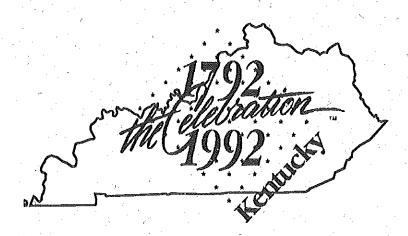


## TEACHERS' RETIREMENT SYSTEM OF THE STATE OF KENTUCKY

COMPONENT UNIT FINANCIAL REPORT FISCAL YEAR ENDED JUNE 30, 1992

## 52ND COMPONENT UNIT FINANCIAL REPORT OF THE TEACHERS' RETIREMENT SYSTEM OF THE STATE OF KENTUCKY FOR THE FISCAL YEAR ENDED JUNE 30, 1992



KENTUCKY TEACHERS' RETIREMENT SYSTEM
479 VERSAILLES ROAD
FRANKFORT, KENTUCKY 40601-3868

PAT N. MILLER EXECUTIVE SECRETARY



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# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## Teachers' Retirement System of the State of Kentucky

For its Component Unit Financial Report for the Fiscal Year Ended June 30, 1991

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 component unit financial reports (CUFRs) achieve the highest standards in government accounting and financial reporting.



\*\*\*\*\*\*

President President

\*\*\*\*\*\*

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The Kentucky Constitutions of 1792 and 1799 contained laws dealing with horses but made no provisions for public education.

\*\*\*\*\*

Information taken from "From the Fort to the Future: Educating the Children of Kentucky," edited by Edwin Ann Doyle, Ruby Larson and Anne Armstrong Thompson, p. x (Preface).

**BOARD OF TRUSTEES** 

VIRGINIA MURRELL CHAIRPERSON, SOMERSET

JUDITH R. GAMBILL VICE CHAIRPERSON, ASHLAND

ROBERT M. CONLEY, PAINTSVILLE

EARLE V. POWELL, FRANKFORT J. KENNETH SHADOWEN, BENTON BARBARA G. STERRETT, LEXINGTON

**EX OFFICIO** 

THOMAS BOYSEN
CHIEF STATE SCHOOL OFFICER

FRANCES JONES MILLS STATE TREASURER

## TEACHERS' RETIREMENT SYSTEM OF KENTUCKY



PAT N. MILLER EXECUTIVE SECRETARY

(502) 584-3266

Serving Kentucky Teachers Since 1940

December 1, 1992

Honorable Brereton C. Jones, Governor Commonwealth of Kentucky Capitol Building Frankfort, Kentucky 40601

\*\*\*\*\*\*\*\*\*\*\*\*\*

Dear Governor Jones:

It is my pleasure to submit the 52nd Annual Report of the Teachers' Retirement System of the State of Kentucky for the fiscal year ending on June 30, 1992.

State law provides the legal requirement for the publication of this report and in addition requires an annual audit of the retirement system. The auditor's opinion letter is in the Financial Section of this report.

The Board of Trustees has produced an annual report that will provide you and the General Assembly, as well as the general public, with information necessary to gain a better understanding of the Teachers' Retirement System.

The auditor's letter, the financial information, the actuary's opinion and supporting data along with the statistical data are all presented from the perspective of not just a statutory requirement but rather from the perspective of providing information that will assist public officials and others not associated with the System on a daily basis to provide the necessary support for the continued financial soundness of the System.

The Board of Trustees is totally committed to the continued operation of an actuarially sound retirement system. The support that you and the General Assembly have demonstrated in the past is an essential part of this commitment, and we look forward to continuing this good relationship in the future.

Respectfully submitted,

nmel

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Pat N. Miller Executive Secretary

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**BOARD OF TRUSTEES** 

VIRGINIA MURRELL CHAIRPERSON, SOMERSET

JUDITH R. GAMBILL VICE CHAIRPERSON, ASHLAND

ROBERT M. CONLEY, PAINTSVILLE

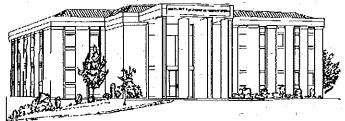
EARLE V. POWELL, FRANKFORT J. KENNETH SHADOWEN, BENTON BARBARA G. STERRETT, LEXINGTON

**EX OFFICIO** 

THOMAS BOYSEN CHIEF STATE SCHOOL OFFICER

FRANCES JONES MILLS STATE TREASURER

## TEACHERS' RETIREMENT SYSTEM OF KENTUCKY



PAT N. MILLER EXECUTIVE SECRETARY

(502) 564-3266

Serving Kentucky Teachers Since 1940

December 1, 1992

Honorable Brereton C. Jones, Governor Commonwealth of Kentucky Capitol Building Frankfort, Kentucky 40601

Dear Governor Jones:

On behalf of the Board of Trustees of the Kentucky Teachers' Retirement System, I am pleased to present this 52nd Annual Report for the fiscal year ended June 30, 1992. The report provides an in-depth review of the financial, actuarial and investment status of the Retirement Fund.

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

The Board of Trustees is committed to assuring that the retirement funds are managed in a prudent manner and that the system remains fiscally sound. Members of the system must continue to look to the future with confidence that their contributions, along with those of the Commonwealth, will be utilized to provide the best retirement possible.

The Board of Trustees appreciates the cooperation extended to it by the Governor and the General Assembly. This cooperation will help the system to not only meet current challenges but to also make timely provisions for the future.

The Board of Trustees pledges to continue to administer the affairs of the Kentucky Teachers' Retirement System in the most competent and efficient manner possible.

Sincerely,

Virginia Murrell Chairperson

Virginia Murrell

\*\*\*\*\*

**Board of Trustees** 

## TARS

#### BOARD OF TRUSTEES





Chairperson Mt. Washington

Miss. Virginia Murrell



Vice-Chairperson, Teacher Trustee Somerset

Mrs. Judith R. Gambill



Teacher Trustee Ashland

Mrs Barbara G. Sterrett



Teacher Trustee Lexington

Mr. J. Kenneth Shadowen



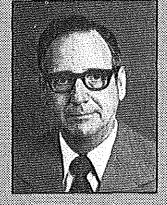
Teacher Trustee Benton

Mr. Earle V. Powell



Lay Trustee Frankfort

Mr. Robert M. Conley



Lay Trustee Paintsville

Dr. Thomas C. Boysen



Ex-Officio Trustee Chief State School Officer

Ms. Frances Jones Mills



Ex-Officio Trustee State Treasurer

\*\*\*\*\*\*



#### **ADMINISTRATIVE STAFF**

#### Kentucky Teachers' Retirement System 479 Versailles Road Frankfort, Kentucky 40601-3868

Executive Secretary.	 • • • • • • • • • • • • • • • • • • •	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	 Pat N. Miller
			(502) 564-3266

**Deputy Executive Secretary for Administration** ...... Billy F. Hunt (502) 564-3266

**Deputy Executive Secretary for Investments ......** Stuart A. Reagan, CFA (502) 564-2057

#### PROFESSIONAL CONSULTANTS

#### **Investment Advisors**

Fixed Income and Equity Manager

Todd Investment Advisors 3160 First National Tower Louisville, Kentucky 40202

#### **Fixed Income Manager**

National Asset Management 101 South Fifth Street Louisville, Kentucky 40202

#### **Equity Managers**

Brinson Partners, Inc. Three First National Plaza 70 West Madison Street, 9th Floor Chicago, Illinois 60602

Invesco MIM INC Suite 500 1315 Peachtree Street N.E. Atlanta, Georgia 30309

Wellington Management Company 75 State Street Boston, Massachusetts 02109

\*\*\*\*\*\*\*

#### **Investment Consultant**

Becker, Burke Associates, Inc. Suite 1000 221 North LaSalle Street Chicago, Illinois 60601

#### **Investment Custodian**

Farmers Bank and Capital Trust Co. Farmers Bank Plaza Frankfort, Kentucky 40601

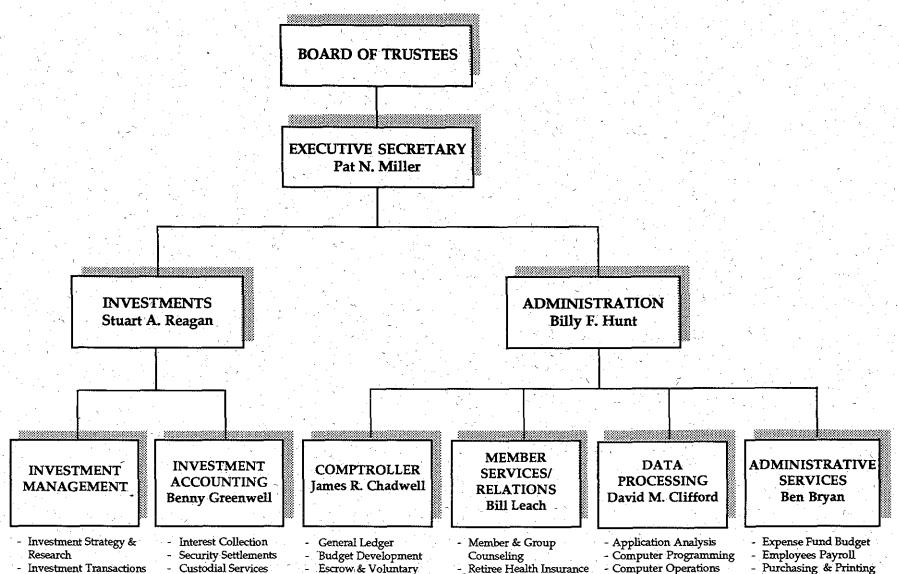
#### Actuary

George B. Buck Consulting Actuaries, Inc. Suite 1060 200 Galleria Parkway N.W. Atlanta, Georgia 30339

#### **Auditor**

Charles T. Mitchell Company Box 698 Frankfort, Kentucky 40602

\*\*\*\*\*\*



- Portfolio Evaluation
- Advise Investment
- Committee

- Tax Information
- Employer Annual Reports
- Annuitants Payroll
- Survivor & Death Benefits
- Disability & Service Retirements
- New Members
- Refunds & Personal **Payments**
- Record Maintenance
- Pre-Retirement Education Program

- Computer Operations
- Data Base Administration
- Data Entry
- Special Reports
- Messenger & Mail Services
- Inventories
- Facilities Management



#### System Highlights

#### ACCOUNTING SYSTEM AND REPORTS

This report has been prepared to conform with the principles of governmental accounting and reporting as established by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants. This report was prepared by the Kentucky Teachers' Retirement System (KTRS) comptroller's section. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with KTRS. KTRS believes the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of KTRS as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of KTRS's financial affairs have been included.

The accrual basis of accounting is used to record the assets, liabilities, revenues, and expenses of the System. Revenues of the System are taken into account when earned without regard to the date of collection, and expenses are recorded when the corresponding liabilities are incurred, regardless of when payment was made. Fixed assets are recorded at cost and depreciated over the estimated useful lives of the assets.

In developing and evaluating KTRS's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgements by management.

All internal control evaluations occur within the above framework. We believe that KTRS's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

#### REVENUES

The reserves needed to finance retirement and other member benefits are accumulated through the collection of member and employer or state contributions and through income derived from investment of reserve funds. Contributions and investment income for the fiscal year 1992 totaled \$816,051,613. This represents an increase of 9.7% over fiscal year 1991 revenue. The rate of increase for member and employer contributions over fiscal year 1991 was 9.1% and 11.6% respectively. KTRS's overall revenue growth for the 1992 fiscal year was affected by increased employee and employer contributions.

#### EXPENSES

The primary purpose of a retirement system relates to the purpose for which it was created, the payment of benefits. These payments, along with refunds of contributions to terminated employees, insurance premiums for retired teachers, and the cost of administering the System, comprise the total expense. Expenses by type for 1992 and 1991 are shown for comparative purposes.

	1992	1991	Increase/(E	ecrease)
Expenses	(Millions)	(Millions)	(Millions)	9,
Retirce Benefits	\$ 232.0	\$ 207.9	\$ 24.1	11.59
Disabilities	11.9	10.7	1.2	11.21
Survivor/Death Benefits	7.4	7.1	.3	4.23
Refunds	6.5	.6.8	(.3)	(4.41)
Medical Insurance	42.6	36.5	6.1	16.71
Administration	5.1	3.8	1.3	34.21
	\$ 305.5	\$ 272.8	\$ 32.7	11.99

The increase in medical insurance cost of 16.7 percent, while large, is comparable to increases other medical insurance plans have incurred. KTRS is reviewing the medical insurance plan to determine if any changes need to be made to the plan. The increase in administrative cost of 34.21% can be attributed to investment counseling and processing fees increasing due to a larger investment portfolio.

#### **INVESTMENTS**

The investment portfolio is a substantial contributor to the System. It is estimated that income from investments will provide more than one-half of the funds that are paid to the average retired member. The investment portfolio experienced significant growth during the year. The par value of the portfolio increased from \$4,320,181,343 to \$4,810,134,730 during the 1991-92 fiscal year. The growth of the portfolio is due to higher teachers' salaries and the corresponding effect on contributions, as well as investment income. Results for the fiscal year show that investment income exceeded \$372.2 million. This figure is somewhat larger than last year's total of \$343.1 million.

The total investment income earned by the System can be attributed to two separate activities. The largest component, \$372,240,446, results from investment income to the System's investment portfolio. The second item affecting investment income is a special maintenance reserve account that is dedicated to a specific real estate holding in the investment portfolio. This amount totals \$13,752 for 1991-92.

According to KRS 161.430 the KTRS Board of Trustees has the authority to invest the assets of the System. The Board of Trustees, generally, delegates investment authority to an Investment Committee that is comprised of two Trustees and the System's Executive Secretary. The Investment Committee works closely with experienced investment counselors who are contracted by the Board of Trustees to provide investment advice.

#### FUNDING

The most important consideration for a retirement system is the level of funding it receives. The better the level of funding, the larger the ratio of assets accumulated and the greater the level of investment income potential. Also, a better level of funding gives the participants a higher degree of assurance that their pension benefits are secure. The advantage of a well-funded plan is that the participants can look at assets that are irrevocably committed to the payment of benefits.

KRS 161.550(1) establishes the state's funding level at an amount equal to that contributed by all members. In addition to the matching requirement, the state is required to provide a supplemental appropriation of 3.25% of total members' salaries. In the event annual appropriations are not sufficient to meet these statutory requirements, the statute requires the state to make up the deficit in the next biennial budget.

The last actuarial valuation was conducted at June 30, 1991. The actuarial accrued liability of the System was \$5.716 billion. The reserve balance from participant contributions from employers, employees, and investment income was \$4.135 billion. The amount by which the accrued liability exceeds the reserves, or the unfunded liability, totaled \$1.581 billion on June 30, 1991.

#### CURRENT AND FUTURE DEVELOPMENTS

#### 1992 GENERAL ASSEMBLY LEGISLATION

The 1992 General Assembly approved the Governor's budget recommendation of fully funding KTRS. The Governor also recommended that \$20 million of the KTRS appropriation be used to provide much needed relief for the KTRS medical insurance plan. KTRS had requested that the employer matching rate be increased. Due to the unavailability of additional state revenues, however, the Governor and General Assembly decided that a one-time diversion of pension funding was appropriate.

In addition, the General Assembly granted an ad hoc 2% cost-of-living adjustment for KTRS retirees as of July 1, 1992

INTRODUCTORY SECTION



and 1993. The minimum value for a year of service was increased on July 1, 1992 from \$220 to \$240.

#### KTRS MEDICAL INSURANCE PLAN

During the 1991-92 fiscal year KTRS medical costs continued to increase at astronomical rates. KTRS's 1992-94 biennial budget requested additional funding from the Commonwealth, but due to difficult economic times these funds were not available. The General Assembly addressed the problem by earmarking \$40 million of the regular pension appropriation for KTRS's medical insurance program.

In addition, the KTRS Board of Trustees established a cost-sharing plan requiring retirees to pay a percentage of the cost of their insurance.

The System realizes that these means alone will not solve the medical insurance funding crisis. Additional steps must be taken through legislation on both the state and national levels in order for true cost control to result. Meanwhile, KTRS will address the problem by either increasing revenues to the insurance fund, adjusting coverage to meet existing revenues, or a combination of the two.

#### Professional Services

Professional consultants are appointed by the Board of Trustees to perform professional services that are essential to the effective and efficient operation of the Kentucky Teachers' Retirement System (KTRS). A certification from the certified public accountant and actuary are enclosed in this report. All of the consultants appointed by the Board are listed on page 5 of this report.

#### OUR GRATITUDE

Mrs. Arlene Romine of Mt. Washington retired from the Board of Trustees effective July 1, 1992. Her service began in 1977 and besides serving as Chairperson and Vice Chairperson of the Board, she has in recent years served as Chairperson of the Medical Insurance Committee.

The leadership she has demonstrated will be missed by the Board and the staff of the System. Many member benefit improvements took place during her tenure, including an increase from 2% to 2.5% for a year of service in the retirement formula along with the elimination of age 55 for full retirement with 30 years service. In 1988 the 30 year retirement with full benefits was reduced to 27 years. Assets of the System grew from just under \$600 million to over \$4.5 billion.

Mrs. Romine was a most dedicated member of the Board of Trustees and worked to protect the System as well as provide benefits for active and retired members. We wish the Romines many happy and productive years.

#### BOARD OF TRUSTEES

At the June 15, 1992 meeting of the Board of Trustees of the Teachers' Retirement System, Miss Virginia Murrell of Somerset was elected Chairperson for the 1992-93 fiscal year. Miss Murrell is a retired member having spent most of her career as a teacher in the Bellevue Independent School System. She served as Vice Chairperson prior to being elected Chairperson.

Mrs. Judith Gambill of Ashland was elected Vice Chairperson for the 1992-93 fiscal year. Mrs. Gambill is an active teacher member and is employed in the Russell Independent School System. Mrs. Gambill has served on the Board of Trustees since September, 1989.

The election for one position on the KTRS Board of Trustees was concluded June 1, 1992. Chief State School Officer Thomas Boysen certified the results of the election to the KTRS Board of Trustees. Mr. Kenneth Shadowen of Benton was elected as an active member trustee on the board. Mr. Shadowen began his service on the board in 1991 when he was appointed to fill the balance of Mr. W.D. Bruce's term. Mr. Shadowen's term of office will be from July 1, 1992 through June 30, 1996.

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#### **GFOA CERTIFICATE OF ACHIEVEMENT**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Teachers' Retirement System of the State of Kentucky for its component unit financial report for the fiscal year ended June 30, 1991. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

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

A Certificate of Achievement is valid for a period of one year only. The Teachers' Retirement System has received a Certificate of Achievement for the last four consecutive years (fiscal years ended 1988-1991). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

#### **A**CKNOWLEDGMENTS

The preparation of this report reflects the combined efforts of the KTRS staff under the leadership of the Board of Trustees. It is intended to provide complete and reliable information as a basis for making management decisions, as a means of determining compliance with legal provisions, and as a method for determining responsible stewardship for the assets contributed by the members and their employers.

This report is being mailed to all employer members of the System. They form the link between KTRS and its membership. Their cooperation continues to contribute significantly to the success of KTRS. Hopefully, the employers and their employees will find this report both informative and helpful.

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In 1821 the Kentucky General Assembly took its first steps toward a public school system by creating a literacy fund for education that was to be developed from a portion of the profits of the Bank of the Commonwealth. The legislature appointed a committee to investigate other states' educational systems in order to recommend a system for Kentucky.

\*\*\*\*\*

Information taken from "The Kentucky Encyclopedia," edited by John E. Kleber, p. 745.

#### INDEPENDENT AUDITOR'S REPORT

Charles J. Mitchell Company

Certified Public Accountants

201 WEST MAIN, P.O. BOX 699 FRANKFORT, KENTUCKY 40601 TELEPHONE - (503) 227-7995 306 CUNDIFF SQUARE SOMERSET, KENTUCKY 42501 TELEPHONE (606) 634-4813 TELECOPIER (502) 227-8005

CTM

DON C. GHES, C.P.A.
WILLIAM G. JOHNSON, JR., C.P.A.
GARY L. HARBIN, C.P.A.
LARRY T. WILLIAMS, C.P.A.
JAMES CLOUSE, C.P.A.
CHARLES F. WHELAN, C.P.A.

CHARLES T. MITCHELL, C.P.A.

Board of Trustees Teachers' Retirement System of the State of Kentucky Frankfort, Kentucky 40601

#### Independent Auditor's Report

We have audited the accompanying balance sheets of the Teachers' Retirement System of the State of Kentucky, a component unit of the Commonwealth of Kentucky, as of June 30, 1992 and 1991, and the related statements of revenues, expenses, and changes in fund balances, and cash flows for the years then ended. These component unit financial statements are the responsibility of the Teachers' Retirement System's management. Our responsibility is to express an opinion on these component unit 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 component unit financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the component unit financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall component unit financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the component unit financial statements referred to above present fairly, in all material respects, the financial position of the Teachers' Retirement System of the State of Kentucky, a component unit of the Commonwealth of Kentucky, at June 30, 1992 and 1991, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

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

Charles of Muldhell Co

Charles T. Mitchell Company

October 8, 1992



## BALANCE SHEETS JUNE 30, 1992 AND JUNE 30, 1991

Assets	Year Ended June 30, 1992	YEAR ENDED June 30, 1991
Cash (See Note 2) Prepaid Expenses	\$ (2,185,077) 236,696	\$ (4,189,286) 179,420
Receivables: Contributions State of Kentucky Investment Income	18,664,480 10,351,751 52,540,971	17,545,178 1,502,584 53,435,534
Total Receivables	81,557,202	72,483,296
Investments, at Cost (See Note 2): Short Term Investments (Market Value \$591,820,000		
in 1992 and \$963,060,000 in 1991) Bonds and Mortgages (Market Value \$2,808,635,069	591,820,000	963,060,000
in 1992 and \$2,363,716,773 in 1991) Common Stock (Market Value \$1,502,950,386 in 1992 and \$908,911,109 in 1991)	2,686,262,127 1,285,896,090	2,356,581,225 748,176,190
Real Estate (Market Value \$52,415,483 in 1992 and \$37,590,402 in 1991)	51,528,862	35,896,976
Total Investments	4,615,507,079	4,103,714,391
Fixed Assets [Net of Accumulated Depreciation of \$729,862 in 1992 and \$605,558 in 1991 (See Note 2)]	2,861,957	2,901,560
Total Assets	\$ 4,697,977,857	\$4,175,089,381
Liabilities and Fund Balance		
Liabilities Accounts Payable Treasurer's Unredeemed Checks Insurance Claims Payable (See Note 8)	\$ 850,928 4,143 13,022,575	\$ 132,586 6,661
Amount Due Insurance Carrier Compensated Absences Payable	266,053	1,384,441 238,982
Total Liabilities	14;143,699	1,762,670
Fund Balance Member Reserve	1,345,217,275	1,218,852,239
Employer Reserve Benefit Reserve	1,386,552,694 195,460,839	1,255,385,919 164,948,995
Medical Insurance Reserve 403(b) Program Reserve	13,648,967 16,890,700	20,657,295 14,749,043
Unallocated Reserve Administrative Expense Reserve Capital Construction Reserve	1,723,320,797 2,742,886	1,495,884,157 2,847,510 1,553
Unfunded Pension Benefit Obligation (See Note 6)		
Total Fund Balance	4,683,834,158	4,173,326,711
Total Liabilities and Fund Balance	\$ 4,697,977,857	\$4,175,089,381
The accompanying notes are an integral part of these financial statements.		

\*\*\*\*\*\*\* 13

FINANCIAL SECTION \*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*

## STATEMENT OF REVENUES, EXPENSES YEARS ENDED JUNE 30,

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	Member	Employer	Benefit	Medical Insurance
OPERATING REVENUES Member Contributions	\$ 151,678,458	\$ 238,628	\$	\$14,685,806
Employer Contributions Investment Income		157,198,959		12,841,310
Total Operating Revenues	151,678,458	157,437,587		27,527,116
OPERATING EXPENSES Benefits			251,222,224	
Refunds	5,804,439	3,198	231,222,224	
Insurance Expenses (See Note 8) Administrative Expenses				42,598,475
Total Operating Expenses	5,804,439	3,198	251,222,224	42,598,475
Net Operating Income (Expense)	145,874,019	157,434,389	(251,222,224)	(15,071,359)
Reserve Transfers				
Retirements by Members Reimbursements	(54,101,341)	(56,206,250)	110,307,591 166,279,528	
Members Who Left System Interest Allocations	34,791,920	(6,274,357)	(614,757)	(849) 1,199,894
Administrative Expenses	34,/91,920	35,817,354	6,065,468	1,177,074
Other Reclassifications	(199,562)	395,639	(303,762)	6,863,986
Total Reserve Transfers	(19,508,983)	(26,267,614)	281,734,068	8,063,031
Net Fund Balance Additions (Reductions)	126,365,036	131,166,775	30,511,844	(7,008,328)
	1			
Beginning Fund Balance	1,218,852,239	1,255,385,919	164,948,995	20,657,295
Change in Unfunded Pension Benefit Obligation (See Note 6)				
Ending Fund Balance	1,345,217,275	\$ 1,386,552,694	\$ 195,460,839	\$13,648,967

The accompanying notes are an integral part of these financial statements.



## AND CHANGES IN FUND BALANCES 1992 AND JUNE 30, 1991

403(b) Program	UNALLOCATED	Administrative Expense	Capital Construction	1991-92 Total	1990-91 Total
<b>\$</b> 1,768,533	\$ 105,399,473 372,240,446	<b>\$</b>	\$	\$ 168,371,425 275,439,742 372,240,446	\$ 154,224,277 246,763,577 343,184,213
1,768,533	477,639,919			816,051,613	744,172,067
98,968 708,793	2,029,865	3,078,204		251,321,192 6,516,430 42,598,475 5,108,069	225,715,859 6,774,864 36,532,845 3,831,107
807,761	2,029,865	3,078,204	· · · · · · · · · · · · · · · · · · ·	305,544,166	272,854,675
960,772	475,610,054	(3,078,204)		510,507,447	471,317,392
63,905	(166,343,433) 6,889,963				
1,118,198 (1,218)	(78,992,834) (2,973,580) (6,753,530)	2,973,580	(1,553)		
1,180,885	(248,173,414)	2,973,580	(1,553)		
2,141,657	227,436,640	(104,624)	(1,553)	510,507,447	471,317,392
14,749,043	1,495,884,157	2,847,510	1,553	4,173,326,711	3,702,009,319
\$ 16,890,700	\$ 1,723,320,797	\$ 2,742,886	\$ 0	\$4,683,834,158	\$4,173,326,711
				-	

#### STATEMENT OF CASH FLOWS YEARS ENDED JUNE 30, 1992 AND 1991

	YEAR ENDED JUNE 30, 1992	YEAR ENDED JUNE 30, 1991
Cash Flows from Operating Activities Operating Income	\$ 510,507,447	\$ 471,317,392
Adjustments to reconcile net operating income to net cash provided by operating activities:	φ 310,507, <del>44</del> 7	φ 4/1,31/,392
Depreciation	142,644	163,025
Amortization Gain on sale of investments	(11,330,109) (86,470,911)	(17,519,743) (52,916,696)
(Increase) Decrease in prepaid expenses	(57,276)	(64,856)
(Increase) Decrease in accounts receivable	(9,073,906)	10,460,242
Increase (Decrease) in accounts payable	718,342	(142,371)
Increase (Decrease) in unredeemed checks	(2,518)	(5,204)
Increase (Decrease) in insurance claims payable Increase (Decrease) in amount due insurance carrier	13,022,575 (1,384,441)	5,336,112
Increase (Decrease) in compensated absences payable	27,071	238,982
Total Adjustments	(94,408,529)	(54,450,509)
Net cash provided by operating activities	416,098,918	416,866,883
Cash flows from capital activities: Payments for capital acquisitions	(103,041)	(134,561)
Net cash used for capital activities	(103,041)	(134,561)
Cash flows from investing activities:		
Proceeds from sale of investments Payments for investments	33,658,020,395 (34,072,012,063)	15,990,751,345 (16,414,470,315)
Net cash used for investing activities	(413,991,668)	(423,718,970)
Net cash increase (decrease) for the year	2,004,209	(6,986,648)
Cash at beginning of year	(4,189,286)	2,797,362
Cash at end of year	\$ (2,185,077)	\$ (4,189,286)

The accompanying notes are an integral part of these financial statements.



#### Notes to Financial Statements Years Ended June 30, 1992 and 1991

#### NOTE 1: DESCRIPTION OF PLAN

The Teachers' Retirement System of the State of Kentucky (KTRS) was created by the 1938 General Assembly. KTRS is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the Kentucky Revised Statutes (KRS).

- 1. Reporting Entity: KTRS is a cost-sharing multiple-employer defined benefit plan established and administered by the Common wealth of Kentucky to provide benefit pension plan coverage for local school districts and other public educational agencies within the state. The System is a component unit of the Commonwealth of Kentucky and is included in the Commonwealth of Kentucky's financial statements as a pension trust fund. KTRS is considered a component unit of the Commonwealth of Kentucky for the reasons of financial interdependency, ability to significantly influence operations, and accountability for fiscal matters.
- 2. Employers: Chapter 161 Section 220 of the Kentucky Revised Statutes stipulates who may become a member of the Teachers' Retirement System. Generally, eligible persons are employed by local boards of education, the state Department of Education, some state universities, and some nonstate-supported organizations. The following illustrates the participating employers at June 30, 1992 and 1991.

	1992 1991
Local School Districts	176 176
State Universities	5 5
Department of Education / Other Organizations	24 24
TOTAL	205 205

The covered payroll of all participating employers totaled \$1,677,794,446 for the year ended June 30, 1992 and \$1,535,562,959 for the year ended June 30, 1991.

3. Participants: According to KRS 161.220 "... Any regular or special teacher, or professional employee occupying a position requiring certification by the state department of education or graduation from a four (4) year college or university..." is eligible to participate in the System. The following illustrates the participants at June 30, 1992 and 1991.

	1992	1991
Retirees and beneficiaries of deceased retirees currently receiving	ng benefits:	-
Local School Districts	17,165	16,711
Universities	1,074	1,009
Department of Education/Other Organizations	983	907
	19,222	18,627
Disabilities currently receiving benefits:		
Local School Districts	959	931
Universities	32	28
Department of Education/Other Organizations	77	73
	1,068	1,032
Survivors currently receiving benefits:		
Local School Districts	710	698
Universities	51	49
Department of Education/Other Organizations	77	68
	838	815

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#### NOTE 1: DESCRIPTION OF PLAN (CONTINUED)

	1992	1991
Terminated employees entitled to benefits but not yet receiving them		
(no current contributions in the last fiscal year):  Local School Districts	1,874	1,885
Universities	248	226
Department of Education/Other Organizations	167	157
	2,289	2,268
Current employees:		
Vested: Local School Districts	36,061	33,521
Universities	2,305	2,035
Department of Education/Other Organizations	1,860	1,730
Non-Vested:		
Local School Districts	10,517	9,284
Universities	1,379 787	1,163
Department of Education/Other Organizations	/5/ 	682
	52,909	48,415

- 4. Benefit Provisions: Employees are entitled to an annual retirement benefit, payable monthly for life, if they either attain the age of fifty-five (55) and complete five (5) years of Kentucky service or complete twenty-seven (27) years of Kentucky service. Non-university employees receive monthly payments equal to two (2) percent (service prior to January 1, 1984) and two and one half (2½) percent (service after January 1, 1984) of their final average salaries for each year of credited service. University employees receive monthly benefits equal to two (2) percent of their final average salary for each year of credited service. The final average salary is the average of the employee's five (5) highest annual salaries. Employees with less than twenty-seven (27) years of service may retire and receive reduced retirement benefits. Members' retirement benefits become vested when they complete five (5) years of credited service.
- 5. Contributions: Members are required to contribute 9.855% of their salaries to the System. University members are required to contribute 8.375% of their salaries. KRS 161.580 allows each university to reduce the contribution of its members by 2.215%; therefore, university members contribute 6.16% of their salary to KTRS.

The Commonwealth of Kentucky is required to contribute 13.105% of salaries for its non-university members and 13.84% of salaries for university members.

The member and employer contributions consist of pension contributions and post-retirement contributions. The post-retirement contribution (.75%) finances KTRS's retiree medical insurance program.

If an employee leaves covered employment before accumulating five (5) years of credited service, accumulated employee contributions plus interest are refunded to the employee upon his request.

#### Note 2: Summary of Significant Accounting Policies

- A. Basis of Accounting: The financial statements are prepared on the accrual basis of accounting.
- B. Cash: Effective September 1, 1990, a separate bank account was established for KTRS. All transactions affecting KTRS (except for administrative expenses) are processed through this account.

As of June 30, 1992, the KTRS cash was as follows:

Deposits (overdrafts)

Bank Balance | Carrying Value |
\$2,826,127 (\$2,185,077)

The difference is due primarily to outstanding checks and items not yet processed by the bank.

\*\*\*\*



#### Note 2: Summary of Significant Accounting Policies (continued)

C. Investments: Investments in United States Government obligations, corporate bonds, and other fixed income investments are reported at amortized cost subject to adjustment for market declines judged to be other than temporary. Investments in stocks, repurchase agreements, and real estate are reported at cost subject to adjustment for market declines judged to be other than temporary. Gains and losses on sales and exchanges of investments are recognized on the transaction date. Discounts on zero-coupon bonds and notes are amortized using the effective interest rate method. Premiums and discounts for all other bonds and notes are amortized using the straight-line method. Any unamortized premium or discount is recognized at the time of sale for bonds or notes sold prior to maturity.

The following represents the book values of the investments of the Kentucky Teachers' Retirement System at <sup>1</sup> June 30, 1992 and June 30, 1991.

	June 30, 1992	June 30, 199
Short Term Investments		
Repurchase Agreements	591,820,000	963,060,000
Bonds and Mortgages		
U.S. Government Obligations Treasury Notes and Bonds Agencies Ship Bonds (Title XI) GNMA (Single Family) Other Miscellaneous	1,504,498,064 156,790,733 22,092,711 92,033,565 231,774,353	1,114,395,16 172,944,48 32,579,16 120,269,81 270,937,80
Total U.S. Government Obligations	2,007,189,426	1,711,126,43
Corporate Bonds Industrials Finance Utility Bonds (Except Telephone) Telephone Bonds Railroad Obligations Other Corporate Bonds	195,722,656 264,152,530 32,107,650 39,942,676 13,947,702 31,788,522	177,815,551 215,883,475 38,511,508 52,741,203 14,625,416 48,007,892
Total Corporate Bonds	577,661,736	547,585,050
Other Fixed Income Investments FHA and VA Single Family Mortgages Project Mortgages (FHA & GNMA) Total Other Investments	6,299,834 95,111,130 101,410,964	7,891,592 89,978,152 97,869,744
Total Bonds and Mortgages	3,278,082,126	2,356,581,225
Stocks Real Estate	1,285,896,090 51,528,862	748,176,190 35,896,976
Total Investments	\$4,615,507,078	\$4,103,714,391

The System operates a securities lending program whereby for a fee the System lends U.S. Government bonds to two primary U.S. Government bond dealers. In return, the System receives similar U.S. Government bonds that serve as collateral. The exchanges of securities are temporary, and the market value of collateral as of June 30, 1992 was \$368,004,684 which exceeds the market value of the loaned bonds.

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#### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

On June 30, 1992 and June 30, 1991, the following values of U.S. Government Bonds were on loan. They are included among the investments and assets of the System.

Securities Loaned	1992	1991
Book Value	\$356,676,554	\$103,249,508
Market Value	362,484,269	102,239,620

D. Fixed Assets: Included in this classification are furniture, fixtures, equipment, the KTRS office building and land. These items are reported on the balance sheet at historical cost, net of accumulated depreciation. These assets are depreciated on a straight-line basis. Furniture, fixtures and equipment are depreciated over an average useful life of five to ten years using ten percent of cost as the salvage value. The KTRS office building is depreciated over a useful life of forty years.

#### Note 3: Description of Funds

MEMBER RESERVE: This fund was established by KRS 161.420 as the Teacher Savings Fund and consists of contributions paid by university and non-university members. The fund also includes interest authorized by the Board of Trustees from Unallocated Reserves. The accumulated contributions of members that are returned upon withdrawal or paid to the estate or designated beneficiary in the event of death are paid from this fund. Upon retirement, the member's contributions and the matching state contributions are transferred from this fund to Benefit Reserves, the fund from which retirement benefits are paid.

EMPLOYER RESERVE: This fund was established by KRS 161.420 as the State Accumulation Fund and receives state appropriations to the Retirement System. The state contributes an amount equal to members' contributions. Actual state appropriations for the fiscal year 1991-92 were based on estimates of members' salaries. For the fiscal year ended June 30, 1992, actual appropriations were under the required appropriations by \$8,849,167.

BENEFIT RESERVE: This fund was established by KRS 161.420 as the Allowance Reserve Fund, the source for retirement, disability, and survivor benefits paid to members of the System. These benefits are paid from the retired members' contributions until they are exhausted, at which time state matching contributions are used to pay the benefits. After an individual member's contributions and the state matching contributions have been exhausted, retirement benefits are paid from monies transferred from Unallocated Reserves. Also, death benefits of \$2,000 for active members and \$2,500 for retired members are paid from this fund.

UNALLOCATED RESERVE: This fund was established by KRS 161.420 as the Guarantee Fund to collect income from investments, state matching contributions of members withdrawn from the System, and state matching contributions for COLAs, the amortization of the unfunded liability, etc. In addition, it receives money for which disposition is not otherwise provided. This fund provides interest to the other funds, benefits in excess of both members' and state matching contributions, monies for administrative expenses of the System, and deficiencies not covered by the other funds.

403(b) PROGRAM RESERVE: This fund was established as the Voluntary Contribution Fund, operating under the rules and regulations of Section 403(b) of the Internal Revenue Code. The primary purpose of the program is to enable members to defer payment of taxes on income until after retirement. KRS 161.705 allows members to voluntarily contribute part of their annual compensation to separate member accounts. Upon retirement, these accounts may be used to increase monthly benefits, or they may be refunded to the members. Active voluntary accounts earn interest at rates approved by the Board of Trustees.

MEDICAL INSURANCE RESERVE: This fund was established by KRS 161.420 as the Medical Insurance Fund. It consists of members' contributions and state matching contributions and provides health insurance premiums for retired members and eligible spouses and dependents. At June 30, 1992, the fund's balance was \$13,648,967.

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#### Note 3: Description of Funds (continued)

**ADMINISTRATIVE EXPENSERESERVE:** This fund was established by KRS 161.420 as the Expense Fund. Monies transferred to this fund from Unallocated Reserves are used to pay the administrative expenses of the System. The Board of Trustees annually adopts a budget that, according to KRS 161.420(1), cannot be greater than four percent (4%) of the receipts of Employer Reserve.

CAPITAL CONSTRUCTION RESERVE: This fund was established during the 1989-90 fiscal year to pay for expenses incurred for capital improvements to the system's real property (land and building). The project is now complete and was closed out in the 1991-92 fiscal year.

#### NOTE 4: ACTUARIALLY DETERMINED CONTRIBUTIONS REQUIRED AND CONTRIBUTIONS MADE

The funding policy of KTRS is to provide for periodic employer pension contributions at actuarially determined rates that, expressed as percentage of annual covered payroll, are designed to accumulate sufficient assets to pay the pension benefits when due. A level percentage of payroll employer pension contribution rates are determined using the projected unit credit actuarial cost method. Unfunded actuarial accrued liabilities are being amortized as a level percent of payroll over a period of 30 years.

Significant actuarial assumptions used to compute pension contribution requirements are the same as those used to calculate the pension benefit obligation shown in Note 6, except that KRS 161.400(2) requires that the system's assets be valued at modified market value instead of cost. Using this assumption, the Unfunded Pension Benefit Obligation at June 30, 1992 was \$1,510,302,640.

A comparison between actuarially established and actual member and employer pension contribution rates for the fiscal year ended June 30, 1992 is as follows:

Member Employer
Total
•
Normal Cost
<b>Unfunded Cost</b>

Pension Co Requ	00000000000000000000000000000000000000			ontributions ade	
Univ. Members	Non-Univ. Members	Univ. Members Amount (000's)	% of Current Covered Payroll	Non-Univ. Members Amount (000's)	% of Current Covered Payroll
5.41 <i>%</i> 13.09	9.105% 12.355	\$ 6,966 16,855	5.41% 13.09	\$ 141,039 191,382	9.105 % 1 <b>2</b> .355
18.50%	21.460%	\$ 23,821	18.50%	\$ 332,421	21,460%
12.77 % 5.73	16.15% 5.31	\$ 16,443 7,378	12.77% 5.73	\$ 250,168 82,253	16.15% 5.31
18.50%	21.46%	\$ 23,821	18.50%	\$ 332,421	21.46%

\*\*\*\*\*\*\*

The employer contributions for the 1991-92 fiscal year were under the required actuarial contributions by \$20.1 million. Of this amount, \$3 million represents a required state payment for cost-of-living adjustments granted to retirees for the 1986-88 biennium. In accordance with KRS 161.620(8), \$8.3 million of the 1992 COLA was assumed by KTRS.



### Note 4: Actuarially Determined Contributions Required and Contributions Made (continued)

In the 1991-92 fiscal year, a deficit of \$8,849,167 resulted because actual salaries exceeded the budgeted salaries used in the calculation of the appropriation. Also, the 1990-91 underappropriation of \$1,502,584 which is included in the receivable from the Commonwealth of Kentucky at June 30, 1992 was received on July 1, 1992.

In addition to the above employer and member pension contributions, the member and employer made contributions for post-retirement benefits. The actuarial cost of retiree cost-of-living adjustments granted by the General Assembly is funded over a twelve year period and is also included in employer contributions.

#### NOTE 5: COMPENSATED ACCRUED ABSENCES

Expenses for accumulated vacation and compensatory time earned by the System's employees are recorded when earned. KTRS maintains records that document the cost of annual, sick, and compensatory leave earned by its employees. Annual leave is accumulated at amounts ranging from 7.5 to 13.13 hours per month (determined by length of service) with maximum accumulations ranging from 30 to 60 days. Compensatory leave is granted to authorized employees on an hour-for-hour basis. Generally, since sick leave (earned one day per month with unlimited accumulation) is paid only when an employee is absent due to illness, injury, or death in the family, there was no liability for sick leave at June 30, 1992. For retiring employees who qualify, their accumulated sick leave balances (expressed in months) are added to their service credit for the purpose of determining their annual retirement allowances. The accumulated vacation and compensatory leave payable as of June 30, 1992 follows:

	Balance	Earned	Used or Paid	Balance
	June 30, 1991	1991-1992	1991-1992	June 30, 1992
	4000.000	## 40 F00	****	descripto
Vacation and Compensatory Leave	\$238,982	\$142,520	\$115,449	\$266,053

#### NOTE 6: FUNDING STATUS OF KTRS

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 KTRS 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. This is the required disclosure measure as prescribed by Governmental Accounting Standards Board Statement 5. This measure is independent of the funding method used to determine contributions to the system.

The pension benefit obligation presented herein is the actuarial update prepared for the fiscal year ended June 30, 1992. Significant actuarial assumptions at June 30, 1992 include, (a) a rate of return on the investment of present and future assets of 8.0% compounded annually, (b) projected salary increases graduated by age from 5.50% to 9.60% per year compounded annually with an inflation component of 5%, (c) life expectancies before and after retirement based on the 1982 George B. Buck Teacher's Mortality Table set forward one year, and (d) annual post-retirement cost of living increases of 1.5%.

At June 30, 1992 and 1991, the unfunded pension benefit obligation was \$1,668,421,000 and \$1,580,959,000 as follows:



#### NOTE 6: FUNDING STATUS OF KTRS (CONTINUED)

Pension Benefit Obligation:	1992	1991
Retirees and beneficiaries currently receiving benefits		
and terminated employees entitled to benefits	\$ 2,139,269,000	# 2 027 E42 000
but not yet receiving them Current employees:	\$2,139,209,000	\$ 2,037,542,000
Accumulated employee contributions		
including allocated investment income	1,345,217,000	1,218,852,000
Employer-financed vested	1,593,182,000 1,241,305,000	1,350,891,000 1,108,745,000
Employer-financed nonvested	1/241/303/000	1,106,740,000
Total pension benefit obligation	6,318,973,000	5,716,030,000
Net assets available for benefits, at cost		
(Market Value \$4,988,447,248 in 1992		
and \$4,303,082,533 in 1991)	4,650,552,000*	4,135,071,000*
Unfunded pension benefit obligation	\$ 1,668,421,000	\$ 1,580,959,000

The June 30, 1992 unfunded pension benefit obligation represents an increase of \$87,462,000 since June 30, 1991,

Ten-year historical trend information designed to provide information about the progress made in accumulating sufficient assets to pay benefits when due is presented on pages 27 and 28.

\*In order to compute the net assets available for benefits, the actuary took the KTRS fund balance at June 30, 1992 and 1991, and made the following adjustments.

	1992	1991
KTRS Fund Balance	\$4,683,834,158	\$ 4,173,326,711
Less Medical Insurance Reserve	13,648,967	20,657,295
Less 403(b) Program Reserves	16,890,700	14,749,043
Less Administrative Expense Reserves	2,742,886	2,847,510
Less Capital Construction Reserves		1,553
Net Assets Available for Benefits	\$4,650,551,605	\$ 4,135,071,310

Effects of Current Year Changes in Actuarial Assumptions and Benefit Provisions: Section 161.400 of the law governing the operation of the Teachers' Retirement of the State of Kentucky provides that at least once in each two year period the actuary shall make an actuarial valuation of the System. Each valuation is affected by changes in actuarial assumptions and benefit provisions since the preceding valuation. The nature of changes in actuarial assumptions and benefit provisions, including the dollar effect on the Systems' pension benefit obligation at June 30, 1992 follows:

Actuarial Assumptions: No changes.

Benefit Provisions: No changes.

#### NOTE 7: DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (INCLUDING REPURCHASE AGREEMENTS)

The following disclosures are meant to help the users of KTRS's financial statements assess the risks KTRS takes in investing public funds. The Board of Trustees and the Investment Committee are guided by asset allocation parameters that the Board approves through its powers defined in KRS 161.430. The parameters as outlined in Title 102, Chapter 1.175, Section 2 of the Kentucky Administrative Regulations are as follows:

There shall be no limit on the amount of investments owned by the System that are guaranteed by the U.S. government.

Not more than thirty-five percent (35%) of the assets of the System at book value shall be invested in corporate debt obligations.

Not more than forty-five percent (45%) of the assets of the System at book value shall be invested in common stocks or preferred stocks. Not more than twenty-five percent (25%) of the assets of the System at book value shall be invested in a stock portfolio designed to replicate a general, United States stock index.

Not more than ten percent (10%) of the assets of the System at book value shall be invested in real estate. This would include real estate equity, real estate lease agreements, mortgages on real estate that are not guaranteed by the U.S. government, and shares in real estate investment trusts.

Not more than one percent (1%) of the assets of the System at book value shall be invested in venture capital investments, providing at least seventy-five percent (75%) of such investments must be instate.

Not more than ten percent (10%) of the assets of the System at book value shall be invested in any additional category or categories of investments. The Board of Trustees shall approve by resolution such additional category or categories of investments.

The KTRS bank balance consists of an overnight repurchase agreement of \$1,955,318 which was fully collaterized by the bank and cash totaling \$870,809 which is fully insured by the Federal Depository Insurance Corporation.

The chart on the following page categorizes KTRS's investments, which gives an indication of the level of risk assumed by KTRS at June 30, 1992. Category 1 includes investments that are insured or registered or for which the securities are held by KTRS's custodial agent in KTRS's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent, in KTRS's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent, but not in KTRS's name. KTRS does not have any Category 2 or Category 3 investments.

Included in Category 1 are individual repurchase agreements which are ordered by KTRS under the terms of master repurchase agreements with various qualified brokers. The terms of these master agreements are dictated by KTRS. The repurchase agreements and their supporting collateral are held by the custodial agent's correspondent bank in an account identified by the custodian's name and KTRS's nominee name. This account is unique to KTRS. The master repurchase agreements require that the supporting collateral have a market value of at least 100% of the value of the repurchase agreements.



Note 7: Deposits With Financial Institutions and Investments (including Repurchase Agreements) (Continued)

	-
Repurchase Agreements	
U.S. Government Securities	
Corporate Bonds	÷
Other Fixed Income Investme	ents
Real Estate	
Common Stocks	
Total Investments	

1.	2	3	Carrying Amount	Market Value
\$ 591,820,000	· : <b>\$</b>	\$	\$ 591,820,000	\$ 591,820,000
2,007,189,426			2,007,189,426	2,098,954,171
577,661,736			577,661,736	599,468,568
101,410,964			101,410,964	110,212,330
51,528,862		,	51,528,862	52,415,483
1,285,896,090		-	1,285,896,090	1,502,950,386

\*\*\*\*\*\*\*\*\*\*\*\*

#### NOTE 8: POSTEMPLOYMENT BENEFITS IN ADDITION TO PENSION BENEFITS

In addition to the pension benefits described in Note 1(4), KTRS provides postretirement health care benefits in accordance with Kentucky Revised Statute 161.675. To be eligible for medical benefits, the member must have retired either for service or disability, attained age 55 or had 27 years service. Eligible dependents include unmarried dependent children under the age of 19 and spouses.

Currently, KTRS insurance covers 18,795 retirees and 6,989 dependents. KTRS insurance coverage pays claims for retirees and eligible dependents up to age 65. For members 65 and over, KTRS coverage is based on the assumption that each individual eligible for all or part of Medicare coverage has enrolled and qualified for such coverage. KTRS does not reimburse for expenses that would have been covered by Medicare.

The KTRS health care insurance plan reimburses 80 percent (80%) of the amount of validated claims for medical, dental and hospitalization costs incurred by pre-Medicare retirees and their dependents with certain exceptions applying. The validated claims submitted by post-Medicare retirees and their dependents are also reimbursed 80 percent (80%) but only after medical expenses covered under Medicare are deducted.

The postretirement health care provided by KTRS are financed on a pay-as-you-go basis. In order to fund the postretirement health care benefits, one and five-tenths percent (1.5%) of the gross annual payroll of all active members is contributed. One-half (½) of this amount is derived from member contributions and one-half (½) from state appropriation. Also, spouses must pay \$25 if the member participated in KTRS prior to July 1, 1978. If the member participated after July 1, 1978, then the spouse must pay the actual premium charge in order to be covered by the KTRS health care insurance plan. Any amounts not required to meet current costs shall be maintained as a reserve for future health care benefits. As of June 30, 1992, KTRS had \$13,648,967 of net assets available for future health care benefits.

During the 1991-92 fiscal year, KTRS expensed \$40,090,353 for postretirement health care benefits and \$2,508,122 to administrators of the insurance plans. This represents a \$6,065,630 increase in health care expenses over the previous fiscal year.

Effective July 1, 1991 KTRS became self-insured assuming all liability for post-retirement health care costs. KTRS now recognizes estimates of liabilities for incurred (both reported and unreported) but unpaid claims using the development

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#### NOTE 8: POSTEMPLOYMENT BENEFITS IN ADDITION TO PENSION BENEFITS (CONTINUED)

method. This method uses past observed patterns of time between claim incurral and payment to estimate incurred claims from available paid claim information. The following schedule represents the establishment of this liability in the initial year of becoming self-insured. The increase in prior year claims incurred of \$10,709,632 scheduled below represents KTRS's assumption of this liability. This liability was funded by a refund of monies previously advanced to the insurance carrier.

	Piscal Yea
	1992
Beginning Unpaid	
Claims Liability	\$ (
Claims incurred:	
Current Year	39,999,459
Increases in Prior Years	10,709,632
Total Incurred Claims	50,709,091
Claims Paid:	
Current Year	28,247,054
Prior	9,439,462
Total Payments	37,686,516
Ending Unpaid Claims Liability	\$ 13,022,575



## REQUIRED SUPPLEMENTARY INFORMATION ANALYSIS OF FUNDING PROGRESS

\*\*\*\*\*\*

(IN MILLIONS OF DOLLARS)

Fiscal Year	(1) NET ASSETS AVAILABLE FOR BENEFITS (AT COST)	(2) Pension Benefit Obligation	Percentage Funded (1) + (2)	(4) Unfunded Pension Benefit Obligation (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded Pension Benefit Obligation as a Percentage of Covered Payroll. (4) ÷ (5)
1982	\$ 1,163.7	2,440.7	47.68	1,277.0	807.2	158.20
1984	1,569.1	2,907.8	53.96	1,338.7	916.6	146.05
1986	2,214.2	3,356.2	65.97	1,142.0	1,006.7	113.44
1987	2,562.3	3,799.3	67.44	1,237.0	1,105.0	111.95
1988	2,915.7	4,287.3	68.00	1,371.6	1,217.7	112.64
1989	3,256.7	4,680.8	69.58	1,424.1	1,261.4	112.90
1990	3,660.9	5,072.1	<b>72.20</b>	1,411.2	1,346.5	105.00
1991	4,135.1	5,716.0	72.34	1,581.0	1,535.6	102.96
1992	4,650.6	6,319.0	73.60	1,668.4	1,677.8	99.40

Analysis of the dollar amounts of net assets available for benefits, pension benefit obligation, and unfunded pension benefit obligation in isolation can be misleading. Expressing the net assets available for benefits as a percentage of the pension benefit obligation provides one indication of KTRS'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 retirement 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 KTRS's progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the retirement system.

Actuarial valuations performed prior to 1980 are not presented since the valuations were conducted using a different actuarial method. As a result, comparison of data derived from actuarial valuations conducted in earlier years is not meaningful.

As explained in Note 4, KRS 161.400(2) requires the system to calculate the Net Assets Available for Benefits using a different method from that used to determine the PBO for GASB 5 purposes. Using this method, the schedule above reads as follows:

Fiscal Year	(1) NET ASSETS AVAILABLE FOR BENEFITS AS PER KRS 161,400(2)	(2) Pension Benefit Obligation	Percentage Funded (1) + (2)	(4) Unfunded Pension Benefit Obligation (2) - (1)	(5) ANNUAL COVERED PAYROLL	(6) Unfunded Pension Benefit Obligation as a Percentage of Covered Payroll (4) + (5)
1991	4,259.1	5,716.0	74.5	1,456,9	1,535.6	94.8
1992	4,808.7	6,319.0	76.1	1,510.3	1,677.8	90.0



## REQUIRED SUPPLEMENTARY INFORMATION REVENUES BY SOURCE AND EXPENSES BY TYPE

(IN MILLIONS OF DOLLARS)

			R	EVENUES BY SOURCE			
			Емр	LOYER CONTRIBUTION	NS ,	Ź	
Fiscal Year	EMPLOYEE CONTRIBUTIONS	EMPLOY CONTRIBU (Required)(/	TIONS	Annual Covered Payroll	PERCENTAGE OF ANNUAL COVERED PAYROLL	Investment Income	Total
1983 1984 1985 1986 1987 1988 1989 1990 1991 1992	66.2 83.1 94.1 100.0 107.8 119.0 130.0 135.0 154.2 168.4	209.5 218.4 253.9	105.9 122.0 136.5 143.7 162.6 186.8 177.9 192.1 246.8 275.4	849.8 916.6 950.1 1,006.7 1,105.0 1,217.7 1,268.7 1,346.5 1,535.6 1,677.8	12.5 13.3 14.4 14.3 14.7 15.3 14.0 14.3 16.1	161.8 147.7 180.4 331.1 266.1 251.7 258.0 323.3 343.2 372.2	333.9 352.8 411.0 574.8 536.5 557.5 565.9 650.4 744.2

The employee and employer contributions include pension and post-retirement contributions for medical insurance. In addition, the employer contributions include the state appropriation for cost-of-living adjustments (COLA's). The employer contribution for the 1991-92 fiscal year was \$11.3 million below actuarial requirements due to a shortage in funding the COLA's. (See Note 4.)

			PENSES BY TYPE	Y		
Fiscal Year	Benefits Refunds		Insurance Expenses	Administrative Expenses	Тотац	
1983	111.4	6.2	11.7	1.4	130.7	
1984	123.1	5.9	15.2	1.6	145.8	
1985	133.0	6.7	12.4	1.7	153.8	
1986	143.3	7.4	14.5	1.9	167.	
1987	157.5	6.7	17.6	2.4	184.	
1988	169.9	5.9	20.6	2.6	199.0	
1989	188.2	<b>7.</b> 0	24.2	2.9	222.	
1990	206.8	7.4	29.8	3.1	247.	
1991	225.7	6.8	36.5	3.8	272.	
1992	251.3	6.5	42.6	5.2	305.	





On February 16, 1838, the General Assembly enacted a law that was in fact a type of formal blueprint for the organization of public education. It undertook every aspect of creating a system of universal free public schools: school taxes, teacher qualifications, a board of elected local trustees and ownership of school property.



Information taken from "The Kentucky Encyclopedia," edited by John E. Kleber, p. 745.

#### SUMMARY OF YEAR ENDED

#### (BEGINNING OF YEAR)

Book Value	Market Value	Purchases	Amortization	
\$ 1,808,996,175 547,585,050	\$ 1,824,521,529 539,195,244	\$ 1,142,573,781 275,856,250	\$ 10,773,199 556,910	
2,356,581,225	2,363,716,773	1,418,430,031	11,330,109	
748,176,190 35,896,976	908,911,109 37,590,40 <b>2</b>	681,442,633 16,981,889	v · · ·	
784,073,166	946,501,511	698,424,522		
963,060,000	963,060,000	31,955,157,510		
\$ 4,103,714,391	\$ 4,273,278,284	\$34,072,012,063	\$ 11,330,109	
	VALUE  \$ 1,808,996,175 547,585,050 2,356,581,225  748,176,190 35,896,976  784,073,166  963,060,000	Value         Value           \$ 1,808,996,175 547,585,050         \$ 1,824,521,529 539,195,244           2,356,581,225         2,363,716,773           748,176,190 35,896,976         908,911,109 37,590,402           784,073,166         946,501,511           963,060,000         963,060,000	VALUE         VALUE         PURCHASES           \$ 1,808,996,175 547,585,050         \$ 1,824,521,529 539,195,244         \$ 1,142,573,781 275,856,250           2,356,581,225         2,363,716,773         1,418,430,031           748,176,190 35,896,976         908,911,109 37,590,402         681,442,633 16,981,889           784,073,166         946,501,511         698,424,522           963,060,000         963,060,000         31,955,157,510	



## Investments June 30, 1992

(END OF YEAR)

Sales and Redemptions	Book Value	Market Value	% Market Value	% Yield at Market	
\$ 853,742,764 246,336,474	\$ 2,108,600,391 577,661,736	\$ 2,209,166,501 599,468,568	<b>44</b> .58% 12.10	7.43% 8.09	
1,100,079,238	2,686,262,127	2,808,635,069	56.68%	7.57%	
143,722,733 1,350,003	1,285,896,090 51,528,862	1,502,950,386 52,415,483	30.32 1.06	3. <b>21</b> 8.53	
145,072,736	1,337,424,952	1,555,365,869	31.38 %	3.39%	
32,326,397,510	591,820,000	591,820,000	11.94	3.85	
33,571,549,484	\$ 4,615,507,079	\$ 4,955,820,938	100.00 %	5.81%	

## SUMMARY SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS YEAR ENDED JUNE 30, 1992

Cash Balance at Beginning of Year			\$ (4,189,286)
Add Receipts:			
Member Contributions Employer Contributions Interest and Dividends Investments Redeemed		\$ 167,252,123 266,590,575 275,333,989 33,658,020,395	
Total Cash Receipts			34,367,197,082
Less Disbursements:			
Benefit Payments Insurance Premiums Administrative Expenses Refunds Equipment Purchased Investments Purchased		251,372,054 30,745,855 4,443,430 6,516,430 103,041 34,072,012,063	
Total Cash Disbursement	<b>ts</b>		34,365,192,873
Cash Balance at End of Year:			\$ (2,185,077)



# Member Reserves Schedule of Revenues, Expenses, and Changes in Fund Balances Years Ended June 30, 1992 and 1991

	Year Ended June 30, 1992	Year Ended June 30, 1991
Operating Revenues  Member Contributions Reinstated Accounts Personal Check Contributions Other Revenues	\$ 148,009,769 585,388 3,083,368 (67)	\$ 135,493,432 586,184 2,867,828 (71)
Total Operating Revenues	151,678,458	138,947,373
Operating Expenses Refund of Member Contributions Other Expenses	5,804,439	6,364,012
Total Operating Expenses	5,804,439	6,364,012
Net Operating Income	145,874,019	132,583,361
Reserve Transfers Transfer from Benefit Reserves Disability Recoveries Transfer from Unallocated Reserves	151,881	82,243
Interest Credited to Member Accounts	34,791,920	31,487,257
Transfer to Benefit Reserves Retirements Transfer to Unallocated Reserves Inactive Accounts	(54,101,341) (351,443)	(43,402,563) (211,325)
Total Reserve Transfers	(19,508,983)	(12,044,388)
Net Fund Balance Additions	126,365,036	120,538,973
Beginning Fund Balance	1,218,852,239	1,098,313,266
Ending Fund Balance	\$ 1,345,217,275	\$ 1,218,852,239

# EMPLOYER RESERVES SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES YEARS ENDED JUNE 30, 1992 AND 1991

	Year Ended June 30, 1992	Year Ended June 30, 1991
Operating Revenues SAF Penalties State Contributions - Matching State Contributions - University Personnel Employer Paid Matching Employer Sick Leave Payments Other Revenue	\$ 238,628 131,516,156 2,852,000 22,190,572 640,231	\$ 291,593 120,266,611 2,591,849 20,392,437 383,383 2,144
Total Operating Revenues	157,437,587	143,928,017
Operating Expenses Other Expenses	3,198	86
Net Operating Income	157,434,389	143,927,931
Reserve Transfers Transfer from Unallocated Reserves Match Interest Credited to Member Accounts Reinstated Accounts Balance Member Reserves and Employer Reserves	35,817,354 585,388 3,667	32,390,252 586,184 37,822
Transfer from Benefit Reserves Disability Recoveries	151,881	82,243
Transfer to Benefit Reserves Retirements Transfer to Unallocated Reserves	(56,206,250)	(45,024,050)
Refund of Member Contributions Inactive Accounts Employer Reserves Reclassification	(6,274,357) (345,297)	(6,978,544) (200,026) (648,666)
Total Reserve Transfers	(26,267,614)	(19,754,785)
Net Fund Balance Additions	131,166,775	124,173,146
Beginning Fund Balance	1,255,385,919	1,131,212,773
Ending Fund Balance	\$ 1,386,552,694	\$ 1,255,385,919



# BENEFIT RESERVES SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES YEARS ENDED JUNE 30, 1992 AND 1991

	YEAR ENDED June 30, 1992	YEAR ENDED JUNE 30, 1991
Operating Revenues		
None		
Operating Expenses		
Benefits for Service Retirements	\$ 231,928,212	\$ 207,932,414
Benefits for Disability Retirements	11,896,196	10,582,152
Survivor Benefits	5,770,289	5,351,157
Death Benefits	1,627,527	1,748,448
Total Operating Expenses	251,222,224	225,614,171
Net Operating Expense	(251,222,224)	(225,614,171)
Reserve Transfers		
Transfer from Member Reserves		
Retirements	54/101,341	43,402,563
Transfer from Employer Reserves	ECONOREO	45.004.050
Retirements	56,206,250	45,024,050
Transfer from Unallocated Reserves  Benefits Paid in Excess of Member		
Contributions and Employer Matching	166,279,528	154,139,244
Interest on Fund Balance	6,065,468	5,144,219
Transfer from Medical Insurance Reserve	0,000,100	J/111/217
Survivor Balances Remaining		3,857,333
Transfer to Unallocated Reserves		0,001,000
Refund of Member Contributions	(614,757)	(622,691)
Transfer to Member Reserves		
Disability Recoveries	(151,881)	(82,243)
Transfer to Employer Reserves	1	
Disability Recoveries	(151,881)	(82,243)
Total Reserve Transfers	281,734,068	250,780,232
	·····	230,760,232
Net Fund Balance Additions	30,511,844	25,166,061
Beginning Fund Balance	164,948,995	139,782,934
Ending Fund Balance	\$ 195,460,839	\$ 164,948,995

# Medical Insurance Reserves Schedule of Revenues, Expenses, and Changes in Fund Balances Years Ended June 30, 1992 and 1991

	Year Ended June 30, 1992	Year Ended June 30, 1991
Operating Revenues		
Member Contributions Insurance Premiums Paid by Members	\$ 12,672,606 2,013,200	\$ 11,601,724 1,918,413
State Contributions - Matching	10,452,947	9,568,545
Employer Paid Matching	2,219,659	2,035,654
Other Revenues	168,704	(2)
Total Operating Revenues	27,527,116	25,124,334
Operating Expenses		
Comprehensive Medical Insurance Premiums	39,999,459	36,468,151
Reimbursement of Cobra Payment	90,045	63,991
Insurance Processing Charges	2,508,122	7700
Other Expenses	849	703
Total Operating Expenses	42,598,475	36,532,845
Net Operating Expense	(15,071,359)	(11,408,511)
Reserve Transfers		
Transfer from Unallocated Reserves		
Additional Funding per KRS 161.420(6)	6,863,684	
Interest on Fund Balance Balance Member Reserves and Employer Reserves	1,199,894 302	1,857,093 3,115
Transfer to Unallocated Reserves	302	5,110
Refund of Member Contributions	(849)	(661)
Transfer to Benefit Reserves		(0.057.000)
Survivor Balances Remaining		(3,857,333)
Total Reserve Transfers	8,063,031	(1,997,786)
Net Fund Balance Reductions	(7,008,328)	(13,406,297)
Beginning Fund Balance	20,657,295	34,063,592
		<u> </u>
Ending Fund Balance	\$ 13,648,967	\$ 20,657,295

Note: Beginning with the 1990-91 fiscal year, the death and survivor benefits are paid from Benefit Reserves.

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# 403(b) Program Reserves Schedule of Revenues, Expenses, and Changes in Fund Balances Years Ended June 30, 1992 and 1991

	Year Ended June 30, 1992	YEAR ENDED JUNE 30, 1991
Operating Revenues Voluntary Contributions by Members	\$ 1,768,533	\$ 1,465,174
Operating Expenses  Benefits Increased by Voluntary Contributions  Benefits Continued after Voluntary Contributions Expired  Refund of Member Contributions	35,064 63,904 708,793	39,381 62,307 410,766
Total Operating Expenses	807,761	512,454
Net Operating Income	960,772	952,720
Reserve Transfers Transfer from Unallocated Reserves Benefits Continued after Voluntary	2 005	
Contributions Expired Interest Credited to Member Accounts Transfer to Unallocated Reserves Penalty on Early Withdrawal of 403(b) Accounts	63,905 1,118,198 (1,218)	62,307 1,184,702 (610)
Total Reserve Transfers	1,180,885	1,246,399
Net Fund Balance Additions	2,141,657	2,199,119
Beginning Fund Balance	14,749,043	12,549,924
Ending Fund Balance	\$ 16,890,700	\$ 14,749,043
		-



# CAPITAL CONSTRUCTION RESERVES SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES YEARS ENDED JUNE 30, 1992 AND 1991

	Year Ended June 30, 1992	YEAR ENDED JUNE 30, 1991
Operating Revenues None	7	\$
Operating Expenses None		(52,947)
Total Operating Expenses		(52,947)
Net Operating Expense		(52,947)
Reserve Transfers Transfer from Unallocated Reserves Capital Construction Transfer to Unallocated Reserves Unused Funds Upon Completion	(1,553)	14,500
Total Reserve Transfers	(1,553)	14,500
Net Fund Balance Additions (Reductions)	(1,553)	(38,447)
Beginning Fund Balance	1,553	40,000
Ending Fund Balance	\$ 0	\$ 1,553

Note: Upon completion of the drainage project in 1991, the Capital Construction Fund was liquidated.



### UNALLOCATED RESERVES

## SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES YEARS ENDED JUNE 30, 1992 AND 1991

	Year Ended June 30, 1992	Year Ended June 30, 1991
Organities Revenues		-
Operating Revenues – Interest Earned on Investments	\$ 239,566,416	\$ 252,452,375
Dividend Income	43,295,600	35,701,160
Rental Income	2,579,380	1,994,532
Gain on Sale of Investments	86,470,911	52,916,696
Leased Security Income	318,774	112,830
Maintenance Reserve - Rental Property	9,365	6,620
State Contributions - Sick Leave	10,627,991	6,022,832
State Contributions - Benefit Improvement	38,843,400	34,357,200
State Contributions - Supplemental Appropriation	48,967,842	44,678,145
State Contributions - Handicapped Children	244,432	500,500
Employer Contributions - Supplemental Appropriation	6,695,019	6,267,142
Escrow Late Remittance Penalty	20,789	10,443
Total Operating Revenues	477,639,919	434,729,475
Operating Expenses		
Investment Counsel Fees	1,852,631	810,000
Investment Processing Fees	139,683	138,683
Other Expenses	37,551	22,306
Total Operating Expenses	2,029,865	970,989
tour operating Expenses	-//	27.07.02
Net Operating Income	475,610,054	433,758,486
Reserve Transfers		
Transfer from Various Funds		
Refund of Member Contributions	6,889,963	7,601,896
Inactive Accounts	696,740	411,351
Penalty on Early Withdrawal of 403(b) Accounts	1,218	610
Employer Reserve Reclassification		648,666
Capital Construction	1,553	
Transfer to Various Funds		
Benefits Paid in Excess of Member		N
Contributions and Employer Matching	(166,343,433)	(154,201,551)
Interest	(78,992,834)	(72,063,523)
Balance Member Reserves and Employer Reserves	(3,969)	(40,937)
Reinstated Accounts	(585,388)	(586,184)
Additional Funding to Medical Insurance Fund Per KRS 161.420(6)	(6,863,684)	
Administrative Expense Allotment	(2,973,580)	(2,667,219)
Capital Construction		(14,500)
Total Reserve Transfers	(248,173,414)	(220,911,391)
Net Fund Balance Additions	227,436,640	212,847,095
Beginning Fund Balance	1,495,884,157	1,283,037,062
Ending Fund Balance	\$1,723,320,797	\$ 1,495,884,157
	<del>***/***/****</del> *******	

SUPPORTING SCHEDULES



# Administrative Expense Reserves Schedule of Revenues, Expenses, and Changes in Fund Balances Years Ended June 30, 1992 and 1991

	Year Ended June 30, 1992	Year Ended June 30, 1991
Operating Revenues		
None		
Operating Expenses		
Salaries, Wages, and Fringe Benefits	\$ 2,220,130	\$ 1,714,138
Other Personnel Costs	4,679	2,371
Professional Contracts	152,009	140,160
Interest		2,337
Utilities and Heating Fuels	26,228	<b>25,7</b> 01
Rentals	11,257	10,065
Maintenance and Repairs	71,560	83,974
Postage and Related Services	198,854	133,964
Printing	30,783	103,775
Insurance	69,412	58,351
Miscellaneous Services	2,094	2,370
Telecommunications	42,486	39,583
Computer Services	5,086	14,385
Supplies	27,998 142,644	33,905
Depreciation Travel	24,155	163,025 29,845
Dues and Subscriptions	16,785	30,637
Miscellaneous Commodities	4,973	1,909
Compensated Absences	27,071	238,982
Total Operating Expenses		
Total Operating Expenses	3,078,204	2,829,477
Net Operating Expense	(3,078,204)	(2,829,477)
Reserve Transfers		
Transfer from Unallocated Reserves		
Allotment	2,973,580	2,667,219
Total Reserve Transfers	2,973,580	2,667,219
Net Fund Balance Reductions	(104,624)	(162,258)
Beginning Fund Balance	2,847,510	3,009,768
Ending Fund Balance	\$ 2,742,886	\$ 2,847,510



\*\*\*\*\*

On February 10, 1845, the General Assembly made the office of superintendent of public instruction a state post, created a state board of education and encouraged the organization of common schools in the counties. Later that year the General Assembly mandated that approximately \$1 million of surplus federal funds be placed in a fund for the support of public schools. The General Assembly and the governor, however, could not keep their hands off of the fund, and the legislature ordered the governor, treasurer and auditor to destroy the school bonds.

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Information taken from "The Kentucky Encyclopedia," edited by John E. Kleber, p. 745.

#### **ACTUARY'S CERTIFICATION LETTER**



200 Galleria Parkway, N. W. Atlanta, Georgia 30339

Suite 1060

September 30, 1992

Board of Trustees
Teachers' Retirement System of the
State of Kentucky
479 Versailles Road
Frankfort, Kentucky 4060l-2868

Ladies and Gentlemen:

Section 161.400 of the law governing the operation of the Teachers' Retirement System of the State of Kentucky provides that at least once in each two-year period the actuary shall make an actuarial valuation of the System. We have submitted the results of the actuarial valuation prepared as of June 30, 1992. The valuation indicates that combined member and State contributions at the rate of 18.50% of university members' salaries and of 21.46% of non-university members' salaries are sufficient to support the benefits of the System. In preparing the valuation, the actuary relied on data provided by the System. While not verifying the data at source, the actuary performed tests for consistency and reasonability.

The financing objective of the System is that contribution rates will remain relatively level over time as a percentage of payroll. Contribution rates are developed using the unit credit actuarial cost method with projected benefits. Modified market value of plan assets is used for actuarial valuation purposes. Gains and losses are reflected in the unfunded accrued liability that is being amortized by regular annual contributions as a level percentage of payroll within a 30-year period, on the assumption that payroll will increase by 5% annually. The assumptions recommended by the actuary and adopted by the Board are in the aggregate reasonably related to the experience under the System and to reasonable expectations of anticipated experience under the System.

In our opinion the System is operating on an actuarially sound basis. Assuming that contributions to the System are made by the employer from year to year in the future at the rates recommended on the basis of the successive actuarial valuations, the continued sufficiency of the retirement fund to provide the benefits called for under the System may be safely anticipated.

Sincerely,

Donald M. Overholser Consulting Actuary

Don Omerhor &

Buck Consultants, Inc.

404 | 955-2488 Fax 404 | 933-8336

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### REPORT OF ACTUARY ON THE VALUATION

\*\*\*\*\*

#### Prepared as of June 30, 1991

#### SECTION I - SUMMARY OF PRINCIPAL RESULTS

1. For convenience of reference, the principal results of the valuation and a comparison with the results of the previous valuation are summarized below (all dollar amounts are \$1,000's):

Valuation Date	JUNE 30	), 1991	June 30	, 1990
Number of active members Annual salaries	4 \$ 1,52	8,169 2,497	\$ 1,34	7,096 10,262
Number of annuitants and beneficiaries Annual allowances		0,507 6,363		9,969 <b>14,</b> 536
Assets for valuation purposes	\$ 4,25	9,123	\$ 3,66	0,862
Unfunded actuarial accrued liability	<b>\$ 1,45</b>	6,907	\$ 1,41	1,285
Statutory contribution rates:	Univ.	Non-Univ.	Univ.	Non-Univ.
Member State	7.625% 10.875	9.105% 12.355	7.705% 10.955	9.185% 12.435
Total	18.500%	21.460%	18.660%	21.620%
Actuarially determined contribution rates:  Normal  Accrued liability (balancing item)	12.770% 5.730	16.150% 5.310	12.910% 5.750	16.350% 5.270
Total	18.500%	21.460%	18.660%	21.620%
Accrued liability funding period	25½y	ears/	30 <sub>,</sub> y e	ears

- 2. The valuation indicates that combined member and State contributions at the current rate of 18.50% of salaries for university members and at 21.46% for non-university members are just sufficient to support the benefits of the System. Comments on the valuation results as of June 30, 1991 are given in Section IV and further discussion of the contribution levels is set out in Sections V and VI.
- 3. Since the previous valuation, the salary scale has been decreased at each age by 0.2% and the value of assets for valuation purposes has been adjusted to reflect market value. Schedule B of the report outlines the full set of actuarial assumptions and methods employed in the current valuation.
- The valuation takes into account the effect of amendments to the System enacted through the 1991 Session of the Legislature and effective on the valuation date. The valuation also reflects the one time cost of living increase of 3.5% for members and for beneficiaries of members who retired on or before July 1, 1991. Provisions of the System which were taken into account in the current valuation are summarized in the <u>Introductory Section</u> of this annual report.

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#### Section II - Membership Data

1. Data regarding the membership of the System for use as a basis of the valuations were furnished by the Retirement System office. The following table shows the number of active members and their annual salaries as of June 30, 1991 on the basis of which the valuation was prepared:

GROUP	Number	Annual Salaries (\$1,000's)
Men Women	14,264 33,905	\$ 512,574 1,009,923
Total	48,169	\$1,522,497

The table reflects the active membership for whom complete valuation data was submitted. The results of the valuation were adjusted to take account of inactive members and members for whom incomplete data was submitted.

2. The following table shows the number and annual retirement allowances payable to annuitants and beneficiaries on the roll of the Retirement System as of the valuation date. The allowance amounts do not include any post-retirement supplements granted after June 30, 1991.

THE Number and Annual Retirement Allowances of Annuitants and Beneficiaries on the roll as of June 30, 1991

Group	Number	Annual Retirement Allowances (\$1,000's)
Service Retirements Disability Retirements Beneficiaries of Deceased Members	17,674 1,032 1,450	\$ 205,124 10,628 9,276
Total	20,156	\$ 225,028

Inaddition, there are 351 beneficiaries entitled to term-certain only annuities totaling \$1,335,000 annually.

3. Tables 1 and 2 of Schedule E (not shown in this annual report) give the distribution by age and by years of service of the number and annual salaries of active members included in the valuation, while Tables 3,4 and 5 give the number and annual retirement allowances of annuitants and beneficiaries included in the valuation, distributed by age.

#### Section III - Assets

- 1. The retirement law provides for the maintenance of eight funds for the purpose of recording the financial transactions of the System, namely, the Teachers' Savings Fund; the State Accumulation Fund; the Allowance Reserve Fund; the Guarantee Fund; the Medical Insurance Fund; the Expense Fund; the Voluntary Contribution Fund; and the Capital Construction Fund.
  - (a) Teachers' Savings Fund

The Teachers' Savings Fund is the fund to which are credited all contributions made by members together with regular interest thereon. When a member retires by reason of service or disability, the amount of the member's accumulated contributions are transferred from the Teachers' Savings Fund to the Allowance

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Reserve Fund. If a survivor's benefit becomes payable, the member's accumulated contributions are transferred from the Teachers' Savings Fund to the Allowance Reserve Fund. Refunds of accumulated member contributions upon withdrawal or death are also made from this Fund. The assets credited to the Teachers' Savings Fund on June 30, 1991 amounted to \$1,218,852,239.

#### (b) State Accumulation Fund

The State Accumulation Fund consists of funds appropriated by the State for the purpose of providing annuities. When a member retires by reason of service or disability, the amount, which together with the amount transferred from the Teachers' Savings Fund will provide the member's annuity, is transferred from the State Accumulation Fund to the Allowance Reserve Fund. Transfers are also made from this Fund to the Allowance Reserve Fund when the death of a member results in an obligation on that Fund. The assets credited to the State Accumulation Fund on June 30, 1991 amounted to \$1,255,385,919.

#### (c) Allowance Reserve Fund

The Allowance Reserve Fund is the Fund from which all retirement allowances are paid. When a member retires, his accumulated contributions are transferred from the Teachers' Savings Fund to the Allowance Reserve Fund. The balance of the amount necessary to provide the allowance is transferred from the State Accumulation Fund to the Allowance Reserve Fund. Also, amounts held for a member in the Teachers' Savings Fund and State Accumulation Fund are transferred to the Allowance Reserve Fund when the death of a member results in an obligation on the fund. The assets credited to the Allowance Reserve Fund as of June 30, 1991 amounted to \$164,948,995.

#### (d) Guarantee Fund

The Guarantee Fund is the Fund to which all investment earnings are credited and from which interest is paid to the other Funds as allowed by the Board of Trustees. The Guarantee Fund also serves to meet special requirements of the other Funds. On June 30, 1991 the assets credited to this Fund amounted to \$1,495,884,157.

(e) Medical Insurance Fund

Medical benefits are payable from this Fund, which is supported by the joint contributions of members and the State. The assets credited to this Fund as of June 30, 1991 amounted to \$20,657,295. This amount was not included in the assets used for valuation purposes.

(f) Expense Fund

The assets credited to this Fund as of June 30, 1991 amounted to \$2,847,510. This amount was not included in the assets used for valuation purposes.

(g) Voluntary Contribution Fund

The assets credited to this Fund as of June 30, 1991 amounted to \$14,749,043. This amount was not included in the assets used for valuation purposes.

(h) Capital Construction Fund

The assets credited to this Fund as of June 30, 1991 amounted to \$1,533. This amount was not included in the assets used for valuation purposes.

- 2. As of June 30, 1991 the total book value of assets held by the System amounted to \$4,173,326,711. Of this amount, \$4,135,071,310 was used for valuation purposes.
- 3. The book value of assets was adjusted to reflect the average ratio of market value to book value during the five years ending on the valuation date. Application of the adjustment factor of 1.03 to the book value of assets resulted in a modified market value of \$4,259,123,449 to be used for valuation purposes, as shown in the table on the following page.

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#### Assets as of June 30, 1991

Fund	Assets for Valuation Purposes	OTHER ASSETS	Total Assets
Teachers' Savings State Accumulation Allowance Reserve Guarantee Medical Insurance Expense Voluntary Member Contribution Capital Construction	\$1,218,852,239 1,255,385,919 164,948,995 1,495,884,157	\$ 20,657,295 2,847,510 14,749,043 1,553	\$1,218,852,239 1,255,385,919 164,948,995 1,495,884,157 20,657,295 2,847,510 14,749,043 1,553
Total  Market Value Adjustment  Modified Market Value	\$4,135,071,310 × 1.03 \$4,259,123,449	\$ 38,255, <b>4</b> 01	<b>\$4,173,326,711</b>

#### Section IV - Comments on Valuation

- 1. Schedule A of this report outlines the results of the actuarial valuation (amounts are \$1,000's). The valuation was prepared in accordance with the actuarial assumptions and the actuarial cost method which are described in Schedule B.
- 2. The valuation shows that the System has an actuarial accrued liability of \$3,678,488 for benefits expected to be paid on account of the present active membership, based on service to the valuation date. The liability on account of benefits payable to annuitants and beneficiaries amounts to \$1,964,164 after adjustment for special appropriations remaining to be made toward funding the 1980, 1982, 1987, 1989 and 1990 ad hoc increases, and the liability for benefits expected to be paid to inactive members and to members entitled to deferred vested benefits is \$73,378. The total actuarial accrued liability of the System amounts to \$5,716,030. Against these liabilities, the System has present assets for valuation purposes of \$4,259,123. When this amount is deducted from the actuarial accrued liability of \$5,716,030, there remains \$1,456,907 as the unfunded actuarial accrued liability.
- 3. The normal contribution rate is equal to the actuarial present value of benefits accruing during the current year divided by the annual active members' payroll. The normal contribution rate is determined to be 12.77% of payroll for university members and 16.15% for non-university members.

#### Section V - Contributions Payable Under the System

- 1. Section 161.540 of the retirement law provides that each university member will contribute 8.375% of his annual salary to the System and each non-university member will contribute 9.855% of salary. Of this amount, 0.75% is paid to the Medical Insurance Fund for medical benefits leaving 7.625% for university members and 9.105% for non-university members applicable for the retirement and death benefits taken into account in the valuation.
- Section 161.550 provides that the State will match the member contributions and contribute an additional 3.25% of members' salaries towards discharging the System's unfunded obligations.
- 3. The total net statutory contribution rate is 18.50% of active university members' salaries and 21.46% for active non-university members.

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#### **NET STATUTORY CONTRIBUTION RATES**

	Ş	Source	University	Non-University
:	Member State		7.625% 10.875	9.105% 12.355
	Total		18.500%	21.460%

4. The valuation indicates that normal contributions at the rate of 12.77% of active university members' salaries are required to meet the cost of benefits currently accruing. The rate for non-university members is 16.15%. The difference between the total contribution rate and the normal rate remains to be applied toward the liquidation of the unfunded actuarial accrued liability. This accrued liability rate is 5.73% for university members and 5.31% for non-university members. These rates are shown in the following table.

#### ACTUARIALLY DETERMINED CONTRIBUTION RATES

Rate		tage of Salaries
	University	Non-University
Normal Accrued liability (balancing)	12.77% 5.73	16.15% 5.31
Total	18.50%	21.46%

5. The unfunded actuarial accrued liability amounts to \$1,456,907,000 as of the valuation date. Accrued liability contributions at the rate of 5.73% of active university members' payroll and 5.31% of non-university members' payroll are sufficient to amortize the unfunded actuarial accrued liability over the 25½ year period commencing June 30, 1991, based on the assumption that the payroll will increase by 5% annually.

#### SECTION VI - COMMENTS ON LEVEL OF FUNDING

- 1. The benefit percentage for non-university members is 2% for service accrued through January 1, 1984 and 2½% for service accrued after that date. The total net contribution rate is 21.46% of payroll for these members. For university members the benefit percentage is 2% for all service and the contribution rate is 18.50%. Our calculations indicate that these contribution rates will be sufficient to cover the basic benefits of the System and the annual 1½% increases in the allowances of retired members and beneficiaries. Special appropriations are being made toward the ad hoc increases granted in 1980, 1982, 1987, 1989, 1990 and 1991.
- 2. The valuation indicates that the present statutory contribution rates are sufficient to meet the cost of benefits currently accruing and provide for the amortization of the unfunded actuarial accrued liability over a reasonable period of time. The net effect of the System experience, amendments, and changes in assumptions has produced a decrease in the funding period for the unfunded actuarial accrued liability from 30 years to 25½ years.
- 3. The System has been operating on an actuarially sound basis. However, there are no excess assets or contributions available to provide additional benefits. Any further benefit improvements, including the ad hoc increases previously noted, should be accompanied by the additional contributions necessary to support the benefits.

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#### SECTION VII - ACCOUNTING INFORMATION

1. Governmental Accounting Standards Board Statement No. 5 sets forth certain items of information to be disclosed in the financial statements of the System and the employer. One such item is a distribution of the number of employees by type of membership, as follows:

Number of Active and Retired members
As of June 30, 1991

Retirees and Beneficiario	es	20,507	•
Active Members:  Vested		37,913	
Non-vested		37,913 10,256	

2. Another such item is the pension benefit obligation, a standardized measure of the System's liabilities. It is the amount owed for benefits allocated to employee service before the balance sheet date, when total projected benefits (including the effects of projected salary increases) are allocated equally over all years of employee service before and after the balance sheet date. The pension benefit obligation, prepared in accordance with Governmental Accounting Standards Board Statement No. 5, and a comparison with net assets available for benefits as of June 30, 1991, are presented below.

	Pension Benefit Obligation (in \$1,000's)		
*	Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving benefits	\$2,037,542	
*	Current employees: Accumulated contributions Employer-financed vested Employer-financed nonvested	1,218,852 1,350,891 1,108,745	
	Total Pension Benefit Obligation	\$5,716,030	
*	Net assets available for benefits	\$4,135,071	
*	Unfunded Pension Benefit Obligation	\$1,580,959	

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3. The following first four years of the ten-year historical trend information, prepared in accordance with Governmental Accounting Standards Board Statement No. 5, provides information on progress made in accumulating sufficient assets to pay benefits when due. A purpose of the chart is to establish a consistent method for analyzing and making comparisons among different public retirement systems.

## REQUIRED SUPPLEMENTARY INFORMATION ANALYSIS OF FUNDING PROGRESS (IN \$ MILLIONS)

Piboal Year Ended	(1) NET ASSETS AVAILABLE FOR BENEFITS	(2) PENSION BENEFIT OBLIGATION	(3) PERCENTAGE FUNDED (1) + (2)	(4) UNFUNDED PENSION BENEFIT OBLIGATION (2) - (1)	(5) ANNUAL COVERED PAYROLL	(6) UNFUNDED PBO AS % OF COVERED PAYROLL (4) + (5)
6/30/87	\$ 2,562.3	\$3,799.3	67.4 %	\$1,237.0	\$ 1,101.7	112.3 %
6/30/88	2,915.7	4,287.3	68.0	1,371.6	1,212.6	113.1
6/30/89	3,256.7	4,680.8	69.6	1,424.1	1,261.4	112.9
6/30/90	3,660.9	5,072.1	72.2	1,411.2	1,340.3	105.3
6/30/91	4,135.1	5,716.0	72.3	1,580.9	1,522.5	103.8

Analysis of the dollar amounts of net assets available for benefits, pension benefit obligation, and unfunded pension benefit obligation in isolation can be misleading. Expressing the net assets available for benefits as a percentage of the pension benefit obligation provides one indication of the Retirement 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 Retirement System.

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#### SCHEDULE A

## RESULTS OF THE VALUATION PREPARED AS OF JUNE 30, 1991 (\$1,000's)

1.	Actu	arial Accrued Liability		
	Pres	ent value of prospective benefits payable in respect of:		
	(a)	Present active members		
		<ul> <li>Service retirement benefits</li> <li>Disability retirement benefits</li> <li>Death and survivor benefits</li> <li>Refunds of member contributions</li> </ul>	\$3,328,258 172,379 98,077 79,774	
		Total		\$3,678,488
	(b)	Present inactive members and members entitled to deferred vested benefits:		73,378
	(c)	Present annuitants and beneficiaries		
		<ul> <li>Service retirement benefits</li> <li>Disability retirement benefits</li> <li>Death and survivor benefits</li> </ul>	\$1,781,882 76,018 106,264	
		Total		1,964,164
	(d)	Total actuarial accrued liability		\$5,716,030
2.	Prese	ent Assets for Valuation Purposes		4,259,123
3.		nded Actuarial Accrued Liability ninus (2)]		\$1,456,907
4.	Norn	nal Contribution Rate	University	Non-University
	(a)	Actuarial present value of benefits accruing annually	\$14,808	\$ 227,188
	(b)	Annual payroll of active members	115,918	1,406,579
	(c)	Normal contribution rate	12,77%	16.159

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#### SCHEDULE B

#### OUTLINE OF ACTUARIAL ASSUMPTIONS AND METHODS

Interest rate: 8.0% per annum, compounded annually (Adopted 1989).

SALARY INCREASES: Representative values of the assumed annual rates of future salary increases are as follows (Adopted 1989):

AGE         ANNUAL RATE           20         9.60%           25         8.70           30         7.70           35         7.00           40         6.50           45         6.20           50         6.00           55         5.80           60         5.70           65         5.50		1		
20 9.60% 25 8.70 30 7.70 35 7.00 40 6.50 45 6.20 50 6.00 55 5.80 60 5.70				
20 9.60% 25 8.70 30 7.70 35 7.00 40 6.50 45 6.20 50 6.00 55 5.80 60 5.70	l Ac	SE .	A	NNUAL RATE
25     8.70       30     7.70       35     7.00       40     6.50       45     6.20       50     6.00       55     5.80       60     5.70	******		<del></del>	<del></del>
25     8.70       30     7.70       35     7.00       40     6.50       45     6.20       50     6.00       55     5.80       60     5.70				
30 7.70 35 7.00 40 6.50 45 6.20 50 6.00 55 5.80 60 5.70	20	)		
30 7.70 35 7.00 40 6.50 45 6.20 50 6.00 55 5.80 60 5.70	90	Ę.		8.70
35 7,00 40 6,50 45 6,20 50 6,00 55 5,80 60 5,70				
40 6.50 45 6.20 50 6.00 55 5.80 60 5.70				
40 6.50 45 6.20 50 6.00 55 5.80 60 5.70	3,5	3		7.00
45 6.20 50 6.00 55 5.80 60 5.70				
50 6.00 55 5.80 60 5.70				0.00
55 5.80 60 5.70	45	5		6,20
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60 5.70				
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	60	1		5.70
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**DEATHS AFTER RETIREMENT:** Representative values of the assumed annual rates of death after service and disability retirement are as follows (Adopted 1983):

	Annual Rate of Death After					
	Service F	Cetirement	DISABILITY I	Retirement		
Age	Men	Women	Men	Women		
40	.1%	.1%	5.1%	4.5%		
50	.4	.2	5.1	4.5		
55	.6	.2	5.1	4.5		
60	1.1	`.4	5.1	4.5		
65	1.9	.7	5.1	4.5		
70	3.1	1.4	5.1	4.5		
<b>7</b> 5	4.6	2.6	5.1	4.5		
80	7.0	4.4	7.8	5.5		
85	11.0	7.5	12.3	9.4		
90	16.8	12.8	19.1	15.9		
95	23.2	21.1	29.2	26.2		

ACTUARIAL METHOD: Unit Credit Actuarial Cost Method with projected benefits.

Assers: Modified market value.

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ACTUARIAL SECTION \*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*



SEPARATIONS FROM SERVICE: Representative values of the assumed annual rates of death, disability, withdrawal and service retirement are as follows (Adopted 1983):

		An	MEN INUAL RATE OF		
AGE	Death	DISABILITY	Withdrawal	Service Retirement*	EARLY RETIREMENT
20	.008%	.01%	9.00%		
25	.023	.01	8.00		
30	.038	.01	6.75		
35	.076	.05	5.50		est in the
40	.113	.0 <i>7</i>	4.25		
45	.151	.10	3.20		
50	.249	.29	2.30		
55	.514	1.20		9.30%	2.00%
60	.892	.05		12.00	
62	1.043	.03		16.50	
65	1.346			47.30	
<b>7</b> 0				100.00	

<sup>\*</sup> It is also assumed that an additional 15% of men will retire in their first year of eligibility if before age 60.

			Women inual Rate of		
AGE	Death	DISABILITY	Withdrawal	Service Retirement*	EARLY RETIREMENT
20 25 30 35 40 45 50 55 60 62 65 70	.007% .014 .036 .058 .094 .109 .130 .167 .239 .268 .312	.01% .01 .04 .09 .18 .29 .60 .25	8.50% 8.00 7.40 6.40 4.60 2.80 1.80	9.20% 15.00 20.00 51.00 100.00	2.50%

<sup>\*</sup> It is also assumed that an additional 20% of women will retire in their first year of eligibility if before age 60.

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## SOLVENCY TEST (IN MILLIONS OF DOLLARS)

	Aggri (1)	EGATE ACCRUED L	TABILITIES FOR		I	ORTION ACCRUE JABILITI OVERED	D ES
Fiscal Year	ACTIVE MEMBER CONTRIBUTIONS	RETIRANTS AND BENEFICIARIES	Active Members (Employer Financed Portion)	VALUATION Assets	(1)	Assets (2)	(3)
1982	\$ 467.6	\$ 941.8	\$1,031.3	\$ 1,163.7	100%	74%	0%
1984	580.8	1,101.2	1,225.8	1,569.1	100	90	0
1986	719.1	1,320.2	1,316.9	2,214.2	100	100	13
1987	805.4	1,430.0	1,563.9	2,562.3	100	100	21
1988	906.4	1,499.2	1,881.7	2,915.7	100	100	27
1989	997.8	1,690.7	1,992.4	3,256.7	100	100	29
1990	1,098.3	1,862.8	<b>2,</b> 111.0	3,660.9	100	100	33
1991	1,218.8	2,037.5	2,459.6	4,135.0	100	100	36
1992	1,345.2	2,139.3	2,834.5	4,650.6	100	100	41

The solvency test is one means of checking a system's progress under its funding program. In a solvency test, the plan's present assets are compared with (1) the active member contributions, (2) the amount necessary to cover the present value of benefits payable to current retirees and beneficiaries and (3) the amount necessary to cover the present value of benefits owed to active members for service already rendered. The total of (1), (2) and (3) is the total actuarial accrued liability of the plan.

In a system that has been following the discipline of level percent of payroll financing, such as KTRS, the liabilities in columns (1) and (2) should be fully covered by assets and the portion of the liability in column 3 covered by assets should increase over time.

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### SCHEDULE OF ACTIVE MEMBER VALUATION DATA

	(1)	(2)	(3) Average	(4) % Increase
Fiscal Year	Number of Active Members	Total Annual Payroll	Annual Pay (2) + (1)	(Decrease) In Average Pay
1983	42,570	849,839,088	19,963	7.4
1984	41,438	916,650,063	22,121	10.8
1985	43,375	950,093,444	21,904	(1.0)
1986	44,366	1,006,751,275	22,692	3.6
1987	44,556	1,104,968,563	24,800	9.3
1988	46,396	1,217,746,805	26,247	5.8
1989	46,937	1,268,680,057	27,029	3.0
1990	47,284	1,346,537,954	28,478	5.4
1991	48,415	1,535,562,959	31,717	11.4
1992	49,248	1,599,945,494	32,488	2.4

## SCHEDULE OF RETIRANTS, BENEFICIARIES AND SURVIVORS ADDED TO AND REMOVED FROM ROLLS

	Adder	TO ROLLS	Remove	FROM ROLLS	Rolls-l	END OF YEAR		
Year Ended		Annual Allowances (Millions)		Annual Allowances (Millions)	Number	Annual Allowances (Millions)		Average Annual Allowances
1983	1,234	15.3	590	3.2	16,279	109.6	12.4	6,733
1984	1,082	15.4	574	3.4	16,787	121.6	10.9	7,243
1985	1,209	13.5	630	4.1	17,366	131.0	7.7	7,545
1986	1,213	14. <i>7</i>	647	4.1	17,932	141.6	8.1	7,896
1987	1,119	18. <i>7</i>	695	4.9	18,356	155.4	9.7	8,464
1988	981	17.8	738	5.6	18,599	167.6	7.8	9,012
1989	1,565	25.4	811	6.7	19,353	186.3	11.2	9,626
1990	1,356	24.4	757	6.6	19,952	204.1	9.6	10,231
1991	1,376	29.4	854	7.8	20,474	225.7	10.6	11,025
1992	1,459	34.5	805	7.8	21,128	252.3	11.8	11,944



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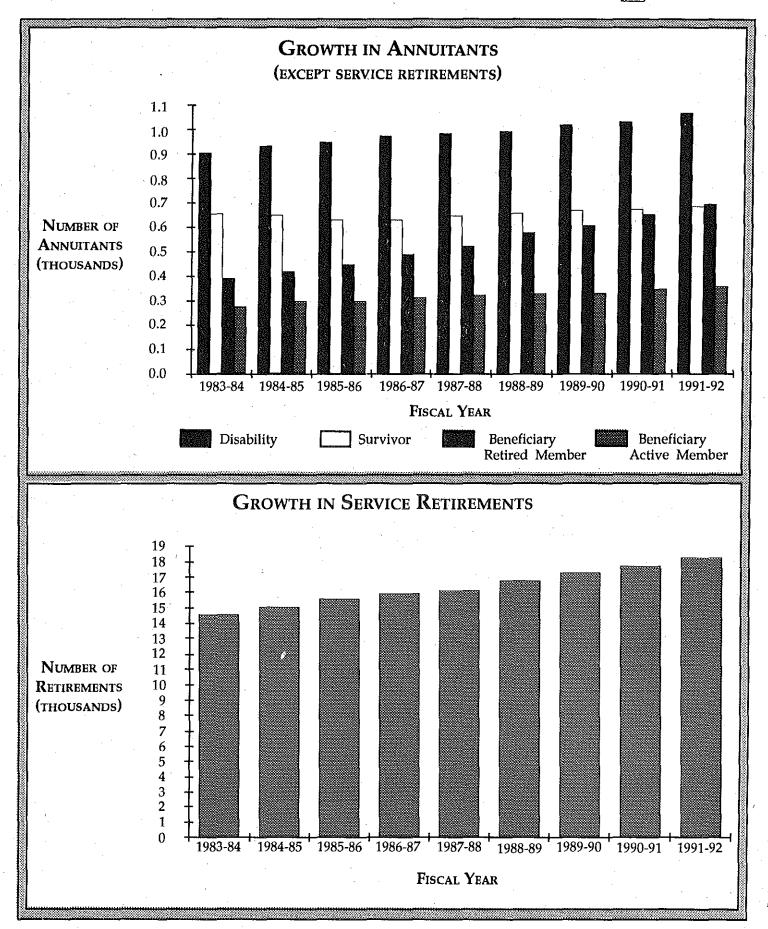
The Common School Law of 1884 established a truly statewide system of common schools at public expense.

In 1904 the legislature passed a compulsory education law for children ages 7-14.

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Information taken from "The Kentucky Encyclopedia," edited by John E. Kleber, p. 800.

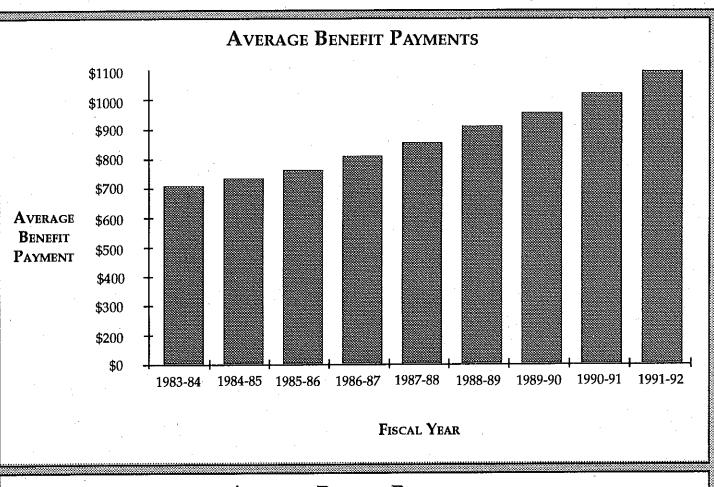


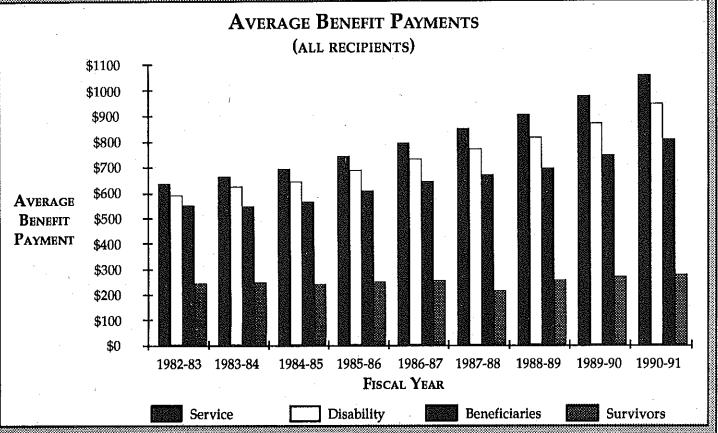


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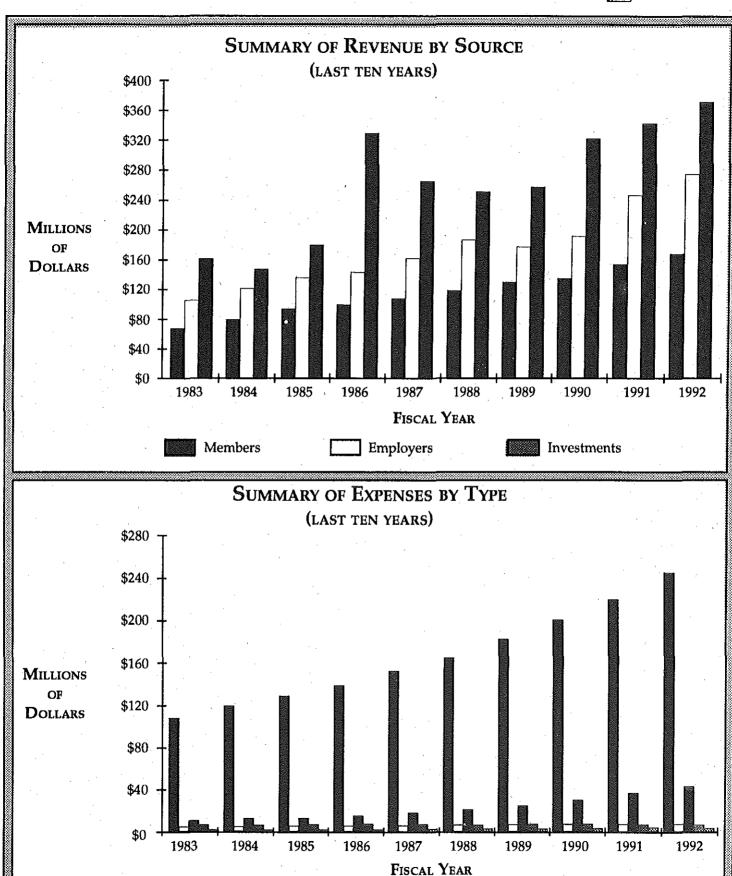




Service/Disability

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Insurance Premiums

Refunds

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Adm./Inv.

Death/Survivor

## GEOGRAPHICAL DISTRIBUTION OF RETIREMENT PAYMENTS AS OF JUNE 30, 1992

		_
COUNTY	Total	Number of
Name	PAYMENTS	RECIPIENTS
Adair	\$ 1,236,687	112
Allen	941,162	76
Anderson	824,576	80
Ballard	468,445	48
Barren	2,272,515	203
Bath	820,549	77
Bell	2,674,067	234
Boone	2,618,300	205
Bourbon	1,363,342	123
Boyd	3,132,156	291
Boyle	2,057,796	1 <b>7</b> 1
Bracken	351,526	39
Breathitt	1,313,901	112
Breckinridge	769,757	77
Bullitt	1,642,194	123
Butler	× 893,625	<i>7</i> 8
Caldwell	879,487	89
Calloway	3,886,453	307
Campbell	2,989,027	254
Carlisle	335,552	34
Carroll	416,367	45
Carter	1,820,602	169
Casey	1,288,336	113
Christian	2,704,375	240
Clark	1,428,652	137
Clay -	1,876,926	176
Clinton	813,042	<b>70</b> ,
Crittenden	530,186	57
Cumberland	710,210	62
Daviess	5,194,440	452
Edmonson	598,545	57
Elliott	415,203	34
Estill	738,116	71
Fayette	13,517,866	1,056
Fleming	799,332	74 305
Floyd Franklin	3,685,829 4,526,136	399
Fulton	486,037	58
Gallatin	253,213	28
Garrard	798,694	76
Grant	811,691	75 75
Graves	1,742,682	182
Grayson	1,391,680	122
Green	835,355	71
Greenup	2,399,578	193
	, =/=- // +	

E 30, 1992		V 1
County	Total	Number of
Name	PAYMENTS	RECIPIENTS
Hancock	\$ 489,043	42
Hardin	3,422,382	282
Harlan	2,897,242	232
Harrison	1,101,767	95
Hart .	964,028	85
Henderson	1,840,402	163
Henry	987,412	- 93
Hickman	275,552	27
Hopkins	2,320,356	226
Jackson	950,393	93
Jefferson	39,666,488	2,976
Jessamine	1,150,380	100
Johnson	2,228,289	187
Kenton	3,583,062	313
Knott	1,282,947	125
Knox	1,577,593	146
Larue	891,401	65
Laurel	2,639,246	236
Lawrence	800, <b>7</b> 59	79
Lee	<i>775,</i> 431	73
Leslie	805,467	80
Letcher	2,194,626	194
Lewis	887,732	81
Lincoln	1,473,679	132
Livingston	587,821	56
Logan	1,397,175	137
Lyon	632,346	49
Madison	6,127,731	499
Magoffin	855,094	91
Marion	888,190	87
Marshall	1,427,561	132
Martin	722,093	69
Mason	944,554	79
McCracken	3,639,984	328
McCreary	810,113	75
McLean	570,372	53
Meade	569,354	50
Menifee	448,222	41
Mercer	1,363,235	124
Metcalfe	799,755	72
Monroe	1,178,710	117
	1,181,260	105
Montgomery Morgan	836,265	86
Morgan	1,828,051	169
Muhlenberg	·	
Nelson	1,689,088	134

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## GEOGRAPHICAL DISTRIBUTION OF RETIREMENT PAYMENTS AS OF June 30, 1992 (CONTINUED)

COUNTY	Тотац	Number of
NAME	PAYMENTS	RECIPIENTS
-		
Nicholas	\$ 361,882	34
Ohio -	1,096,011	106
Oldham	1,420,981	·· 131
Owen	404,602	39
Owsley	586,585	58
Pendleton`	902,690	80
Perry	2,369,510	243
Pike	4,976,494	437
Powell	736,574	66
Pulaski	3,787,188	335
Robertson	140,430	15
Rockcastle	1,395,239	119
Rowan	2,597,185	204
Russell	1,071,669	` <b>≥ 112</b> ° j
Scott	1,169,070	108
Shelby	1,396,446	138
Simpson	837,431	<i>7</i> 5
Spencer	397,624	39
Taylor	1,537,661	126
Todd	643,993	6 <b>7</b>
Trigg	617,236	57
Trimble	193,883	19
Union	752,566	68
Warren	7,998,639	631
Washington	510,595	48
Wayne	1,625,896	126
Webster	753,227	<i>7</i> 7
Whitley	3,453,887	314
Wolfe	566,435	52
Woodford	1,035,919	91
Total In Kentucky	\$230,294,410	19,748
In Kentucky	ΨΕΟΟ/ΑΣΤ/ <del>Τ</del> ΙΟ	*>)/ ±0

State	Total	Number of
Name	PAYMENTS	RECIPIENTS
Florida	\$ 5,105,592	531
Georgia	<i>7</i> 62,514	· 83
Indiana	2,210,392	243
Ohio	1,900,420	267
Tennessee	2,779,056	308
Texas	593,034	76
Virginia	603,111	<i>7</i> 5
Other States	5,281,868	671
Out Of Country	54,236	8
Total		- -
Out Of State	\$ 19,290,222	2,262
In Kentucky	230,294,410	19,748
GRAND TOTAL	\$249,584,632	22,010

## Summary of State Budget Appropriation to Teachers' Retirement System for 1991 - 1992

Expense Item	1991-92 STATE BUDGET APPROPRIATION	1991-92 State Actual Budget Requirement
Match of Member Contributions *	\$ 137,935,708	\$ 147,958,162
Overmatch	45,488,692	48,967,842
Federal Payments	(4,599,800)	(8,841,060)
Sick Leave (KRS 161.550)	11,063,600 31,430,000	10,627,991 31,430,000
Retiree Cost of Living Adjustment Prior Service Increase	640,000	640,000
\$75 Minimum Benefit	10.000	10,000
Handicapped Child Benefit	220,000	244,432
Minimum Benefit Adjustment	6,763,400	6,763,400
TOTALS	\$ 228,951,600	\$ 237,800,767
State Under-appropriation for 1991-92	\$ 8,849,167	

The 1990-92 budget enacted by the 1990 General Assembly requires that in the event an annual appropriation is less than the amount of the statutory requirements, the State shall make up the deficit in the next biennium budget appropriation to the retirement System.

\*Also, it should be noted that beginning with FY 1988-89, the Department of Education and the state universities were responsible for matching their members' contributions with the state reimbursing these respective agencies in their normal budget appropriation. During this fiscal year, these agencies contributed \$27,641,663 in order to match the members' contributions. This resulted in the match of member contributions totaling \$175,934,890. In prior years, the Retirement System was appropriated an allotment of funds in their budget to cover the costs of matching these agencies member contributions.

## TOTAL RETURN ON KTRS INVESTMENTS (PERCENTAGES)

Time Weighted Market Indicators v. Time Weighted KTRS							
FISCAL YEAR	Standard & Poor's 500 Index	KTRS Stocks	Shearson Lehman Bond Index	KTR5 Bonds	KTRS Total Portfolio	Consumer Price Index	
1987-88 1988-89	(6.9) 20.5	(10.4) 21.3	7.5 12.3	_ 7.0 12.3	3.2 13.8	4.0 5.2	
1989-90 1990-91	16.5 7.4	18.0 11.4	7.1 10.2	7.2 10.5	10.4 9.6	4.7 4.7	
1991-92	13.4	13.7	14.2	14.9	12.5	3.1	
Five Year Annualized Rate	9.8	10.2	10.2	10.3	9.9	4.3	

FISCAL YEAR	TOTAL MEMBER CONTRIBUTIONS	EMPLOYER/ FEDERAL PAYMENTS	REQUIRED STATE MATCH CONTRIBUTION	REQUIRED SUPPLEMENTAL APPROPRIATION	REQUIRED SICK LEAVE PAYMENT	Total State Appropriation	(Descrit)Surplus State Punding	RUNNING TOTAL (DEPICT) SURPLUS
1940-44 1944-48 1948-52 1952-56 1956-60 1960-64 1964-68 1968-72 1972-76 1976-80	\$ 2,063,717 3,184,178 4,951,458 7,267,163 14,970,961 25,945,897 49,957,299 82,922,869 120,349,350 189,072,371	\$ 2,042,014 6,044,865 8,019,216 12,044,186	\$ 2,063,717 3,184,178 4,951,458 7,267,163 14,970,961 25,945,897 47,915,285 76,878,005 112,330,134 177,028,185	\$ 75,010,028	\$	\$ 2,063,637 3,039,017 5,090,848 6,494,102 14,963,272 25,938,763 45,317,694 80,091,951 111,665,685 256,784,030	\$ (80) (145,160) 139,390 (773,062) (7,689) (7,134) (2,597,591) 3,213,946 (664,449) 4,745,817	\$ (80) (145,240) (5,850) (778,911) (786,600) (793,734) (3,391,324) (177,378) (841,827) 3,903,990
1980-81 1981-82 1982-83 1983-84 1984-85 1985-86 1986-87 1987-88 1988-89 1989-90 1990-91 1991-92	60,087,342 63,859,388 68,077,792 80,720,250 90,156,759 95,894,952 108,335,521 119,545,184 129,546,325 136,046,386 160,871,831 175,934,890	4,109,090 4,012,767 3,902,923 4,310,157 5,024,319 5,039,582 5,369,721 5,983,982 23,980,075 24,625,824 33,628,524 36,817,788	55,978,252 59,846,622 64,174,869 76,410,093 85,132,440 90,855,370 102,965,799 113,561,202 105,566,250 111,420,562 127,243,307 139,117,102	24,908,848 26,472,323 28,221,024 30,019,916 31,233,174 33,218,460 36,494,008 40,306,185 17,600,000(3) 22,300,000 44,678,145 48,967,842	1,486,463 1,409,798 2,300,973 2,790,200 2,037,928 2,444,613 6,068,502 7,051,433 5,275,861 6,022,832 10,627,991	83,449,550 89,301,425 95,601,936 110,314,100 114,096,000 117,162,300 136,094,156 148,579,721 127,773,500 140,254,800 176,441,700 189,888,200	2,562,450 1,496,018 1,796,245 1,583,118 (5,059,814) (8,949,458) (5,810,265) (11,356,169) (2,444,183) 1,258,377 (1,502,584) (8,849,167)	6,466,440 3,094,894 1,928,730 1,376,748 (3,476,696) (13,802,902) (7,901,823) (19,257,991) (13,799,774) (12,541,397) (1,502,584) (10,351,751)

The state under-appropriation at June 30, 1992 is \$10,351,751. This amount is comprised of the 1990-91 \$1,502,584 defect, the current year contribution underappropriation of \$8,824,735 and the current year handicapped child under-appropriation of \$24,432. The 1991 General Assembly appropriated \$1,502,584 to fund the 1990-91 deficit. On July 1, 1992, KTRS received the \$1,502,584.

- (1) Beginning with the 1988-89 fiscal year, the Department of Education and the state universities were responsible for matching their members' contributions with the state reimbursing the respective agencies in their normal budget appropriation.
- (2) The required supplemental appropriation for 1988-89 was less than the actuarially determined contribution by about \$25 million.
- (3) The required supplemental appropriation for 1989-90 was less than the actuarially determined contribution by about \$22.4 million.



\* STATISTICAL SECTION



## SUMMARY OF JUNE 30, 1992 RETIREE SICK LEAVE PAYMENTS

Total members retiring Total members receiving sick leav		and the second			
Total amount of sick leave payme	nts (at 9.855% cor	ntribution rate)	*************		\$7,771,102.5
Average payment per retiree otal increase in final average sala	base (FASB)		**************		\$7,394.0 \$1,554.220.5
Average increase in FASB					\$1,478.8
otal service credit of 1051 retiree	S	*******************		*******************	30,719.48
Average service credit of 105	I retirees	***************************************	****************	•••••••••••	29.23

Average Yearly Increase		Service Credit		Retirement Factor	Average Yearl Annuity	y.
\$1,478.80	Χ	20.23	Х	2.00%	= \$598.32	
\$1,478.80	X	1.00	X	2.25%	<b>#</b> \$ 33.27	
\$1,478.80	Χ	8.00	Χ	2.50%	= \$295.76	
		Present Va	lue Fact	or		
Average monthly annu Average Monthly		Present Va Bas Average	lue Fact	or	Number of Members With Sick Leave	

### Funding of Additional Payout

Member Contributions 9.855% X \$7,771,102.56 = State Contributions 13.105% X \$7,771,102.56 =	\$ 765,842.16 1,018,402.99
Total Member-State Contributions	\$ 1,784,245.15
Deficit	
Anticipated additional payout Less total Member and State contributions	\$ 12,412,236.01 1,784,245.15
Subtotal unfunded debt Less current year appropriation	\$ 10,627,990.86 11,063,600.00
Total Surplus	\$ (435,609.14)*

<sup>\*</sup> This amount has been included in the 1991-92 deficit.

## SCHOOL DISTRICTS ELECTING TO PAY FOR SICK LEAVE UNDER KRS 161.155(8) FOR FISCAL YEAR 1992

		- Part
County		Total
School	Number of	Additional
District	Members	Compensation
Allen	7	\$ 57,599.49
Anderson	8	60,127.95
Ballard	<b>,</b> 2	20,805.89
Barren	6	39,271.13
Bath	2	6,719.12
Bell	9	37,929.48
Boone	15	108,552.02
Bourbon	3	21,011.47
Boyd	7	54,530.80
Boyle	1	11,000.71
Bracken	5	28,387.22
Breathitt	9	71,196.36
Breckinridge	3	20,314.25
Bullitt	. 14	90,347.14
Butler	1	2,238.56
Caldwell	6	33,602.04
Calloway	- 4	27,043.43
Campbell	6	51,443.73
Carlisle	3	26,691.43
Carroll	2	16,215.63
Carter	8	63,612.58
Casey	9	49,031.46
Christian	14	120,755.56
Clark	6	45,196.36
Clay	17	103,699.05
Clinton	3	14,157.48
Cumberland	1	2,962.56
Daviess	\ 16	118,315.56
Edmonson	6	35,459.66
Elliott	1	352.51
Estill	2	8,903.50
Fayette	67	624,367.54
Fleming	3	28,164.99
Floyd	12	90,406.49
Franklin	2 13 ( · ·	62,444.35
Fulton	3	3,582.35
Gallatin	1	4,006.80
Garrard	1	2,507.66
Grant	2	24,585.59
Graves	7	25,612.27
		l

COUNTY		Total		
School	Number of	Additional		
DISTRICT	Members	COMPENSATION		
· /		1 1 1 1 1 1 1 1 1 1 1 1 1		
Grayson	7 · 7	\$ 45,666.77		
Green	8	55,676.41		
Greenup	4	39,705.33		
Hancock	5	31,921.66		
Hardin	15 15	106,447.50		
Harlan	10	55,300.66		
Harrison	3	25,753.23		
Hart	8	70,563.77		
Henderson	3	21,133.03		
Henry	2	5,103.70		
Hopkins	16	102,996.76		
Jefferson	249	2,242,361.10		
Jessamine	3	17,445.66		
Johnson	1	18,685.03		
Kenton	18	98,377.46		
Knott	10	69,165.61		
Knox	10	52,657.54		
Larue	5	43,391.28		
Laurel -	11	58,175.84		
Lawrence	1	67.58		
Lee	1	5,657.33		
Leslie	3	11,337.90		
Letcher	8	54,601.01		
Lewis	7	60,286.96		
Lincoln	7	25,401.72		
Livingston	2	16,188.94		
Logan	2	17,437.14		
Madison	5	39,468.30		
Marshall	3	16,843.73		
Mason	4	36,186.91		
McCracken	18	182,128.48		
McCreary	9	33,397.75		
Meade	8	76,458.55		
Menifee	1	3,001.62		
Mercer	1	4,720.55		
Metcalfe	3	15,543.78		
Monroe	2	7,174.33		
Montgomery	9	94,029.93		
Morgan	3	5,056.82		
Muhlenberg	6	35,683.52		

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# School Districts Electing to Pay for Sick Leave Under KRS 161.155(8) for Fiscal Year 1992 (continued)

COUNTY SCHOOL DISTRICT	Number of Members	Total Additional Compensation	
Nelson	5	\$ 43,470.22	
Nicholas	· 2	12 <i>,</i> 575.55	
Ohio	11	50,9 <b>7</b> 9.00	
Oldham	6	20,829.52	
Owen	1	<i>6,</i> 794.01	
Owsley	2	8,840.29	
Pendleton	1	17,551.29	
Perry	11	81,441.00	
Pike	12	61,863.54	
Pulaski	15	104,792.39	
Rockcastle	8	52,495.88	
Rowan	4	17,820.90	
Russell	4	23,777.27	
Scott	3	23,270.72	
Shelby	6	31,584.07	
Simpson	4	16,707.97	
Spencer	1	12,110.40	
Taylor	1	7,435.01	
Todd	4	29,496.60	
Trigg	5	29,643.02	
Union	3	14,615.94	
Warren	8	61,040.98	
Washington	2	16,587.83	
Wayne	8	69,804.87	
Webster	2	12,789.85	
Whitley	8	37,486.25	
Wolfe	1	6,800.00	
Woodford	5	21,527.76	

Independent School District	Number of Members	TOTAL ADDITIONAL COMPENSATION
Ashland	9	\$ 62,440.70
Bardstown	3	21,984.99
Bowling Green	8	63,269.71
Caverna	1	2,747.23
Corbin	5	52,044.15
Covington	1	6,947.23
Danville	1	11,209.64
Dayton	1	3,669.20
Elizabethtown	9	63,477.03
Eminence	2	5,863.52
Erlanger	5 2	26,916.49
Fairview		21,827.60
Frankfort	1	10,356.87
Glasgow	7	59,416.85
Jenkins	2	11,332.11
Mayfield	5	36,791.16
Middlesboro	2	3,022.02
Monticello	1	9,377.47
Newport	4	26,264.03
Owensboro	12	38,020.30
Paducah	7	49,970.68
Paintsville	1	4,786.61
Paris	3	27,485.65
Pikeville	1	9,395.43
Providence	2	7,127.96
Raceland	2	12,266.36
Russell	2	4,680.47
Russellville	3	8,010.75
Somerset	4	35,374.22
Walton-Verona	<b>1</b> ′ , ''	13,989.65
West Point	1	10,416.03
Williamsburg	1	7,503.09
Williamstown	<b>1</b>	12,014.21
Region 1	1	11,160.02
West KY Coop	1	11,457.64
7.111		
Total for All Districts	1,051	\$7,771,102.56

### SCHEDULE OF KTRS ANNUITANTS BY TYPE OF BENEFIT June 30, 1992

	AMOUNT OF MONTHLY BENEFIT	Number of		Туре	OF RETIREM	ent*	
	(\$)	ANNUITANTS	1	2	3	4	5
	1 - 200	1,506	700	13	594	48	151
	201 - 400	1,638	1,304	67	89	178	. 0
	401 - 600	2,197	1,774	221	0	202	0
	601 - 800	3,109	2,749	164	0	196	0 -
	801 - 1,000	3,235	2,955	138	0	142	0
	1,001 - 1,200	2,701	2,473	153	0	<i>7</i> 5	: 0
	1,201 - 1,400	2,348	2,108	151	1	88	0
1.	1,401 - 1,600	1,673	1,527	94	1	<b>51</b> ,	0
	1,601 - 1,800	977	902	40	0 -	35	0
	1,801 - 2,000	634	605	11.	0	18	0
:	Over 2,000	1,110	1,071	16	2	21	0
	Totals	21,128	18,168	1,068	687	1,054	151

#### \*Type of Retirement

- 1 Normal retirement for age & service
- 2 Disability retirement
- 3 Survivor payment Active member 4 Beneficary payment Retired member
- 5 Mentally Disabled Child

### DISTRIBUTION OF ACTIVE MEMBERS AS OF JUNE 30, 1992

Age	Male	Female
20-24	190	976
25-29	982	3,422
, 30-34	1,277	4,103
35-39	1,954	6,007
40-44	3,278	8,301
45-49	3,061	5,857
50-54	1,905	3,348
55-59	1,099	1,661
60-64	450	784
65-69	,83	195
Over 70	13	39
Total	14,292	34,693

YEARS SERVICE	Male	Female
Less 1	261	735
1-4	2,569	7,483
5-9	2,065	6,722
10-14	1,691	4,957
15-19	2,411	6,254
20-24	2,742	5,244
25-29	1,662	2,282
30-34	631	679
Over 35	260	337
Total	14,292	34,693

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### KTRS SCHEDULE OF PARTICIPATING EMPLOYERS

		DISTRICTS	
	COUNTY	Schools	
1. Adair	31. Edmonson	61. Knox	91. Nicholas
2. Allen	32. Elliott	62. Larue	92. Ohio
3. Anderson	33, Estill	63. Laurel	93. Oldham
4. Ballard	34. Fayette	64. Lawrence	94. Owen
5. Barren	35. Fleming	65. Lee	95. Owsley
6. Bath	36. Floyd	66. Leslie	96. Pendleton
7. Beli	37. Franklin	67. Letcher	97. Perry
8. Boone	38. Fulton	68. Lewis	98. Pike
9. Bourbon	39. Gallatin	69. Lincoln	99. Powell
10. Boyd	40. Garrard	70. Livingston	100. Pulaski
11. Boyle	41. Grant	71. Logan	101. Robertson
12. Bracken	42. Graves	72. Lyon	102. Rockcastle
13. Breathitt	43. Grayson	73. Madison	103. Rowan
14. Breckinridge	44. Green	74. Magoffin	104. Russell
15. Bullitt	45. Greenup	75. Marion	105. Scott
16. Butler	46. Hancock	76. Marshall	106. Shelby
17. Caldwell	47. Hardin	77. Martin	107. Simpson
the state of the s	48. Harlan	78. Mason	108. Spencer
18. Calloway	49. Harrison	79. McCracken	109. Taylor
19. Campbell	50. Hart	80. McCreary	110. Todd
20. Carlisle	51. Henderson	81. McLean	111. Trigg
21. Carroll		82. Meade	111. Trigg 112. Trimble
22. Carter	52. Henry	· · · · · · · · · · · · · · · · · · ·	and the second s
23. Casey	53. Hickman	83. Menifee	113. Union
24. Christian	54. Hopkins	84. Mercer	114. Warren
25. Clark	55. Jackson	85. Metcalfe	115. Washington
26. Clay	56. Jefferson	86. Monroe	116. Wayne
27. Clinton	57. Jessamine	87. Montgomery	117. Webster
28. Crittenden	58. Johnson	88. Morgan	118. Whitley
29. Cumberland	59. Kenton	89. Muhlenberg	119. Wolfe
30. Daviess	60. Knott	90. Nelson	120. Woodford
	City S	CHOOLS	
1. Anchorage	15. Covington	29. Harrodsburg	43. Pikeville
2. Ashland	16. Danville	30. Hazard	44. Pineville
3. Augusta	17. Dawson Springs	31. Jackson	45. Providence
4. Barbourville	18. Dayton	32. Jenkins	46. Raceland
5. Bardstown	19. East Bernstadt	33. Ludlow	47. Russell
6. Beechwood	20. Elizabethtown	34. Mayfield	48. Russellville
7. Bellevue	21. Eminence	35. Middlesboro	49. Science Hill
8. Berea	22. Erlanger-Elsmere	36. Monticello	50. Silver Grove
9. Bowling Green	23. Fairview	37. Murray	51. Somerset
10. Burgin	24. Fort Thomas	38. Newport	52. Southgate
11. Campbellsville	25. Frankfort		53. Walton-Verona
12. Caverna	and the second s	39. Owensboro 40. Paducah	· ·
	26. Fulton	•	54. West Point
13. Cloverport 14. Corbin	27. Glasgow 28. Harlan	41. Paintsville 42. Paris	55. Williamsburg 56. Williamstown
14. COLDIN	20. Fiduali	42. Falis	oo, williamstown

## KTRS SCHEDULE OF PARTICIPATING EMPLOYERS (CONTINUED)

#### Universities

- 1. Eastern Kentucky
- 2. Kentucky State
- 3. Morehead State
- 4. Murray State
- 5. Western Kentucky

#### STATE OF KENTUCKY / OTHER ORGANIZATIONS

#### STATE OF KENTUCKY

- 1. Administrative Office of the Courts \*
- 2. Department of Corrections \*
- 3. Department of Finance \*
- 4. Education and Humanities Cabinet
- 5. Human Resources \*
- 6. Labor Cabinet \*
- 7. Legislative Research Commission \*
- 8. Workforce Development Cabinet

#### OTHER ORGANIZATIONS

- 1. Central Kentucky Education Cooperative
- 2. Christian County Health Department \*
- 3. City of Murray \*
- 4. Communicare Inc. \*
- 5. Fivco Area Development \*
- 6. Kentucky Education Association President
- 7. Kentucky Academic Association
- 8. Kentucky Association of School Administration
- 9. Kentucky Educational Development Corporation
- 10. Kentucky High School Athletic Association
- 11. Kentucky School Boards Association
- 12. Kentucky Valley Educational Cooperative
- 13. Northern Kentucky Cooperative of Educational Services
- 14. Ohio Valley Educational Cooperative
- 15. Pennyroyal Region Mental Health \*
- 16. West Kentucky Education Cooperative

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<sup>\*</sup> According to Kentucky Revised Statue 161.607 (1), any member of the Kentucky Teachers' Retirement System who entered employment covered by the Kentucky Employees Retirement System, the State Police Retirement System, or the County Employees Retirement System prior to July 1, 1976, may retain membership in the Teachers' Retirement System instead of joining the new system. These organizations have members who are in this category. Once these members retire, the organization will no longer be considered a KTRS participating employer.



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In June, 1988, the Kentucky Supreme Court ruled that the existing system of public education in Kentucky was unconstitutional. House Bill 940, better known as the Education Reform Act, called for radical reconstruction of public education at every level and was designed to rectify gross inequities that had existed for a century among the 180 Kentucky school districts. It was submitted to the legislature on March 9, 1990 and enacted on April 11, 1990.

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Information taken from "The Kentucky Encyclopedia," edited by John E. Kleber, p. 287.

#### **Investments**

The Board of Trustees of the Teachers' Retirement System annually appoints an Investment Committee consisting of two Board members and the Executive Secretary. This Committee acts on behalf of the Board, subject to its approval, in all matters concerning investments. In compliance with the Kentucky Revised Statutes, the Board of Trustees has adopted an "Investment Policy" which it reviews periodically. The investment objectives of the Board of Trustees are as follows:

- 1. Investment of the funds of the Teachers' Retirement System of the State of Kentucky shall be made solely in the interest of its members and their beneficiaries. Investment income shall be used for the exclusive purpose of providing benefits to the members and their beneficiaries and making payment of reasonable expenses in administering the Plan and its Trust Funds.
- 2. The specific objective of the investment program shall be the investment of the Fund's assets in securities which shall provide a reasonable rate of total return with major emphasis being placed upon the protection of the invested assets. When investments are acquired, current income together with prospects for capital appreciation shall be weighed in regard to the long range needs of providing benefits to members and their beneficiaries. Short term fluctuations in the market value of the Fund's assets shall be considered as secondary to the long-term objectives and needs of the System.

During the 1990 session of the Kentucky General Assembly, the Board of Trustees worked with the General Assembly and modernized the section of the Teachers' Retirement Law that governs the investment process. The law is patterned after the "Prudent Man" concept with a limited number of restrictions. The responsibility for investing the assets of the System is clearly assigned to the Board of Trustees.

The Kentucky Revised Statutes require the Board of Trustees to employ experienced investment counselors to advise it on investment related matters. Todd Investment Advisors was employed during 1991-92 as the principal investment counselor. National Asset Management and Invesco MIM Inc. also were retained during the 1991-92 fiscal year to provide investment counseling services. At the beginning of the fiscal year, the System hired two additional investment advisors, Brinson Partners and Wellington Management Company. National Asset Management assisted in the management of approximately \$690 million in bonds, while Invesco MIM Inc. was involved with managing about \$280 million in equity investments. Brinson Partners and Wellington Management Company were each responsible for managing approximately \$200 million in equities. In addition to monitoring the investment counselors, the in-house investment staff managed about \$970 million of fixed income and equity assets. All of the investment firms are required to work within the same broad objectives, portfolio constraints, and administrative guidelines. Five investment counselors plus an inhouse staff provide the Board of Trustees with a diversification of management that is appropriate for a \$4.6 billion fund. The Farmers Bank & Capital Trust Company, located in Frankfort, Kentucky, was retained in 1991-92 as the Custodian of Securities.

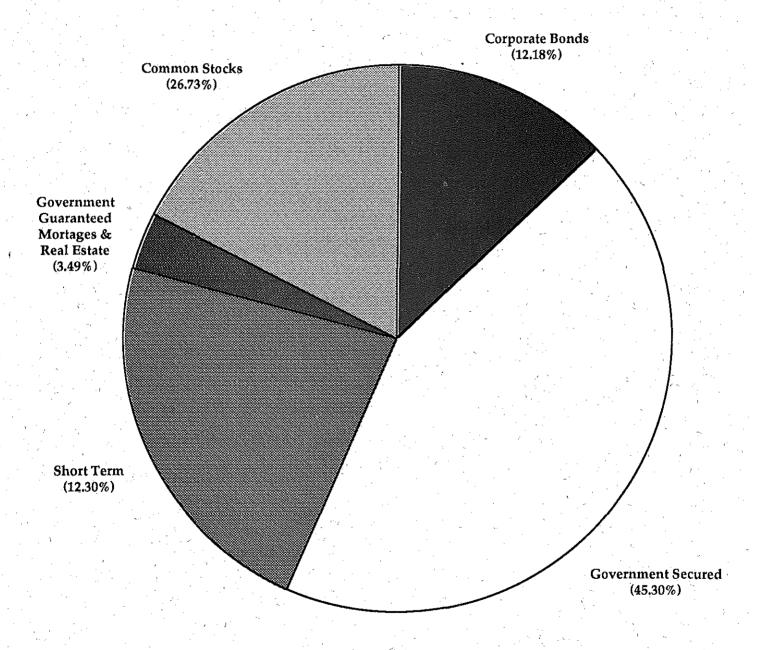
The investment portfolio experienced considerable growth in both par and book values during the year. The par value of the portfolio increased \$490 million, or 11.3%, to a total of \$4.8 billion at year-end. The book value of the fund correspondingly increased 12.5% during the year. The System earned in excess of \$373 million of investment income during 1991-92; investment income excludes monies earned but not received by the end of the fiscal year. The income resulted from interest, dividends, rental income, lending income, and gains. Total investment income for 1991-92 was about \$29.2 million higher than in 1990-91. At year-end, the "net indicated yield" on fixed income investments at par value was 6.78%. The "indicated dividend yield" on common stocks was 3.76%.

The asset allocation of investments at par value was somewhat different at the beginning of the fiscal year to what it was on June 30, 1992. During the 1991-92 fiscal year, the stock position increased from 17.3% of assets to 26.7%. The portion of the portfolio in government funds increased from 44.1% to 45.3%. The cash position decreased during the year, going from 22.3% to 12.3% of assets. The real estate equity position remained a relatively small portion of the System's portfolio at approximately 1%.

The charts on the following pages graphically display the growth that is discussed in the preceding paragraphs and also depict the growth of the System over the last twenty years. Following the charts is a summary description of investments held at June 30, 1992. The pages thereafter provide a detailed listing of all investments held on June 30, 1992. The System annually produces a detailed investment report that is available on request.

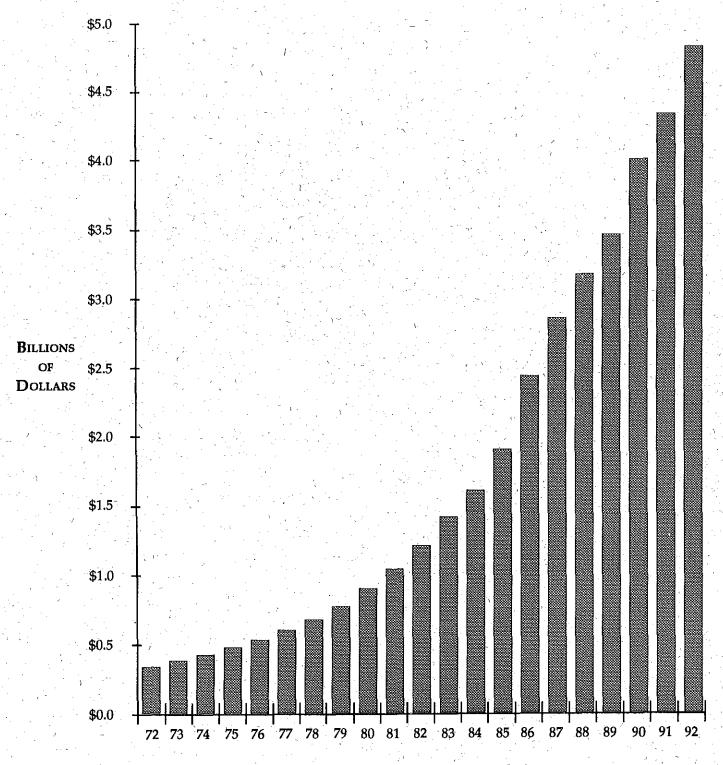
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## DISTRIBUTION OF INVESTMENTS JUNE 30, 1992



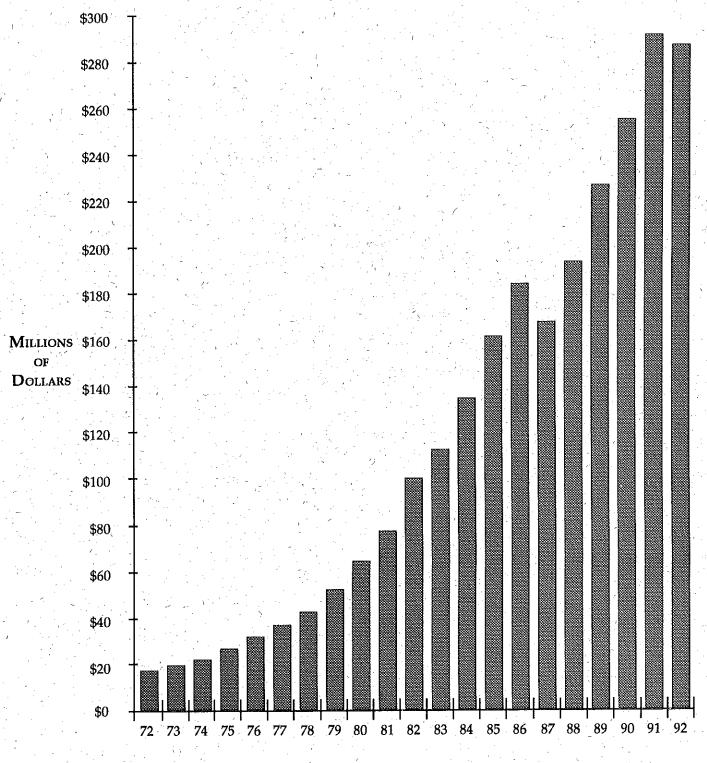
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# INVESTMENT PORTFOLIO GROWTH FIXED INCOME AT PAR VALUE EQUITIES AT COST



\*\*\*\*\*

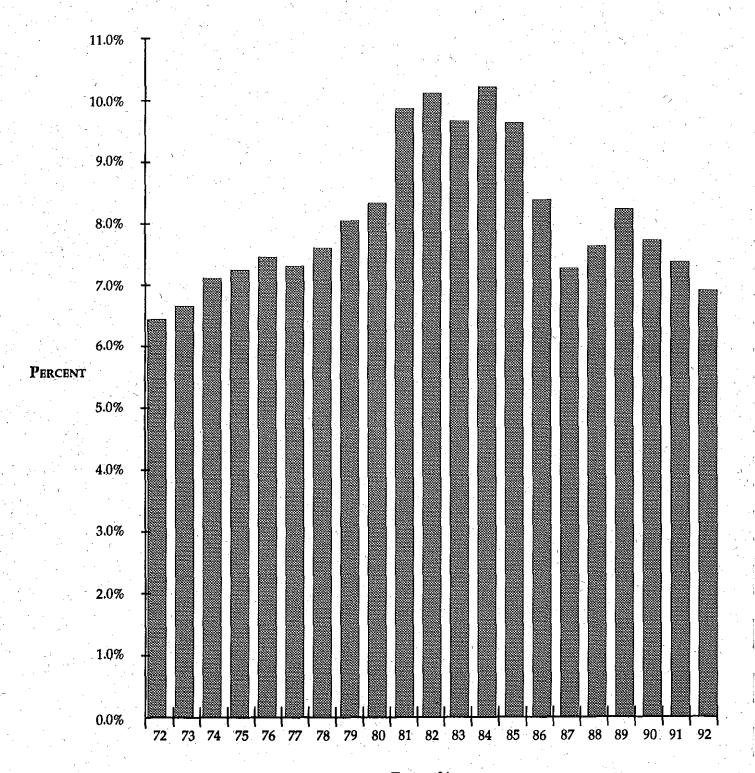
# INVESTMENT INCOME GROWTH (INCLUDES AMORTIZATION, EXCLUDES NET GAIN)



FISCAL YEAR

INVESTMENT SECTION \*\*\*\*\*\*\*\*\*\*\*\*\*\*\*

#### NET INDICATED YIELD ON FIXED DOLLAR ASSETS (PAR VALUE)



FISCAL YEAR

\*\*\*\*\*



## ANALYSIS OF INVESTMENTS HELD AS OF JUNE 30, 1992

		Par Value*	NET ANNUAL	
Investment	Percentage of Total	OR REMAINING PRINCIPAL BALANCE	Interest/Indicated Dividend Income	Annual Yield
Repurchase Agreements	12.30%	\$ 591,820,000.00	\$ 22,781,031.05	3.85%
Total Short Term	12.30%	\$ 591,820,000.00	\$ 22,781,031.05	3.85%
Treasury Notes and Bonds Agencies Ship Bonds (Title XI)	30.07 3.86 .46	\$ 1,446,062,000.00 185,823,909.18 22,095,588.45	\$ 109,769,544.95 13,749,938.03 2,145,890.78	7.59 7.40 9.71
GNMA (Single Family) Collateralized Mortgage Obligations Treasury Strip Bonds	1.97 1.68 7.26	94,635,915.91 80,907,985.39 349,274,280.00	8,158,418.95 7,093,800.32 12,531,921.91	8.62 8.77 3.59
Other Miscellaneous	.00	37,403.78	1,122.11	3.00
Total U S Government Obligations	45.30%	\$ 2,178,837,082.71	\$ 153,450,637.05	7.04%
Industrials Finance Utility Bonds (Except Telephone) Telephone Bonds	4.19 5.51 .68 .85	\$ 201,574,859.22 265,112,436.78 32,571,000.00 40,940,000.00	\$ 17,715,831.08 21,125,791.23 2,576,278.42 3,347,779.56	8.79 7.97 7.91 8.18
Railroad Obligations Corporate Bonds NOC	.29 66	13,896,000.00 31,738,278.32	1,080,366.74 2,624,556.29	7.77 8.27
Total Corporate Bonds	12.18%	\$ 585,832,574.32	\$ 48,470,603.32	8.27%
FHA & VA Single Family Mortgages Project Mortgages (FHA & GNMA)	.13 2.29	\$ 6,299,834.30 109,920,287.25	\$ 433,168.51 10,283,176.48	6.88 9.36
Total Other Fixed Income Investments	2.42%	\$ 116,220,121.55	\$ 10,716,344.99	9.22%
Subtotal (Fixed Income)	72.20%	\$3,472,709,778.58	\$ 235,418,616.41	6.78%
Real Estate Equity	1.07	\$ 51,528,861.61	\$ 4,468,589.47	8.67
Total Real Estate Equity	1.07%	\$ 51,528,861.61	\$ 4,468,589.47	8.67%
Common Stocks 28,102,312.00 Shares Stock Index 8,073,437.00 Shares	20.52 6.21	\$ 986,982,446.00 298,913,644.16	\$ 38,232,979.36 10,054,121.92	3.87 3.36
Total Stocks 36,175,749.00 Shares	26.73%	\$ 1,285,896,090.16	\$ 48,287,101.28	3.76%
Subtotal (Equity)	27.80%	\$ 1,337,424,951.77	\$ 52,755,690.75	3.94%
Total Investments, Income & Yield	100.00%	\$ 4,810,134,730.35	\$ 288,174,307.16	5.99%
			·	

<sup>\*</sup>These figures represent the par value for the fixed income investments and the cost of stocks. The total book value and market value of KTRS investments are understandably different from the par value. The book value of fixed income investments at June 30, 1992 was \$3,278,082,126.72; the market value was \$3,400,455,068.98. The par and book values of stocks, which are the same, were \$1,285,896,090.16 for June 30, 1992; the market value of stocks was \$1,502,950,385.91. Market value can be a highly volatile measure that changes daily and is particularly important when trading securities. Detailed information concerning the book values and market values of KTRS securities is available on request.

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#### **DETAILED LISTING OF INVESTMENTS**

#### SHORT TERM INVESTMENTS

Repurchase Agreement	3.790 3.808 3.808 3.808 3.808 3.808 3.808 3.808 3.808 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825	07/06/92 07/08/92 07/08/92 07/08/92 07/08/92 07/08/92 07/08/92 07/08/92 07/08/92 07/06/92 07/06/92 07/06/92 07/06/92 07/06/92 07/06/92 07/06/92 07/06/92	\$ 31,100,000.00 901,700.00 3,249,000.00 11,212,700.00 24,96,200.00 402,100.00 5,000,000.00 50,000,000.00 58,213,400.00 8,246,900.00 4,520,200.00 2,123,700.00 2,601,300.00 10,311,300.00 396,900.00
Repurchase Agreement	3.808 3.808 3.808 3.808 3.808 3.808 3.808 3.808 3.808 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825	07/08/92 07/08/92 07/08/92 07/08/92 07/08/92 07/08/92 07/08/92 07/08/92 07/08/92 07/06/92 07/06/92 07/06/92 07/06/92 07/06/92 07/06/92 07/06/92	901,700.00 3,249,000.00 11,212,700.00 2,496,200.00 402,100.00 24,900.00 50,000,000.00 58,213,400.00 8,246,900.00 4,520,200.00 2,123,700.00 2,601,300.00 10,311,300.00 396,900.00
Repurchase Agreement	3.808 3.808 3.808 3.808 3.808 3.808 3.808 3.808 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825	07/08/92 07/08/92 07/08/92 07/08/92 07/08/92 07/08/92 07/08/92 07/08/92 07/06/92 07/06/92 07/06/92 07/06/92 07/06/92 07/06/92 07/06/92	901,700.00 3,249,000.00 11,212,700.00 2,496,200.00 402,100.00 24,900.00 50,000,000.00 58,213,400.00 8,246,900.00 4,520,200.00 2,123,700.00 2,601,300.00 10,311,300.00 396,900.00
Repurchase Agreement	3.808 3.808 3.808 3.808 3.808 3.808 3.808 3.808 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825	07/08/92 07/08/92 07/08/92 07/08/92 07/08/92 07/08/92 07/08/92 07/06/92 07/06/92 07/06/92 07/06/92 07/06/92 07/06/92 07/06/92	3,249,000.00 11,212,700.00 2,496,200.00 402,100.00 24,900.00 5,000,000.00 50,000,000.00 82,13,400.00 822,900.00 4,520,200.00 2,123,700.00 2,601,300.00 10,311,300.00 396,900.00
Repurchase Agreement	3.808 3.808 3.808 3.808 3.808 3.808 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825	07/08/92 07/08/92 07/08/92 07/08/92 07/08/92 07/08/92 07/06/92 07/06/92 07/06/92 07/06/92 07/06/92 07/06/92 07/06/92 07/06/92	11,212,700.00 2,496,200.00 402,100.00 24,900.00 5,000,000.00 50,000,000.00 58,213,400.00 8,246,900.00 4,520,200.00 2,123,700.00 2,601,300.00 10,311,300.00 396,900.00
Repurchase Agreement	3.808 3.808 3.808 3.808 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825	07/08/92 07/08/92 07/08/92 07/08/92 07/08/92 07/06/92 07/06/92 07/06/92 07/06/92 07/06/92 07/06/92 07/06/92	2,496,200.00 402,100.00 24,900.00 5,000,000.00 50,000,000.00 58,213,400.00 8,246,900.00 822,900.00 4,520,200.00 2,123,700.00 2,601,300.00 10,311,300.00 396,900.00
Repurchase Agreement	3.808 3.808 3.808 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.867	07/08/92 07/08/92 07/08/92 07/08/92 07/08/92 07/06/92 07/06/92 07/06/92 07/06/92 07/06/92 07/06/92 07/06/92	402,100.00 24,900.00 5,000,000.00 50,000,000.00 58,213,400.00 8,246,900.00 4,520,200.00 2,123,700.00 2,601,300.00 10,311,300.00 396,900.00
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Repurchase Agreement	3.808 3.808 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.867	07/08/92 07/08/92 07/06/92 07/06/92 07/06/92 07/06/92 07/06/92 07/06/92 07/06/92	5,000,000.00 50,000,000.00 58,213,400.00 8,246,900.00 822,900.00 4,520,200.00 2,123,700.00 2,601,300.00 10,311,300.00 396,900.00
Repurchase Agreement	3.808 3.808 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.867	07/08/92 07/08/92 07/06/92 07/06/92 07/06/92 07/06/92 07/06/92 07/06/92 07/06/92	50,000,000.00 58,213,400.00 8,246,900.00 822,900.00 4,520,200.00 2,123,700.00 2,601,300.00 10,311,300.00 396,900.00
Repurchase Agreement	3.808 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.867	07/08/92 07/06/92 07/06/92 07/06/92 07/06/92 07/06/92 07/06/92 07/06/92	58,213,400.00 8,246,900.00 822,900.00 4,520,200.00 2,123,700.00 2,601,300.00 10,311,300.00 396,900.00
Repurchase Agreement	3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.867	07/06/92 07/06/92 07/06/92 07/06/92 07/06/92 07/06/92 07/06/92	8,246,900.00 822,900.00 4,520,200.00 2,123,700.00 2,601,300.00 10,311,300.00 396,900.00
Repurchase Agreement	3.825 3.825 3.825 3.825 3.825 3.825 3.825 3.867	07/06/92 07/06/92 07/06/92 07/06/92 07/06/92 07/06/92 07/06/92	822,900.00 4,520,200.00 2,123,700.00 2,601,300.00 10,311,300.00 396,900.00
Repurchase Agreement	3.825 3.825 3.825 3.825 3.825 3.825 3.867	07/06/92 07/06/92 07/06/92 07/06/92 07/06/92 07/06/92	4,520,200.00 2,123,700.00 2,601,300.00 10,311,300.00 396,900.00
Repurchase Agreement	3.825 3.825 3.825 3.825 3.825 3.867	07/06/92 07/06/92 07/06/92 07/06/92 07/06/92	2,123,700.00 2,601,300.00 10,311,300.00 396,900.00
Repurchase Agreement	3.825 3.825 3.825 3.825 3.867	07/06/92 07/06/92 07/06/92 07/06/92	2,601,300.00 10,311,300.00 396,900.00
Repurchase Agreement	3.825 3.825 3.825 3.867	07/06/92 07/06/92 07/06/92	10,311,300.00 396,900.00
Repurchase Agreement	3.825 3.825 3.867	07/06/92 07/06/92	396,900.00
Repurchase Agreement	3.825 3.867	07/06/92	
Repurchase Agreement	3.867		1 20 074 900 00
Repurchase Agreement		07/02/92	30,976,800.00
Repurchase Agreement	2 0 / 7		10,793,300.00
Repurchase Agreement	3.867	07/02/92	10,417,700.00
Repurchase Agreement	3.867	07/02/92	10,003,500.00
Repurchase Agreement	3.867	07/02/92	10,906,700.00
Repurchase Agreement	3.867	07/02/92	4,402,600.00
Repurchase Agreement	3.867	07/02/92	64,976,200.00
Repurchase Agreement	3.868	07/07/92	53,500,000.00
Repurchase Agreement	3.875	07/07/92	14,514,000.00
Repurchase Agreement	3.875	07/07/92	7,986,200.00
Repurchase Agreement	3.875	07/07/92	26,728,000.00
Repurchase Agreement	3.875	07/07/92	1,011,600.00
Repurchase Agreement	3.875	07/07/92	167,300.00
Repurchase Agreement Repurchase Agreement Repurchase Agreement Repurchase Agreement Repurchase Agreement	3.875	07/07/92	5,565,400.00
Repurchase Agreement Repurchase Agreement Repurchase Agreement Repurchase Agreement Repurchase Agreement	3.875	07/07/92	336,900.00
Repurchase Agreement Repurchase Agreement Repurchase Agreement	3.875	07/07/92	25,436,400.00
Repurchase Agreement Repurchase Agreement	3.875	07/07/92	18,254,200.00
Repurchase Agreement	10/0	07/01/92	5,027,800.00
Repurchase Agreement	3.880	07/01/92	1,758,700.00
		07/01/92	2,537,900.00
Repurchase Agreement	3.880	07/01/92	8,995,000.00
Repurchase Agreement	3.880 3.880 3.880 3.880		504,300.00
Repurchase Agreement	3.880 3.880 3.880	07/01/92	12,348,000.00
Repurchase Agreement	3.880 3.880 3.880 3.880	07/01/92	5,321,600.00
Repurchase Agreement	3.880 3.880 3.880 3.880 3.880		
Repurchase Agreement	3.880 3.880 3.880 3.880 3.880 3.880	07/01/92	3,524,100.00

## U.S. GOVERNMENT OBLIGATIONS

Security		Coupon	Maturity	Par Value or Remaining Principal Balance
Treasury Bonds and Notes: US Treasury Bonds US Treasury Bonds		7.500	11/15/16	\$ 10,000,000.00
U S Treasury Bonds	<u></u>	7.500	11/15/16	6,300,000.00

\*\*\*\*\*\*\* Investment Section

#### U.S. GOVERNMENT OBLIGATIONS (CONTINUED)

Security	Coupon	Maturity	Par Value or Remaining Principal Balance
Treasury Bonds and Notes (cont.):			
U S Treasury Bonds	7.500	11/15/16	\$ 10,000,000.00
US Treasury Bonds	7.875	11/15/07	2,000,000.00
US Treasury Bonds	8.000	11/15/21	5,000,000.00
U S Treasury Bonds	8.125 8.750	08/15/19 11/15/08	27,000,000.00 4,000,000.00
U S Treasury Bonds U S Treasury Bonds	8.750	11/15/08	1,500,000.00
U S Treasury Bonds	8.750	11/15/08	1,500,000.00
U S Treasury Bonds	8.750	05/15/17	9,000,000.00
U S Treasury Bonds	8.875 8.875	- 08/15/17 08/15/17	15,005,000.00 2,295,000.00
U S Treasury Bonds U S Treasury Bonds	8.875	08/15/17	3,000,000.00
U S Treasury Bonds	8.875	08/15/17	2,000,000.00
US Treasury Bonds	8.875	08/15/17	9,415,000.00
US Treasury Bonds	8.875	08/15/17	4,500,000.00
US Treasury Bonds	8.875 8.875	08/15/17 08/15/17	10,000,000.00 10,000,000.00
U S Treasury Bonds U S Treasury Bonds	8.875	08/15/17	10,000,000.00
U S Treasury Bonds	8.875	02/15/19	12,475,000.00
U S Treasury Bonds	8.875	02/15/19	7,375,000,00
U S Treasury Bonds	9.250 9.250	02/15/16 02/15/16	11,000,000.00 6,700,000.00
U S Treasury Bonds U S Treasury Bonds	9.250	02/15/16	10,000,000.00
U S Treasury Bonds	9,375	02/15/06	10,000,000.00
U S Treasury Bonds	9.875	11/15/15	6,000,000.00
U S Treasury Bonds	9.875	11/15/15	1,000,000.00
US Treasury Bonds	9.875 9.875	11/15/15 11/15/15	10,500,000.00 6,500,000.00
U S Treasury Bonds U S Treasury Bonds	10.375	11/15/13	1,000,000.00
U S Treasury Bonds	10.375	11/15/09	2,000,000.00
U S Treasury Bonds	10.375	11/15/09	2,500,000.00
US Treasury Bonds	10.375	11/15/09	4,500,000.00
U S Treasury Bonds	10.375 10.375	11/15/12 11/15/12	2,500,000.00 1,000,000.00
US Treasury Bonds US Treasury Bonds	10.625	08/15/15	1,000,000.00
U S Treasury Bonds	10.625	08/15/15	500,000.00
US Treasury Bonds	10.625	08/15/15	1,000,000.00
U S Treasury Bonds	10.625	08/15/15	3,500,000.00
U S Treasury Bonds U S Treasury Bonds	10.625 10.625	08/15/15 08/15/15	3,200,000.00 1,700,000.00
U S Treasury Bonds	10.750	02/15/03	11,300,000.00
US Treasury Bonds	10.750	05/15/03	1,500,000.00
US Treasury Bonds	10.750	05/15/03	2,800,000.00
U S Treasury Bonds	10.750	05/15/03 08/15/05	4,500,000.00
U S Treasury Bonds U S Treasury Bonds	10.750 11.625	08/15/05 11/15/02	14,000,000.00 11,000,000.00
U S Treasury Bonds	11.750	02/15/10	15,400,000.00
U S Treasury Bonds	12.000	08/15/13	7,500,000.00
U S Treasury Bonds	12.000	08/15/13	3,800,000.00
U S Treasury Bonds U S Treasury Bonds	12.375 13.125	05/15/04 05/15/01	9,223,000.00 8,000,000.00
U S Treasury Notes	5.375	04/30/94	25,000,000.00
US Treasury Notes	5.500	02/15/95	25,000,000.00
U S Treasury Notes	5.500	02/15/95	25,000,000.00
U S Treasury Notes	5.500 5.500	02/15/95	25,000,000.00 25,000,000.00
U S Treasury Notes U S Treasury Notes	5.500 5.875	02/15/95 05/15/95	25,000,000.00
U S Treasury Notes	5.875	05/15/95	25,000,000.00
U S Treasury Notes	6.000	10/31/93	25,000,000.00
U S Treasury Notes	6.000	11/15/94	25,000,000.00
U S Treasury Notes U S Treasury Notes	6.125 6.125	09/30/93 09/30/93	5,000,000.00 3,100,000.00
O O Heasury Notes	0.123	υ <i>τ  </i> Ο <b>υ   1</b> Ο	3,100,000,00

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INVESTMENT SECTION.

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## U.S. GOVERNMENT OBLIGATIONS (CONTINUED)

Security	Coupon	Maturity	Par Value or Remaining Principal Balance
Treasury Bonds and Notes (cont.):			
US Treasury Notes	6.125	09/30/93	\$ 16,900,000.00
U S Treasury Notes	6,250 6,500	01/31/97	25,000,000.00 25,000,000.00
U S Treasury Notes U S Treasury Notes	6.500	11/30/96 11/30/96	25,000,000.00
U S Treasury Notes	6.750	02/28/97	25,000,000.00
U S Treasury Notes	6.750	02/28/97	25,000,000.00
U S Treasury Notes	6.875	08/15/94	25,000,000.00
U S Treasury Notes	6.875 6.875	10/31/96 03/31/97	25,000,000.00 6,500,000.00
US Treasury Notes US Treasury Notes	6.875	04/30/97	7,000,000.00
U S Treasury Notes	7.000	09/30/96	9,450,000.00
U S Treasury Notes	7.000	09/30/96	15,550,000.00
U S Treasury Notes	7.000	09/30/96	14,000,000.00 2,000,000.00
US Treasury Notes US Treasury Notes	7.125 7.250	10/15/93 08/31/96	25,000,000.00
US Treasury Notes	<b>7.250</b>	11/15/96	2,400,000.00
U S Treasury Notes	7.375	04/15/93	45,000,000.00
U S Treasury Notes	7.375	05/15/96	10,000,000.00
U S Treasury Notes	7.375 7.375	05/15/96 05/15/96	9,300,000.00 11,400,000.00
U S Treasury Notes U S Treasury Notes	7.500	11/15/01	4,500,000.00
U S Treasury Notes	7.750	02/15/95	3,000,000.00
U S Treasury Notes	7.875	07/15/96	3,000,000.00
U S Treasury Notes	7.875	07/15/96	2,000,000.00
U S Treasury Notes U S Treasury Notes	7.875 7.875	11/15/99 08/15/01	5,000,000.00 6,000,000.00
U S Treasury Notes U S Treasury Notes	7.875 7.875	08/15/01	4,000,000.00
U S Treasury Notes	8.000	05/15/01	8,000,000.00
U S Treasury Notes	8.000	08/15/99	2,000,000.00
U S Treasury Notes	8.000	08/15/99	2,000,000.00
U S Treasury Notes U S Treasury Notes	8.000 8.000	08/15/99 08/15/99	7,000,000.00 8,200,000.00
U.S. Treasury Notes	8.000	05/15/01	3,000,000.00
U S Treasury Notes	8.125	02/15/98	4,000,000.00
U S Treasury Notes	8.250	09/30/93	7,000,000.00
U S Treasury Notes	8.250 8.250	11/15/94 11/15/94	16,000,000.00 12,000,000.00
U S Treasury Notes U S Treasury Notes	8.500 -	04/15/97	9,325,000.00
U S Treasury Notes	8.500	05/15/97	2,000,000.00
U S Treasury Notes	8.500	05/15/97	8,000,000.00
U S Treasury Notes	8.500	07/15/97	25,000,000.00
U S Treasury Notes	8.500 8.500	02/15/00 11/15/00	2,000,000.00 16,890,000.00
U S Treasury Notes U S Treasury Notes	8.500 -	11/15/00	11,500,000.00
U S Treasury Notes	8.625	05/15/93	500,000.00
U S Treasury Notes	8.625	05/15/93	2,000,000.00
U S Treasury Notes	8.625	10/15/95	4,000,000.00
U S Treasury Notes U S Treasury Notes	8.62 <u>5</u> 8.62 <del>5</del>	10/15/95 08/15/97	9,500,000.00 2,000,000.00
U S Treasury Notes	8.625	08/15/97	2,000,000.00
U S Treasury Notes	8.625	08/15/97	10,000,000.00
U S Treasury Notes	8.625	08/15/97	20,000,000.00
U S Treasury Notes	8,875	07/15/95	14,000,000.00
U S Treasury Notes U S Treasury Notes	8.875 8.875	07/15/95 07/15/95	6,000,000.00 2,500,000.00
U S Treasury Notes	8.875	02/15/96	9,300,000.00
U S Treasury Notes	8.875	11/15/97	15,500,000.00
U S Treasury Notes	8.875	11/15/97	2,500,000.00
U S Treasury Notes U S Treasury Notes	8.875	11/15/97	1,000,000.00 4,000,000.00
	8.875	11/15/98	

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## U.S. GOVERNMENT OBLIGATIONS (CONTINUED)

		Maturity	or Remaining Principal Balance
Treasury Bonds and Notes (cont.):			
U S Treasury Notes	8.875	11/15/98	5,500,000.00
U S Treasury Notes U S Treasury Notes	8.875 8.875	11/15/98 11/15/98	2,000,000.00 4,500,000.00
U S Treasury Notes	8,875	11/15/98	12,000,000.00
U S Treasury Notes	8.875	02/15/99	360,000.00
U S Treasury Notes	8.875 8.875	02/15/99 05/15/00	3,000,000.00 4,000,000.00
U S Treasury Notes U S Treasury Notes	8.875	05/15/00	7,500,000.00
U S Treasury Notes	8.875	05/15/00	2,500,000.00
U S Treasury Notes	8,875 8,875	05/15/00 05/15/00	10,000,000.00 500,000.00
U S Treasury Notes U S Treasury Notes	9,000	05/15/98	15,000,000.00
U S Treasury Notes	9.000	05/15/98	1,144,000.00
U S Treasury Notes	9.000	05/15/98	10,000,000.00
U S Treasury Notes U S Treasury Notes	9.125 9.125	05/15/99 05/15/99	1,150,000.00 4,500,000.00
U S Treasury Notes	9,125	05/15/99	2,000,000.00
U S Treasury Notes	9.125	05/15/99	3,000,000.00
US Treasury Notes US Treasury Notes	9.250 9.250	01/15/96 01/15/96	16,000,000.00 2,000,000.00
U S Treasury Notes	9.250	01/15/96	4,000,000.00
U S Treasury Notes	9.250	08/15/98	4,500,000.00
U S Treasury Notes	`9,250 9,375	08/15/98 04/15/96	1,580,000.00 2,200,000.00
U S Treasury Notes U S Treasury Notes	9,375 9,375	04/15/96	4,500,000.00
U S Treasury Notes	9,375	04/15/96	5,900,000.00
U S Treasury Notes	9,500	05/15/94	500,000.00
U S Treasury Notes	9.500 9.500	05/15/94 05/15/94	4,400,000.00 2,000,000.00
U S Treasury Notes U S Treasury Notes	9.500	05/15/94	6,600,000.00
U S Treasury Notes	9.500	05/15/94	2,000,000.00
U S Treasury Notes	9.500	10/15/94	9,300,000.00
U S Treasury Notes U S Treasury Notes	9.500 9.500	10/15/94 10/15/94	4,750,000.00 13,000,000.00
U S Treasury Notes	9.500	10/15/94	10,000,000.00
U S Treasury Notes	9.500	10/15/94	50,000.00
U S Treasury Notes	10.125	05/15/93	3,500,000.00 3,000,000.00
U S Treasury Notes U S Treasury Notes	10.125 10.125	05/15/93 05/15/93	19,000,000.00
U S Treasury Notes	10.500	08/15/95	1,000,000.00
U S Treasury Notes	10.500	08/15/95	500,000.00
US Treasury Notes	10.500 10.500	08/15/95 08/15/95	1,500,000.00 2,700,000.00
U S Treasury Notes U S Treasury Notes	10.500	08/15/95	2,000,000.00
U S Treasury Notes	11.250	02/15/95	8,425,000.00
U S Treasury Notes	11.250	05/15/95 05/15/95	1,000,000.00 2,500,000.00
U S Treasury Notes U S Treasury Notes	11.250 11.750	11/15/93	2,500,000.00
U S Treasury Notes	11.750	11/15/93	4,000,000.00
U S Treasury Notes	11.750	11/15/93	1,250,000.00
U S Treasury Notes U S Treasury Notes	11.750 11.750	11/15/93 11/15/93	4,450,000.00 4,500,000.00
U S Treasury Notes	11.875	08/15/93	1,000,000.00
U S Treasury Notes	11.875	08/15/93	2,000,000.00
Total Treasury Bonds and Notes			\$ 1,446,062,000.00
Federal Agencies:			
FHLB\	8.800	10/25/93	\$ 3,700,000.00
FHLB	9.550	04/25/94	1,500,000.00

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INVESTMENT SECTION A



Security	Coupon	Maturity	Par Value or Remaining Principal Balance
Federal Agencies (cont.):			
FHLMC Freddie Mac Group 14-0527	8,000	10/01/08	\$ 8,379,954.98
FHLMC Mult Mtg Ctfs Ser 53 CL 53-A	9.500	08/15/20	3,751,954.20
FHLMC Remic 129-G; FHLMC Remic PC 119G	8.850 7.500	05/15/20 09/15/20	3,000,000.00´´ 16,680,000.00
FHLMC Ser 149 F	8,500	08/15/21	5,000,000.00
FNMA	8.450	07/12/99	5,500,000.00
FNMA	8.450	07/12/99	2,000,000.00
FNMA	9.200 9.300	09/11/00	3,000,000.00
FNMA FNMA	9.300	05/10/94 05/10/94	2,000,000.00 2,300,000.00
FNMA	9.550	09/10/97	5,000,000.00
FNMA	11,500	02/10/95	2,500,000.00
FNMA 91-62C	8.000	08/25/16	6,000,000.00
FNMA Bonds	0.000 9.400	07/05/14	31,900,000.00
FNMA Capital Deb. 1988-A FNMA Debs	9.400 9.550	08/10/98 09/10/97	13,500,000.00 4,000,000.00
FNMA Remic Tr 1990-24-H	9.250	07/25/13	13,012,000.00
FNMA Remic Tr 1991-116-Y2 CLB	8.500	07/25/15	5,000,000.00
FNMA Remic Tr 1991-116-Y2 CLB	8.500	07/25/15	5,000,000.00
FNMA Remic Tr 1992-78C	6.500	11/25/00	8,600,000.00
FNMA Remic Trust 1990-16-E FNMA Remic Trust 1990-16-E	9.000 9.000	03/25/20 03/25/20	8,000,000.00 7,000,000.00
Tennessee Valley Authority	8.250	11/15/96	2,000,000.00
Tennessee Valley Authority	8.250	11/15/96	2,000,000.00
Tennessee Valley Authority	8.250	11/15/96	3,500,000.00
Tennessee Valley Authority	8.375	10/01/99	2,000,000.00
Total Federal Agencies			\$ 185,823,909.18
Ship Bonds (Title XI):			
Atlas Marine American Hertge	7.700	12/15/96	\$ 1,599,000.00
Crowley Maritime	8.125	09/13/99	2,368,057.63
Farrell Lines Inc Freedom	7,300	07/01/97	598,000.00
Farrell Lines Inc SF Ser I	7.950	06/07/04	2,369,000.00
Goodyear Steamship SF	11,550 7.875	05/15/06	10,372,096.62
Marine Ship Leasing A Antarctic Marine Vessel Leasing Ind Ocean	7,875 7,875	09/12/95 10/14/95	482,608.48 397,825.72
Shipco 668 Series A SF	8,500	05/11/02	3,909,000.00
Total Ship Bonds			\$ 22,095,588.45
OND CA CLUSTS FROM the N.C. C.			
GNMA Single Family Mortgages:			
Mortgage Pools	various	various	\$ 94,635,915.91
Total GNMA Single Family Mortgages			\$ 94,635,915.91
Collaterized Mortgage Obligations:			
CMO Coll Mtg Sec Corp Ser 88-4 CLB	8.750	04/20/19	\$ 2,430,371.18
CMO Coll Mtg Sec Corp Ser 88-4 CLB	8.750	04/20/19	9,681,628.82
CMO Community Program Loan Tr	4,500	10/01/18	11,000,000.00
CMO FHLMC Ser 1243 Class C	6.700 9,850	10/15/00	6,000,000.00 1,037,153,18
CMO Ryland Accept Corp Ser 54 CL54B CMO Ryland IV 62D Ser 62	7.500	11/01/03 02/01/11	1,037,153.18 1,250,000.00
CMO Trust 43 Ser Y	7.300 8.200	05/20/04	5,114,932.08
CMO Trust II 4C Bonds	9.650	07/25/06	5,000,000.00
CMO-FHLMC Ser 21R Class E	9.350	02/15/09	1,000,000.00
CMO-FHLMC Ser 21R Class E	9.350	02/15/09	30,000,000.00
CMO-FNMA Trust 1989-41-B	9.250	02/25/98	502,380.20



#### U.S. GOVERNMENT OBLIGATIONS (CONTINUED)

Security		Coupon	Maturity	or l	ar Value Kemaining ipal Balance
Collaterized Mortgage Obligations (cont.):					
CMO-Lomas Nettleton Mtg II 2 CMO-MDC Asset Inv TR Ser 11 CL 3 CMO-Mortgage Bankers Fin 87A CMO-United Saving Assoc TX 3B		9.000 9.050 7.200 8.950	12/01/08 11/20/17 07/25/00 12/25/05	\$	2,500,000.00 1,611,342.84 945,887.36 334,289.73
Total Collaterized Mortgage Obligations		,		\$	80,907,985.39
Treasury Strip Bonds:					
CATS (Treasury Securities) RU	İ	0.000	02/15/04	\$	4,600,000.00
CATS (Treasury Securities) U		0.000	02/15/01		1,100,000.00
CATS (Treasury Securities) U	- 1	0.000	02/15/02		10,800,000.00
CATS (Treasury Securities) U		0.000	08/15/02		5,500,000.00
CATS (Treasury Securities) U	1	0.000	02/15/03		5,000,000.00
CATS (Treasury Securities) UR	-	0.000	02/15/02	,	3,300,000.00
CATS (Treasury Securities) VGLQT		0.000	11/15/03		10,600,000.00
CATS (Treasury Securities) Z		0.000	05/15/03		5,000,000.00
Call Treasury Receipts		0.000	08/15/13		19,000,000.00
Call Treasury Receipts		0.000	11/15/11		2,520,000.00
Call Treasury Receipts		0.000	05/15/14		13,000,000.00
Call Treasury Receipts		0.000	05/15/14		8,000,000.00
Call Treasury Receipts	- 1	0.000	05/15/14		4,000,000.00
- Principal CATS Series R		0.000	08/15/04		45,000,000.00
Principal CATS U		0.000	08/15/04		22,800,000.00
Principal CATS U		0.000	08/15/04		5,004,000.00
TIGR'S (Treasury Securities) 1		0.000	11/15/05		5,012,000.00
TIGR'S (Treasury Securities) 18		0.000	02/15/02		2,500,000.00
Treasury Receipts		0.000	05/15/04	·	2,170,080.00
Treasury Receipts		0.000	11/15/04		6,017,500.00
Treasury Receipts		0.000	11/15/04		10,375,000.00
Treasury Receipts Series G	٠,	0.000	05/15/94		8,125,700.00 25,000,000.00
US Treasury Principal Strips		0.000	11/15/97 11/15/14		18,000,000.00
US Treasury Principal Strips	ŀ	0,000			4,000,000.00
U S Treasury Strip Bds	- 1	0.000	11/15/01		5,900,000.00
U S Treasury Strip Bonds		0.000	08/15/94		
U S Treasury Strip Bonds	- 1	0.000	05/15/95		5,000,000.00 3,000,000.00
U S Treasury Strip Bonds	1	0.000	05/15/95		3,000,000.00
U S Treasury Strip Bonds	- 1	0.000	05/15/95	·	10,000,000.00
U S Treasury Strip Bonds	ļ	0.000	05/15/96 11/15/96		5,500,000.00
U S Treasury Strip Bonds		0.000	11/15/96		7,000,000.00
U S Treasury Strip Bonds		0.000 0.000	08/15/97	*	3,000,000.00
U S Treasury Strip Bonds		0.000	02/15/98		7,000,000.00
U S Treasury Strip Bonds		0,000	08/15/00		10,000,000.00
U S Treasury Strip Bonds	]	0.000	03/15/00		1,000,000.00
U S Treasury Strip Bonds	1	0.000	11/15/01		1,000,000.00
US Treasury Strip Bonds		0.000	02/15/02		7,250,000.00
US Treasury Strip Bonds	1	0.000	05/15/04		15,000,000.00
U S Treasury Strip Bonds U S Treasury Strip Bonds	- 1	0.000	08/15/06	•	3,000,000.00
U S Treasury Strip Bonds	1	0.000	05/15/09	·	1,200,000.00
U S Treasury Strip Bonds		0.000	11/15/11		15,000,000.00
· -				<u> </u>	349,274,280.00
Total Treasury Strip Bonds				. 4	- sym, symothol
Other - Miscellaneous:		0.000	-	<u>_</u>	1 51 (15)
FHA Certificate of Claim FHA Certificate of Claim		3.000 3.000	4-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1	\$	4,516,76 32,887.02
Total Other		•		\$	37,403.78

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#### CORPORATE BONDS

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Security	Coupon	Maturity	Par Value or Remaining Principal Balance
Industrials:			
	7.000	07/01/98	\$ 258,256.78
Ariel Properties Inc Mtg Nt Burlington Resources Inc Notes	9.125	10/01/21	5,000,000.00
Burlington Resources Inc Nts	9.625	06/15/00	3,000,000.00
Burlington Resources Inc Nts	9,625	06/15/00	2,000,000.00
Burlington Resources Inc. Notes	9.625	06/15/00 12/01/04	9,000,000.00 10,500,000.00
Chevron Corp Trust Fund Nts Chevron London 1st Prid Ship Mtg	8.110 7.700	09/07/97	436,301.22
Coca Cola Enterprises Debentures	8.500	02/01/22	15,000,000.00
Corning Glass Works Debs	8.875	03/15/16	5,000,000.00
Dayton-Hudson Corp SF Debs	9.500	10/15/16	1,000,000.00
Dupont (E I) deNemours Debs	6.000 6.000	12/01/01 12/01/01	4,000,000.00 8,000,000.00
Dupont (E I) deNemours Debs Dupont (E I) deNemours Debs	6.000	12/01/01	4,000,000.00
Eaton Corp Debentures	8,900	08/15/06	1,800,000.00
Fahrney Paul L 1st Prfd Ship Mtg.	7.700	09/08/97	436,301.22
Fed Dept Stores Inc Nt Ser B SF Deb	10.000	02/15/00	1,317,000.00 872,000.00
Fed Dept Stores Inc Nt Ser D Deb	9.000 8.875	08/15/97 04/01/06	3,045,000.00
Ford Motor Co Nts Ford Motor Credit MTN	9.030	07/15/96	5,500,000.00
General Motors Corp Debs	8.125	04/15/16	3,500,000.00
Gerber Products Co. Debs	9.000	10/15/06	1,900,000.00
Halliburton Co CNV/PUT/CALL	0.000	03/13/06	5,000,000.00 10,000,000.00
Humana Medium Term Nts	7.860 9.375	08/08/94 10/15/94	10,000,000.00
ITT Corp Nts ITT Corp Variable Duration Nts	10.450	09/01/95	9,685,000.00
K-Mart MTN	9.600	09/15/98	3,000,000,00
Kimberly Clark Corp MTN	8.550	12/31/92	4,000,000.00
Kimberly Clark Corp MTN	8.550	12/31/92	11,000,000.00
Limited Inc Notes	7.800 9.125	05/15/02 12/01/16	2,000,000.00 3,000,000.00
May Department Stores Debs Pfizer Inc Nts	6.500	02/01/10	3,000,000.00
Philip Morris Cos Nts	9.000	05/15/98	6,000,000.00
Philip Morris Debs	9.250	12/01/97	10,500,000.00
RJR Nabisco Inc	7.375	02/01/01	1,000,000.00
RJR Nabisco Inc Nts	9.250 8.625	05/01/95 03/15/17	10,000,000.00 1,600,000.00
RJR Nabisco SF Debs Ryder System Inc MTN	8,800	07/19/93	5,000,000.00
Ryder System Inc Notes	9.250	05/15/01	5,500,000.00
Sears Roebuck & Co Mtn	7.860	04/30/97	8,725,000.00
Time Warner Inc SF Debs	8.750	04/01/17	5,000,000.00
United Tech Corp SF Debs	8.875 12.300	12/15/16 01/15/15	1,000,000.00 1,000,000.00
Westvaco Corp SF Debs	12.500	01713713	1,000,000.00
Total Industrial Bonds	l		\$ 201,574,859.22
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Finance:			
American Express Cr. Co Sr Nts	7.750	03/01/97	\$ 1,000,000.00
American Express Cr Co Sr Nts	7.750	03/01/97	9,000,000.00
American Express Cr Corp Nts	8.750	02/01/95	3,000,000.00
American Express Cr Corp Nts	8.750 8.750	02/01/95 02/01/95	2,000,000.00 5,000,000.00
American Express Cr Corp Nts American Tel Tel Credit Corp MTN	8.750 8.800	02/01/95	3,500,000.00
Associates Corp of North America	8.375	01/15/98	5,000,000.00
Associates Corp of North America	9.200	07/01/93	4,400,000.00
Associates Corp of North America	9.200	07/01/93	1,000,000.00
Beneficial Corp Medium Term Nts	7.880	02/08/00	8,000,000.00 1,000,000.00
C & S / Sovran Corp Capital Cities ABC Fin Inc Gtd Debs	9.750 8.750	06/15/99 03/15/16	10,000,000.00
Capital Holding MTN	8.910	03/18/96	1,800,000.00
Capital Holding MTN	8.910	03/18/96	12,000,000.00
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#### CORPORATE BONDS (CONTINUED)

Security	Coupon	Maturity	Par Value or Remaining Principal Balance
Finance (cont.):			
Commercial Credit Notes Fleet Financial CD MTN Fleet Financial CD MTN Ford Motor Credit Notes Ford Motor Credit Notes Ford Motor Credit Nts GMAC GMAC 1992-C (A) GMAC 1992-D Grantor Trust Cl A GMAC Debs GMAC Debs GMAC Debs GMAC MTN General Electric Cap Corp Nts MTN General Electric Credit Corp Debs General Motors Accept Corp Debs Household Finance Corp. MTN Household Finance Corp. MTN Household Finance Corp. MTN IBM Credit MTN MBNA Credit Card Tr Series 91-1 MBNA Credit Card Tr Series 91-1 Metropolitan Federal Bk MTN Premier Auto Trust 92-2 Premier Auto Trust 92-2 Railcar Trust Notes 1992-1	8.500 8.400 8.400 7.500 7.500 7.875 8.600 5.950 5.550 8.625 8.625 8.350 9.190 5.500 8.000 9.040 9.040 9.040 8.200 7.750 7.750 8.450 6.375 6.375	02/15/98 12/18/92 12/18/92 03/01/94 03/01/94 01/15/97 04/05/95 02/15/97 05/15/97 06/15/99 06/15/99 08/04/93 07/16/09 11/01/01 01/15/02 08/02/93 08/02/93 08/02/93 07/30/93 10/15/98 10/15/98 03/01/93 09/15/97 09/15/97	\$ 5,000,000.00 4,000,000.00 6,000,000.00 4,000,000.00 4,000,000.00 4,000,000.00 10,000,000.00 8,790,548.30 9,692,307.80 4,000,000.00 6,000,000.00 3,000,000.00 4,000,000.00 4,000,000.00 4,000,000.00 6,000,000.00 5,000,000.00 15,000,000.00 4,500,000.00 18,663,986.21 7,465,594.47 6,800,000.00
Republic NY Corp Sub Nts Security Pacific Ser K SR Mtn U S West Financial Service MTN U S West Financial Service MTN U S West Financial Service MTN Total Financial Bonds Utility Bonds (except Telephone):	8.250 6.850 9.125 9.125 9.250	11/01/01 03/15/94 08/02/93 08/02/93 08/02/94	10,500,000.00 12,500,000.00 6,000,000.00 6,000,000.00 3,000,000.00 \$ 265,112,436.78
Appalachian Power Co 1st Mtg MBIA Con Edison 1st Ref Mtg EE Con Edison 1st Ref Mtg FF Florida Power Corp 1st Mtg Florida Power Light 1st Mtg Florida Power Light 1st Mtg Florida Power Light 1st Mtg Houston Lighting Power 1st Mtg Kentucky Utilities 1st Mtg I Kentucky Utilities 1st Mtg J Louisville Gas Electric 1st Mtg Pacific Gas Elec 1st Ref Mtg 86F Pacific Gas Elec 1st Ref Mtg QQ Pacific Gas Elec 1st Ref Mtg XX Pacific Power Light 1st Mtg Pennsylvania Electric Debs Pub Ser Elec Gas 1st Ref Mtg U Pub Ser Elec Gas Debs Wisconsin Electric Power 1st Mtg Total Utility Bonds  Telephone Bonds:	9.125 6.250 6.850 7.375 4.625 5.000 9.000 9.000 8.750 7.625 8.250 9.125 6.625 7.500 4.500 7.000 7.500 6.000 8.500	11/01/19 08/01/97 10/01/98 06/01/02 03/01/95 12/01/95 10/01/16 03/01/17 04/01/00 09/01/01 10/01/19 06/01/00 12/01/03 12/01/92 11/01/92 04/01/96 07/01/98 12/15/16	\$ 1,000,000.00 500,000.00 250,000.00 2,000,000.00 100,000.00 1,000,000.00 207,000.00 300,000.00 2,000,000.00 1,000,000.00 1,000,000.00 1,300,000.00 1,361,000,00 98,000.00 10,000,000.00 255,000.00 7,500,000.00 \$ 32,571,000.00
American Tel Tel Debs American Tel Tel Debs Cincinnati Bell Inc Nts	5.500 6.000 9.100	01/01/97 08/01/00 06/15/00	\$ 2,100,000.00 1,000,000.00 2,000,000.00

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#### CORPORATE BONDS (CONTINUED)

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Security	Coupon	Maturity	Par Value or Remaining Principal Balance
Telephone Bonds (cont.):		. '	
Cincinnati Bell Inc Nts GTE Florida Inc Gen Telephone Midwest 1st Mtg F Hawaiian Telephone 1st Mtg S Hawaiian Telephone 1st Mtg T Michigan Bell Tel Debs New York Telephone Co Debs Pacific Tel Tel Debs Pacific Tel Tel Debs South Central Bell Tel Debs Southwestern Bell Tel Debs Southwestern Bell Tel Debs	9.100 8.000 7.500 6.750 8.750 7.000 8.625 8.750 8.750 8.750 7.800 8.375 8.250 4.625 6.750	06/15/00 03/01/01 02/01/01 04/01/98 09/01/00 11/01/12 05/15/24 04/01/23 04/01/23 04/01/23 03/01/07 02/01/17 08/01/13 08/01/95 06/01/08	\$ 3,000,000.00 250,000,00 200,000.00 100,000.00 200,000.00 2,000,000.00 3,750,000.00 10,000,000.00 2,000,000.00 2,000,000.00 250,000.00 4,000,000.00 1,590,000.00 1,000,000.00
Southwestern Bell Tel Debs Southwestern Bell Tel Debs Total Telephone Bonds	6.750 7.750	09/01/09	\$ 40,940,000.00
Railroad Obligations:			,
CSX Corp Nts Louisville Nashville RR Col Tr Sou Railway Memphis Div Ist Mtg Southern Railway 1st Con Mtg Virginia Southwestern Ry Ist Mtg	9.000 7.375 5.000 5.000 5.000	08/15/06 12/01/93 07/01/96 07/01/94 01/01/03	\$ 10,000,000.00 300,000.00 539,000.00 2,950,000.00 107,000.00
Total Railroad Obligations			\$ 13,896,000.00
Corporate Bonds NOC:		•	
CFC-3 Grantor Trust College & Univ FAC Loan TR 2 Ser A College & Univ FAC Loan TR 2 Ser A Discover Credit Card Trust 1990-B First US Credit Card Trust 1989A First US Credit Card Trust 1989A First USA Credit Card Trust 1989A Ford Credit 1989-A Grantor Trust Ford Motor Credit 1989-B Grantor Tr Mack Truck Rec Ser 3 Marine Midland 1988-1 Cars Trust Shawmut National 1990-A Grantor Tr	7.700 4.000 4.000 9.200 8.550 8.550 8.700 8.600 10.200 8.500 9.150	02/15/93 06/01/96 06/01/96 11/16/95 07/15/94 07/15/94 10/17/94 12/15/94 03/15/94 06/15/93 09/15/95	\$ 620,742.75 1,277,367.72 1,208,320.83 11,000,000.00 2,000,000.00 2,000,000.00 6,000,000.00 2,754,963.07 2,083,723.28 798,939,54 849,546.38 1,144,674.75
Total CorporateBonds NOC			\$ 31,738,278.32
Total Corporate Bonds		:	\$ 585,832,574.32

#### OTHER FIXED INCOME INVESTMENTS

Securi	ty	Coupon	Maturity	or F	ar Value temaining ipai Balance
Single Family Mortgage	? <b>s:</b>				
FHA VA		various various	various various	\$	3,146,904.31 3,152,929.99
Total Single Family Morte	ages			\$	6,299,834,30

**★ ★** INVESTMENT SECTION



#### OTHER FIXED INCOME INVESTMENTS

				Par Value
Security		Coupon	Maturity	or Remaining
deamy				Principal Balance
Project Mortgages (FHA & GNMA):	,			
Americana Apts KY 221D4		7.500	10/01/18	\$ 4,285,307.42
Bedford Commons KY 221D4	•	8.000 7.500	11/01/23 01/01/20	1,236,702.45 1,194,491.19
Bedford House KY 221D4 Beech Creek Apts KY 221D4	,	7.500	08/01/21	2,007,076.08
Belleville Manor Apts KY 221D4		7.500	11/01/19	614,344.29
Berrytown Apts KY 221D4		8.000	02/01/24	1,345,167.36
Bethany Circle Kings Daughters IN		8.375	03/01/02	1,332,949.72
Cambridge Square Apts KY 221D4		7.500	11/01/19	1,147,674.13
Carnaby Square Apts KY 221D4		7.500 7.500	06/01/19 09/01/20	1,179,758.19 1,893,433.01
Carrollton Village Apts KY 221D4 Carter Court Apts KY 221D4	•	7.500	09/01/20	1,249,650.03
Christ Hosp GNMA 21191PL		8.000	09/15/06	3,124,959.64
Congregational Home Kan 231		5.250	07/01/04	1,064,279.69
Coolavin Apts KY 221D4		7.500	04/01/22	3,068,293.03
Cortland Hosp GNMA 13089PL		8.750	10/15/04	1,184,595.00
Cottage Bell Apts CA 221D4		7.500 8.500	11/01/10 11/01/11	510,801.18 396,700.72
Cottage Bell II CA 221D4  Denver Ed Sr Citzns 231		5.250	11/01/03	596,420.60
Dixie Apts KY 221D4	-	7.500	05/01/18	1,081,508.16
Ephraim McDowell Hosp KY		9.000	01/01/01	2,168,266.89
Ferndale Apts KY 221D4		7.500	08/01/23	3,630,932.65
Gainesway Village KY 221D4		7.500	02/01/19	1,561,876.68
Glenbrook Park KY 221D4		7.500	12/01/21	2,411,611.94
Grand Central Apts KY 221D4		7.500	03/01/25	2,243,597.07 3,415,309.03
Greater Corbin Mnr KY 221D4		7.500 8.500	03/01/21 06/01/11	1,053,765.57
Hallmark Plaza KY 223F Jackson Valley Apts KY 221D4		7.500	08/01/20	1,902,666.68
Jamestown Manor Ltd KY 221D4		7.500	02/01/22	1,520,642.02
Lakeview Estates KY 221D4	•	7.500	01/01/20	1,073,769.36
Lebanon Apts KY 221D4		7.500	02/01/20	1,152,211.00
Lighthouse Sq Apts Ky 223F		8,625	01/01/27	4,777,832.09
Lin Meadows Homes KY 221D4		7.500	11/01/22	262,794.56
Locust Ridge KY 221D4		7.500 5.250	10/10/21 03/01/03	1,835,623.31 368,236.07
Longmont Christian Hsg 231 Madison Ave Apts KY 221D4		7.500	09/01/20	1,876,329.15
Manchester Heights Apts KY 221D4		7.500	06/01/19	1,176,348.62
Middletown Apts KY 221D4		7.500	02/01/18	1,000,990.74
Montgomery Square Apts KY 221D4		7.500	05/01/19	1,175,438.39
Mt Lebanon Cedars KY 221D3	•	7.500	03/01/23	2,569,476.92
Oak Tree Villa Apts KY 221D4		7.500	05/01/23	3,396,583.91
Panorama West KY 236		8,500 7,500	12/01/12 09/01/18	423,916.69 795,636.78
Pine Ridge Apts KY 221D4 Pinecreek Apts KY 221D4		7.500	10/01/17	545,998.65
Regency Park Apts KY 221D4		7.500	05/01/18	922,611.25
Regency Park BG KY 221D4		7.500	02/01/23	3,618,674.86
Ridgeway Apts KY 221D4		7.500	02/01/19	1,002,296.19
Rucker Village Apts KY 221D4		7.500	03/01/20	1,046,632.12
Salem Village I 232 III		7.750	03/01/16	955,316.98
Salem Village II 231 III		7.750	10/01/16	3,273,376.01 909,652.00
Sandefur Manor KY 221D4 Sharbardavilla VI C KY 221D4		7.500 7.500	01/01/20 05/01/20	1,318,932.78
Shepherdsville VLG KY 221D4 Shively Apts KY 221D4		7.500 7.500	10/01/21	2,344,644.92
Southside Manor KY 221D4		7.500	02/01/19	1,362,288.00
Town Branch Apts KY 221D4		7.500	11/01/23	734,004.99
Tree Top Apts KY 221D4		7.500	11/01/20	1,095,011.19
Vernon Manor Ltd KY 221D4		7.500	11/01/22	883,643.98
Walnut Hill Apts KY 221D4		7.500	05/01/19	1,580,654.03
Wesley Manor KY 232		8.000	12/01/11	885,154.58 1 812 476 18
Wessington House Apts TN 221D4		7.500 7.500	02/01/22 04/01/19	1,812,476.18 4,054,546.20
Westchester Circle KY 221D4 Westwood Apts KY 221D4		7.500 7.500	10/01/23	1,173,519.80
Westwood Apis K1 2211/4		7.500	10/01/20	1,170,019.00

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### OTHER FIXED INCOME INVESTMENTS (CONTINUED)

Security	Coupon	Maturity	Par Value or Remaining Principal Balance
Project Mortgages (FHA & GNMA)(cont.):  Wilderness Trail Mnr KY 221D4  Wildwood Apts KY 221D4  Willow Creek Apts KY 221D4  Woodsview Apts KY 221D4	7.500 7.500 7.500 7.500	03/01/23 08/01/20 08/01/23 01/01/19	\$ 5,546,155.44 1,820,954.74 1,355,833.38 1,369,940.97
Total Project Mortgages			\$ 109,920,287.25
Total Other Fixed Income Investments			\$ 116,220,121.55
TOTAL FIXED INCOME INVESTMENTS			\$ 3,472,709,778.58

#### REAL ESTATE EQUITY

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5,833.00
9,167.00
0,479.00
8,437.00



### COMMON STOCKS

AMP Inc	Stock		Number of Shares	Cost
Abbeit Laboratories			111,000,00	6 E 791 207 E0
Acter Life & Casualty Co Air & Water Technologies Air Products & Chemicals Air Products Aluminum Co of America Aluminum Co of America Air Display Chemicals American Indirect Authorian Indirect American Contrail Comp American Corp American Corp American Corp American Corp Anoec Corp Anoec Corp Adantic Richfield Authorian International Croup Anoec Corp Adantic Richfield Authorian Corp Anoec Corp Anoec Corp Ander Corp An				
Air & Water Technologies Air Products & Chemicals 197,000.00 187,100.00 187,100.00 187,100.00 187,100.00 187,100.00 187,100.00 187,100.00 187,100.00 187,100.00 187,100.00 187,100.00 187,100.00 187,100.00 187,100.00 187,100.00 187,100.00 187,100.00 187,100.00 187,100.00 187,100.00 187,100.00 187,100.00 187,100.00 187,100.00 187,100.00 187,100.00 187,100.00 187,100.00 187,100.00 187,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,100.00 188,1				
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Automatic Data Processing inc Avery Demisson Corp Baker Hughes Baltimore Cas & Electric Baltimore Cas & Electric Baltimore Cas & Electric Baltimore Cas & Electric Bankor One Bankor One Bankor Thust NY Corp Bankors Thust NY Corp Bard CR20) inc Barnett Bankor Bard Cr20 inc Bard CR20) inc Barnett Bankor Inc Bard CR20 inc Bard				
Avery Demison Corp   September   10,000,000   2,651,150,000   2,651,150,000   2,651,150,000   3,651,150,000   3,651,150,000   3,650,150,000   3,650,150,000   3,650,150,000   3,650,150,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,000   3,650,			·	, ,
Baltimore Cas & Electric   225,600.00				
Baltimore Cas & Electric   225,600.00   4,636,166.03   249,700.00   6,214,300.14   Banc Ope   Banc Ope   149   160   66,500.00   2,878,644.50   66,500.00   2,878,644.50   66,500.00   2,878,644.50   66,206.00   1,352,487.00   6,220,600   1,352,487.00   1,352,487.00   6,220,600   5,220,000   1,352,487.00   6,200,600.00   1,252,587.00   1,252,887.00   6,200,600.00   5,222,593.00   1,252,887.00   6,200,600.00   5,222,593.00   6,222,593.00   6,222,593.00   6,222,593.00   6,222,593.00   6,222,593.00   6,222,593.00   6,222,593.00   6,222,593.00   6,222,593.00   6,222,593.00   6,223,484.50   6,200,600   6,223,484.50   6,200,600.00   6,223,484.50   6,200,600.00   6,223,484.50   6,200,600.00   6,223,484.50   6,200,600.00   6,223,484.50   6,200,600.00   6,223,484.50   6,200,600.00   6,223,484.50   6,200,600.00   6,223,484.50   6,200,600.00   6,223,486.60   6,200,600.00   6,223,486.60   6,200,600.00   6,222,288   6,200,600.00   6,222,288   6,200,600.00   6,200,600.00   6,200,600.00   6,200,600.00   6,200,600.00   6,200,600.00   6,200,600.00   6,200,600.00   6,200,600.00   6,200,600.00   6,200,600.00   6,200,600.00   6,200,600.00   6,200,600.00   6,200,600.00   6,200,600.00   6,200,600.00   6,200,600.00   6,200,600.00   6,200,600.00   6,200,600.00   6,200,600.00   6,200,600.00   6,200,600.00   6,200,600.00   6,200,600.00   6,200,600.00   6,200,600.00   6,200,600.00   6,200,600.00   6,200,600.00   6,200,600.00   6,200,600.00   6,200,600.00   6,200,600.00   6,200,600.00   6,200,600.00   6,200,600.00   6,200,600.00   6,200,600.00   6,200,600.00   6,200,600.00   6,200,600.00   6,200,600.00   6,200,600.00   6,200,600.00   6,200,600.00   6,200,600.00   6,200,600.00   6,200,600.00   6,200,600.00   6,200,600.00   6,200,600.00   6,200,600.00   6,200,600.00   6,200,600.00   6,200,600.00   6,200,600.00   6,200,600.00   6,200,600.00   6,200,600.00   6,200,600.00   6,200,600.00   6,200,600.00   6,200,600.00   6,200,600.00   6,200,600.00   6,200,600.00   6,200,600.00   6,200,600.00   6,200,600.00   6,200,600.00   6,200,600.00   6,200,6				
Banco   Plawail Inc   6,500.00   5,214,300.14     Bancor Hawail Inc   6,500.00   2,278,644.50     Bankers Trust NY Corp   143,968.00   6,220,600.20     Bardett Banks Inc   125,280.00   1,325,287.00     Barnett Banks Inc   170,000.00   5,222,593.00     Baster International Inc   170,000.00   5,222,593.00     Backman Instruments   170,000.00   2,234,845.00     Beckman Instruments   170,000.00   4,767,936.80     Bell Atlantic Corp   130,000.00   4,767,936.80     Bilogen Inc   9,000.00   2,764,63.24     Bilogen Inc   9,000.00   2,333,469.66     Bilogen Inc   155,750.00   3,851,222.88     Birstol-Myers Squibb   306,900.00   19,435,73.20     Browning-Ferris Ind   380,000.00   8,657,150.00     Calgen Inc   31,800.00   2,599,181.00     Calgen Inc   31,800.00   4,753,619.74     Capital Holding Corp Del   180,000.00   4,753,619.74     Capital Holding Corp Del   180,000.00   3,185,433.33     Chartral & South West   416,000.00   3,185,433.33     Chartral & South West   123,100.00   3,287,360.00     Chemical Waste Management Inc   176,600.00   3,287,360.00     Chemical Waste Management Inc   5,510.00   3,245,406.00     Chemical Corp   540,600.00   3,259,750.50     Commonwealth Edison Co   62,093.00   2,289,799.56     Commonwealth Edison Co   62,093.00   2,289,799.56     Commonwealth Edison Co   62,093.00   2,251,750.50     Consolidated Edison Co   7,000.00   3,610,265.88     Compact Corp   17,300.00   1,282,500.00     Deluxe Corp   17,300.00   5,438,325.00     Deluxe Corp   17,300.00   5,438,325.00     Deluxe Corp   19,000.00   1,472,220.00     Deluxe Corp   19,000.00   1,479,787.55     Dever Corp   18,000.00   1,479,787.55     Dever Corp   18,000.00   1,479,787.55     Dever Corp   18,000.00   1,479,787.55     Dever Corp   10,000.00				
Bancorp Hawaii Inc   66,500.00   2,878,644.50   6,420,600.20   Bandrest Trust NY Corp   143,968.00   6,420,600.20   Bard (CR) Inc   52,200.00   1,352,487.00   5,220.000   5,220,300   5,220,300   5,220,300   5,220,300   5,220,300   5,220,300   5,220,300   5,220,300   5,220,300   5,220,300   5,220,300   5,220,300   5,220,300   5,220,300   5,220,300   5,220,300   5,220,300   5,220,300   5,220,300   5,220,300   5,220,300   5,220,300   5,220,300   5,220,300   6,200,300   2,234,845.00   2,234,845.00   2,234,845.00   2,233,469.68   10,000.00   2,674,63.24   10,000.00   2,674,63.24   10,000.00   2,674,63.24   10,000.00   2,674,63.24   10,000.00   2,674,63.24   10,000.00   3,851,322.88   10,000.00   15,493,573.20   10,000.00   1,493,573.20   10,000.00   1,493,573.20   10,000.00   1,493,573.20   10,000.00   1,493,573.20   10,000.00   1,493,573.20   10,000.00   1,493,573.20   10,000.00   1,493,573.20   10,000.00   1,493,573.20   10,000.00   1,493,573.20   10,000.00   1,493,573.20   10,000.00   1,493,573.20   10,000.00   1,493,573.20   10,000.00   1,493,573.20   10,000.00   1,493,573.20   1,200.00   2,599,181.00   2,599,181.00   2,599,181.00   2,599,181.00   2,599,181.00   2,599,181.00   2,599,181.00   2,799,181.00   2,799,181.00   2,799,181.00   2,799,181.00   2,799,181.00   2,799,181.00   2,799,181.00   2,799,181.00   2,799,181.00   2,799,181.00   2,799,181.00   2,799,181.00   2,799,181.00   2,799,181.00   2,799,181.00   2,799,181.00   2,799,181.00   2,799,181.00   2,799,181.00   2,799,181.00   2,799,181.00   2,799,181.00   2,799,181.00   2,799,181.00   2,799,181.00   2,799,181.00   2,799,181.00   2,799,181.00   2,799,181.00   2,799,181.00   2,799,181.00   2,799,181.00   2,799,181.00   2,799,181.00   2,799,181.00   2,799,181.00   2,799,181.00   2,799,181.00   2,799,181.00   2,799,181.00   2,799,181.00   2,799,181.00   2,799,181.00   2,799,181.00   2,799,181.00   2,799,181.00   2,799,181.00   2,799,181.00   2,799,181.00   2,799,181.00   2,799,181.00   2,799,181.00   2,799,181.00   2,799,181.00   2,799,181.00   2,799,181	1			6,214,300.14
Bankers Trust NY Corp         143,968,00         6,420,600.20           Bard (CR) Inc         52,200,00         1,352,457.00           Barnett Banks Inc         152,800,00         5,422,593.00           Barker International Inc         170,000,00         5,883,262.50           Beckman Instruments         117,000,00         2,234,845.00           Bell Atlantic Corp         9,000,00         267,463.24           Bilock & Decker         125,100,00         2,633,449.66           Boeing Co         158,750.00         3,851,322.88           Boeing Co         158,750.00         3,851,322.88           Bristol-Myers Squibb         306,900.00         19,493,573.20           Browning Ferris Ind         380,000.00         8,657,150.00           CABjer Berg Corporation         135,100.00         2,599,181.00           Calgene Inc         3,800.00         42,133.00           Capital Holding Corp Del         180,000.00         7,737,955.00           Capital Holding Corp Del         180,000.00         7,737,955.00           Central & South West         416,000.00         8,188,743.33           Chemical Waste Management Inc         178,600.00         3,074,046.03           Chiron Corp         540,600.00         3,074,046.03	Bancorp Hawaii Inc			
Barnett Banks Inc   152,800,00   5,422,593,00     Baxter International Inc   170,000,00   5,832,326.25     Beckman Instruments   117,000,00   2,234,845,00     Bell Atlantic Corp   130,000,00   4,767,036.80     Bilogen Inc   9,000,00   2,234,845,00     Bilogen Inc   9,000,00   2,233,469.66     Boeing Co   158,750,00   3,851,322.88     Bristol-Myers Squibb   306,900,00   19,493,573.20     Browning-Ferris Ind   380,000,00   8,657,150.00     CAS Energy Corporation   135,100,00   2,599,181.00     CAS Energy Corporation   31,800,00   4,121,500.00     Capital Cities/ABC   18,000,00   7,737,955.00     Capital Cities/ABC   18,000,00   4,733,619,74     Capital Cities/ABC   18,000,00   3,743,619,74     Cantral & South West   416,000,00   4,783,619,74     Chemical Waste Management Inc   178,600,00   3,074,046.03     Chemical Waste Management Inc   178,600,00   3,074,046.03     Chiron Corp   540,600,00   3,074,046.03     Chiron Corp   540,600,00   9,251,750.50     Cora Cola Enterprises   610,600,00   9,251,750.50     Community Psychiatric Cart   200,000,00   3,610,265.68     Compaq Computer   241,800,00   6,105,708.00     Community Psychiatric Cart   200,000,00   6,222,245.92     Corestates Financial Corp   250,000,00   6,222,245.92     Corestates Financial Corp   250,000,00   3,274,024.83     Deltrot Edison   141,900,00   4,234,618.50     Deltrot Edison   141,900,00   4,234,618.50     Deltrot Edison   19,700,00   5,740,24.83     Dow Chemical Co   9,200,00   1,39,130.00     Deltrot Edison   1,39,100,00   1,38,74,322.00     Deltrot Edison   14,900,00   4,234,618.50     Deltrot Edison   14,900,00   1,39,74,323.30     Deltrot Edison   14,900,00   1,30,74,50,43     Deltrot Edison   14,900,00   1,39,74,323.30     Deltrot Edison   14,900,00   1,				
Baxter International line	1			
Beckman Instruments   117,000.00   2,234,845,00     Bell Atlantic Corp   30,000.00   4,767,365.80     Bilogen Inc   9,000.00   267,463.24     Black & Decker   125,1100.00   2,333,469,66     Boeing Co   158,750.00   3,851,322.88     Bristol-Myers Equibb   306,900.00   19,493,573.20     Browning-Ferris Ind   380,000.00   8,657,150.00     CASE Energy Corporation   315,100.00   2,599,181.00     Calgene Inc   18,000.00   412,150.00   2,599,181.00     Calgene Inc   18,000.00   7,737,955.00     Capital Cities/ABC   18,000.00   4,753,619,74     Capital Holding Corp Del   180,000.00   4,753,619,74     Capital Holding Corp Del   180,000.00   4,753,619,74     Capital Waste Management Inc   178,600.00   3,074,406.03     Chemical Waste Management Inc   178,600.00   3,074,406.03     Chemical Waste Management Inc   178,600.00   3,45,437.50     Citicorp   540,600.00   8,046,023.50     Condition Corp   6,510.00   345,437.50     Citicorp   540,600.00   8,046,023.50     Condition Corp   6,510.00   3,074,406.03     Commonwealth Edison Co   62,093.00   9,251,750.50     Commonwealth Edison Co   62,093.00   9,251,750.50     Commonwealth Edison Co   62,093.00   3,610,265,68     Community Psychiatric Cutr   200,000.00   3,610,265,68     Compaq Computer   241,800.00   6,105,708.00     Compression Labs   16,600.00   8,222,245.92     Corestates Financial Corp   250,000.00   10,282,500.00     Deluxe Corp   170,000.00   5,438,325.00     Deluxe Corp   170,000.00   5,438,325.00     Deluxe Corp   180,000.00   1,472,220.00     Dilard Dept Stores   381,000.00   1,472,220.00     Dilard Dept Stores   380,000.00   1,474,332.30     DuPont (Bilb Ne Nemours   180,000.00   1,31,794,352.30     DuPont (Bilb Nemours   180,000.00   1,31,794,50     Eastern Utilities Assoc   52,200.00   1,31,794,50     Eastern Utilities Asso				
Bell Atlantic Corp   130,000.00   4,767,036.80   180gen Inc   125,100.00   2,67,463.24   180gen Inc   125,100.00   2,333,469.66   180eing Co   158,750.00   3,851,322.88   18750.00   3,851,322.88   18750.00   3,851,322.88   18750.00   3,851,322.88   18750.00   3,851,322.88   18750.00   3,851,322.88   18750.00   3,851,322.88   18750.00   3,851,322.88   18750.00   3,851,322.88   18750.00   3,851,322.88   18750.00   3,851,322.88   18750.00   3,851,322.88   18750.00   3,851,322.88   18750.00   3,851,322.88   18750.00   3,851,322.88   18750.00   3,851,322.88   18750.00   3,851,322.88   18750.00   3,851,322.88   18750.00   4,753,619.74   18750.00   4,753,619.74   18750.00   4,753,619.74   18750.00   4,753,619.74   18750.00   4,753,619.74   18750.00   4,753,619.74   18750.00   4,753,619.74   18750.00   4,753,619.74   18750.00   4,753,619.74   18750.00   4,753,619.74   18750.00   4,753,619.74   18750.00   4,753,619.74   18750.00   4,753,619.74   18750.00   4,753,619.74   18750.00   4,753,619.74   18750.00   4,753,619.74   18750.00   4,753,619.74   18750.00   4,753,619.74   18750.00   4,753,619.74   18750.00   4,753,619.74   18750.00   4,753,619.74   18750.00   4,753,619.74   18750.00   4,753,619.74   18750.00   4,753,619.74   18750.00   4,753,619.74   18750.00   4,753,619.74   18750.00   4,753,619.74   18750.00   4,753,619.74   18750.00   4,753,619.74   18750.00   4,753,619.74   18750.00   4,753,619.74   18750.00   4,753,619.74   18750.00   4,753,619.74   18750.00   4,753,619.74   18750.00   4,753,619.74   18750.00   4,753,619.74   18750.00   4,753,619.74   18750.00   4,753,619.74   18750.00   4,753,619.74   18750.00   4,753,619.74   18750.00   4,753,619.74   18750.00   4,753,619.74   18750.00   4,753,619.74   18750.00   4,753,619.74   18750.00   4,753,619.74   18750.00   4,753,619.74   18750.00   4,753,619.74   18750.00   4,753,619.74   18750.00   4,753,619.74   18750.00   4,753,619.74   18750.00   4,753,619.74   18750.00   4,753,619.74   18750.00   4,753,619.74   18750.00   4,753,619.74   18750.00   4,753,619.74   1				
Bilogen Inc   9,000.00   267,463.24   125,100.00   2,333,469,6   126,100.00   2,333,469,6   158,750.00   3,851,322.88   158,750.00   3,851,322.88   158,750.00   3,851,322.88   158,750.00   3,851,322.88   158,750.00   3,851,322.88   158,750.00   3,851,322.88   158,750.00   3,851,322.88   158,750.00   3,657,150.00   3,657,150.00   3,657,150.00   3,657,150.00   3,657,150.00   3,657,150.00   3,180.00   412,150.00   2,599,181.00   412,150.00   412,150.00   412,150.00   412,150.00   4753,619.74   412,150.00   4753,619.74   416,000.00   4,753,619.74   416,000.00   4,753,619.74   416,000.00   4,753,619.74   416,000.00   4,753,7619.74   416,000.00   4,753,7619.74   416,000.00   4,753,7619.74   416,000.00   4,753,7619.74   416,000.00   4,753,7619.74   416,000.00   4,753,7619.74   416,000.00   4,753,7619.74   416,000.00   4,753,7619.74   416,000.00   4,753,7619.74   416,000.00   4,753,7619.74   416,000.00   4,753,7619.74   416,000.00   4,753,7619.74   416,000.00   4,753,7619.74   416,000.00   4,753,7619.74   416,000.00   4,753,7619.74   416,000.00   4,753,7619.74   416,000.00   4,753,7619.74   416,000.00   4,753,7619.74   416,000.00   4,753,7619.74   416,000.00   4,753,7619.74   416,000.00   4,753,7619.74   416,000.00   4,753,7619.74   416,000.00   4,753,7619.74   416,000.00   4,753,7619.74   416,000.00   4,753,7619.74   416,000.00   4,753,7619.74   416,000.00   4,753,7619.74   416,000.00   4,753,7619.74   416,000.00   4,753,7619.74   416,000.00   4,753,7619.74   416,000.00   4,753,7619.74   416,000.00   4,753,7619.74   416,000.00   4,753,7619.74   416,000.00   4,753,7619.74   416,000.00   4,753,7619.74   416,000.00   4,753,7619.74   416,000.00   4,753,7619.74   416,000.00   4,753,7619.74   416,000.00   4,753,7619.74   416,000.00   4,753,7619.74   416,000.00   4,753,7619.74   416,000.00   4,774,774,774,774   476,000.00   4,774,774,774,774,774   476,000.00   4,774,774,774,774,774   476,000.00   4,774,774,774,774,774   476,000.00   4,774,774,774,774   476,000.00   4,774,774,774,774   476,000.00   4,774,774,774,774   476,0	,		· · · · · · · · · · · · · · · · · · ·	4,767,036.80
Black & Decker   125,100.00   2,333,469.66   185,750.00   3,851,322.88   Bristol-Myers Squibb   306,900.00   19,493,573.20   Browning-Perts Ind   380,000.00   36,671,150.00   2,599,181.00   CMS Energy Corporation   131,100.00   131,100.00   2,599,181.00   2,599,181.00   Cajene Inc   31,800.00   412,150.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,737,975.00   7,736,612.50   7,736,612.50   7,736,612.50   7,736,612.50   7,736,612.			9,000.00	
Bristol-Myers Squibb   306,900.00   19,493,573.20   Browning-Ferris Ind   380,000.00   8,657,150.00   2,599,181.00   2,599,181.00   2,599,181.00   2,599,181.00   2,599,181.00   2,599,181.00   2,599,181.00   2,599,181.00   2,599,181.00   2,599,181.00   2,599,181.00   2,599,181.00   2,599,181.00   2,599,181.00   2,599,181.00   2,599,181.00   2,599,181.00   2,599,181.00   2,599,181.00   2,599,181.00   2,599,181.00   2,599,181.00   2,599,181.00   2,599,181.00   2,599,181.00   2,599,181.00   2,599,181.00   2,599,181.00   2,599,181.00   2,599,181.00   2,599,181.00   2,599,181.00   2,599,550.00   2,599,550.00   2,599,550.00   2,599,550.00   2,599,550.00   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.50   2,599,5750.	Black & Decker		, ·	
Browning-Ferris Ind   380,000.00   3,657,150.00   CMS Energy Corporation   135,100.00   2,599,181.00   2,599,181.00   Calgene Inc   31,800.00   7,737,955.00   412,150.00   7,737,955.00   2,000.00   7,737,955.00   7,737,955.00   180,000.00   47,733,619.74   2,000.00   47,733,619.74   2,000.00   47,733,619.74   2,000.00   2,388,736.00   2,388,736.00   2,388,736.00   2,388,736.00   2,388,736.00   2,388,736.00   2,388,736.00   2,388,736.00   2,388,736.00   2,388,736.00   2,388,736.00   2,388,736.00   2,388,736.00   2,388,736.00   2,388,736.00   2,388,736.00   2,388,736.00   2,388,736.00   3,460,000.00   3,460,023.50   3,460,000.00   3,460,023.50   3,460,000.00   3,460,023.50   3,460,000.00   3,265,68   3,460,000.00   3,460,023.50   3,460,000.00   3,460,023.50   3,460,000.00   3,460,026.68   3,460,000.00   3,460,026.68   3,460,000.00   3,460,026.68   3,460,000.00   3,460,026.68   3,460,000.00   3,460,026.68   3,460,000.00   3,460,026.68   3,460,000.00   3,460,026.68   3,460,000.00   3,460,026.68   3,460,000.00   3,460,026.68   3,460,000.00   3,460,026.68   3,460,000.00   3,460,026.68   3,460,000.00   3,460,026.68   3,460,000.00   3,460,026.68   3,460,000.00   3,460,026.68   3,460,000.00   3,460,026.68   3,460,000.00   3,460,026.68   3,460,000.00   3,460,026.68   3,460,000.00   3,460,026.68   3,460,000.00   3,460,026.68   3,460,000.00   3,460,026.68   3,460,000.00   3,460,026.68   3,460,000.00   3,460,000.00   3,460,000.00   3,460,000.00   3,460,000.00   3,460,000.00   3,460,000.00   3,460,000.00   3,460,000.00   3,460,000.00   3,460,000.00   3,460,000.00   3,460,000.00   3,460,000.00   3,460,000.00   3,460,000.00   3,460,000.00   3,460,000.00   3,460,000.00   3,460,000.00   3,460,000.00   3,460,000.00   3,460,000.00   3,460,000.00   3,460,000.00   3,460,000.00   3,460,000.00   3,460,000.00   3,460,000.00   3,460,000.00   3,460,000.00   3,460,000.00   3,460,000.00   3,460,000.00   3,460,000.00   3,460,000.00   3,460,000.00   3,460,000.00   3,460,000.00   3,460,000.00   3,460,000.00   3,460,000.00   3,460,000.00   3	Boeing Co			
CMS Energy Corporation         135,100.00         2,599,181.00           Calgene Inc         31,800.00         412,150.00           Capital Cittles/ ABC         18,000.00         7,737,955.00           Capital Holding Corp Del         180,000.00         4,753,619,74           Central & South West         416,000.00         8,188,743.33           Chase Manhattan         123,100.00         2,388,736.00           Chrion Corp         6510.00         3074,046.03           Chiron Corp         540,600.00         8,046,023.50           Coca Cola Enterprises         610,600.00         9,251,750.50           Commonwealth Edison Co         62,093.00         2,039,989.56           Community Psychiatric Cntr         200,000.00         3,610,265.68           Compaq Computer         241,800.00         6,105,708.00           Compaq Computer         241,800.00         6,105,708.00           Compatitate Edison Co NY         376,000.00         8,222,245.92           Correstates Financial Corp         250,000.00         10,282,500.00           Deuter & Co         117,300.00         6,135,913.00           Detroit Edison         141,900.00         5,483,25.00           Dillard Dept Stores         36,000.00         1,472,220.00			· · · · · · · · · · · · · · · · · · ·	
Calgene Inc         31,800.00         412,150.00           Capital Cities/ABC         18,000.00         7,737,955.00           Capital Holding Corp Del         180,000.00         4,753,619.74           Central & South West         416,000.00         8,188,743.33           Chase Manhattan         123,100.00         2,388,736.00           Chemical Waste Management Inc         178,600.00         3,074,046.03           Chiron Corp         6,510.00         345,437.50           Citicorp         540,600.00         9,251,750.50           Commonwealth Edison Co         62,093.00         2,039,989.56           Community Psychiatric Cutr         200,000.00         3,610,265.68           Compact Computer         241,800.00         6,105,708.00           Conscilated Edison Co NY         376,000.00         8,222,245.92           Corestates Financial Corp         250,000.00         10,282,500.00           Deluxe Corp         117,300.00         6,135,703.00           Deluxe Corp         170,000.00         5,483,325.00           Delvit Edison         141,900.00         4,234,618.50           Dillard Dept Stores         36,000.00         1,772,200.00           Disney Walt Co         92,000.00         2,711,355.00           Dow Ch	Browning-Ferris Ind		,	
Capital Cities/ABC         18,000.00         7,737,955.00           Capital Holding Corp Del         180,000.00         4,753,619.74           Central & South West         180,000.00         8,188,743.33           Chase Manhattan         123,100.00         2,388,736.00           Chemical Waste Management Inc         178,600.00         3,074,046.03           Chiron Corp         6,510.00         345,437.50           Citicorp         540,600.00         9,251,750.50           Commonwealth Edison Co         62,093.00         2,039,989.56           Commonwealth Edison Co         62,093.00         2,039,989.56           Compac Computer         241,800.00         6,105,708.00           Compacting Computer         241,800.00         6,105,708.00           Compacting Edison Co NY         376,000.00         8,222,245.92           Coroscidates Financial Corp         250,000.00         10,282,500.00           Delux Corp         170,000.00         6,135,913.00           Delux Corp         170,000.00         5,483,325.00           Delux Corp         141,900.00         4,234,618.50           Dillard Dept Stores         36,000.00         1,472,220.00           Disney Walt Co         92,000.00         2,711,355.00           Dow C				
Capital Holding Corp Del         180,000.00         4,753,619.74           Central & South West         416,000.00         8,188,743.33           Chase Manhattan         123,100.00         2,388,736.00           Chemical Waste Management Inc         178,600.00         3,074,046.03           Chiron Corp         6,510.00         345,437.50           Citicorp         540,600.00         8,046,023.50           Cox Cola Enterprises         610,600.00         9,251,750.50           Commonwealth Edison Co         62,093.00         2,039,989.56           Commonwealth Edison Co         62,093.00         3,610,265.68           Compaq Computer         241,800.00         6,105,708.00           Compression Labs         16,600.00         290,500.00           Consolidated Edison Co NY         376,000.00         8,222,245.92           Corestates Financial Corp         250,000.00         10,282,500.00           Derece & Co         117,300.00         6,135,913.00           Deluxe Corp         170,000.00         5,483,325.00           Detroit Edison         141,900.00         4,234,618.50           Dillard Dept Stores         36,000.00         1,472,220.00           Disney Walt Co         92,000.00         5,374,024.83           Do			·	7,737,955.00
Chase Manhattan         123,100.00         2,388,736.00           Chemical Waste Management Inc         178,600.00         3,074,046.03           Chiron Corp         6,510.00         345,437.50           Citicorp         540,600.00         8,046,023.50           Coca Cola Enterprises         610,600.00         9,251,750.50           Commonwealth Edison Co         62,093.00         2,039,989.56           Community Psychiatric Cntr         200,000.00         3,610,265.68           Compaq Computer         241,800.00         6,105,708.00           Composidated Edison Co NY         376,000.00         290,500.00           Consolidated Edison Co NY         376,000.00         8,222,245.92           Corestates Financial Corp         250,000.00         10,282,500.00           Deere & Co         117,000.00         6,135,913.00           Deluxe Corp         170,000.00         5,483,325.00           Deluxe Corp         170,000.00         4,234,618.50           Dillard Dept Stores         36,000.00         1,472,220.00           Disney Walt Co         92,000.00         2,711,355.00           Dow Chemical Co         365,000.00         19,874,352.30           Dow Jones & Co Inc         160,000.00         5,000,850.00	Capital Holding Corp Del			
Chemical Waste Management Inc         178,600.00         3,074,046.03           Chiron Corp         6,510.00         345,437.50           Citicorp         540,600.00         8,046,023.50           Coa Cola Enterprises         610,600.00         9,251,750.50           Commonwealth Edison Co         62,093.00         2,039,989.56           Community Psychiatric Cntr         200,000.00         3,610,265.68           Compaq Computer         241,800.00         6,105,708.00           Compression Labs         16,600.00         290,500.00           Consolidated Edison Co NY         376,000.00         8,222,245.92           Corestates Financial Corp         250,000.00         10,282,500.00           Deere & Co         117,300.00         6,135,913.00           Deltuxe Corp         170,000.00         5,483,325.00           Deltroit Edison         141,900.00         4,234,618.50           Dillard Dept Stores         36,000.00         1,472,220.00           Disney Walt Co         92,000.00         2,711,355.00           Dower Corp         180,000.00         5,374,024.83           Dow Chemical Co         365,000.00         19,874,352.30           Dow Chemical Co         365,000.00         19,874,352.30           Dun & Bradstr	1		· ·	
Chiron Corp         6,510.00         345,437.50           Citicorp         \$40,600.00         8,046,023.50           Coca Cola Enterprises         610,600.00         9,251,750.50           Commonwealth Edison Co         62,093.00         2,039,989.56           Community Psychiatric Cntr         200,000.00         3,610,265.68           Compaq Computer         241,800.00         6,105,708.00           Compression Labs         16,600.00         290,500.00           Consolidated Edison Co NY         376,000.00         8,222,245.92           Corestates Financial Corp         250,000.00         10,282,500.00           Deere & Co         117,300.00         6,135,913.00           Deluxe Corp         170,000.00         5,483,325.00           Detroit Edison         141,900.00         4,234,618.50           Disney Walt Co         92,000.00         2,711,355.00           Disney Walt Co         92,000.00         2,711,355.00           Dower Corp         180,000.00         5,374,024.83           Dow Chemical Co         365,000.00         19,874,352.30           Dow Jones & Co Inc         160,000.00         5,000,850.00           DuPont (Bi) De Nemours         381,000.00         13,255,767.83           Dum & Bradstreet Corp </th <th></th> <th></th> <th></th> <th></th>				
Citicorp         540,600.00         8,046,023.50           Coca Cola Enterprises         610,600.00         9,251,750.50           Commonive alth Edison Co         62,093.00         2,039,989.56           Community Psychiatric Cntr         200,000.00         3,610,265.68           Compaq Computer         241,800.00         6,105,708.00           Compression Labs         16,600.00         290,500.00           Consolidated Edison Co NY         376,000.00         8,222,245.92           Corestates Financial Corp         250,000.00         10,282,500.00           Deere & Co         117,300.00         6,135,913.00           Deluxe Corp         170,000.00         5,483,325.00           Detroit Edison         141,900.00         4,234,618.50           Dillard Dept Stores         36,000.00         1,472,220.00           Disney Walt Co         92,000.00         2,711,355.00           Dower Corp         180,000.00         5,374,024.83           Dow Chemical Co         365,000.00         19,874,352.30           Dow Jones & Co Inc         160,000.00         5,000,850.00           DuPont (El) De Nemours         381,000.00         13,255,767.83           Dum & Bradstreet Corp         220,000.00         11,391,029.65           E	•	ne ·		
Coca Cola Enterprises				
Commonwealth Edison Co         62,093.00         2,039,989.56           Community Psychiatric Cntr         200,000.00         3,610,265.68           Compage Computer         241,800.00         6,105,708.00           Compression Labs         16,600.00         290,500.00           Consolidated Edison Co NY         376,000.00         8,222,245.92           Corestates Financial Corp         250,000.00         10,282,500.00           Deere & Co         117,300.00         6,135,913.00           Deluxe Corp         170,000.00         5,483,325.00           Deluxe Corp         170,000.00         4,234,618.50           Dillard Dept Stores         36,000.00         1,472,220.00           Disney Walt Co         92,000.00         2,711,355.00           Dover Corp         180,000.00         5,374,024.83           Dow Chemical Co         365,000.00         19,874,352.30           Dow Jones & Co Inc         160,000.00         5,000,850.00           Dulyont (BI) De Nemours         381,000.00         13,255,767.83           Dum & Bradstreet Corp         220,000.00         4,797,087.50           Eastern Utilities Assoc         52,200.00         1,031,794.50           Eastman Kodak         100,000.00         7,706,612.50 <td< th=""><th></th><th></th><th>· ·</th><th>9,251,750.50</th></td<>			· ·	9,251,750.50
Compaq Computer       241,800.00       6,105,708.00         Compression Labs       16,600.00       290,500.00         Consolidated Edison Co NY       376,000.00       8,222,245.92         Corestates Financial Corp       250,000.00       10,282,500.00         Deere & Co       117,300.00       6,135,913.00         Deluxe Corp       170,000.00       5,483,325.00         Detroit Edison       141,900.00       4,234,618.50         Dillard Dept Stores       36,000.00       1,472,220.00         Disney Walt Co       92,000.00       2,711,355.00         Dover Corp       180,000.00       5,374,024.83         Dow Chemical Co       365,000.00       19,874,352.30         Dow Jones & Co Inc       160,000.00       5,000,850.00         DuPont (El) De Nemours       381,000.00       13,255,767.83         DuP ont (El) De Nemours       220,000.00       11,391,029.65         B G & G Inc       270,000.00       4,797,087.50         Eastern Utilities Assoc       52,200.00       1,031,794.50         Eastman Kodak       100,000.00       7,706,612.50         Extra Corp       444,000.00       20,788,856.64         FHP International Corp       82,300.00       1,108,550.00	Commonwealth Edison Co			
Compression Labs Consolidated Edison Co NY Corestates Financial Corp Decre & Co Deluxe Corp Detroit Edison Dillard Dept Stores Disney Walt Co Dow Chemical Co Dow Chemical Co Dow Chemical Co Dow Jones & Co Inc DuPont (El) De Nemours Dum & Bradstreet Corp Eastern Utilitles Assoc Eastern Utilitles Assoc Eastern Walks Co Exxon Corp				
Consolidated Edison Co NY       376,000.00       8,222,245.92         Corestates Financial Corp       250,000.00       10,282,500.00         Deere & Co       117,300.00       6,135,913.00         Deluxe Corp       170,000.00       5,483,325.00         Detroit Edison       141,900.00       4,234,618.50         Dillard Dept Stores       36,000.00       1,472,220.00         Disney Walt Co       92,000.00       2,711,355.00         Dowr Corp       180,000.00       5,374,024.83         Dow Chemical Co       365,000.00       19,874,352.30         Dow Jones & Co Inc       160,000.00       5,000,850.00         DuPont (BI) De Nemours       381,000.00       13,255,767.83         Dum & Bradstreet Corp       220,000.00       11,391,029.65         E G & G Inc       270,000.00       4,797,087.50         Eastern Utilities Assoc       52,200.00       1,031,794.50         Eastman Kodak       100,000.00       4,183,812.50         Emerson Electric       195,000.00       7,706,612.50         Exxon Corp       444,000.00       20,788,856.64         FHP International Corp       82,300.00       1,108,550.00				
Corestates Financial Corp       250,000.00       10,282,500.00         Deere & Co       117,300.00       6,135,913.00         Deluxe Corp       170,000.00       5,483,325.00         Detroit Edison       141,900.00       4,234,618.50         Dillard Dept Stores       36,000.00       1,472,220.00         Disney Walt Co       92,000.00       2,711,355.00         Dover Corp       180,000.00       5,374,024.83         Dow Chemical Co       365,000.00       19,874,352.30         Dow Jones & Co Inc       160,000.00       5,000,850.00         DuPont (El) De Nemours       381,000.00       13,255,767.83         Dum & Bradstreet Corp       220,000.00       4,797,087.50         E G & G Inc       270,000.00       4,797,087.50         Eastern Utilities Assoc       52,200.00       1,031,794.50         Eastman Kodak       100,000.00       4,183,812.50         Emerson Electric       195,000.00       7,706,612.50         Exxon Corp       444,000.00       20,788,856.64         FHP International Corp       82,300.00       1,108,550.00				
Deere & Co       117,300.00       6,135,913.00         Deluxe Corp       170,000.00       5,483,325.00         Detroit Edison       141,900.00       4,234,618.50         Dillard Dept Stores       36,000.00       1,472,220.00         Disney Walt Co       92,000.00       2,711,355.00         Dover Corp       180,000.00       5,374,024.83         Dow Chemical Co       365,000.00       19,874,352.30         Dow Jones & Co Inc       160,000.00       5,000,850.00         DuPont (El) De Nemours       381,000.00       13,255,767.83         Dun & Bradstreet Corp       220,000.00       11,391,029.65         B G & G Inc       270,000.00       4,797,087.50         Eastern Utilities Assoc       52,200.00       1,031,794.50         Eastman Kodak       100,000.00       4,183,812.50         Emerson Electric       195,000.00       7,706,612.50         Exxon Corp       444,000.00       20,788,856.64         FHP International Corp       82,300.00       1,108,550.00				
Deluxe Corp       170,000.00       5,483,325.00         Detroit Edison       141,900.00       4,234,618.50         Dillard Dept Stores       36,000.00       1,472,220.00         Disney Walt Co       92,000.00       2,711,355.00         Dover Corp       180,000.00       5,374,024.83         Dow Chemical Co       365,000.00       19,874,352.30         Dow Jones & Co Inc       160,000.00       5,000,850.00         DuPont (El) De Nemours       381,000.00       13,255,767.83         Dum & Bradstreet Corp       220,000.00       11,391,029.65         E G & G Inc       270,000.00       4,797,087.50         Eastern Utilities Assoc       52,200.00       1,031,794.50         Eastman Kodak       100,000.00       4,183,812.50         Emerson Electric       195,000.00       7,706,612.50         Exxon Corp       444,000.00       20,788,856.64         FHP International Corp       82,300.00       1,108,550.00			,	
Dillard Dept Stores       36,000.00       1,472,220.00         Disney Walt Co       92,000.00       2,711,355.00         Dover Corp       180,000.00       5,374,024.83         Dow Chemical Co       365,000.00       19,874,352.30         Dow Jones & Co Inc       160,000.00       5,000,850.00         DuPont (EI) De Nemours       381,000.00       13,255,767.83         Dun & Bradstreet Corp       220,000.00       11,391,029.65         E G & G Inc       270,000.00       4,797,087.50         Eastern Utilities Assoc       52,200.00       1,031,794.50         Eastman Kodak       100,000.00       4,183,812.50         Emerson Electric       195,000.00       7,706,612.50         Exxon Corp       444,000.00       20,788,856.64         FHP International Corp       82,300.00       1,108,550.00	Deluxe Corp		170,000.00	
Disney Walt Co       92,000.00       2,711,355.00         Dover Corp       180,000.00       5,374,024.83         Dow Chemical Co       365,000.00       19,874,352.30         Dow Jones & Co Inc       160,000.00       5,000,850.00         DuPont (EI) De Nemours       381,000.00       13,255,767.83         Dun & Bradstreet Corp       220,000.00       11,391,029.65         E G & G Inc       270,000.00       4,797,087.50         Eastern Utilities Assoc       52,200.00       1,031,794.50         Eastman Kodak       100,000.00       4,183,812.50         Emerson Electric       195,000.00       7,706,612.50         Exxon Corp       444,000.00       20,788,856.64         FHP International Corp       82,300.00       1,108,550.00		†		
Dover Corp       180,000.00       5,374,024.83         Dow Chemical Co       365,000.00       19,874,352.30         Dow Jones & Co Inc       160,000.00       5,000,850.00         DuPont (EI) De Nemours       381,000.00       13,255,767.83         Dun & Bradstreet Corp       220,000.00       11,391,029.65         E G & G Inc       270,000.00       4,797,087.50         Eastern Utilities Assoc       52,200.00       1,031,794.50         Eastman Kodak       100,000.00       4,183,812.50         Emerson Electric       195,000.00       7,706,612.50         Exxon Corp       444,000.00       20,788,856.64         FHP International Corp       82,300.00       1,108,550.00			-	
Dow Chemical Co       365,000.00       19,874,352.30         Dow Jones & Co Inc       160,000.00       5,000,850.00         DuPont (EI) De Nemours       381,000.00       13,255,767.83         Dun & Bradstreet Corp       220,000.00       11,391,029.65         E G & G Inc       270,000.00       4,797,087.50         Eastern Utilities Assoc       52,200.00       1,031,794.50         Eastman Kodak       100,000.00       4,183,812.50         Emerson Electric       195,000.00       7,706,612.50         Exxon Corp       444,000.00       20,788,856.64         FHP International Corp       82,300.00       1,108,550.00				
Dow Jones & Co Inc       160,000.00       5,000,850.00         DuPont (El) De Nemours       381,000.00       13,255,767.83         Dun & Bradstreet Corp       220,000.00       11,391,029.65         E G & G Inc       270,000.00       4,797,087.50         Eastern Utilities Assoc       52,200.00       1,031,794.50         Eastman Kodak       100,000.00       4,183,812.50         Emerson Electric       195,000.00       7,706,612.50         Exxon Corp       444,000.00       20,788,856.64         FHP International Corp       82,300.00       1,108,550.00				
DuPont (EI) De Nemours       381,000.00       13,255,767.83         Dum & Bradstreet Corp       220,000.00       11,391,029.65         E G & G Inc       270,000.00       4,797,087.50         Eastern Utilities Assoc       52,200.00       1,031,794.50         Eastman Kodak       100,000.00       4,183,812.50         Emerson Electric       195,000.00       7,706,612.50         Exxon Corp       444,000.00       20,788,856.64         FHP International Corp       82,300.00       1,108,550.00				
E G & G Inc       270,000.00       4,797,087.50         Eastern Utilities Assoc       52,200.00       1,031,794.50         Eastman Kodak       100,000.00       4,183,812.50         Emerson Electric       195,000.00       7,706,612.50         Exxon Corp       444,000.00       20,788,856.64         FHP International Corp       82,300.00       1,108,550.00	1		381,000.00	13,255,767.83
Eastern Utilities Assoc       52,200.00       1,031,794.50         Eastman Kodak       100,000.00       4,183,812.50         Emerson Electric       195,000.00       7,706,612.50         Exxon Corp       444,000.00       20,788,856.64         FHP International Corp       82,300.00       1,108,550.00				
Eastman Kodak       100,000.00       4,183,812.50         Emerson Electric       195,000.00       7,706,612.50         Exxon Corp       444,000.00       20,788,856.64         FHP International Corp       82,300.00       1,108,550.00				
Emerson Electric       195,000.00       7,706,612.50         Exxon Corp       444,000.00       20,788,856.64         FHP International Corp       82,300.00       1,108,550.00				
Exxon Corp         444,000.00         20,788,856.64           FHP International Corp         82,300.00         1,108,550.00	•			
FHP International Corp 82,300.00 1,108,550.00				
		•	82,300.00	
redutated Dept Stores Inc 14,921.00 575,025.00	Federated Dept Stores Inc	•	14,921.00	373,025.00

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#### COMMON STOCKS (CONTINUED)

Stock	Number of Shares	Cost
Federated Dept Stores Inc Restrict	44,765.00`	\$ 1,119,125.00
Fleet Call Inc CL A	57,300.00	891,588.00
Ford Motor Co Del	157,900.00	6,639,336.50
Forest Labs Inc	39,700.00 30,700.00	1,468,144.50 650,729.50
GFC Financial Corp	475,000.00	30,149,209.10
General Electric Co General Motors Corp	360,600.00	14,418,664.41
General RE Corp	115,000.00	10,128,600.00
Genuine Parts	177,600.00	5,603,674.26
Genzyme Corp	7,800.00	304,289.31
Giant Food Inc	70,000.00	1,821,575.00
Grainger (WW) Inc	140,000.00	5,019,862.50
Gulf States Utilities	212,000.00	2,174,445.00
Halliburton Co	234,800.00 200,000.00	7,410,363.76 7,709,837.50
Heinz (HJ) Co	22,200.00	888,281.81
Hercules Inc Hewlett Packard Co	140,000.00	5,510,184.09
Hillenbrand Industries	49,000,00	1,112,745.65
Humana Inc	70,000.00	2,203,600.00
IBM	250,000.00	29,315,019.78
Illnois Power Co	23,300.00	463,711.04
Imcera Group Inc	50,000.00	1,499,150.00
Immunex Corp	7,000.00	307,347.88
Intel Corp	221,200,00 20,000,00	10,843,266.72 1,539,275.00
International Flavors/Frag	390,000.00	9,457,174,16
James River Corp Johnson & Johnson	180,000.00	8,026,700.00
Joinson & Joinson	46,100.00	1,553,928.50
K Mart Corp	502,000.00	8,801,312.16
Kellogg Co	120,000.00	4,875,321.43
Kentucky Utilities	106,000.00	2,206,782.20
LG&E Energy Corp	172,500.00	4,649,957.91
Ladd Furniture	81,000.00	981,087.50
Lilly (Eli) & Co	115,000.00	8,747,900.00 1,801,800.00
Limited Inc	60,000.00 89,600.00	636,870.19
Lone Star Technologies MCI Communications	118,300.00	3,476,705.50
Manor Care Inc	92,700.00	1,408,008.00
Marsh & McLennan Inc	188,400.00	12,178,565.36
Maxus Energy Corp	195,600.00	1,793,961.00
May Dept Stores Co	219,000.00	9,403,071.13
McDonalds Corp	281,000.00	6,889,086.31
McKesson Corp	50,000.00	1,708,287.50
Melville Corp	130,000.00	4,828,775.00
Mercantile Bancorp	26,100.00	860,821.00 16,076,210.89
Merck & Co	555,000.00 70,900.00	2,766,104.00
Millipore Corp	253,000.00	17,862,065.25
Minnesota Mining & Manufacturing Mobil Corp	180,100.00	9,704,136.84
Monsanto Co	98,000.00	5,062,373.75
Morgan (JP) & Co	260,000.00	11,031,535.42
New York Times Cl A	145,000.00	3,891,987.50
Norfolk Southern	101,000.00	2,916,712.50
PHH Inc	170,000.00	4,986,875.00
PPG Industries	120,000.00	6,441,487.50 4,583.512.50
Pacific Telesis	110,000.00	4,583,512.50 6,947,611.14
Pennsylvania Power & Light	384,000.00 25,500.00	926,275.00
Pentair Inc Pepsico Inc	80,000.00	2,398,550.00
Pfizer Inc	170,800.00	10,600,891.26
Philadelphia Electric Co	211,100.00	4,472,899.74
Philip Morris Cos Inc	494,200.00	27,014,501.12
Pioneer Hi-Bred Intl	50,000.00	1,828,437.50
Pitney Bowes Inc	200,000.00	3,238,255.00
Policy Management Systems Corp	20,000.00	957,825.00



#### COMMON STOCKS (CONTINUED)

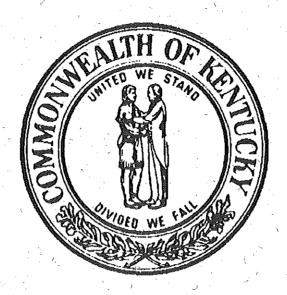
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Stock		Number of Shares	Cost
,			
Premark International		52,900.00	\$ 1,475,641.51
Procter & Gamble Co		70,000.00	2,889,737.50
Raychem Corp		48,500.00	1,489,935.00
Raytheon Co		394,000.00	13,502,609.00
Republic N Y Corp		115,000.00	5,037,412.50
Roadway Services Inc		100,000,00	3,447,875.00
Rohm & Haas		98,000.00	3,359,432.34
Royal Dutch Petroleum	S. S.	80,000.00	6,440,260.00
Safeco Corp	•	140,000.00	4,945,937.50
Safety-Kleen	*	15,000.00	453,400.00
Sara Lee Corp		100,000.00	4,236,800.00
Schering Plough Corp		119,400.00	6,507,314.00
Snap-on-Tools		-160,000.00	5,082,137.50
Sprint Corp		250,400.00	6,930,861.50
St Paul Bancorp		58,700.00	899,951.30
Standard Federal Bank		38,800.00	487,328.00
Super Valu Stores		280,000.00	7,340,850.00
Sysco Corp		90,000.00	1,917,575.00
TRW Inc		_ 223,100.00	9,446,726.00
Tennant Co		14,200.00	507,650.00
Tenneco Inc		127,600.00	5,238,993.50
Texaco Inc		225,000.00	13,105,725.00
Texas Utilities Co		427,000.00	13,262,642.20
Textron Inc		190,000,00	4,887,700.00
Toro Co		21,100.00	339,253.50
Transamerica Corp		169,300.00	7,249,258.00
Travelers Corp		104,875.00	4,663,223.81
Trinity Industries		- 52,400.00	1,457,781.50
U S West Inc	and the second s	200,000.00	5,946,925.00
USAir Group		104,700.00	1,236,894.50
Union Camp Corp		161,200.00	5,002,090.55
Union Carbide	t and the second	227,217.00	5,769,612.60
Union Pacific Corp	- <u>1</u>	282,100.00	11,506,583.59
United Technologies Corp	,	300,000.00	13,533,528.80
V F Corp	,	156,187.00	3,927,020.42
Vulcan Materials Co.		75,000.00	3,003,387.50
Wachovia Corp		223,126.00	7,933,849.33
Wachovia Corp Wal-Mart Stores		359,000.00	11,054,696.70
k •		339,000,00	
Waste Management	The second second	58,100.00	9,890,525.00
Wellman Inc		45,000.00	1,532,848.50
Wells Fargo & Co	==-,		3,442,450.00
Westinghouse Electric		200,000.00	4,807,537.50
Whirlpool Corp		170,000.00 60,000.00	4,857,350.00
Woolworth Corp		60,000.00	1,798,475.00
Total Common Stocks			\$ 986,982,446.00
S&P Stock Index:			\$ 298,913,644.16
Total Stocks			\$ 1,285,896,090.16
TOTAL EQUITY	f A s		\$ 1,337,424,951.77

Par Value or Remaining Principal Balance

\$ 4,810,134,730.35

TOTAL INVESTMENTS

### THE KENTUCKY SEAL



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The original intent of the Kentucky seal was apparently to depict "two friends" in hunters' garb, their right hands clasped, their left resting on each other's shoulder, their feet at the edge of a precipice, giving rise to the words, "United We Stand, Divided We Fall." The motto is believed to have originally been taken from "The Liberty Song," a popular song during the American Revolution and a favorite of Isaac Shelby, Kentucky's first governor, who was a veteran of that war.

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The information on this page was taken from "Kentucky Symbols and Traditions" published by the Kentucky Department of Travel Development.