	03/10/99	1,950,000	1,950,000	2,083,458
Federal National Mtg Assn .....	9.75	02/10/99	6,000,000	5,992,500	5,949,360
Federal National Mtg Assn .....	10.90	01/11/93	3,000,000	2,887,215	3,235,320
Federal National Mtg Assn .....	10.95	03/10/93	16,700,000	18,018,116	18,156,073
Federal National Mtg Assn .....	11.15	06/12/95	19,150,000	20,709,257	21,436,127
Federal National Mtg Assn .....	11.50	02/10/95	5,000,000	5,331,101	5,639,050
Federal National Mtg Assn .....	11.70	05/10/95	4,900,000	5,487,775	5,599,769
Federal National Mtg Assn .....	11.95	01/10/95	4,600,000	5,048,638	5,278,500
Federal National Mtg Assn .....	12.00	04/10/92	10,900,000	12,277,814	11,823,121
Federal National Mtg Assn .....	12.65	03/10/14	10,000,000	11,000,000	11,628,100
Financing Corp Cpn Fico Strips .....	0.00	12/06/10	26,000,000	3,596,060	4,212,000
Government Trust Certificate .....	9.25	11/15/01	25,000,000	24,843,797	25,772,500
Student Loan Marketing Assn .....	7.35	05/04/93	10,000,000	9,480,969	9,671,900
Student Loan Marketing Assn .....	8.00	10/29/93	10,000,000	10,000,000	9,990,610
Student Loan Marketing Assn .....	8.80	12/03/92	10,000,000	9,989,116	10,203,100
Student Loan Marketing Assn .....	8.80	07/12/89	10,000,000	9,572,222	9,972,310
Student Loan Marketing Assn .....	8.95	08/22/89	15,000,000	14,772,521	14,808,150
Student Loan Marketing Assn .....	9.21	07/13/89	10,000,000	10,000,000	9,996,810
Student Loan Marketing Assn .....	9.25	06/13/90	10,000,000	10,006,250	9,987,500
Student Loan Marketing Assn .....	9.26	08/10/89	12,000,000	12,000,000	11,992,452
Student Loan Marketing Assn .....	9.46	11/09/89	4,000,000	4,000,000	3,995,004
Treasury Invt Growth Receipt .....	14.00	11/15/93	4,998,000	2,678,902	3,504,598
U S Treasury Bond .....	7.25	05/15/16	64,505,000	53,702,180	58,618,919
U S Treasury Bond .....	8.87	08/15/17	9,110,000	9,290,587	9,895,738
U S Treasury Bond .....	8.87	02/15/19	65,250,000	69,889,743	71,367,188
U S Treasury Bond .....	9.00	11/15/18	13,500,000	14,358,516	14,926,005
U S Treasury Bond .....	9.87	11/15/15	4,080,000	4,483,537	4,851,365
U S Treasury Bond .....	11.62	11/15/02	1,500,000	1,833,456	1,910,625
U S Treasury Bond .....	11.87	11/15/03	1,000,000	1,380,060	1,305,000
U S Treasury Bond .....	12.00	08/15/13	8,025,000	10,832,496	10,891,450
U S Treasury Bond Stripped .....	0.00	02/15/15	7,015,000	882,697	936,082
U S Treasury Bond Stripped .....	0.00	08/15/15	9,950,000	1,117,087	1,277,978
U S Treasury Bond Stripped .....	0.00	05/15/05	3,320,000	801,548	926,479
U S Treasury Bond Stripped .....	0.00	11/15/15	14,540,000	1,415,178	1,840,182
U S Treasury Bond Stripped .....	0.00	02/15/16	40,000,000	3,742,000	4,962,400
U S Treasury Bond Stripped .....	0.00	08/15/05	5,000,000	1,156,050	1,371,900
U S Treasury Bond Stripped .....	0.00	05/15/16	45,910,000	4,296,527	5,609,743

**Portfolio Detail Statistics as of 6/30/89**  
**Trade Date Basis**

Description	Interest Rate (%)	Maturity Date	Par Value (\$)	Book Value (\$)	Market Value (\$)
<b>U.S. Govt. &amp; Agency Obligations (Continued)</b>					
U S Treasury Bond Stripped	0.00	11/15/16	95,585,000	9,308,705	11,200,000
U S Treasury Bond Stripped	0.00	05/15/17	34,035,000	2,979,196	3,800,000
U S Treasury Bond Stripped	0.00	08/15/17	20,500,000	1,973,705	2,300,000
U S Treasury Bond Stripped	0.00	05/15/18	2,640,000	229,872	260,000
U S Treasury Coupon	13.37	02/15/92	4,146,250	2,800,600	3,270,000
U S Treasury Coupon	13.37	08/15/92	4,146,250	2,654,145	3,220,000
U S Treasury Note	6.62	12/31/90	10,500,000	9,923,682	10,200,000
U S Treasury Note	6.75	03/31/91	66,850,000	64,369,743	65,200,000
U S Treasury Note	7.00	01/15/94	4,000,000	3,608,125	3,850,000
U S Treasury Note	7.00	04/15/94	52,000,000	47,381,406	49,600,000
U S Treasury Note	7.12	10/15/93	102,625,000	95,297,024	98,900,000
U S Treasury Note	7.25	06/30/90	11,000,000	10,737,707	10,880,000
U S Treasury Note	7.25	07/15/93	10,550,000	10,056,677	10,230,000
U S Treasury Note	7.25	11/15/96	92,965,000	86,268,832	88,200,000
U S Treasury Note	7.37	01/31/90	20,000,000	19,809,067	19,860,000
U S Treasury Note	7.37	02/15/91	28,000,000	27,403,770	27,600,000
U S Treasury Note	7.37	03/31/90	25,300,000	24,958,657	25,080,000
U S Treasury Note	7.37	04/15/93	41,900,000	41,240,399	40,850,000
U S Treasury Note	7.37	05/15/96	138,550,000	130,568,607	132,800,000
U S Treasury Note	7.50	08/15/91	71,000,000	72,371,899	70,100,000
U S Treasury Note	7.62	04/30/90	10,000,000	9,958,803	9,940,000
U S Treasury Note	7.62	05/15/93	28,600,000	27,006,344	28,110,000
U S Treasury Note	7.87	05/15/90	45,000,000	44,957,377	44,810,000
U S Treasury Note	7.87	06/30/91	55,000,000	54,632,570	54,660,000
U S Treasury Note	7.87	10/31/89	10,000,000	9,951,563	9,950,000
U S Treasury Note	8.00	06/30/90	44,300,000	44,183,355	44,160,000
U S Treasury Note	8.00	07/15/94	6,000,000	5,668,125	5,970,000
U S Treasury Note	8.12	02/15/98	15,000,000	14,878,872	14,940,000
U S Treasury Note	8.12	05/15/91	105,000,000	105,153,216	104,960,000
U S Treasury Note	8.12	05/31/90	35,000,000	34,579,285	34,900,000
U S Treasury Note	8.12	06/30/93	4,000,000	3,994,375	3,990,000
U S Treasury Note	8.25	02/15/93	3,250,000	3,090,547	3,260,000
U S Treasury Note	8.25	06/30/92	39,000,000	38,326,154	39,100,000
U S Treasury Note	8.25	08/15/92	37,900,000	37,492,545	38,000,000
U S Treasury Note	8.25	12/31/91	10,000,000	9,960,885	10,000,000
U S Treasury Note	8.37	11/15/92	10,000,000	9,756,250	10,000,000
U S Treasury Note	8.37	12/31/89	10,000,000	10,000,000	9,980,000
U S Treasury Note	8.50	05/15/97	108,843,000	105,420,556	110,800,000
U S Treasury Note	8.50	09/30/89	10,000,000	10,001,563	9,990,000
U S Treasury Note	8.50	09/30/90	11,500,000	11,501,890	11,500,000
U S Treasury Note	8.62	01/15/95	2,000,000	1,922,813	2,000,000
U S Treasury Note	8.62	08/15/94	20,000,000	19,907,400	20,400,000
U S Treasury Note	8.62	08/15/97	45,500,000	44,086,279	46,600,000
U S Treasury Note	8.62	10/15/95	31,000,000	30,526,250	31,000,000
U S Treasury Note	8.75	01/15/93	5,000,000	5,011,719	5,000,000
U S Treasury Note	8.75	08/15/91	10,000,000	9,928,125	10,100,000
U S Treasury Note	8.75	09/30/92	15,000,000	14,777,344	15,200,000
U S Treasury Note	8.87	02/15/99	3,500,000	3,489,863	3,600,000
U S Treasury Note	8.87	02/15/19	4,500,000	4,618,594	4,900,000
U S Treasury Note	8.87	02/15/96	21,150,000	22,481,851	21,900,000

**Portfolio Detail Statistics as of 6/30/89**  
**Trade Date Basis**

Description	Interest Rate (%)	Maturity Date	Par Value (\$)	Book Value (\$)	Market Value (\$)
U.S. Govt. & Agency Obligations (Continued)					
U S Treasury Note	8.87	07/15/95	50,950,000	51,073,170	52,653,768
U S Treasury Note	8.87	11/15/97	93,800,000	93,403,936	97,698,328
U S Treasury Note	8.87	11/15/98	26,000,000	25,644,791	27,186,340
U S Treasury Note	8.87	11/30/90	10,000,000	9,977,604	10,081,300
U S Treasury Note	9.00	01/31/91	37,100,000	36,982,798	37,540,748
U S Treasury Note	9.00	05/15/98	25,000,000	24,804,644	26,281,250
U S Treasury Note	9.12	02/15/91	25,000,000	26,038,007	25,336,000
U S Treasury Note	9.12	05/15/99	2,500,000	2,596,328	2,673,438
U S Treasury Note	9.12	09/30/91	4,000,000	4,178,256	4,078,760
U S Treasury Note	9.12	12/31/90	10,000,000	9,984,375	10,121,900
U S Treasury Note	9.25	01/15/96	7,000,000	6,965,000	7,387,170
U S Treasury Note	9.25	08/15/98	92,275,000	95,028,006	98,532,173
U S Treasury Note	9.37	04/15/96	40,000,000	42,140,625	42,612,400
U S Treasury Note	9.50	05/15/94	1,000,000	1,028,906	1,055,313
U S Treasury Note	9.50	10/15/94	32,800,000	33,579,000	34,665,664
U S Treasury Note	9.50	11/15/95	30,500,000	34,416,515	32,453,830
U S Treasury Note	9.62	03/31/93	25,000,000	25,720,703	26,211,000
U S Treasury Note	9.75	10/15/92	9,000,000	9,041,080	9,407,790
U S Treasury Note	9.87	08/15/90	20,000,000	20,043,750	20,300,000
U S Treasury Note	10.50	01/15/90	11,600,000	11,613,547	11,712,404
U S Treasury Note	10.50	08/15/95	27,900,000	29,875,557	30,925,476
U S Treasury Note	10.75	07/15/90	49,000,000	50,404,405	50,056,440
U S Treasury Note	10.75	11/15/89	40,150,000	40,618,582	40,438,679
U S Treasury Note	10.87	02/15/93	15,000,000	16,550,567	16,237,500
U S Treasury Note	11.25	05/15/95	62,000,000	69,741,547	70,660,780
U S Treasury Note	11.37	05/15/90	44,000,000	46,026,821	45,072,720
U S Treasury Note	11.62	01/15/92	45,000,000	49,352,620	48,529,800
U S Treasury Note	11.75	01/15/91	17,700,000	18,307,450	18,562,875
U S Treasury Note	11.75	04/15/92	96,525,000	105,283,235	105,000,860
U S Treasury Note	11.75	11/15/93	116,870,000	128,271,116	131,880,783
U S Treasury Note	11.87	08/15/93	4,000,000	4,052,442	4,505,000
U S Treasury Note	12.25	10/15/91	10,000,000	11,181,449	10,831,300
U S Treasury Note	12.37	04/15/91	24,000,000	26,996,579	25,605,120
U S Treasury Note	12.62	08/15/94	15,250,000	16,288,572	18,052,188
U S Treasury Note	13.75	05/15/92	16,500,000	19,751,589	18,810,000
U S Treasury Note	13.75	07/15/91	20,000,000	23,782,573	22,031,200
U S Treasury Note	13.87	08/15/89	8,000,000	8,234,728	8,047,520
U S Treasury Note Stripped	0.00	05/15/92	25,500,000	16,940,515	20,274,795
U S Treasury Note Stripped	0.00	05/15/91	7,012,500	5,163,903	6,039,866
U S Treasury Stripped	0.00	02/15/94	5,000,000	3,374,759	3,448,450
U S Treasury Stripped	0.00	02/15/12	1,600,000	208,848	267,504
U S Treasury Stripped	0.00	05/15/93	15,100,000	10,214,285	11,060,750
U S Treasury Stripped	0.00	11/15/94	5,075,000	3,010,455	3,293,980
U S Treasury Stripped	0.00	05/15/00	10,000,000	3,720,138	4,153,100
<b>TOTAL</b>				<b>3,605,618,864</b>	<b>3,688,556,610</b>

### Portfolio Detail Statistics as of 6/30/89 Trade Date Basis

Description	Interest Rate (%)	Maturity Date	Par Value (\$)	Book Value (\$)	Market Value (\$)
<b>Corporate and Municipal Bonds</b>					
Air Products & Chemicals	11.50	05/01/95	2,500,000	2,573,618	2,662,500
American Express	8.75	06/15/96	10,000,000	9,960,000	12,404,900
American Express Credit	7.75	03/01/97	5,000,000	4,531,051	4,751,000
American General Fin	7.75	01/15/97	3,200,000	3,053,648	3,022,080
American General Fin	8.25	03/01/96	3,000,000	3,029,914	2,916,900
American General Fin	8.37	01/15/95	500,000	496,337	492,050
American General Fin	8.50	06/15/99	7,000,000	6,905,500	6,991,250
Amoco	7.87	08/01/07	5,000,000	4,243,900	4,575,000
Amoco CDA Pete	7.37	09/01/13	1,000,000	955,000	1,050,000
Arkansas Pwr & Lt	9.12	12/01/07	1,750,000	1,590,318	1,663,200
Associates Corp North America	9.70	05/01/97	15,500,000	15,484,500	16,186,650
Associates Corp North America	10.00	04/15/94	5,000,000	5,000,000	5,205,500
Associates Corp North America	10.75	11/01/95	5,000,000	5,348,200	5,554,500
Associates Corp North America	11.50	05/01/90	5,000,000	5,019,987	5,007,800
Associates Corp North America	11.62	12/01/89	5,000,000	5,113,141	5,050,000
Atlantic Richfield	10.50	10/15/95	5,000,000	5,218,593	5,231,250
Avco Financial	9.75	05/15/94	3,000,000	2,979,090	3,081,900
Baker International	6.00	03/15/02	2,000,000	1,460,800	1,567,400
Bank New York Depository	8.87	12/07/89	5,000,000	4,998,983	4,999,050
Bankers Trust New York	8.25	07/02/96	500,000	472,289	484,250
Barclays American	9.12	12/01/97	4,300,000	4,289,638	4,441,900
Baxter International	9.50	06/15/08	5,700,000	5,663,626	5,862,450
Bell Tel of PA	8.75	04/01/26	12,000,000	10,935,240	11,770,800
Bellsouth Cap	7.50	01/17/90	250,000	245,125	247,940
Beneficial	7.45	02/01/00	6,000,000	5,477,149	4,950,000
Beneficial	9.37	01/15/93	5,000,000	4,986,033	5,054,000
BMWCC Grantor	6.90	03/15/93	12,805,432	12,237,096	12,453,280
BP North Amer	9.87	03/15/04	5,000,000	5,000,000	5,379,500
Cass Twp Schuylkill Co	2.00	02/01/90	5,000	5,000	4,850
Cass Twp Schuylkill Co	2.00	02/01/91	8,000	8,000	7,400
Caterpillar Tractor	8.00	11/01/01	5,400,000	4,977,690	4,927,500
Centel Capital	9.87	10/01/98	10,000,000	9,932,500	10,237,000
Centrust Savings Bank Miami	8.50	02/15/18	5,000,000	4,984,390	4,995,300
Centrust Savings Bank Miami	10.00	10/27/97	6,450,000	6,470,664	6,901,500
Chesapeake & Potomac Tel	5.87	06/01/04	3,000,000	2,195,160	2,272,200
Chevron Cap USA	7.87	03/01/97	5,000,000	5,000,000	4,750,000
Chrysler	8.00	11/01/98	1,500,000	1,417,434	1,402,500
Chrysler Fin	8.50	02/01/18	6,200,000	5,985,542	6,130,500
Chrysler Finl	8.00	10/01/91	6,000,000	5,741,100	5,865,000
Chrysler Finl	8.12	02/15/94	6,500,000	6,128,720	6,183,100
CIGNA	9.50	09/21/94	5,800,000	5,687,190	5,800,000
Citicorp	8.00	09/01/96	6,000,000	6,000,000	5,755,000
City Financial	9.12	10/17/92	5,000,000	4,953,050	5,023,000
Cityplace Ctr East	8.45	11/15/89	8,000,000	8,009,965	7,980,000
Coastal Corp	7.87	02/15/95	9,800,000	9,746,428	9,614,700
Columbia Southern Power	8.48	11/15/91	5,900,000	5,649,250	5,689,800
Comfed Savings Bank Lowell	8.62	02/01/96	5,000,000	4,690,800	5,030,000
Commercial Credit	9.35	11/15/92	5,000,000	4,995,523	5,071,900
Commercial Credit	8.00	03/01/94	1,000,000	995,312	955,000
Commercial Credit	9.60	05/15/99	5,000,000	5,000,000	5,102,000

**Portfolio Detail Statistics as of 6/30/89**  
**Trade Date Basis**

Description	Interest Rate (%)	Maturity Date	Par Value (\$)	Book Value (\$)	Market Value (\$)
<b>Corporate and Municipal Bonds (Continued)</b>					
Commercial Credit .....	10.00	12/01/08	3,000,000	3,000,000	3,129,900
Commercial Credit .....	10.00	05/15/09	5,000,000	5,000,000	5,289,900
Connecticut Lt & Power .....	9.50	06/01/19	3,000,000	2,966,250	3,037,200
Consolidated Edison .....	4.40	06/01/93	7,000,000	7,000,000	6,192,200
Consolidated Nat Gas .....	8.75	06/10/99	9,000,000	9,000,000	9,000,000
Consumers Power .....	7.50	11/01/01	7,000,000	5,937,680	6,046,250
Consumers Power .....	8.62	10/15/07	6,500,000	5,555,381	5,906,875
Consumers Power .....	9.00	06/15/92	2,800,000	2,800,000	2,770,320
Consumers Power .....	9.75	07/01/06	3,000,000	2,740,339	3,000,000
Cooperative Utility .....	8.92	03/15/19	10,000,000	10,000,000	10,023,500
Corestates Cap .....	8.50	04/01/96	5,000,000	5,074,014	4,976,500
Crossland Coml Edg .....	9.50	06/15/93	7,000,000	6,984,040	7,141,400
Deere & Co .....	8.95	06/15/19	5,000,000	4,962,500	5,025,500
Detroit Edison .....	9.37	08/15/92	4,000,000	3,980,643	3,993,200
Duke Power .....	7.50	03/01/97	5,000,000	4,885,752	4,682,500
East River Savings Bank New York .....	8.37	03/01/93	6,500,000	6,347,705	6,402,500
Eastman Kodak .....	7.25	04/15/97	500,000	469,455	475,000
Eastman Kodak .....	9.12	03/01/98	10,000,000	10,000,000	9,814,000
Eastman Kodak .....	9.37	03/15/03	10,000,000	9,575,739	9,822,000
Eastman Kodak .....	9.87	11/01/04	2,500,000	2,496,875	2,537,750
Eastman Kodak .....	10.05	03/15/94	10,000,000	10,000,000	10,200,000
Enron .....	9.50	09/15/93	5,000,000	4,918,800	5,038,500
Enron .....	9.62	06/01/93	5,000,000	4,975,255	5,056,000
Equitable Gas .....	6.25	09/01/92	1,746,000	1,746,000	1,590,711
Exxon Cap .....	4.50	05/08/96	7,000,000	5,300,400	5,618,900
Exxon Shipping .....	7.50	10/01/11	500,000	463,400	475,000
Federal Express .....	9.00	02/01/91	1,250,000	1,247,261	1,248,375
First Interstate Realty .....	0.00	03/01/02	27,616,410	7,646,294	7,646,294
First Intst Bancorp .....	9.70	08/15/00	3,000,000	3,059,705	3,000,000
First National Bank Chicago .....	10.20	03/06/91	5,000,000	4,994,300	4,802,600
First Nationwide Bank .....	9.08	06/25/93	6,900,000	6,891,030	6,956,097
Florida Power & Light .....	9.75	04/01/17	7,000,000	6,771,450	7,389,200
Ford Motor Credit .....	8.00	08/15/93	3,000,000	3,031,251	2,922,900
Ford Motor Credit .....	9.12	08/15/94	5,000,000	5,024,500	5,055,500
Ford Motor Credit .....	9.20	05/01/95	500,000	487,682	506,570
Ford Motor Credit .....	9.87	01/15/94	10,000,000	9,961,248	10,232,000
Ford Motor Credit .....	11.00	06/01/95	5,000,000	4,986,899	5,273,500
Fort Howard .....	14.12	11/01/04	5,000,000	2,512,500	2,573,000
Fulton Federal Savings .....	10.37	04/01/93	6,000,000	6,126,240	6,277,500
Gannett .....	7.12	11/01/91	5,000,000	4,693,250	4,857,500
General Electric .....	4.12	04/15/93	10,000,000	8,007,540	8,643,000
General Electric .....	8.25	05/01/18	500,000	494,840	496,250
General Electric Cap .....	8.75	10/01/92	4,000,000	3,982,640	4,011,200
General Electric Credit .....	8.75	11/15/92	5,500,000	5,386,040	5,516,500
General Motors .....	7.40	02/25/92	2,000,000	1,906,054	1,925,000
General Motors .....	8.12	04/15/16	10,000,000	8,343,081	9,051,000
General Motors .....	9.75	05/15/99	4,000,000	4,000,000	4,167,200
General Motors Acceptance .....	7.25	03/01/95	20,000,000	17,576,756	18,400,000
General Motors Acceptance .....	7.30	03/01/91	2,000,000	1,940,658	1,948,000
General Motors Acceptance .....	7.95	02/18/91	500,000	497,029	492,235

**Portfolio Detail Statistics as of 6/30/89**  
**Trade Date Basis**

Description	Interest Rate (%)	Maturity Date	Par Value (\$)	Book Value (\$)	Market Value (\$)
<b>Corporate and Municipal Bonds (Continued)</b>					
General Motors Acceptance .....	8.00	07/01/93	3,200,000	3,097,426	3,100,000
General Motors Acceptance .....	8.37	05/01/97	3,000,000	2,979,455	2,919,500
General Motors Acceptance .....	8.50	02/01/93	5,000,000	4,853,650	4,940,000
General Motors Acceptance .....	8.62	06/15/99	10,500,000	10,526,705	10,566,000
General Motors Acceptance .....	10.20	04/01/91	18,500,000	18,448,940	18,846,000
General Telephone Kentucky .....	5.25	10/01/89	1,600,000	1,600,000	1,584,000
General Telephone Michigan .....	5.37	12/01/89	1,500,000	1,500,000	1,476,000
General Telephone Ohio .....	5.25	10/01/89	1,550,000	1,550,000	1,533,000
Great Lakes Fed Savings & Loan .....	10.12	08/01/90	8,000,000	8,320,500	8,100,000
Great Western Bank .....	9.20	07/08/93	13,500,000	13,228,600	13,566,000
Green Acquisition .....	15.75	04/15/01	5,339	2,669	1,000
Green Tree Accep .....	8.25	06/01/95	2,500,000	2,201,620	1,835,000
GTE .....	10.75	09/15/17	10,000,000	9,800,683	11,249,000
Hallwood Group .....	13.50	07/31/09	16,000	8,080	13,000
Harvard Inds .....	14.25	11/15/98	3,000,000	2,970,000	3,093,000
Hecla Mining .....	0.00	06/14/04	1,150,000	357,498	363,000
Hertz Penske Truck Leasing .....	11.50	07/15/97	2,500,000	2,500,000	2,519,000
Home Owners Fed Savings & Loan .....	10.00	10/27/97	3,700,000	3,682,702	3,939,000
Hospital Corp America .....	9.00	03/15/16	2,500,000	1,691,000	1,790,000
Hospital Corp America .....	15.75	07/01/03	3,600,700	2,299,945	2,412,000
Household Finance .....	4.87	09/15/93	8,519,000	7,433,385	7,342,000
Household Finance .....	8.10	07/01/90	4,000,000	4,010,413	3,968,000
IBM Credit .....	8.37	11/01/90	5,000,000	4,994,947	4,975,000
Illinois Power .....	6.75	10/01/98	3,338,000	2,666,137	2,805,000
Imperial Savings & Loan .....	8.50	08/01/96	2,000,000	2,040,796	1,968,000
Inland Steel .....	7.90	01/15/07	3,000,000	2,316,559	2,400,000
Inter American Dev Bank .....	11.62	12/01/94	4,500,000	5,148,456	5,072,000
Interco .....	13.75	12/15/00	38,000	36,860	31,000
Interco .....	14.00	12/15/03	36,000	20,880	15,000
International Bk for Recon & Dev .....	9.02	08/17/89	15,000,000	14,785,775	14,826,000
International Bk for Recon & Dev .....	9.10	07/18/89	15,000,000	14,897,625	14,935,000
International Bk for Recon & Dev .....	9.45	07/05/89	5,000,000	4,929,125	4,994,000
International Bk for Recon & Dev .....	14.75	06/01/92	6,034,000	6,635,191	6,952,000
International Minerals & Chem .....	0.00	11/14/05	11,315,000	3,138,649	3,026,000
Internorth .....	9.62	03/15/06	6,400,000	5,966,574	6,342,000
Istel .....	12.50	01/15/01	2,500,000	2,492,100	2,512,000
ITT .....	8.87	02/01/08	6,100,000	6,100,177	6,103,000
ITT Financial .....	8.50	01/15/98	5,000,000	4,963,529	4,911,000
ITT Financial .....	8.55	06/15/09	5,500,000	5,425,585	5,516,000
James River .....	10.75	10/01/18	5,000,000	5,021,750	5,531,000
KFW Intl Fin .....	9.37	07/15/98	10,000,000	9,798,000	9,600,000
Kroger .....	12.87	01/15/99	5,100,000	5,100,000	5,245,000
Leader Fed Savings & Loan .....	10.87	01/01/92	5,000,000	5,203,418	5,049,000
Lomas & Nettleton Finl .....	0.00	09/03/01	29,300,000	8,875,982	8,570,000
Lomas & Nettleton Finl .....	10.75	07/01/93	3,000,000	3,000,000	2,475,000
Long Island Lighting .....	7.50	12/01/01	2,200,000	1,811,150	1,730,000
Long Island Lighting .....	11.37	04/01/93	2,000,000	1,997,500	2,070,000
Macy, R H & Co .....	16.50	11/15/06	2,000,000	1,084,063	1,141,000
Marine Midland .....	5.00	07/15/89	7,500,000	7,283,425	7,494,000
Marriott .....	9.37	06/15/07	8,000,000	7,979,600	8,186,000



**Portfolio Detail Statistics as of 6/30/89**  
**Trade Date Basis**

Description	Interest Rate (%)	Maturity Date	Par Value (\$)	Book Value (\$)	Market Value (\$)
<b>Corporate and Municipal Bonds (Continued)</b>					
Masco Corp .....	9.25	09/15/93	10,000,000	9,937,500	10,082,000
Masco Industries .....	10.00	03/15/95	1,500,000	1,490,644	1,475,250
Maxus .....	10.62	06/15/95	2,500,000	2,355,200	2,676,750
McDermott .....	10.25	06/01/95	2,500,000	2,441,000	2,437,500
McDonalds .....	7.25	11/01/91	5,000,000	5,016,236	4,853,150
McDonnell Douglas .....	9.00	07/01/93	3,600,000	3,463,056	3,600,000
Merrill Lynch Lqd Yld .....	0.00	02/21/06	4,000,000	1,013,438	1,045,000
Merrill Lynch & Co .....	0.00	10/08/91	755,000	577,575	622,875
MNC Financial .....	9.37	08/01/93	5,000,000	4,995,000	5,034,000
Morgan, J P .....	7.50	01/15/97	500,000	440,775	471,300
Morgan, J P .....	9.62	12/15/98	5,000,000	4,967,200	5,230,000
National Archives .....	8.50	09/01/19	2,000,000	1,993,480	1,993,480
National City .....	8.37	03/15/96	4,600,000	4,375,852	4,527,320
National Cr Card .....	9.70	02/17/92	13,500,000	13,448,281	13,743,000
National Med Enterprises .....	0.00	12/04/04	1,040,000	347,575	371,800
National Rural Utilities .....	10.50	07/01/95	2,000,000	2,043,968	2,071,260
National Steel .....	8.37	08/01/06	3,000,000	2,265,000	2,400,000
Natwest Cap .....	9.37	11/15/03	500,000	497,425	521,950
New England Tel & Tel .....	9.00	03/01/26	1,440,000	1,315,800	1,439,712
New York Tel .....	9.62	10/15/92	2,000,000	2,012,707	2,052,800
NIPSCO .....	9.05	08/01/91	10,000,000	10,000,000	9,950,000
North American Philips .....	8.75	03/01/17	4,500,000	3,844,063	4,378,950
Norwest .....	5.12	10/15/90	1,800,000	1,774,652	1,721,880
Norwest Financial .....	9.00	06/15/93	3,000,000	2,997,520	3,014,400
NY Life FDG .....	9.25	05/15/95	5,000,000	5,000,000	5,153,000
Occidental Pete .....	11.12	06/01/19	3,000,000	3,000,000	3,135,000
Ohio Edison .....	8.12	09/01/03	5,000,000	4,471,257	4,530,500
Owens Ill .....	0.00	06/01/03	3,000,000	1,625,625	1,785,300
Pacific Gas & Electric .....	8.37	07/01/96	3,000,000	2,763,600	2,932,500
Pacific Gas & Electric .....	13.00	04/01/93	2,000,000	2,075,766	2,241,800
Panhandle Eastern Pipeline .....	9.15	08/15/92	3,000,000	3,000,000	2,966,370
Pennsylvania Power & Light .....	9.25	03/01/98	9,000,000	8,917,998	9,106,200
Philadelphia Electric .....	8.25	08/01/96	1,500,000	1,374,420	1,395,945
Philadelphia Electric .....	9.12	03/15/08	1,700,000	1,517,250	1,581,000
Philadelphia Savings .....	12.00	11/15/94	8,550,000	9,558,334	9,675,180
Philadelphia Suburban Water .....	5.00	09/01/89	1,700,000	1,700,000	1,693,353
Pittsburgh National Bank .....	10.10	03/06/91	10,000,000	10,000,000	10,238,600
Portland General Electric .....	10.75	06/01/95	2,000,000	2,115,600	2,084,400
Potomac Electric Power .....	9.75	05/01/19	9,450,000	9,420,187	10,089,765
Private Expt Fdg .....	8.55	05/31/93	5,000,000	5,000,000	5,002,500
Private Expt Fdg .....	8.60	06/30/94	5,400,000	5,149,656	5,404,320
Private Expt Fdg .....	9.10	01/31/91	5,000,000	5,000,000	5,036,500
Private Expt Fdg .....	9.10	10/30/98	5,000,000	4,998,300	5,185,500
Private Expt Fdg .....	11.25	02/28/92	890,000	878,500	944,735
Public Service Elec & Gas .....	8.75	07/01/15	500,000	499,000	492,500
Public Service Elec & Gas .....	9.12	09/01/93	5,000,000	5,005,000	5,000,000
Public Service Indiana .....	8.87	10/01/08	5,000,000	4,515,195	4,618,750
Rochester Community Savings Bank .....	9.65	01/17/90	10,000,000	10,000,000	10,010,500
Rothschild .....	13.62	02/15/94	9,030	1,354	0
Ryder Sys .....	9.20	03/15/98	5,000,000	5,000,000	5,061,500

**Portfolio Detail Statistics as of 6/30/89**  
**Trade Date Basis**

Description	Interest Rate (%)	Maturity Date	Par Value (\$)	Book Value (\$)	Market Value (\$)
<b>Corporate and Municipal Bonds (Continued)</b>					
Santa Fe Southern Pacific .....	16.00	03/01/03	6,350,000	6,842,125	7,064,375
Schlitz Jos Brewing .....	9.50	12/01/99	1,000,000	867,774	1,023,300
SCI Holdings .....	0.00	12/05/92	9,800,000	6,304,954	6,754,160
SCI Holdings .....	0.00	12/05/93	5,000,000	2,895,750	3,076,500
Seamens Mtg Fin II .....	8.87	04/15/93	7,600,000	7,539,884	7,590,880
Sears Roebuck .....	13.25	09/01/92	5,000,000	5,426,902	5,503,150
Security Pacific .....	8.37	02/01/93	4,000,000	3,966,986	3,958,000
Security Pacific .....	8.48	03/01/93	500,000	495,625	491,980
Seven Up .....	7.50	05/15/97	3,500,000	3,275,000	3,242,750
Signal Cap .....	8.85	07/15/91	6,000,000	5,805,880	5,957,400
Signet Bank Virginia .....	9.25	12/15/91	5,000,000	4,996,897	4,999,350
Southern Bell Tel & Tel .....	6.00	10/01/04	2,200,000	1,602,194	1,703,240
Southern Calif Edison .....	10.00	01/15/20	10,000,000	9,880,500	10,923,000
Southwestern Bell Tel .....	8.25	03/01/14	7,500,000	6,975,000	6,900,000
St Paul Fed Bk .....	8.70	07/20/99	15,800,000	15,800,000	15,800,000
Supermarkets General Holdings .....	13.12	10/05/03	500	200	335
System Energy .....	10.50	09/01/96	4,000,000	3,851,578	4,135,200
Texaco Cap .....	8.25	01/15/00	2,000,000	1,997,740	2,000,000
Toledo Edison .....	11.25	09/01/97	2,000,000	2,000,000	2,168,200
Transamerica Financial .....	8.37	02/15/98	5,800,000	5,732,262	5,628,900
Transamerica Financial .....	10.25	09/16/90	9,000,000	9,000,000	9,125,100
Tri City Property Inv .....	0.00	03/01/98	10,010,522	3,175,804	4,504,735
Tri City Property Inv .....	0.00	03/01/97	10,010,522	4,328,592	4,504,735
Triton Energy .....	0.00	09/07/05	1,135,000	288,589	309,288
U S West .....	9.10	07/15/92	500,000	498,390	493,590
U S West Financial Services .....	9.80	05/15/91	15,000,000	15,000,000	15,161,400
Union Oil .....	8.50	04/01/94	4,000,000	3,920,902	3,921,200
United Air Lines .....	12.50	06/15/95	2,000,000	2,000,000	2,160,200
United Air Lines .....	13.00	06/15/98	12,500,000	13,404,500	13,677,500
United Tel Indiana .....	5.00	09/01/90	715,000	715,000	668,947
Victorian Pub Auth Fin .....	9.50	02/01/99	5,000,000	4,928,750	5,255,500
Virginia Elec & Pwr .....	9.35	06/23/98	500,000	500,000	509,025
Virginia Elec & Pwr .....	9.37	11/01/94	5,000,000	4,936,200	5,134,000
Volkswagen Mfg .....	8.50	09/15/91	868,415	868,415	795,199
Waste Management .....	0.00	04/13/12	4,270,000	1,144,600	1,355,725
Westinghouse Credit .....	8.37	03/01/96	5,500,000	5,195,673	5,304,090
Xerox .....	13.25	09/01/14	8,000,000	9,364,000	9,360,000
Xerox Credit .....	10.12	04/15/99	5,000,000	4,995,000	5,135,000
<b>TOTAL</b>				<b>1,125,090,749</b>	<b>1,150,467,634</b>

**Convertible Bonds**

Alabama Fed Svgs & Ln Assn .....	7.50	06/01/11	800,000	786,388	712,000
Alexander & Alexander Svcs .....	11.00	04/15/07	650,000	693,428	689,000
Alleghany .....	6.50	06/15/14	770,000	776,200	770,000
AMAX .....	9.23	04/15/95	3,300,000	2,941,261	2,574,000
Ameribanc Cap .....	8.00	04/01/95	260,000	293,925	283,400
American Bankers Ins Grp .....	9.75	12/01/04	565,000	616,019	591,800
American Brands .....	7.75	06/15/02	3,300,000	3,780,810	2,756,900

The Public School Employees' Retirement System of Pennsylvania

Investment Portfolio Section

**Portfolio Detail Statistics as of 6/30/89**  
**Trade Date Basis**

Description	Interest Rate (%)	Maturity Date	Par Value (\$)	Book Value (\$)	Market Value (\$)
<b>Convertible Bonds (Continued)</b>					
American Med Intl	9.50	11/15/01	118,000	114,688	116,820
Anadarko Pete	6.25	05/15/14	500,000	500,000	562,500
Anitec Image Technology	5.87	03/15/12	1,000,000	924,912	910,000
Apache	7.50	04/01/12	1,500,000	1,293,255	1,470,000
Ashland Oil	6.75	07/01/14	615,000	615,969	608,850
Avnet	6.00	04/15/12	2,000,000	1,540,000	1,570,000
AVX	8.25	05/15/12	575,000	572,125	626,750
Bally Mfg	6.00	09/15/98	625,000	578,688	587,500
Bank of Boston	7.75	06/15/11	4,400,000	5,094,037	5,412,000
Bergen Brunswig	7.62	07/01/10	220,000	216,049	266,200
Boise Cascade	7.00	05/01/16	300,000	320,250	318,939
Burnup & Sims	12.00	11/15/00	580,000	572,716	661,200
Businessland	5.50	03/01/07	600,000	476,750	474,000
Calfed	6.50	02/20/01	4,000,000	4,075,000	4,220,000
Chambers Dev	7.00	06/15/97	550,000	577,500	671,000
Champion Intl	6.50	04/15/11	215,000	243,530	226,019
Chock Full O Nuts	7.00	04/01/12	400,000	364,000	347,000
Chock Full O Nuts	8.00	09/15/06	300,000	282,000	280,500
CIGNA	8.20	07/01/10	1,800,000	1,765,141	1,809,000
Clayton Homes	7.75	02/01/01	662,000	612,580	638,830
Coast Svgs & Ln Assn	7.00	03/01/11	215,000	199,671	208,550
Comcast	0.00	01/15/95	820,000	634,668	803,600
Comprehensive Care	7.50	04/15/10	930,000	688,151	483,600
Computer Consoles	7.75	02/15/98	1,228,000	969,878	1,019,240
Control Data	8.50	06/15/11	650,000	610,188	630,500
Dana	5.87	06/15/06	1,500,000	1,351,750	1,335,000
Dixie Yarns	7.00	05/15/12	1,195,000	1,144,219	967,950
Fieldcrest Cannon	6.00	03/15/12	600,000	442,770	461,250
Fleming	6.50	06/15/96	1,520,000	1,520,625	1,520,000
Freeport McMoran	8.75	06/01/13	13,600,000	16,416,125	16,048,000
General Amern Transportation	5.75	03/01/99	500,000	526,250	610,000
General Instr	7.25	06/15/12	265,000	260,354	259,700
Great Amern First Svgs Bk	8.50	01/15/11	640,000	797,860	539,200
Great Lakes Fed S & L	7.25	03/01/11	136,000	115,608	92,480
Greenery Rehab Group	6.50	06/15/11	700,000	476,000	427,000
Guilford Mills	6.00	09/15/12	80,000	69,000	71,800
Hechinger	5.50	04/01/12	2,225,000	1,840,642	1,824,500
Hexcel	7.00	08/01/11	370,000	395,713	370,000
Holly Farms	6.00	02/15/17	305,000	287,963	352,275
Home Depot	6.75	05/15/14	370,000	370,000	373,700
Home Fed Svgs & Ln Assn	6.50	05/15/11	275,000	272,369	286,000
Humana	8.50	08/15/09	1,500,000	1,504,972	1,563,750
Inspiration Res	8.50	06/01/12	300,000	301,487	327,000
Interface	8.00	09/15/13	575,000	575,000	649,750
International Business Machines	7.87	11/21/04	3,940,000	4,100,380	3,920,300
Iverson Technology	8.25	09/01/02	1,132,000	663,005	667,880
Jacobson Stores	6.75	12/15/11	310,000	273,575	285,200
Kaman	6.00	03/15/12	1,500,000	1,232,787	1,140,000
Kerr McGee	7.25	06/15/12	1,445,000	1,527,750	1,663,556
LaFarge	7.00	07/01/13	1,500,000	1,476,875	1,455,000

**Portfolio Detail Statistics as of 6/30/89**  
**Trade Date Basis**

Description	Interest Rate (%)	Maturity Date	Par Value (\$)	Book Value (\$)	Market Value (\$)
<b>Convertible Bonds (Continued)</b>					
Legg Mason	7.00	06/15/11	785,000	656,520	575,013
Leggett & Platt	6.50	04/01/06	122,000	107,970	113,155
Liebert	8.00	11/15/10	100,000	112,300	126,375
Lionel	8.00	07/15/07	800,000	672,271	704,000
Lomas & Nettleton Finl	9.00	04/01/10	675,000	638,404	438,750
Lymphomed	5.50	03/15/12	520,000	236,600	343,200
Masco Corp	5.25	02/15/12	500,000	408,750	450,000
Masco Industries	6.00	12/15/11	550,000	411,125	396,000
Maxtor	5.75	03/01/12	1,150,000	648,970	598,000
Medco Containment Svcs	7.50	08/01/00	575,000	515,625	546,250
Metro Airlines	8.50	10/15/12	1,000,000	979,625	890,000
Morlan Intl	8.00	08/01/06	400,000	426,470	356,000
Nac Re	6.25	06/15/11	265,000	241,425	246,450
National Med Enterprises	8.00	05/15/08	1,620,000	1,530,050	1,652,400
National Med Enterprises	9.00	06/15/06	200,000	228,250	252,000
Natl Ed	6.50	05/15/11	840,000	805,050	690,900
Noble Affiliates	7.25	06/01/12	285,000	270,935	275,025
NV Ryan	10.00	06/15/02	300,000	255,375	258,000
Oakwood Homes	6.50	04/01/12	277,000	177,973	173,818
OHM	8.00	10/01/06	1,250,000	1,012,500	937,500
Old Natl Bancorp Ind	8.00	09/15/12	1,500,000	1,467,500	1,380,000
Old Rep Intl	8.00	06/01/15	515,000	457,025	442,900
Olsten	7.00	04/01/13	635,000	628,650	603,250
Omnicom Group	7.00	10/01/13	1,900,000	1,910,838	1,976,000
Oryx Energy	7.50	05/15/14	750,000	750,000	780,000
Perry Drug Stores	8.50	09/15/10	600,000	480,750	498,000
Petrie Stores	8.00	12/15/10	1,000,000	1,002,000	1,040,000
Pfizer	8.75	02/15/06	600,000	1,199,022	1,303,500
Plenum Publishing	6.50	04/15/07	1,605,000	1,513,328	1,524,750
Ply Gem Industries	10.00	10/01/08	550,000	462,125	456,500
Pope & Talbot	6.00	03/01/12	300,000	271,500	303,375
Porta Systems	9.25	12/15/00	300,000	302,250	297,000
Price	5.50	02/28/12	365,000	338,506	347,665
Prime Motor Inns	6.62	04/01/11	905,000	847,176	845,044
Prime Motor Inns	7.00	06/01/13	310,000	303,709	282,100
Quantum Chem	6.00	05/15/11	278,000	155,680	177,920
Raymond James Finl	7.50	06/15/06	100,000	93,250	104,500
Recoton	8.00	07/15/06	800,000	526,000	512,000
Rorer Group	7.75	02/01/13	675,000	745,738	754,315
Salick Health Care	7.25	02/01/01	655,000	622,521	556,750
SCI Systems	5.62	03/01/12	2,100,000	1,590,750	1,512,000
Seagate Technology	6.75	05/01/12	995,000	648,545	597,000
Service Corp Intl	6.50	04/15/11	140,000	158,573	134,400
Sikes	7.00	07/15/11	750,000	763,563	817,500
Southeast Bkg	4.75	10/15/97	22,000	20,295	22,495
Southeast Bkg Cap	6.50	03/15/99	560,000	518,935	543,200
Student Ln Marketing Assn	7.75	11/15/09	424,000	909,387	1,064,200
Tele Communications	7.00	10/01/12	520,000	491,555	613,600
Thermo Electron	5.75	04/01/12	920,000	689,951	910,500
Trinity Industries Leasing	6.75	04/01/12	195,000	208,417	257,400

### Portfolio Detail Statistics as of 6/30/89 Trade Date Basis

Description	Interest Rate (%)	Maturity Date	Par Value (\$)	Book Value (\$)	Market Value (\$)
<b>Convertible Bonds (Continued)</b>					
Union Carbide .....	7.50	04/15/12	125,000	116,100	118,750
Union Fed Svgs & Ln Assn .....	7.25	02/15/11	230,000	224,896	278,300
United Artists Communications .....	6.37	09/15/02	695,000	657,990	792,300
United Brands .....	5.50	02/01/94	1,519,000	1,343,118	1,321,530
United Telecommunications .....	9.75	09/01/10	405,000	506,421	611,550
Utilicorp Utd .....	6.62	07/01/11	1,000,000	907,500	891,250
VLSI Technology .....	7.00	05/01/12	825,000	562,198	552,750
Walshire Assurn .....	10.00	05/01/03	300,000	306,000	300,000
Watts Industries .....	7.75	03/15/14	820,000	820,675	877,400
Waxman Industries .....	6.25	03/15/07	1,000,000	968,750	945,000
Western Digital .....	9.00	06/01/14	450,000	450,000	423,000
Weston Roy F .....	7.00	04/15/02	1,450,000	1,298,875	1,261,500
Williams A L .....	7.25	06/01/06	1,300,000	1,088,750	1,079,000
Witco .....	5.50	03/15/12	1,500,000	1,240,634	1,245,000
Xerox .....	6.00	11/01/95	500,000	466,875	462,500
Zenith Electronics .....	6.25	04/01/11	140,000	108,850	112,350
<b>TOTAL</b>				<b>113,154,215</b>	<b>112,464,262</b>
<b>Foreign Bonds</b>					
			<i>(local currency)</i>		
World Bank .....	5.75	08/07/96	450,000,000	3,637,211	3,220,961
<b>AUSTRALIA</b>					
Australian Government Agency .....	12.00	07/15/99	3,500,000	2,591,180	2,434,268
Commonwealth of Australia .....	12.50	04/15/95	3,000,000	2,282,089	2,128,055
Commonwealth of Australia .....	12.50	01/15/98	150,000	108,745	107,248
New South Wales .....	13.00	06/01/90	250,000	182,932	182,259
New South Wales Treasury .....	11.50	07/01/99	1,950,000	1,236,732	1,262,595
<b>CANADA</b>					
Canadian Government .....	10.25	12/01/98	1,800,000	1,507,762	1,586,615
Canadian Government .....	10.25	12/05/90	15,000,000	12,281,079	12,531,750
Canadian Government .....	10.75	09/01/90	15,000,000	12,346,880	12,555,150
Manitoba Province .....	9.50	09/15/98	5,000,000	4,980,000	5,191,000
Mobile Oil Canada .....	8.37	02/15/93	6,250,000	6,081,125	6,171,875
Municipal Financial Authority BC .....	13.75	12/01/05	8,442,000	10,214,425	10,598,087
Ontario Providence Canadian Note .....	14.62	08/31/92	4,900,000	5,578,601	5,688,459
Toronto Dominion Bank Note .....	9.90	02/01/99	10,000,000	9,944,740	10,365,000
<b>FRANCE</b>					
French Government .....	8.12	05/25/99	7,500,000	1,109,691	1,087,255
French Government OAT .....	8.12	05/25/99	1,500,000	222,704	217,451
French Government OAT .....	8.50	05/25/99	6,000,000	910,663	869,400
French Government OAT Treasuries .....	8.50	10/25/19	1,500,000	219,575	216,094
French Government Treasuries .....	8.50	06/25/97	16,000,000	2,500,189	2,387,987
French Government Treasuries .....	9.50	06/25/98	50,000,000	7,774,883	7,896,684
<b>GERMANY</b>					
Bundesrepublik .....	6.00	04/20/98	24,000,000	11,353,149	11,630,160
Bundesrepublik Government Treasuries .....	6.12	03/20/98	5,000,000	2,529,127	2,445,330
Bundesrepublik Government Treasuries .....	6.37	01/20/98	4,000,000	2,086,700	1,984,942
Bundesrepublik Government Treasuries .....	6.37	11/20/98	2,000,000	1,072,091	995,544

**Portfolio Detail Statistics as of 6/30/89**  
**Trade Date Basis**

Description	Interest Rate (%)	Maturity Date	Par Value (\$)	Book Value (\$)	Market Value (\$)
<b>Foreign Bonds (Continued)</b>					
			<i>(local currency)</i>		
Bundesrepublic Government Treasuries ...	6.37	01/22/96	2,000,000	969,696	994,520
ISRAEL					
Israel Floating Rate Notes .....		05/01/94	10,000,000	10,000,000	10,000,000
JAPAN					
Japanese Government Treasuries .....	4.60	06/22/98	80,000,000	560,614	525,542
Japanese Government Treasuries .....	5.10	06/20/96	380,000,000	3,015,472	2,634,875
Japanese Government Treasuries .....	5.70	03/20/07	220,000,000	1,769,326	1,599,712
NEW ZEALAND					
Government Note .....	9.25	12/15/92	5,000,000	4,990,950	5,031,500
NETHERLANDS					
Dutch Government Bond .....	7.00	03/15/99	2,400,000	1,124,844	1,079,507
Dutch Government Bond .....	7.50	06/15/99	2,500,000	1,114,350	1,163,673
Dutch Government Treasuries .....	6.50	01/15/99	8,000,000	3,359,385	3,480,229
Government Agency .....	6.75	10/01/98	2,000,000	944,735	888,685
Government Agency .....	6.75	10/01/98	3,000,000	1,405,759	1,333,028
Government Treasuries .....	6.75	02/15/99	8,000,000	3,412,491	3,534,750
UNITED KINGDOM					
Government Treasuries - Exchequer .....	9.75	01/19/98	150,000	221,482	221,374
U K Conversion .....	9.00	03/03/00	1,450,000	2,432,554	2,061,318
U K Treasury .....	8.00	02/02/06	1,500,000	2,344,639	1,975,518
U K Treasury .....	8.50	07/16/07	3,500,000	5,172,310	4,904,417
U K Treasury .....	8.50	01/28/20	3,000,000	4,697,141	4,125,347
U K Treasury .....	8.75	09/01/97	2,250,000	3,607,301	3,150,660
U K Treasury .....	9.50	01/15/99	1,450,000	2,514,363	2,139,953
U K Treasury .....	11.75	01/22/03	320,000	565,652	555,465
U K Treasury .....	13.50	03/26/08	375,000	875,102	734,075
U K Treasury .....	15.25	05/03/96	200,000	384,539	373,412
U K Treasury Stock .....	8.75	09/31/97	1,250,000	1,960,929	1,750,367
U K Treasury Stock .....	9.00	11/17/94	1,250,000	2,000,283	1,791,522
<b>TOTAL</b>				<b>162,196,190</b>	<b>159,803,624</b>

### Portfolio Detail Statistics as of 6/30/89 Trade Date Basis

Description	No. of Shares	Book Value(\$)	Market Value(\$)
<b>COMMON AND PREFERRED STOCK</b>			
<b>Common Stock</b>			
A & W Brands .....	3,700	65,198	89,725
A T & E .....	2,700	32,481	35,775
AAR .....	8,100	134,714	235,913
Aaron Rents .....	5,300	92,310	64,925
Abbott Labs .....	491,100	19,344,922	28,483,800
Abitibi Price .....	38,807	1,008,982	601,509
Academy Ins. Group .....	19,699	105,928	32,011
ACME Cleveland .....	52,000	500,820	611,000
ACME Stl .....	2,400	60,900	49,200
Action Auto Rent .....	3,780	49,272	68,040
Actmedia .....	711	10,932	10,398
Acuson .....	7,900	154,287	249,838
Adac Labs .....	27,200	181,379	137,714
Adams Russell .....	2,500	33,722	38,283
ADC Telecommunications .....	4,021	64,628	58,305
Addington Res .....	4,000	46,020	67,000
Adia Services .....	2,300	61,019	55,200
Adobe Res .....	10,280	92,546	114,365
Adobe Sys .....	7,200	93,708	190,800
Advanced Micro Devices .....	168,200	2,564,885	1,639,950
Advanced Semiconductor Materials Intl .....	9,300	182,633	79,050
Advanced Telecommunications .....	4,600	81,789	83,375
Advanta .....	3,100	13,594	22,863
Aegon N V Ord Amer Reg .....	5,745	215,848	259,243
Aetna Life & Casualty .....	116,300	6,061,754	6,440,113
Affiliated Bankshares Colo .....	53,600	868,206	696,800
Affiliated Publications .....	74,200	673,261	955,325
Agency Rent A Car .....	7,296	31,763	145,920
Agnico Eagle Mines Ltd .....	6,800	101,728	51,000
Ahmanson H F & Co .....	51,000	763,227	1,122,000
Air Products & Chemicals .....	311,200	12,574,219	12,486,900
Air Wis Services .....	5,382	69,064	61,893
Airborne Fght .....	1,900	31,882	53,200
Airgas .....	2,100	43,638	46,463
Alaska Air Group .....	7,500	201,473	204,375
Albany International Cl A .....	6,500	87,945	127,563
Alberta Energy Ltd .....	100,000	1,170,575	1,504,260
Alberto Culver Cl A .....	2,000	49,410	71,500
Alberto Culver .....	9,825	56,146	460,547
Albertsons .....	221,100	7,373,218	10,557,525
ALC Communications .....	5,660	56,600	20,518
Alcan Alum Ltd .....	848,825	18,081,371	18,461,944
Alco Health Services .....	366	6,389	8,601
Alco Std .....	109,449	2,351,797	3,283,470
Aldus .....	3,700	72,261	58,275
Alex Brown .....	4,500	83,490	48,375
Alexander & Alexander Services .....	35,500	895,223	878,625
Alexander & Baldwin .....	44,200	1,304,782	1,558,050
Alexanders .....	1,400	68,642	90,125

**Portfolio Detail Statistics as of 6/30/89**  
**Trade Date Basis**

Description	No. of Shares	Book Value(\$)	Market Value(\$)
<b>Common Stock (Continued)</b>			
Alfa .....	5,800	77,024	66,700
Alico .....	2,800	79,434	100,450
Alleghany .....	2,324	152,389	209,160
Allegheny & Western Energy .....	2,800	18,578	21,000
Allegheny International .....	7,300	230,282	7,300
Allegheny Ludlum .....	16,900	467,430	559,813
Allegheny Power System .....	20,300	566,501	768,863
Allen Group .....	3,300	50,774	41,663
Allied Prods .....	1,800	26,568	35,100
Allied Signal .....	821,983	27,796,095	27,125,439
Alltel .....	16,090	370,610	750,196
Allwaste .....	4,100	57,011	69,188
Alpha Inds .....	4,900	101,954	22,050
Altera .....	5,000	43,125	36,250
Altos Computer Sys .....	7,600	95,724	47,500
Aluminum Co Amer .....	114,400	4,393,985	7,335,900
Alza Corp Cl A .....	10,000	211,862	305,000
Alza Corp Unit Exp .....	1,225	3,465	21,897
Amax Gold .....	21,450	265,000	292,256
Amax .....	206,100	5,215,952	4,972,163
Ambase .....	114,500	1,585,158	1,574,375
Amca Intl Ltd .....	36,000	133,830	144,000
Amdahl .....	262,500	4,522,415	4,396,875
Amdura .....	2,600	36,328	32,825
Amerada Hess .....	161,800	5,983,855	6,006,825
America West Airls .....	5,700	54,863	58,425
American Bankers Ins Group .....	4,300	52,267	44,615
American Barrick Res .....	21,100	430,658	495,850
American Building Maintenance Inds .....	1,100	37,286	38,088
American Brands .....	122,400	6,141,538	8,323,200
American Business Products .....	3,625	63,984	91,075
American Cap Mgmt & Research .....	12,600	269,489	116,555
American Contl .....	6,300	56,763	3,925
American Cyanamid .....	83,500	3,334,070	4,456,813
American Ecology .....	870	5,149	8,265
American Electric Power .....	747,700	20,002,899	20,748,675
American Express .....	1,400,556	39,257,542	46,568,487
American Family .....	1,138,392	16,384,998	18,214,277
American Financial Enterprises .....	2,800	50,484	62,650
American Fructose Cl A .....	2,100	17,346	30,450
American General .....	320,300	11,657,304	11,410,688
American Greetings .....	11,000	283,813	273,625
American Health Pptys .....	3,800	69,314	78,375
American Home Products .....	583,900	46,491,068	55,032,575
American Information Technologies .....	199,320	6,627,762	11,386,150
American International Group .....	451,200	29,328,617	36,942,000
American Medical Intl .....	112,500	2,209,896	2,559,375
American Mgmt Systems .....	3,200	52,496	36,000
American National Insurance .....	10,500	234,488	391,125
American Petrofina Cl A .....	3,400	204,749	294,875



**Portfolio Detail Statistics as of 6/30/89**  
**Trade Date Basis**

Description	No. of Shares	Book Value(s)	Market Value(s)
<b>Common Stock (Continued)</b>			
American President Cos Ltd .....	6,458	116,767	201,005
American Software Cl A .....	2,550	39,313	40,163
American Southwest Mtg Invts .....	5,500	59,978	22,688
American Stores .....	15,818	678,118	972,807
American Surgery Ctrs .....	40,700	181,239	407
American Telephone & Telegraph .....	972,800	23,060,579	34,048,000
American Television & Communications .....	56,700	1,358,379	2,884,613
American Water Works .....	11,300	115,071	197,750
Americana Hotels & Realty .....	3,500	88,672	52,063
Americus Tr/Gen Electric Unit 1 Pr .....	32,500	1,684,446	3,477,500
Amerifirst Bank Fed. Sav. Bk .....	3,600	60,408	31,500
Ameritrust .....	11,900	172,143	296,013
Ameron .....	3,000	101,812	108,000
Ames Department Stores .....	14,600	175,501	233,600
Ametek .....	20,600	214,482	293,550
Amgen .....	4,800	98,184	207,600
Amoco .....	1,016,600	35,461,844	44,857,475
Amoskeag Bank Shs .....	3,100	54,343	20,925
AMP .....	118,818	4,416,313	4,841,834
Ampco-Pittsburgh .....	34,300	442,913	497,350
Amplicon .....	2,500	41,250	35,625
AMR .....	160,300	8,247,178	9,798,338
Amre .....	4,500	67,653	33,750
Amsouth Bancorporation .....	9,450	165,203	256,331
Anacomp .....	12,400	99,572	74,400
Anadarko Pete .....	24,300	603,126	792,788
Analog Devices .....	19,333	365,135	202,997
Analogic .....	8,500	217,559	85,000
Anchor Glass Container .....	9,200	136,253	104,650
Anderson Expl Ltd .....	125,000	1,185,692	1,292,723
Andrew .....	3,900	151,496	84,825
Angelica .....	2,700	70,457	61,425
Anheuser Busch .....	338,729	9,130,844	14,141,936
Anthem Electronics .....	4,600	53,425	48,300
Anthony Industries .....	2,300	26,186	39,388
AOI Coal .....	8,600	50,003	24,725
AON .....	244,900	6,528,933	8,877,625
Apache .....	12,100	174,314	145,200
Apogee Enterprises .....	4,400	57,332	67,650
Apple Bank for Svgs NY .....	1,300	43,546	47,938
Apple Computer .....	517,400	18,653,810	21,342,750
Applied Biosystems .....	4,900	156,913	139,038
Applied Magnetics .....	3,885	27,275	47,106
Applied Materials .....	28,600	843,038	736,450
Applied Pwr Cl A .....	3,000	54,670	57,000
Arbor Drugs .....	2,650	35,775	41,738
Archer Daniels Midland .....	586,511	13,206,027	16,715,564
Archive .....	4,500	29,858	45,563
Arco Chemical .....	32,100	817,586	1,095,413
Arctic Alaska Fisheries .....	4,700	63,591	47,588

**Portfolio Detail Statistics as of 6/30/89**  
**Trade Date Basis**

Description	No. of Shares	Book Value(\$)	Market Value
<b>Common Stock (Continued)</b>			
Argonaut Group	25,700	991,234	1,477,720
Aristech Chemical	17,850	323,240	377,000
Aritech	1,180	16,230	17,700
Arkla	665,720	13,096,492	14,645,800
Armco	96,500	849,883	1,037,000
Armor All Products	5,900	71,272	120,500
Armstrong World Industries	194,200	6,510,010	8,617,200
Arnold Industries	1,800	43,236	60,000
Arrow Electronics	2,400	17,550	13,200
Arx	2,900	16,342	11,600
Asarco	4,600	92,060	129,500
Ashland Coal	4,700	51,254	69,200
Ashland Oil	22,800	759,784	880,000
Ashton Tate	6,700	138,456	117,200
Ask Computer Systems	5,200	100,595	65,500
Asset Invs	4,400	72,182	38,500
Associated Banc	2,000	35,560	37,500
Associated Communications	3,900	129,792	136,500
Associated Communications	3,700	119,362	129,500
Ast Resh	3,300	39,658	26,500
Astrotech Intl	937	103,513	1,500
Atari	16,300	169,110	136,500
Athlone Inds	1,500	33,608	29,200
Atkinson Guy F	2,500	38,733	40,000
Atlanta Gas Light	11,400	111,693	300,000
Atlantic Energy	16,900	457,042	608,000
Atlantic Richfield	250,900	19,848,738	23,490,000
Atlantic Southeast Airlines	3,700	31,950	59,200
Atlas	2,400	46,710	31,200
Atmos Energy	1,100	9,098	16,500
Augat	7,700	336,708	104,000
Ausimont NV	14,700	298,248	500,000
Autodesk	10,500	134,155	364,000
Automatic Data Processing	30,800	1,149,961	1,235,000
Avantek	8,700	248,779	42,000
Avatar Holdings	5,400	78,814	146,000
Avemco	2,800	70,022	64,000
Avery International	17,000	201,748	44,000
Avnet	813,000	17,093,786	19,000,000
Avon Products	34,159	1,107,968	1,225,000
Avondale Industries	4,300	64,581	81,000
AVX	4,100	117,881	76,000
Aydin	3,300	104,584	55,000
Bairnco	4,200	64,325	89,000
Baker Hughes	279,300	4,826,291	5,376,000
Baker J	3,400	40,834	55,000
Baldor Electric	3,100	82,047	87,000
Baldwin & Lyons Cl B	1,500	33,308	42,000
Baldwin Technology Cl A	2,200	48,741	52,000
Ball	11,900	245,230	

**Portfolio Detail Statistics as of 6/30/89**  
**Trade Date Basis**

Description	No. of Shares	Book Value(\$)	Market Value(\$)
<b>Common Stock (Continued)</b>			
Bally Manufacturing .....	15,600	333,286	378,300
Baltimore Bancorp .....	111,600	2,087,998	1,548,450
Baltimore Gas & Electric .....	77,900	1,977,158	2,434,375
Banc One .....	64,926	1,175,297	2,175,021
Banco Popular .....	6,400	90,496	124,800
Bancorp Hawaii .....	4,000	72,254	207,000
Banctexas Group .....	268	96,726	168
Bandag .....	22,800	1,201,709	1,698,600
Bank New England .....	26,950	575,420	576,056
Bank New York .....	368,635	11,365,781	17,970,956
Bank New York Wt. ....	40,000	222,500	480,000
Bank of Boston .....	398,250	10,466,649	11,399,906
Bank South .....	9,796	90,877	116,328
Bankamerica .....	272,200	5,542,252	7,213,300
Bankers Trust NY .....	81,200	3,468,064	3,907,750
Banks Iowa .....	500	32,765	36,875
Banks Mid Amer .....	540	94,670	5,265
Bankworchester .....	3,200	54,896	54,800
Banponce .....	1,600	38,016	44,200
Banta .....	3,100	34,248	75,175
Bard C R .....	19,200	329,671	415,200
Barnes Group .....	1,800	59,454	64,125
Barnett Banks .....	101,325	3,139,424	3,673,031
Baroid .....	23,300	66,598	230,088
Barry Wright .....	4,000	122,406	48,000
Bassett Furniture Industries .....	3,600	163,328	136,800
Battle Mtn Gold .....	23,550	358,566	312,038
Bausch & Lomb .....	73,925	2,684,079	4,056,634
Baxter International .....	563,981	11,715,289	11,702,606
Bay St Gas .....	3,750	57,375	76,875
Bay View Fed Svgs & Ln Assn San Mate .....	2,500	46,563	56,250
Baybanks .....	44,100	1,590,151	1,929,375
BB&T Financial .....	7,800	99,821	157,950
BCE .....	206,400	5,936,005	6,837,000
Bear Stearns .....	43,648	693,009	660,176
Bearings .....	5,750	96,838	153,813
Beckman Instrs .....	11,000	200,959	202,125
Becton Dickinson & Co .....	46,900	1,732,830	2,690,888
Bell Atlantic .....	324,080	20,422,461	28,357,000
Bell Industries .....	5,680	126,398	87,330
Bellsouth .....	266,048	7,289,216	12,737,048
Belo A H Cl A .....	6,600	141,077	231,825
Bemis .....	10,800	290,373	329,400
Beneficial .....	348,400	17,546,811	17,594,200
Bergen Brunswick Cl A .....	179,587	4,650,908	5,297,817
Berkley W R .....	3,300	90,189	104,775
Berkshire Hathaway .....	330	399,604	2,169,750
Berry Pete Cl A .....	2,000	56,560	51,250
Bethlehem Steel .....	41,000	770,401	861,000
Betz Labs .....	4,400	169,819	250,800

## Portfolio Detail Statistics as of 6/30/89 Trade Date Basis

Description	No. of Shares	Book Value(\$)	Market Value(\$)
<b>Common Stock (Continued)</b>			
Beverly Enterprises	17,400	317,599	139,200
Bic	3,400	47,053	87,875
Binks Mfg	1,000	26,135	29,750
Bio Rad Labs Cl A	2,200	41,966	32,722
Biocraft Labs	7,200	117,576	112,500
Biogen	8,600	103,286	97,822
Biomet	8,325	88,911	176,900
Birmingham Steel	168,400	4,357,483	3,915,200
Black & Decker	22,100	457,423	422,680
Black Hills	3,200	79,270	91,200
Blair	2,600	67,670	90,022
Block Drug Cl A	2,521	33,521	88,860
Block H & R	8,000	248,439	241,000
Blockbuster Entertainment	14,552	64,519	249,200
Blount Cl B Conv	6,100	92,081	70,122
BMA	35,400	1,050,638	1,141,600
BMC Software	6,000	71,805	114,722
Boatmens Bancshares	3,713	72,883	135,000
Bob Evans Farms	11,377	149,739	172,077
Boeing	649,100	17,879,674	31,156,800
Bohemia	1,751	34,442	31,000
Boise Cascade	243,299	8,794,731	10,796,300
Bolar Pharmaceutical	14,900	243,000	413,472
Bolt Beranek & Newman	6,800	98,412	54,400
Bonneville Pac	4,400	34,144	51,700
Borden	181,100	10,380,366	12,020,500
Boston Bancorp	3,700	55,149	61,972
Boston Edison	14,800	210,229	260,822
Boston Five Bancorp	2,800	44,184	34,500
Boulevard Bancorp	2,300	57,569	53,472
Bow Valley Industries	118,625	1,537,305	1,408,672
Bowater	13,200	400,074	359,722
Bowne & Co	10,600	91,680	133,822
Brady W H Co Cl A	1,600	38,448	45,222
Bralorne Res	37,100	172,984	8,222
Brand Cos	2,900	51,113	60,172
Braniff	5,700	51,471	41,222
Brascan Ltd Ord Cl A Conv	22,800	401,965	567,122
BRE Pptys Cl A	2,200	66,616	65,472
Briggs & Stratton	22,700	656,060	598,722
Bristol Myers	656,522	24,021,248	31,430,800
British Pete Plc Amern Depositary Sh.	346,500	19,854,851	19,447,222
British Telecommunications	276,400	12,172,879	11,021,472
Broad	8,596	53,280	89,172
Brooklyn Un Gas	11,500	252,813	313,222
Brown & Sharpe Mfg Cl A	1,600	26,586	21,222
Brown Forman Cl B	11,500	610,280	738,222
Brown Group	7,900	251,488	266,222
Brown Tom	1,070	189,441	5,222
Browning Ferris Industries	250,300	6,309,246	8,322,222

The Public School Employees' Retirement System of Pennsylvania

Investment Portfolio Section

**Portfolio Detail Statistics as of 6/30/89**  
**Trade Date Basis**

Description	No. of Shares	Book Value(\$)	Market Value(\$)
<b>Common Stock (Continued)</b>			
Brunos .....	27,300	114,969	324,188
Brunswick .....	49,600	450,992	837,000
Brunswick Mng & Smlt Ltd .....	100,000	965,096	887,931
Brush Wellman .....	5,700	174,913	146,063
Buffets .....	3,450	54,625	52,181
Builders Trans .....	51,700	875,955	529,925
Burlington Coat Factory Whse .....	5,400	192,214	124,875
Burlington Northern .....	809,900	18,179,830	19,437,600
Burlington Res .....	430,900	15,424,951	19,498,225
Burnham Pac Pptys .....	2,500	47,213	48,750
Burnup & Sims .....	4,500	76,702	97,875
Burr Brown .....	5,212	51,195	56,029
Businessland .....	12,300	139,359	149,138
Butler Mfg .....	3,300	96,014	122,100
C D I .....	3,150	56,838	103,163
C P T .....	7,700	113,346	5,775
C TEC .....	2,100	36,050	48,300
Cabletron Sys .....	2,000	31,000	26,250
Cablevision System .....	2,400	47,818	102,900
Cabot .....	9,700	310,458	378,300
Cadence Design Sys .....	42,000	775,852	635,250
Caesars NJ .....	7,600	134,386	197,600
Caesars World .....	40,400	859,745	1,454,400
Calfed .....	9,200	143,750	223,100
Calgon Carbon .....	26,600	541,007	937,650
California Energy .....	6,240	63,620	55,380
California Microwave .....	2,500	30,982	20,000
California Water Svc .....	1,800	49,554	43,200
Callahan Mining .....	3,628	88,693	50,792
Calmat .....	15,390	138,092	444,386
Calton .....	12,200	32,147	27,450
Cambridge Bioscience .....	4,000	59,620	41,000
Cameron Iron Works .....	14,200	311,977	319,500
Campbell Soup .....	79,400	1,673,580	3,960,075
Canada Packers .....	170,700	2,003,352	2,211,137
Canada Tungsten Mng Ltd .....	341,892	1,515,422	1,785,743
Canadian Marconi .....	11,100	214,457	146,387
Canadian Occidental Pete Ltd .....	23,200	288,934	411,800
Canadian Pac Ltd Ord .....	424,432	7,562,946	8,064,208
Canonie Environmental Svcs .....	2,300	52,969	45,425
Capital Cities ABC .....	12,000	3,591,578	5,580,000
Capital Holding .....	132,400	4,068,038	5,064,300
Cardinal Distr .....	1,600	33,200	37,200
Care Enterprises Cl A .....	2,850	35,363	534
Care Enterprises Cl B .....	5,700	64,929	1,072
Careercom .....	4,600	58,213	41,400
Carlisle Cos .....	2,700	74,130	109,350
Carnival Cruise Lines Cl A .....	30,200	305,052	581,350
Carolco Pictures .....	10,000	110,300	103,750
Carolina Freight .....	2,900	93,942	66,338

### Portfolio Detail Statistics as of 6/30/89 Trade Date Basis

Description	No. of Shares	Book Value(\$)	Market Value(\$)
<b>Common Stock (Continued)</b>			
Carolina Power and Light .....	30,300	783,594	1,227,150
Carpenter Technology .....	5,400	258,364	270,000
Carrington Labs .....	2,400	39,672	66,000
Carter Hawley Hale Stores .....	3,100	86,739	36,038
Carter Wallace .....	36,300	1,356,211	1,674,338
Caseys Gen Stores .....	3,800	56,164	34,675
Cash Amer Invt .....	3,400	43,740	50,155
Castle & Cooke .....	23,119	450,042	771,597
Castle A M & Co .....	2,050	31,618	31,775
Caterpillar .....	298,000	16,691,972	17,284,000
CB & T Bancshares .....	13,162	97,173	197,430
CBS .....	93,901	14,182,535	18,850,626
CCB Finl .....	1,000	35,530	38,375
Cellular Communications .....	9,433	174,185	372,604
Cellular .....	1,600	42,000	36,800
Centel Cable Television Cl A .....	1,500	56,295	67,500
Centel .....	124,575	4,176,139	6,353,325
Centerbank Waterbury Conn .....	5,000	60,775	65,000
Centerior Energy .....	55,661	1,144,392	1,001,898
Centex Telemanagement .....	2,600	32,578	44,200
Centocor .....	2,900	40,876	49,300
Central & South West .....	107,500	2,930,338	3,708,750
Central Bancshares South .....	5,900	47,879	90,717
Central Fid Banks .....	89,350	2,552,536	2,658,163
Central Hudson Gas & Electric .....	4,700	115,510	106,925
Central Ill Pub Svc .....	87,300	1,860,814	1,975,165
Central Jersey Bancorp .....	2,800	56,042	63,000
Central LA Electric .....	3,200	112,656	106,800
Central ME Pwr .....	9,200	146,538	172,500
Central VT Pub Svc .....	2,200	53,966	59,675
Century Communications Cl A .....	15,750	271,258	320,900
Century Tel Enterprises .....	70,825	1,407,142	1,983,100
Cetus .....	10,400	151,790	153,400
CF & I Steel .....	5,000	31,495	20,625
Chambers Dev Cl A .....	4,400	66,966	111,650
Chambers Dev .....	2,900	68,179	75,400
Champion International .....	542,667	17,452,885	18,043,675
Chaparral Stl .....	8,400	104,717	103,950
Charming Shoppes .....	55,600	882,488	868,750
Charter .....	13,300	52,854	61,500
Charter One Finl .....	11,600	97,530	179,800
Chase Manhattan .....	41,500	1,414,871	1,504,375
Chaus Bernard .....	9,200	221,021	57,500
Chemed .....	16,400	504,437	553,500
Chemical Bkg Cl B .....	14,900	108,025	61,400
Chemical Bkg .....	114,191	3,802,264	4,096,600
Chemical Waste Mgmt .....	36,400	1,052,828	1,246,750
Cherne Industries .....	6,900	54,545	32,750
Chesapeake .....	9,000	99,036	177,750
Chevron .....	369,700	14,294,499	19,963,500

**Portfolio Detail Statistics as of 6/30/89**  
**Trade Date Basis**

Description	No. of Shares	Book Value(\$)	Market Value(\$)
<b>Common Stock (Continued)</b>			
Chicago Milwaukee .....	600	66,994	84,450
Chieftain International .....	3,200	43,200	40,400
Child World .....	3,200	44,896	59,200
Chilis .....	2,700	42,804	78,975
Chips & Technologies .....	4,900	78,883	115,150
Chiron .....	5,500	124,190	94,188
Chris Craft Industries .....	7,678	129,207	311,919
Chronar .....	4,290	40,463	21,986
Chrysler .....	1,171,946	31,989,704	29,005,664
Chubb .....	31,175	1,720,973	2,131,591
Church & Dwight .....	6,100	33,744	77,013
Churchs Fried Chicken .....	1,816	20,651	10,442
CIGNA .....	399,800	21,802,563	22,338,825
Cilcorp .....	6,300	128,673	227,588
Cincinnati Bell .....	24,400	214,037	789,950
Cincinnati Financial .....	4,435	145,511	320,429
Cincinnati Gas & Electric .....	287,500	7,402,376	7,942,188
Cincinnati Milacron .....	139,700	3,291,406	2,794,000
Cineplex Odeon .....	17,600	190,413	211,200
Cintas .....	3,700	90,104	135,975
Cipher Data Products .....	6,000	150,571	47,250
Circle K .....	32,200	502,646	374,325
Circuit City Stores .....	27,500	1,031,732	1,237,500
Circus Circus Enterprises .....	12,156	90,357	490,799
Cirrus Logic .....	1,000	10,000	10,625
Citadel Hldg .....	1,100	41,399	43,038
Citicorp .....	1,099,100	27,916,662	34,209,488
Citizens & Southern .....	88,530	2,522,310	2,888,291
Citizens Bancorp MD .....	3,000	75,090	64,500
Citizens First Bancorp NJ .....	5,849	74,737	81,155
Citizens Utils Ser A .....	10,412	160,664	481,541
Citizens Utils Ser B .....	2,300	69,069	90,275
City National .....	6,880	61,049	188,340
Cityfed Financial .....	7,600	49,878	18,050
Citytrust Bancorp .....	6,800	310,235	240,550
Clabir .....	8,000	86,600	5,000
Clares Stores .....	7,400	58,497	65,675
Clarcor .....	4,100	95,715	137,350
Clark Equipment .....	1,600	39,848	58,400
Clayton Homes .....	6,625	56,709	57,141
Clean Hbrs .....	3,000	62,340	52,500
Cleveland Cliffs .....	5,653	118,473	158,284
Cliffs Drilling .....	1,413	22,201	13,423
Clorox .....	136,600	3,979,677	5,156,650
Clothestime .....	3,800	36,100	38,000
Club Med .....	7,100	172,090	143,775
CML Group .....	2,500	52,250	55,000
CMS Energy .....	581,900	9,641,585	18,038,900
CMS Enhancements .....	14,200	57,613	53,250
CNA Financial .....	32,900	1,400,796	2,434,600

## Portfolio Detail Statistics as of 6/30/89 Trade Date Basis

Description	No. of Shares	Book Value(\$)	Market Value(\$)
<b>Common Stock (Continued)</b>			
CNB Bancshares	2,600	53,378	55,900
Coachmen Industries	4,000	132,731	36,000
Coast Svgs Financial	72,700	1,187,874	1,354,038
Coastal	31,712	645,566	1,308,120
Cobe Labs	2,100	52,313	40,950
Coca Cola Bottling	3,400	93,218	108,800
Coca Cola	355,100	8,805,984	20,018,763
Coca Cola Enterprises	67,500	1,017,594	1,155,938
Coeur D Alene Mines Corp Idaho	2,800	59,534	50,050
Coherent	3,000	43,125	41,625
Colgate Palmolive	305,774	13,534,677	15,785,583
Collaborative Resh	7,700	108,533	14,438
Collagen	2,100	17,950	36,225
Collins Foods Intl	11,475	94,723	209,419
Colonial Life & Accident Ins Cl B	3,700	50,468	64,750
Colorado National Bankshares	35,300	670,661	679,325
Columbia Gas Sys	312,500	9,377,760	14,609,375
Columbia Pictures Entertainment	42,886	436,176	916,688
Columbia Svgs & Ln Beverly Hills	7,300	68,657	73,000
Combustion Engr	112,500	3,200,918	3,431,250
Comcast Corp Cl A	8,675	100,884	206,031
Comcast Corp Cl A Spl	136,005	2,124,038	3,094,114
Comdial	38,800	282,777	33,950
Comdisco	15,100	387,583	379,388
Comerica	181,195	7,024,348	9,693,933
Cominco Ltd	20,850	364,735	453,488
Commerce Bancshares	19,100	339,195	458,400
Commerce Clearing House	6,500	208,440	377,000
Commercial Intertech	7,246	97,787	151,260
Commercial Metals	3,866	75,836	81,669
Commodore Intl Ltd	8,900	423,598	122,375
Commonwealth Edison	685,900	20,086,656	25,892,725
Commonwealth Energy Systems Sh Ben I	3,300	69,725	111,375
Communications Satellite	8,800	350,638	321,200
Community Psychiatric Centers	72,675	1,828,542	2,198,419
Compaq Computer	157,500	10,327,568	14,371,875
Comprehensive Care	774	12,826	8,705
Compuchem	2,900	26,100	27,550
Computalog Gearhart Ltd	200,000	822,152	743,775
Computer & Communications Technology	4,500	95,491	12,375
Computer Assoc Intl	257,978	3,745,898	4,740,345
Computer Factory	3,630	50,837	39,935
Computer Language Resh	6,300	180,150	31,500
Computer Memories	23,700	185,004	35,555
Computer Products	9,800	97,854	20,825
Computer Sciences	35,800	1,393,229	1,875,025
Computer Task Group	3,000	42,090	34,875
Conagra	81,027	2,236,289	2,886,555
Concept	3,875	47,756	46,950
Connecticut Nat. Gas	2,000	32,560	34,775



**Portfolio Detail Statistics as of 6/30/89**  
**Trade Date Basis**

Description	No. of Shares	Book Value(\$)	Market Value(\$)
<b>Common Stock (Continued)</b>			
Conner Peripherals .....	11,000	99,000	127,875
Conquest Expl .....	13,073	127,980	32,683
Conseco .....	1,600	19,216	20,200
Consolidated Edison Co NY .....	167,200	3,924,757	8,485,400
Consolidated Freightways .....	28,500	745,250	822,938
Consolidated Natural Gas .....	42,400	964,930	1,918,600
Consolidated Papers .....	12,300	247,189	476,625
Consolidated Rail .....	532,100	15,587,061	19,155,600
Consolidated Stores .....	23,300	349,780	171,838
Constar Intl. ....	1,600	35,248	39,200
Constellation Bancorp. ....	2,100	56,700	72,450
Contel Cellular CI A .....	34,000	373,435	731,000
Contel .....	279,900	9,197,176	17,353,800
Continental Bk .....	119,275	2,471,104	2,832,781
Continental .....	197,900	8,472,568	6,778,075
Continental Information Sys .....	4,500	9,045	2,111
Continental Med Sys .....	3,700	33,874	30,988
Control Data .....	20,700	813,846	450,225
Convex Computer .....	7,000	67,375	84,000
Conwest Expl Ltd CI B .....	44,000	449,036	432,057
Cooper Cos .....	8,360	177,343	26,125
Cooper Dev .....	5,962	85,440	41,734
Cooper Industries .....	149,200	4,051,348	4,699,800
Cooper Life Sciences .....	730	49,304	3,650
Cooper Tire & Rubber .....	5,800	42,849	168,200
Coors Adolph CI B .....	24,500	557,434	456,313
Copperweld .....	2,500	33,825	31,250
Copytele .....	4,400	45,232	55,000
Cordis .....	4,300	79,894	60,200
Core Industries .....	6,400	97,309	80,000
Corestates Financial .....	8,500	183,217	394,188
Corning .....	70,916	1,848,162	2,641,621
Corona CI A .....	10,280	70,395	71,960
Corroon & Black .....	6,200	74,894	206,925
Cosmo Communications .....	13,600	179,846	27,200
Costco Whsl .....	6,900	93,702	152,663
Countrywide Cr Industries .....	5,800	33,408	50,750
Cousins Pptys .....	8,850	122,897	154,875
CPB .....	1,800	36,000	38,700
CPC International .....	150,200	7,753,206	9,349,950
CPI .....	7,600	102,012	182,400
Cracker Barrel Old Ctry Store .....	3,150	63,063	83,869
Crane .....	21,865	332,905	582,156
Crawford & Co .....	8,375	67,354	182,156
Cray Resh .....	20,600	928,443	1,019,700
Crestar Financial .....	41,500	913,058	1,203,500
CR Insd Mtg Invts Ltd Ptnshp B .....	3,200	44,432	36,800
Crompton & Knowles .....	4,000	62,798	89,500
Cross & Trecker .....	8,500	222,450	106,250
Cross A T CI A .....	6,000	98,574	217,500

**Portfolio Detail Statistics as of 6/30/89**  
**Trade Date Basis**

Description	No. of Shares	Bo Value
Common Stock (Continued)		
Crowland Svgs Fsb Brooklyn NY	10,500	155,000
Crown Books	2,000	40,000
Quincy Cent Pete Cl A	1,400	22,000
Chesterfield	4,000	110,000
Circuit Boards	3,740	66,000
CSX	459,955	13,320,000
CPA	1,102	47,000
Cuba	2,200	62,000
CCC International	10,125	91,000
Culture	2,800	56,000
Cullen Frost Bankers	2,400	81,000
Cabinet Software	13,800	312,000
Quamius Engine	9,200	606,000
Charles Burns Foods Cl A	1,200	31,000
Charles Wright	2,300	104,000
CS	5,800	133,000
Callops Industries	2,279	55,000
Express Semiconductor	82,200	881,000
Caprus Minerals	13,950	136,000
CS	1,013	19,000
D W C	4,600	59,000
CSI Sys	6,700	131,000
Dallas	5,000	95,000
Dallas Semiconductor	7,300	51,000
Dana	33,750	1,071,000
Danaher	8,600	99,000
Daniel Industries	4,697	56,000
Dart Group Cl A	400	33,000
Data General	63,100	1,337,000
Data Switch	18,700	224,000
Datapoint	7,600	179,000
Dataproducts	9,600	263,000
Datascope	1,200	53,000
Dauphin Deposit	11,130	245,000
Dayton Hudson	217,200	9,391,000
DCNY	4,200	118,000
Dean Foods	9,675	163,000
Deere	10,500	95,000
DeKalb Energy Cl B	84,500	3,465,000
DeKalb Genetics Cl B	2,300	37,000
Del Val Financial	3,050	52,000
Delchamps	785	12,000
Dell Computer	2,000	42,000
Delmarva Power & Light	7,000	84,000
Delmed	56,800	905,000
Delta Air Lines	32,700	194,000
Delta Woodside Industries	47,300	2,157,000
Deluxe	6,000	67,000
Denison Mines Ltd Cl B	108,500	2,477,000
	485,032	1,994,000

**Portfolio Detail Statistics as of 6/30/89**  
**Trade Date Basis**

Description	No. of Shares	Book Value(\$)	Market Value(\$)
<b>Common Stock (Continued)</b>			
Dennison Manufacturing .....	6,900	153,438	210,450
Deposit Gty .....	3,200	63,752	99,200
Desoto .....	3,300	96,464	120,863
Detroit Edison .....	74,300	1,133,076	1,541,725
Devon Group .....	3,900	58,617	67,275
Dexter .....	10,999	182,827	263,976
Di Giorgio .....	1,400	38,717	43,050
Diagnostek .....	6,700	49,413	42,713
Diagnostic Products .....	3,800	73,682	101,650
Diamond Shamrock R&M .....	10,726	261,286	233,291
Diasonics .....	21,500	286,923	61,813
Dibrell Bros .....	1,900	24,729	50,350
Diebold .....	6,150	371,563	267,525
Digital Communications .....	4,050	96,782	81,000
Digital Equipment .....	679,000	72,081,437	62,298,250
Digital Microwave .....	3,700	60,606	84,638
Dillard Department Stores Cl A .....	48,100	1,944,297	2,849,925
Dime Savings Bank NY .....	6,400	107,712	89,600
Dionex .....	4,800	124,992	87,600
Disney Walt .....	328,300	17,086,874	31,065,388
Diversified Energies .....	6,260	136,141	171,368
Dixie Yarns .....	1,400	25,214	27,650
Dofasco .....	150,000	3,253,636	3,192,039
Dollar General .....	9,260	114,913	98,388
Dominion Bankshares .....	170,200	2,838,814	3,382,725
Dominion Res Inc VA .....	55,400	2,165,650	2,444,525
Dominion Textile .....	150,000	1,896,920	2,021,349
Domtar .....	170,900	1,546,452	2,093,525
Donnelley R R & Sons .....	51,500	1,778,167	2,233,813
Dover .....	411,100	11,123,635	13,155,200
Dow Chemical .....	341,400	25,560,154	28,677,600
Dow Jones & Co .....	30,050	514,305	1,047,994
DPL .....	15,000	263,138	395,625
Dravo .....	4,200	57,670	78,750
Dress Barn .....	33,900	484,573	470,363
Dresser Industries .....	191,300	5,466,246	7,819,388
Dreyers Grand Ice Cream .....	2,100	36,481	51,450
Dreyfus .....	64,900	1,635,446	1,825,313
Drug Emporium .....	2,400	42,300	66,900
DSC Communications .....	34,356	501,855	425,156
DST Systems .....	11,600	86,275	147,900
Du Pont E I De Nemours .....	499,300	38,848,353	54,298,875
Ducommun .....	2,400	80,966	9,000
Duke Power .....	133,600	5,115,923	6,596,500
Dun & Bradstreet .....	174,425	7,832,213	9,964,028
Dunkin Donuts .....	6,000	95,881	231,750
Duplex Prods .....	2,200	39,072	44,825
Duquesne Lt .....	17,000	279,994	354,875
Durham .....	4,500	123,240	150,750
Durr Fillauer Med .....	5,375	77,810	114,891

### Portfolio Detail Statistics as of 6/30/89 Trade Date Basis

Description	No. of Shares	Book Value(\$)	Market Value(\$)
<b>Common Stock (Continued)</b>			
Dynamics Corp Amer	1,600	39,399	37,400
Dynascan	2,026	14,887	20,513
Dynatech	3,400	90,339	58,650
E M C	11,250	143,100	57,656
E Systems	14,500	506,433	436,813
E Z EM	2,200	28,600	25,575
Eagle Picher Industries	4,500	97,166	61,875
Easco Hand Tools	4,400	54,032	39,600
Eastern Enterprises	185,200	4,760,431	5,556,000
Eastern Utilities Assoc	5,300	87,516	186,825
Eastman Kodak	1,098,700	47,596,344	51,638,900
Eaton	63,850	2,941,222	3,862,925
Echo Bay Mines Ltd	27,900	236,390	394,088
Ecolab	10,500	134,375	267,750
Edison Bros Stores	5,100	179,697	290,700
EDO	5,250	94,746	49,875
Edwards A G	9,300	170,165	215,063
EG & G	185,700	6,830,363	6,081,675
Egghead	5,000	86,250	50,000
Ekco Group	5,200	134,320	15,600
El Paso Electric	9,900	163,835	87,863
Eldon Inds	3,600	47,544	58,050
Electro Rent	4,500	78,643	79,313
Electrosorce	1,700	5,419	5,738
Eljer Inds	2,020	47,213	56,308
Elscint Ltd	22,400	186,664	28,000
Elsinore	9,100	97,491	4,550
Emerson Electric	357,375	11,306,412	12,106,078
Emerson Radio	11,644	52,675	61,131
Empire Dist Elec	1,800	53,379	52,650
Employers Casualty	3,000	102,840	79,500
Emulex	5,600	133,267	50,400
Encor	53,900	116,838	118,466
Energen	3,600	56,772	81,000
Energy Conversion Devices	2,400	92,029	17,400
Energy Services	20,600	54,693	59,225
Engelhard	23,100	574,240	482,213
Engraph	3,333	41,871	42,496
Ennis Business Forms	3,500	91,543	111,125
Enron	290,500	11,218,965	13,326,688
Enserch	31,500	718,299	740,250
Ensource	4,010	124,119	41,103
Entergy	332,500	5,301,937	6,400,625
Enterprise Technologies	245,100	122,550	613
Enterra	2,900	53,694	33,713
Entertainment Pubg	2,000	46,310	31,250
Environmental Systems	6,500	152,679	72,313
Enzo Biochem	4,920	125,440	17,833
Equifax	9,900	113,664	331,650
Equimark	2,800	32,984	40,250

### Portfolio Detail Statistics as of 6/30/89 Trade Date Basis

Description	No. of Shares	Book Value(\$)	Market Value(\$)
<b>Common Stock (Continued)</b>			
Equitable Bancorporation Cl B .....	283	2,210	6,438
Equitable Bancorporation .....	29,764	494,088	736,659
Equitable Iowa Cl B .....	2,000	25,845	63,000
Equitable Res .....	5,925	112,320	240,703
Equity Oil .....	14,255	133,829	65,929
Erbamont N V .....	13,400	133,695	371,850
Esselte Business Systems .....	7,600	259,595	254,600
Esterline .....	3,900	130,809	44,363
Ethyl .....	40,200	1,012,693	1,055,250
Evans & Sutherland Computer .....	4,100	188,990	71,750
Everex Systems .....	8,800	59,664	94,600
Exchange Bancorp .....	136,125	1,151,110	2,331,141
Exxon .....	1,181,300	37,045,076	51,977,200
Fab Inds .....	1,500	42,015	51,563
Fairfield Cmnty .....	6,300	91,903	40,163
Falconbridge Gold .....	2,346	4,868	4,019
Falconbridge Ltd .....	81,948	1,917,282	1,864,317
Family Dollar Stores .....	74,550	937,828	922,556
Fansteel .....	3,400	40,052	39,525
Farm & Home Financial .....	2,900	55,100	42,050
Fastenal .....	1,900	44,650	48,450
Fay's .....	5,500	56,900	70,813
Federal Express .....	246,300	11,339,388	10,590,900
Federal Mogul .....	9,600	242,494	247,200
Federal National Mtg Assn .....	294,900	16,987,484	26,282,963
Federal Paper Board .....	78,200	1,723,422	1,749,725
Federal Signal .....	6,534	95,364	165,800
Ferro .....	15,000	718,750	701,250
FHP International .....	3,700	83,824	106,375
Fidelity Fed S&L Assn Tenn Nashville .....	1,400	42,742	33,950
Fieldcrest Cannon .....	4,800	81,388	123,600
Fifth Third Bancorp .....	5,425	86,149	276,675
Figgie Intl Holdings Cl A .....	1,600	114,448	123,200
Figgie Intl Cl B .....	700	39,256	59,500
Filenet .....	3,200	50,496	36,800
Finevest Foods .....	4,300	58,179	41,925
Finnigan .....	1,600	36,448	20,800
Firemans Fd .....	20,100	731,318	688,425
First Ala Bancshares .....	14,400	132,643	243,000
First Amer Bank .....	52,400	2,262,405	2,469,350
First Amern Corp Tennessee .....	64,600	1,383,140	1,518,100
First Amern Finl Corp CA .....	1,300	42,849	44,850
First Bancorporation OH .....	3,100	44,993	97,263
First Bk Sys .....	41,400	783,148	1,014,300
First Cap .....	2,700	71,981	62,775
First Cap Hldgs .....	8,800	70,735	79,200
First Chicago .....	329,300	12,174,616	13,542,463
First City Bancorporation TX .....	12,800	382,387	396,800
First Coml .....	3,000	48,150	54,750
First Comm .....	3,066	74,953	61,320

**Portfolio Detail Statistics as of 6/30/89**  
**Trade Date Basis**

Description	No. of Shares	Book Value(\$)	Market Value
<b>Common Stock (Continued)</b>			
First Constitution Financial	3,600	55,458	60,000
First Citizens Bancshares Cl A	1,600	52,848	40,000
First Eastern	1,600	44,048	50,000
First Empire St	2,700	135,281	170,000
First Executive	57,544	653,656	930,000
First Fid Bancorporation	64,380	1,755,260	2,090,000
First Finl Caribbean	1,900	15,022	20,000
First Finl Mgmt	2,415	73,094	60,000
First Florida Bks	14,500	386,241	420,000
First Hawaiian	2,000	20,548	70,000
First IL	7,168	40,763	60,000
First Interstate Bancorp Rights	6,000	0	30,000
First Intst Bancorp	60,700	3,111,316	3,760,000
First Mich Bk	2,100	46,060	45,000
First Midwest Bancorp	4,650	61,318	82,000
First Mississippi	7,700	87,059	121,000
First Ohio Bancshares	1,600	43,648	44,000
First PA	13,500	128,385	185,000
First Peoples Finl	1,400	50,400	52,000
First Republicbank Cl A	5,690	305,899	350,000
First Sec	5,600	145,433	155,000
First Sec KY	3,300	51,124	56,000
First Tennessee National	6,450	96,622	167,000
First Union	776,086	18,602,515	19,690,000
First Virginia Bks	7,600	150,319	224,000
First Wachovia	22,180	558,176	998,000
Firststar	8,000	97,006	213,000
Firstfed Financial	18,150	238,449	369,000
Firstfed MI	3,700	55,038	58,000
Firstier Financial	1,600	58,048	63,000
Firstmiss Gold	6,100	56,425	54,000
Fischbach	1,800	81,000	41,000
Fiserv	2,600	52,078	55,000
Fisher Scientific Group	14,199	219,454	312,000
Fleet/Norstar Financial Group	64,806	1,460,516	1,740,000
Fleetwood Enterprises	18,400	549,243	485,000
Fleming Cos	205,400	6,382,073	7,625,000
Flightsafety Intl	38,900	871,681	1,346,000
Floating Point Sys	4,200	140,275	110,000
Florida East Coast Industries	4,400	140,622	274,000
Florida Employers Ins Co Ord	4,000	47,120	48,000
Florida Federal Savings Bk	6,300	90,040	70,000
Florida National Banks	20,100	254,802	507,000
Florida Progress	19,000	362,809	678,000
Florida Rock Inds	4,500	47,933	167,000
Flowers Industries	15,975	126,901	295,000
Fluke John Manufacturing	3,664	97,800	86,000
Fluor	99,600	2,122,962	2,938,000
Fluorocarbon	2,300	30,211	31,000
FMC	48,900	1,046,187	1,890,000

**Portfolio Detail Statistics as of 6/30/89**  
**Trade Date Basis**

Description	No. of Shares	Book Value(\$)	Market Value(\$)
<b>Common Stock (Continued)</b>			
FMC Gold	22,400	255,408	221,200
FNW Bancorp	2,500	51,325	46,875
Fonar	6,375	30,454	4,182
Food Lion Cl A	55,700	174,553	612,700
Food Lion Cl B	54,900	206,650	651,938
Foothill Group Cl A	3,424	23,232	28,248
Ford Motor CDA Ltd	2,300	235,170	335,800
Ford Motor Co	1,584,850	64,750,380	76,865,225
Foremost Corp Amer	5,300	171,430	194,775
Forest City Enterprises Cl A	1,500	62,413	81,000
Forest Labs	6,600	110,182	204,600
Forest Oil	3,290	41,940	46,053
Fortune Financial Group	1,800	48,204	32,400
Forum Group	13,887	103,221	25,177
Foster Wheeler	113,100	1,602,270	2,106,488
Fourth Financial	6,457	100,833	156,582
Foxboro	5,800	199,140	174,000
FPL Group	76,100	1,868,736	2,349,588
Franklin Res	9,700	276,615	327,375
Freeport McMoran Gold	15,400	176,372	163,625
Freeport McMoran Inc	20,700	561,660	706,388
Freeport McMoran Res Prtnr L P	31,500	834,874	779,625
Freeport McMoran Copper Inc Cl A	16,000	198,990	262,000
Fremont General	5,400	93,664	86,400
Frischs Restaurants	1,480	36,153	30,710
FRP Pptys	3,000	18,876	48,375
Fruehauf Cl B	1,902	7,370	3,804
Fruit of the Loom Inc Cl A	16,500	97,637	177,375
Fuller H B	2,600	44,811	71,500
Fulton Financial	2,000	42,560	48,000
Fuqua Industries	10,400	257,618	312,000
Gallagher Arthur J & Co	5,000	146,650	100,000
Gannett	152,900	5,062,715	6,670,263
Gantos	14,800	347,800	344,100
GAP	90,600	3,276,487	3,601,350
Gateway Bank South Norwalk Conn	3,300	54,549	43,725
GATX	3,100	141,918	216,613
Gaylord Container Cl A	2,600	40,378	32,500
GEICO	5,900	735,809	817,888
Gemini II	99,200	1,270,910	1,562,400
Gencorp	13,377	144,838	210,688
Genentech	43,400	940,466	775,775
General Binding	3,050	62,017	99,888
General Cinema	55,900	831,279	1,334,613
General Communication Cl A	27,860	29,680	64,440
General Datacomm Industries	6,400	126,544	34,400
General Dev	3,004	34,840	37,550
General Dynamics	199,500	12,357,801	11,620,875
General Electric	1,799,700	65,725,727	92,909,513
General Host	54,000	593,494	438,750

**Portfolio Detail Statistics as of 6/30/89**  
**Trade Date Basis**

Description	No. of Shares	Book Value(\$)	Market Value
<b>Common Stock (Continued)</b>			
General Instr . . . . .	29,800	914,728	1,031,000
General Mills . . . . .	109,500	4,649,334	7,103,000
General Motors Cl E . . . . .	25,500	819,763	1,287,000
General Motors Cl H . . . . .	36,230	759,777	1,018,000
General Motors . . . . .	762,000	29,776,463	31,813,000
General Nutrition . . . . .	15,500	294,039	160,000
General Public Utilities . . . . .	442,600	13,481,965	17,814,000
General Re . . . . .	439,400	24,560,319	28,670,000
General Signal . . . . .	7,302	471,124	404,000
Genetic Instit . . . . .	6,000	118,980	156,000
Genex . . . . .	6,000	117,571	2,000
Genlyte Group . . . . .	4,200	27,256	46,000
Genrad . . . . .	7,100	318,401	48,000
Genuine Parts . . . . .	86,750	2,824,241	3,383,000
Geo Intl . . . . .	7,900	93,514	35,000
Georgia Gulf . . . . .	15,400	273,991	585,000
Georgia Pacific . . . . .	140,800	4,858,428	6,177,000
Gerber Products . . . . .	30,100	1,448,718	2,317,000
Gerber Scientific . . . . .	9,900	117,494	191,000
Germantown Svgs Bk . . . . .	8,100	79,650	107,000
Getty Pete . . . . .	6,366	126,157	139,000
Giant Food Cl A . . . . .	29,600	300,000	839,000
Gibraltar Financial . . . . .	7,700	95,058	2,000
Gibson Greetings . . . . .	4,400	64,813	99,000
Gilbert Assoc Cl A . . . . .	2,300	41,469	62,000
Gillette . . . . .	107,058	2,183,051	4,295,000
Gitano Group . . . . .	5,000	87,525	132,000
Glatfelter P H . . . . .	8,500	101,745	391,000
Glenfed . . . . .	10,900	90,384	239,000
Global Nat Res . . . . .	7,000	38,694	38,000
Golden Enterprises . . . . .	5,844	64,414	59,000
Golden Nugget . . . . .	15,900	251,939	357,000
Golden Poultry . . . . .	3,000	30,750	31,000
Golden Valley Microwave Foods . . . . .	3,300	69,399	75,000
Golden West Financial . . . . .	40,500	1,251,609	1,868,000
Goldome . . . . .	10,000	28,990	22,000
Goodrich B F . . . . .	26,700	1,323,506	1,498,000
Goody Prod . . . . .	1,800	32,904	30,000
Goodyear Tire & Rubber . . . . .	134,800	6,736,719	7,043,000
Goulds Pumps . . . . .	8,100	146,571	184,000
Grace W R & Co . . . . .	556,700	15,489,796	17,327,000
Graco . . . . .	2,400	54,349	43,000
Grainger W W . . . . .	16,600	623,919	1,033,000
Graphic Scanning . . . . .	15,800	132,090	179,000
Great Amern Communications . . . . .	12,300	151,659	141,000
Great Amern First Svgs Bk San Diego . . . . .	88,300	1,230,075	1,105,000
Great Atlantic & Pac Tea . . . . .	356,900	9,679,890	20,521,000
Great Lakes Bancorp . . . . .	2,300	43,442	44,000
Great Lakes Chemical . . . . .	7,000	249,708	516,000
Great Northern Nekoosa . . . . .	60,600	1,753,802	2,127,000



The Public School Employees' Retirement System of Pennsylvania

Investment Portfolio Section

Portfolio Detail Statistics as of 6/30/89  
Trade Date Basis

Description	No. of Shares	Book Value(\$)	Market Value(\$)
<b>Common Stock (Continued)</b>			
Great Western Financial	111,367	1,688,870	2,227,340
Greater New York Savings	4,800	63,000	55,200
Green Mountain Power	1,300	31,213	31,688
Green Tree Accep	5,400	56,282	42,525
Greenwich Pharmaceuticals	6,200	58,125	28,675
Greif Bros Cl A	2,100	85,901	92,400
Greyhound	212,700	7,420,398	7,098,863
Grossmans	8,600	58,308	73,100
Groundwater Technology	1,700	33,626	42,500
Grow Group	4,500	49,823	47,250
Grumman	20,800	590,715	426,400
GTE	215,600	7,055,787	11,399,850
GTECH	2,700	30,713	39,150
Guilford Mls	4,750	93,462	153,188
Gulf Broadcast Co Liq. Trust	22,800	0	2,850
Gulf CDA Res Ltd Ord	247,600	2,569,899	2,971,200
Gulf Res & Chem	3,600	41,958	40,050
Gulf Sts Utilities	47,300	666,120	520,300
Gundle Environmental Sys	3,900	60,828	77,513
GW Utilities Ltd	26,400	455,400	537,900
GWC	3,300	57,024	58,163
Hadson	10,200	88,461	43,350
Hall Frank B & Co	5,600	157,771	23,100
Halliburton	213,800	5,988,599	7,082,125
Hallwood Group	1,600	16,736	8,200
Hamilton Oil	7,266	88,686	236,145
Hancock Fabrics	16,122	264,627	421,187
Handleman	8,100	47,200	232,875
Handy & Harman	4,000	83,771	72,500
Hanna M A	6,050	94,549	138,394
Hannaford Bros	5,400	34,246	155,250
Hanover Ins	7,900	174,609	213,300
Hanson Plc Sponsored ADR	1,577,700	21,156,706	26,426,475
Harcourt Brace Jovanovich	7,600	151,013	110,200
Harken Energy	12,600	69,625	63,000
Harland John H	15,600	150,034	362,700
Harley Davidson	2,800	64,484	74,550
Harleysville Group	2,900	56,512	56,550
Harman Intl Inds	3,500	56,842	63,000
Harper Group	7,450	91,371	117,338
Harris	152,575	4,748,039	4,901,472
Hartford Steam Boiler	7,500	88,709	318,750
Hartmarx	13,800	350,486	339,825
Hasbro	26,400	299,361	547,800
Hawaiian Electric	8,000	122,381	264,000
HBO & Co	7,650	205,761	78,413
Health Care Ppty Invs	2,900	80,498	86,275
Health Care Reit	2,100	24,434	29,925
Healthco Intl	3,100	57,443	52,700
Healthdyne	4,100	41,251	20,500

**Portfolio Detail Statistics as of 6/30/89**  
**Trade Date Basis**

Description	No. of Shares	Bal Val
Common Stock (Continued)		
Acadlissouth Rehabilitation	2,800	
Beckinger Cl A	73,085	1,2
Beckinger Cl B	8,125	1
Becla Mining	8,185	1
Beckin Can	1,100	
Heilig Myers	7,200	
Heinz H J	78,600	2,1
Helene Curtis Inds	1,900	
Helmerich & Payne	79,300	1,7
Henley Group Cl A	175,346	11,3
Hercules	346,200	16,2
Hershey Foods	28,600	7
Hewlett Packard	255,500	11,9
Hexcel	1,900	
H J Shear Industries	2,300	
Hibernia Cl A	9,130	
Highland Superstores	9,500	1
Hiltbrand Industries	13,600	2
Hills Department Stores	6,300	
Hilton Hotels	27,100	8
Himont	24,400	1,1
Hogan Systems	10,500	2
Holiday	17,200	1,0
Holly	2,300	
Holly Farms	7,800	1
Home Ben Cl B	5,800	1
Home Depot	111,150	2,1
Home Office Reference Lab	10,900	1
Home Shopping Network	25,200	4
Home Svgs Bk NY	4,000	
Homefed	45,300	1,4
Homestake Mining	34,660	7
Hon Industries	10,400	1
Honeywell	250,900	15,9
Hormel George A	10,800	
Horn & Hardart	2,400	
Houghton Mifflin	7,600	
House Fabrics	6,300	
Household Intl	26,100	1,0
Houston Industries	69,200	1,7
Hovnanian Enterprises	7,400	
Howard Savings Bank NJ	46,600	8
Howtek	5,800	1
HRE Pptys	4,200	
Hubbell Inc Com Cl A	1,800	
Hubbell Inc Com Cl B	7,235	1
Hudson Foods Cl A	5,400	
Huffy	3,300	
Hughes Supply	1,700	
Humana	583,820	15,5

**Portfolio Detail Statistics as of 6/30/89**  
**Trade Date Basis**

Book Value(\$)	Market Value	Description	No. of Shares	Book Value(\$)	Market Value(\$)
<b>Common Stock (Continued)</b>					
31,850		Hunt J B Trans Services	10,800	95,850	210,600
1,224,157		Hunt Manufacturing	4,500	61,491	88,800
149,095		Huntington Bancshares	10,546	125,127	233,300
157,365		Hydraulic	1,300	36,234	34,200
23,661		I C H	350,600	5,044,805	1,446,200
94,980		IBP	815,500	11,542,784	11,824,700
2,185,715		ICN Pharmaceuticals	8,400	205,943	51,400
69,432		Idaho Power	12,600	223,341	329,100
1,793,919		IDEX	4,100	59,450	58,400
11,353,654		IE Industries	4,000	62,242	101,000
16,274,391		IFR Sys	6,590	43,782	90,600
740,134		IGI	2,100	31,038	30,900
11,998,635		Illinois Power	28,700	619,894	477,100
56,702		Illinois Tool Works	159,800	4,762,203	5,892,600
39,194		IMC Fertilizer Group	21,000	856,264	703,500
88,162		IMCO Recycling	3,800	24,700	26,100
155,135		Immunex	3,100	42,331	36,000
202,367		Immunomedics	7,100	66,776	28,400
55,976		IMO Industries	6,380	38,581	126,000
803,164		Imperial Bancorp	4,200	57,876	96,600
1,146,692		Imperial Chemical Industries	4,200	57,876	96,600
205,173		Imperial Corp Amer	242,300	18,133,649	18,990,200
1,044,025		Imperial Holly	9,048	94,354	52,000
57,480		Imperial Oil Ltd Cl A	1,900	38,950	41,800
105,321		INB Financial	63,100	2,256,184	2,973,580
117,726		Inco Ltd	5,940	90,226	176,700
2,170,726		Independence Bancorp PA	316,800	9,013,246	8,632,800
163,859		Indiana Energy	68,500	1,592,956	1,524,100
480,753		Information Res	3,600	52,254	64,800
65,120		Informix	6,300	101,850	58,275
1,434,139		Infotron Systems	3,500	70,980	32,813
732,437		Ingles Markets Cl A	12,800	214,451	126,400
110,995		Inland National Gas Ltd	6,000	60,000	59,250
15,933,583		Inland Stl Inds	160,000	1,526,594	1,972,250
72,377		Inmac	73,600	2,469,306	2,953,200
36,192		Inspeech	3,000	61,500	19,500
95,962		Inspiration Res	5,100	56,738	52,913
93,525		Integon	22,500	216,902	149,063
1,097,271		Integra Financial	9,700	57,279	53,350
1,705,205		Integra-A Hotel & Restaurant	3,743	101,059	96,850
83,472		Integrated Device Technology	295	40,034	479
858,791		Integrated Res	8,500	101,193	81,813
110,374		Intel	3,100	49,443	12,400
94,900		Inter City Gas	253,300	5,638,080	7,345,700
30,205		Inter Regional Financial Group	9,000	133,920	190,125
132,041		Interco	2,600	23,751	21,775
55,475		Interco Wt	20,900	134,453	54,863
46,574		Interface Flooring Sys Cl A	1,103	0	221
28,917		Intergraph	4,100	57,400	65,600
15,589,808		Interhome Energy	34,100	778,424	579,700
			11,200	336,395	452,200

**Portfolio Detail Statistics as of 6/30/89**  
**Trade Date Basis**

Description	No. of Shares	Book Value(\$)	Market Value(\$)
<b>Common Stock (Continued)</b>			
Interim Sys .....	9,100	14,196	23,800
Interleaf .....	3,700	59,311	28,670
Intermark .....	2,200	25,270	25,820
Intermec .....	2,100	54,075	51,970
Intermet .....	9,400	120,602	105,750
International Alum .....	1,300	34,949	37,700
International Business Machines .....	1,281,800	147,370,090	143,401,200
International Flavors & Fragrances .....	18,000	627,946	942,750
International Game Technology .....	3,100	52,443	81,750
International Lease Finance .....	15,300	94,674	351,900
International Minerals & Chemical .....	6,100	157,136	260,000
International Mobile Machines .....	3,700	36,538	30,000
International Multifoods .....	5,700	116,137	169,500
International Paper .....	251,200	10,384,908	11,523,500
International Technology .....	9,000	149,846	54,000
International Telecharge .....	4,900	60,260	33,600
International Thoroughbred Breeders .....	18,500	102,528	9,200
Interpublic Group .....	13,800	132,469	419,100
Interstate Power .....	17,600	500,347	426,600
Intertan .....	4,660	32,079	211,400
Invitron .....	4,300	40,442	38,700
Iowa Illinois Gas & Electric .....	3,800	95,913	159,000
Iowa Res .....	10,600	143,330	202,700
Iowa Southern .....	1,600	44,543	46,000
Ipalco Enterprises .....	16,000	221,474	388,000
IRT Pty .....	3,425	49,060	48,500
ITEL .....	37,600	772,033	846,000
ITT .....	675,200	31,722,670	38,402,000
Ivaco Cl A .....	221,300	2,250,193	2,126,000
Ivax .....	6,000	69,432	65,000
J P Industries .....	3,700	64,399	51,000
Jacobs Energy Group .....	1,500	37,733	39,000
Jacobson Stores .....	1,600	37,600	41,000
James River .....	416,193	11,029,547	12,589,000
Jamesway .....	8,200	94,503	75,000
Jan Bell Marketing .....	3,550	48,588	80,000
Jefferies Group .....	2,700	31,077	34,000
Jefferson Bankshares .....	2,400	54,000	56,000
Jefferson Pilot .....	82,325	2,516,643	3,046,000
Jefferson Smurfit .....	9,200	212,809	239,000
Jepson .....	6,400	74,517	56,000
Jerrico .....	77,500	1,317,092	1,356,000
Johnson & Johnson .....	340,000	9,655,718	16,270,000
Johnson Ctls .....	13,998	288,399	52,000
Johnson Worldwide Assoc Cl A .....	2,100	43,113	44,000
Johnston Industries .....	1,246	14,130	17,000
Jorgensen Earle M .....	2,100	53,203	65,000
Joslyn .....	1,500	46,268	42,000
Jostens .....	13,400	155,268	25,000
Juno Ltg .....	3,000	61,590	52,000

**Portfolio Detail Statistics as of 6/30/89**  
**Trade Date Basis**

Description	No. of Shares	Book Value(\$)	Market Value(\$)
<b>Common Stock (Continued)</b>			
JWP	9,600	179,712	218,400
K Mart	1,899,500	68,046,672	68,382,000
K N Energy	2,600	37,238	57,525
Kaman Cl A	9,600	89,418	123,600
Kansas City Life Ins	3,200	113,537	112,800
Kansas City Power & Light	8,700	179,627	288,188
Kansas City Southern Industries	4,800	312,447	206,400
Kansas Gas & Electric	16,900	378,601	382,363
Kansas Power & Light	12,800	218,018	299,200
Karcher Carl Enterprises	3,743	83,831	119,776
Katy Industries	3,400	88,943	78,625
Kaufman & Broad Home	10,217	91,797	173,689
Kay Jewelers	4,125	51,949	67,547
Kaydon	2,500	16,743	81,250
Kellogg	68,000	2,307,046	4,802,500
Kellwood	4,000	54,950	120,500
Kelly Services Inc Cl A	7,647	140,925	282,939
Kemper	46,402	1,289,908	1,751,676
Kennametal	5,700	157,630	180,975
Kentucky Cent Life Ins Cl A	6,300	120,393	102,375
Kentucky Utilities	10,700	114,160	215,338
Kerr Addison Mines Ltd	200,000	3,348,283	3,092,090
Kerr McGee	65,200	2,079,082	2,876,950
Ketema	460	4,650	7,073
Ketema Rts	2,060	0	258
Key Centurion Bancshares	9,790	178,140	124,823
Keycorp	70,075	1,521,750	1,821,950
Keystone Financial	2,700	59,400	59,400
Keystone Intl	18,481	247,432	330,348
Kimball Intl Cl B	3,900	37,874	72,150
Kimberly Clark	30,700	338,219	1,872,700
Kinder Care	16,600	190,653	118,275
Kinder-Care Learning Centers	5,000	32,025	31,875
Kinetic Concepts	15,000	135,300	80,625
King World Productions	9,700	145,694	255,838
Kirby Expl	9,200	51,566	62,100
KLA Instrs	6,900	108,319	80,213
KLM Royal Dutch Airls	12,000	260,460	267,000
Knight Ridder Newspapers	39,000	1,391,422	1,979,250
Koger Pptys	9,358	247,236	251,496
Kollmorgen	4,400	129,131	106,700
Komag	3,400	31,025	31,450
Kroger	84,218	1,947,093	1,273,797
Kulicke & Soffa Industries	3,400	97,224	25,925
Kysor Industrial	2,200	34,947	34,375
L A Gear	3,300	60,225	194,700
La Petite Academy	4,400	72,402	43,450
La Quinta Motor Inns	6,700	128,630	108,875
La Z Boy Chair	7,400	77,876	156,325
La Minerals Ltd	34,470	221,325	344,700

## Portfolio Detail Statistics as of 6/30/89

### Trade Date Basis

Description	No. of Shares	Book Value(\$)	Market Value(\$)
<b>Common Stock (Continued)</b>			
Laclede Gas .....	2,500	93,468	75,938
Ladd Furniture .....	9,900	159,192	139,838
Lafarge .....	18,400	234,915	315,100
Laidlaw Transn Ltd Cl A .....	16,300	208,477	238,388
Laidlaw Transn Ltd Cl B .....	29,000	356,653	424,125
Lake Shore Bancorp .....	900	24,877	26,550
Lamson & Sessions .....	3,000	45,465	37,125
Lancaster Colony .....	6,462	97,965	135,702
Lance .....	12,632	176,199	251,061
Landmark Bancshares .....	2,200	30,547	36,025
Landmark Graphics .....	2,700	42,525	47,250
Landmark Ld .....	2,300	42,994	47,438
Lands End .....	10,400	136,916	284,700
Larizza Industries .....	4,700	74,754	22,913
Lawson Mardon Group Cl A .....	102,500	1,093,620	1,025,000
Lawson Products .....	4,125	38,616	95,906
Lawter Intl .....	11,200	102,033	141,400
LDB .....	1,800	27,004	21,150
Learnal .....	7,343	97,335	123,913
Lee Data .....	6,000	122,071	17,250
Lee Enterprises .....	3,700	46,426	115,163
Legent .....	15,365	373,127	361,078
Legg Mason .....	3,000	37,965	38,625
Leggett & Platt .....	6,300	99,100	177,975
Lennar .....	4,800	95,257	105,000
Leslie Fay Cos .....	9,200	109,406	134,550
Leucadia National .....	7,200	133,261	127,800
Liberty Corp S C .....	2,400	53,504	84,900
Liberty National Bancorp KY .....	5,200	115,362	146,900
Life Technologies .....	4,000	66,120	58,000
Lifetime .....	6,000	22,680	19,500
Liggett Group .....	7,300	69,569	69,350
Lillian Vernon .....	2,400	49,272	46,500
Lilly Eli & Co .....	229,900	7,682,277	12,529,550
Lilly Industrial Coatings Cl A .....	3,000	49,590	48,000
Limited Inc .....	198,750	5,075,999	6,285,469
Lin Broadcasting .....	70,500	3,141,159	8,169,188
Lincoln National .....	24,000	1,000,216	1,227,000
Lincoln Telecommunications .....	3,200	75,714	186,400
Linear Technology .....	5,300	70,384	41,075
Lionel .....	4,700	23,547	32,313
Liqui Box .....	800	43,624	44,800
Litton Industries .....	159,100	11,626,460	13,682,600
Live Entertainment .....	2,550	47,651	43,988
Liz Claiborne .....	187,700	3,061,617	3,988,625
Lockheed .....	106,850	5,080,107	5,115,444
Loctite .....	9,600	211,657	416,400
Loews .....	231,350	14,027,671	25,274,988
Logicon .....	1,800	51,498	40,950
Lomas Financial .....	8,400	113,909	73,500

**Portfolio Detail Statistics as of 6/30/89**  
**Trade Date Basis**

Description	No. of Shares	Book Value(\$)	Market Value(\$)
<b>Common Stock (Continued)</b>			
Lomas Mtg .....	3,000	65,340	54,750
Lone Star Industries .....	7,100	221,257	220,100
Lone Star Tech .....	6,900	96,626	37,950
Long Island Lighting .....	31,300	489,908	516,450
Longs Drug Stores .....	20,800	558,328	860,600
Longview Fibre .....	16,200	842,588	1,038,825
Loral .....	167,000	5,814,268	5,323,125
Lotus Dev .....	23,800	484,048	553,350
Louisiana Ld & Expl .....	20,208	538,407	727,488
Louisiana Pac .....	24,655	872,270	819,779
Louisville Gas & Electric .....	8,800	204,562	323,400
Lowes .....	61,000	1,557,302	1,540,250
LSI Logic .....	15,750	239,875	139,781
LTV .....	30,000	90,900	63,750
LTX .....	5,200	99,295	16,900
Lubys Cafeterias .....	6,999	116,254	184,599
Lukens .....	2,450	66,123	63,700
Luria L & Son .....	1,900	19,494	19,000
Lyondell Petrochemical .....	31,200	931,796	725,400
Lyphomed .....	10,950	149,095	182,044
M A Com .....	21,100	446,046	166,163
M Corp .....	19,470	578,719	6,094
M D C Holdings .....	7,300	96,508	23,725
MGM UA Communications Rts .....	26,500	0	0
Mack Trucks .....	13,700	262,869	160,975
MacMillan Bloedel Ltd .....	151,700	2,020,027	2,180,688
MacNeal Schwendler .....	3,700	67,174	41,625
Madison Gas & Electric .....	1,900	41,642	66,025
Magma Copper New Cl B .....	15,600	75,576	78,000
Magma Copper Wt .....	2,340	3,399	4,388
Magma Power .....	8,600	133,988	152,650
Magna Group .....	4,150	64,673	68,475
Magna Intl Cl A .....	9,700	109,416	106,700
Magnetek .....	7,000	84,000	70,000
MAI Basic Four .....	5,200	82,679	28,600
Major Realty .....	2,600	24,076	33,475
Management Science Amer .....	7,900	233,802	79,000
Manitowoc .....	2,900	69,151	65,975
Manor Care .....	371,500	4,436,179	5,804,688
Manufacturers Hanover .....	31,100	1,274,097	1,139,038
Manufacturers National .....	179,000	7,939,788	8,681,500
Manville .....	35,000	268,513	258,125
Mapco .....	114,800	2,926,727	4,462,850
Marcus .....	3,000	45,000	54,750
Marion Labs .....	79,700	913,358	1,872,950
Mark IV Industries .....	4,400	47,982	60,500
Mark Twain Bancshares .....	2,700	54,756	50,625
Marriott .....	60,500	2,015,697	2,155,313
Marsh & McLennan .....	282,500	15,418,571	18,327,188
Marsh Supermarkets .....	3,000	53,250	46,500

**Portfolio Detail Statistics as of 6/30/89**  
**Trade Date Basis**

Description	No. of Shares	Book Value(\$)	Market Value(\$)
<b>Common Stock (Continued)</b>			
Marshall & Ilsley .....	6,900	112,344	233,738
Marshall Industries .....	3,700	56,999	55,500
Martin Marietta .....	196,575	8,944,829	9,116,166
MAS Pooled Tr Fd Value Portfolio .....	2,268,356	60,459,116	75,785,775
Masco .....	183,730	4,661,441	5,397,069
Masco Industries .....	28,080	112,947	256,230
Masstor Systems .....	4,800	16,350	9,902
Material Sciences .....	1,873	12,923	28,095
Materials Resh .....	3,000	96,961	27,750
Matlack Sys .....	1,771	13,291	15,054
Mattel .....	3,600	50,427	49,950
Maxicare Health Plans .....	10,950	110,413	1,643
Maxtor .....	9,200	175,536	85,100
Maxus Energy .....	111,106	1,195,748	930,513
Maxxam Group .....	10,500	149,159	324,188
May Dept Stores .....	468,376	14,825,175	19,554,698
Mayfair Super Markets Cl A .....	2,100	50,726	49,613
Maytag .....	746,088	14,931,501	16,600,458
MBIA .....	14,600	220,391	355,875
MCA .....	91,000	3,689,054	5,221,125
McCaw Cellular Communications .....	23,725	558,867	913,413
McCormick & Co .....	6,600	91,064	237,600
McDermott Intl .....	25,400	540,921	577,850
McDonald & Co Invt .....	1,900	11,894	13,538
McDonalds .....	1,150,100	21,114,633	33,640,425
McDonnell Douglas .....	47,500	3,991,982	3,497,188
McGraw Hill .....	60,500	3,445,683	4,212,313
MCI Communications .....	906,800	19,461,705	32,758,150
McKesson .....	365,100	10,166,460	12,322,125
MCN .....	34,334	572,789	703,847
MDU Res Group .....	9,100	222,996	189,963
Mead .....	62,700	2,006,256	2,437,463
Measurex .....	6,300	144,365	170,100
Medco Containment Services .....	14,347	150,087	216,998
Media Gen Cl A .....	27,100	807,898	1,009,475
Mediagenic .....	14,850	271,007	98,381
Medical Care Intl .....	5,500	64,790	96,250
Medicine Shoppe Intl .....	1,500	37,545	40,875
Mediq .....	7,800	48,763	44,850
Medtronic .....	5,100	229,986	491,513
Medusa .....	4,858	32,341	66,190
MEI Diversified .....	7,900	42,956	50,363
Mellon Bank .....	6,100	407,236	209,688
Melville .....	348,700	9,784,577	15,473,563
Mentor .....	4,700	48,316	49,350
Mentor Graphics .....	4,800	78,384	174,000
Mercantile Bancorporation .....	6,300	112,267	170,888
Mercantile Bankshares .....	5,400	93,407	230,850
Mercantile Stores .....	17,950	475,612	809,994
Merchants Bank .....	500	97,500	65,250



**Portfolio Detail Statistics as of 6/30/89**  
**Trade Date Basis**

Description	No. of Shares	Book Value(\$)	Market Value(\$)
<b>Common Stock (Continued)</b>			
Merchants National .....	4,900	146,167	138,425
Merck & Co .....	600,150	31,843,616	40,135,031
Mercury Financial .....	6,484	62,822	146,701
Mercury Gen .....	7,000	128,310	111,125
Meredith .....	8,400	163,074	306,600
Meridian Bancorp .....	255,000	4,647,187	5,865,000
Meritor Savings Bank .....	13,400	168,157	51,925
Merrill Lynch & Co .....	27,000	942,441	769,500
Merry Go Round Enterprises .....	2,462	21,713	40,623
Merry Ld & Invt .....	2,200	16,522	12,100
Metcalf & Eddy .....	4,000	67,120	80,000
Metro Mobile Cts CI A .....	4,490	240,250	314,861
Metro Mobile Cts CI B .....	23,170	1,115,017	1,592,938
Metropolitan Financial .....	2,090	22,819	34,746
Meyer Fred .....	6,300	88,704	118,913
MGI Pptys .....	3,200	61,296	46,000
MGM UA Communications .....	19,900	140,085	363,175
Michael Foods .....	3,000	51,560	51,000
Michigan National .....	63,900	2,303,703	3,083,175
Microamerica .....	3,800	28,738	28,500
Microbilt .....	2,900	44,225	39,150
Microcom .....	3,000	45,375	45,750
Micron Technology .....	13,300	206,951	246,050
Micropolis .....	5,900	217,784	29,500
Microsemi .....	1,478	9,437	7,021
Microsoft .....	59,900	2,860,381	3,174,700
Midlantic .....	326,224	13,134,891	13,497,518
Midway Airlines .....	2,300	21,362	33,638
Midwest Energy .....	6,100	73,785	119,713
Midwest Financial Group .....	1,900	76,475	86,925
Midwest Grain Products .....	1,800	42,579	48,375
Miller Herman .....	23,700	473,976	497,700
Millicom .....	2,615	63,921	98,716
Millipore .....	9,800	181,765	316,050
Mine Safety Appliances .....	1,900	72,120	102,600
Miniscribe .....	10,100	87,113	30,300
Minnesota Mining & Manufacturing .....	540,200	30,431,485	38,489,250
Minnesota Power & Light .....	12,800	162,184	324,800
Minnetonka .....	5,200	76,700	130,000
Minnova .....	40,000	721,522	584,990
Mission Ins. Group .....	10,396	155,689	312
Mitchell Energy & Dev .....	13,200	364,257	229,350
Mitel .....	40,900	197,547	132,925
MLX .....	84,607	332,013	222,093
MNC Financial .....	173,652	7,226,638	8,877,959
Mobil .....	1,559,700	68,728,316	77,010,188
Mobile Telecommunication Tech .....	10,200	36,238	85,425
Modine Manufacturing .....	5,200	79,456	99,450
Molecular Biosystems .....	3,600	49,158	60,750
Molecular Genetics .....	5,600	97,133	25,900

**Portfolio Detail Statistics as of 6/30/89**  
**Trade Date Basis**

<u>Description</u>	<u>No. of Shares</u>	<u>Book Value(\$)</u>	<u>Market Value(\$)</u>
<b>Common Stock (Continued)</b>			
Molex .....	7,625	229,040	245,906
Monarch Cap .....	2,000	64,133	80,750
Monarch Mach Tool .....	1,300	26,039	21,288
Monsanto .....	41,100	2,131,096	4,330,913
Montana Power .....	9,100	260,217	361,725
Moore Ltd .....	68,200	1,940,788	2,105,675
Morgan J P .....	142,700	3,903,273	5,440,438
Morgan Products Ltd .....	2,800	61,334	47,250
Morgan Stanley Group .....	33,400	1,884,913	2,171,000
Morrison .....	8,820	125,812	289,958
Morrison Knudsen .....	4,600	144,588	200,100
Mortgage & Realty Tr .....	3,600	64,845	62,550
Morton Thiokol .....	64,000	2,651,050	2,928,000
Mosinee Paper .....	2,200	30,316	45,375
Motorola .....	223,500	10,755,162	11,761,688
Multibank Financial .....	2,700	60,156	64,125
Multimedia .....	3,100	132,773	298,375
Murphy Oil .....	12,300	375,458	455,100
Mylan Labs .....	10,200	81,318	104,550
Nac Re .....	3,600	57,672	141,300
Nacco Industries Inc Cl A .....	11,100	281,557	532,800
Nalco Chemical .....	18,700	656,281	757,350
Nash Finch .....	3,100	68,293	68,200
Nashua .....	7,400	95,565	271,025
National Asset Bk TX .....	21,175	9,396	23,822
National City .....	23,551	478,212	836,061
National Cmnty Banks .....	2,900	83,071	108,750
National Comm Bancorporation .....	3,800	91,760	100,225
National Computer Systems .....	6,600	127,266	86,625
National Convenience Stores .....	6,800	64,804	51,850
National Data .....	5,300	94,580	156,350
National Ed .....	10,300	184,157	157,075
National Fuel Gas .....	12,760	108,626	315,810
National Heritage .....	5,900	28,822	18,438
National Intergroup .....	7,300	223,255	119,538
National Ln Bk Houston TX .....	14,900	20,488	30,739
National Med Enterprises .....	480,800	11,464,171	14,964,900
National Pizza .....	3,850	42,427	56,788
National Presto Industries .....	2,300	64,619	90,563
National Semiconductor .....	156,500	1,563,620	1,115,063
National Westminster Bk .....	14,800	441,266	405,150
Nationwide Health Pptys .....	6,300	74,094	85,838
Navistar Intl .....	145,500	886,274	727,500
NBB Bancorp .....	3,100	50,456	49,600
NBD Bancorp .....	33,450	562,468	1,467,619
NBI .....	4,700	142,873	11,163
NCH .....	4,800	86,676	202,200
NCNB .....	91,754	1,756,163	4,151,869
NCR .....	53,300	2,251,702	2,798,250
NWA Rts .....	23,200	0	0

**Portfolio Detail Statistics as of 6/30/89**  
**Trade Date Basis**

Description	No. of Shares	Book Value(\$)	Market Value(\$)
<b>Common Stock (Continued)</b>			
Neiman-Marcus Group .....	13,200	207,235	237,600
Nellcor .....	5,600	71,568	52,500
Nerco .....	9,400	114,125	163,325
Network Equip Technologies .....	4,600	83,950	97,175
Network Systems .....	146,125	1,298,511	1,205,531
Neutrogena .....	7,418	92,524	170,614
Nevada Power .....	11,800	161,999	253,700
New England Business Svc.....	4,800	61,314	94,800
New England Critical Care .....	2,300	52,394	65,550
New England Elec Sys .....	22,500	463,517	587,813
New Hampshire Svgs Bk .....	10,800	128,299	55,350
New Jersey Res .....	3,000	56,589	60,000
New Jersey Stl .....	2,000	36,520	38,000
New York Marine & Gen Ins .....	3,400	61,302	62,050
New York St Electric & Gas .....	22,100	475,317	585,650
New York Times Cl A .....	17,200	626,014	528,900
Newell .....	103,500	3,169,576	3,958,875
Newhall Ld & Farming .....	20,000	1,182,740	1,200,000
Newmont Gold .....	57,500	1,587,534	1,940,625
Newmont Mining .....	34,600	446,235	1,366,700
Newport .....	4,200	96,867	46,725
News Ltd .....	25,000	535,625	559,375
Niagara Mohawk Power .....	82,300	1,533,104	956,738
Nichols Homeshield .....	1,900	27,569	28,975
Nicolet Instr .....	6,300	86,890	77,963
Nicor .....	12,300	390,159	441,263
Nike Inc Cl B .....	42,400	1,284,939	1,727,800
NIPSCO Industries .....	60,700	830,894	1,047,075
NL Industries .....	11,130	208,329	244,860
Noble Affiliates .....	20,800	390,023	288,600
Noble Drilling .....	6,130	32,906	42,144
Noranda .....	10,000	185,876	194,300
Nord Res .....	4,100	46,729	50,738
Nordson .....	2,950	41,753	140,863
Nordstrom .....	40,600	1,255,790	1,268,750
Norfolk Southern .....	863,145	23,918,784	30,102,182
Norsk Hydro Sponsored ADR .....	14,300	245,356	336,050
Nortek .....	8,600	144,738	68,800
North Amern Ventures .....	8,826	45,601	5,790
North Carolina Nat Gas .....	1,200	20,412	23,400
North Cdn Oils Ltd.....	9,300	133,404	175,538
North Fork Bancorporation .....	2,000	42,000	39,000
North West Telecommunications .....	1,350	40,000	31,725
Northeast Bancorp.....	1,700	94,061	113,475
Northeast Utilities .....	957,100	19,968,506	20,697,288
Northern Sts Power .....	28,900	537,530	1,054,850
Northern Telecom Ltd .....	240,200	4,595,100	4,263,550
Northern Tr .....	4,200	85,183	238,875
Northgate Expl Ltd .....	402,450	2,339,677	2,213,475
Northrop .....	18,000	480,571	470,250

**Portfolio Detail Statistics as of 6/30/89**  
**Trade Date Basis**

Description	No. of Shares	Book Value(\$)	Market Value(\$)
<b>Common Stock (Continued)</b>			
Northwest Nat Gas	8,700	115,016	204,450
Northwestern Pub Svc	2,700	46,602	49,275
Norton	9,000	383,507	460,125
Norwest	37,200	956,085	1,567,050
Nova Corp of Alberta Cl A	300,000	2,619,126	2,625,000
Nova Pharmaceutical	7,400	91,242	41,166
Novell	35,377	1,099,054	1,008,245
Novellus Sys	2,400	33,600	35,100
NowSCO Well Svc	155,600	1,872,822	1,847,750
Noxell Cl B	20,600	260,650	412,000
NS Group	3,800	35,264	32,300
Nu-West Industries	4,100	47,273	42,025
Numac Oil & Gas	12,200	128,805	99,125
NWA	20,700	1,167,022	2,375,325
NWNL	4,200	96,777	152,250
Nynex	532,180	32,900,996	41,909,175
O'Sullivan	4,693	70,391	68,049
Occidental Pete	180,184	4,742,217	4,932,537
Ocean Drilling & Expl.	19,100	529,328	362,900
Octel Communications	5,000	88,275	116,250
Office Depot	3,700	45,017	91,575
Ogden	19,800	419,723	584,100
Ohio Casualty	280,100	12,050,923	12,604,500
Ohio Edison	86,800	1,463,997	1,855,350
Ohio Mattress	513	5,252	7,054
OHM	3,900	50,330	42,900
Oklahoma Gas & Electric	16,500	361,431	583,688
Old Kent Financial	5,850	56,148	149,175
Old National Bancorp	3,800	100,661	98,800
Old Rep Intl	7,639	151,641	194,795
Old Stone	2,200	44,066	50,050
Olin	7,300	239,770	425,225
Olsten	4,400	99,071	106,700
OMI	11,700	73,788	119,925
Omnicare	4,900	190,854	42,263
Omnicom Group	23,942	476,055	526,724
One Price Clothing Stores	1,800	29,250	27,000
One Vy Bancorp	2,300	54,119	44,275
Oneida Ltd	5,912	100,476	118,240
Oneok	5,900	166,301	140,863
Optical Radiation	3,200	97,105	58,400
Oracle Systems	57,600	222,580	1,713,600
Orange & Rockland Utils	6,300	124,237	189,000
Orange-Co	2,000	21,560	20,500
Oregon Metallurgical	6,600	97,979	125,400
Oregon Steel Mills	2,400	54,960	55,200
Organogenesis	2,600	46,553	33,475
Orient Express Hotels	22,700	101,779	107,825
Orion Cap	1,800	26,568	39,150
Orion Pictures	4,900	94,429	106,575

**Portfolio Detail Statistics as of 6/30/89**  
**Trade Date Basis**

Description	No. of Shares	Book Value(\$)	Market Value(\$)
<b>Common Stock (Continued)</b>			
Oryx Energy .....	473,900	11,544,115	15,816,413
Oshkosh Truck Cl B .....	3,500	50,855	43,750
Oshmans Sporting Goods .....	4,200	94,900	70,350
Otter Tail Power .....	3,400	40,962	75,650
Outboard Marine .....	10,300	273,866	339,900
Outlet Communications Cl A .....	1,300	29,289	36,725
Overseas Shipholding Group .....	17,080	268,037	418,460
Owens & Minor .....	3,400	47,140	41,650
Owens Corning Fiberglass .....	12,600	249,088	371,700
Oxford Industries .....	5,400	127,582	66,150
Paccar .....	25,600	626,604	1,267,200
Pace Membership Whse .....	5,400	58,212	81,000
Pacific Enterprises .....	15,938	734,315	707,249
Pacific First Financial .....	2,800	67,928	64,400
Pacific Gas & Electric .....	216,228	3,934,366	4,378,617
Pacific Scientific .....	7,600	147,246	90,250
Pacific Telecom .....	14,900	290,699	342,700
Pacific Telesis Group .....	518,200	16,626,979	20,857,550
Pacificare Health Sys .....	2,200	52,041	59,400
Pacificorp .....	56,134	1,561,325	2,259,394
Paine Webber Group .....	9,025	321,867	165,834
Pall .....	11,100	207,960	345,488
Panhandle Eastn .....	30,300	689,688	715,838
Pansophic Sys .....	8,000	102,381	107,000
Par Pharmaceutical .....	3,900	83,480	36,563
Par Technology .....	4,100	98,790	33,825
Paramount Communications .....	79,800	1,557,952	4,728,150
Park Communications .....	9,300	179,025	302,250
Park Electrochemical .....	4,200	82,377	64,050
Parker Drilling .....	12,400	143,595	89,900
Parker Hannifin .....	17,700	362,499	477,900
Patten .....	5,900	23,659	19,175
Pauley Pete .....	2,100	35,375	22,313
Paychex .....	6,600	112,552	158,400
PCS .....	7,600	164,008	112,100
Pegasus Gold .....	8,900	125,130	92,338
Penn Cent .....	627,100	13,741,007	16,461,375
Penn VA .....	1,600	68,952	76,800
Penney J C .....	360,300	16,262,596	19,996,650
Pennsylvania Enterprises .....	900	52,002	48,375
Pennsylvania Power & Light .....	95,500	3,280,618	3,688,688
Pennwalt .....	4,138	165,914	531,216
Pennwalt Rts. Cl. A .....	11,138	0	56
Pennwalt Rts. Cl. B .....	11,138	0	56
Pennzoil .....	20,600	888,536	1,622,250
Pentair .....	2,693	48,741	72,038
Penwest .....	1,200	5,433	28,500
Peoples Energy .....	12,500	120,501	287,500
Peoples Heritage Financial Group .....	2,800	52,934	54,950
Peoples Westchester Savings Bank .....	2,000	57,000	54,000

### Portfolio Detail Statistics as of 6/30/89 Trade Date Basis

Description	No. of Shares	Book Value(\$)	Market Value(\$)
<b>Common Stock (Continued)</b>			
Pep Boys Manny Moe & Jack .....	21,600	116,443	318,600
Pepsico .....	439,300	13,439,044	23,392,725
Peregrine Entertainment .....	13,166	84,687	7,821
Perini .....	2,500	68,112	77,188
Perkin Elmer .....	21,200	634,865	519,400
Perry Drug Stores .....	3,900	42,530	46,313
Peters J M. ....	5,500	48,928	57,063
Petrie Stores .....	17,400	308,885	352,350
Petrolite .....	5,700	180,093	132,525
Pfizer .....	1,128,000	64,204,780	64,719,000
Pharmakinetics Labs .....	12,800	120,000	94,400
Phelps Dodge .....	46,939	1,907,301	2,675,523
PHH .....	36,700	1,244,506	1,307,438
Philadelphia Electric .....	152,100	3,018,650	3,422,250
Philadelphia Suburban .....	2,500	32,838	33,750
Philip Morris .....	853,100	71,723,178	118,260,988
Philippine Long Distance Tel .....	15,000	143,575	236,250
Philips Industries .....	11,600	88,502	236,350
Phillips Pete .....	709,500	13,654,317	15,431,625
Phillips Van Heusen .....	25,703	362,466	491,570
Phlcorp .....	3,000	34,590	43,500
Phoenix Technology .....	3,400	50,677	37,400
Pic N Save .....	15,000	199,910	238,125
Piccadilly Cafeterias .....	3,100	51,631	44,175
Piedmont Natural Gas .....	2,900	69,322	72,500
Pier 1 Imports .....	14,599	129,117	178,838
Pilgrims Pride .....	11,900	172,015	92,713
Pinnacle West Cap .....	31,300	761,265	371,688
Pioneer Group .....	2,500	42,575	56,875
Pioneer Hi Bred Intl .....	33,900	1,202,976	1,317,863
Pitney Bowes .....	104,500	2,854,332	4,689,438
Pittston .....	25,900	375,259	498,575
Pittway .....	2,200	136,097	223,850
Placer Dome .....	289,850	3,867,925	3,985,438
Plains Pete .....	4,300	73,341	153,188
Planters .....	2,000	33,500	32,000
Plenum Publishing .....	1,800	40,500	49,500
PLM International .....	4,100	44,998	42,025
Ply Gem Industries .....	3,600	53,320	46,350
PNC Financial .....	95,885	3,608,672	4,170,998
Pogo Producing .....	8,600	227,056	58,050
Polaroid .....	32,302	759,973	1,223,438
Policy Mgmt Systems .....	7,600	234,062	209,000
Pope & Talbot .....	4,200	51,352	103,950
Portland General .....	104,600	2,556,764	2,523,475
Potlatch .....	136,000	4,643,991	4,726,000
Potomac Electric Power .....	26,600	316,836	561,925
PPG Industries .....	194,200	6,305,364	8,569,075
Pratt & Lambert .....	1,700	27,889	28,900
Precision Castparts .....	5,300	180,359	155,025

**Portfolio Detail Statistics as of 6/30/89**  
**Trade Date Basis**

Description	No. of Shares	Book Value(\$)	Market Value(\$)
Common Stock (Continued)			
Premark Intl .....	13,025	160,207	481,925
Premier Bancorp .....	4,500	89,908	19,688
Premier Industrial .....	14,816	273,050	459,296
Presidential Life .....	6,500	10,292	95,875
Preston .....	4,900	120,517	66,763
Price .....	51,400	1,810,771	2,056,000
Price T Rowe Assoc .....	2,400	75,792	110,400
Pride Pete Svcs .....	6,100	16,246	25,163
Primark .....	9,300	24,578	80,213
Prime Computer .....	25,000	413,610	484,375
Prime Med Services .....	6,000	92,071	6,000
Prime Motor Inns .....	63,020	2,012,944	1,961,498
Primerica .....	787,064	17,283,918	17,512,174
Procter & Gamble .....	170,500	11,629,923	18,477,938
Products Resh & Chemical .....	6,500	75,570	139,750
Progressive Corp of Ohio .....	11,475	129,524	348,553
Proler International .....	500	29,630	34,875
Property Cap .....	2,800	54,376	50,400
Prospect Group .....	7,200	57,600	74,700
Protective Life .....	19,900	386,927	308,450
Provident Bancorp .....	1,000	29,530	24,500
Provident Bankshares .....	9,700	95,372	116,400
Provident Life & Acc Ins Cl A .....	4,400	58,129	83,600
Provident Life & Acc Ins Cl B .....	14,500	195,330	333,500
PS Group .....	3,900	142,175	136,500
PSI Holdings .....	20,700	420,098	326,025
Public Savings Co Colo .....	23,000	410,440	523,250
Public Savings Co NC .....	2,500	36,325	36,250
Public Savings Co NH .....	10,000	46,550	38,750
Public Svc Co NM .....	16,300	496,968	240,425
Public Svc Enterprise Group .....	488,400	11,419,621	13,125,750
Puerto Rican Cement .....	700	32,732	32,725
Puget Sound Bancorp .....	1,900	47,396	46,550
Puget Sound Power & Light .....	21,500	461,163	440,750
Pulitzer Publishing .....	3,000	117,823	81,750
Puritan Bennett .....	3,100	38,436	71,300
PWA .....	159,500	2,117,992	2,166,029
Pyramid Technology .....	3,200	45,600	34,400
Pyro Energy .....	3,800	31,939	45,600
Quaker Oats .....	25,400	1,122,937	1,581,150
Quaker Street .....	11,800	209,660	187,325
Quality Food Centers .....	1,300	28,639	48,750
Quanex .....	2,900	39,237	40,600
Quantum Chemical .....	17,580	544,124	683,423
Quantum .....	5,469	55,920	99,126
Quebecor Cl A .....	4,600	75,488	68,425
Questar .....	8,700	294,454	320,813
Quick & Reilly Group .....	3,900	44,967	54,600
Quintex Entertainment .....	6,000	30,000	32,250
QVC Network .....	6,400	64,192	107,200

### Portfolio Detail Statistics as of 6/30/89 Trade Date Basis

Description	No. of Shares	Book Value(\$)	Market Value(\$)
<b>Common Stock (Continued)</b>			
Racal Telecom Plc .....	24,700	1,774,461	1,537,575
Radiation Sys .....	1,600	13,416	15,400
Ralston Purina .....	61,190	3,260,601	5,606,534
Ramada .....	46,500	444,285	651,000
Ranger Oil .....	221,000	1,363,213	1,160,250
Raychem .....	17,000	468,662	584,375
Raymond James Financial .....	1,900	18,782	30,638
Raytheon .....	38,700	2,557,838	2,810,588
Reading & Bates .....	19,000	189,354	11,875
Reebok Intl .....	250,000	3,476,033	3,250,000
Regal Beloit .....	2,900	54,825	43,500
Regency Electronics .....	19,800	131,544	23,522
Regina .....	3,000	63,090	1,500
Relational Technology .....	5,000	98,750	45,625
Reliance Group Holdings .....	51,100	443,953	293,825
Repsol S A .....	22,100	361,313	317,135
Republic NY .....	11,750	414,357	572,813
Reuters Holdings Plc .....	7,500	263,875	276,563
Rexene .....	10,000	160,300	140,000
Rexon .....	3,800	25,688	28,975
Reynolds & Reynolds Cl A .....	208,400	6,798,950	5,105,800
Reynolds Metals .....	81,600	3,494,536	4,100,400
Richardson Electronics Ltd .....	3,300	58,674	50,325
Ridgewood Pptys .....	587	15,115	19,665
Riggs National Corp .....	3,900	77,210	103,838
Rio Algom Ltd .....	12,300	215,932	258,300
Rite Aid .....	69,000	2,032,255	2,432,250
RLC .....	6,200	52,770	53,475
Roadway Services .....	18,200	589,169	564,200
Robert Half Intl .....	3,900	74,217	67,275
Robertson H H .....	2,500	97,513	26,563
Robins A H .....	8,000	206,989	237,000
Robinson Nugent .....	4,800	101,105	31,800
Rochester Community Savings Bank NY .....	4,600	58,213	73,600
Rochester Gas & Electric .....	12,000	222,617	240,000
Rochester Tel .....	23,900	1,360,444	1,675,988
Rockefeller Center Pptys .....	11,400	243,162	222,300
Rockwell Intl .....	140,000	2,446,640	3,080,000
Rohm & Haas .....	26,600	913,167	857,850
Rohr Industries .....	6,800	106,999	187,850
Rollins Environmental Svcs .....	28,387	214,071	290,967
Rollins .....	12,100	86,909	248,050
Rorer Group .....	12,443	290,485	460,391
Roses Stores .....	9,000	105,893	68,625
Ross Stores .....	9,400	60,207	155,100
Roto Rooter .....	1,000	23,780	21,750
Rouse .....	72,550	1,610,910	2,049,538
Rowan .....	1,060,630	5,893,593	8,882,776
Royal Dutch Pete .....	110,000	4,822,623	6,902,500
Royal International Optical .....	2,000	29,717	29,000



### Portfolio Detail Statistics as of 6/30/89 Trade Date Basis

Description	No. of Shares	Book Value(\$)	Market Value(\$)
Common Stock (Continued)			
RPC Energy Services	7,260	24,622	53,543
RPM Inc Ohio	9,750	132,145	169,406
RSI	2,100	28,875	29,925
Rubbermaid	20,100	578,195	603,000
Ruddick	2,600	49,478	62,075
Russ Berrie & Co	4,200	120,317	76,650
Russ Togs	5,850	96,559	73,125
Russell	34,500	409,731	746,063
Ryans Family Steak Houses	14,700	108,192	99,225
Ryder Systems	115,488	3,404,165	3,017,124
Rykoff Sexton	3,500	68,334	97,125
Ryland Group	82,100	1,732,434	1,713,838
Saatchi & Saatchi Plc Adr	491,000	9,570,944	7,180,875
Safecard Services	14,600	38,748	82,125
Safeco	89,700	2,330,922	2,691,000
Safeguard Scientifics	1,800	26,568	29,250
Safety Kleen	13,650	142,722	402,675
Sahara Resorts	1,400	49,094	48,650
Sahlen & Assoc	4,000	9,040	3,000
Salant	10,900	226,712	272,500
Salomon	289,300	7,405,922	7,051,688
San Diego Gas & Electric	29,500	766,347	1,194,750
Sanderson Farms	3,600	54,900	72,900
Sanford Corp IL	4,725	66,150	101,588
Santa Fe Pac	154,288	3,740,547	3,355,764
Santa Monica Bk	1,600	82,045	75,200
Sara Lee	105,600	3,185,378	5,689,200
Savannah Foods & Industries	8,000	72,190	234,000
Sbarro	4,950	78,487	96,525
Scana	319,600	9,972,690	10,666,650
Seccorp	120,600	3,089,702	4,190,850
Scherer R P	459	9,912	6,885
Schering Plough	165,800	7,260,097	11,046,425
Schulman A	3,750	66,383	113,438
Schwab Charles	7,700	74,331	84,700
Schwitzer	3,320	36,556	33,615
SCI Med Life Systems	700	26,775	33,600
SCI Systems	8,250	147,649	92,813
Scientific Atlanta	34,200	379,293	611,325
Scitex Ltd	16,200	199,199	198,450
Scotsman Industries	3,320	35,061	43,160
Scott Paper	491,900	17,831,323	22,012,525
Scottys	5,700	94,905	94,050
Scripps E W Co Cl A	87,000	1,538,543	2,120,625
Scripps Howard Broadcasting	2,899	148,058	215,251
Scurry Rainbow Oil Ltd	8,000	132,424	127,000
Sea Containers Ltd	4,600	103,945	310,500
Seaboard	400	75,607	68,800
Seagate Technology	104,900	1,607,295	1,389,925
Seagram Ltd	157,400	8,008,051	11,647,600

**Portfolio Detail Statistics as of 6/30/89**  
**Trade Date Basis**

Description	No. of Shares	Book Value(\$)	Market Value(\$)
<b>Common Stock (Continued)</b>			
Seagull Energy .....	6,300	113,237	116,550
Sealed Air .....	2,300	51,757	39,675
Sealright .....	2,400	59,472	66,000
Sears Roebuck & Co .....	655,200	26,517,194	28,665,000
Security Bancorp .....	3,000	52,060	69,000
Security Pac .....	285,600	9,359,268	12,709,200
SEI .....	6,200	101,045	105,400
Seibels Bruce Group .....	3,700	97,477	50,413
Selective Insurance Group .....	4,900	97,242	117,600
Sensormatic Electronics .....	7,900	297,002	101,713
Sequa Cl A .....	13,592	696,484	931,052
Sequa Cl B .....	2,250	104,379	156,375
Sequent Computer Systems .....	3,200	56,496	70,000
Service Corp International .....	27,300	500,475	542,588
Service Merchandise .....	20,850	315,811	390,938
Sevenson Environmental Services .....	2,400	39,600	42,600
SFFED .....	3,000	46,500	56,625
Shared Med Systems .....	23,100	869,972	381,150
Shaw Industries .....	8,632	93,301	133,796
Shawmut National .....	578,845	13,451,258	15,339,393
Shearson Lehman Hutton Holdings .....	33,400	907,500	642,950
Shelby Williams Industries .....	4,200	50,701	42,525
Shell Trans & Trading Plc .....	79,900	1,796,681	3,166,038
Sherwin Williams .....	17,000	215,462	497,250
Shl Systemhouse .....	4,200	39,375	40,425
Shoneys .....	29,791	623,714	327,701
Shorewood Packaging .....	3,700	73,858	86,950
Showbiz Pizza Time .....	126	55,731	1,307
Showboat .....	4,400	50,707	62,150
Sierra Pac Res .....	8,500	119,609	209,313
Sigma Aldrich .....	6,900	149,743	346,725
Signet Bkg .....	139,200	4,103,932	4,872,000
Sikes Corp Cl A .....	2,800	23,828	33,600
Silicon General .....	3,500	18,676	10,500
Silicon Graphics .....	6,200	122,586	106,950
Silicon Valley Group .....	8,000	86,168	68,000
Silk Greenhouse .....	2,400	57,600	56,400
Simpson Industries .....	3,300	31,372	44,138
Sizzler Restaurants Intl .....	4,800	90,117	99,600
Skyline .....	47,400	854,527	799,875
Smith A O Corp Cl A .....	1,500	29,742	28,125
Smith A O Corp Cl B .....	1,050	18,106	17,850
Smith Intl .....	7,900	81,212	97,763
Smithfield Foods .....	2,800	45,500	42,000
Smithkline Beckman .....	141,440	6,426,796	8,627,840
Smith Food & Drug Centers Cl B .....	2,000	38,000	41,500
Smucker J M .....	5,200	98,547	324,350
Snap On Tools .....	43,500	1,209,915	1,658,438
Society .....	8,200	156,759	282,900
Society For Svgs Bancorp .....	3,850	72,730	83,738

**Portfolio Detail Statistics as of 6/30/89**  
**Trade Date Basis**

Description	No. of Shares	Book Value(\$)	Market Value(\$)
<b>Common Stock (Continued)</b>			
Software Publishing.....	2,500	59,375	58,125
Sonat.....	19,800	565,735	688,050
Sonoco Products.....	12,400	200,368	427,800
Soo Line.....	3,600	103,793	65,700
Sothebys Holdings Cl A.....	7,100	142,584	297,313
South Carolina National.....	66,028	1,368,442	1,650,700
South Jersey Industries.....	2,300	41,948	48,013
Southdown.....	5,130	87,532	140,434
Southeast Bkg.....	217,200	5,075,346	5,810,100
Southeastern Mich Gas Enterprises.....	1,602	22,325	30,038
Southeastern Pub Svc.....	4,700	46,491	37,600
Southern.....	1,473,975	36,482,092	38,876,091
Southern Ind Gas & Electric.....	3,500	45,885	104,125
Southern National.....	5,550	66,711	120,713
Southern New England Telecomm.....	12,100	512,777	892,375
Southern Un.....	4,000	49,870	51,000
Southland Financial.....	7,700	190,346	15,400
Southmark.....	17,020	170,925	5,855
Southtrust.....	10,660	98,278	247,845
Southwest Airlines.....	30,600	748,420	833,850
Southwest Gas.....	5,300	62,104	107,988
Southwestern Bell.....	523,020	18,363,657	26,674,020
Southwestern Energy.....	5,400	111,439	137,700
Southwestern Pub Svcs.....	14,900	277,882	417,200
Sovran Financial.....	51,044	1,633,097	1,939,672
Sparton.....	5,000	94,088	48,750
SPI Pharmaceuticals.....	5,000	164,150	70,625
Spiegel Cl A.....	5,100	61,200	72,038
Sprague Technologies.....	5,950	79,323	66,938
Springs Industries.....	7,400	136,457	309,875
SPS Technologies.....	1,400	48,299	75,600
SPX.....	6,900	212,665	195,788
Square D.....	27,700	1,178,301	1,530,425
Squibb.....	76,900	2,786,248	5,854,013
SSMC.....	514	7,967	14,264
St Ives Labs.....	2,700	43,363	41,175
St Joseph Light & Power.....	1,600	34,016	35,600
St Jude Med.....	8,800	121,383	306,900
St Paul Bancorp.....	4,600	53,038	78,200
St Paul.....	244,600	11,451,823	12,963,800
Standard Brands Paint.....	2,069	45,998	33,363
Standard Commercial.....	2,850	55,395	42,750
Standard Fed Bk Troy MI.....	9,300	100,719	98,813
Standard Microsystems.....	5,000	142,351	26,250
Standard Motor Products.....	6,000	134,554	101,250
Standard Products.....	2,975	34,855	85,903
Standard Register.....	71,400	1,146,748	1,240,575
Standard Shs.....	1,400	133,962	135,975
Standex Intl.....	3,200	45,746	79,600
Stanhome Inc.....	2,500	47,413	73,750

**Portfolio Detail Statistics as of 6/30/89**  
**Trade Date Basis**

Description	No. of Shares	Book Value(\$)	Market Value(\$)
<b>Common Stock (Continued)</b>			
Stanley Works .....	20,250	410,360	675,844
Staples .....	2,000	38,000	46,500
Star Banc .....	9,240	94,700	205,590
Starrett L S Cl B .....	1,100	26,698	25,163
Starrett L S Cl A .....	1,100	26,698	25,163
State Str Boston .....	9,800	117,231	300,125
Statewide Bancorp .....	2,200	43,450	40,150
Stepan .....	600	14,172	12,900
Sterling Bancorp .....	2,200	22,022	19,250
Sterling Chemicals .....	21,600	337,448	232,200
Stewart & Stevenson Services .....	2,800	65,184	130,200
Stolt Tankers & Terms Holdings .....	10,000	156,638	245,000
Stone & Webster .....	2,100	86,769	185,063
Stone Container .....	144,800	4,728,217	3,674,300
Storage Equities .....	3,800	42,788	48,450
Storage Technology .....	6,500	131,325	91,000
Strategic Mtg Invt .....	1,900	26,382	27,075
Stratus Computer .....	42,200	1,181,700	1,181,600
Strawbridge & Clothier Ser A .....	2,401	37,248	84,635
Stride Rite .....	7,000	121,833	343,000
Structural Dynamics Resh .....	2,300	48,300	48,300
Stryker .....	6,650	48,538	118,038
Student Ln Marketing Assn .....	7,478	184,664	671,106
Student Ln Marketing Assn .....	180,500	5,177,975	18,095,125
Sturm Ruger & Co. ....	5,300	67,024	161,650
Subaru Amer .....	22,400	235,467	137,200
Sudbury Holdings .....	19,500	129,350	104,813
Sumitomo Bank .....	11,900	267,750	339,150
Summit Bancorporation .....	6,704	127,614	132,404
Sun Electric .....	2,000	34,310	46,000
Sun .....	194,000	6,899,343	7,372,000
Sun Microsystems .....	133,100	2,322,653	2,262,700
Sunbelt Nursery Group .....	2,350	28,641	10,281
Sundstrand .....	281,700	13,450,485	18,627,413
Sungard Data Sys .....	3,300	57,024	52,800
Sunshine Mining .....	28,550	149,886	92,788
Suntrust Banks .....	66,223	942,076	1,589,352
Sunwest Financial Svcs .....	41,800	1,220,324	1,269,675
Super Food Svcs .....	2,300	57,107	70,150
Super Rite Foods .....	2,000	49,310	49,250
Super Valu Stores .....	14,000	362,858	388,500
Superior Industries International .....	2,600	49,178	65,000
Surgical Care Affiliates .....	3,750	51,875	47,344
SW Cap .....	39,500	3,008	395
Symbol Technologies .....	6,400	117,296	139,200
SYMS .....	5,000	54,720	63,125
Syntex .....	336,150	10,944,804	16,639,425
Sysco .....	71,100	2,932,015	3,368,363
System Software Assoc .....	3,150	46,263	69,300
Systematics .....	5,000	110,238	167,500

### Portfolio Detail Statistics as of 6/30/89 Trade Date Basis

Description	No. of Shares	Book Value(\$)	Market Value(\$)
Common Stock (Continued)			
Systems & Computer Technology .....	6,100	207,981	30,500
Systems Ctr .....	2,100	41,754	50,663
Talley Industries .....	2,600	36,153	33,475
Tambrands .....	23,700	1,181,748	1,427,925
Tandem Computers .....	53,000	1,071,664	894,375
Tandy Brands .....	1,400	29,967	34,125
Tandy .....	210,103	7,785,762	9,375,846
Tasty Baking .....	2,500	56,488	56,875
TBC .....	3,500	52,168	52,500
TCA Cable TV .....	3,800	106,514	158,175
TCBY Enterprises .....	12,900	161,938	309,600
Tech Ops Landauer .....	1,700	48,338	45,475
Tech Sym .....	4,600	97,400	46,000
Teco Energy .....	23,200	280,955	588,700
Tecumseh Products .....	2,600	235,548	373,100
Tejas Gas .....	3,116	23,433	74,784
Tejon Ranch .....	4,900	78,698	230,913
Tektronix .....	42,900	1,181,061	949,163
Tele Communications Inc Cl A .....	432,950	9,425,002	15,099,131
Tele Communications Inc Cl B .....	1,000	25,030	37,000
Tele Communications Rts .....	24,528	107,310	101,178
Telecom USA .....	8,800	158,664	259,600
Teledigit .....	2,900	34,680	102,950
Teledyne .....	56,400	16,467,385	20,494,350
Teleflex .....	5,500	80,280	182,188
Telefonica De Espana S A .....	1,165,600	27,231,815	28,265,800
Telematics Intl .....	5,200	61,906	25,350
Telephone & Data Systems .....	86,925	1,843,989	3,411,806
Telerate .....	30,700	326,565	452,825
Telesphere Intl .....	12,200	109,037	24,400
Tellabs .....	4,000	117,381	53,500
Texon .....	6,500	137,020	87,750
Temple Inland .....	217,086	10,219,115	12,238,223
Tennant .....	2,900	61,901	101,500
Tenneco .....	707,443	30,971,710	38,644,074
Teradata .....	10,200	200,288	163,200
Teradyne .....	11,700	370,982	133,088
Terex .....	3,000	45,090	49,500
Tesoro Pete .....	5,700	64,296	52,013
Texaco CDA Pete .....	38,511	33,078	27,999
Texaco .....	997,500	40,999,340	50,249,063
Texas Air .....	16,414	709,140	252,365
Texas Eastern .....	2,121	62,983	110,822
Texas Industries .....	2,626	79,549	84,040
Texas Instrs .....	458,100	17,963,626	17,923,163
Texas Utilities .....	93,700	2,719,947	2,892,988
Textron .....	706,800	20,850,961	18,111,750
TGI Fridays .....	4,000	50,556	60,500
Thermedics .....	5,500	55,165	74,250
Thermo Electron .....	9,900	87,785	267,300

**Portfolio Detail Statistics as of 6/30/89**  
**Trade Date Basis**

<b>Description</b>	<b>No. of Shares</b>	<b>Book Value(\$)</b>	<b>Market Value(\$)</b>
<b>Common Stock (Continued)</b>			
Thermo Instruments Sys .....	6,200	62,711	106,950
Thomas & Betts .....	9,880	368,080	484,120
Thomas Industries .....	3,780	77,100	69,930
Thousand Trails .....	5,700	98,212	11,047
Tidewater .....	5,000	33,900	45,000
Tie Communications .....	16,823	692,166	31,543
Tiffany & Co .....	3,500	126,980	192,500
Time .....	55,000	4,183,018	8,538,750
Times Mirror .....	77,200	1,973,288	3,194,150
TJ International .....	1,900	31,915	65,075
TNP Enterprises .....	2,600	50,391	54,275
Tokheim .....	17,500	369,063	341,250
Toll Bros .....	8,400	48,277	40,950
Tootsie Roll Industries .....	5,026	147,368	155,178
Topps .....	7,350	82,908	134,138
Torchmark .....	26,300	873,295	1,025,700
Toro .....	3,200	70,032	66,000
Tosco .....	14,258	46,845	58,814
Total Pete North America .....	7,000	123,060	180,250
Total Sys Svcs .....	5,400	109,512	135,000
Toys R Us .....	192,562	3,874,388	5,536,158
TPI Enterprises .....	9,100	110,067	45,500
Trans World Music .....	3,000	65,340	68,250
Transamerica .....	96,000	3,236,874	3,492,000
Transcanada Pipelines Ltd .....	142,300	1,532,073	1,743,175
Transcapital Financial .....	3,300	26,021	23,513
Transco Energy .....	11,500	387,250	506,000
Transtechology .....	1,800	31,518	32,400
Travelers .....	639,300	24,727,461	25,971,563
Trenwick Group .....	3,200	48,800	52,400
Triad Systems .....	4,700	93,273	81,075
Tribune .....	247,200	8,793,478	12,792,600
Trimac Ltd .....	140,463	437,990	510,624
Trimas .....	635	23,019	28,099
Trimedyn .....	2,600	55,328	24,375
Trinity Industries .....	7,300	130,895	290,175
Triton Energy .....	7,838	116,708	109,732
Triton Group Ltd .....	2,000	31,560	30,250
Trustcompany Bancorporation .....	1,700	51,901	56,950
Trustcorp .....	4,332	97,719	102,885
TRW .....	18,000	863,035	774,000
Tucson Electric Power .....	9,000	284,890	283,500
Tultex .....	13,500	93,216	131,625
Turner Broadcasting Sys Cl A .....	11,100	78,116	485,625
Turner Broadcasting Sys Cl B .....	11,300	79,524	437,875
TW Services .....	20,550	294,122	688,425
Tyco Labs .....	63,900	1,732,180	2,468,138
Tyco Toys .....	2,000	23,270	33,500
Tyler .....	9,000	136,178	81,000
Tyson Foods .....	18,000	34,270	337,500

### Portfolio Detail Statistics as of 6/30/89

#### Trade Date Basis

Description	No. of Shares	Book Value(\$)	Market Value(\$)
Common Stock (Continued)			
T2 Med .....	3,800	54,614	56,525
U S Bancorp Ore .....	46,195	1,011,897	1,455,143
U S Bioscience .....	1,527	229	31
U S Healthcare .....	19,675	198,242	218,884
U S Tr Corp .....	2,725	46,138	108,319
U S West .....	435,680	22,349,274	30,061,920
U S West Newvector Group Cl A .....	3,600	123,300	133,200
UAL .....	20,336	2,053,109	2,836,872
UC .....	7,100	88,511	46,150
UGI .....	5,400	109,552	180,900
Ultimate .....	4,600	97,938	43,700
Ultra Bancorporation .....	1,500	51,000	72,563
UNC .....	41,050	416,299	302,744
Unifi .....	3,300	33,962	112,200
Unifirst .....	1,000	29,280	34,000
Unilever N V .....	27,000	1,194,519	1,741,500
Union Bank .....	6,160	95,733	169,400
Union Camp .....	90,800	2,837,846	3,189,350
Union Carbide .....	127,514	3,195,114	3,363,182
Union Carbide Rts .....	5,138	34,193	1,285
Union Electric .....	158,700	2,876,349	4,165,875
Union Enterprises Ltd .....	188,400	1,496,102	1,594,139
Union Pacific .....	127,385	8,338,562	8,916,950
Union Planters .....	6,200	121,148	86,800
Union Tex Pete Holdings .....	30,300	275,574	439,350
Unisys .....	1,800,000	51,830,166	44,325,000
United Artists Entertainment Cl A .....	27,064	313,130	527,748
United Artists Entertainment Cl B .....	27,064	311,996	527,748
United Asset Mgmt .....	5,500	83,540	98,313
United Banks Colo .....	44,254	929,514	768,913
United Brands .....	15,000	252,540	204,375
United Carolina Bancshares .....	4,600	62,238	68,425
United Cities Gas .....	1,400	17,850	19,950
United Cntys Bancorporation .....	500	31,515	31,000
United Cos Financial .....	1,300	24,713	22,100
United Healthcare .....	6,400	45,600	56,000
United Illum .....	5,200	167,081	140,400
United Industrial .....	6,388	117,264	83,843
United Invs Mgmt .....	24,216	315,982	435,888
United Jersey Bks .....	80,700	1,886,877	1,815,750
United MO Bancshares .....	7,482	95,504	211,367
United National Bank NJ .....	13,047	165,998	443,598
United States Cellular .....	8,000	160,222	277,000
United States Shoe .....	16,200	352,547	324,000
United States Surgical .....	5,100	168,786	189,338
United Stationers .....	6,400	96,305	136,000
United Technologies .....	114,800	5,164,518	5,768,700
United Telecommunications .....	118,425	4,877,746	7,816,050
United Television .....	5,600	69,133	196,000
United Water Res .....	8,250	120,978	139,219

**Portfolio Detail Statistics as of 6/30/89**  
**Trade Date Basis**

<b>Description</b>	<b>No. of Shares</b>	<b>Book Value(\$)</b>	<b>Market Value(\$)</b>
<b>Common Stock (Continued)</b>			
Unitrode.....	5,500	198,911	36,438
Univar .....	3,700	89,223	116,088
Universal .....	8,200	172,553	294,175
Universal Foods .....	8,550	97,224	301,388
Universal Health Svcs Cl B .....	186,450	2,554,519	1,794,581
Unocal .....	163,882	5,425,928	7,354,205
Unum .....	711,600	17,068,525	23,838,600
Upjohn .....	124,100	2,521,180	3,707,488
USAIR Group .....	300,700	11,396,039	13,681,850
USF&G .....	53,512	1,964,774	1,678,939
USLICO.....	3,055	58,926	74,466
USLIFE .....	56,000	2,240,517	2,464,000
UST Corp .....	3,900	87,867	67,275
UST Inc .....	82,600	1,241,455	2,044,350
USX .....	602,779	17,885,176	20,795,876
Utilicorp Utd .....	8,899	87,309	167,969
V F .....	37,900	655,248	1,208,063
Valero Energy .....	8,500	73,568	122,188
Valhi .....	39,100	411,405	615,825
Valley Bancorporation .....	3,800	86,564	88,350
Valley Cap.....	1,600	51,348	55,200
Valley National Bancorp .....	3,550	105,806	95,850
Valley National Corp .....	105,700	4,223,298	2,761,413
Valmont Industries .....	2,100	54,663	56,700
Valspar .....	3,200	67,301	92,000
Value Line.....	2,800	94,767	59,850
Van Dorn .....	3,000	59,108	53,625
Vanguard Cellular Systems .....	8,000	137,727	274,000
Varco International .....	9,500	41,848	40,375
Varian Assoc .....	9,900	609,793	240,075
Varitronic Systems .....	2,200	47,366	28,050
Varlen .....	1,700	44,200	45,475
Vermont Amern Cl A .....	7,609	87,397	227,319
Vestron.....	13,000	78,016	47,125
Viacom .....	24,500	570,648	1,277,063
Vicorp Restaurants .....	2,400	44,629	34,800
Vipont Labs .....	2,600	42,653	22,100
Viratek .....	4,100	326,278	51,250
Virginia Beach Fed Svgs Bank .....	4,900	42,263	41,650
Vishay Intertechnology .....	3,350	60,367	59,463
Vista Chem .....	8,100	206,007	347,288
Vista Chem Rts .....	2,700	50,963	70,875
Vitalink Communications .....	3,800	55,689	60,800
VLSI Technology .....	7,400	128,355	55,500
Volt Information Sciences .....	3,700	91,927	62,900
Vons Cos .....	14,200	136,776	271,575
Vornado .....	600	44,673	73,200
VSB Bancorp .....	10,000	107,800	122,500
Vulcan Materials .....	15,200	597,289	657,400
VWR .....	3,700	21,062	74,925



**Portfolio Detail Statistics as of 6/30/89**  
**Trade Date Basis**

Description	No. of Shares	Book Value(\$)	Market Value(\$)
<b>Common Stock (Continued)</b>			
Waban .....	23,990	350,713	362,849
Wackenhut .....	5,000	97,815	85,000
Wainoco Oil .....	5,500	37,290	39,875
Wal Mart Stores .....	665,900	18,193,345	25,387,438
Walbro .....	1,400	26,264	21,000
Walgreen .....	35,000	793,990	1,483,125
Wallace Computer Services .....	4,500	130,616	234,000
Wang Labs Cl B .....	109,800	2,801,127	850,950
Wang Labs Cl C .....	3,200	113,930	25,200
Warner Communications .....	157,405	4,852,063	9,503,327
Warner Lambert .....	99,700	4,504,480	8,798,525
Washington Bancorporation .....	67,000	1,198,935	1,088,750
Washington Energy .....	6,000	118,820	111,000
Washington Fed Savings & Loan Assn .....	4,078	81,066	143,750
Washington Gas Light .....	8,000	112,268	221,000
Washington Mutual Savings Bank .....	7,800	122,616	144,300
Washington National .....	5,100	149,098	135,150
Washington Post Co Cl B .....	20,200	3,896,533	5,522,175
Washington Water Power .....	8,200	231,223	241,900
Waste Mgmt .....	368,900	13,042,340	19,044,463
Watkins Johnson .....	4,500	129,668	112,500
Watts Industries Inc Cl A .....	2,100	52,038	66,150
Wausau Paper Mills .....	1,760	50,448	63,360
Waverly .....	1,500	48,795	46,875
Waxman Industries .....	20,000	206,583	155,000
WD 40 .....	4,000	84,668	131,000
Webb .....	2,600	47,793	26,325
Weirton Stl .....	1,500	21,750	22,125
Weis Markets .....	12,850	244,526	420,838
Wellman .....	18,200	342,543	489,125
Wells Fargo & Co .....	197,800	10,431,298	14,835,000
Wells Fargo Mtg & Equity .....	1,900	50,402	35,863
Wendys Intl .....	37,021	282,374	217,498
Werner Enterprises .....	3,300	47,850	56,925
Wesco Financial .....	3,300	65,258	179,025
West .....	7,400	111,227	136,900
West One Bancorp .....	3,960	96,642	143,055
Westcoast Energy .....	13,600	166,195	212,500
Western Cap Invt .....	3,800	41,914	40,375
Western Digital .....	8,300	97,278	84,038
Western Publishing Group .....	5,600	69,748	116,200
Western Waste Industries .....	1,500	31,170	30,750
Westinghouse Electric .....	585,200	28,257,854	36,282,400
Westmarc Communications Cl A .....	960	3,176	27,840
Westmark Intl .....	4,800	32,331	171,600
Westmoreland Coal .....	6,000	118,093	123,000
Westvaco .....	30,200	525,856	887,125
Westwood One .....	3,500	78,750	37,188
Wetterau .....	10,200	99,553	285,600
Wetterau Pptys .....	510	2,295	4,718

### Portfolio Detail Statistics as of 6/30/89 Trade Date Basis

Description	No. of Shares	Book Value(\$)	Market Value(\$)
<b>Common Stock (Continued)</b>			
Weyerhaeuser .....	693,950	18,078,859	19,170,369
Wheelabrator Group .....	35,800	310,789	264,025
Wheelabrator Tech Northamer .....	13,100	267,032	345,513
Wheeling Pittsburgh Stl .....	2,100	43,263	26,250
Whirlpool .....	42,900	1,316,022	1,287,000
Whitehall .....	1,900	97,281	24,938
Whitman .....	65,270	1,431,391	2,235,498
Whittaker .....	6,800	213,148	84,150
Wicor .....	6,400	72,386	139,200
Wiley John & Sons Inc Cl A .....	1,200	62,412	68,400
Wiley John & Sons Inc Cl B .....	2,600	95,148	145,600
Willamette Industries .....	7,133	182,263	305,827
Willcox & Gibbs .....	4,267	51,348	96,000
Williams A L .....	9,500	188,091	165,063
Williams Cos .....	431,300	13,215,861	16,119,838
Williams Sonoma .....	2,250	46,170	49,500
Wilmington Tr .....	4,900	48,745	188,650
Windmere .....	6,850	88,263	102,750
Winn Dixie Stores .....	21,200	686,694	1,038,800
Winnebago Industries .....	11,800	251,874	89,975
Wisconsin Energy .....	26,300	407,228	749,550
Wisconsin Pub Svc .....	6,500	88,574	149,500
Wiser Oil .....	2,600	63,948	41,275
Witco .....	36,700	848,534	1,376,250
WLR Foods .....	1,500	31,530	40,125
Wolohan Lumber .....	1,600	30,400	27,000
Wolverine Expl .....	237	207,417	1,481
Wolverine World Wide .....	4,900	93,567	60,638
Woolworth F W .....	177,200	8,307,559	9,170,100
Worthington Industries .....	14,200	190,150	314,175
WPL Holdings .....	9,200	124,446	212,750
Wrigley Wm Jr .....	20,000	431,159	897,500
WTD Industries .....	2,200	15,697	24,750
Wyle Labs .....	2,850	46,864	24,225
Wyman Gordon .....	5,300	182,030	102,025
Wyse Technology .....	6,200	174,871	41,850
Xerox .....	483,000	27,156,235	30,127,125
Xicor .....	5,500	96,774	33,688
XL Datacomp .....	3,300	56,716	69,300
Xoma .....	4,400	67,232	74,800
Xtra .....	123,500	2,791,802	3,782,188
Yellow Fght Sys .....	12,100	201,801	323,675
Zapata .....	8,900	180,672	24,475
Zayre .....	157,020	2,465,499	2,845,988
Zenith Electronics .....	16,400	379,569	303,400
Zenith National Ins .....	5,480	114,835	106,860
Zentec .....	6,000	15,294	3,186
Zero .....	6,327	95,115	128,913
Zions Bancorp .....	2,900	97,426	72,500
Zurn Industries .....	4,000	82,120	143,000

### Portfolio Detail Statistics as of 6/30/89 Trade Date Basis

Description	No. of Shares	Book Value(\$)	Market Value(\$)
<b>Common Stock (Continued)</b>			
20th Centy Inds .....	19,900	374,121	393,025
3 COM.....	9,400	222,357	151,575
<b>TOTAL</b>		<b>4,396,744,391</b>	<b>5,326,420,854</b>
<b>Preferred Stock</b>			
Advanced Micro Devices Conv Exch .....	10,000	414,440	330,000
Amax Inc Pfd Conv Ser B.....	10,000	431,950	416,250
American Svgs & Ln Assn Fla Ser A Conv .....	24,621	409,324	409,324
American Stores Pfd Conv Exch .....	4,500	281,486	301,500
Avon Products Pfd .....	18,207	505,626	541,658
Baker Hughes Conv Exch Pfd.....	600	29,526	29,625
Baxter Intl Pfd Conv Exch.....	25,000	1,598,450	1,637,500
Bethlehem Stl Pfd Conv.....	2,200	110,394	112,750
Bethlehem Stl Pfd Conv.....	2,000	51,390	51,250
Biogen Pfd Exch Conv.....	8,000	200,000	197,000
Canadian Stelco Conv Pfd.....	150,000	2,768,833	2,785,211
Cummins Engine Ser A Pfd.....	37,500	1,790,550	1,725,000
Diamond Shamrock Pfd Conv Exch.....	11,700	377,903	377,325
Empresa Nacional De Electricidad .....	297,000	3,632,013	5,754,375
Enron Corp 2nd Pfd Conv .....	800	107,482	125,200
Federal Home Ln Mtg Pfd .....	223,600	13,776,653	15,763,800
Federal Paper Brd Pfd Conv.....	10,000	484,350	435,000
First Cap Hldgs Pfd Conv Exch.....	24,700	685,527	710,125
First Chicago Pfd Ser A Conv .....	4,100	242,437	272,650
First City Bancorp Tx Pfd B Conv .....	7,700	489,392	500,500
First Fid Bancorp Pfd B Conv .....	35,600	1,075,796	970,100
Freeport McMoran Pfd Conv Exch .....	16,000	474,900	556,000
Goodrich B F Pfd Ser D Conv .....	20,000	1,042,000	1,080,000
HCA Hosp Amer Pfd Exch.....	2,325	31,323	49,406
Household Intl Pfd Conv.....	1,900	221,993	240,113
ITT Pfd Ser K Conv .....	15,000	1,306,365	1,410,000
Interco Pfd E .....	1,378	6,844	510
Intl Minl & Cheml Cv Exch .....	6,100	347,631	323,300
Internatl Minerals & Chem Pfd B Cv .....	4,800	271,637	272,400
Intl Corp Pfd B Ser C Cv Exch .....	4,500	241,313	254,250
Memorex Telex Pfd Exch Ser A .....	2,440	6,597	12,200
Meridian Bancorp Pfd Conv .....	7,500	329,063	343,125
Mesa Ltd Partnership Pfd A .....	20,000	272,433	235,000
Orion Cap Pfd Conv Exch .....	14,700	342,804	352,800
Pnc Finl Pfd Conv Ser D.....	24,000	843,300	885,000
Perpetual Finl Pfd Ser A Conv .....	53,700	553,110	496,725
Pioneer Finl Pfd Ser A Conv .....	27,562	689,050	695,941
Snyder Oil Partners Pref A .....	208	119,290	2,366
Transco Energy Pfd Conv .....	24,300	1,177,080	1,254,488
USX Conv Pfd .....	29,300	1,438,521	1,523,600
Unisys Pfd Ser A Conv .....	220,600	12,591,139	10,368,200
Weyerhaeuser Pfd Conv Exch .....	30,000	1,142,400	1,098,750
Williams Cos Pfd Conv Exch .....	3,000	150,000	165,000
<b>TOTAL</b>		<b>53,062,315</b>	<b>55,065,317</b>

**Portfolio Detail Statistics as of 6/30/89**  
**Trade Date Basis**

Description	Interest Rate (%)	Maturity Date	Par Value (\$)	Book Value (\$)	Market Value (\$)
<b>MORTGAGE INVESTMENTS</b>					
<b>Government Agency Participating Mortgages</b>					
Federal Home Loan Mtg Corp .....	6.00	12/01/09	847,402	772,753	734,062
Federal Home Loan Mtg Corp .....	6.50	07/01/01	807,108	729,505	731,442
Federal Home Loan Mtg Corp .....	7.00	01/01/07	1,595,830	1,498,985	1,455,197
Federal Home Loan Mtg Corp .....	7.00	03/01/09	1,690,661	1,537,260	1,540,615
Federal Home Loan Mtg Corp .....	7.00	03/01/17	9,770,126	8,166,503	8,670,986
Federal Home Loan Mtg Corp .....	7.00	07/01/08	832,316	693,829	765,731
Federal Home Loan Mtg Corp .....	7.00	07/01/09	2,642,593	2,293,294	2,400,630
Federal Home Loan Mtg Corp .....	7.00	09/01/11	3,190,517	2,739,416	2,883,031
Federal Home Loan Mtg Corp .....	7.00	10/01/01	1,344,889	1,242,718	1,258,312
Federal Home Loan Mtg Corp .....	7.00	12/01/08	4,234,490	3,808,174	3,832,232
Federal Home Loan Mtg Corp .....	7.25	09/01/09	521,029	476,814	481,952
Federal Home Loan Mtg Corp .....	7.50	01/01/17	16,848,946	14,326,870	15,964,377
Federal Home Loan Mtg Corp .....	7.50	03/01/97	4,908,573	4,801,238	4,563,402
Federal Home Loan Mtg Corp .....	7.50	06/01/08	2,059,562	1,829,683	1,900,144
Federal Home Loan Mtg Corp .....	7.50	10/01/18	4,564,494	4,167,954	4,279,213
Federal Home Loan Mtg Corp .....	7.50	12/01/08	2,262,727	2,132,234	2,104,336
Federal Home Loan Mtg Corp .....	7.50	12/01/10	5,394,465	4,872,903	4,973,022
Federal Home Loan Mtg Corp .....	7.75	03/01/09	4,303,926	4,058,951	4,060,486
Federal Home Loan Mtg Corp .....	7.75	10/01/11	1,183,034	1,087,776	1,103,918
Federal Home Loan Mtg Corp .....	8.00	01/01/08	805,045	707,693	762,056
Federal Home Loan Mtg Corp .....	8.00	01/01/09	3,789,656	3,288,442	3,594,251
Federal Home Loan Mtg Corp .....	8.00	01/01/17	5,410,057	4,877,504	5,098,979
Federal Home Loan Mtg Corp .....	8.00	01/01/18	19,769,117	18,147,431	18,780,661
Federal Home Loan Mtg Corp .....	8.00	02/01/08	537,636	457,471	508,570
Federal Home Loan Mtg Corp .....	8.00	02/01/09	99,584	83,488	94,107
Federal Home Loan Mtg Corp .....	8.00	02/01/10	3,483,521	3,056,129	3,290,882
Federal Home Loan Mtg Corp .....	8.00	03/01/09	8,318,172	7,306,999	7,880,722
Federal Home Loan Mtg Corp .....	8.00	04/01/09	2,422,145	2,271,517	2,271,517
Federal Home Loan Mtg Corp .....	8.00	05/01/08	433,798	364,848	410,210
Federal Home Loan Mtg Corp .....	8.00	05/01/09	2,316,758	2,080,723	2,191,527
Federal Home Loan Mtg Corp .....	8.00	05/01/10	5,759,397	5,121,177	5,439,379
Federal Home Loan Mtg Corp .....	8.00	06/01/08	2,550,419	2,292,124	2,411,124
Federal Home Loan Mtg Corp .....	8.00	06/01/09	2,720,762	2,518,369	2,571,120
Federal Home Loan Mtg Corp .....	8.00	06/01/10	844,633	714,150	797,122
Federal Home Loan Mtg Corp .....	8.00	06/01/11	3,213,546	2,967,509	3,054,877
Federal Home Loan Mtg Corp .....	8.00	06/01/18	99,391	88,064	94,422
Federal Home Loan Mtg Corp .....	8.00	07/01/08	2,228,696	1,886,279	2,109,731
Federal Home Loan Mtg Corp .....	8.00	07/01/16	10,144,461	9,245,483	9,561,154
Federal Home Loan Mtg Corp .....	8.00	07/01/17	5,012,913	4,474,025	4,646,344
Federal Home Loan Mtg Corp .....	8.00	08/01/08	946,213	808,424	898,903
Federal Home Loan Mtg Corp .....	8.00	09/01/08	563,130	457,742	532,334
Federal Home Loan Mtg Corp .....	8.00	09/01/09	1,058,935	961,314	1,005,988
Federal Home Loan Mtg Corp .....	8.00	09/01/10	8,865,253	8,156,033	8,410,909
Federal Home Loan Mtg Corp .....	8.00	09/01/16	7,835,782	7,008,739	7,360,491
Federal Home Loan Mtg Corp .....	8.00	10/01/07	1,386,514	1,278,241	1,317,188
Federal Home Loan Mtg Corp .....	8.00	10/01/08	2,190,511	1,858,280	2,086,462
Federal Home Loan Mtg Corp .....	8.00	10/01/16	4,940,215	4,539,191	4,671,591
Federal Home Loan Mtg Corp .....	8.00	12/01/08	1,049,755	880,190	994,643
Federal Home Loan Mtg Corp .....	8.00	12/01/09	7,296,998	6,727,083	6,899,106

**Portfolio Detail Statistics as of 6/30/89**  
**Trade Date Basis**

Description	Interest Rate (%)	Maturity Date	Par Value (\$)	Book Value (\$)	Market Value (\$)
<b>Government Agency Participating Mortgages (Continued)</b>					
Federal Home Loan Mtg Corp .....	8.00	12/01/16	6,145,966	5,546,734	5,696,542
Federal Home Loan Mtg Corp .....	8.25	01/01/08	940,047	805,372	907,145
Federal Home Loan Mtg Corp .....	8.25	02/01/06	2,486,490	2,305,739	2,378,483
Federal Home Loan Mtg Corp .....	8.25	03/01/09	958,636	893,723	919,092
Federal Home Loan Mtg Corp .....	8.25	05/01/08	2,003,271	1,866,681	1,918,758
Federal Home Loan Mtg Corp .....	8.25	06/01/06	419,299	392,298	400,955
Federal Home Loan Mtg Corp .....	8.25	07/01/08	1,865,566	1,739,802	1,792,110
Federal Home Loan Mtg Corp .....	8.25	08/01/09	10,113,121	9,572,701	9,670,672
Federal Home Loan Mtg Corp .....	8.25	10/01/06	402,570	370,726	384,580
Federal Home Loan Mtg Corp .....	8.25	10/01/07	2,101,172	1,933,461	2,007,276
Federal Home Loan Mtg Corp .....	8.25	10/01/09	2,042,974	1,952,340	1,956,786
Federal Home Loan Mtg Corp .....	8.25	11/01/07	5,855,146	5,271,066	5,592,338
Federal Home Loan Mtg Corp .....	8.25	12/01/07	696,472	668,335	665,348
Federal Home Loan Mtg Corp .....	8.25	12/01/09	11,141,924	10,354,067	10,683,587
Federal Home Loan Mtg Corp .....	8.25	12/01/96	2,000,000	1,985,542	1,910,000
Federal Home Loan Mtg Corp .....	8.30	05/01/05	342,324	330,562	328,417
Federal Home Loan Mtg Corp .....	8.50	01/01/09	3,289,144	3,110,232	3,180,191
Federal Home Loan Mtg Corp .....	8.50	01/01/10	601,682	515,648	583,256
Federal Home Loan Mtg Corp .....	8.50	02/01/08	1,491,662	1,444,862	1,441,318
Federal Home Loan Mtg Corp .....	8.50	02/01/09	2,535,803	2,425,988	2,462,899
Federal Home Loan Mtg Corp .....	8.50	02/01/17	636,995	576,878	603,354
Federal Home Loan Mtg Corp .....	8.50	02/15/19	14,781,562	13,612,895	14,057,266
Federal Home Loan Mtg Corp .....	8.50	03/01/05	1,019,029	935,716	991,961
Federal Home Loan Mtg Corp .....	8.50	03/01/08	1,054,323	1,005,736	1,018,740
Federal Home Loan Mtg Corp .....	8.50	04/01/16	4,118,091	3,819,529	3,909,612
Federal Home Loan Mtg Corp .....	8.50	04/01/17	2,901,148	2,679,935	2,750,651
Federal Home Loan Mtg Corp .....	8.50	05/01/05	1,527,006	1,445,287	1,477,378
Federal Home Loan Mtg Corp .....	8.50	05/01/08	2,932,435	2,691,016	2,840,052
Federal Home Loan Mtg Corp .....	8.50	05/01/10	959,129	879,264	928,257
Federal Home Loan Mtg Corp .....	8.50	05/01/17	9,819,239	9,399,211	9,309,866
Federal Home Loan Mtg Corp .....	8.50	06/01/06	1,145,250	1,082,578	1,108,030
Federal Home Loan Mtg Corp .....	8.50	06/01/09	1,529,150	1,359,077	1,480,660
Federal Home Loan Mtg Corp .....	8.50	06/01/17	19,156,879	17,838,286	18,163,116
Federal Home Loan Mtg Corp .....	8.50	07/01/08	491,765	464,622	475,783
Federal Home Loan Mtg Corp .....	8.50	08/01/06	518,583	490,637	501,729
Federal Home Loan Mtg Corp .....	8.50	08/01/16	1,087,668	1,003,374	1,032,605
Federal Home Loan Mtg Corp .....	8.50	09/01/08	2,302,220	2,154,014	2,230,275
Federal Home Loan Mtg Corp .....	8.50	09/01/10	3,696,203	3,310,859	3,579,614
Federal Home Loan Mtg Corp .....	8.50	10/01/05	1,668,892	1,544,523	1,614,653
Federal Home Loan Mtg Corp .....	8.50	10/01/10	3,796,746	3,568,941	3,630,638
Federal Home Loan Mtg Corp .....	8.50	11/01/16	3,957,815	3,609,033	3,754,977
Federal Home Loan Mtg Corp .....	8.50	12/01/05	267,749	246,902	261,001
Federal Home Loan Mtg Corp .....	8.50	12/01/07	2,524,792	2,387,988	2,443,423
Federal Home Loan Mtg Corp .....	8.50	12/01/08	4,338,615	3,971,860	4,196,174
Federal Home Loan Mtg Corp .....	8.60	08/01/05	99,210	93,901	96,451
Federal Home Loan Mtg Corp .....	8.75	01/01/09	9,193,623	8,633,387	8,989,640
Federal Home Loan Mtg Corp .....	8.75	03/01/10	2,986,812	2,497,302	2,919,608
Federal Home Loan Mtg Corp .....	8.75	04/01/08	1,188,021	1,125,964	1,161,662
Federal Home Loan Mtg Corp .....	8.75	05/01/08	4,553,658	4,394,988	4,452,623
Federal Home Loan Mtg Corp .....	8.75	11/01/04	84,390	80,491	82,650

**Portfolio Detail Statistics as of 6/30/89**  
**Trade Date Basis**

Description	Interest Rate (%)	Maturity Date	Par Value (\$)	Book Value (\$)	Market Value (\$)
<b>Government Agency Participating Mortgages (Continued)</b>					
Federal Home Loan Mtg Corp .....	8.80	08/01/05	642,881	616,598	630,426
Federal Home Loan Mtg Corp .....	9.00	01/01/09	365,008	351,573	356,102
Federal Home Loan Mtg Corp .....	9.00	01/01/10	327,663	314,189	320,618
Federal Home Loan Mtg Corp .....	9.00	01/01/17	311,435	300,790	303,805
Federal Home Loan Mtg Corp .....	9.00	03/01/09	468,887	450,144	459,790
Federal Home Loan Mtg Corp .....	9.00	03/01/17	4,769,813	4,640,035	4,623,738
Federal Home Loan Mtg Corp .....	9.00	04/01/08	45,525	43,632	44,692
Federal Home Loan Mtg Corp .....	9.00	04/01/09	364,916	351,176	357,727
Federal Home Loan Mtg Corp .....	9.00	04/01/17	1,315,813	1,270,863	1,280,813
Federal Home Loan Mtg Corp .....	9.00	05/01/11	3,537,208	3,343,767	3,499,626
Federal Home Loan Mtg Corp .....	9.00	05/01/16	181,684	174,205	177,832
Federal Home Loan Mtg Corp .....	9.00	05/01/17	118,419	113,775	115,245
Federal Home Loan Mtg Corp .....	9.00	06/01/16	67,607	66,203	66,868
Federal Home Loan Mtg Corp .....	9.00	08/01/09	641,170	582,575	634,157
Federal Home Loan Mtg Corp .....	9.00	09/01/10	269,012	258,237	263,874
Federal Home Loan Mtg Corp .....	9.00	10/01/07	286,079	275,199	280,901
Federal Home Loan Mtg Corp .....	9.00	10/01/08	7,900,743	7,451,389	7,814,329
Federal Home Loan Mtg Corp .....	9.00	10/01/09	872,167	840,070	849,840
Federal Home Loan Mtg Corp .....	9.00	10/01/10	2,576,196	2,433,700	2,531,918
Federal Home Loan Mtg Corp .....	9.00	10/01/13	283,017	270,136	277,243
Federal Home Loan Mtg Corp .....	9.00	11/15/19	10,374,707	10,074,813	10,296,897
Federal Home Loan Mtg Corp .....	9.00	12/01/16	4,177,905	4,072,572	4,049,957
Federal Home Loan Mtg Corp .....	9.19	11/15/10	10,000,000	10,000,000	10,000,000
Federal Home Loan Mtg Corp .....	9.50	01/01/11	47,911	49,621	47,776
Federal Home Loan Mtg Corp .....	9.50	01/01/17	1,799,914	1,798,395	1,780,027
Federal Home Loan Mtg Corp .....	9.50	02/01/10	398,139	409,724	397,019
Federal Home Loan Mtg Corp .....	9.50	02/01/11	89,972	94,263	89,719
Federal Home Loan Mtg Corp .....	9.50	02/01/18	994,226	994,226	982,420
Federal Home Loan Mtg Corp .....	9.50	03/01/10	385,170	395,612	384,087
Federal Home Loan Mtg Corp .....	9.50	03/01/13	159,496	160,892	159,047
Federal Home Loan Mtg Corp .....	9.50	03/01/16	1,182,670	1,203,808	1,179,344
Federal Home Loan Mtg Corp .....	9.50	03/01/17	1,426,872	1,434,381	1,422,859
Federal Home Loan Mtg Corp .....	9.50	04/01/09	46,091	46,912	45,961
Federal Home Loan Mtg Corp .....	9.50	04/01/16	3,403,074	3,482,814	3,362,950
Federal Home Loan Mtg Corp .....	9.50	05/01/07	1,427,143	1,468,078	1,410,196
Federal Home Loan Mtg Corp .....	9.50	05/01/09	393,524	402,783	392,417
Federal Home Loan Mtg Corp .....	9.50	05/01/15	256,051	259,211	255,331
Federal Home Loan Mtg Corp .....	9.50	05/01/16	3,013,967	3,035,035	2,997,759
Federal Home Loan Mtg Corp .....	9.50	06/01/09	271,438	278,259	270,675
Federal Home Loan Mtg Corp .....	9.50	06/01/16	2,156,019	2,168,807	2,149,955
Federal Home Loan Mtg Corp .....	9.50	07/01/10	1,130,390	1,162,541	1,116,967
Federal Home Loan Mtg Corp .....	9.50	07/01/16	5,725,346	5,776,950	5,709,245
Federal Home Loan Mtg Corp .....	9.50	08/01/16	7,326,251	7,390,578	7,305,648
Federal Home Loan Mtg Corp .....	9.50	08/15/04	13,489,452	13,242,848	13,492,150
Federal Home Loan Mtg Corp .....	9.50	09/01/10	429,742	442,427	428,534
Federal Home Loan Mtg Corp .....	9.50	09/01/16	5,598,070	5,656,541	5,581,601
Federal Home Loan Mtg Corp .....	9.50	10/01/09	1,023,730	1,057,522	1,020,850
Federal Home Loan Mtg Corp .....	9.50	10/01/16	5,907,388	5,991,076	5,890,775
Federal Home Loan Mtg Corp .....	9.50	11/01/09	117,584	118,658	117,254
Federal Home Loan Mtg Corp .....	9.50	11/01/16	7,135,336	7,191,651	7,096,036

**Portfolio Detail Statistics as of 6/30/89**  
**Trade Date Basis**

Description	Interest Rate (%)	Maturity Date	Par Value (\$)	Book Value (\$)	Market Value (\$)
<b>Government Agency Participating Mortgages (Continued)</b>					
Federal Home Loan Mtg Corp .....	9.50	12/01/09	766,873	785,487	764,716
Federal Home Loan Mtg Corp .....	9.50	12/01/16	3,732,255	3,804,869	3,714,499
Federal Home Loan Mtg Corp .....	10.00	01/01/16	629,291	649,672	633,814
Federal Home Loan Mtg Corp .....	10.00	01/01/18	1,950,003	1,937,816	1,964,019
Federal Home Loan Mtg Corp .....	10.00	02/01/09	514,368	529,346	517,904
Federal Home Loan Mtg Corp .....	10.00	02/01/10	615,073	634,391	622,634
Federal Home Loan Mtg Corp .....	10.00	02/01/19	18,091,373	17,890,672	18,255,326
Federal Home Loan Mtg Corp .....	10.00	04/01/18	1,004,922	1,009,889	1,011,831
Federal Home Loan Mtg Corp .....	10.00	04/01/19	9,750,010	9,698,213	9,817,042
Federal Home Loan Mtg Corp .....	10.00	05/01/15	6,363,938	6,390,090	6,407,690
Federal Home Loan Mtg Corp .....	10.00	05/01/18	7,439,974	7,476,764	7,491,123
Federal Home Loan Mtg Corp .....	10.00	05/01/19	2,000,000	1,987,500	2,013,750
Federal Home Loan Mtg Corp .....	10.00	06/01/09	235,597	242,695	237,585
Federal Home Loan Mtg Corp .....	10.00	06/01/10	4,659,323	4,813,796	4,691,356
Federal Home Loan Mtg Corp .....	10.00	06/01/18	18,022,179	18,043,564	18,146,082
Federal Home Loan Mtg Corp .....	10.00	06/01/19	5,977,949	5,940,587	6,019,047
Federal Home Loan Mtg Corp .....	10.00	07/01/18	27,995,444	28,029,204	28,187,913
Federal Home Loan Mtg Corp .....	10.00	08/01/18	997,138	999,631	1,003,993
Federal Home Loan Mtg Corp .....	10.00	09/01/10	93,087	96,806	93,872
Federal Home Loan Mtg Corp .....	10.00	09/01/12	579,171	582,034	584,058
Federal Home Loan Mtg Corp .....	10.00	09/01/13	314,192	325,238	316,843
Federal Home Loan Mtg Corp .....	10.00	09/01/15	6,176	6,462	6,233
Federal Home Loan Mtg Corp .....	10.00	09/01/17	940,963	940,670	947,726
Federal Home Loan Mtg Corp .....	10.00	10/01/15	220,511	228,584	222,371
Federal Home Loan Mtg Corp .....	10.00	10/01/18	9,477,543	9,501,237	9,542,701
Federal Home Loan Mtg Corp .....	10.00	11/01/15	98,890	101,865	99,725
Federal Home Loan Mtg Corp .....	10.00	11/01/17	3,834,016	3,850,457	3,861,573
Federal Home Loan Mtg Corp .....	10.00	11/01/18	9,811,875	9,857,867	9,879,332
Federal Home Loan Mtg Corp .....	10.00	12/01/18	10,088,476	10,123,155	10,157,835
Federal Home Loan Mtg Corp .....	10.25	08/01/17	906,055	912,654	919,929
Federal Home Loan Mtg Corp .....	10.50	02/01/19	1,536,939	1,534,538	1,571,520
Federal Home Loan Mtg Corp .....	10.50	03/01/19	31,657,234	31,685,292	32,329,950
Federal Home Loan Mtg Corp .....	10.50	05/01/17	2,925,001	2,935,970	2,987,157
Federal Home Loan Mtg Corp .....	10.50	06/01/19	17,729,304	17,827,869	18,106,052
Federal Home Loan Mtg Corp .....	10.50	07/01/18	2,791,526	2,836,888	2,850,846
Federal Home Loan Mtg Corp .....	10.50	07/01/19	8,968,758	9,010,530	9,159,345
Federal Home Loan Mtg Corp .....	10.50	08/01/10	1,793,142	1,818,919	1,831,247
Federal Home Loan Mtg Corp .....	10.50	08/01/14	9,095,179	9,080,020	9,288,451
Federal Home Loan Mtg Corp .....	10.50	08/01/18	8,961,674	9,117,232	9,152,110
Federal Home Loan Mtg Corp .....	10.50	09/01/17	2,027,220	2,062,697	2,070,299
Federal Home Loan Mtg Corp .....	10.50	10/01/17	3,560,550	3,611,732	3,636,211
Federal Home Loan Mtg Corp .....	10.50	11/01/17	5,668,677	5,760,793	5,789,137
Federal Home Loan Mtg Corp .....	10.50	12/01/17	119,852	121,800	122,399
Federal Home Loan Mtg Corp .....	10.50	12/01/18	843,916	842,070	862,377
Federal Home Loan Mtg Corp .....	11.00	02/01/19	164	162	169
Federal Home Loan Mtg Corp .....	11.00	03/01/19	1,010	1,003	1,045
Federal Home Loan Mtg Corp .....	11.00	08/01/15	66	65	68
Federal Home Loan Mtg Corp .....	11.00	10/01/15	1,570,193	1,766,645	1,621,716
Federal Home Loan Mtg Corp .....	11.00	11/01/15	7,069	7,016	7,310
Federal Home Loan Mtg Corp .....	11.50	01/01/16	665,171	745,718	695,103

**Portfolio Detail Statistics as of 6/30/89**  
**Trade Date Basis**

Description	Interest Rate (%)	Maturity Date	Par Value (\$)	Book Value (\$)	Market Value (\$)
<b>Government Agency Participating Mortgages (Continued)</b>					
Federal Home Loan Mtg Corp .....	11.50	02/01/00	3,316,764	3,470,309	3,441,143
Federal Home Loan Mtg Corp .....	11.50	02/01/13	291,935	318,867	305,072
Federal Home Loan Mtg Corp .....	11.50	02/01/16	478,711	520,211	500,253
Federal Home Loan Mtg Corp .....	11.50	03/01/11	351,362	374,606	367,173
Federal Home Loan Mtg Corp .....	11.50	03/01/12	2,497,890	2,633,776	2,610,295
Federal Home Loan Mtg Corp .....	11.50	03/01/15	490,394	523,709	512,462
Federal Home Loan Mtg Corp .....	11.50	03/01/16	546,583	594,119	571,179
Federal Home Loan Mtg Corp .....	11.50	07/01/11	309,674	335,163	323,609
Federal Home Loan Mtg Corp .....	11.75	06/01/13	193,778	226,730	202,498
Federal Home Loan Mtg Corp .....	11.75	07/01/13	547,779	571,308	573,799
Federal Home Loan Mtg Corp .....	11.75	08/01/15	41,420	42,428	43,366
Federal Home Loan Mtg Corp .....	11.75	09/01/11	1,225,027	1,258,521	1,283,461
Federal Home Loan Mtg Corp .....	11.75	10/01/13	326,158	360,601	340,835
Federal Home Loan Mtg Corp .....	11.75	11/01/13	773,333	871,974	808,133
Federal Home Loan Mtg Corp .....	11.75	12/01/15	406,431	418,525	426,184
Federal Home Loan Mtg Corp .....	12.00	04/01/14	362,519	391,783	382,005
Federal Home Loan Mtg Corp .....	12.00	07/01/13	327,840	361,139	345,461
Federal Home Loan Mtg Corp .....	12.00	08/01/13	243,226	290,518	256,299
Federal Home Loan Mtg Corp .....	12.00	08/01/15	1,013,039	1,123,371	1,067,490
Federal Home Loan Mtg Corp .....	12.00	10/01/13	395,510	440,018	416,768
Federal Home Loan Mtg Corp .....	12.00	10/01/14	75,296	104,128	79,343
Federal Home Loan Mtg Corp .....	12.00	11/01/15	792,545	844,219	835,145
Federal Home Loan Mtg Corp .....	12.00	12/01/09	346,765	371,918	365,404
Federal Home Loan Mtg Corp .....	12.00	12/01/15	566,373	610,157	596,816
Federal Home Loan Mtg Corp .....	12.25	02/01/13	724,178	781,112	763,102
Federal Home Loan Mtg Corp .....	12.25	04/01/14	365,597	425,977	385,247
Federal Home Loan Mtg Corp .....	12.25	04/01/15	598,636	685,762	630,813
Federal Home Loan Mtg Corp .....	12.25	07/01/15	531,124	566,551	559,672
Federal Home Loan Mtg Corp .....	12.25	09/01/14	279,575	314,209	294,602
Federal Home Loan Mtg Corp .....	12.25	10/01/13	336,698	358,151	354,795
Federal Home Loan Mtg Corp .....	13.00	01/01/11	260,987	294,378	278,603
Federal Home Loan Mtg Corp .....	13.25	02/01/10	515,645	575,836	561,074
Federal National Mtg Assn .....	6.25	06/01/03	5,992,347	5,128,481	5,206,750
Federal National Mtg Assn .....	6.50	10/01/05	16,051,523	14,245,727	13,784,245
Federal National Mtg Assn .....	7.00	06/01/07	3,845,837	3,026,123	3,540,574
Federal National Mtg Assn .....	7.00	09/01/07	4,393,201	3,617,981	4,041,745
Federal National Mtg Assn .....	7.50	02/01/09	3,647,942	3,040,350	3,410,105
Federal National Mtg Assn .....	7.50	06/01/09	837,240	700,984	788,576
Federal National Mtg Assn .....	7.50	09/01/09	1,476,491	1,351,318	1,384,210
Federal National Mtg Assn .....	8.00	06/01/07	1,509,542	1,292,964	1,437,839
Federal National Mtg Assn .....	8.00	10/01/16	2,245,939	2,057,140	2,088,723
Federal National Mtg Assn .....	8.00	11/01/09	1,593,686	1,338,377	1,517,986
Federal National Mtg Assn .....	8.25	03/01/04	1,698,585	1,564,290	1,597,519
Federal National Mtg Assn .....	8.25	05/01/06	1,761,755	1,395,794	1,686,000
Federal National Mtg Assn .....	8.25	07/01/09	2,407,622	2,114,491	2,323,355
Federal National Mtg Assn .....	8.25	09/01/08	2,204,724	1,996,263	2,122,736
Federal National Mtg Assn .....	8.25	09/01/09	610,931	532,184	588,021
Federal National Mtg Assn .....	8.50	03/01/11	8,788,244	8,317,456	8,535,582
Federal National Mtg Assn .....	8.50	05/01/08	3,836,773	3,549,015	3,726,466
Federal National Mtg Assn .....	8.50	09/01/16	3,067,912	2,850,282	2,925,062



**Portfolio Detail Statistics as of 6/30/89**  
**Trade Date Basis**

Description	Interest Rate (%)	Maturity Date	Par Value (\$)	Book Value (\$)	Market Value (\$)
<b>Government Agency Participating Mortgages (Continued)</b>					
Federal National Mtg Assn .....	8.50	11/01/08	1,319,572	1,186,531	1,289,057
Federal National Mtg Assn .....	8.50	12/01/07	2,125,133	2,044,776	2,075,989
Federal National Mtg Assn .....	8.50	12/01/08	2,242,197	2,004,736	2,178,435
Federal National Mtg Assn .....	8.95	05/25/03	10,000,000	9,988,757	10,331,200
Federal National Mtg Assn .....	9.00	01/01/10	453,297	407,122	450,747
Federal National Mtg Assn .....	9.00	10/01/04	2,423,492	2,010,230	2,375,022
Federal National Mtg Assn .....	9.50	05/01/18	3,936,814	3,823,630	3,912,209
Federal National Mtg Assn .....	10.00	08/01/16	648,496	650,523	653,968
Federal National Mtg Assn .....	11.25	10/01/15	1,141,174	1,206,482	1,179,332
Federal National Mtg Assn .....	11.25	12/01/15	125,034	169,034	129,215
Federal National Mtg Assn .....	11.50	12/01/15	475,655	528,521	497,060
Federal National Mtg Assn .....	11.75	05/01/14	811,767	898,610	848,296
Federal National Mtg Assn .....	11.75	07/01/15	187,275	215,462	195,702
Federal National Mtg Assn .....	12.00	07/01/11	812,774	890,203	860,270
Federal National Mtg Assn .....	12.50	04/01/14	176,278	214,172	187,295
Federal National Mtg Assn .....	12.50	07/01/15	541,520	603,367	575,365
Federal National Mtg Assn .....	12.50	12/01/14	227,831	267,150	242,071
Federal National Mtg Assn .....	12.75	07/01/13	2,568,685	2,838,248	2,729,228
Federal National Mtg Assn Remic .....	0.00	02/25/19	4,901,710	3,296,400	3,357,671
Federal National Mtg Assn Remic .....	0.00	03/25/17	5,717,612	4,357,892	4,506,221
Federal National Mtg Assn Remic .....	0.00	03/25/19	5,000,000	2,207,813	2,521,900
Federal National Mtg Assn Remic .....	0.00	04/25/07	11,453,964	9,440,572	9,735,869
Federal National Mtg Assn Remic .....	0.00	11/25/18	5,858,929	3,391,771	3,586,778
Federal National Mtg Assn Remic .....	0.00	12/25/18	4,937,203	3,338,784	3,471,471
Federal National Mtg Assn Remic .....	10.30	04/25/19	8,000,000	7,973,829	8,160,000
Federal National Mtg Assn Stripped .....	0.00	01/01/18	9,016,583	5,028,187	5,345,211
Federal National Mtg Assn Stripped .....	0.00	03/01/18	13,848,794	7,991,684	8,832,900
Federal National Mtg Assn Stripped .....	0.00	11/01/16	5,239,626	3,316,870	3,316,870
Federal National Mtg Assn Stripped .....	5.00	01/01/06	3,989,943	3,181,356	3,241,829
Federal National Mtg Assn Stripped .....	6.00	05/01/09	5,128,344	4,211,652	4,105,855
Federal National Mtg Assn Stripped .....	8.50	04/01/17	1,994,538	796,568	781,599
Federal National Mtg Assn Stripped .....	9.00	02/01/17	34,062,203	19,107,732	13,880,348
Federal National Mtg Assn Stripped .....	9.50	04/01/17	5,168,748	2,841,196	3,146,475
Federal National Mtg Assn Stripped .....	9.50	07/01/18	169,163	72,264	169,163
Federal National Mtg Assn Stripped .....	9.50	12/01/01	7,700,916	5,368,982	5,477,276
Federal National Mtg Assn Stripped .....	9.50	12/01/18	14,000,000	8,266,563	8,266,563
Federal National Mtg Assn Stripped .....	10.00	09/01/18	24,505,238	14,402,953	15,001,861
Federal National Mtg Assn Stripped .....	10.00	11/01/16	8,004,925	4,860,490	5,050,627
Government National Mtg Assn .....	7.50	02/15/17	2,000,059	1,684,701	1,815,487
Government National Mtg Assn .....	7.50	03/15/17	2,244,977	1,885,074	2,038,535
Government National Mtg Assn .....	7.50	04/15/17	5,077,841	4,261,058	4,606,351
Government National Mtg Assn .....	7.50	05/15/17	7,139,237	5,990,162	6,476,254
Government National Mtg Assn .....	7.50	06/15/17	4,009,792	3,354,202	3,637,072
Government National Mtg Assn .....	7.50	07/15/17	1,077,631	903,629	975,640
Government National Mtg Assn .....	7.50	08/15/17	983,536	828,622	891,526
Government National Mtg Assn .....	7.50	11/15/16	171,029	144,038	155,910
Government National Mtg Assn .....	7.50	11/15/17	977,918	818,235	887,852
Government National Mtg Assn .....	8.00	01/15/17	2,971,592	2,722,871	2,696,157
Government National Mtg Assn .....	8.00	02/15/08	712,066	657,133	675,082
Government National Mtg Assn .....	8.00	02/15/17	6,235,574	5,720,166	5,651,800

**Portfolio Detail Statistics as of 6/30/89**  
**Trade Date Basis**

Description	Interest Rate (%)	Maturity Date	Par Value (\$)	Book Value (\$)	Market Value (\$)
<b>Government Agency Participating Mortgages (Continued)</b>					
Government National Mtg Assn .....	8.00	03/15/08	949,845	869,840	900,235
Government National Mtg Assn .....	8.00	03/15/17	2,689,858	2,398,808	2,498,652
Government National Mtg Assn .....	8.00	04/15/17	5,785,754	5,194,767	5,343,607
Government National Mtg Assn .....	8.00	05/15/17	2,009,900	1,789,495	1,868,859
Government National Mtg Assn .....	8.00	06/15/06	231,837	207,602	224,094
Government National Mtg Assn .....	8.00	06/15/08	540,043	499,224	510,557
Government National Mtg Assn .....	8.00	06/15/16	57,277	52,543	51,915
Government National Mtg Assn .....	8.00	06/15/17	2,448,649	2,185,683	2,269,067
Government National Mtg Assn .....	8.00	07/15/01	6,908	6,319	6,663
Government National Mtg Assn .....	8.00	07/15/05	76,307	69,630	73,858
Government National Mtg Assn .....	8.00	07/15/06	47,932	43,680	45,789
Government National Mtg Assn .....	8.00	07/15/07	1,111,016	1,014,666	1,057,964
Government National Mtg Assn .....	8.00	07/15/16	80,086	73,466	72,588
Government National Mtg Assn .....	8.00	07/15/17	569,711	524,542	516,375
Government National Mtg Assn .....	8.00	08/15/05	335,307	307,645	322,498
Government National Mtg Assn .....	8.00	08/15/06	810,779	742,157	771,667
Government National Mtg Assn .....	8.00	08/15/07	251,808	229,272	240,834
Government National Mtg Assn .....	8.00	08/15/17	1,044,195	954,805	949,212
Government National Mtg Assn .....	8.00	09/15/05	242,219	221,432	231,319
Government National Mtg Assn .....	8.00	09/15/06	629,848	575,108	597,033
Government National Mtg Assn .....	8.00	09/15/07	823,279	760,063	784,166
Government National Mtg Assn .....	8.00	09/15/16	388,696	356,568	352,307
Government National Mtg Assn .....	8.00	09/15/17	94,891	84,097	88,609
Government National Mtg Assn .....	8.00	10/15/07	1,019,422	934,664	969,194
Government National Mtg Assn .....	8.00	11/15/07	1,270,601	1,170,283	1,207,549
Government National Mtg Assn .....	8.25	03/15/06	464,236	421,947	447,152
Government National Mtg Assn .....	8.25	04/15/06	1,078,629	980,372	1,042,894
Government National Mtg Assn .....	8.25	04/15/08	568,347	516,575	545,830
Government National Mtg Assn .....	8.25	05/15/06	276,306	251,136	265,226
Government National Mtg Assn .....	8.25	05/15/08	2,228,428	2,025,432	2,133,112
Government National Mtg Assn .....	8.25	06/15/06	16,126	14,657	15,534
Government National Mtg Assn .....	8.25	06/15/08	4,251,450	3,864,167	4,079,844
Government National Mtg Assn .....	8.25	07/15/08	337,610	306,856	322,485
Government National Mtg Assn .....	8.25	10/15/06	495,006	449,914	476,196
Government National Mtg Assn .....	8.25	11/15/06	423,071	384,532	408,263
Government National Mtg Assn .....	9.00	01/15/17	3,126,235	2,880,042	3,058,474
Government National Mtg Assn .....	9.00	01/15/18	850,597	783,613	831,544
Government National Mtg Assn .....	9.00	02/15/17	1,380,142	1,271,455	1,350,747
Government National Mtg Assn .....	9.00	02/15/19	229,586	211,506	224,421
Government National Mtg Assn .....	9.00	03/15/19	1,018,349	938,154	995,436
Government National Mtg Assn .....	9.00	04/15/16	1,238,524	1,140,991	1,213,423
Government National Mtg Assn .....	9.00	04/15/17	936,560	862,806	916,330
Government National Mtg Assn .....	9.00	04/15/18	1,153,004	1,062,204	1,127,192
Government National Mtg Assn .....	9.00	05/15/16	1,377,629	1,269,141	1,348,284
Government National Mtg Assn .....	9.00	05/15/17	1,017,964	937,799	995,399
Government National Mtg Assn .....	9.00	05/15/18	457,754	421,706	447,592
Government National Mtg Assn .....	9.00	06/15/16	19,592,565	18,796,617	19,175,244
Government National Mtg Assn .....	9.00	06/15/18	979,031	901,932	957,003
Government National Mtg Assn .....	9.00	07/15/17	254,476	234,436	248,801
Government National Mtg Assn .....	9.00	08/15/16	2,559,211	2,357,673	2,504,513

**Portfolio Detail Statistics as of 6/30/89**  
**Trade Date Basis**

Description	Interest Rate (%)	Maturity Date	Par Value (\$)	Book Value (\$)	Market Value (\$)
<b>Government Agency Participating Mortgages (Continued)</b>					
Government National Mtg Assn .....	9.00	09/15/16	633,400	583,520	619,782
Government National Mtg Assn .....	9.00	09/15/18	1,017,891	937,732	994,988
Government National Mtg Assn .....	9.00	10/15/16	3,762,457	3,466,164	3,681,375
Government National Mtg Assn .....	9.00	11/15/16	1,403,359	1,292,844	1,372,768
Government National Mtg Assn .....	9.00	12/15/16	4,225,755	3,892,977	4,134,921
Government National Mtg Assn .....	12.50	04/15/10	29,013	32,522	31,491
Government National Mtg Assn .....	12.50	06/15/10	2,573	3,024	2,791
Government National Mtg Assn .....	12.50	11/15/10	47,796	53,393	51,844
Government National Mtg Assn .....	12.50	11/15/13	65,049	73,506	70,578
Government National Mtg Assn .....	12.50	12/15/13	32,697	36,006	35,535
<b>TOTAL</b>				<b>1,004,893,030</b>	<b>1,025,373,526</b>
<b>Other Participating Mortgages</b>					
Beacon Federal Savings 1985-3 .....	7.82	04/01/03	6,136,858	5,538,346	5,714,949
Bear Stearns Mtg Capital 1987-1 .....	8.50	02/25/02	11,640,777	10,870,550	11,171,537
Centrust Sav/Dade 1984-3 .....	8.47	11/01/07	7,453,428	5,809,149	7,064,434
Chemical Mtg 1987-1 .....	5.76	01/15/97	6,747,514	5,749,118	6,041,117
Citibank NY 88-1 .....	9.00	06/25/18	4,522,065	4,325,638	4,325,638
Citicorp Mtg Secs Remic 87-13 .....	8.80	06/01/03	2,407,094	2,367,343	2,407,094
Citicorp Mtg Secs Remic 88-11 .....	8.80	08/01/18	8,757,185	8,716,081	8,735,292
Citicorp Mtg Secs Remic 89-8 .....	10.50	06/01/19	5,000,000	5,081,250	5,075,000
Collateralized Mtg Obl Tr 37 .....	0.00	10/25/17	1,219,648	747,603	829,361
Collateralized Mtg Obl Tr 40 .....	8.80	04/01/18	15,000,000	14,070,600	14,775,000
Collateralized Mtg Obl Tr 42 .....	0.00	10/01/14	10,153,272	7,851,547	7,469,051
Collateralized Mtg Obl Tr 60 .....	9.00	05/01/19	7,200,000	5,755,500	6,399,000
Collateralized Mtg Secs C4 .....	10.95	02/01/14	749,730	767,878	794,714
Collateralized Mtg Secs G5 .....	10.20	04/20/17	676,391	625,662	689,919
Collateralized Mtg Obl Tr 26 .....	0.00	04/23/17	720,073	451,621	478,849
Drexel Burnham Lambert CMO .....	0.00	07/01/03	4,139,857	2,529,989	2,628,809
First Boston Mtg Sec Stripped 87-A1 .....	0.00	05/16/18	11,040,513	6,179,950	6,872,720
First Boston Mtg Sec Stripped 87-D1 .....	0.00	05/25/17	2,221,435	1,352,299	1,352,299
Fortune Mtg 1984-4 .....	7.94	05/01/03	4,005,078	3,142,645	3,742,265
MAC 76 FHA Proj .....	7.43	10/01/22	3,531,811	2,874,011	3,125,653
MS Trust II C-2 .....	9.10	04/27/17	14,605,483	14,089,727	14,532,455
Mem Savings Part Cert 1984-8 .....	7.67	01/01/03	6,214,295	4,773,372	5,554,026
Metropolitan American Federal Mtg 1984-4 .....	8.93	04/01/08	7,527,550	6,118,943	7,010,031
Metropolitan American Federal Mtg 1984-2 .....	8.61	04/01/99	941,002	893,264	883,366
Paranteed Mtg II R-4 .....	11.00	12/01/15	434,820	432,646	456,561
Residential Fin Hm Eqty Ln .....	9.78	06/15/04	6,000,000	6,000,000	6,000,000
RM TR XXIX CMO .....	0.00	05/01/13	2,228,891	1,660,243	1,649,379
RM TR XXXVIII CMO .....	9.45	12/27/16	16,200,000	15,767,136	16,483,500
Mortgage Cap Tr IV CMO .....	0.00	11/01/17	560,172	347,680	386,519
Midwest Federal Mtg Part Cert 84-1 .....	8.76	03/01/13	2,136,566	1,549,028	1,987,006
Residential Mtg Accep Inc CMO .....	8.00	05/01/09	2,832,159	2,747,067	2,775,516
Metropolitan Housing Tr 1987-1 .....	6.33	04/01/26	12,600,000	9,902,036	10,339,938
Metropolitan Housing Tr 1987-1 .....	6.83	10/01/02	6,200,000	5,639,175	5,859,000
Metropolitan Accep 81-B .....	9.00	01/01/15	12,019,621	11,762,271	11,659,032
Metropolitan Bros Mtg Secs IV .....	7.00	02/01/17	3,405,586	2,905,895	3,099,083

**Portfolio Detail Statistics as of 6/30/89**  
**Trade Date Basis**

<b>Description</b>	<b>Interest Rate (%)</b>	<b>Maturity Date</b>	<b>Par Value (\$)</b>	<b>Book Value (\$)</b>	<b>Market Value (\$)</b>
<b>Other Participating Mortgages (Continued)</b>					
Salomon Bros Mtg Secs 6 .....	0.00	04/20/17	8,225,831	4,292,296	5,141,144
Santa Barbara Funding II CMO .....	5.00	12/20/12	20,000,000	17,595,410	17,500,000
Sears Mortgage Sec Pass-Thru .....	10.00	11/01/12	4,755,501	3,942,683	4,806,000
State Federal Savings/Loan Tulsa .....	8.27	01/01/09	3,604,539	2,759,684	3,397,270
Stockton Secs Corp CMO .....	12.12	03/01/09	953,201	1,005,112	1,000,000
Travelers Mtg Svcs 86-6 .....	8.00	11/01/16	7,979,869	7,301,580	7,261,000
Mercantile Savings Assn Houston TX ....	9.09	05/01/08	2,301,175	1,900,846	2,134,000
United Savings Assn Houston TX .....	8.25	07/01/03	7,015,174	5,450,775	6,339,000
United Savings Assn Houston TX .....	9.04	05/01/08	3,276,276	2,864,177	3,038,000
United Savings Assn Houston TX .....	9.02	05/01/08	2,800,334	2,607,053	2,700,000
Virginia Beach Savings/Loan .....	6.90	03/01/01	3,472,342	2,666,574	3,125,000
<b>TOTAL</b>				<b>231,781,453</b>	<b>244,813,873</b>
<b>FHA/VA Residential Mortgages</b>			<b>163,572,113</b>	<b>163,572,113</b>	<b>150,011,984</b>
<b>FHA Project Mortgages</b>			<b>36,240,804</b>	<b>36,240,804</b>	<b>27,535,762</b>
<b>Conventional Mortgages</b>			<b>314,446</b>	<b>314,446</b>	<b>337,701</b>

**Portfolio Detail Statistics as of 6/30/89**  
**Trade Date Basis**

Description	Book Value (\$)	Market Value (\$)
<b>OTHER LONG-TERM INVESTMENTS</b>		
<b>Real Estate Owned</b>		
15th St, Harrisburg, PA .....	8,500,000	8,500,000
Shopping Centers, Austin, TX .....	36,168,375	36,168,375
Citizens Bank, Charlotte, NC .....	44,201,802	44,044,152
Hotels, Atlanta, GA & New York, NY .....	62,840,267	62,840,267
Over Plaza, Pittsburgh, PA .....	52,293,002	52,155,627
<b>TOTAL</b>	<b>204,003,446</b>	<b>203,708,421</b>
<b>Other Real Estate</b>		
W Ala Office Bldg, Houston, TX .....	19,510,287	16,310,790
Brook Corporate Center, Tredyffrin		
PA .....	12,000,000	16,534,180
Mill, Philadelphia, PA .....	31,650,430	39,213,520
Washington, Washington, DC .....	36,583,972	49,989,000
Inn, Carmel, CA .....	54,719,684	54,580,448
Building, Boston, MA .....	6,000,000	11,385,490
Center, Pittsburgh, PA .....	650,000	3,095,896
Banker Hill, Los Angeles, CA .....	39,013,125	39,000,000
Center, Pittsburgh, PA .....	625,000	4,597,188
West III, Framingham, MA .....	6,800,000	6,800,000
Executive Mall, Valley Forge, PA .....	37,452,600	36,013,000
Business Center I, Tredyffrin		
PA .....	4,900,000	5,224,071
Business Center II, Tredyffrin		
PA .....	5,400,000	5,719,613
<b>TOTAL</b>	<b>255,305,098</b>	<b>288,463,196</b>
<b>Participating Mortgages</b>		
Ave. Cambridge, MA .....	9,269,500	9,670,586
Street, Washington, DC .....	16,256,063	16,913,970
(Saulding & Slye), Charlotte, NC ..	3,081,027	3,594,931
Court, Pittsburgh, PA .....	21,094,546	27,181,830
Philadelphia, PA .....	35,467,869	35,575,820
Bldg, Washington, DC .....	22,840,166	22,576,540
Place, Chicago, IL .....	0	9,849,970
Street Steam Boiler, Hartford, CT ..	42,328,122	47,062,232
Executive Place, Wellesley, MA .....	2,270,497	2,773,386
Ind Bldg, Schiller Park, IL .....	2,810,600	2,966,072
Industrial Bldg, Wheeling, IL .....	1,158,732	1,167,419
<b>TOTAL</b>	<b>156,577,122</b>	<b>179,332,756</b>

**Portfolio Detail Statistics as of 6/30/89  
Trade Date Basis**

<u>Description</u>	<u>Book Value (\$)</u>	<u>Market Value (\$)</u>
<b>Venture Capital</b>		
CEO Venture Fund .....	1,000,000	00
CIGNA .....	1,025,000	00
Commonwealth Venture Partners .....	20,000,000	00
APA/Fostin PA Venture .....	20,000,000	00
Genesis Seed Fd Ltd .....	2,000,000	00
Loyalhanna .....	15,000,000	00
NEPA .....	987,325	00
<b>TOTAL</b>	<b>60,012,325</b>	<b>60,000,000</b>
 <b>FHA Debentures</b> .....	 <b>2,342,225</b>	 <b>2,342,225</b>

**Portfolio Detail Statistics as of 6/30/88  
Trade Date Basis**

<u>Description</u>	<u>Book Value \$</u>
<b>Venture Capital</b>	
CEO Venture Fund .....	1,000,000
CIGNA .....	2,000,000
Commonwealth Venture Partners .....	2,000,000
APA/Fostin PA Venture .....	2,000,000
Genesis Seed Fd Ltd .....	2,000,000
Loyalhanna .....	2,000,000
NEPA .....	2,000,000
<b>TOTAL</b>	<b>60,000,000</b>
 <b>FHA Debentures</b> .....	 <b>2,000,000</b>

Consolidated Financial Statements as of 06/30/89  
 Dollar Unit Basis

	Book Value(\$)	Market Value(\$)
	1,484,197,000	1,504,397,000
	56,999,947	56,999,947
	276,080,783	276,080,783
	38,730,000	38,730,000
	40,249,614	40,249,614
	411,873,824	412,060,344
	2,762,521	2,762,521
	9,885,529	9,885,529
	263,591	263,591
	15,400,233	15,400,233
	4,312,615	4,312,615
	10,729,501	10,729,501
	5,672,787	5,672,787
	4,441,875	4,441,875
	368,931	368,931
	7,567,213	7,567,213
	6,096,668	6,096,668
	2,757,163	2,757,163
	2,129,492	2,129,492
	72,388,119	72,388,119



The Public School Employees' Retirement System of Pennsylvania

Investment Portfolio Section

**Portfolio Detail Statistics as of 6/30/89**  
**Trade Date Basis**

<b>Description</b>	<b>Book Value (\$)</b>	<b>Market Value (\$)</b>
<b>Venture Capital</b>		
CEO Venture Fund .....	1,000,000	1,000,000
CIGNA .....	1,025,000	1,025,000
Commonwealth Venture Partners .....	20,000,000	20,000,000
APA/Fostin PA Venture .....	20,000,000	20,000,000
Genesis Seed Fd Ltd .....	2,000,000	2,000,000
Loyalhanna .....	15,000,000	15,000,000
NEPA .....	987,325	987,325
<b>TOTAL</b>	<b>60,012,325</b>	<b>60,012,325</b>
FHA Debentures .....	2,342,225	2,342,225

The Public School Employees' Retirement System of Pennsylvania

Investment Portfolio Section

**Portfolio Detail Statistics as of 06/30/89  
Trade Date Basis**

Description	Book Value(\$)	Market Value(\$)
<b>SHORT-TERM INVESTMENTS</b>		
PA Treasury Short-term Investment Fund .....	1,504,397,000	1,504,397,000
<b>Other U.S. Short-term</b>		
Certificates of Deposit .....	56,999,947	56,999,947
Commercial Paper .....	276,080,783	276,080,783
State Street Short-term Investment Fund .....	38,730,000	38,730,000
Miscellaneous .....	40,063,094	40,249,614
<b>TOTAL</b>	<b>411,873,824</b>	<b>412,060,344</b>
<b>Foreign Short-term</b>		
<b>AUSTRALIA</b>		
Australian Dollar Currency Account .....	2,782,082	2,762,521
Australian Short-term Securities .....	9,863,787	9,885,529
<b>CANADA</b>		
Canadian Dollar Currency Account .....	264,946	263,591
Canadian Short-term Securities .....	15,322,156	15,400,233
<b>FRANCE</b>		
French Franc Currency Account .....	4,256,858	4,312,615
French Short-term Securities .....	10,623,820	10,729,501
<b>GERMANY</b>		
Deutsch Mark Currency Account .....	5,589,030	5,672,787
German Short-term Securities .....	4,399,193	4,441,875
<b>JAPAN</b>		
Yen Currency Account .....	371,700	368,931
Japanese Short-term Securities .....	7,537,362	7,567,213
<b>SWITZERLAND</b>		
Swiss Short-term Securities .....	6,076,492	6,096,668
<b>UNITED KINGDOM</b>		
U. K. Pound Currency Account .....	2,834,309	2,757,163
U. K. Short-term Securities .....	2,145,979	2,129,492
<b>TOTAL</b>	<b>72,067,714</b>	<b>72,388,119</b>

