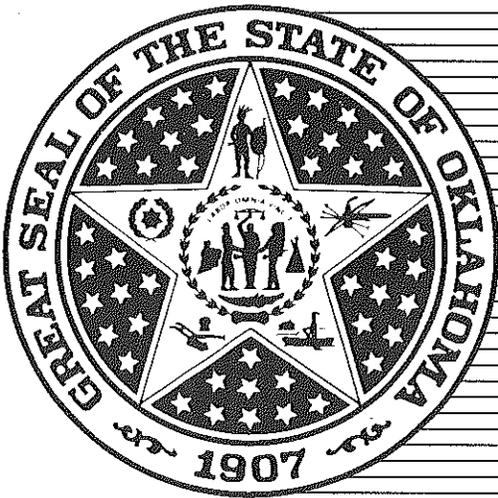


Teachers' Retirement System of Oklahoma



Forty-Ninth Annual Report

June 30, 1992





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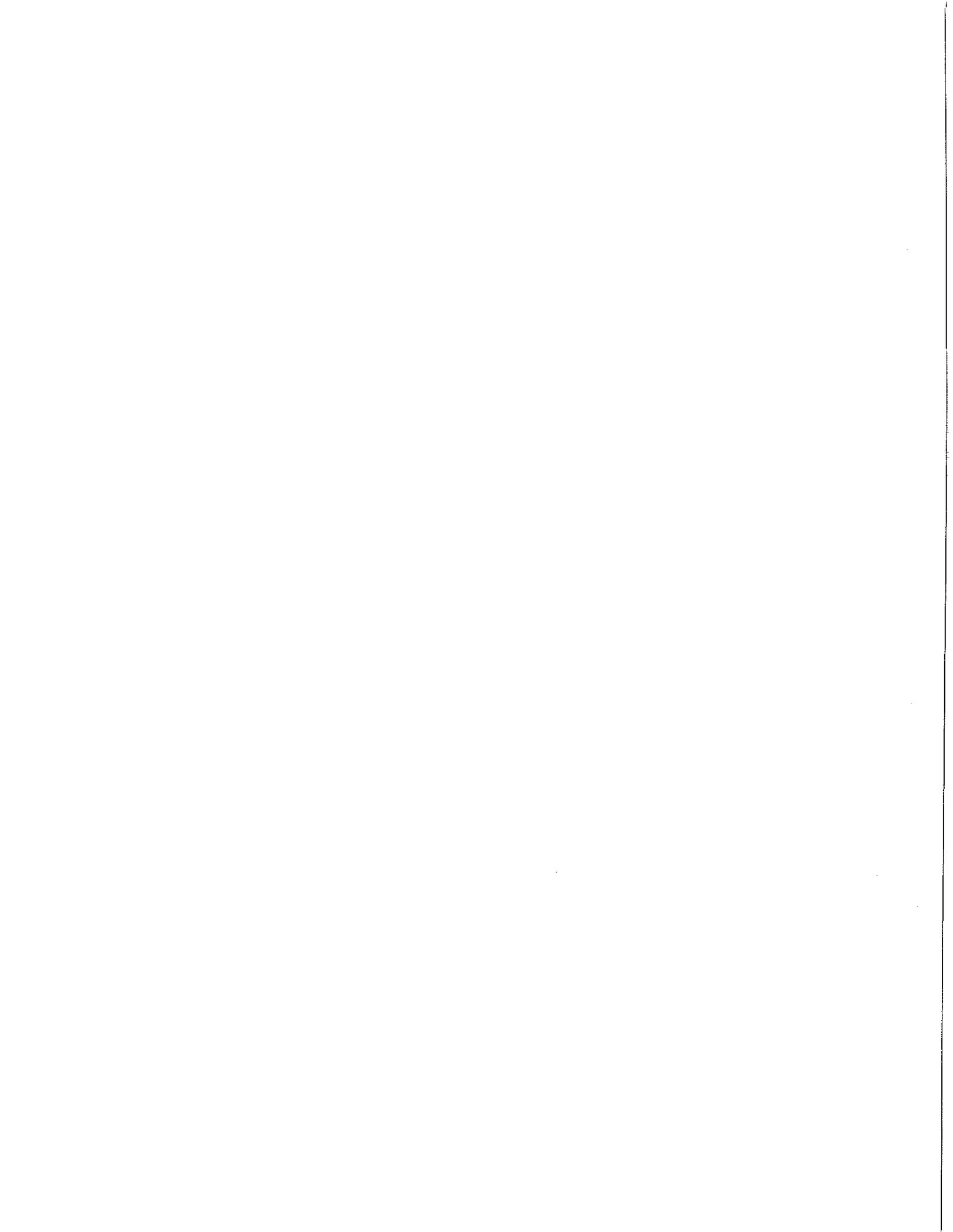
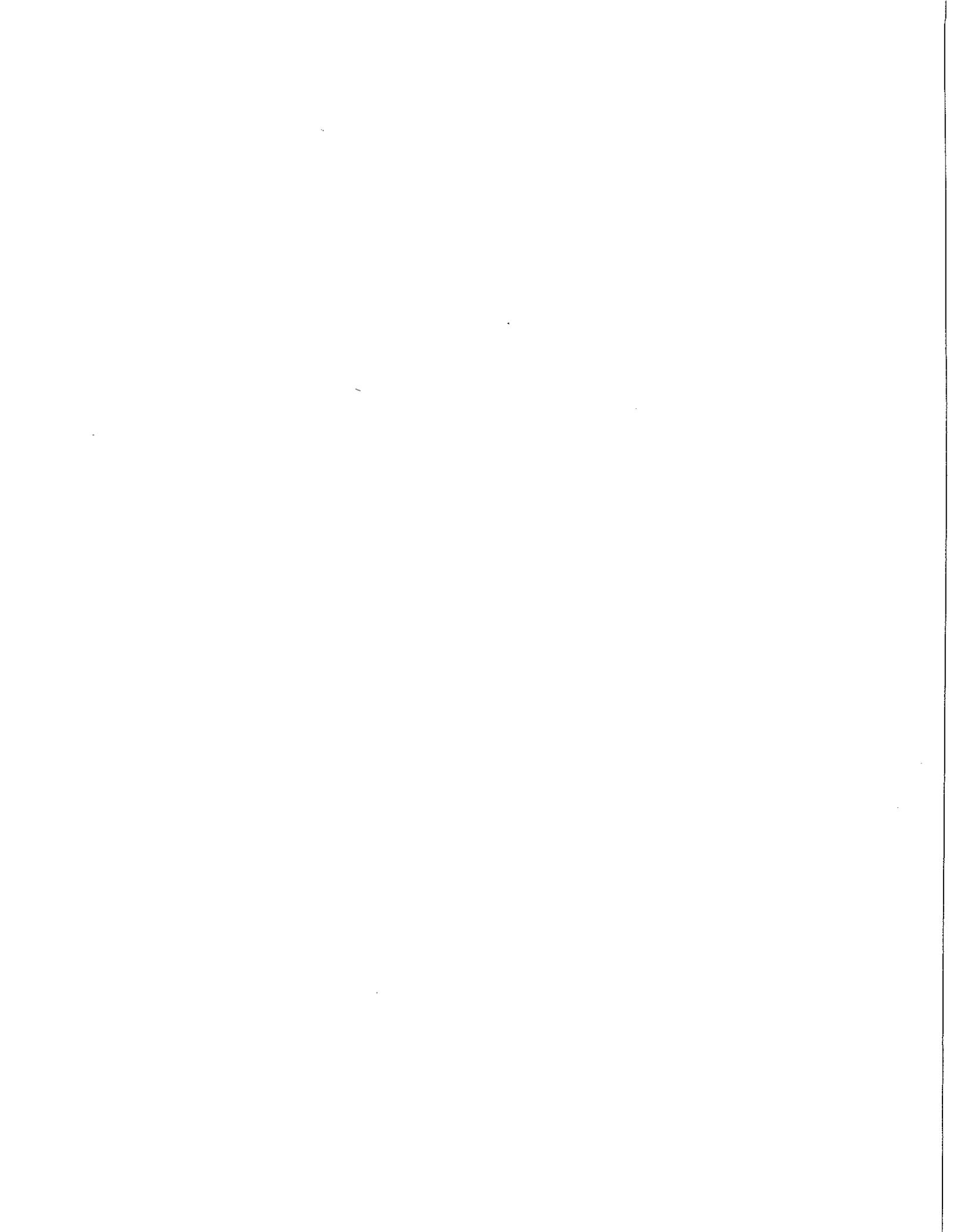


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Mr. Randall L. Kopsa
Secretary/Treasurer

The following is a summary. For detailed information, please refer to the official rules and laws of the System.

Administration

The Oklahoma Teachers' Retirement System (OTRS) was established July 1, 1943, to provide retirement allowances and other specified benefits for qualified persons employed by state-supported educational institutions. OTRS is administrated by a 13-member Board of Trustees, which acts as a fiduciary for investing the System's funds and governing the administration of the System.

Revenue

The four primary sources of revenue for OTRS are contributions from active members, employer contributions, dedicated revenue from the State of Oklahoma and investment income. Participating members are required to contribute 6% of their applicable earnings up to a maximum of \$25,000 and may elect to contribute 11% on the earnings in excess of \$25,000 up to a maximum of \$40,000. There is also an employer contribution of 2% for FY 1993, and 2 1/2% beginning in FY 1994. Employee contributions will be changed over the next five years until all members contribute 7% of total pay by FY 1998. Employer contributions will increase annually until 2004, when total contributions from the state and local school districts will be 18% of each member's pay.

Membership

Membership is required for all teachers and other certified employees of common schools, faculty and administrators in public colleges and universities, and administrative personnel of state educational boards and agencies. Membership is optional for all other regular employees of public educational institutions who work at least 20 hours per week.

Service Credit

To qualify for one year of membership, a member must work full time for six full months. A school month is 20 school days consisting of six or more hours each. Subject to limitations, credit may be granted for out-of-state service, military service, service covered by other Oklahoma public retirement systems and service prior to July 1, 1943.

Retirement Annuity

A member may retire at age 62 with unreduced benefits upon completing at least 10 years of creditable or contributory Oklahoma service depending upon membership date. A member with at least 10 years of creditable Oklahoma service may retire with reduced benefits as early as age 55. A member who joined TRS before July 1, 1992 may retire with unreduced benefits when his or her age and the number of years of creditable service total 80. Members who join OTRS after June 30, 1992, will qualify for retirement when age and service equal 90.

The monthly benefit is determined by multiplying the average salary of the three highest consecutive years of contributory service by 2%, times the years of service, divided by 12. Average salary for new members who enroll after June 30, 1992 has changed to an average of the five highest years on which contributions were made. Depending on the plan option selected by the member, this benefit may be subject to reduction. Under certain plan options, a beneficiary is entitled to receive benefits after the member's death.

A member is fully vested after 10 years of contributory Oklahoma membership service and is then entitled to any benefits for which eligibility requirements have been satisfied.

Disability Benefits

Any member who is actively employed in the Oklahoma public education system and who has at least 10 years of contributory Oklahoma membership service may be retired by the Board of Trustees on a disability retirement allowance. A medical board composed of three physicians reviews a member's application for disability retirement to determine if the member is incapable of performing the duties of employment.

Death Benefits

Upon the death of an active member, the designated beneficiaries or estate shall be entitled to survivor benefits consisting of an \$18,000 death benefit, accumulated contributions, plus statutorily required interest. A surviving spouse of a deceased member who had 10 or more years of service and reached age 55 or had obtained an age and service totaling 80 may choose a monthly benefit in lieu of a lump sum payment if the member was enrolled before July 1, 1992. The beneficiaries of a retired member are entitled to the balance of the member's account and a \$4,000 death benefit. Certain retirement plan options provide the surviving spouse with a continuing monthly retirement benefit. New members who enroll after June 30, 1992, are not eligible for the \$18,000 death benefit.

Refunds

OTRS will refund a member's contributions provided the member has officially terminated employment in the public schools of Oklahoma and an application is submitted no earlier than three months from the last day of employment. The refund consists of all contributions made by the member or on behalf of the member by the employer, plus the applicable portion of interest earnings. When the member accepts a refund, all service credit with the System is for-

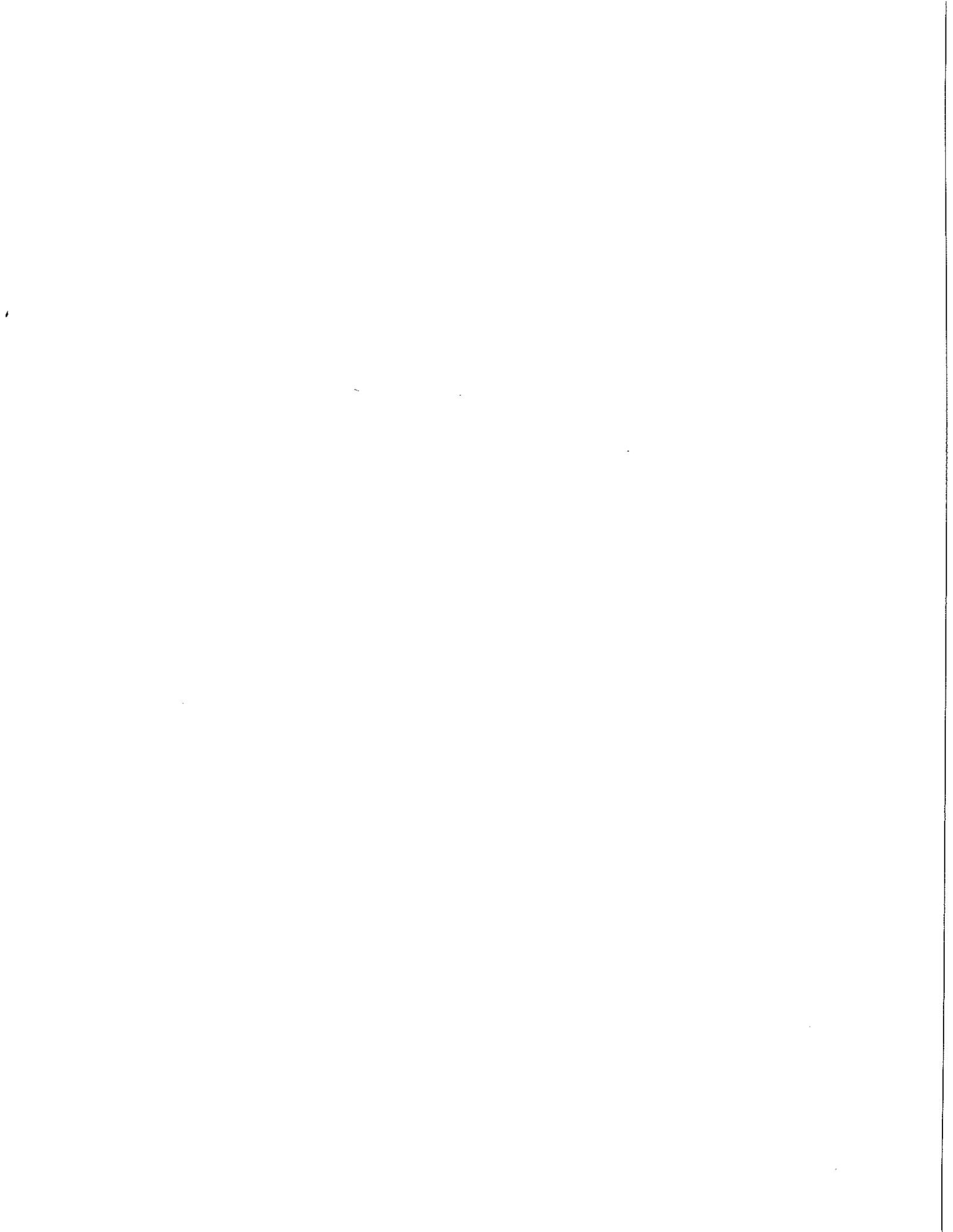
feited. Such credit may be re-established if the member returns to eligible employment for at least one full year and repays the withdrawn contributions plus interest.

Medical Benefits

A vested member may enroll in the State and Education Employees Group Health Insurance Plan within 30 days of termination of employment. Dependent coverage is available on an optional basis, as is dental coverage. Coverage for dependent care after the initial enrollment period is subject to insurability and other conditions as determined by the State and Education Employees Group Insurance Board. OTRS currently pays the first \$75 of monthly premiums for each participating retiree.

Tax-Sheltered Annuity Plan

The System administers a tax-sheltered annuity program qualified under section 403(b) of the Internal Revenue Code. Members of the Retirement System may deposit funds into this plan provided that their Board of Education or other governing board adopts a resolution making the plan available to its employees and the member signs an amended contract with his or her employer for the express purpose of buying an annuity with TRS. Contributions to the annuity plan are restricted to an annual maximum contribution level of \$9,500, subject to various Internal Revenue Code restrictions. Interest on the annuity accounts is calculated each June 30 based on the amount of money on deposit July 1 of the preceding year. An interest rate of 9% was paid for 1991, and 9 1/4% for 1992. Members of the annuity program should be aware that withdrawals from the plan are subject to various withdrawal restrictions and tax penalties mandated by the Internal Revenue Code.



Benefits Section

Active Personnel

Selected Plan Options

Distribution by Years of Service

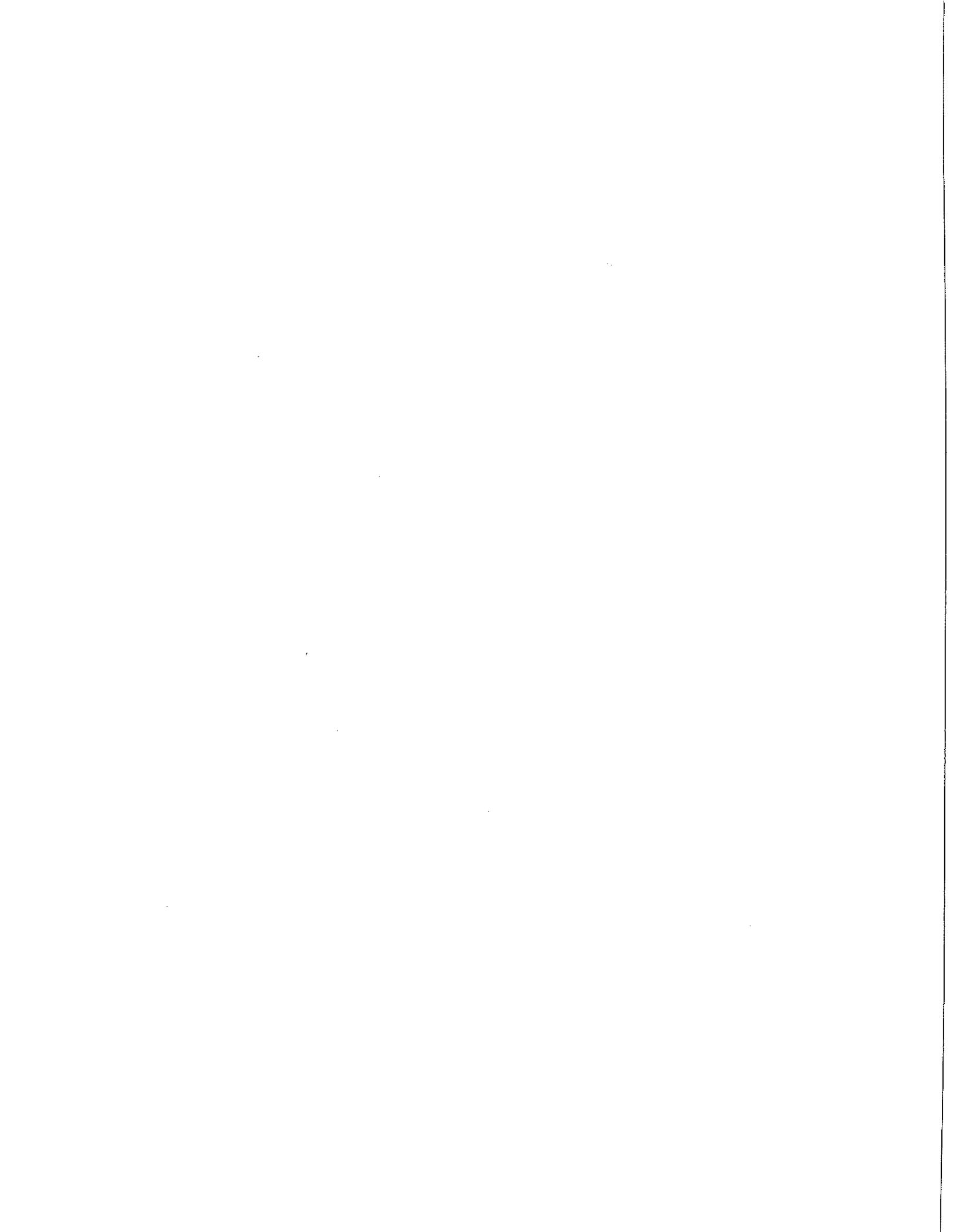
Distribution by Age at Retirement

Distribution by Retiree Age

Average Monthly Retirement Income

Distribution by Monthly Income

Members Retiring per Fiscal Year



ACTIVE PERSONNEL

Years of Service	*All Active Personnel	*Classified Personnel	*Unclassified Personnel
Under 5 yrs.	31,493	18,126	13,367
5-9	16,653	9,983	6,670
10-14	14,281	11,161	3,120
15-19	11,016	9,429	1,587
20-24	7,956	7,186	770
25-29	3,462	3,218	244
30-34	933	879	54
35-39	314	305	9
40-44	39	36	3
45-49	15	13	2
50-54	3	3	0
TOTALS	86165	60339	25826

Salary Range	All Active Personnel	Classified Personnel	Unclassified Personnel
0-\$5,000	1,091	613	478
5001-10,000	4,357	578	3,779
10,001-15,000	6,024	687	5,337
15,001-20,000	7,359	2,562	4,797
20,001-25,000	16,468	13,344	3,124
25,001-30,000	16,129	14,543	1,586
30,001-35,000	9,244	8,417	827
35,001-40,000	4,798	4,353	445
40,001-45,000	2,693	2,425	268
45,001-50,000	1,763	1,628	135
50,001-55,000	1,205	1,118	87
55,001-60,000	835	786	49
60,001-65,000	571	547	24
65,001-70,000	394	369	25
70,001-75,000	298	285	13
75,001 and Above	852	804	48
TOTALS	74,081	53,059	21,022

* Includes members who have terminated employment but have not withdrawn their account.

Average Age	43.1	42.7	43.8
Average Salary	\$26,998	\$30,712	\$17,623
Average Service	9.75	11.30	6.10

SELECTED PLAN OPTIONS

Option	Retired Members			Average	% of
	Male	Female	Total	Monthly Payment	Total
Maximum	1,618	7,144	8,762	\$964.30	35.30%
Option 1	3,063	7,603	10,666	1,037.00	42.96%
Option 2	1,776	410	2,186	1,125.46	8.81%
Option 3	1,191	431	1,622	1,308.97	6.53%
Option 4	135	124	259	1,030.57	1.04%
Options 5, 6 & 7	613	64	677	795.91	2.73%
Disabled	206	447	653	739.29	2.63%
TOTALS	8,602	16,223	24,825	\$1,020.98	100.00%

DISTRIBUTION BY YEARS OF SERVICE

Years of Creditable Service	Retired Members			Average
	Male	Female	Total	Monthly Payment
Under 10	45	127	172	\$193.53
10-14	631	2,042	2,673	309.89
15-19	874	2,336	3,210	511.66
20-24	1,037	3,043	4,080	800.70
25-29	1,405	2,864	4,269	1,121.59
30-34	1,969	2,696	4,665	1,301.80
35-39	1,631	1,758	3,389	1,447.35
40-44	903	1,127	2,030	1,592.13
45-49	103	227	330	1,696.89
50 and Over	4	3	7	2,423.37
TOTALS	8,602	16,223	24,825	\$1,020.98

DISTRIBUTION BY AGE AT RETIREMENT

Age at Retirement	Retired Members			Average Monthly Payment	Average Length of Service
	Male	Female	Total		
40 and Under	13	28	41	\$497.69	13.6
41-45	26	38	64	669.85	16.5
46-50	86	120	206	1,125.51	24.5
51-55	1,440	1,305	2,745	1,255.57	27.3
56-60	2,153	3,721	5,874	1,052.80	26.5
61-65	4,250	9,791	14,041	987.66	27.4
66-70	557	1,090	1,647	869.46	24.7
71-75	61	112	173	600.11	21.5
76-80	12	17	29	454.55	21.5
Over 80	4	1	5	654.91	21.6
TOTALS	8,602	16,223	24,825	\$1,020.98	26.9

DISTRIBUTION BY RETIREE AGE

Age	Total Retired Members	Average Length of Service	Average Monthly Payment
	Under 50	93	16.5
50-54	675	28.2	1,480.58
55-59	2,283	26.3	1,244.31
60-64	4,154	24.9	1,075.34
65-69	4,720	25.0	991.93
70-74	4,179	26.0	924.02
75-79	3,403	27.5	931.48
80-84	2,871	29.6	985.71
85-89	1,752	31.1	1,000.55
Over 90	695	32.4	978.37
TOTALS	24,825	26.8	\$1,020.98

Average age of retired members is 71.0 years

AVERAGE MONTHLY RETIREMENT INCOME

Date	Regular		Special	
	Annuitants	Date	Annuitants	Annuitants
June 30, 1948	\$33.04	June 30, 1979	\$364.83	
June 30, 1954	75.33	June 30, 1980	382.25	
June 30, 1960	83.00	June 30, 1981	432.46	
June 30, 1966	128.72	June 30, 1982	479.87	
June 30, 1969	147.71	June 30, 1983	591.85	
June 30, 1970	178.77	June 30, 1984	600.07	
June 30, 1971	201.07	June 30, 1985	683.33	
June 30, 1972	209.09	June 30, 1986	760.85	150.00
June 30, 1973	217.35	June 30, 1987	836.93	158.89
June 30, 1974	225.71	June 30, 1988	907.10	159.00
June 30, 1975	248.10	June 30, 1989	949.06	158.84
June 30, 1976	296.72	June 30, 1990	956.43	158.79
June 30, 1977	320.90	June 30, 1991	1,013.07	158.78
June 30, 1978	344.87	June 30, 1992	1,020.98	158.75

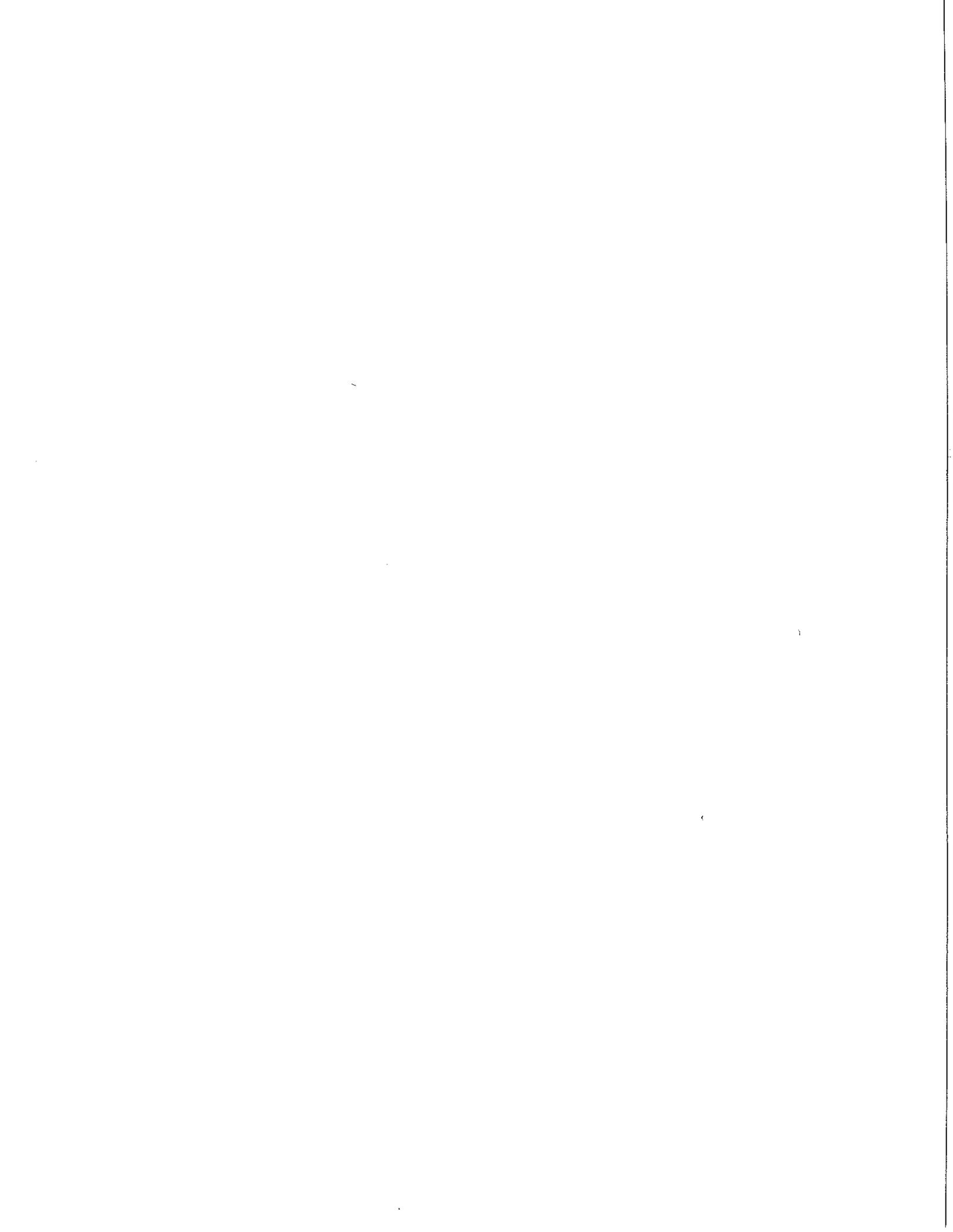
Note that figures after June 30, 1989 do not include the \$75.00 per month Medical Benefit.

DISTRIBUTION BY MONTHLY INCOME

Monthly Income	Retired Members	Total Payment	Average Payment
Under \$100	86	\$7,162.23	\$83.28
\$101-200	754	117,306.36	155.58
\$201-300	1,286	323,895.31	251.86
\$301-400	1,379	483,641.17	350.72
\$401-500	1,379	620,518.70	449.98
\$501-600	1,365	750,900.55	550.11
\$601-700	1,373	893,557.22	650.81
\$701-800	1,296	976,261.25	753.29
\$801-900	1,415	1,203,719.37	850.69
\$900-\$1,000	1,587	1,512,169.68	952.85
\$1,001-\$1,100	1,696	1,783,473.07	1,051.58
\$1,101-\$1,200	1,823	2,099,085.05	1,151.45
\$1,201-\$1,300	1,829	2,290,541.88	1,252.35
\$1,301-\$1,400	1,750	2,363,963.69	1,350.84
\$1,401-\$1,500	1,574	2,280,946.36	1,449.14
\$1,501-\$1,600	1,182	1,828,997.35	1,547.38
\$1,601-\$1,700	851	1,401,861.76	1,647.31
\$1,701-\$2,000	1,322	2,415,168.43	1,826.91
\$2,001-\$2,500	724	1,578,587.76	2,180.37
Over \$2,500	154	414,145.12	2,689.25
TOTALS	24,825	\$25,345,902.31	\$1,020.98

MEMBERS RETIRING PER FISCAL YEAR

Fiscal Year	Members Retiring	Fiscal Year	Members Retiring
1980-81	1176	1986-87	991
1981-82	761	1987-88	1964
1982-83	743	1988-89	923
1983-84	1223	1989-90	1422
1984-85	588	1990-91	1658
1985-86	3510	1991-92	1468

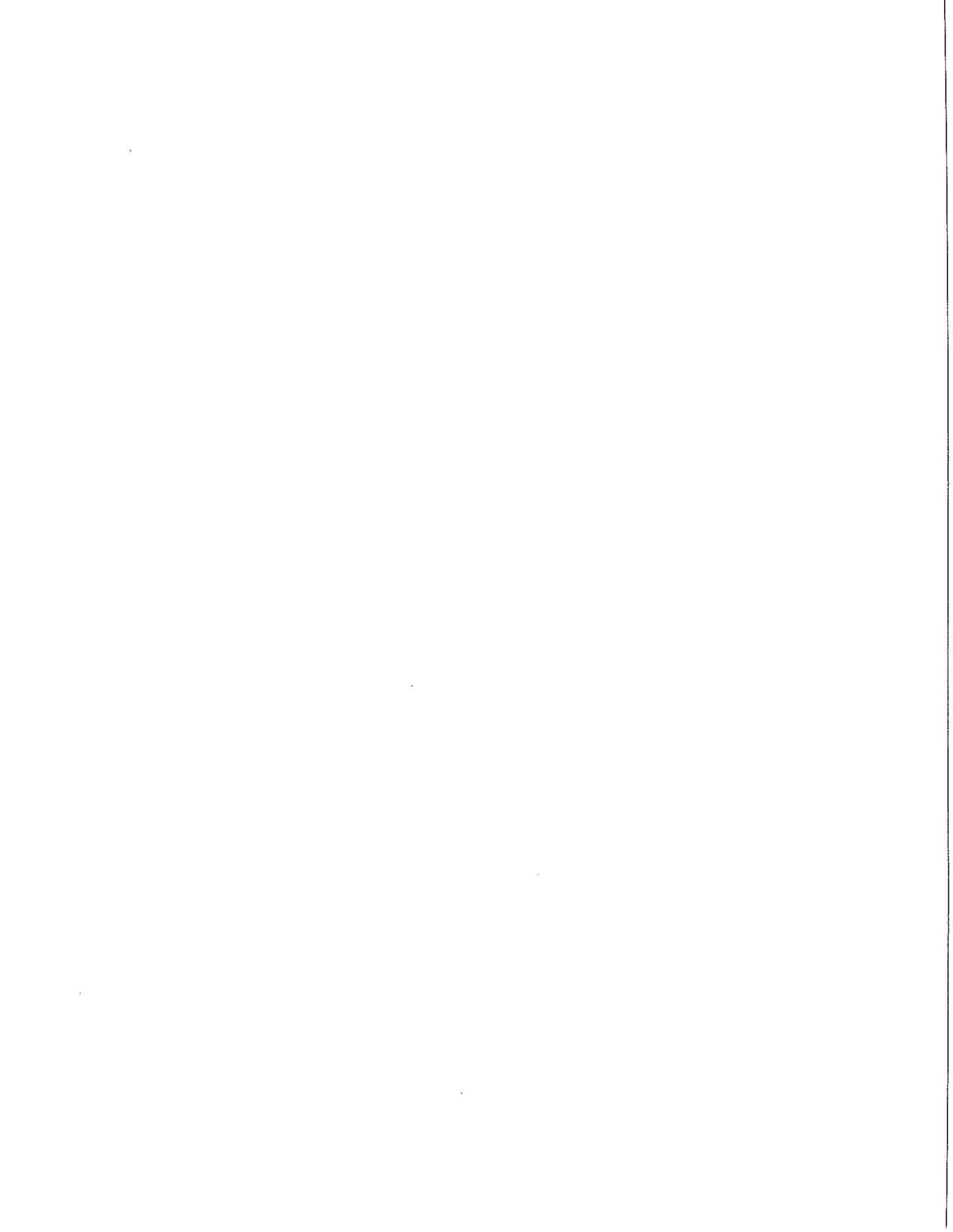


Investments Section

Economic Overview

Investment Policy Overview

Investment Performance



INVESTMENT REPORT

MARKET HIGHLIGHTS

The Federal Reserve has been quick to lower interest rates over the past year in an effort to spark the economy. While this Fed easing may have worked to keep the economy from stalling, growth has been slow to come. To be sure, the overall rate of expansion remains subdued. The longer term pressures of the 1980's debt build-up continues as a major factor in the current economy, and unemployment numbers continue to be unfavorable.

While growth in our economy is expected to be very slow or possibly difficult to evidence, changes are occurring. Both corporate America and the consumer have begun restructuring their balance sheets, reducing debt and slowly increasing equity and savings. This restructuring is not occurring without some painful side effects. Unemployment has been increasing as corporations become leaner and there is a weakening in consumer confidence. The poor employment prospects have been limiting the consumer's desire to spend. In the past, consumer spending has generally led this country out of a recession.

While negative economic news is predominant these days, long term trends may prove to be more optimistic. After holding steady for roughly two years, capital spending is beginning to show more signs of life. The U.S. is expected to be a leader in plant and equipment spending over the next several years, and earlier cost-cutting measures are beginning to benefit corporate earnings. Corporations are replacing old debt with new debt at much lower rates, and interest payments as a percent of cash flow is in a downward trend.

The domestic markets produced strong results on an absolute and relative basis. The Lehman Brothers Government/Corporate Bond Index was up 14.17% for the year ending June 30, 1992, while the Standard & Poors 500 Equity Index was up 13.46%.

INVESTMENT COMMITTEE

Early in 1988, the Board of Trustees of the Oklahoma Teachers' Retirement System established an Investment Committee composed of five members appointed by the Chairman. This committee was organized with the intent of making recommendations to the full Board relating to investment matters. These matters included investment policy, guidelines, objectives, asset allocation, and the monitoring and evaluation of external and internal investment performance.

INVESTMENT POLICY

In general, the System's investment policy states that the Board of Trustees will operate within standard investment practices of the *prudent person*. In part, this statement affirms the Board will "...exercise the judgment and care in the circumstances then prevailing which men of prudence, discretion and intelligence exercise in the management of their own affairs, not in regard to speculation but in regard to the permanent disposition of their funds, considering the probable safety of their capital."

The policy statement also requires the Board to diversify the investments of the funds, and act solely in the interest of the plan participants.

INVESTMENT OBJECTIVES AND GOALS

The Board has established benchmarks for each of the asset classes, and determined performance criteria which are to be met over a market cycle (normally 3-5 years). These objectives are:

*** Long Term Real Return:** Real return is return which is in excess of inflation as measured by the Consumer Price Index. The total fund is expected to generate real returns of 3%, while the common stock and bond portfolios are expected to generate real returns of 5% and 1.5% respectively, net of any fees.

*** Performance Benchmarks:** The individual asset classes are expected to outperform their benchmarks, which are the Lehman Brothers Aggregate Bond Index for fixed income, the Standard & Poor's 500 for equities, and the 90-day United States Treasury

Bill index for cash equivalents. The total fund is expected to outperform a composite of these benchmarks.

*** Expected Performance:** The fund is expected to generate returns over a market cycle that places it in the top quartile when ranked against comparable funds.

PORTFOLIO DIVERSIFICATION

The Board of Trustees reviewed the allocation of assets during the past fiscal year. During the asset allocation process, the Board continued to give attention to portfolio diversification. By choosing investment styles which are not highly correlated, volatility can be reduced. Upon completion of the review, the Board chose to equalize the exposure to the asset classes, allocating 50% of the fund's assets to equities and 50% to fixed-income securities.

The Retirement System's assets are diversified by asset class and investment style, utilizing specialty investment managers for the separate asset components.

The equity portion of the fund is composed of growth, value, small capitalization, core and convertible securities investment styles. The fixed income portion of the fund employs long- and intermediate-term strategies.

Ten firms comprise the current line-up of investment managers. In the fall of 1989, the Board of Trustees conducted an extensive manager search as part of the asset allocation process. Approximately 250 investment management firms sent responses to a request for proposals and several from each investment style were interviewed by the Board before the final selection was made. The investment management firms and their styles are as follows:

Equity

The Chicago Corporation	Growth
Eagle Asset Management	Growth
Hotchkis & Wiley	Value
Mitchell Hutchins Institutional Investors	Small Capitalization
Tom Johnson Investment Management	Core
TCW Asset Management	Convertibles

Fixed Income

Investment Advisers, Inc.	Active Long Bond
Liberty National Bank	Intermediate Bond
Mellon Bond Associates	Passive Long Bond
Neuberger & Berman Pension Management	Active Intermediate

The managers are given discretion to determine the levels of the cash positions to be held in their respective portfolios as an alternative to securities. The management of these cash positions is the responsibility of the Retirement System staff.

INVESTMENT PERFORMANCE

The restructuring of external investment managers was devised to provide diversification of the fund. Since the external managers were hired January 1990, this has proven to work reasonably well. As a general rule, the different investment styles have performed as anticipated. The asset allocation and portfolio diversification allowed the System to weather a very volatile year in the fixed income and equity markets.

During the past fiscal year, the S&P 500 was up 8.35% for the fourth calendar quarter of 1991 and down 2.54% the first calendar quarter of 1992. The fixed income market was equally volatile with the Lehman Brothers Government/Corporate Index up 5.75% for the third calendar quarter of 1991 and down 1.5% for the first calendar quarter of 1992. Although both the equity and fixed income markets were down the first quarter of 1992, the System's total return for the portfolio was a positive 0.2%.

The total portfolio for the System was up 13.65% for the fiscal year ending June 30, 1992, with both equities and fixed income being up 14.35%, and the internally managed short term investment account earning 7.63%.

OKLAHOMA TEACHERS' RETIREMENT SYSTEM
 Comparative Rates of Return
 Cumulative and Annualized
 Periods Ending June 30

PERIOD	S&P 500	SLG/C	TEACHERS RETIREMENT		
			TOTAL	EQUITY	FIXED
FY 1981	20.47%	-13.25%	-2.45%	27.34%	-11.26%
FY 1982	-11.43%	8.82%	3.56%	-13.43%	8.77%
FY 1983	61.01%	42.09%	37.77%	68.84%	35.92%
FY 1984	-6.22%	-1.60%	-1.61%	-5.48%	-2.99%
FY 1985	31.19%	28.49%	28.61%	32.94%	32.02%
FY 1986	35.85%	20.63%	21.21%	42.52%	20.66%
FY 1987	25.08%	4.71%	9.67%	20.34%	6.24%
FY 1988	-6.90%	7.49%	4.06%	-9.49%	7.47%
FY 1989	20.53%	12.42%	13.31%	20.42%	11.33%
FY 1990	16.37%	7.11%	10.05%	15.03%	6.45%
FY 1991	7.39%	10.21%	9.96%	10.65%	10.50%
FY 1992	13.46%	14.17%	13.65%	14.35%	14.35%

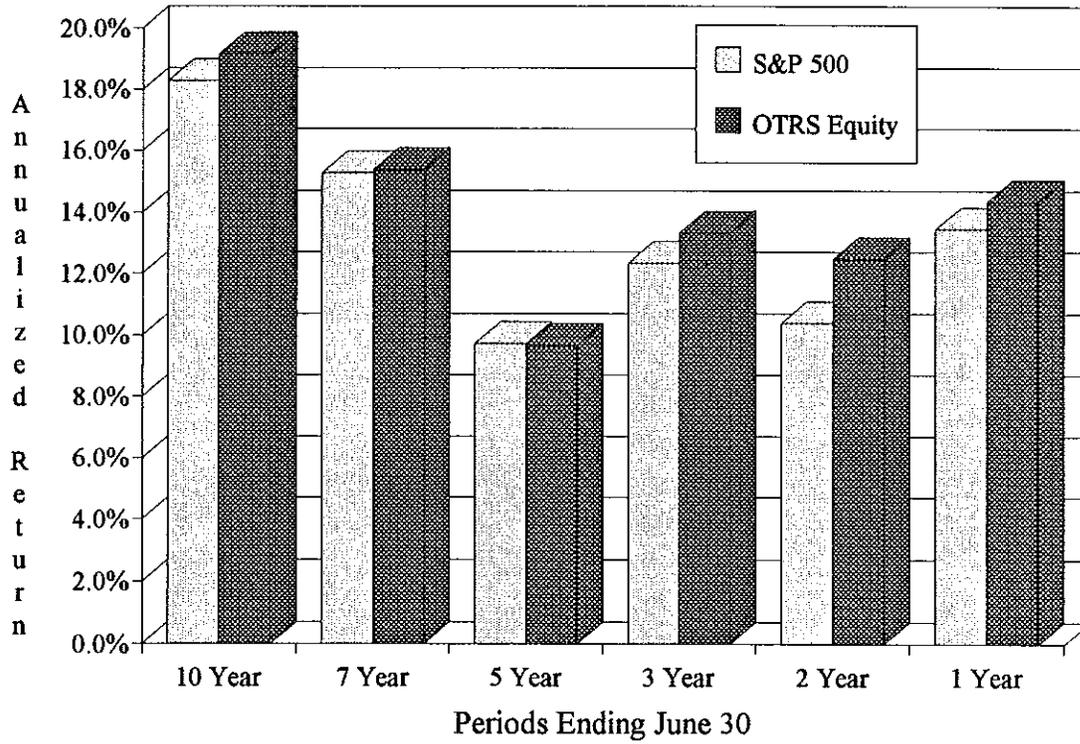
CUMULATIVE RETURNS

1 Year	13.46%	14.17%	13.65%	14.35%	14.35%
2 Year	21.84%	25.83%	24.97%	26.53%	26.35%
3 Year	41.79%	34.78%	37.54%	45.55%	34.50%
5 Year	59.10%	62.87%	62.18%	58.63%	60.93%
7 Year	170.35%	105.73%	115.59%	172.05%	106.29%
10 Year	435.53%	269.59%	275.87%	477.12%	259.13%

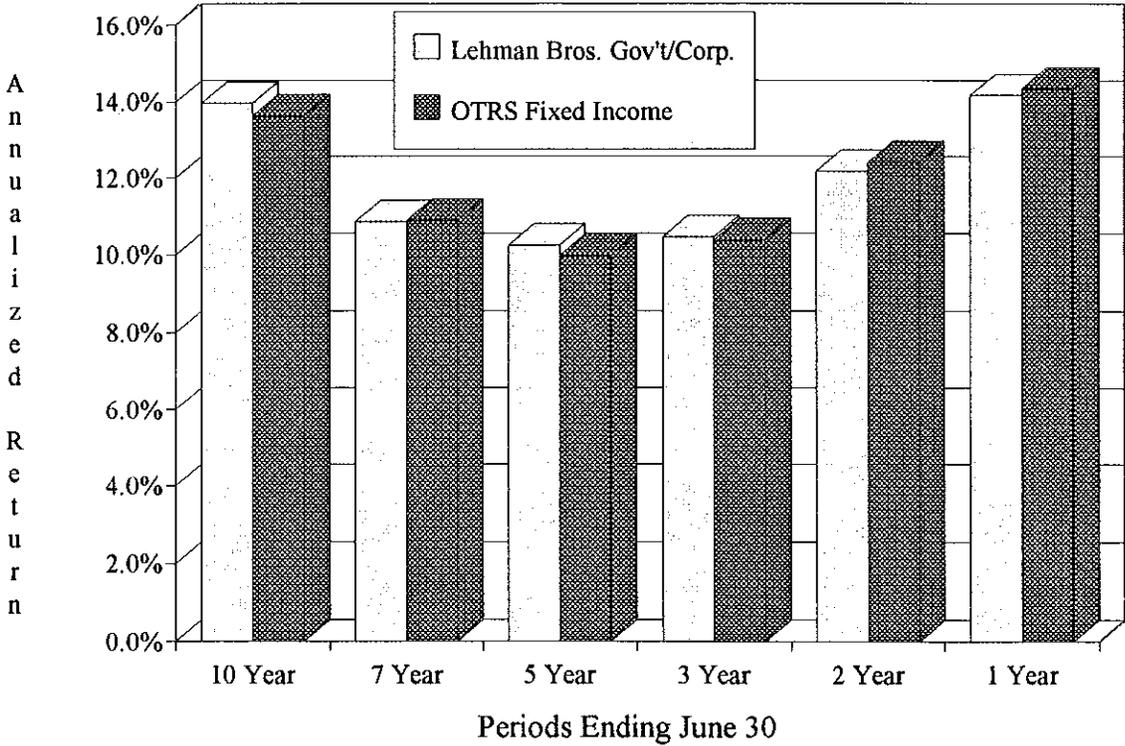
ANNUALIZED RETURNS

1 Year	13.46%	14.17%	13.65%	14.35%	14.35%
2 Year	10.38%	12.17%	11.79%	12.48%	12.41%
3 Year	12.34%	10.46%	11.21%	13.33%	10.39%
5 Year	9.73%	10.25%	10.15%	9.67%	9.98%
7 Year	15.27%	10.86%	11.60%	15.37%	10.90%
10 Year	18.27%	13.97%	14.16%	19.16%	13.64%

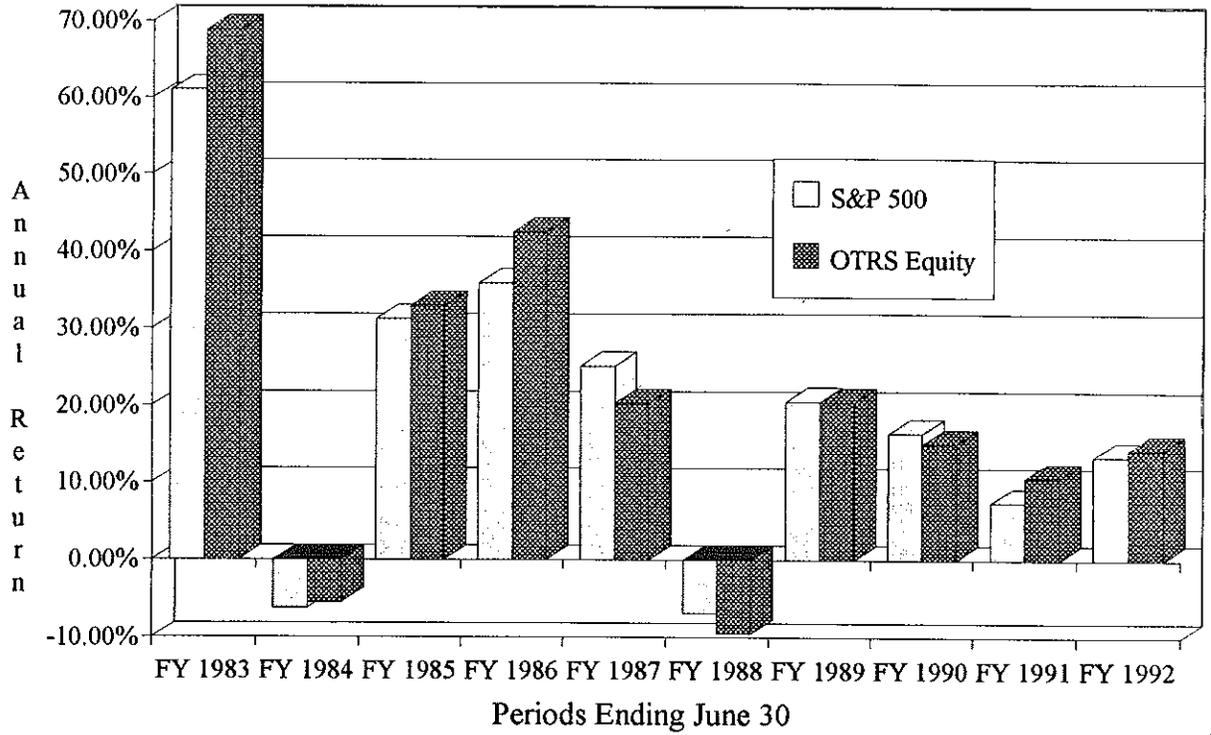
ANNUALIZED EQUITY RETURNS



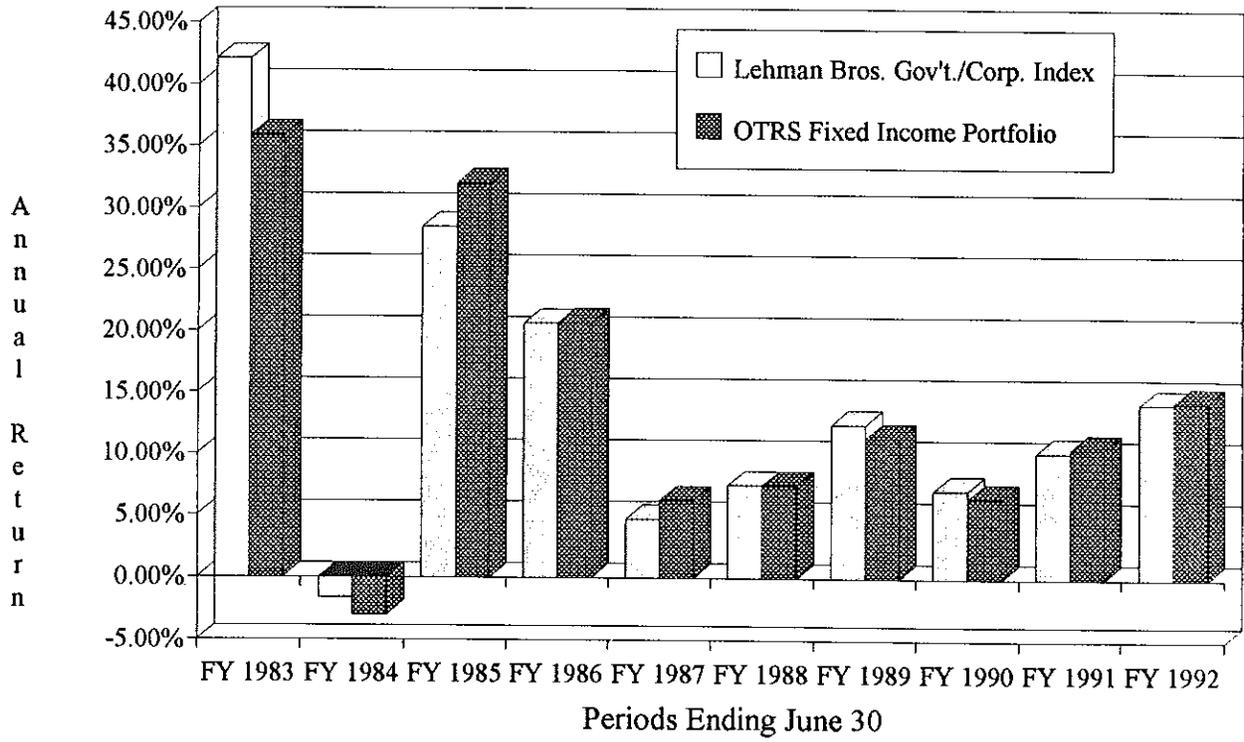
ANNUALIZED FIXED INCOME RETURNS



ANNUAL EQUITY RETURN COMPARISON

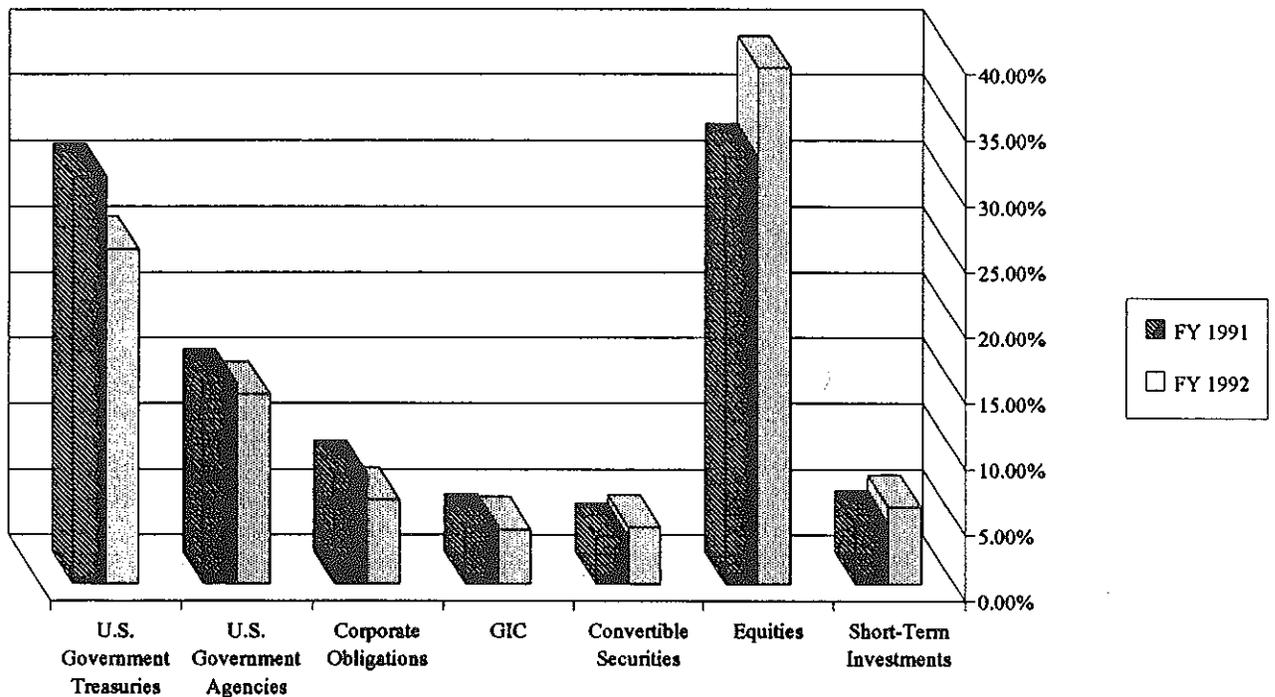


ANNUAL FIXED INCOME RETURN COMPARISON



INVESTMENTS SECTION

	June 30, 1991		June 30, 1992	
	Book Value	Market Value	Book Value	Market Value
Government Obligations:				
U.S. Government Treasuries	\$685,769,009	\$697,414,415	\$611,740,074	\$640,631,728
Government Agencies	<u>339,104,058</u>	<u>345,712,567</u>	<u>341,459,154</u>	<u>362,846,003</u>
Total Government Obligations	1,024,873,067	1,043,126,982	953,199,228	1,003,477,731
Corporate Obligations:				
Public Utility Bonds	34,445,789	34,505,051	16,499,338	16,915,803
Telephone Bonds and Debentures	20,583,617	21,022,730	12,845,620	13,676,578
Corporate Industrial Bonds	<u>132,513,489</u>	<u>133,601,939</u>	<u>124,287,875</u>	<u>130,289,982</u>
Total Corporate Obligations	187,542,895	189,129,720	153,632,833	160,882,363
GIC	<u>98,138,766</u>	<u>98,138,766</u>	<u>104,351,084</u>	<u>104,351,083</u>
Total Fixed Income Securities	1,310,554,728	1,330,395,468	1,211,183,145	1,268,711,177
Convertible Securities	81,485,436	83,078,764	99,291,534	109,077,795
Equities	627,554,561	730,902,829	870,648,363	985,166,356
Short-Term Investments	104,108,499	104,557,399	146,654,284	147,514,030
TOTAL INVESTMENT PORTFOLIO	<u>\$2,123,703,224</u>	<u>\$2,248,934,460</u>	<u>\$2,327,777,326</u>	<u>\$2,510,469,358</u>



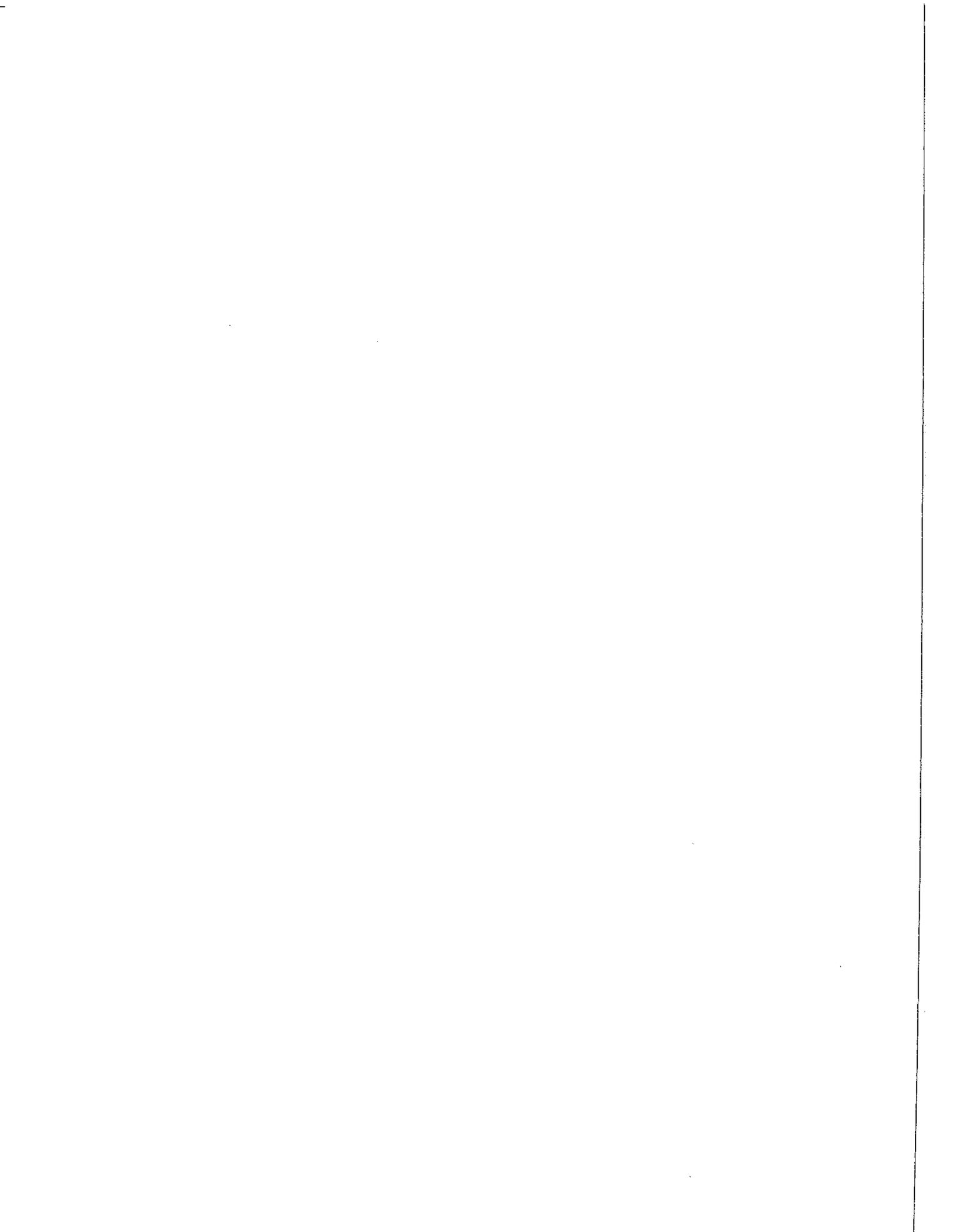
Financial Section

Balance Sheets

*Statements of Revenues, Expenditures,
and Changes*

Statements of Funds

Notes to Financial Statements



OKLAHOMA TEACHERS' RETIREMENT SYSTEM

BALANCE SHEETS
June 30, 1991 and 1992

	<u>1991</u>	<u>1992</u>
<u>CURRENT ASSETS:</u>		
Cash Not Available For Investments	\$1,875,540.30	\$1,192,922.41
Fixed Income Securities (See note 2)	1,310,554,728.85	1,211,183,145.05
Equities (See note 2)	627,554,561.25	870,648,363.17
Convertible Securities	81,485,435.95	99,291,533.67
U.S. Treasury Bills	25,416,587.50	38,406,487.51
Commercial Paper	17,933,312.50	54,548,916.12
Banker's Trust STIF Account	60,758,598.90	53,698,880.15
Real Estate	187,616.00	187,616.00
Due From\ (To) Broker	(11,899,402.84)	(17,302,654.72)
Accrued Dividends	0.00	2,556,319.10
Accrued Interest	<u>25,784,370.14</u>	<u>20,210,166.32</u>
Total Current Assets	2,139,651,348.55	2,334,621,694.78
<u>CAPITAL ASSETS:</u>		
Office Furniture & Equipment	<u>634,250.77</u>	<u>823,106.27</u>
TOTAL ASSETS	<u>\$2,140,285,599.32</u>	<u>\$2,335,444,801.05</u>
<u>CURRENT LIABILITIES:</u>		
Teachers' Savings Fund	\$859,329,139.03	\$963,809,449.58
Retirement Benefit Fund	1,076,795,208.31	1,149,389,869.35
Interest Fund	0.00	0.00
Permanent Retirement Fund	0.00	0.00
Expense Fund	8,280,893.00	9,050,518.00
Suspense Fund	3,992,836.21	4,066,119.96
Reserve for Investment Fluctuations Fund	40,859,740.30	44,843,865.55
Membership Annuity Reserve Fund	0.00	0.00
Teachers' Deposit Fund	<u>150,393,531.70</u>	<u>163,461,872.34</u>
Total Current Liabilities	2,139,651,348.55	2,334,621,694.78
OTRS Capital Investment	<u>634,250.77</u>	<u>823,106.27</u>
TOTAL LIABILITIES AND CAPITAL INVESTMENT	<u>\$2,140,285,599.32</u>	<u>\$2,335,444,801.05</u>

OKLAHOMA TEACHERS' RETIREMENT SYSTEM
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
June 30, 1991 and 1992

	<u>1991</u>	<u>1992</u>
Balance of Cash and Investments		
Beginning of Period	\$2,014,149,424.10	\$2,139,651,348.55
<u>RECEIPTS:</u>		
Members' Deposits	\$133,131,051.81	\$132,882,825.40
Members' Tax-Sheltered Annuity Deposits	7,331,974.57	6,719,950.16
Employer Contributions	17,408,243.06	28,255,157.53
Membership Fees	4,113.50	62.49
Federal Matching from Schools	5,888,669.38	6,761,054.55
Reimbursements	597,902.39	1,154,777.88
Dedicated Revenue	<u>128,936,838.62</u>	<u>116,670,618.57</u>
Total Retirement Receipts	293,298,793.33	292,444,446.58
Interest Income on Bonds	109,516,988.69	107,896,195.73
Dividends	21,558,721.76	28,122,435.99
STIF Income	11,232,923.10	4,041,485.79
Net Realized Gain/(Loss)	20,209,479.03	107,222,582.99
Proceeds From Class Action Lawsuit	9,341.73	21,597.91
Investment Operations Income:		
Securities Lending	908,251.92	647,866.12
Commission Recapture	<u>96,959.45</u>	<u>125,543.50</u>
Total Investment Income	163,532,665.68	248,077,708.03
TOTAL RECEIPTS	<u><u>\$456,831,459.01</u></u>	<u><u>\$540,522,154.61</u></u>
<u>DISBURSEMENTS:</u>		
Retirement Benefits	281,538,995.14	295,573,256.79
Insurance Premiums Paid for Retirees	17,684,250.00	18,058,800.00
Death Benefits	4,874,596.12	5,084,189.31
Withdrawals of Accounts	12,634,889.17	12,881,028.67
Tax-Sheltered Annuity Withdrawals	8,440,817.65	7,406,238.36
Total Benefit Payments	325,173,548.08	339,003,513.13
Administrative Expense:		
General Operations	2,024,396.40	2,258,467.09
Investment Expense (Current Year)	2,817,312.82	3,226,180.30
Investment Expense (Prior Year)	<u>1,314,277.26</u>	<u>1,063,647.86</u>
Total Administrative Expenses	6,155,986.48	6,548,295.25
TOTAL DISBURSEMENTS	<u><u>\$331,329,534.56</u></u>	<u><u>\$345,551,808.38</u></u>
Balance of Cash and Investments		
End of Period	\$2,139,651,348.55	\$2,334,621,694.78
NET INCREASE	<u><u>\$125,501,924.45</u></u>	<u><u>\$194,970,346.23</u></u>

TEACHERS' SAVINGS FUND

June 30, 1992

Balance July 1, 1991		\$859,329,139.03
RECEIPTS:		
Members' Contributions	132,882,825.40	
Transfer from Retirement Benefit Fund	<u>1,461,260.87</u>	
TOTAL RECEIPTS FY'92		134,344,086.27
DISBURSEMENTS:		
Withdrawals of Accounts	12,881,028.67	
Transfer to Suspense Fund	73,283.75	
Transfer to Retirement Benefit Fund	<u>16,909,463.30</u>	
TOTAL DISBURSEMENTS FY'92		<u>29,863,775.72</u>
Balance June 30, 1992		<u>\$963,809,449.58</u>

The Teachers' Savings Fund represents the accumulation of members' contributions, including certain interest earnings. Funds are transferred to the Retirement Benefit Fund upon a member's retirement in an amount sufficient to pay retirement benefits.

TEACHERS' DEPOSIT FUND

June 30, 1992

Balance July 1, 1991		\$150,393,531.70
RECEIPTS:		
Members' Deposits	6,719,950.16	
Transfer from Interest Fund	<u>13,754,628.84</u>	
TOTAL RECEIPTS FY'92		20,474,579.00
DISBURSEMENTS:		
Tax-Sheltered Annuity Withdrawals	7,406,238.36	<u>7,406,238.36</u>
Balance June 30, 1992		<u>\$163,461,872.34</u>

The Teachers' Deposit Fund represents contributions and interest earnings related to the 403(b) tax-sheltered annuity plan.

RETIREMENT BENEFIT FUND

June 30, 1992

Balance July 1, 1991 \$1,076,795,208.31

RECEIPTS:

Employer Contributions	28,255,157.53
Dedicated Revenue	116,670,618.57
Federal Matching	6,761,054.55
Reimbursements	1,154,777.88
Transfer from Teachers' Savings Fund	16,909,463.30
Transfer from Interest Fund	<u>223,021,096.18</u>

TOTAL RECEIPTS FY'92 392,772,168.01

DISBURSEMENTS:

Retirement Benefits	295,573,256.79
Death Benefits	5,084,189.31
Insurance Premiums Paid for Retirees	18,058,800.00
Transfer to Teachers' Savings Fund	<u>1,461,260.87</u>

TOTAL DISBURSEMENTS FY'92 320,177,506.97

Balance June 30, 1992 \$1,149,389,869.35

The Retirement Benefit Fund consists of monies received from state dedicated revenues, state appropriations, if any, federal matching funds and accumulation of annuity amounts transferred from the Teachers' Savings Fund. Monthly retirement benefits and certain death benefits are disbursed from this fund.

RESERVE FOR INVESTMENT FLUCTUATIONS FUND

June 30, 1992

Balance July 1, 1991 \$40,859,740.30

RECEIPTS:

Transfer from Interest Fund (2% Cap Adjustment)	<u>3,984,125.25</u>
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Balance June 30, 1992 \$44,843,865.55

The Reserve for Investment Fluctuations Fund represents the accumulation of investment earnings and realized profits from the sale of securities. This fund must be maintained at an amount equal to 2% of the investment portfolio.

INTEREST FUND
June 30, 1992

Balance July 1, 1991		\$0.00
RECEIPTS:		
Interest Income, Bonds	107,896,195.73	
STIF Income	4,041,485.79	
Dividends	28,122,435.99	
Net Realized Gain/(Loss)	107,222,582.99	
Proceeds From Class Action Lawsuit	21,597.91	
Securities Lending	647,866.12	
Commission Recapture	<u>125,543.50</u>	
TOTAL RECEIPTS FY'92		248,077,708.03
DISBURSEMENTS:		
Transfer to Teachers' Deposit Fund	13,754,628.84	
Transfer to Expense Fund	7,317,857.76	
Transfer to Retirement Benefit Fund	223,021,096.18	
Transfer to Reserve for Investment Fluctuations Fund	<u>3,984,125.25</u>	
TOTAL DISBURSEMENTS FY '92		<u>248,077,708.03</u>
Balance June 30, 1992		<u>\$0.00</u>

The Interest Fund is the annual accumulation of all income derived from deposits and investments. As of June 30, this fund is transferred to other funds.

EXPENSE FUND

June 30, 1992

Balance July 1, 1991		\$8,280,893.00
RECEIPTS:		
Membership Fees	62.49	
Transfer from Interest Fund	<u>7,317,857.76</u>	
TOTAL RECEIPTS FY'92		7,317,920.25
DISBURSEMENTS:		
Administrative Expenses:		
Salaries and Personnel Service	1,327,586.54	
Consultant and Professional Services	4,572,363.08	
Travel and Per Diem	31,500.68	
Office Expense	110,997.83	
Communications	145,229.58	
Furniture and Equipment	9,803.33	
Data Processing Operations	251,265.21	
Rent	<u>99,549.00</u>	
TOTAL DISBURSEMENTS FY '92		<u>6,548,295.25</u>
Balance June 30, 1992		<u>\$9,050,518.00</u>

The Expense Fund consists of the funds accumulated to pay for the expense of administering and maintaining the System.

SUSPENSE FUND

June 30, 1992

Balance July 1, 1991		\$3,992,836.21
RECEIPTS:		
Transfer from Teachers' Savings Fund		<u>73,283.75</u>
Balance June 30, 1992		<u>\$4,066,119.96</u>

The Suspense Fund is the accumulation of dormant accounts transferred under the provisions of state statute and represent obligations of the retirement system which cannot be legally discharged.

MEMBERSHIP ANNUITY RESERVE FUND

June 30, 1992

Balance July 1, 1991	\$0.00
Balance June 30, 1992	<u>\$0.00</u>

The Membership Annuity Reserve Fund represents the accumulation of teachers' contributions and state matching funds for those members who retired prior to August 2, 1968.

PERMANENT RETIREMENT FUND

June 30, 1992

Balance July 1, 1991	\$0.00
Balance June 30, 1992	<u>\$0.00</u>

The Permanent Retirement Fund denotes the accumulation of gifts, awards, and bequests made to the retirement system.

NOTES TO FINANCIAL STATEMENTS**(1) Summary of Significant Accounting Policies****(a) Basis of Accounting**

The System's accounting records are presented on a cash basis except for accruals of interest income. In 1990, the System changed from recording investments on a settlement date basis to a trade date basis of accounting.

(b) Investments

The System utilizes 10 investment counselors to assist in the investment of retirement funds. Funds not invested by the investment counselors are temporarily invested by the System's internal investment group. The cash positions of the investment counselors are invested by internal staff. The investing of OTRS's funds are diversified in order to minimize the risks of large losses, and are subject to internal investment guidelines.

Investments are stated at cost, net of premium or discount.

(c) Property and Equipment (Non-Investment Assets)

Property and equipment are stated at cost. Depreciation, which is not considered material, is not provided for on these items.

(d) Federal Income Tax Status

The System is exempt from Federal and State income taxes under Section 401(a) of the Internal Revenue Code.

(e) Net Assets Available for Plan Benefits

The System is composed of the following major funds:

* **The Teacher's Saving Fund** represents the accumulation of members' contributions, including certain interest earnings. Funds are transferred to the Retirement Benefit Fund upon a member's retirement in an amount sufficient to pay retirement benefits.

* **The Retirement Benefit Fund** consists of monies received from state dedicated revenues, state appropriations, if any, federal matching funds and accumulation of annuity amounts transferred from the Teachers' Savings Fund. Monthly retirement benefits and certain death benefits are disbursed from this fund.

* **The Teachers' Deposit Fund** represents contributions and interest earnings related to the 403(b) tax-sheltered annuity plan.

* **The Expense Fund** consists of the funds accumulated to pay for the expense of administering and maintaining the System.

* **The Interest Fund** is the annual accumulation of all income derived from deposits and investments. As of June 30, this fund is transferred to other funds.

* **The Permanent Retirement Fund** denotes the accumulation of gifts, awards and bequests made to the retirement system.

* **The Suspense Fund** is the accumulation of dormant accounts transferred under the provisions of state statute and represents obligations of the retirement system which cannot be legally discharged.

* **The Reserve for Investment Fluctuations Fund** represents the accumulation of investment earnings and realized profits from the sale of securities. This fund must be maintained at an amount equal to 2% of the investment portfolio.

* **The Membership Annuity Reserve Fund** represents the accumulation of teachers' contributions and state matching funds for those members who retired prior to August 2, 1968.

(D) **Statement of Actuary** (Valuation as of June 30, 1991)

Actuarial Cost Method

The minimum required state contribution is determined using the Entry-Age-Normal Actuarial Cost Method adopted in conjunction with an Experience Study conducted in 1990. This method assigns the plan's total unfunded liabilities (actuarial present value of future benefits less the actuarial value of assets) to various periods. The unfunded actuarial accrued liability is assigned to years prior to the valuation, and the State normal cost is assigned to the year following the valuation. The remaining state costs are assigned to future years.

The minimum required contribution is composed of (1) the state's normal cost, (2) an amortization payment on the unfunded actuarial accrued liability, and (3) an interest adjustment to account for the time at which contributions are made.

The normal cost is determined as a level percentage of payroll for a hypothetical group of new entrants, based on actual new entrant experience for the period 1984-1989. This percentage of payroll is then applied to the total compensation for the prior year for all active members, and is then adjusted for the average increase in compensation for one year.

The actuarial accrued liability is the difference between the total present value of future benefits and the actuarial present value of future normal costs. The unfunded actuarial accrued liability is the excess of the actuarial accrued liability over the actuarial value of assets.

The amortization payment is the level-dollar amount determined at the beginning of each year which is necessary to amortize the unfunded actuarial accrued liability over a 40-year period beginning July 1, 1987, as required by state statute.

Because of this amortization procedure, any change in the unfunded actuarial accrued liability due to (1) actuarial gains and losses, (2) changes in actuarial assumptions, or (3) amendments, is amortized over a shrinking period. This results in a larger charge for amendments which occur later in the 40-year period.

Actuarial Value of Assets

The actuarial value of assets is determined as the sum of (1) the market value of equities in the trust fund, plus (2) the carrying or amortized value of all other assets. From this, the value of the Teacher's Deposit Fund is subtracted because it is not available to pay retirement benefits.

The Expense Fund and the value of furniture and equipment are included in the assets, but are also included in the liabilities, since they are not available to provide future benefits.

Actuarial Assumptions

The assumptions used for the actuary valuation were adopted by the Board of Trustees after consulting with the actuary. Differences between assumed and actual experience (actuarial gains and losses) become part of unfunded actuarial accrued liabilities. When these differences between assumed and actual experience have been observed to be sizable and persistent, a change is made to the actuarial assumptions. In May of 1990, an actuarial experience study was performed to determine if the present assumptions were valid. Based on this study, several of the assumptions were changed and are reflected in this valuation. The following assumptions were used in the actuarial valuation of June 30, 1991.

Rate of Return on Investments: 8% per annum, compounded annually

Salary Increase Rate: A merit/promotional component dependent on service, plus a 5% inflation component, as follows:

Years of Service	Merit/Promotional	Total Increase
0	9.00%	14.00%
1	3.75	8.75
2	3.00	8.00
3	2.50	7.50
4	2.25	7.25
5	2.00	7.00
6	1.75	6.75
7	1.50	6.50
8	1.25	6.25
9	1.00	6.00
10	.75	5.75
11 or more	.50	5.50

Demographic Assumptions

1. **Mortality rates - after retirement or termination**
 - a. **Healthy males - 1983 Group Annuity Mortality Table for males, set back one year**
 - b. **Healthy females - 1983 Group Annuity Mortality Table for females, set back one year**
 - c. **Disabled males - PBGC Table Va for disabled males eligible for Social Security disability benefits**
 - d. **Disabled females - PBGC Table VIa for disabled females eligible for Social Security disability benefits**

Sample rates are shown below.

Expected Deaths per 100 Lives

<u>Age</u>	<u>Healthy Males</u>	<u>Healthy Females</u>	<u>Disabled Males</u>	<u>Disabled Females</u>
45	0.19	0.09	3.22	2.24
50	0.35	0.15	3.83	2.57
55	0.57	0.23	4.82	2.95
60	0.84	0.38	6.03	3.31
65	1.39	0.64	6.78	3.70
70	2.48	1.09	7.39	4.11
75	4.04	2.11	8.42	4.92
80	6.71	3.85	11.28	7.46
85	10.60	6.38	16.82	11.28
90	15.49	10.14	25.25	16.82

Mortality Rates - active members - Based on 1990 Experience Study, males and females separate. Sample rates are shown below:

Expected Deaths per 100 Lives

<u>Age</u>	<u>Male Members</u>	<u>Female Members</u>
25	0.04	0.02
30	0.06	0.04
35	0.08	0.06
40	0.11	0.08
45	0.16	0.11
50	0.23	0.16
55	0.32	0.23
60	0.43	0.32
65	0.59	0.43

Disability rates - Based on 1990 Experience Study, males and females separate. Sample rates are shown below:

Expected Disabilities Occurring

<u>Age</u>	<u>Male Members</u>	<u>Female Members</u>
25	0.04	0.04
30	0.04	0.04
35	0.04	0.05
40	0.06	0.07
45	0.14	0.13
50	0.21	0.25
55	0.24	0.34
60	0.18	0.28
65	0.05	0.08

Disability rates are applied only for members with 10 or more years of service, since rates were developed based on exposure for this group.

Retirement Rates: Separate male and female rates, based on both age and service, developed from the 1990 Experience Study. Sample rates are shown below:

Expected Retirements per 100 Lives (Male Members)
Years of Service

Age	10	15	20	25	30
(1)	(2)	(3)	(4)	(5)	(6)
50	0.0	0.0	0.0	0.0	17.0
55	2.0	4.0	3.0	17.0	20.0
60	6.0	8.0	25.0	25.0	30.0
62	16.0	40.0	40.0	40.0	45.0
65	22.0	55.0	55.0	55.0	62.0
70	100.0	100.0	100.0	100.0	100.0

Expected Retirements per 100 Lives (Female Members)
Years of Service

Age	10	15	20	25	30
(1)	(2)	(3)	(4)	(5)	(6)
50	0.0	0.0	0.0	0.0	2.0
55	4.0	5.0	3.0	20.0	22.0
60	6.0	10.0	30.0	25.0	30.0
62	24.0	37.0	37.0	25.0	30.0
65	26.0	40.0	40.0	40.0	51.0
70	100.0	100.0	100.0	100.0	100.0

Termination Rates: Separate male and female rates, based on both age and service, developed from 1990 Experience Study. Rates reflect terminations for causes other than death, disability or retirement. Sample rates are shown below:

Expected Terminations per 100 Lives (Male Members)
Years of Service

Age	10	15	20	25	30
(1)	(2)	(3)	(4)	(5)	(6)
25	63.89	18.24	11.41	8.60	3.40
30	61.27	17.83	11.02	8.05	3.25
35	57.82	16.98	10.55	7.86	3.07
40	53.70	15.88	10.02	7.50	2.95
45	49.49	14.63	9.06	6.64	2.81
50	46.05	13.50	8.27	5.21	2.44
55	44.23	13.19	7.82	4.32	1.87
60	44.30	14.42	7.61	5.28	1.27
65	46.30	17.45	8.69	7.00	.94

Expected Terminations per 100 Lives (Female Members)
Years of Service

Age	10	15	20	25	30
(1)	(2)	(3)	(4)	(5)	(6)
25	42.54	17.54	13.76	8.95	5.60
30	39.58	16.69	12.29	6.63	4.69
35	37.15	15.20	9.90	5.85	3.41
40	35.71	13.50	8.00	5.15	2.84
45	35.08	12.51	6.75	4.68	2.58
50	34.74	12.13	6.47	4.35	2.43
55	34.00	12.77	7.48	4.48	2.06
60	32.16	15.03	9.75	5.59	1.53
65	28.82	18.95	13.26	7.98	1.36

Other Assumptions:

1. Percent married: 80% of employees are assumed to be married.
2. Age difference: Male members are assumed to be three years older than their spouses, and female members are assumed to be three years younger than their spouses.
3. Percent electing annuity on death. All of the spouses of married participants who die after becoming eligible for a retirement benefit are assumed to elect an annuity, in lieu of the \$18,000 lump sum.
4. Percent electing deferred termination benefit: Of those terminating members with at least 10 years of service, 75% are assumed to elect to leave their contributions in the system and receive a deferred benefit.
5. Assumed age for commencement of deferred benefits: Members electing to receive a deferred benefit are assumed to commence receipt at age 62 (or attained age if later).
6. Administrative expenses: The system makes provision for future administrative expenses in the Expense Fund, which is included as a liability.
7. Maximum salary reflected: For members whose current earnings are over \$25,000 and who have not elected to make the additional contributions on amounts over \$25,000 (up to 40,000), it is assumed that future covered compensation will be \$25,000 in each year. For all other members, compensation is assumed to increase annually, but always limited to \$40,000.
8. Reemployment, purchase of service, transfers: No recognition is made of (i) future member reimbursements upon reemployment, (ii) future purchase of additional service, or (iii) special transfer provisions.

The foregoing actuarial assumptions are based on the presumption that the System will continue. Were the System to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits and credited projected benefits.

Funding Status and Progress

The Governmental Accounting Standards Board (GASB) has issued Statement No. 5 which provides the manner in which the actuarial condition of a public sector retirement plan is to be disclosed.

The amount shown below as "pension benefit obligation" (PBO) 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 credit projected benefits and is intended to help users assess the System's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among public employee retirement systems. The measure is independent of the funding method used to determine contributions to the retirement system.

The PBO as determined as part of the latest actuarial valuation dated June 30, 1991, is as follows:

Pension benefit obligation:		
Retirees and beneficiaries currently receiving benefits		\$2,662,888,849
Terminated employees not yet receiving benefits		68,144,515
Current employees:		
Accumulated employee contributions including allocated investment income		1,044,372,301
Employer-financed vested		1,339,190,983
Employer-financed nonvested		<u>160,812,587</u>
Total pension benefit obligation		5,275,409,235
Net assets available for benefits (market value is \$2,103,126,910)		<u>1,975,196,221</u>
Unfunded pension benefit obligation		<u>\$3,300,213,014</u>

Analysis of Funding Progress

Net assets available excludes the Teacher's Deposit Fund (the 403(b) tax shelter annuity program), the Expense Fund because it is not available to pay retirement benefits and office furniture and equipment.

The summary is shown only for the four years available. Additional years will be added as data becomes available.

**Governmental Accounting Standards Board
Statement No. 5**

Fiscal Year	Net Assets Available for Benefits	Pension Benefit Obligation	% Funded	Unfunded Pension Benefit Obligation	Annual Covered Payroll	Unfunded PBO as % of Payroll
1987	\$1,593,430,517	\$2,992,093,000	53.3%	\$1,398,662,483	\$1,500,000,000	93.2%
1988	1,679,488,966	3,326,151,000	50.5%	1,646,662,034	1,500,000,000	109.8%
1989	1,723,930,067	4,108,284,000	42.0%	2,384,353,933	1,609,690,000	148.1%
1990	1,867,353,855	4,834,566,801	38.6%	2,965,402,116	1,744,872,123	169.9%
1991	1,975,196,221	5,275,409,235	37.4%	3,300,213,014	1,921,334,262	171.8%

(g) Plan Termination

In the event the plan terminates, the Board of Trustees will distribute the net assets of the System to provide the following benefits in the order indicated:

(i) Accumulated contributions will be allocated to each respective participant, former participant, retired member, joint annuitant or beneficiary then receiving payments.

(ii) The balance of such assets, if any, will be allocated to each person then having an interest in the System, the excess of their retirement income under the plan less the retirement income which is equal to the actuarial equivalent of the amount allocated to them under (i) above in the following order:

- * Those retired members, joint annuitants, or beneficiaries receiving payments,
- * Those members eligible to retire,
- * Those members eligible for early retirement,
- * Former participants electing to receive a vested benefit, and
- * All other members.

(2) Investments

	<u>June 30, 1991</u>		<u>June 30, 1992</u>	
	<u>Book Value</u>	<u>Market Value</u>	<u>Book Value</u>	<u>Market Value</u>
Government Obligations:				
U.S. Government Treasuries	\$685,769,009	\$697,414,415	\$611,740,074	\$640,631,728
Government Agencies	<u>339,104,058</u>	<u>345,712,567</u>	<u>341,459,154</u>	<u>362,846,003</u>
Total Government Obligations	1,024,873,067	1,043,126,982	953,199,228	1,003,477,731
Corporate Obligations:				
Public Utility Bonds	34,445,789	34,505,051	16,499,338	16,915,803
Telephone Bonds and Debentures	20,583,617	21,022,730	12,845,620	13,676,578
Corporate Industrial Bonds	<u>132,513,489</u>	<u>133,601,939</u>	<u>124,287,875</u>	<u>130,289,982</u>
Total Corporate Obligations	187,542,895	189,129,720	153,632,833	160,882,363
GIC	<u>98,138,766</u>	<u>98,138,766</u>	<u>104,351,084</u>	<u>104,351,083</u>
Total Fixed Income Securities	1,310,554,728	1,330,395,468	1,211,183,145	1,268,711,177
Convertible Securities	81,485,436	83,078,764	99,291,534	109,077,795
Equities	627,554,561	730,902,829	870,648,363	985,166,356
Short-Term Investments	104,108,499	104,557,399	146,654,284	147,514,030
TOTAL INVESTMENT PORTFOLIO	<u>\$2,123,703,224</u>	<u>\$2,248,934,460</u>	<u>\$2,327,777,326</u>	<u>\$2,510,469,358</u>

Investments are held by the System's agent in the name of the System.

(3) Required Supplementary Information-Revenue by Source and Expenditures by Type

REVENUE BY SOURCE

Fiscal Year	Member Contributions	Investment Income (net)	State and Federal Sources	Total
1992	\$139,602,838	\$243,787,880	\$151,686,831	\$535,077,549
1991	140,467,140	159,401,076	152,233,751	452,101,967
1990	119,666,636	211,663,447	144,875,109	476,205,193
1989	100,890,811	145,862,117	132,276,112	379,029,039
1988	95,390,416	131,365,220	120,204,025	346,959,661
1987	82,432,408	172,673,570	114,243,109	369,349,087
1986	96,442,486	142,339,465	128,211,082	366,993,033
1985	69,005,747	125,523,976	127,870,696	322,400,419
1984	70,845,732	105,262,467	127,614,166	303,722,365
1983	76,358,854	99,241,175	127,669,257	303,269,286
1982	48,098,129	62,006,898	182,672,844	292,777,871
1981	43,037,884	55,420,186	128,057,821	226,515,891

EXPENDITURES BY TYPE

Fiscal Year	Retirement Benefits	Death Benefits, Withdrawals	Insurance Fund	Administrative Expenses	Total
1992	\$312,477,279	\$25,371,456	\$0	\$2,258,467	\$340,107,202
1991	298,625,343	25,950,303	0	2,024,396	326,600,042
1990	269,244,888	22,605,175	0	1,895,377	293,745,440
1989	259,351,587	22,697,634	36,300,000	1,680,021	320,029,242
1988	223,906,307	20,084,903	3,300,000	1,808,476	249,099,686
1987	187,763,792	15,293,433	0	1,309,972	204,367,198
1986	149,876,975	12,704,866	0	1,340,394	163,922,235
1985	128,547,340	13,114,848	0	1,177,453	142,839,641
1984	120,098,773	10,123,129	0	1,314,393	131,536,294
1983	115,503,755	9,082,477	0	1,241,236	125,827,467
1982	84,885,933	9,723,704	0	1,081,950	95,691,587
1981	77,560,453	7,662,574	0	942,636	86,165,664

State contributions totaling \$127,202,121 were made during 1991. The actuarial determined contributions to be made by the State in 1991 was \$263,362,522 consisting of (a) \$1,113,194 normal cost and (b) \$252,120,000 amortization of the unfunded actuarial liability. The actuarial determined contribution approximates 15.09% of the current year covered payroll. The actual contribution was approximately 7.58% of the current year covered payroll.

KLAHOMA TEACHERS' RETIREMENT SYSTE
 Comparative Rates of Return
 Cumulative and Annualized
 Periods Ending December 31

TEACHERS RETIREMEN

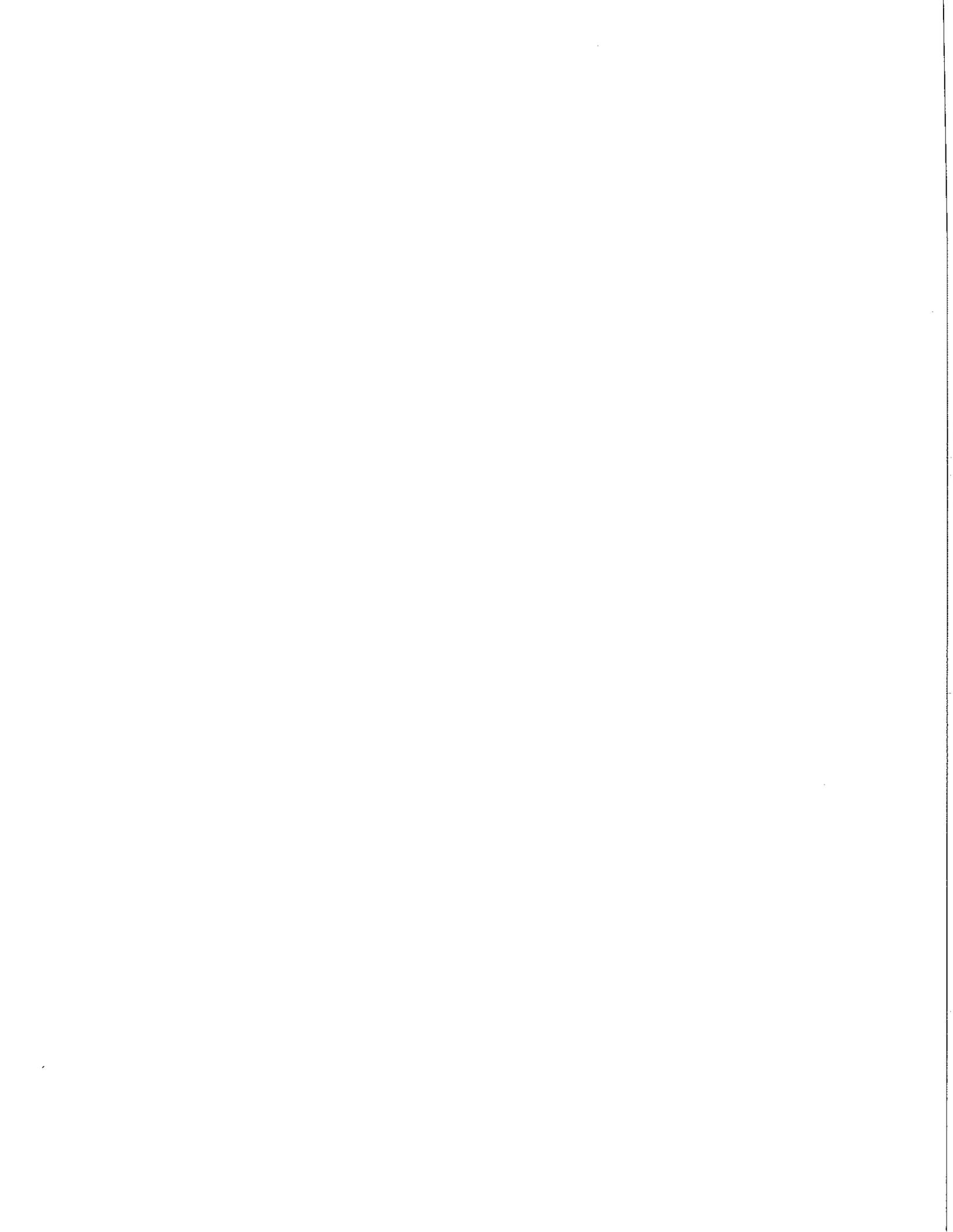
PERIO	S&P 50 Annual	SLG/C Annual	TOTAL Fund	QUITY Annual	FIXED Annual
1980	32.4%	-2.7%	5.1%	41.0%	-4.1%
1981	-4.9%	-1.4%	0.1%	-9.9%	2.2%
1982	21.4%	44.1%	31.6%	28.5%	37.5%
1983	22.5%	4.6%	9.3%	25.9%	5.1%
1984	6.3%	14.9%	13.1%	6.0%	14.8%
1985	32.2%	21.2%	21.8%	31.9%	23.0%
1986	18.5%	15.6%	14.6%	21.9%	16.3%
1987	5.2%	2.3%	3.8%	1.4%	2.6%
1988	16.8%	7.7%	9.1%	16.8%	7.3%
1989	29.4%	14.2%	18.0%	31.1%	14.1%
1990	-3.1%	8.3%	3.9%	-6.3%	8.3%
1991	31.0%	16.1%	21.2%	35.7%	16.0%
1992	7.5%	7.7%	9.5%	12.5%	7.8%

CUMULATIVE RETURNS

13 Year	576.6%	296.4%	339.8%	678.2%	295.5%
10 Year	342.7%	186.9%	217.7%	376.7%	193.6%
7 Year	157.3%	96.8%	110.9%	170.7%	97.9%
5 Year	106.4%	66.5%	77.5%	119.0%	65.9%
4 Year	76.7%	54.6%	62.7%	87.5%	54.6%
3 Year	36.5%	35.4%	37.8%	43.0%	35.5%
2 Year	40.9%	25.0%	32.6%	52.6%	25.1%
1 Year	7.5%	7.7%	9.5%	12.5%	7.8%

ANNUALIZED RETURNS

13 Year	15.84%	11.18%	12.07%	17.10%	11.16%
10 Year	16.04%	11.12%	12.25%	16.90%	11.37%
7 Year	14.45%	10.16%	11.25%	15.29%	10.24%
5 Year	15.59%	10.73%	12.16%	16.97%	10.65%
4 Year	15.29%	11.50%	12.94%	17.02%	11.51%
3 Year	10.93%	10.63%	11.29%	12.66%	10.65%
2 Year	18.70%	11.82%	15.16%	23.55%	11.83%
1 Year	7.55%	7.67%	9.45%	12.46%	7.83%



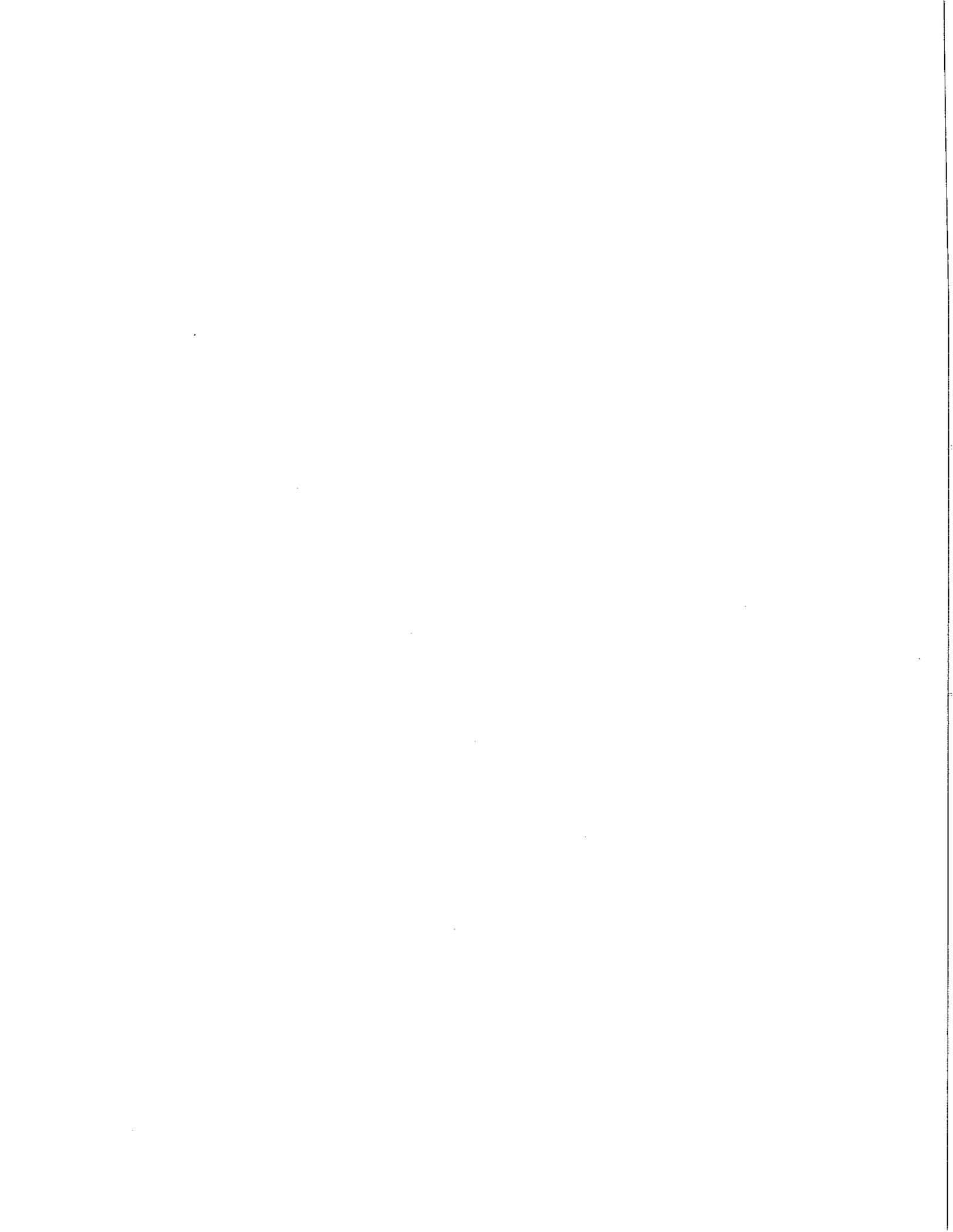
OKLAHOMA TEACHERS' RETIREMENT SYSTEM

Rates of Returns for Periods Ending March 31

Calendar Quarter			Teachers Retirement		
	S&P 500	SLG/C	Total	Equity	Fixed
2Q 1989	7.00%	8.00%	7.60%	8.50%	7.80%
3Q 1989	10.65%	0.94%	3.90%	11.70%	0.80%
4Q 1989	2.05%	3.61%	2.90%	1.20%	3.80%
1Q 1990	-3.04%	-1.14%	-1.40%	-3.80%	-1.66%
2Q 1990	6.29%	3.60%	4.40%	6.20%	3.70%
3Q 1990	-13.79%	0.60%	-5.10%	-17.00%	0.71%
4Q 1990	8.95%	5.09%	6.40%	10.40%	5.47%
1Q 1991	14.54%	2.70%	7.40%	19.20%	2.43%
2Q 1991	-0.18%	1.51%	1.40%	1.30%	1.60%
3Q 1991	5.38%	5.75%	5.20%	5.00%	5.83%
4Q 1991	8.35%	5.34%	5.70%	7.10%	5.31%
1Q 1992	-2.54%	-1.50%	0.20%	2.20%	-1.54%
2Q 1992	1.96%	4.05%	2.00%	-0.50%	4.24%
3Q 1992	3.15%	4.88%	3.09%	1.56%	4.79%
4Q 1992	5.02%	0.80%	3.90%	8.80%	0.26%
1Q 1993	4.36%	4.66%	4.04%	4.01%	4.41%

1990	17.15%	11.66%	13.43%	17.99%	10.92%
1991	14.35%	12.48%	13.22%	16.00%	12.83%
1992	11.08%	11.38%	12.98%	16.42%	11.49%
1993	15.27%	15.13%	13.67%	14.35%	14.35%

4-yr. Cumulative	71.52%	61.06%	64.92%	82.21%	59.54%
4-yr. Annualized	14.44%	12.65%	13.32%	16.18%	12.39%



OKLAHOMA TEACHERS' RETIREMENT SYSTEM

Comparative Rates of Return

Cumulative and Annualized

Periods Ending December 31

TEACHERS RETIREMENT

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