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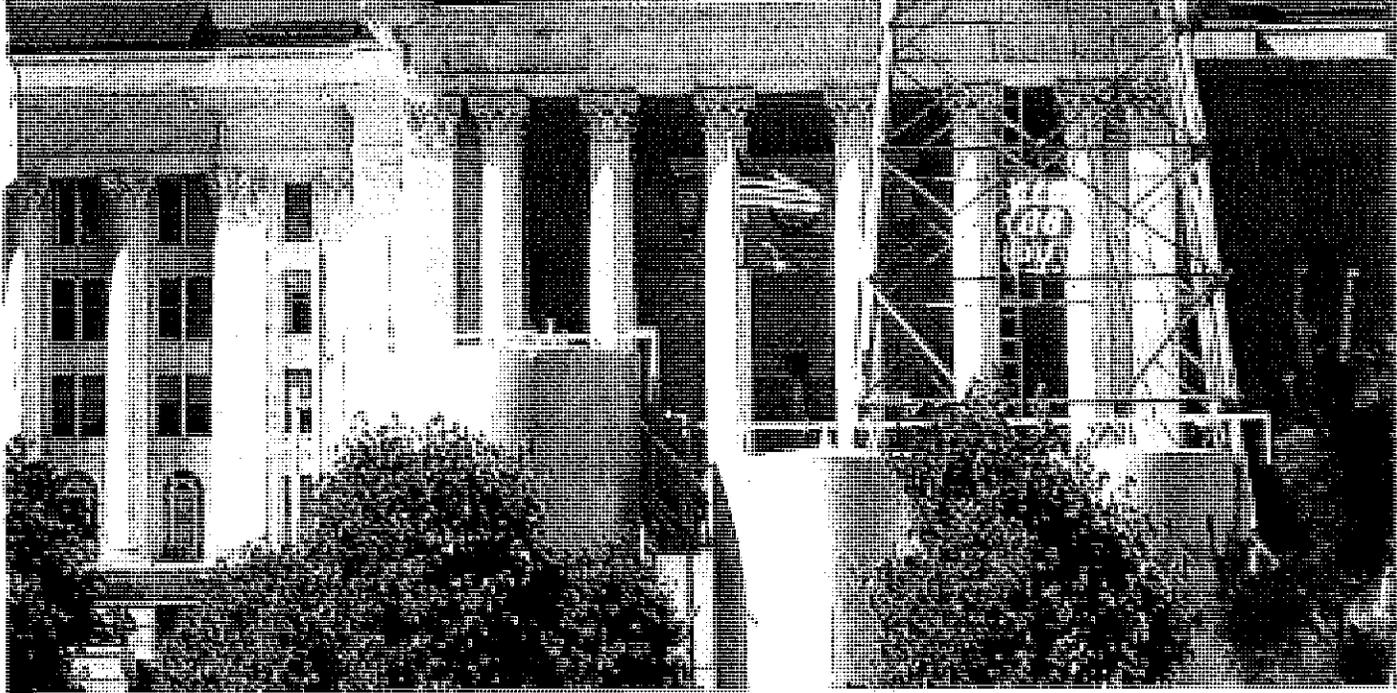


Teachers' Retirement System of Oklahoma

A Component Unit of the State of Oklahoma

Comprehensive Annual Financial Report

for the
Fiscal Year Ended June 30, 2001



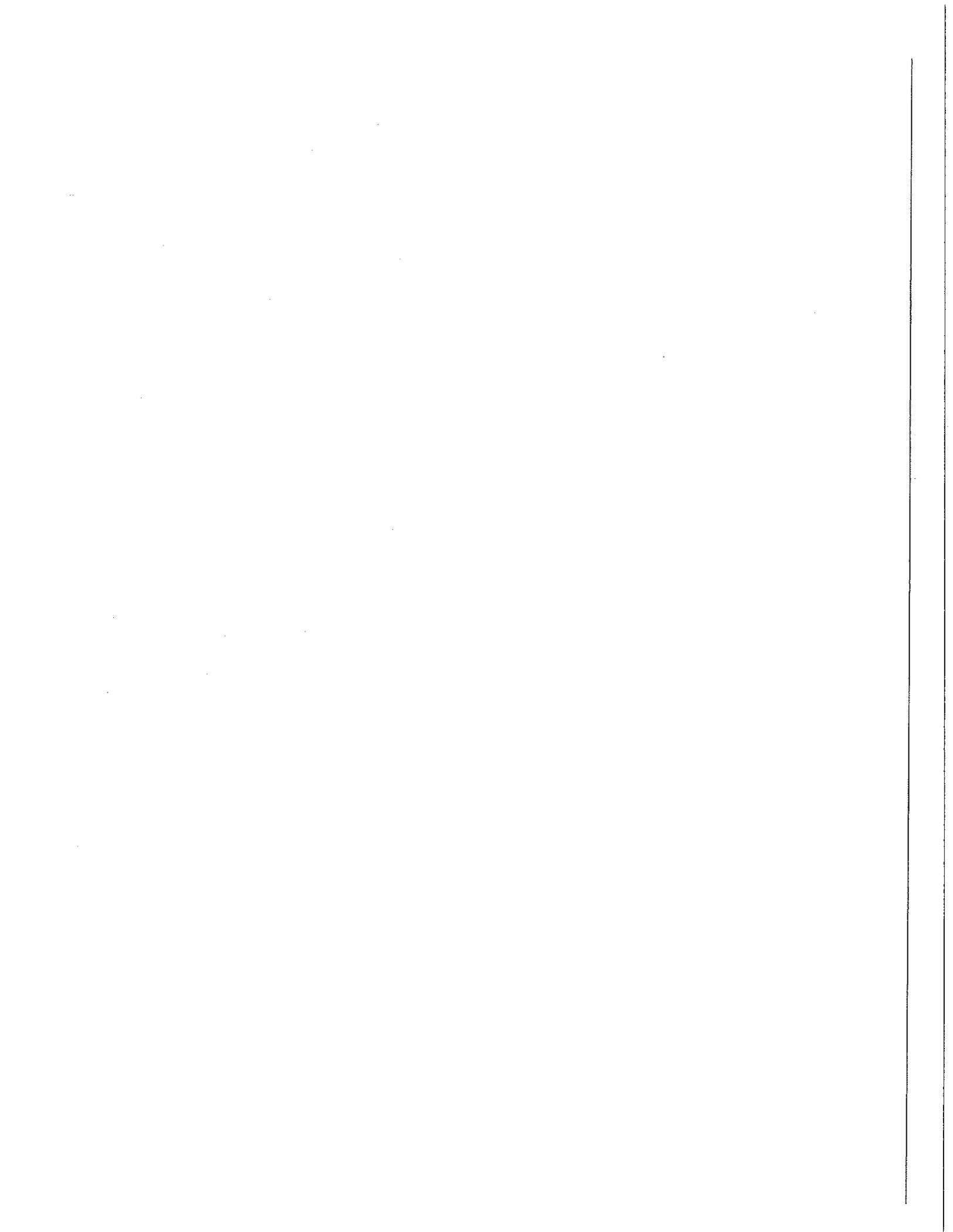


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Teachers' Retirement System of Oklahoma
a Component Unit of the State of Oklahoma



Comprehensive Annual Financial Report
for the
Fiscal Year Ended June 30, 2001

Prepared by the Retirement System Staff

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*On the cover: The Oklahoma State Capitol, Oklahoma City
Photographed by Fred W. Marvel, Oklahoma Tourism and Recreation Department*

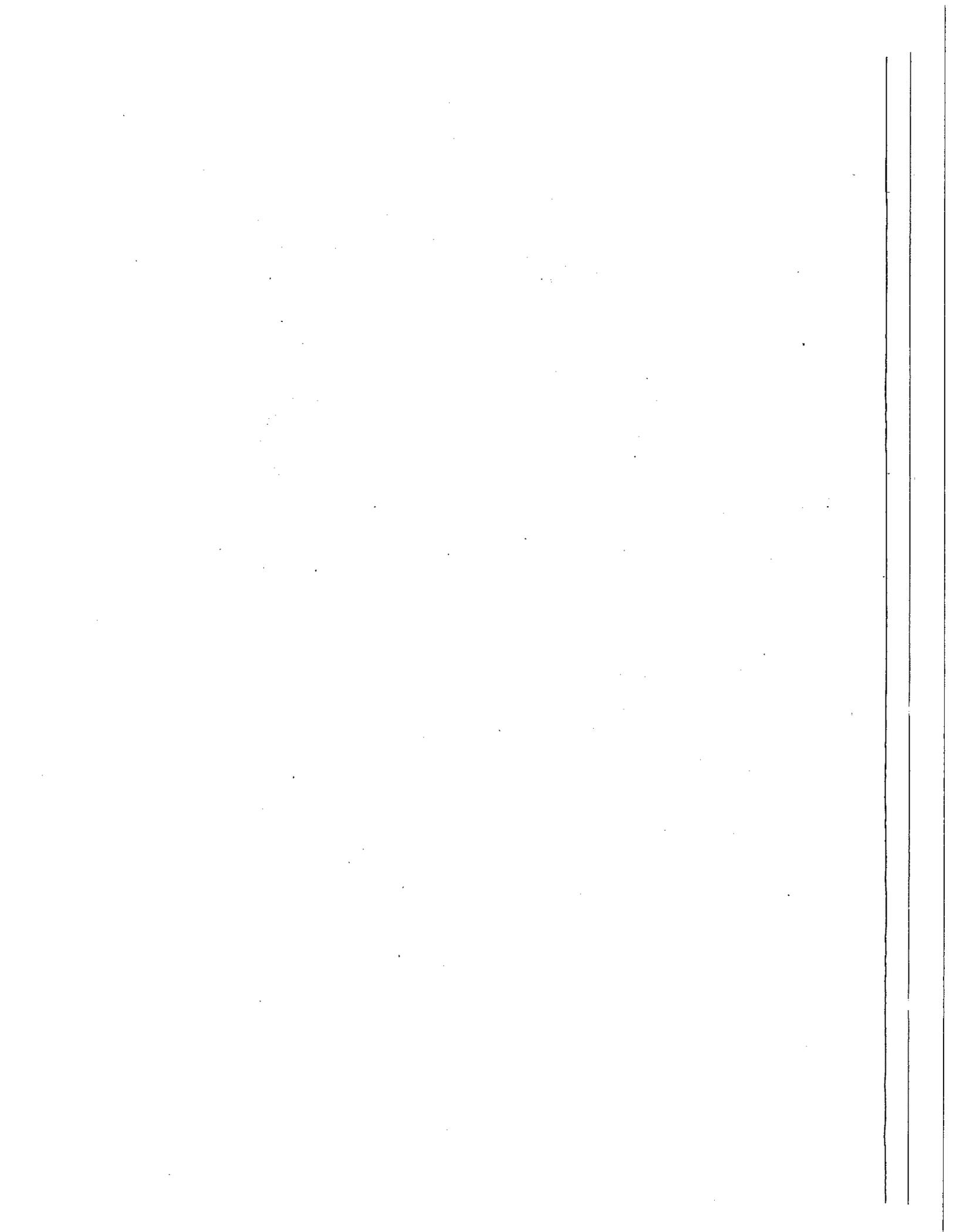
The Teachers' Retirement System of Oklahoma thanks
Photographer Fred W. Marvel
and the
Oklahoma Tourism and Recreation Department
for providing the photographs used in this *Comprehensive Annual Financial Report*

The 2001 Comprehensive Annual Financial Report of the Teachers' Retirement System of Oklahoma is prepared in accordance with Title 70, O.S. 1991, Section 17-106.1. 3,000 copies have been printed by the Department of Central Services, Central Printing Division at a cost of \$12,494.00. Copies have been deposited with the Publications Clearinghouse of the Oklahoma Department of Libraries.

Introductory Section



End of the Trail by James Earl Fraser
National Cowboy Hall of Fame and Western Heritage Center, Oklahoma City
Photographs by Fred W. Karvel, Oklahoma Tourism and Recreation Department





FRANK KEATING
GOVERNOR

STATE OF OKLAHOMA
TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

TO THE BOARD OF TRUSTEES OF THE TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA:

The Management of the Oklahoma Teachers' Retirement System (known collectively as TRS or the System) presents the Comprehensive Annual Financial Report for the Teachers' Retirement System of Oklahoma, a component unit of the state of Oklahoma, for the year ended June 30, 2001.

Established by legislation, the System began operation July 1, 1943, and concluded its 58th year on June 30. The System provides retirement allowances and other benefits to public education employees in the common schools, area career and technology centers, colleges and universities, and other local and state educational agencies of the state of Oklahoma. At the close of business on June 30, 2001, the System had 627 participating employers, 84,387 active members, 11,794 inactive members, and 35,188 retired members and beneficiaries receiving monthly benefits.

The 2001 Comprehensive Annual Financial Report (CAFR) is presented in five sections: the Introductory, Financial, Investment, Actuarial, and Statistical. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the System's management. To the best of our knowledge and belief, all data in the report is accurate in all material respects and is reported in a manner designed to present fairly the System's plan net assets and changes in plan net assets. All disclosures necessary to enable the reader to gain an understanding of the System's financial activities have been included.

This CAFR includes the early implementation of the Governmental Accounting Standards Board Statement No. 34 (GASB 34), *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Under GASB 34, specific accounting and financial reporting standards were established for general purpose external financial reporting by state and local governments. The most significant change under GASB 34 is the inclusion of the management discussion and analysis (MD&A), located in the Financial Section. The MD&A introduces the basic financial statements and provides a brief analysis of the Retirement System's financial position to assist users in assessing the System's financial condition based upon currently known facts, decisions and conditions.

ECONOMIC CONDITION AND OUTLOOK

The national economy and the impact of market conditions during the year ending June 30, 2001, resulted in negative investment returns for the System for the first time since 1984. The state of Oklahoma's economy improved during the period, as evidenced by the growth in tax revenues, up from 2000 levels. However, concerns for continued growth in the face of a national recession and events in September 2001 forecast much slower growth in Oklahoma's revenue, which could impact the Retirement System's short-term funding progress.

MAJOR INITIATIVES

As previously reported, the System is one of the country's five worst-funded state-operated pension plans. As of June 30, 2001, only 51.4% of the System's actuarial liabilities were covered by the actuarial value of its assets. The Board of Trustees of the Teachers' Retirement System continues to stress the importance of improving the System's overall funded position. During the past year, Trustees continued

to work with the Governor, legislative leaders, and representatives from education organizations to find ways to better finance the System's obligations. A properly funded pension plan is the most important issue before the Board of Trustees.

The staff developed and implemented a strategic plan during the year. The planning process included a series of surveys on member needs and satisfaction with service levels. The input from both retired and active members and local school districts will enable the System to refine the delivery of services and improve our ability to meet the growing needs of plan participants. Progress continues on major technology improvements in the System's information system, optical imaging system and telephone response center.

In April, Board filled the position of Director of Internal Audit and approved employing another staff auditor to establish a full-time department and enhance the agency's reporting and accounting functions. In addition to the expanded duties and capabilities of the Internal Audit Division, the Board approved a new position for special projects.

The System received a private letter ruling from the Internal Revenue Service in April. The ruling allows members to make installment purchases of past service credits using pre-tax dollars. Local schools must agree to make deductions from the member's payroll and remit monthly payments to TRS on the member's behalf. The Board adopted emergency rules to implement the new program during the 2001-2002 school year.

No major legislation was enacted to impact the Retirement System during the 2001 Legislative Session.

FINANCIAL INFORMATION

A system of internal controls safeguards the System's assets and promotes its efficient operation. TRS is audited annually by the State Auditor and Inspector, who contracts with a national accounting firm, which conducts the audit. The System also has its own internal audit program. The Director of Internal Audit reports directly to the Executive Secretary and regularly provides written and oral reports to the Board of Trustees. The System operates according to an administrative budget approved annually by the Board of Trustees. Although revenue is not appropriated from the state's General Revenue Fund, the administrative budget is submitted to the Legislature as part of the Governor's recommended budget. TRS operates under the same budgetary controls applied to all state agencies. The System's administrative expenses are processed in accordance with state statutes and regulations of the Office of State Finance and Department of Central Services.

The System's financial statements are prepared in conformity with generally accepted accounting principles (GAAP). The 2000 and 2001 financial statements in this report have been prepared in compliance with GASB 25 requirements.

REVENUE AND FUNDING

The major sources of revenue for TRS are member contributions, employer contributions from local schools, dedicated revenues from the state of Oklahoma, and investment income. Revenues are recognized when earned, and expenses are recognized when incurred.

Active member contributions for Fiscal Year 2001 were \$216.8 million, which represented 7% of covered payroll. This compares to \$196.0 million for the year ending June 30, 2000. Member contributions increased due to an increase in member compensation and an increase in overall membership. Member contributions also include direct payments by members to re-establish credit for previously withdrawn service and to purchase credit for Oklahoma, out-of-state and military service. Total salaries for active members were \$2.990 billion.

Contributions from local employers, the state of Oklahoma, and federal sources for Fiscal Year 2001 were \$328.1 million, compared to \$275.8 million for 2000. Contributions from local school districts and federal revenues increased \$43.9 million and the state's contribution increased by \$8.4 million. Local schools contributed 5.8% of employees' pay, which was an increase from the 4.8% contribution rate during 2000, and TRS received 3.54% of sales and income taxes collected by the state of Oklahoma. Combined state and local employer contributions did not meet the level dollar 40-year amortization payment required under Section 17-106 of Title 70 of Oklahoma Statutes, which is reported in the annual actuarial valuation as the Annual Required Contribution (ARC) under GASB 25.

The results of the actuarial valuation conducted by the System's actuary as of June 30, 2001, are included in the Actuarial Section. The System's relative funded position for the year ending June 30, 2001, was 51.4%, a drop from 53.7% on June 30, 2000. The decrease was due mainly to the Board's decision to include a liability assumption that future cost-of-living increases to retirees would average 1% per year. A more detailed discussion of the 1% COLA assumption and other changes in the actuarial valuation can be found in the Actuarial Section. The System's unfunded actuarial accrued liabilities (UAAL) increased \$996.4 million, from \$4.6357 billion to \$5.6321 billion.

The actuarial value of assets is reported at \$5.959 billion, compared to \$5.373 billion at the close of business June 30, 2000. The actuarial value of assets is not the same as market value. To arrive at actuarial value of assets, the actuary subtracts \$322.7 million held in individual member savings accounts in the System's 403(b) Tax-Sheltered Annuity Program and adds back \$227.2 million in deferred gains and losses, which are averaged into the actuarial value over a five-year period.

During the last ten years, the Legislature has granted an ad hoc benefit increase to retirees on three occasions: in 1994, 1998, and 2000. These increases are equivalent to just less than a 1% average annual compound increase. Because the Board anticipates that these ad hoc increases will continue to be granted in the future, the decision was made to reflect the potential obligation in the System's liabilities. The impact of this decision increased the System's UAAL by \$871.0 million and doubled the funding period from 31.0 to 62.2 years. Without the 1% COLA assumption, the System's funded ratio would have increased from 53.7% to 55.6%, the funding or amortization schedule would have remained unchanged at 31 years, and unfunded liabilities would have increased by only \$125.4 million.

There were several changes in actuarial assumptions or methods since last year. The most significant assumptions are the investment return rate (8%), the salary increase rate (average 4.7%), the payroll growth rate (3.5%), and the state revenue growth rate (3.5%). Assumptions used in the valuation are recommended by the actuary and adopted by the Board of Trustees, and are based on a review of the System's experience for the five-year period ending June 30, 1999.

The actuarial yield on assets at 11.4% exceeded the 8% actuarial assumed rate of return, which increased assets above expectations by \$180.5 million. There was a liability loss of \$236.5 million, principally due to the \$3,000 increase in the statewide salary schedule for common school teachers beginning July 1, 2000. Other changes affecting the UAAL were (i) an expected increase of \$138.6 million based on statutory contributions and the passage of time, (ii) a \$50.9 million decrease due to differences between actual and expected contributions, and (iii) an \$18.3 million decrease due to the change in assumptions other than the COLA.

The actuary's report continues to stress that the System remains poorly funded despite the good results over the past several years. Since 1995, the System's funded ratio has improved from 38.4% to 51.4%, primarily due to return on investments exceeding the assumed actuarial rate of return on investment of 8% per year. The actuarial yield on assets has exceeded 11% each year since 1995.

The current combined local school/state contribution rate is not large enough to pay the normal cost and pay interest on the unfunded accrued actuarial liabilities. Therefore, negative amortization results. This is the reason unfunded liabilities are expected to increase each year until 2044. Under the present funding schedule, unfunded liabilities are expected to increase to almost \$15 billion before declining. It will then take another 20 years before assets match liabilities.

Even though positive investment returns have allowed the System to make substantial improvements in its funded position, the System is still poorly funded compared to other public retirement systems in Oklahoma and elsewhere. Projected amortization of current liabilities is based on assumptions and is subject to change. Each annual actuarial valuation is a refinement of the previous year's estimates. But plan participants and other interested parties cannot depend on investment returns alone to solve the System's underfunded financial position. The state of Oklahoma must contribute more in future years to fund the pension obligations retired and active members have already earned. The current contribution schedule will eventually fund the System, but only if the schedule is maintained and new benefit increases are funded in addition to current obligations.

EXPENSES

The System's expenses are attributable to retirement benefit payments, including health insurance subsidies, death and survivors benefits, refunds of member contributions and administrative expenses. During the year ended June 30, 2001, the System paid \$37.0 million more in retirement, survivor and insurance benefits than it paid in the preceding year, \$1.97 million more in refunds and death benefits from active member accounts, and \$2.07 million more in distributions from its 403(b) Tax-Sheltered Annuity Plan. The increase in retirement and insurance benefits is attributed to a net increase in the number of retired members. The increase in refunds, deaths and annuity distributions is a reflection of growth in the System's membership and the increasing number of retired members who must take a minimum distribution from their 403(b) annuity account. Administrative expenses increased by \$507,559.

INVESTMENTS

As previously stated, the System experienced negative investment returns for the first time since 1984. Net investment income, including realized and unrealized gains and losses, was a negative \$146.8 million compared to net gains of \$597.4 million for FY 2000. Net assets totaled \$6.050 billion at market value on June 30, 2001, compared to \$6.250 billion on June 30, 2000. Included in assets is \$322.7 million held in trust for members who participate in the System's 403(b) Tax-Sheltered Annuity Program.

On June 30, 2001, the System's investment portfolio mix at market value was 37% fixed income, 59% equities and 4% cash and short-term investments. As trustee for members' funds, the System is responsible for investing the funds under the "Prudent Person" standard. This standard permits the System to allocate trust funds across a broad group of asset classes. The Board of Trustees elected to limit investments to stocks and bonds, Treasury Bills and Notes, Commercial Paper, foreign currency exchange contracts, and bank deposits collateralized by U.S. Government securities.

The System's time-weighted rate of return for the year ended June 30, 2001, was a negative 2.30% versus a positive 11.25% return for 2000. Annualized three-year and five-year total returns were 6.76% and 12.34%, respectively. The System's long-term goal to exceed by 3% the rate of inflation measured by the CPI has been achieved for both the three-year and five-year periods. A summary of the System's investment activities during FY 2001 and historic performance results is presented in the Investment Section. A complete listing of securities held by the Teachers' Retirement System as of June 30, 2001, can be found at the end of the Investment Section.

INDEPENDENT AUDIT

The System is audited annually by independent auditors retained for this purpose by the State Auditor and Inspector. In addition to the audit of the System's financial statements, state statutes require the auditor to perform tests of the System's compliance with certain provisions of laws and regulations. The Independent Auditors' Report is contained in the Financial Section.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Teachers' Retirement System of Oklahoma a Certificate of Achievement for Excellence in Financial Reporting for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2000. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. This is the eighth year the System's *Annual Report* has received this distinction.

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

The Certificate of Achievement is valid for one year. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

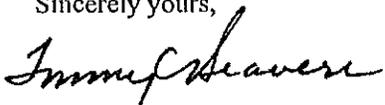
ACKNOWLEDGMENTS

This report reflects the combined efforts of the TRS 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 means for determining responsible stewardship for the assets contributed by the members and their employers.

The success of any organization is directly attributable to the dedication, commitment, and proficiency of its personnel. I would like to take this opportunity to express my gratitude to the Board of Trustees, the staff, the advisors, and the many other people who have worked so diligently to assure the successful operation and improvement of the financial soundness of the Teachers' Retirement System of Oklahoma.

This report is being mailed to the Governor, members of the Oklahoma Legislature, the Oklahoma State Pension Commission and to each school site of the participating employers of the Teachers' Retirement System. Copies of the report are available upon request to the System's active and retired members and other interested parties. We hope you find this report informative and helpful.

Sincerely yours,



Tommy C. Beavers
Executive Secretary
November 1, 2001



FRANK KEATING
GOVERNOR

STATE OF OKLAHOMA
TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

November 1, 2001

Dear Members:

On behalf of the Board of Trustees and staff, I am pleased to present the Annual Report of the Teachers' Retirement System of Oklahoma for the year ending June 30, 2001. This report provides information on the financial status of your retirement system while also highlighting significant changes that occurred during the year.

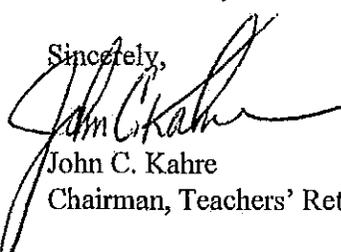
Your Board of Trustees is composed of 13 members: six are appointed by the Governor; two by the Speaker of the House of Representatives; two by the President Pro Tempore of the Senate; and three, the State Superintendent of Public Instruction, the Director of the State Department of Career and Technology Education and the Director of the Office of State Finance, are ex-officio members. Eight trustees are active or retired educators, two are CPAs, one is an attorney, one a stockbroker and one an insurance executive.

While the Board is responsible for overall management of the System, the trustees ordinarily spend more time and attention on the investment portfolio than any other single responsibility, because income from the portfolio is so important to the success and fiscal health of the Retirement System. Though faced with a difficult investment environment this year, the System's performance continues to compare very favorably to other institutional investors. The Board establishes investment policies and asset allocation targets, retains portfolio managers through a rigorous selection process, and then monitors the activities of each component to ensure everything is working in harmony to achieve stated goals.

The Teachers' Retirement System continues to be one of the worst-funded state-run public employee retirement systems in the country. In the last 10 years, progress has been made to improve the System's ratio of assets to actuarial liabilities, but we have a long way to go. We appreciate the support of the Governor and the Legislature and continue to work with state leaders and our friends in the education community to focus attention on this very real problem.

The Board of Trustees pledges to continue to administer the affairs of the Retirement System in the most competent and efficient manner possible. Service is our number one goal. The trustees and staff welcome your comments and suggestions throughout the year.

Sincerely,



John C. Kahre

Chairman, Teachers' Retirement System Board of Trustees

The Teachers' Retirement System of Oklahoma Board of Trustees

John C. Kahre, Ramona

Chairman

Higher Education Representative, Governor Appointee

Celeste L. Tillery, Claremore

Vice Chairman

Classroom Teacher Representative, House Speaker Appointee

Helen Snyder Rambo, Oklahoma City

Secretary

Governor Appointee

Kenneth Anderson, Oklahoma City

Governor Appointee

George W. Barnes, Oklahoma City

Governor Appointee

Thomas E. Daxon, Oklahoma City

Director of State Finance — Member Ex Officio

Tommy G. Fulton, Del City

Retired TRS Member Representative, House Speaker Appointee

Sandy Garrett, Oklahoma City

Superintendent of Public Instruction — Member Ex-Officio

Robert C. Gates, Broken Arrow

Governor Appointee

Dale E. Nye, Wayne

Designee of Dr. Roy Peters, State Director of Vocational and Technical Education

Matti Palluconi, Claremore

Retired TRS Member Representative, Senate President Pro Tempore Appointee

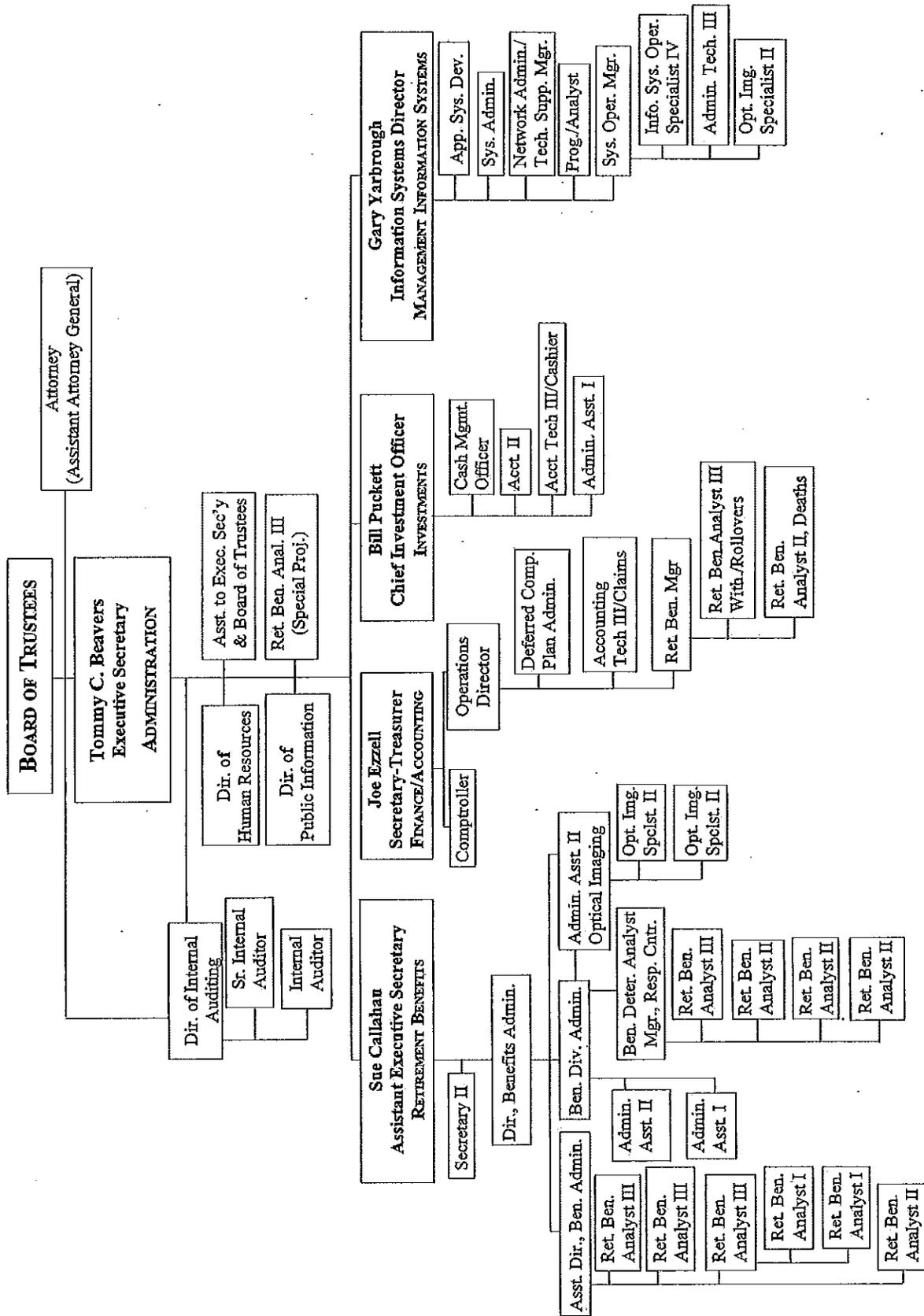
Susan L. Raasch, Claremore

Classroom Teacher Representative, Senate President Pro Tempore Appointee

Vacant

Non-Classified Optional Personnel Representative, Governor Appointee

THE TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA ORGANIZATION



TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA 2001-02 PLAN SUMMARY

BEGINNINGS

The Teachers' Retirement System of Oklahoma (TRS) was established July 1, 1943, to provide retirement allowances and other specified benefits for qualified employees of state-supported educational institutions.

ADMINISTRATION

A 13-member Board of Trustees oversees the administration of the System and acts as fiduciary for investing its funds.

REVENUE

The four primary sources of revenue for TRS are contributions from active members, contributions from local schools, dedicated revenue from the State of Oklahoma, and investment income. As a participating member, you contribute 7% of your total compensation. Certain employees at the University of Oklahoma and Oklahoma State University who were employed before July 1, 1995, contribute on less than total compensation. However, these members' retirement benefits also will be calculated to reflect the lower contributions.

The law also requires employers to contribute a percentage of applicable employee earnings. Local schools will pay a contribution rate of 6.8% for FY-2002, and 7.05% for FY-2003. The State's contribution is 3.54% of annual state and income tax revenues.

MEMBERSHIP

All classified personnel as defined in statutes at 70 O.S., Section 17-101, which includes 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 who are employed at least half-time must join TRS. Membership is optional for all other regular employees of public educational institutions who work at least 20 hours per week.

Employees of a charter school as defined in Oklahoma statutes may join the Teachers' Retirement System if the TRS Board of Trustees approves the school's application for membership.

SERVICE CREDIT

You must work at least six full school months to qualify for one year of membership. A school month is 20 school days of at least six hours. You will receive partial credit for employment of fewer than six months or part-time employment between four and six hours per school day. You also may purchase credit for out-of-state service, military service, service with certain Oklahoma governmental entities, and employment in Oklahoma schools before your date of membership.

RETIREMENT ANNUITY

A vested member can receive benefits after satisfying eligibility requirements. You are fully vested after 10 years of contributory Oklahoma membership service. You may retire at age 62 with unreduced benefits after completing 10 years of Oklahoma service. If you joined TRS before July 1, 1992, you may retire with unreduced benefits when your age and years of creditable service total 80 (Rule of 80). *For members joining TRS after June 30, 1992, the age and years of creditable service must total 90 (Rule of 90).*

You may retire with reduced benefits as early as age 55 if you have at least 10 years of creditable Oklahoma service.

For "Rule of 80" members, the monthly benefit is determined by multiplying the average salary of the three highest years of contributory service by 2%, times years of service, divided by 12. *For "Rule of 90" members, the benefits will be computed based on an average salary of the five highest consecutive years.* However, in all cases, years of service prior to July 1, 1995, shall be calculated using an average salary no greater than \$40,000.

TRS offers members five retirement plans, each providing a life benefit to the member and, after the member's death, either a lump sum payment to the member's designated beneficiary(ies), or continued payments to one beneficiary.

DISABILITY BENEFITS

You may qualify for disability retirement benefits if a medical condition keeps you from performing your regular duties as an employee of the public schools. You may be considered for a TRS disability retirement benefit if:

- you are vested (at least 10 years' creditable TRS service), *and*
- you submit a disability retirement application detailing your medical condition which must have existed while you were employed by the public schools of Oklahoma, *and*
- your application is approved by the TRS Medical Review Board and the Board of Trustees.

If you are awarded Social Security Disability benefits, you qualify for TRS disability benefits if you incur the disability while employed by the public schools, are vested, and notify TRS of the Social Security award.

HEALTH INSURANCE BENEFITS

If you are vested and retire or terminate your employment, you may elect to continue coverage in the insurance program your employer provides to active employees. TRS will pay the first \$100 to \$105 of monthly premiums for each participating retiree (not dependents).

The actual amount paid by TRS is determined by the member's total service and average salary at retirement. Dependent and dental coverage is available if you are enrolled in the State and Education Employees Group Health and Dental Insurance Plan. If you are not enrolled in the state plan, coverage is subject to the provisions of the plan in which you are enrolled. If you are non-vested, you have certain rights under federal law to continue health insurance coverage after your employment ends. You should request information about continued coverage from your school's payroll office or the state's Employees Group Insurance Board before termination.

SURVIVOR BENEFITS

Your designated beneficiary or estate is entitled to survivor benefits if you are a TRS member when you die. The amount of those benefits depends upon when you joined TRS and whether you are an active in-service, inactive, or a retired member when you die. "Active in-service" is defined in the TRS Rules, but generally means a member currently employed by an Oklahoma public education institution.

If you are an active in-service member when you die, and you joined TRS before July 1, 1992, your beneficiary(ies) will receive a \$18,000 death benefit, plus the contributions in your account and the interest on those contributions. If you have 10 or more years of service, have reached age 55 or your age and service total 80, and have one designated primary beneficiary, he or she may choose a monthly benefit instead of the lump sum payment.

If you are an inactive member, or if you joined TRS after 1992, the death benefit your beneficiaries will receive is the amount of the contributions in your TRS account plus the interest on those contributions. Inactive members and members joining TRS after June 30, 1992, do not qualify for the \$18,000 death benefit or the monthly retirement benefit payment payable to the surviving beneficiary of active in-service members. If you are retired when you die, your beneficiary or estate will receive a \$5,000 death benefit, plus the survivor benefits provided by your chosen retirement plan. Certain retirement plan options provide your surviving beneficiary(s) with a continuing monthly retirement benefit.

WITHDRAWING YOUR CONTRIBUTIONS

If you leave the job that qualified you for TRS membership, you may request a refund of your contributions any time after your last day at that job. You will be eligible to receive the refund four months after you leave your job. The refund includes all contributions made by you or on your behalf by your employer, plus any applicable portion of interest earnings. When you accept a refund, you forfeit all TRS service credit.

If you return to qualifying employment, you may redeposit your withdrawn account after you contribute to TRS for 12 months. Redepositing your withdrawn contributions reinstates your initial membership date. If you do not redeposit your withdrawn contributions, your official membership date will be the date you rejoined TRS.

If you decide to redeposit, you must redeposit the entire amount of the account you withdrew and pay 10 percent (10%) of that amount for each year your account was withdrawn. You may pay this amount in one lump sum or through installment payments for up to 60 months.

Only an optional member (support personnel) can terminate membership in TRS without terminating employment. If you are an optional member and withdraw your account without leaving your job, contributions made on a pre-tax basis *cannot* be refunded until you leave your job (this is an IRS rule). If you continue working for your employer after terminating your TRS membership, you cannot rejoin TRS unless you become employed in a position requiring TRS membership. In this case, you would become a new member as of the date you rejoin.

You also may leave your contributions in your account. If you are vested (have at least 10 years of creditable service), your account will continue earning interest until you withdraw it or begin drawing your retirement benefit. If you are not vested, your account will continue earning interest for five years, unless you withdraw it before then.

TAX-SHELTERED ANNUITY PLAN

The System administers a tax-sheltered annuity program qualified under section 403(b) of the Internal Revenue Code. As a TRS member, you may deposit funds into this plan if your local Board of Education or other governing board adopts a resolution making the plan available to its employees and you sign a salary reduction agreement with your employer. Contributions to the annuity plan are restricted to an annual "exclusion allowance" determined by the IRS Code. Withdrawals from the plan are subject to various withdrawal restrictions and tax penalties mandated by the Internal Revenue Code.

RIGHTS AND RESPONSIBILITIES

TRS publications provide answers to general questions. You are responsible for resolving any questions about your retirement account. You are entitled to counseling from the TRS staff concerning any question you have about your retirement account. *TRS will not be held accountable for information that is contrary to statutes or administrative rules, regardless of who provides that information.*

For details of how statutes and administrative rules may affect your retirement account, contact:

Teachers' Retirement System of Oklahoma
P.O. Box 53524

Oklahoma City, OK 73152-3524

2801 North Lincoln Blvd.

405-521-2387 1-877-738-6365

Visit us on the Internet!

<http://www.state.ok.us/~okteachers/>

This *Plan Summary* provides general information summarizing the basic benefits available to TRS members. If any conflict arises between information contained in this summary and state statutes or official TRS rules, the law and/or rule takes precedence.

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Teachers' Retirement System of Oklahoma

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2000

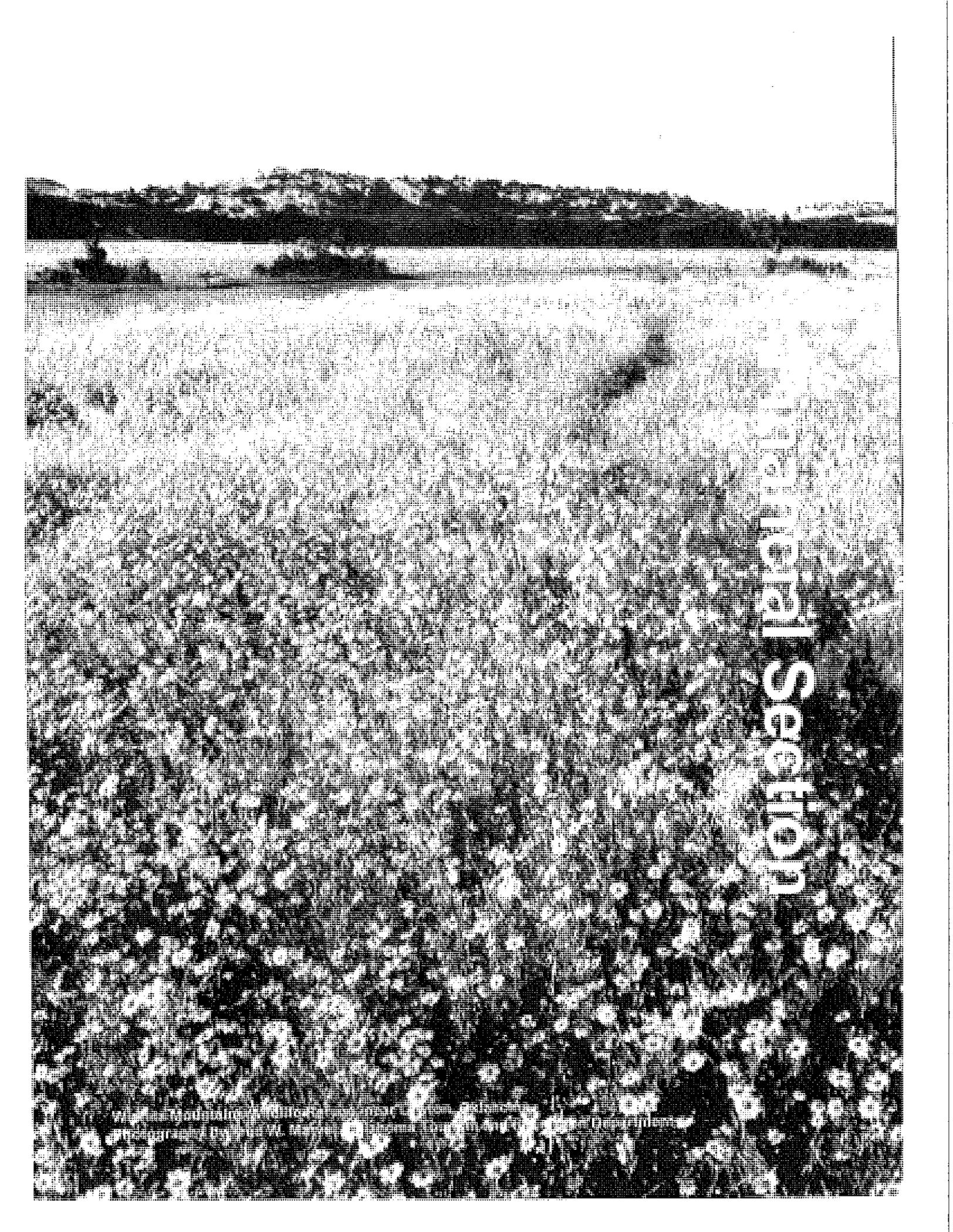
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



Thomas D. Krue
President

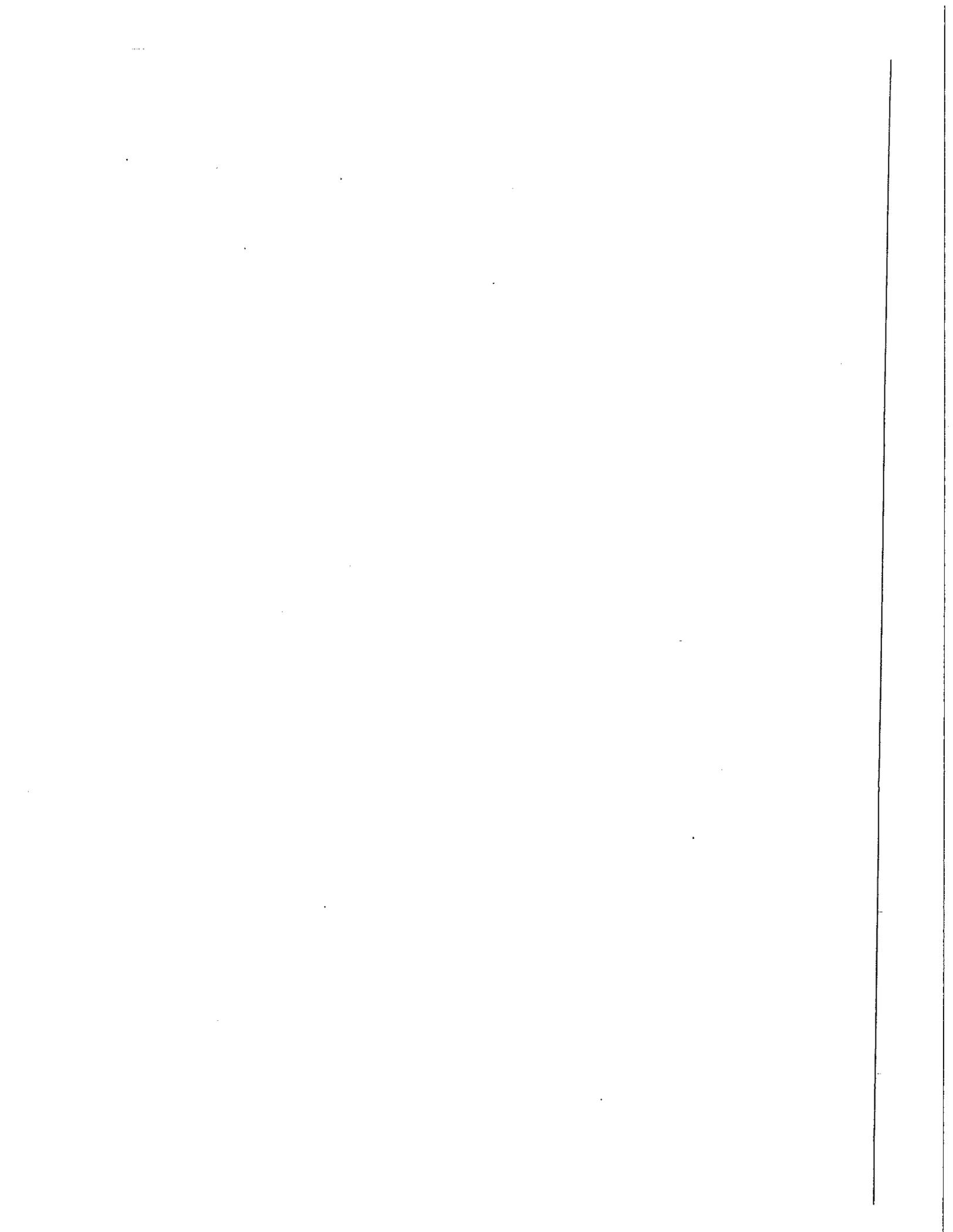
Jeffrey L. Essler
Executive Director

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International Section

1994-1995



MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Teachers' Retirement System of Oklahoma (known collectively as TRS or the System), we offer readers of the TRS financial statements this narrative discussion and analysis of the financial activities of TRS for the fiscal year ended June 30, 2001.

Financial Highlights

- The net assets of TRS exceeded its current liabilities at the close of the most recent fiscal year by \$6,050 million. This amount may be used to meet the government's current and ongoing obligations to its retired and active members and creditors.
- The System's total net assets decreased by \$201 million. This loss was due to the general decline in equity markets during this fiscal year. These conditions resulted in depreciation of investments during the year of \$343 million.
- At the close of the current fiscal year, TRS' unfunded actuarial accrued liability is \$5,632 million. The System's funded ratio has decreased from 53.7% to 51.4% during the current fiscal year.
- The unfunded actuarial accrued liability increased from \$4,636 million to \$5,632 million, mainly due to the inclusion of a 1% cost-of-living adjustment (COLA) assumption since the previous actuarial valuation.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the System's basic financial statements. TRS basic financial statements are comprised of three components: (1) *statement of plan net assets*, (2) *statement of changes in plan net assets* and (3) *notes to the financial statements*. This report also contains *required supplemental information* in addition to the basic financial statements themselves.

The *statement of plan net assets* presents information on all of the System's assets and liabilities, with the difference between the two reported as *net assets held in trust for pension benefits and annuity benefits of electing members*. Over time, increases or decreases in net plan assets may serve as a useful indicator of whether the financial position of the System is improving or deteriorating. Information relating to the System's ability to meet the cost of future benefit payments is not shown on the statement of plan net assets but is located in both *the notes to the financial statements* and the *required supplemental information*.

The *statement of changes in plan assets* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., earned but not used leave referred to as compensated absences on the *statement of plan net assets*).

The *notes to the financial statements* are critical to the reader's understanding of the financial status of the System. These notes include a description of the System, details on the cash and investments of the plan as well as contribution and benefit information.

Also, it is extremely important that the reader reviews and understands the information on the funding status of the System. This information is detailed in the *required supplementary information* section. The funding status information indicates the System's ability to meet current and future benefit payments to its active and retired members.

Financial Analysis

As noted earlier, increases or decreases of plan net assets may serve over time as a useful indicator of the System's financial position. In the case of the System, assets exceeded liabilities by \$6,050 million at the close of the most recent fiscal year.

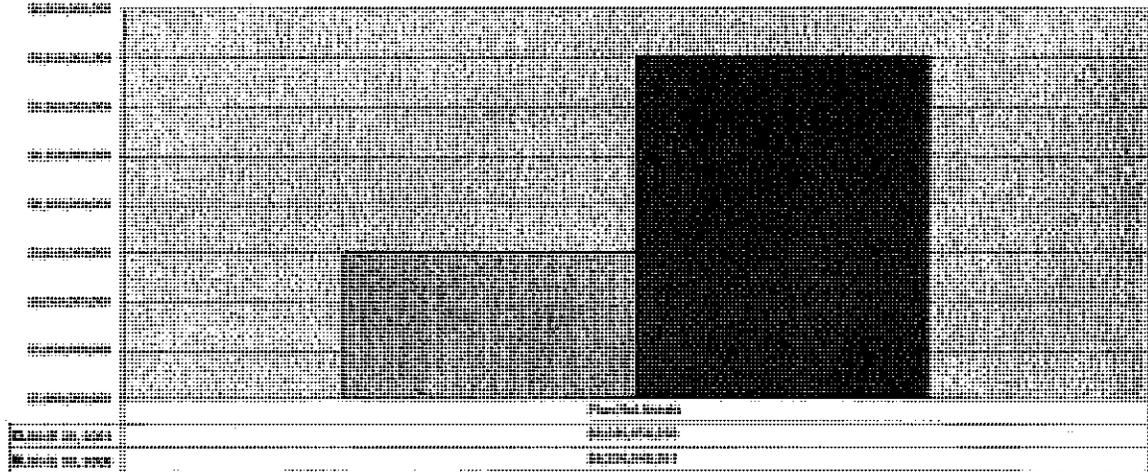
By far the largest portion of the System's assets is in cash and investments, which comprises \$6,065 million of the plan assets at June 30, 2001. The \$6,065 million does not include the amount shown as securities lending assets since this amount is offset by the same amount shown as a payable under securities lending activity on the same *statement of plan net assets*, consequently these assets are not available for future spending. A summary of the *plan net assets* is shown below.

Summary of Plan Net Assets June 30

Assets	2001	2000
Cash	\$ 3,223,790	30,777,532
Short-term investments	233,955,161	338,743,201
Accrued interest and dividends receivable	35,682,725	33,153,290
Contributions receivable	30,734,990	24,699,745
Receivable from state of Oklahoma	13,835,266	12,831,212
Due from broker for securities sold	77,375,928	134,537,732
Securities lending institutional daily asset fund	909,808,650	731,866,253
Long-term investments	5,827,444,387	5,956,513,454
Capital assets	382,620	400,195
Total assets	7,132,443,517	7,263,522,614
Liabilities		
Benefits in process of payment	15,976,756	42,137,486
Due to brokers for securities purchased	151,955,581	234,935,437
Payable under security lending agreement	909,808,650	731,866,253
Accrued investment fees	4,548,039	3,871,882
Compensated absences	200,193	161,995
Total liabilities	1,082,489,219	1,012,973,053
Invested in capital assets	382,620	400,195
Net assets held in trust for pension benefits and annuity benefits of electing members	6,049,571,678	6,250,149,366
Total net assets	\$ 6,049,954,298	6,250,549,561

The graph below illustrates the \$201 million dollar decrease in net assets during the current fiscal year. As previously mentioned the decrease in net assets from fiscal year 2000 to 2001 was primarily due to the

PLAN NET ASSETS AT JUNE 30, 2001 AND 2000



\$343 million depreciation of investment securities related to unfavorable market conditions.

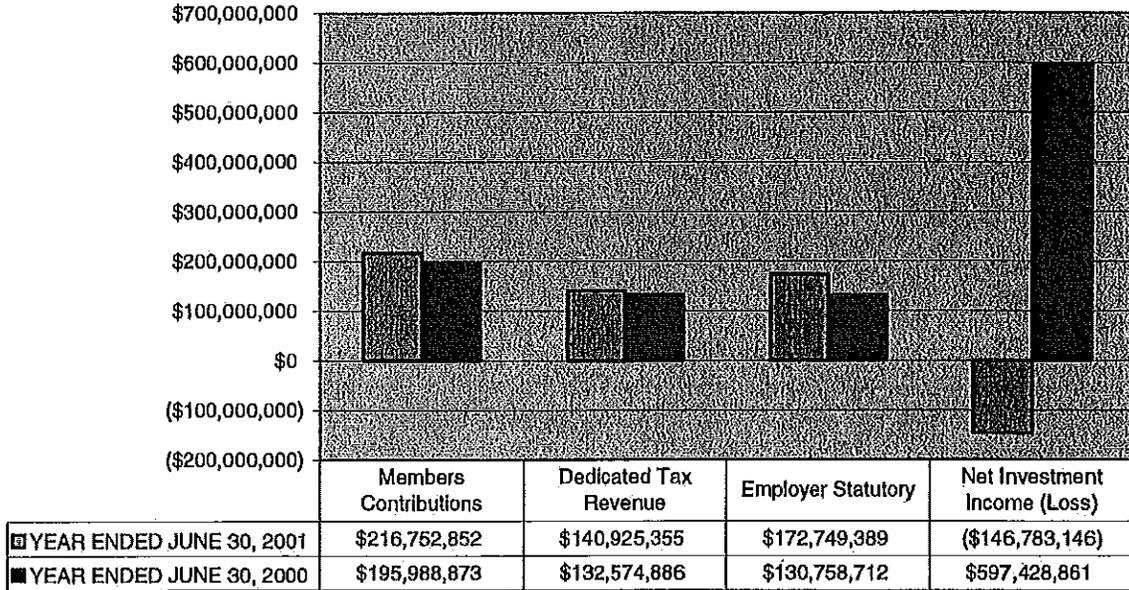
Changes in Selected Revenue and Expense Items

The revenues received from member contributions increased by \$21 million or 11% in fiscal year 2001 from the prior fiscal year. This was due primarily to a \$3,000 dollar per teacher increase in salaries, resulting in greater employee and employer contributions. Employer statutory contributions increased by \$42 million or 32% during the current year due to an increase in the contribution rate from 4.8% to 5.8% and the aforementioned teacher salary increases. Dedicated revenue increased by \$8 million or 6% for the year. Net investment income decreased by \$744 million due to the poor market conditions in fiscal year 2001. Investment expenses increased by \$3 million or 22%. This increase was a result of changes in both asset allocation and investment managers. Retirement, death, survivor and health benefit payments increased by \$37 million or 7%. This was due to an increase in the health benefit supplement paid by the System for retired members and an increase in the number of retirees receiving monthly benefits. Refunds of member contributions and annuity payments increased by \$4 million or 7%. The increase was a result of management's effort to close out inactive accounts, resulting in increased refunds, as well as members withdrawing from the tax-sheltered annuity program due to poor market returns. Administrative expenses increased by \$508 thousand, due primarily to an increase in the number of the agency employees and the related salary expenses. Changes in net plan assets is presented on the following page. The graphs on page 25 offer a comparison of selected revenue and expense accounts for 2001 and 2000.

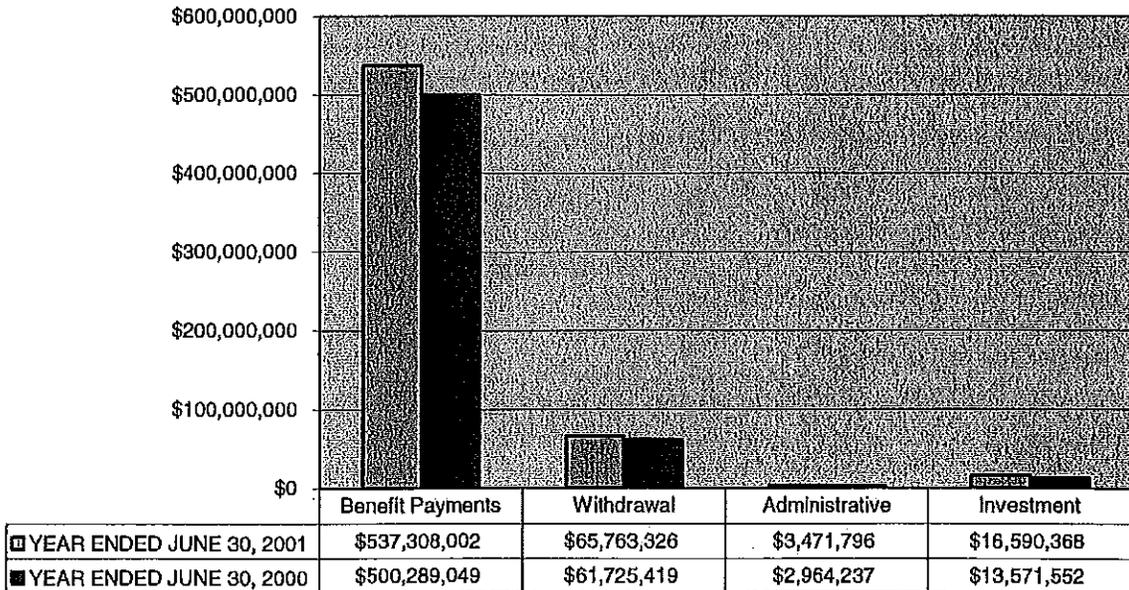
Changes in Plan Net Assets
June 30

	<u>2001</u>	<u>2000</u>
Additions:		
Contributions:		
Members	\$ 216,752,852	195,988,873
Members tax-shelter	5,181,802	7,038,250
Employer statutory requirement from local school districts	172,749,389	130,758,712
Federal matching	14,406,265	12,454,200
Dedicated tax	<u>140,925,355</u>	<u>132,574,886</u>
Total contributions	<u>550,015,663</u>	<u>478,814,921</u>
Investment income:		
Interest	163,139,203	140,911,589
Dividends	49,271,990	52,506,072
Net realized and unrealized (losses) gains	(342,603,971)	417,582,752
Less investment expenses	<u>(16,590,368)</u>	<u>(13,571,552)</u>
(Loss) income from investing activities	<u>(146,783,146)</u>	<u>597,428,861</u>
Income from securities lending activities:		
Securities lending income	42,929,337	33,821,402
Securities lending expenses:		
Borrower rebates	(39,306,499)	(30,723,626)
Management fees	<u>(907,494)</u>	<u>(817,240)</u>
Income from securities lending activities	<u>2,715,344</u>	<u>2,280,536</u>
Net investment (loss) income	<u>(144,067,802)</u>	<u>599,709,397</u>
Total additions	<u>405,947,861</u>	<u>1,078,524,318</u>
Deductions:		
Retirement, death, survivor and health benefits	537,308,002	500,289,049
Refund of member contributions and annuity payments	65,763,326	61,725,419
Administrative expenses	<u>3,471,796</u>	<u>2,964,237</u>
Total deductions	<u>606,543,124</u>	<u>564,978,705</u>
Net (decrease) increase	(200,595,263)	513,545,613
Net assets held in trust for pension benefits and annuity benefits of electing members:		
Beginning of year	<u>6,250,549,561</u>	<u>5,737,003,948</u>
End of year	<u>\$ 6,049,954,298</u>	<u>6,250,549,561</u>

ADDITIONS FOR THE YEARS ENDED JUNE 30, 2001 AND 2000



DEDUCTIONS FOR THE YEARS ENDED JUNE 30, 2001 AND 2000



Economic Factors, Future Contribution Rates and Status of Unfunded Liability

The most notable economic event during fiscal year 2001 was the decline in the stock market. This decline in the market resulted in a total loss on the System's investments of 2.3% for the year. It is important to remember that fluctuation in investment markets must be expected. Historically, bear markets (prolonged periods of falling prices) have lasted 406 days, with an average loss of 30.9%. Bull markets (prolonged rise in prices of stocks, bonds or commodities) have lasted an average of 735 days, resulting in a gain of about 87.1%. Usually, the return from a bear market to a bull market happens when sentiment changes and optimism about company earnings and economic growth increases. So even though the markets have continued to decline for over a year now, history suggests that these markets can and will bounce back. This often occurs very rapidly and it is critical that entities such as TRS remain invested in the stock market. For example, the S&P 500 index increased an average of 18.33% annually during the five-year period ending December 31, 2000. However, if the 10 best days during this period were missed, the return would have been slashed to an average annual return of 9.24%. This same pattern of rapid growth in short periods of time has happened many times in the history of the stock market. An institutional investor such as TRS, as well as the individual investor, must stay invested in the stock market and maintain a long-term investment strategy, even when the market is choppy and frustrating.

A law enacted and signed by Governor Keating in 1999 provides that the System will receive 3.54% of the state sales, use, and corporate and individual income taxes collected. This dedicated tax revenue source contributed \$141 and \$133 million to the System for fiscal years 2001 and 2000, respectively. The TRS Board of Trustees has adopted an actuarial assumption that this source of revenue should increase at a rate of 3.5% annually. The state sales, use, and corporate and individual income taxes dedicated as the State of Oklahoma's contribution to TRS replaced the gross production tax percentage previously given to the System. This change provides TRS with a more stable revenue source. The employer contribution rate, set by statute, increased from 4.8% in fiscal year 2000 to 5.8% in fiscal year 2001 and is scheduled to increase to 6.8% in fiscal year 2002. A final increase in the employer contribution rate is scheduled in fiscal year 2003 to 7.05%. Furthermore, the contribution rate for matching employee salaries by federal funds and other non-state grant money was set by the Board of Trustees at 5.12% for the 2001-02 school year. These increases in revenue will have a positive effect on the System's financial position.

As of June 30, 2001, only 51.4% of the System's actuarial liabilities was covered by the actuarial value of its assets. According to Gabriel, Roeder, Smith, and Company, Consultants and Actuaries, TRS continues to be one of five or six worst funded state-operated pension plans in the nation. The significance of this problem for the future of the State of Oklahoma cannot be overstated. The increases in the percentage of employer contributions, as well as the projected increases in dedicated revenue received from the state are expected to improve the funded position of TRS.

Requests for Information

This financial report is designed to provide a general overview of the System's finances for all those with an interest in the System's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Secretary of the Teachers' Retirement System of Oklahoma, P.O. Box 53524, Oklahoma City, OK 73152.



700 Oklahoma Tower
210 Park Avenue
Oklahoma City, OK 73102-5671

Independent Auditors' Report

Board of Trustees
Teachers' Retirement System of Oklahoma:

We have audited the accompanying statements of plan net assets of the Teachers' Retirement System of Oklahoma (the System), a part of the financial reporting entity of the state of Oklahoma, as of June 30, 2001 and 2000, and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

As discussed in note 2, the System's actuary has determined that the System's unfunded actuarial accrued liability is approximately \$5,632,100,000. The funding of the actuarial accrued liabilities is predicated on a funding schedule mandated by Oklahoma Statutes and if any changes further reduce or delay the implementation of the funding schedule, the funding period will increase.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets of the System at June 30, 2001 and 2000, and the changes in its net assets for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in note 3, the System adopted the provisions of Government Accounting Standards Board Statement No. 34 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, in 2001.

(Continued)

The Management's Discussion and Analysis on pages 21 through 26 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards* we have also issued a report dated August 17, 2001, on our consideration of the System's internal control over financial reporting and our tests of its compliance with certain provisions of laws and regulations. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

The schedules of funding progress and employer contributions in Schedule 1 are not a required part of the basic financial statements, but are supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures prescribed by professional standards, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit this information and express no opinion on it.

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

KPMG LLP

August 17, 2001, except for Note (10) which is
as of September 30, 2001

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

Statements of Plan Net Assets

June 30, 2001 and 2000

Assets	2001	2000
Cash	\$ 3,223,790	30,777,532
Short-term investments	233,955,161	338,743,201
Accrued interest and dividends receivable	35,682,725	33,153,290
Contributions receivable	30,734,990	24,699,745
Receivable from state of Oklahoma	13,835,266	12,831,212
Due from brokers for securities sold	77,375,928	134,537,732
Security lending institutional daily assets fund	909,808,650	731,866,253
Long-term investments:		
US government securities	1,270,263,989	1,121,322,730
Corporate bonds	889,924,464	607,998,748
International bonds	77,067,622	312,023,596
Equity securities	<u>3,590,188,312</u>	<u>3,915,168,380</u>
Total long-term investments	5,827,444,387	5,956,513,454
Capital assets, net	<u>382,620</u>	<u>400,195</u>
Total assets	<u>7,132,443,517</u>	<u>7,263,522,614</u>
Liabilities		
Benefits in process of payment	15,976,756	42,137,486
Due to brokers for securities purchased	151,955,581	234,935,437
Payable under security lending agreement	909,808,650	731,866,253
Accrued investment fees	4,548,039	3,871,882
Compensated absences	<u>200,193</u>	<u>161,995</u>
Total liabilities	<u>1,082,489,219</u>	<u>1,012,973,053</u>
Net Assets		
Invested in capital assets	382,620	400,195
Net assets held in trust for pension benefits and annuity benefits (note 6) of electing members (a schedule of funding progress is presented on page 45)	<u>6,049,571,678</u>	<u>6,250,149,366</u>
Total net assets	<u>\$ 6,049,954,298</u>	<u>6,250,549,561</u>

See accompanying notes to financial statements.

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

Statements of Changes in Plan Net Assets

Years ended June 30, 2001 and 2000

	<u>2001</u>	<u>2000</u>
Additions:		
Contributions:		
Members	\$ 216,752,852	195,988,873
Members tax-shelter	5,181,802	7,038,250
Employer statutory requirement from local school districts	172,749,389	130,758,712
Federal matching	14,406,265	12,454,200
Dedicated tax	<u>140,925,355</u>	<u>132,574,886</u>
Total contributions	<u>550,015,663</u>	<u>478,814,921</u>
Investment income:		
Interest	163,139,203	140,911,589
Dividends	49,271,990	52,506,072
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Less investment expenses	<u>(16,590,368)</u>	<u>(13,571,552)</u>
(Loss) income from investing activities	<u>(146,783,146)</u>	<u>597,428,861</u>
Income from securities lending activities:		
Securities lending income	42,929,337	33,821,402
Securities lending expenses:		
Borrower rebates	(39,306,499)	(30,723,626)
Management fees	<u>(907,494)</u>	<u>(817,240)</u>
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Refund of member contributions and annuity payments	65,763,326	61,725,419
Administrative expenses	<u>3,471,796</u>	<u>2,964,237</u>
Total deductions	<u>606,543,124</u>	<u>564,978,705</u>
Net (decrease) increase	<u>(200,595,263)</u>	<u>513,545,613</u>
Net assets:		
Beginning of year	<u>6,250,549,561</u>	<u>5,737,003,948</u>
End of year	\$ <u><u>6,049,954,298</u></u>	<u><u>6,250,549,561</u></u>

See accompanying notes to financial statements.

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

Notes to Financial Statements

June 30, 2001 and 2000

(1) Description of the System

The following brief description of the Teachers' Retirement System of Oklahoma (the System) is provided for general information purposes only. Participants should refer to Title 70 of the Oklahoma Statutes, 1991, sections 17-101 through 116.9 as amended. Administrative expenses are paid with funds provided by operations of the System.

The System was established as of July 1, 1943, for the purpose of providing retirement allowances and other specified benefits for qualified persons employed by state-supported educational institutions. The System is a part of the State of Oklahoma financial reporting entity, which is combined with other similar funds to comprise the fiduciary-pension trust funds of the State of Oklahoma. The supervisory authority for the management and operation of the System is a 13 member board of trustees, which acts as a fiduciary for investment of the funds and the application of plan interpretations. The System is a cost-sharing multiple-employer public employee retirement system, which is a defined benefit pension plan covering all employees of the public school system.

The System's membership consisted of the following as of June 30:

	<u>2001</u>	<u>2000</u>
Retirees and beneficiaries currently receiving benefits	35,188	34,117
Terminated vested participants	3,459	3,273
Active participants	<u>84,387</u>	<u>83,024</u>
	<u>123,034</u>	<u>120,414</u>

There are 627 contributing employers in the System. In addition, there were 8,335 and 8,199 of nonvested inactive participants at June 30, 2001 and 2000, respectively, who are entitled to a refund of their accumulated contributions.

(2) Funding Status

The System's actuary conducts an annual valuation to determine the adequacy of the current employer contribution rates, to describe the current financial condition of the System, and to analyze changes in the System's condition. This valuation shows the funded position of the System has deteriorated from the funding level at June 30, 2000. This is mainly due to the automatic 1% cost-of-living increase assumption. The actuarial accrued liability increased \$1,582 million and the actuarial value of assets increased \$586 million. The System's unfunded actuarial accrued liabilities increased \$996 million. The increase is almost entirely due to the automatic 1% cost-of-living increase assumption. Despite the system's results this year, it should be noted that unfunded liabilities are expected to increase until the year 2044. In addition, the expected increase is due to the negative amortization created by the current funding schedule that increases employer contribution rates by 1% per year until 2002 and then is fixed at 7.05% for 2003 and thereafter, and the employee contributes 7%. (See note 7.)

(Continued)

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

Notes to Financial Statements

June 30, 2001 and 2000

The System will experience difficulty in meeting long-term obligations at a point in time if not funded at a more appropriate level. Based on calculations using Government Accounting Standards Board (GASB) Statement No. 25, the System's funded ratio is only 51.4% and 53.7% at June 30, 2001 and 2000, respectively.

The financial condition of the System and its ability to meet future obligations is predicated on a funding schedule in state statutes which provides an increasing revenue stream based on a percentage of active members' pay. If the funding schedule is maintained and adequate earnings and gains are provided on investments, the System will eventually be adequately funded. If legislative changes further reduce, delay, or roll back the funding schedule, or if unfunded benefit improvements are added to the plan, the funding period will increase.

(3) Summary of Significant Accounting Policies

(a) Basis of Accounting

The System has prepared its financial statements in accordance with accounting principles generally accepted in the United States of America. The System has implemented Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* (Statement 34). The System adopted the provisions of Statement 34 in 2001, effective July 1, 2000.

Statement 34 primarily relates to presentation and disclosure requirements and had no monetary impact on the financial statements. As a result of adoption, Management's Discussion and Analysis has been included. Management's decision to adopt Statement 34 was based on the State of Oklahoma's planned adoption for fiscal year 2001.

The financial statements are prepared using the accrual basis of accounting, under which expenses are recorded when the liability is incurred, revenues are recorded in the accounting period they are earned and become measurable, and investment purchases and sales are recorded as of their trade dates.

(b) Budgetary Control

The System prepares and submits an annual budget of operating revenues and expenses on the cash basis for monitoring and reporting to the Office of State Finance. The System's budget process follows the budget cycle for State operations as outlined by the Office of State Finance.

The Executive Secretary may approve changes within the budget, but a change to the total budget must be handled according to the provision of Title 62 O.S. Sec. 41.12 of the Oklahoma Statutes.

(Continued)

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

Notes to Financial Statements

June 30, 2001 and 2000

(c) *Investments*

The System is authorized to invest in eligible investments as approved by the Board of Trustees (the Board) as set forth in its investment policy.

Plan investments are reported at fair value. The short-term investment fund is comprised of an investment in units of commingled trust funds of the Plan's custodial agent, which is reported at cost, which approximates fair value. Debt and equity securities are reported at fair value, as determined by the Plan's custodial agent, using pricing services or prices quoted by independent brokers based on the latest reported sales prices at current exchange rates for securities traded on national or international exchanges. The Security Lending Institutional Daily Assets Fund represents investment in Northern Trust Company's Institutional Daily Assets Fund and is carried at amortized cost, which approximates fair value.

Net investment income includes net appreciation (depreciation) in the fair value of investments, interest income, dividend income, investment income from foreign currency translation gains and losses, securities lending income and expenses and investment expenses, which includes investment management and custodial fees and all other significant investment related costs.

The System's international investment managers enter into forward foreign exchange contracts to protect against fluctuation in exchange rates between the trade date and the settlement date of foreign investment transactions. The gains and losses on these contracts are included in income in the period in which the exchange rates change.

The System invests in various traditional financial instruments that fall under the broad definitions of derivatives. The System's derivatives include U.S. Treasury Strips, collateralized mortgage obligations, futures and options, convertible stocks and bonds, and variable rate instruments. These investments are not speculative in nature and do not increase investment risk beyond allowable limits specified in the System's investment policy.

Investment securities and investment securities underlying commingled or mutual fund investments are exposed to various risks, such as interest rate, market and credit risks. Due to the risks associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities may occur in the near term and that such changes could materially affect the amounts reported in the statement of plan net assets.

(d) *Capital Assets*

Capital assets are stated at cost when acquired, net of accumulated depreciation. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, which range from 5 to 10 years.

(Continued)

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

Notes to Financial Statements

June 30, 2001 and 2000

(e) *Income Taxes*

The System is exempt from federal and state income taxes and has received a favorable determination from the Internal Revenue Service under Code section 401(a). The System's 403(b) Plan is also tax-exempt and has received a private letter ruling from the Internal Revenue Service.

(f) *Compensated Absences*

It is the State's policy to permit employees to accumulate earned but unused vacation and sick leave. Employees earn annual vacation leave based upon their start date and years of service. All accrued vacation leave is payable upon termination, resignation, retirement or death. Sick leave does not vest to the employee and therefore is not recorded as a liability.

(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 based upon 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.

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

Notes to Financial Statements

June 30, 2001 and 2000

(h) Use of Estimates

The preparation of the System's financial statements in conformity with accounting principles generally accepted in the United States of America requires the System administrator to make significant estimates and assumption that affect the reported amounts of net assets held in trust for pension benefits at the date of the financial statements and the actuarial information included in the required supplementary information as of the benefit information date, the changes in System net assets during the reporting period and, when applicable, disclosures of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

(i) Risks and Uncertainties

Contributions to the System and the actuarial information included in the required supplementary information are reported based on certain assumptions pertaining to interest rates, inflation rates, employee compensation and demographics. Due to the changing nature of these assumptions, it is at least reasonably possible that changes in these assumptions may occur in the near term and, due to the uncertainties inherent in setting assumptions, that the effect of such changes could be material to the financial statements.

(4) Cash and Investments

Cash includes amounts on deposit with the Office of the State Treasurer (State Treasurer) in a pooled account, which is required to be insured or collateralized by the Oklahoma Statutes. The amount of collateral securities to be pledged for the security of public deposits shall be established by rules and regulations promulgated by the State Treasurer. At June 30, 2001 and 2000, the carrying amount of cash with the State Treasurer was approximately \$3,200,000 and \$30,800,000, respectively.

Deposits with financial institutions are categorized depending on whether they are insured or collateralized. The System's deposits are categorized to give an indication of the level of risk assumed at year end. Category 1 includes deposits that are insured or collateralized, with securities held by the System or its agent in the System's name. Category 2 includes deposits collateralized with securities held by the counterparty's trust department or agent in the System's name. Category 3 includes uncollateralized deposits.

The System's investments would generally be categorized into one of three separate credit risk categories. Category 1 includes investments that are insured or registered, or are held by the System or its agent in the System's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the System's name. Category 3 includes uninsured and unregistered investments, held by the counterparty, or by its trust department or agent, but not in the System's name.

(Continued)

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

Notes to Financial Statements

June 30, 2001 and 2000

The investments held by broker-dealers under the collateralized securities lending program are categorized based upon the nature of the collateral. If the collateral received is cash, then the investments lent are noncategorized since the cash is reflected on the balance sheet. If the collateral received is securities and letters of credit, then the investments lent are categorized according to the characteristics of the collateral received.

Deposits and investments as of June 30, 2001 and 2000, are categorized as follows on page 17:

(Continued)

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

Notes to Financial Statements

June 30, 2001 and 2000

	<u>2001</u>	<u>2000</u>
Category 1 Classification:		
Deposits:		
Domestic money market account	\$ 195,180,000	46,926,000
International money market account	30,232,000	112,381,000
Short-term investments:		
Commercial paper	8,543,000	174,353,000
U.S. government	—	5,083,000
Total deposits and short-term investments	<u>233,955,000</u>	<u>338,743,000</u>
Long-term investments:		
U.S. government	912,329,000	827,703,000
Corporate bonds	795,489,000	584,050,000
International bonds	67,173,000	297,288,000
Domestic stock	2,598,954,000	2,891,648,000
International equities	523,236,000	619,607,000
Futures and options	(177,000)	4,950,000
Total long-term investments in category 1	<u>4,897,004,000</u>	<u>5,225,246,000</u>
Total category 1	<u>5,130,959,000</u>	<u>5,563,989,000</u>
Category 3 Classification:		
Investments held by broker-dealers under securities loans for noncash collateral:		
U.S. government	37,613,000	1,149,000
Corporate bonds	1,039,000	779,000
Domestic stocks	7,574,000	7,877,000
International equities	—	6,908,000
Total category 3	<u>46,226,000</u>	<u>16,713,000</u>
Not subject to classification:		
Investments held by broker-dealers under securities loans for cash collateral:		
U.S. government	320,322,000	292,471,000
Corporate bonds	93,397,000	23,170,000
International bonds	9,894,000	14,735,000
Domestic stocks	338,459,000	280,367,000
International equities	122,142,000	103,812,000
Securities lending collateral	909,809,000	731,866,000
Total not subject to classification	<u>1,794,023,000</u>	<u>1,446,421,000</u>
Total deposits and investments	\$ <u>6,971,208,000</u>	<u>7,027,123,000</u>

(Continued)
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TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

Notes to Financial Statements

June 30, 2001 and 2000

The System has investments in mortgage-backed securities pools of approximately \$727,034,000 and \$658,626,000 at June 30, 2001 and 2000, respectively. These securities are backed by the full faith of the U.S. Government or its Agencies. Market risk related to these securities is based on cash flows from payments on underlying mortgages. Therefore, they are sensitive to prepayments by mortgagees, which may result from a decline in interest rates. The market risk including interest rate risk and prepayment risk of these investments is reduced by the securities pool having varying interest rates and maturity dates.

Securities Lending Activity:

The System's investment policy and state statutes provides for its participation in a securities lending program. The program is administered by the System's master custodian and there are no restrictions on the amount of loans that can be made. Certain securities of the System are loaned to participating brokers, who must provide collateral in the form of cash, U.S. Treasury or Government Agency securities, or letters of credit issued by approved banks. Under the terms of the agreement, collateralization of the fair value of the loaned securities must be provided in the amount of 102% for loans of securities for which the principal trading market is the United States and 105% for securities for which the principal trading market is outside the United States.

The fair value of securities on loan was approximately \$909,809,000 and \$731,866,000 at June 30, 2001 and 2000, respectively. The underlying collateral for these securities had a fair value of approximately \$957,375,000 and \$749,215,000 at June 30, 2001 and 2000, respectively. Collateral of securities and letters of credit represented approximately \$93,792,000 and \$34,062,000 of total collateral at June 30, 2001 and 2000, respectively. Because the System cannot pledge or sell collateral securities and letters of credit received unless the borrower defaults, the collateral and related liability are not presented in the balance sheet.

At June 30, 2001 and 2000, the System has no credit risk exposure to borrowers because the amounts the System owes the borrowers exceed the amounts the borrowers owe the System. Furthermore, the contract with the System's lending agent requires it to indemnify the System if the borrowers fail to return the lent securities. However, should a collateral deficiency occur beyond the lending agent's responsibilities, the deficiency is allocated pro rata among all lenders. There have been no losses on security lending transactions, or recoveries from prior period losses, during 2001 or 2000 resulting from the default of a borrower or the lending agent.

All securities loans can be terminated on demand by either the System or the borrower. However, the average term of the loans cannot be determined. Cash collateral is invested in the lending agent's institutional daily assets fund, which at year-end has an average maturity of 30 days. The relationship between the maturities of the investment fund and the System's loans is affected by the maturities of the securities loans made by other entities that use the lending agent's fund, which the System cannot determine.

(Continued)

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

Notes to Financial Statements

June 30, 2001 and 2000

(5) Capital Assets

Capital assets consist of the following:

	<u>2001</u>	<u>2000</u>
Furniture and fixtures	\$ 1,342,346	1,425,624
Accumulated depreciation	<u>(959,726)</u>	<u>(1,025,429)</u>
Capital assets, net	<u>\$ 382,620</u>	<u>400,195</u>

The System has commitments to lease building space from the Oklahoma State School Board Association, as well as leases on certain equipment. The future minimum commitments for operating leases as of June 30, 2001, was approximately \$162,000. The System's leases are one year renewable contracts. Rental expense for all operating leases amounted to approximately \$139,000 and \$128,000 for the years ended June 30, 2001 and 2000, respectively.

(6) Reserved and Designated Funds

Amounts included in the Teachers' Deposit Fund, the Expense Fund and the Capital Assets Fund are not available to pay regular retirement benefits. A brief description of the major funds is as follows:

- The Teachers' Deposit Fund represents funds in the tax-sheltered annuity program which is an optional program for members.
- The Expense Fund represents funds accumulated to pay for the expense of administering and maintaining the System.
- The Capital Assets Fund represents amounts used to purchase various furniture and fixtures for the System.

	<u>2001</u>	<u>2000</u>
Teachers' Deposit Fund (tax-sheltered annuities)	\$ 322,761,000	360,209,000
Expense Fund	26,011,000	24,394,000
Capital Assets Fund	<u>383,000</u>	<u>400,000</u>
	<u>\$ 349,155,000</u>	<u>385,003,000</u>

(7) Contributions

All contribution rates are defined or amended by the Oklahoma Legislature. All active members contribute to the System; however, the employer may elect to make all or part of the contribution for its employees. There are special provisions for members of higher education who joined the System before July 1, 1995.

(Continued)

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

Notes to Financial Statements

June 30, 2001 and 2000

All members must contribute 7% of regular annual compensation, not to exceed the member's maximum compensation level. For members other than those employed by a comprehensive university on or before June 30, 1995, the maximum compensation level will be the member's regular annual compensation. For those members employed by a comprehensive university, maximum compensation level was \$42,500 for those who elected the \$25,000 limit prior to June 30, 1995 and \$59,000 for all other members in fiscal year 1999. Maximum compensation levels increase by \$5,000 each year through June 30, 2007, after which the full amount of regular annual compensation will be considered.

Each teacher, meeting minimum salary requirements, shall have a specific amount of the employee's required contribution to the System paid by the State. The credit amount is determined based upon years of service. Contributions by the State totaled approximately \$34,692,000 and \$34,679,000 for 2001 and 2000, respectively.

The employers are required to contribute a fixed percentage of annual compensation on behalf of active members. The employer contribution rate of 5.8% and 4.8% for 2001 and 2000, respectively, is applied to annual compensation up to defined caps depending upon the member's elections as previously described.

(8) Benefits

The System provides defined retirement benefits based on members' final compensation, age, and term of service. In addition, the retirement program provides for benefits upon disability and to survivors upon the death of eligible members. Title 70 O.S. Sec. 17-105 defines all retirement benefits. The authority to establish and amend benefit provisions rests with the State Legislature. Benefit provisions include:

- Members become 100% vested in retirement benefits earned to date after ten years of credited Oklahoma service. Members who joined the System on June 30, 1992, or prior, are eligible to retire at maximum benefits when age and years of creditable service total eighty. Members joining the System after June 30, 1992, are eligible for maximum benefits when their age and years of creditable service total ninety. Members whose age and service do not equal the eligible limit may receive reduced benefits as early as age 55, and at age 62 receive full benefits based on their years of service. The maximum retirement benefit is equal to 2% of final compensation for each year of credited service.

(Continued)

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

Notes to Financial Statements

June 30, 2001 and 2000

- Final compensation for members who joined the System prior to July 1, 1992, is defined as the average salary for the three highest years of compensation. Final compensation for members joining the System after June 30, 1992, is defined as the average of the highest five consecutive years of annual compensation in which contributions have been made. The final average compensation is limited for service credit accumulated prior to July 1, 1995 to \$40,000 or \$25,000, depending on the member's election. Monthly benefits are one-twelfth of this amount. Service credits accumulated after June 30, 1995 are calculated based on each member's final average compensation, except for certain employees of the two comprehensive universities.
- Upon the death of a member who has not yet retired, the designated beneficiary shall receive the member's total contributions plus 100% of interest earned through the end of the fiscal year, with interest rates varying based on time of service. If the deceased, in-service member joined the System prior to July 1, 1992, the beneficiary will receive an additional death benefit of \$18,000. A surviving spouse of a qualified member may elect to receive, in lieu of the aforementioned benefits, the retirement benefit the member was entitled to at the time of death as provided under the Joint Survivor Benefit Option.
- Upon the death of a retired member, the System will pay \$5,000 to the designated beneficiary, in addition to the benefits provided for by the retirement option selected by the member.
- A member is eligible for disability benefits after ten years of credited Oklahoma service. The disability benefit is equal to 2% of final average compensation for the applicable years of credited service.
- Upon separation from the System, members' contributions are refundable with interest based on certain restrictions provided in the plan, or by the Internal Revenue Code.
- Members may elect to make additional contributions to a tax-sheltered annuity program up to the exclusion allowance provided under the Internal Revenue Code under Code section 403(b).

(Continued)

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

Notes to Financial Statements

June 30, 2001 and 2000

For retirees that elect to obtain health insurance coverage through the Oklahoma State and Education Employees Group Insurance Board (the Board), the System paid between \$100 and \$105 per month and paid between \$70 and \$75 per month to the Board for each retiree, depending on the members' years of service during 2001 and 2000, respectively. Such amounts were approximately \$29,160,000 and \$20,537,000 in 2001 and 2000, respectively, and are included in retirement, death, survivor and health benefits. Amounts due to the Board at June 30, 2001 and 2000, respectively, are approximately \$2,418,000 and \$1,704,000, and are included in benefits in process of payment. The System performs no administrative functions related to the health insurance coverage provided through the Board.

(9) Plan Amendments

No substantial changes were made to the System based on bills passed by the Oklahoma Legislative that were effective July 1, 2001.

(10) Subsequent Event

The fair value of the System's investments decreased approximately \$494,832,000 as of September 30, 2001.

Required Supplementary Information

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TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

Required Supplementary Information

Schedule of Funding Progress
(Dollars in millions)
(unaudited)

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b)-(a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as % of Covered Payroll (b-a)/(c)
June 30, 1996	\$ 3,103.0	\$ 7,843.2	\$ 4,740.2	39.6%	\$ 2,375.5	199.5%
June 30, 1997	3,544.9	8,257.2	4,712.3	42.9%	2,428.7	194.0%
June 30, 1998	4,085.0	8,891.3	4,806.3	45.9%	2,537.7	189.4%
June 30, 1999	4,708.0	9,458.6	4,750.6	49.8%	2,648.4	179.4%
June 30, 2000	5,373.5	10,009.2	4,635.7	53.7%	2,738.3	169.3%
June 30, 2001	5,959.0	11,591.1	5,632.1	51.4%	2,990.5	188.3%

Schedule of Employers Contributions
(Unaudited)

Fiscal year ended June 30	Annual Required Contribution	Percentage Contributed
1996	\$ 434,728,781	40.8%
1997	446,459,961	62.0%
1998	446,219,296	59.1%
1999	456,864,002	53.5%
2000	455,265,033	60.6%
2001	451,463,258	72.7%

The employer contribution rates are established by the Oklahoma Legislature and are less than the annual required contribution which is performed to determine the adequacy of such contribution rates.

Unaudited - See accompanying independent auditors' report.

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

Notes to Required Supplementary Information

June 30, 2001 and 2000

Actuarial Assumptions and Methods

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation date, June 30, 2001, is as follows:

(a) Funding Method

Costs are developed using the entry age normal cost method (based on a level percentage of covered payrolls). Under the method used for this plan, the accrued liability and the present value of future normal costs are determined by summing the individual entry age results for each participant. The normal cost is then determined in aggregate by spreading the present value of future normal costs as a level percentage of expected future covered payrolls. Entry age is defined as the first day service is credited under the System.

Experience gains and losses, i.e., decreases or increases in accrued liabilities attributable to deviations in experience from the actuarial assumptions, adjust the unfunded actuarial accrued liability.

(b) Asset Valuation Method

The actuarial value of assets is equal to the market value, adjusted for a five-year phase in of actual investment return in excess of expected investment return. The actual return is calculated net of investment and administrative expenses, and the expected investment return is equal to the assumed investment return rate multiplied by the prior year's market value of assets, adjusted for contributions, benefits paid and refunds.

(c) Amortization

The unfunded actuarial accrued liability is amortized on a level dollar method over a 40-year open period.

(Continued)

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

Notes to Required Supplementary Information

June 30, 2001 and 2000

Significant actuarial assumptions employed by the actuary for funding purposes as of July 1, 2001, are as follows:

- Investment Return – 8.0% per annum, compounded annually
- Salary Increases – 4.25% to 7.00% per year (includes inflation of 3.0%)
- Mortality Rates – Active participants and nondisabled pensioners – 1983 Group Annuity Mortality Table; Disabled pensioners – 1983 Group annuity set forward five years for disabled experience
- Post Retirement Benefit Increases – None
- Post Retirement Health Insurance Premium – The System contributes between \$100 and \$105 per month or the Medicare Supplement Premium, if less, for eligible System members receiving retirement benefits who elect health insurance coverage through the Oklahoma State and Education Employee's Group Health Insurance Program, which administers various group health benefit plans.
- Cost-of-living adjustment – 1% per year

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Other Supplementary Information

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TEACHERS' RETIREMENT SYSTEM OF OKLAHOMASupplementary Information
Schedules of Investment Expenses

Years ended June 30, 2001 and 2000

	<u>2001</u>	<u>2000</u>
Investment custodian	\$ 100,000	103,261
Investment managers	17,184,042	13,849,144
Investment consultants	233,325	209,100
Investment information services	19,680	19,730
Commission recapture	<u>(946,679)</u>	<u>(609,683)</u>
Total investment expenses	<u>\$ 16,590,368</u>	<u>13,571,552</u>

See accompanying independent auditors' report.

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMASupplementary Information
Schedules of Administrative Expenses

Years ended June 30, 2001 and 2000

	<u>2001</u>	<u>2000</u>
Salaries and benefits	\$ 2,219,157	1,838,067
General and miscellaneous	532,870	490,184
Professional/consultant fees	200,686	178,704
State of Oklahoma interagency	281,659	246,903
Travel and related expenses	45,389	43,951
Depreciation expense	<u>192,035</u>	<u>166,428</u>
Total administrative expenses	<u>\$ 3,471,796</u>	<u>2,964,237</u>

See accompanying independent auditors' report.

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMASupplementary Information
Schedules of Professional/Consultant Fees

Years ended June 30, 2001 and 2000

	<u>2001</u>	<u>2000</u>
Actuarial	\$ 65,606	87,917
Medical	25,870	25,289
Legal	6,315	6,685
Audit	36,990	38,780
Data processing	13,243	1,134
Miscellaneous	52,662	18,899
Total professional/consultant fees	<u>\$ 200,686</u>	<u>178,704</u>

See accompanying independent auditors' report.



700 Oklahoma Tower
210 Park Avenue
Oklahoma City, OK 73102-5671

**Independent Auditors' Report on Compliance and on Internal Control Over
Financial Reporting Based on an Audit of Financial Statements Performed
in Accordance With *Government Auditing Standards***

Board of Trustees
Teachers' Retirement System of Oklahoma:

We have audited the financial statements of Teachers' Retirement System of Oklahoma (the System), as of and for the year ended June 30, 2001, and have issued our report thereon dated August 17, 2001 except for note (10) which is as of September 30, 2001, which includes a paragraph emphasizing the funded status of the System. Also included are explanatory paragraphs regarding the adoption of Governmental Accounting Standards Board Statement No. 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, in 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the System's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

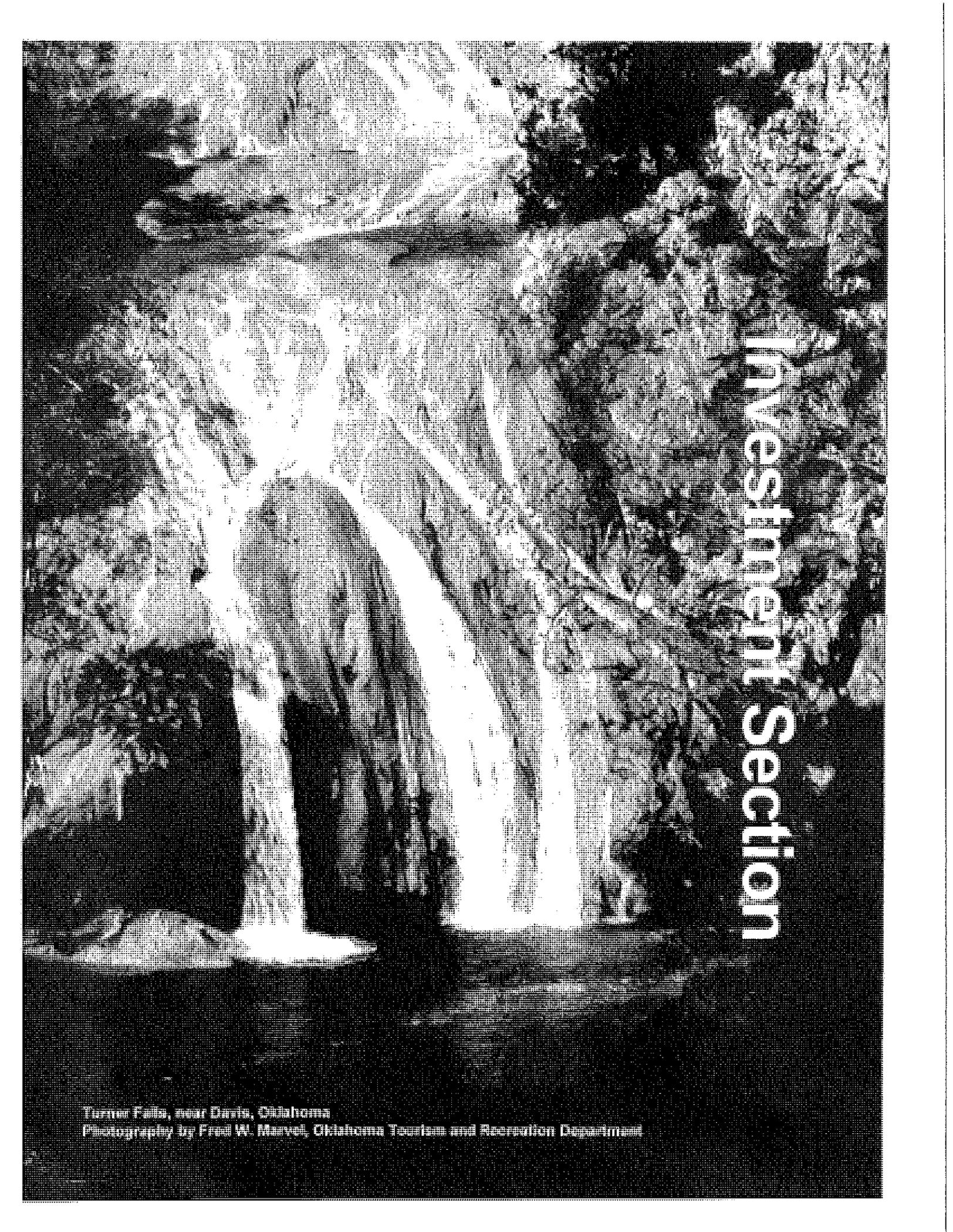
In planning and performing our audit, we considered the System's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Trustees, the Oklahoma State Auditor and Inspector, and management and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

August 17, 2001

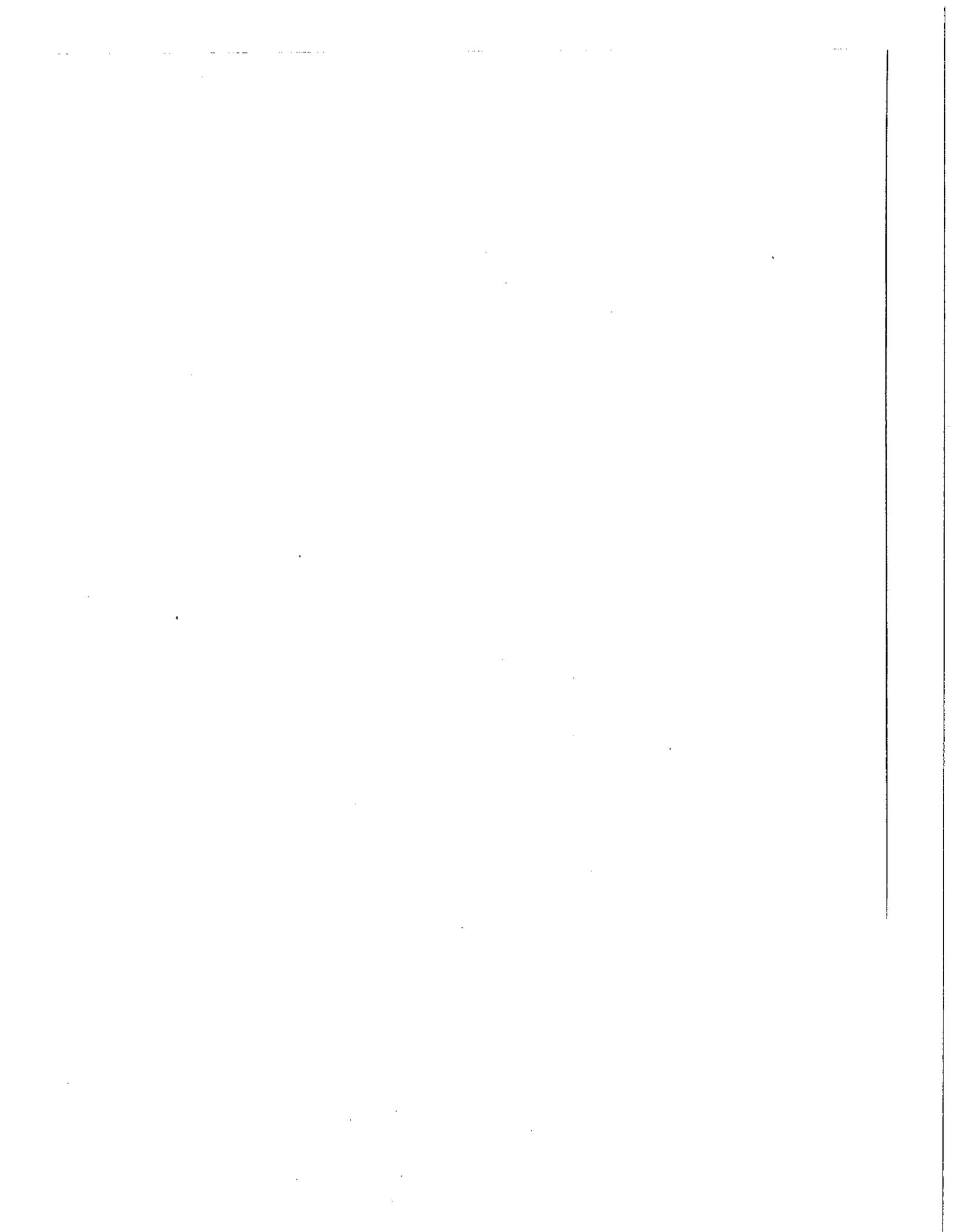
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Investment Section

Turner Falls, near Davis, Oklahoma

Photography by Fred W. Marvel, Oklahoma Tourism and Recreation Department



Professional Consultants and Advisors

Domestic Equity Managers

- Goldman Sachs Management, Large Capitalization Growth
Tampa, Florida
- Hotchkis and Wiley, Large Capitalization Value
Los Angeles, California
- Deutsche Bank, S&P 500 Index Fund
New York, New York
- Aronson+Partners, Middle Capitalization Core
Philadelphia, Pennsylvania
- Wellington Management Company, LLP, Middle Capitalization Growth
Boston, Massachusetts
- Morgan Stanley, Middle Capitalization Value
West Conshohocken, Pennsylvania
- Morgan Stanley, Middle Capitalization Growth
West Conshohocken, Pennsylvania
- Shapiro Capital Management Company, Small Capitalization Value
Atlanta, Georgia
- Tocqueville Asset Management, Small Capitalization Value
New York, New York
- Kopp Investment Advisors, Small Capitalization Growth
Edina, Minnesota
- Artemis Investment Management, Small Capitalization Growth
New York, New York

Domestic Fixed Income Managers

- Mellon Bond Associates, Passive Fixed Income Index Fund
Philadelphia, Pennsylvania
- Neuberger Berman Pension Management, Active Core
New York, New York
- Pacific Investment Management, Core Plus Fixed Income
Newport Beach, California
- Loomis, Sayles & Co., Core Plus Fixed Income
Chicago, Illinois

International Managers

- Brandes Investment Partners, International Equity
San Diego, California
- Northern Trust Global Investment
Chicago, Illinois
- Bank of Ireland Asset Management, International Equity
Santa Monica, California

Advisors and Consultants

- Northern Trust Company, Global Custodian
Chicago, Illinois
- Marquette Alliance, Inc., Investment Consultant
Tulsa, Oklahoma
- Gabriel, Roeder, Smith & Company, Actuarial Consultant
Dallas, Texas
- KPMG LLP, External Auditors
Oklahoma City, Oklahoma
- The Office of the Oklahoma Attorney General, Legal Counsel

REPORT ON INVESTMENT ACTIVITY

The Oklahoma Teachers' Retirement System had a loss for Fiscal Year 2001 of 2.3% based on fair value; three-year and five-year returns were 6.8% and 12.3% respectively. These returns allowed the increase in Unfunded Actuarial Accrued Liability (UAAL) to be \$180.5 million less than it would otherwise have been. The System's assets decreased over \$200 million to over \$6.0 billion at fiscal year-end.

The Board of Trustees of the Oklahoma Teachers' Retirement System is authorized by statute to invest the assets of the System solely in the interest of the participants and beneficiaries of the System. The Board is guided by the provisions of the prudent person rule, which affords the standard "with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims." The Board is authorized to establish an investment committee, which is to make recommendations to the full Board of Trustees on all matters, related to the choice of custodians and managers of the assets of the System, and the establishment of investment guidelines.

The main determinant of any pension fund's long term-success is the fund's asset allocation. The Board, in conjunction with the consultant and staff has determined that the appropriate portfolio mix for the System is 65% equity investments and 35% fixed income investments. Adherence to a disciplined investment policy is critical to achieving long-term success while at the same time controlling risk. The System's asset allocation is regularly reviewed and periodically updated.

The investment information contained in this report is presented to the greatest degree possible in conformance with the Presentation Standards of the Association for Investment Management and Research (AIMR).

This report prepared by:

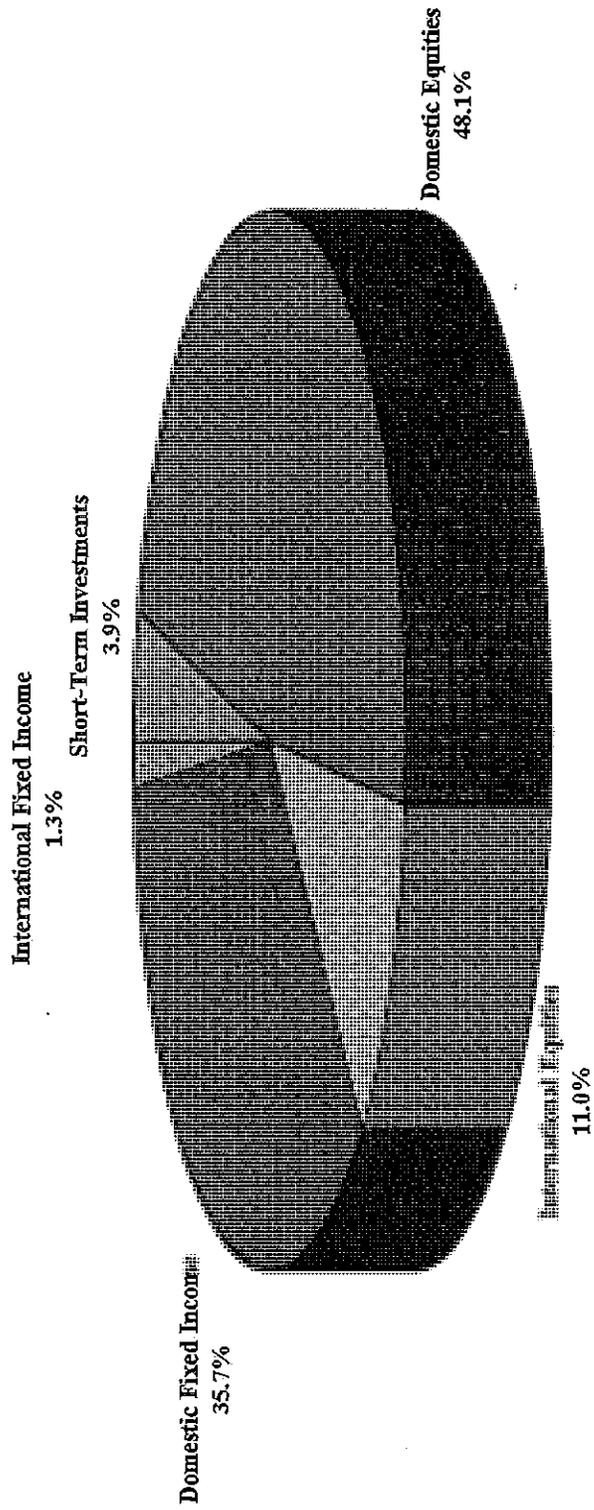
Bill Puckett
Chief Investment Officer

SUMMARY OF INVESTMENTS
June 30, 2001

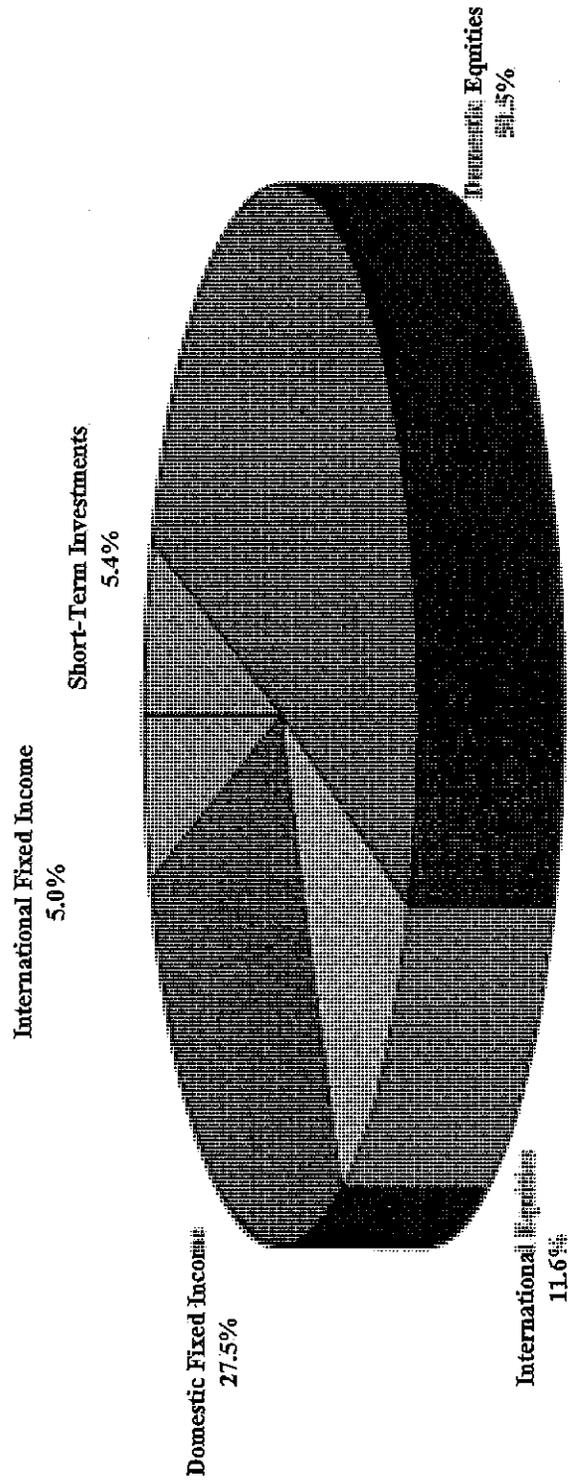
Type of Investment	Fair Value	Percentage of Total Fair Value
Fixed Income:		
U S Government	\$345,235,126	5.7%
U S Government Agency	925,028,863	15.3%
Domestic Corporate	890,100,683	14.7%
International	77,067,622	1.3%
Preferred Stock	<u>7,787,850</u>	<u>0.1%</u>
Total Fixed Income	2,245,220,144	37.0%
Common Stock:		
Domestic	2,915,297,684	48.1%
International	<u>667,102,778</u>	<u>11.0%</u>
Total Common Stock	3,582,400,462	59.1%
Futures / Options	-176,219	0.0%
Short-term Investments		
Commercial Paper	8,528,459	0.1%
U S Government	728,638	0.0%
Domestic Money Market	195,180,300	3.2%
International Money Market	<u>29,517,764</u>	<u>0.5%</u>
Total Short-Term Investments	233,955,161	3.9%
Total	<u>\$6,061,399,548</u>	<u>100.0%</u>

The Charts on the following pages demonstrate the changes in asset allocation the past three years.

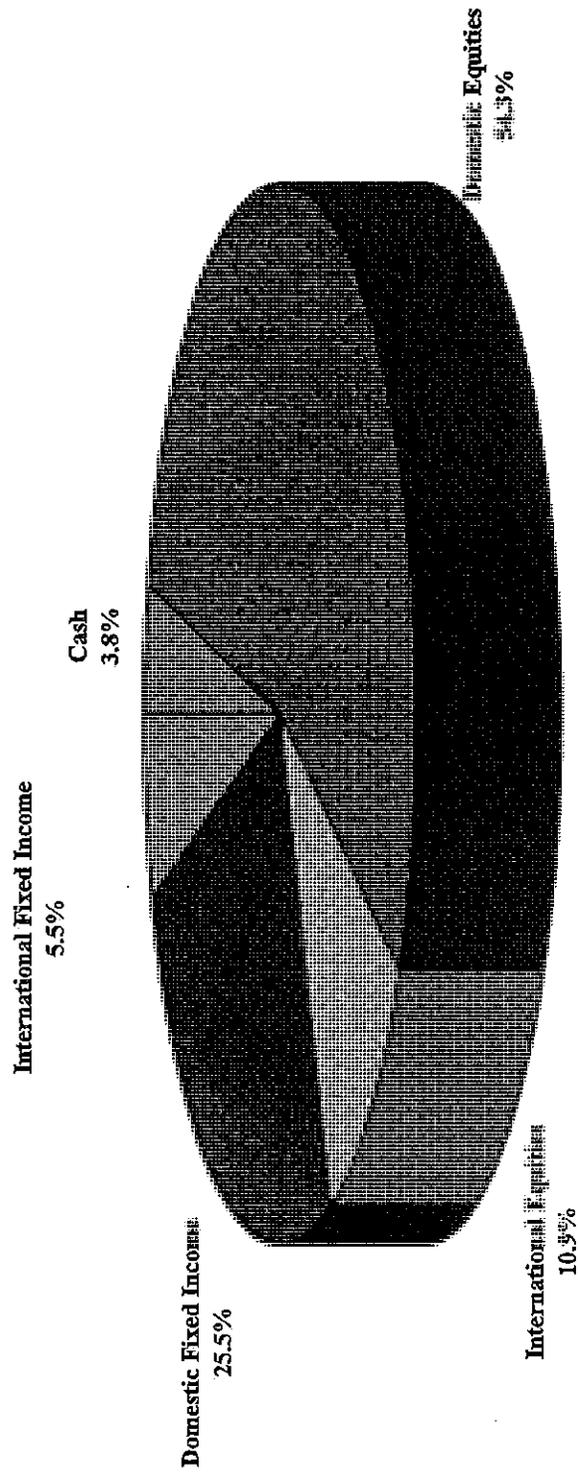
Asset Allocation at Fair Value
June 30, 2001



Asset Allocation at Fair Value
June 30, 2000



**Asset Allocation at Fair Value
June 30, 1999**



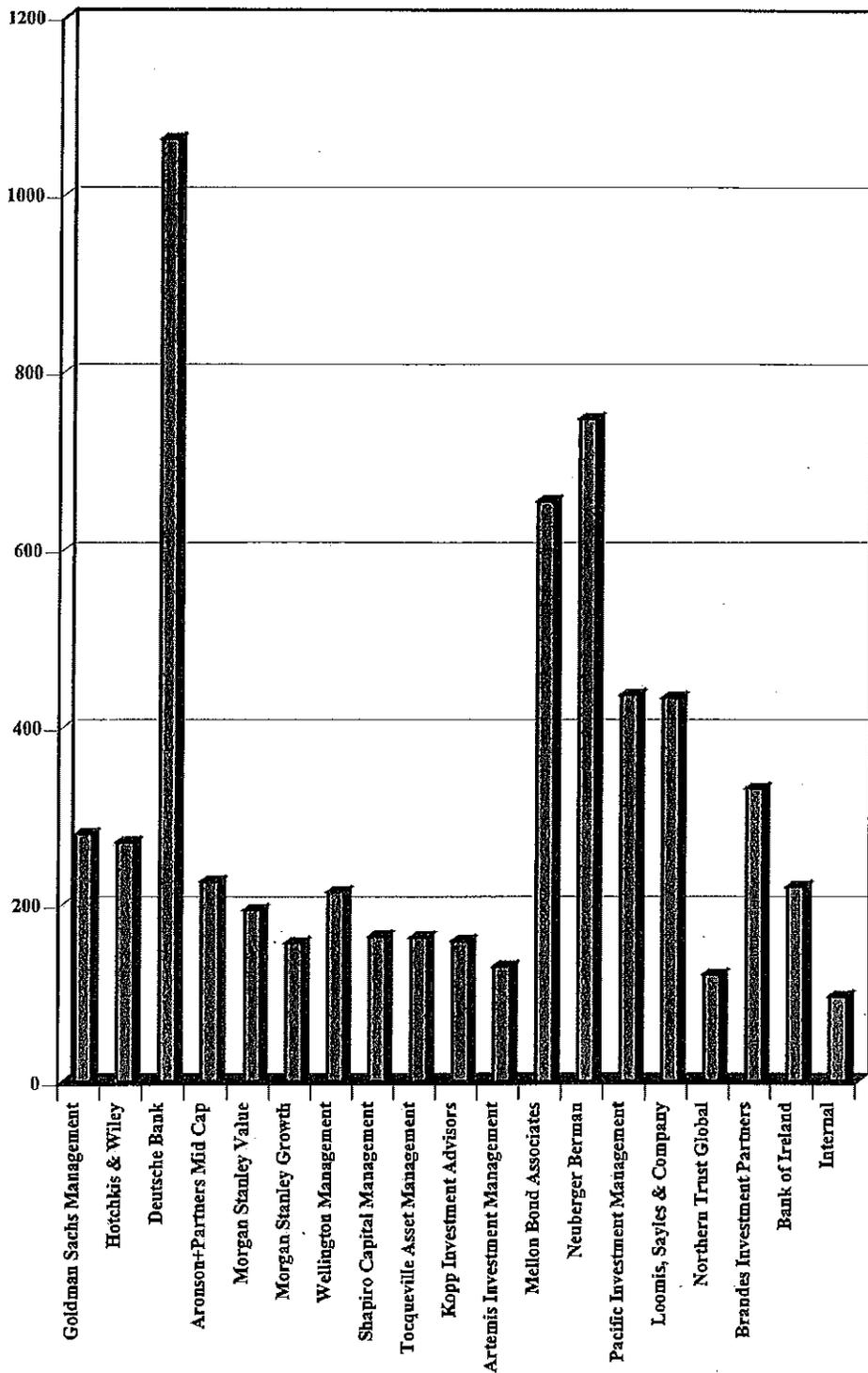
Investment Managers

The Board of Trustees has hired the following investment management firms to manage the assets of the System. The investment managers have full discretion in the management of assets in their portfolios, subject to individual investment styles and the overall guidelines of the System's Investment Policy. Firms employed by the Board on June 30, 2001 are listed below.

<u>Manager and Style</u>	<u>Funds under Management (in millions)</u>
Goldman Sachs Management	\$280
Large Capitalization Growth	
Hotchkis & Wiley	271
Large Capitalization Value	
Deutsche Bank	1,063
Large Capitalization Index	
Aronson+Partners	226
Middle Capitalization Core	
Morgan Stanley	194
Middle Capitalization Value	
Morgan Stanley	157
Middle Capitalization Growth	
Wellington Management	214
Middle Capitalization Growth	
Shapiro Capital Management	164
Small Capitalization Value	
Tocqueville Asset Management	163
Small Capitalization Value	
Kopp Investment Advisors	159
Small Capitalization Growth	
Artemis Investment Management	130
Small Capitalization Growth	
Mellon Bond Associates	655
Fixed Income Index	
Neuberger Berman	748
Core Fixed Income	
Pacific Investment Management	436
Core Plus Fixed Income	
Loomis, Sayles & Company	433
Core Plus Fixed Income	
Northern Trust Global Investment	121
International Equity	
Brandes Investment Partners	331
International Equity	
Bank of Ireland	220
International Equity	
Internal	\$96

Chart on following page.

Assets Managed (in millions)



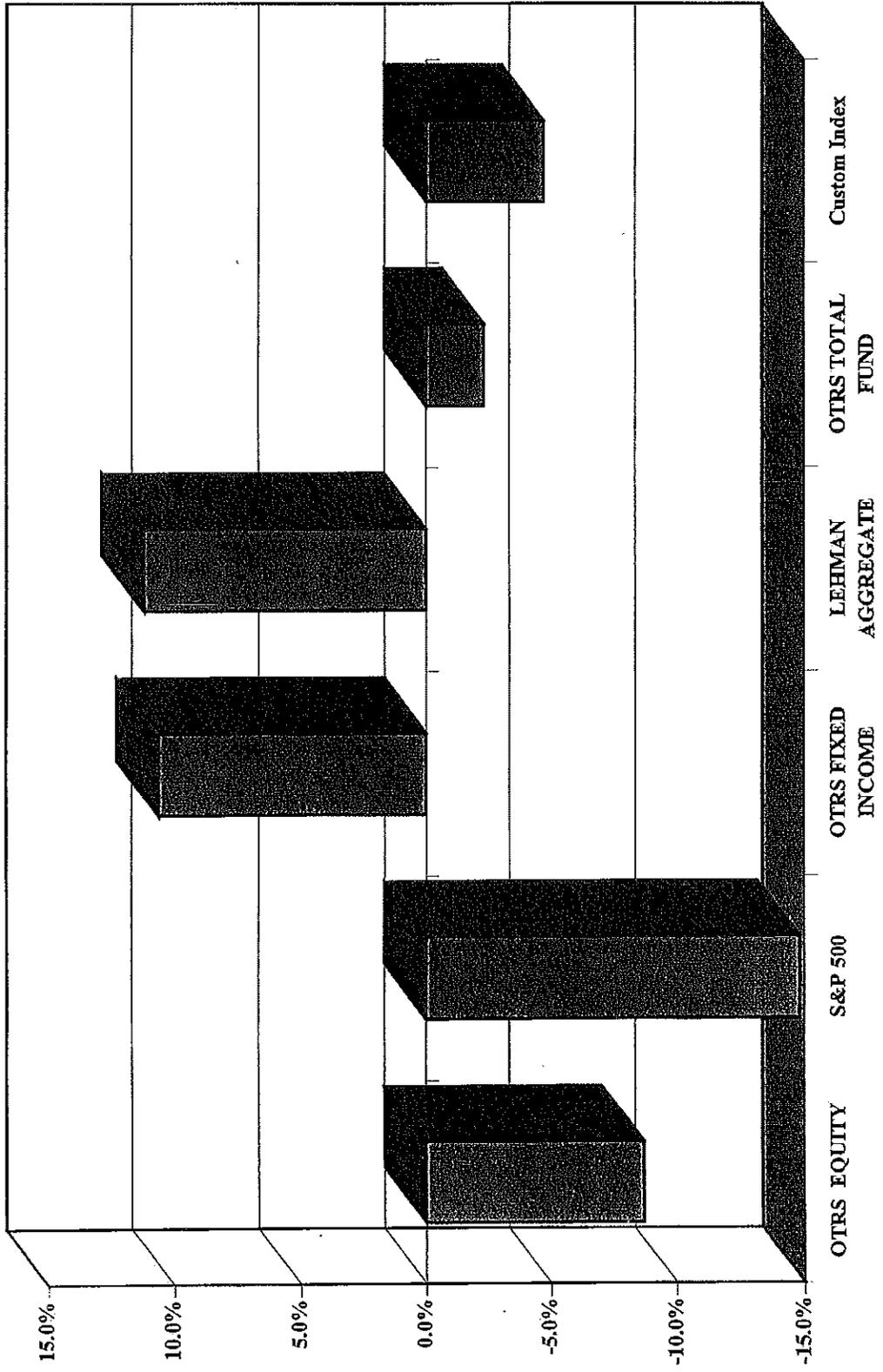
Investment Performance

The Oklahoma Teachers' Retirement System compares total return on equity investments to the S & P 500 Index. The benchmark for fixed income investments was changed from Lehman Brothers Government / Corporate Index to the Lehman Brothers Aggregate Index in Fiscal Year 1999. Individual benchmarks for the separately managed domestic equity funds include the Russell 1000 Value, the Russell 1000 Growth, the S & P 500, the Russell Midcap, the S & P Midcap 400 and the Russell 2000. The international managers are compared to the MSCI EAFE.

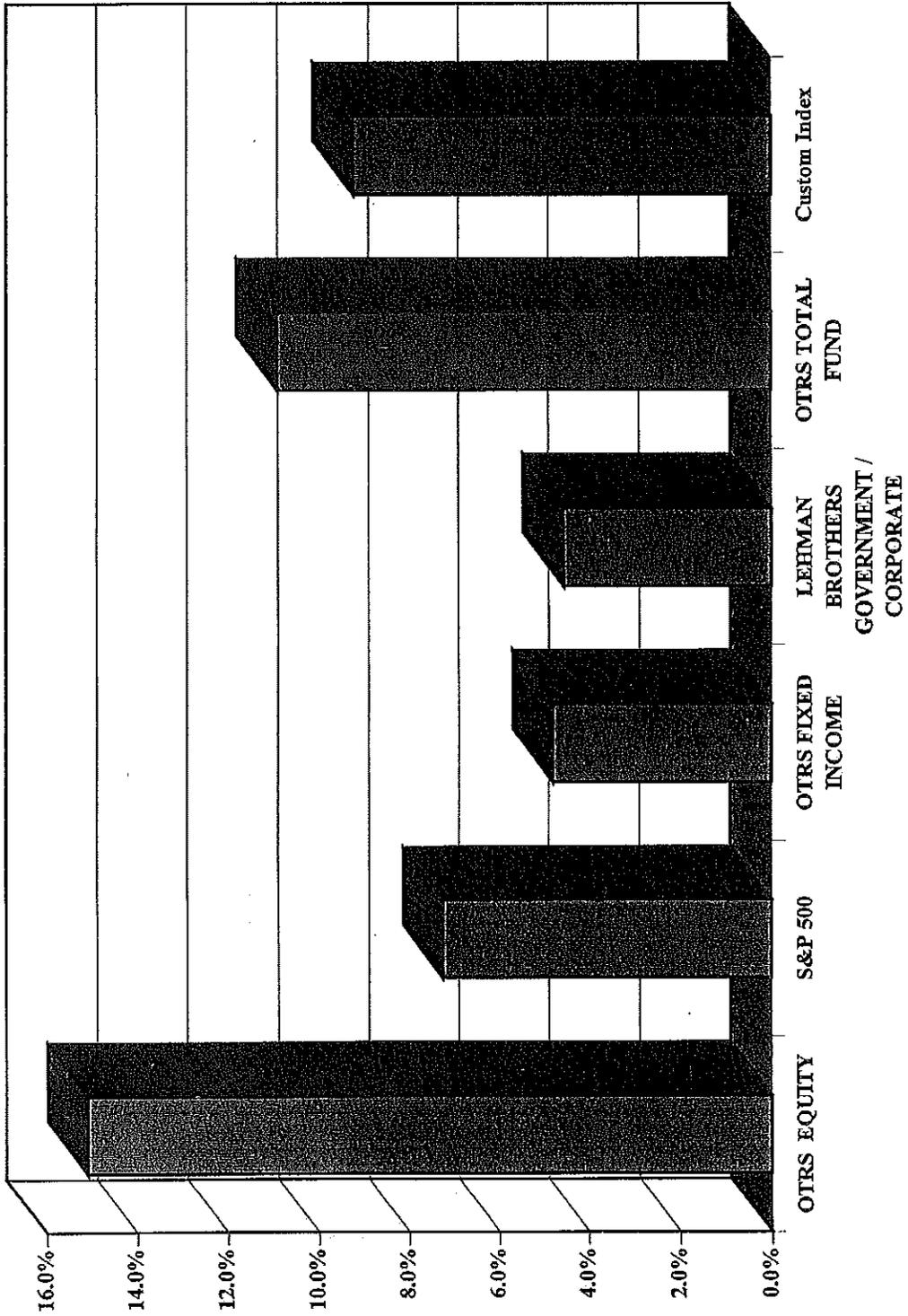
Investment return calculations are prepared using a time-weighted rate of return based on Performance Presentation Standards of the Association for Investment Management and Research (AIMR).

The charts on the following pages show comparative returns for the major asset classes.

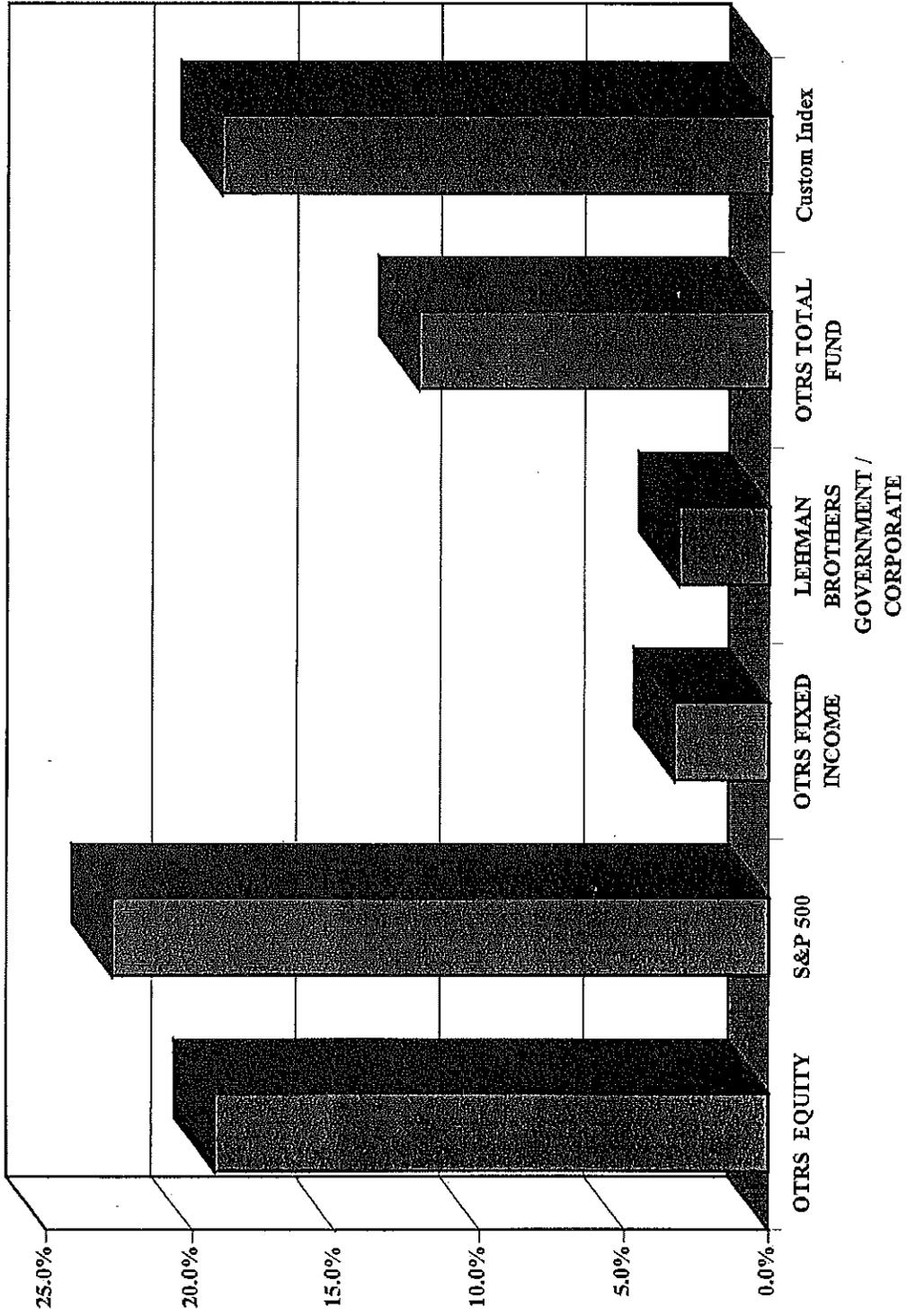
Comparative Rates of Return Fiscal Year 2001



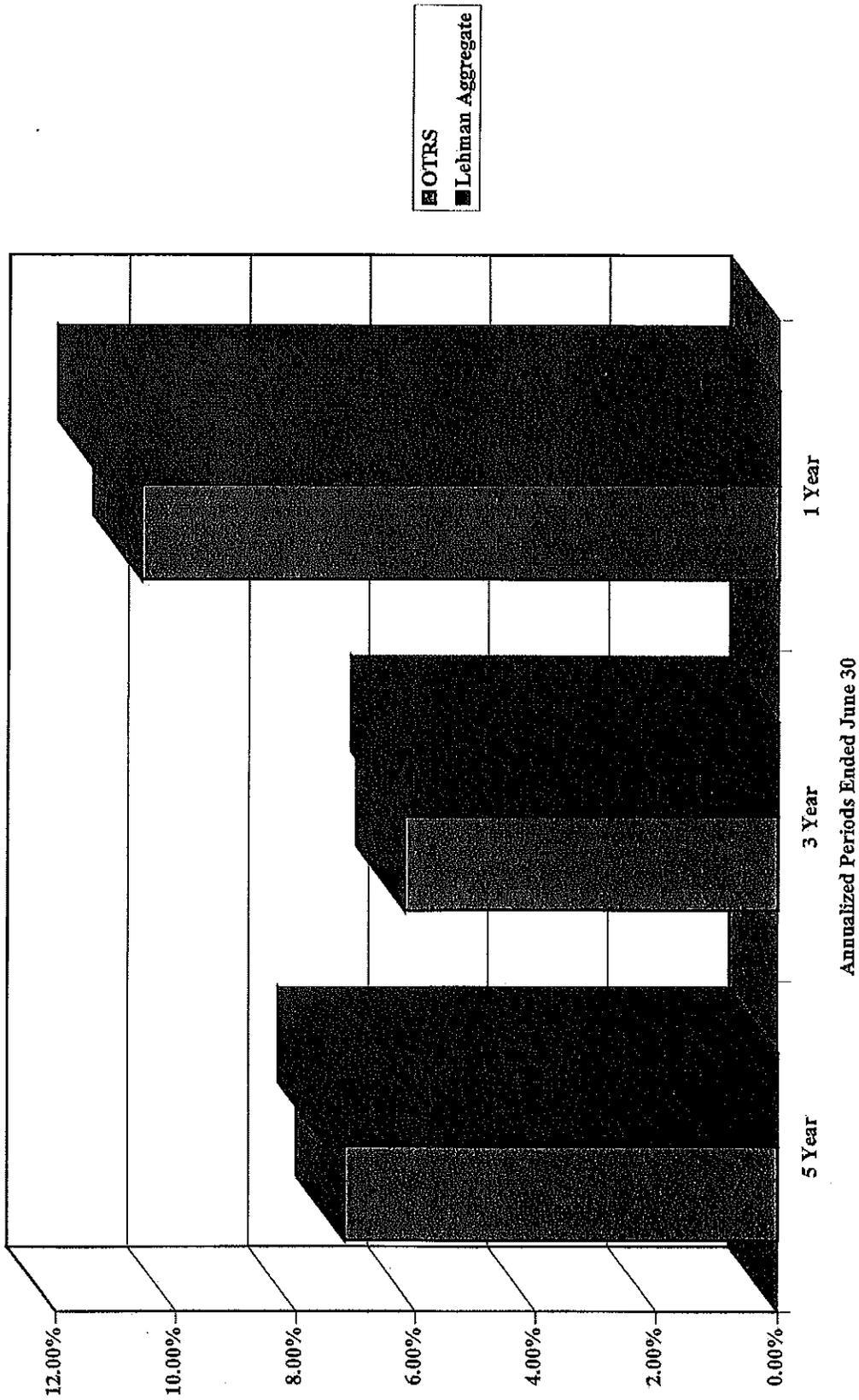
Comparative Rates of Return Fiscal Year 2000



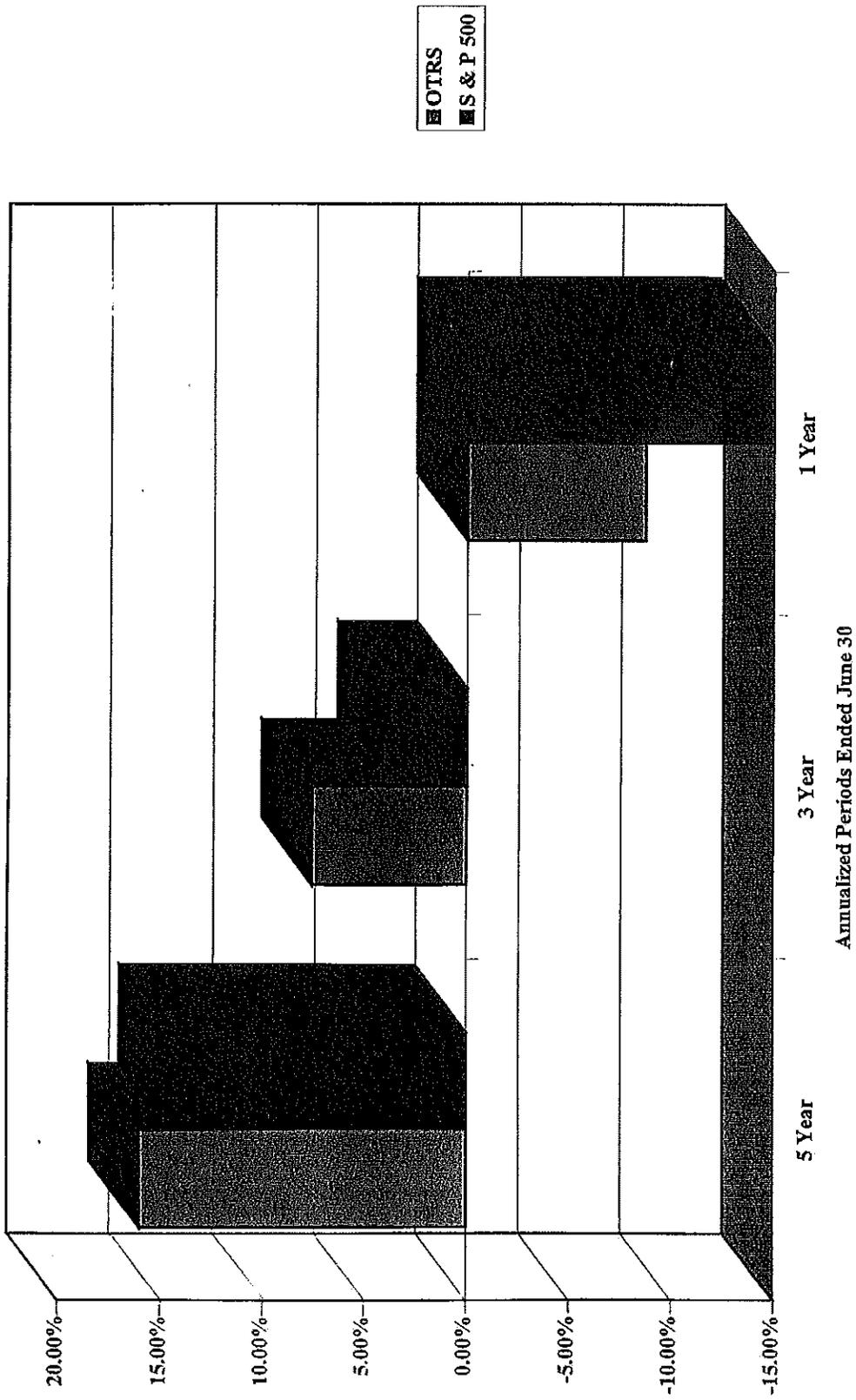
Comparative Rates of Return Fiscal Year 1999



ANNUALIZED FIXED INCOME RETURN COMPARISON
 Lehman Aggregate vs OTRS Fixed Income Portfolio



ANNUALIZED EQUITY RETURN COMPARISON
S&P 500 vs OTRS Equity Portfolio



Investment Expenses

Investment fees paid to investment management firms employed by the System were as follows in Fiscal Year 2001.

<u>Investment Manager</u>	<u>Fees Paid</u>
Aronson+Partners	\$1,390,007
Artemis Investment Management	788,685
Bank of Ireland Asset Management	1,237,773
Brandes Investment Partners	1,439,988
Brinson Partners	808,062
Denver Investment Advisors	153,737
Deutsche Bank	87,471
Goldman Sachs Management	1,293,423
Kopp Investment Advisors	1,027,272
Loomis Sayles and Company	760,030
Mellon Bond Associates	113,268
Merrill Lynch Investments	1,073,479
Morgan Stanley Growth	1,230,835
Morgan Stanley Value	1,101,513
Neuberger Berman Pension Management	799,048
Northern Trust Global Investment	46,154
Pacific Investment Management	1,204,248
Shapiro Capital Management Company	1,141,384
Tocqueville Asset Management	597,683
Wellington Management Company LLP	<u>889,982</u>
 Total	 <u>\$17,184,042</u>

**Domestic Stock Brokerage Commissions
Fiscal Year 2001**

<u>Brokerage Firm</u>	<u>Shares Traded</u>	<u>Commission</u>	<u>Per Share</u>
Standard & Poor	287,700	\$14,301	0.050
Starboard Capital Markets	3,000	150	0.050
Goldman Sachs & Company	5,625,629	113,507	0.020
Smith Barney Harris Upham & Company	498,568	101	0.000
Keefe Bruyette and Woods Inc.	84,400	2,160	0.026
Bernstein	305,500	18,321	0.060
ITG/Posit	4,738,154	95,279	0.020
Simmons	434,748	18,297	0.042
Jefferies & Company Inc.	12,072,170	369,212	0.031
Cleary Gull Reiland & McDeritt	4,400	220	0.050
Dain Rausccher Inc.	234,800	980	0.004
Sanders Mooris Mundy	102,400	2,818	0.028
A B Watley	11,000	550	0.050
Prudential Securities Inc.	2,101,328	98,124	0.047
Punk Ziegel Knoell	40,400	2,403	0.059
Rosenblatt	893,300	17,866	0.020
Paulson	7,800	468	0.060
Capital Institutional Services Inc.	2,613,392	102,685	0.039
Stephens Inc.	446,400	5,017	0.011
Midwest Research	27,100	1,626	0.060
Bunting Warburg	20,100	1,005	0.050
Deutsche/ DB Clearing Services	3,901,056	108,554	0.028
Morgan Stanley Dean Witter	4,236,573	97,542	0.023
Off The Record Research	102,600	5,414	0.053
Sandler O'Neill	39,625	246	0.006
Jones & Associates	786,850	25,741	0.033
JP Morgan Chase	2,270,360	62,108	0.027
Shearson Lehman	684,576	30,869	0.045
Scotia McLeod Inc.	8,700	435	0.050
Abel Noser	49,200	1,072	0.022
Morgan Securities	6,600	396	0.060
Dresdner Kleinwort Benson	408,916	20,824	0.051
Wheat First Union	340,400	10,612	0.031
Nationsbanc Montgomery Securities	35,427	557	0.016
Merrill Lynch Pierce Fenner & Smith	3,769,439	96,546	0.026
AG Edwards Inc.	310,100	14,177	0.046
Adams Harkness & Hill Inc.	129,260	27	0.000
Paine Webber Inc.	442,762	23,086	0.052
Dian Bosworth Inc.	122,800	204	0.002
Island Execution Services	13,200	132	0.010
Weeden & Company	1,186,200	37,801	0.032
First Analysis	42,900	2,069	0.048
Salomon Smith Barney	4,831,473	91,767	0.019
Hambrecht & Quist	206,800	3,444	0.017
SG Cowen Securities Corporation	79,300	\$3,061	0.039

**Domestic Stock Brokerage Commissions
Fiscal Year 2001**

<u>Brokerage Firm</u>	<u>Shares Traded</u>	<u>Commission</u>	<u>Per Share</u>
U.S. Bancorp Piper Jaffray	890,800	\$5,822	0.007
Tucker Anthony	60,300	1,910	0.032
Interstate/Johnson Lane Corporation	28,100	1,686	0.060
Friend	64,200	3,315	0.052
Bear Stearns & Company	2,391,640	97,950	0.041
Brean Murray & Foster	17,200	1,032	0.060
Credit Suisse First Boston Corporation	5,433,494	164,252	0.030
D.A. Davidson & Company Inc.	100,300	3,974	0.040
Janney Montgomery Scott	439,100	5,194	0.012
Boenning & Scattergood	35,800	1,432	0.040
Instinet	3,710,470	98,648	0.027
Donaldson & Company	6,855,058	341,088	0.050
Kalb Voorhis & Company LLC	19,800	396	0.020
ING Barings LLC	153,200	2,796	0.018
CIBC Oppenheimer Corporation	1,166,500	32,715	0.028
Langen McAlleney	147,300	5,790	0.039
Frank Russell Securities Inc.	9,600	480	0.050
Petrie Parkman	78,900	4,430	0.056
B Reilly	2,700	162	0.060
Liquidnet	122,900	2,458	0.020
Robert W. Baird	1,330,000	8,286	0.006
Broadcort Capital Corporation	54,500	3,270	0.060
Dominion Securites	98,600	4,930	0.050
Lehman Special	18,000	900	0.050
UBS Warburg Dillon Read Inc.-Swiss Bank	1,560,628	43,260	0.028
Spear Leeds & Kellogg Capital Markets	1,536,350	59,100	0.038
Shields Capitol Corporation	168,630	8,432	0.050
Cantor Fitzgerald & Company Inc.	3,928,822	107,502	0.027
HSBC Securities Inc.	8,400	420	0.050
Scott & Stringfellow	41,700	2,248	0.054
Raymond James & Associates	165,000	2,031	0.012
C.L. King & Associates	24,300	1,286	0.053
Robertson Stephen & Company	975,900	12,251	0.013
Howard Weil Labouisse Friedrichs Inc.	94,286	5,074	0.054
Hoenig	20,700	1,242	0.060
Blair William and Company	322,600	8,749	0.027
Montgomery Securites	2,259,196	44,519	0.020
Morgan Keegan & Company Inc.	228,850	6,559	0.029
Conning & Company	81,400	4,354	0.053
McDonald & Company	550,400	3,081	0.006
First Tennessee	44,100	2,646	0.060
Bloomberg Tradebook	2,170,700	62,744	0.029
Stifel Nicolaus & Company Inc.	74,200	4,452	0.060
Suntrust	102,700	\$5,500	0.054

**Domestic Stock Brokerage Commissions
Fiscal Year 2001**

<u>Brokerage Firm</u>	<u>Shares Traded</u>	<u>Commission</u>	<u>Per Share</u>
Weiss Peck & Green	47,300	\$2,838	0.060
Furman Selz Mager Dietz	122,000	7,320	0.060
Fidelity Capital Management	46,000	1,504	0.033
Lynch Jones Ryan	13,561,986	721,687	0.053
Pennsylvania Group Inc.	13,000	780	0.060
Gerard Klaver Mattson	380,900	5,468	0.014
UBS Securities	1,136,564	36,472	0.032
Investment Technology Group	282,400	5,648	0.020
Herzog Heine Geduld	323,475	2,124	0.007
Needham & Company	51,600	630	0.012
Robinson Humphrey	189,200	6,574	0.035
BancAmerica	1,474,930	21,232	0.014
Lazard Freres & Company	93,400	3,135	0.034
Westminister	5,900	295	0.050
Pacific Brokerage	63,434	3,752	0.059
Legg Mason Wood Walker Inc.	586,800	12,891	0.022
BNY Capital	40,950	1,229	0.030
Allen	18,000	1,080	0.060
Autranet Inc.	98,200	5,892	0.060
Sanford C. Berstein & Company Inc.	1,538,700	82,951	0.054
BNY BSI & Company Alpha Division	1,920,700	95,095	0.050
Pershing	113,400	5,670	0.050
First Union	1,576,820	21,002	0.013
Kaufmann Brothers	8,500	510	0.060
Soundview Financial Group	340,700	9,412	0.028
Ladenburg Thalman	640,300	2,857	0.004
Allied Research Services Inc.	127,000	6,350	0.050
First Energy Capital Corporation	3,300	165	0.050
Green Street Advisors Incorporated	4,700	282	0.060
ISI Group Inc.	92,800	5,568	0.060
Bridge SEC	304,300	17,322	0.057
Bridge Trading	378,700	16,682	0.044
Fox Pitt Kelton	146,363	6,283	0.043
Heflin & Company LLC	4,400	176	0.040
Donaldson Lufkin & Jenrette Securities	672,400	21,639	0.032
Knight Securities	2,911,830	60,725	0.021
The Shemano Group	333,700	12,268	0.037
Johnson Rice	23,500	1,410	0.060
Lehman Brothers	6,587,318	268,769	0.041
PCS Securities	22,100	1,326	0.060
Friedman Billings	62,800	1,545	0.025
Nesbitt Burns Securities	9,400	470	0.050
Cowen & Company	681,300	\$29,134	0.043

**Domestic Stock Brokerage Commissions
Fiscal Year 2001**

<u>Brokerage Firm</u>	<u>Shares Traded</u>	<u>Commission</u>	<u>Per Share</u>
ABN-Amro	1,105,200	\$9,027	0.008
Thomas Weisel Partners LLC	2,218,025	38,512	0.017
Williams Capital	212,600	12,756	0.060
Miller Tabak Hirsch & Company	24,400	582	0.024
Rochdale Securities	861,100	51,666	0.060
Wasserstein	82,883	3,024	0.036
Wachovia Bank	201,900	10,095	0.050
The Griswold Company	22,000	660	0.030
B-Trade Services LLC	<u>4,600</u>	<u>92</u>	0.020
Gross Commissions	<u>133,918,508</u>	4,314,716	0.032
Less Commission Rebates Received		<u>946,679</u>	
Net Commissions		<u>\$3,368,037</u>	<u>0.025</u>

Transactions whose commissions cost are zero not included.

PORTFOLIO OF ASSETS, JUNE 30, 2001

SHORT-TERM INVESTMENTS

<u>COMMERCIAL PAPER:</u>	Rate	Maturity Date	Market Value
BRITISH TELECOMMUNICATIONS		10/09/2001	\$4,972,059
UBS FIN INC		08/15/2001	3,520,974
TOTAL COMMERCIAL PAPER			8,543,033
DOMESTIC MONEY MARKET FUNDS			195,180,300
INTERNATIONAL MONEY MARKET FUNDS			30,231,828
TOTAL SHORT-TERM INVESTMENTS			233,955,161

FIXED INCOME INVESTMENTS

<u>Domestic Fixed Income:</u>	Rate	Maturity Date	Market Value
A H BELO CORP	7.750	06/01/2027	448,475
AAMES MTG TRUST	6.986	06/15/2027	874,399
AAMES MTG TRUST	5.594	08/05/2029	4,151,248
ABITIBI-CONSOLIDATED	8.850	08/01/2030	563,849
ABS LONG BEACH HM LN	0.000	08/21/2030	2,594,499
ADELPHIA COMM	9.375	11/15/2009	6,045,000
AES CORP	9.375	09/15/2010	7,946,782
AESOP	0.000	11/20/2006	3,981,240
AK STEEL CORP	7.875	02/15/2009	965,000
ALBERTSONS INC	8.700	05/09/2030	409,195
ALLIANT TECHSYSTEMS	8.500	05/15/2011	1,010,000
ALLIED WASTE N A	7.875	01/01/2009	2,997,300
ALLIED WASTE N A	8.875	04/01/2008	6,518,438
ALLSTATE	6.750	05/15/2018	506,288
ALLSTATE	7.900	12/01/2009	5,184,550
ALLSTATE FIN	7.830	12/01/2045	194,408
AMERICAN AIRLINES	7.024	10/15/2009	404,824
AMKOR TECH INC	9.250	05/01/2006	972,500
ANHEUSER-BUSCH CO	5.125	10/01/2008	2,633,540
ARCHER DANIELS MIDLAND	8.875	04/15/2011	461,696
ARCHER DANIELS MIDLAND	6.625	05/01/2029	2,542,832
ASIAN DVLN BANK	5.500	04/23/2004	1,311,219
ASSO CORP OF NA	5.500	02/15/2004	2,497,025
AT & T CORP	6.500	03/15/2029	849,080
ATLAS AIR INC	9.375	11/15/2006	261,000
BCH CAYMAN ISLANDS	7.700	07/15/2006	420,388
B F GOODRICH	7.000	04/15/2038	622,883
BANC ONE	6.000	02/17/2009	568,368
BANC ONE CORP	7.625	10/15/2026	473,514
DANESTO FIN LTD	7.500	03/25/2007	1,020,820
BANK AMERICA CORP	7.400	01/15/2011	7,264,600
BANK OF BOSTON CORP	6.125	03/15/2002	303,294
BANK ONE CORP	0.000	08/01/2010	9,266,043
BANK ONE CORP	6.875	08/01/2006	11,152,064
BANKBOSTON HM EQUITY	6.420	01/25/2021	6,133,911
BAYERISCHE LANDES	7.375	12/14/2002	2,074,420
BE AEROSPACE	8.000	03/01/2008	1,910,000
BEAR STEARNS ARM	6.884	12/25/2040	5,539,068
BEAR STEARNS ARM	8.090	02/25/2031	8,904,410
BEAR STEARNS CO	5.686	08/01/2002	5,284,789
BEAR STEARNS COM MTG	7.080	06/15/2009	1,653,536
BEAR STEARNS COM MTG	6.730	05/20/2003	1,516,086
BEAR STEARNS COM MTG	7.000	09/20/2012	2,844,512
BEAR STEARNS COM MTG	7.000	08/20/2018	2,776,434
BELLSOUTH CAP FDG	7.750	02/15/2010	\$7,057,052

FIXED INCOME INVESTMENTS

<u>Domestic Fixed Income:</u>	Rate	Maturity Date	Market Value
BELLSOUTH TELECOM	7.500	06/15/2033	\$481,380
BELLSOUTH TELECOM	7.000	10/01/2025	482,355
BHP FINANCE (USA) LTD	6.750	11/01/2013	752,232
BOEING CAPITAL	7.100	09/27/2005	2,096,380
BOEING CORP	8.625	11/15/2031	372,952
BOYD GAMING CORP	9.250	10/01/2003	1,012,500
BRITISH TELECOM	8.125	12/15/2010	1,272,744
BRITISH TELECOM	8.625	12/15/2030	763,707
BRITISH TELECOM	7.615	12/15/2003	2,023,310
BRUNSWICK CORP	7.125	08/01/2027	334,992
BURLINGTON NORTHERN SANT	6.125	03/15/2009	1,094,064
CALENERGY CO INC	7.630	10/15/2007	9,778,241
CALPINE CORP	8.500	02/15/2011	8,676,297
CAMPBELL SOUP CO	8.875	05/01/2021	623,519
CANADA-GOVT	5.250	11/05/2008	674,485
CAPITAL ONE BANK	6.700	05/15/2008	1,099,704
CATERPILLAR FIN	5.720	05/09/2003	5,062,700
CATERPILLAR TRACTOR	8.000	02/15/2023	327,417
CENDANT MTG CORP	7.250	01/27/2029	1,695,144
CHARMING SHOPPES MST TR	7.076	08/15/2008	1,005,445
CHARTER COMM HLDGS	8.625	04/01/2009	940,000
CHARTER COMM HLDGS	8.625	04/01/2009	6,110,000
CHASE MANHATTAN	7.500	10/25/2030	1,078,845
CHASE MTG	6.100	02/25/2029	6,728,488
CHASE MTG	7.750	04/25/2030	3,664,174
CHASE MTG FIN	6.750	02/25/2025	2,366,734
CHEMICAL BANK NY	6.700	08/15/2008	503,635
CHESAPBAKE ENERGY CORP	8.125	04/01/2011	748,000
CREDIT LYONNAIS	6.150	08/29/2049	5,211,437
CHRYSLER CORP	7.450	03/01/2027	377,704
CIT GROUP INC	7.500	11/14/2003	3,260,766
CIT GROUP INC	5.500	02/15/2004	4,446,585
CITIBANK	6.550	02/15/2004	2,025,620
CITIGROUP CAP II	7.750	12/01/2036	199,704
CITIGROUP INC	7.250	10/01/2010	1,245,660
CITIGROUP INC	5.700	02/06/2004	906,480
CITIGROUP INC	7.250	10/01/2010	4,152,200
CMC3	6.750	11/25/2023	1,828,479
COASTAL CORP	6.500	06/02/2008	1,285,092
COASTAL CORP	6.950	06/01/2028	4,326,455
COASTAL CORP	7.340	07/21/2003	2,505,220
COCA COLA BTLG CO	6.375	05/01/2009	948,340
COCA COLA ENTERP	7.875	02/01/2002	255,195
COCA COLA ENTERP	8.500	02/01/2012	1,148,030
COM	9.125	09/01/2007	1,852,500
COMCAST CABLE COMM	6.200	11/15/2008	706,552
COMMERCIAL CR GROUP	5.900	09/01/2003	1,526,880
COMMONWEALTH EDISON	6.400	10/15/2005	1,853,423
CONOCO	5.900	04/15/2004	5,033,750
CONSECO INC	10.750	06/15/2008	6,811,000
CORP ANDINA DE	7.250	03/01/2007	1,035,110
COUNTRYWIDE FDG	6.280	01/15/2003	1,222,212
COX COMM INC	6.875	06/15/2005	357,221
CSC HOLDINGS	7.250	07/15/2008	1,045,154
CSC HOLDINGS	8.125	07/15/2009	2,178,088
CSX CORP	7.450	05/01/2007	1,040,310
DAIMLER CHRYSLER AUTO TR	7.630	06/08/2005	3,158,700
DAIMLERCHRYSLER NA	7.200	09/01/2009	\$600,420

PORFOLIO OF ASSETS, JUNE 30, 2001

Domestic Fixed Income:	Rate	Maturity Date	Market Value	Domestic Fixed Income:	Rate	Maturity Date	Market Value
DAIMLERCHRYSLER NA	7.200	09/01/2009	\$3,002,100	FHLMC	6.500	12/01/2027	\$549,540
DAIMLERCHRYSLER NA	6.160	01/18/2002	2,996,520	FHLMC	6.500	02/01/2028	711,904
DAYTON HUDSON	6.750	01/01/2028	568,152	FHLMC	6.500	03/01/2028	2,747,138
DELTA AIR LINES	7.570	11/18/2010	1,470,854	FHLMC	6.500	03/01/2028	1,531,134
DEUTSCHER TELEKOM	8.000	06/15/2010	2,253,095	FHLMC	6.500	03/01/2028	364,499
DISCOVER CARD MAST TR	5.850	07/15/2003	609,906	FHLMC	7.000	06/01/2013	1,004,950
DISCOVER CARD MAST TR	6.850	07/17/2007	1,348,997	FHLMC	6.500	07/01/2013	315,008
DLJ COMM MORTGAGE	6.240	11/12/2031	1,481,655	FHLMC	6.000	03/01/2014	150,047
DOMINION RES	8.125	06/15/2010	751,772	FHLMC	7.000	07/01/2014	446,315
DU PONT B I DE NEMO	8.250	09/15/2006	221,278	FHLMC	7.500	09/01/2014	365,435
DU PONT B I DE NEMO	6.875	10/15/2009	4,975,335	FHLMC	6.000	06/01/2014	901,143
DUKE POWER CO	7.000	07/01/2033	224,955	FHLMC	7.000	12/01/2015	568,683
EAST COAST POWER	6.737	03/31/2008	3,438,012	FHLMC	9.000	08/01/2020	22,400
EASTMAN CHEMICAL	6.375	01/15/2004	1,989,260	FHLMC	8.500	05/01/2021	27,667
EL PASO ENERGY CORP	8.050	10/15/2030	5,800,174	FHLMC	8.500	06/01/2021	8,420
ELETSON HLDGS	9.250	11/15/2003	2,000,000	FHLMC	6.500	07/01/2029	653,514
ELI LILLY CO	7.125	06/01/2025	1,042,720	FHLMC	7.000	08/01/2029	861,407
EMERSON ELECTRIC	5.850	03/15/2009	677,250	FHLMC	7.500	10/01/2029	152,802
EMPRESA NATL ELEC	8.500	04/01/2009	3,020,640	FHLMC	7.500	12/01/2029	2,164,863
EVERST REINSURANCE HLDGS	8.500	03/15/2005	3,209,490	FHLMC	9.000	11/01/2021	20,390
FBD HM LOAN BANK	7.250	05/15/2002	1,694,088	FHLMC	7.500	01/01/2023	139,379
FED HOMB LN MTG CORP	8.500	05/01/2019	69,985	FHLMC	7.000	07/01/2023	523,867
FEDERAL HOME LOAN MGT	13.000	09/01/2015	95,989	FHLMC	7.000	10/01/2023	704,477
FEDERAL HOME LOAN MTG	9.500	10/01/2020	13,846	FHLMC	6.500	02/01/2024	516,383
FEDERAL HOME LOAN MTG	10.000	02/01/2018	15,017	FHLMC	8.000	11/01/2025	427,835
FEDERAL HOME LOAN MTG	10.000	02/01/2004	6,451	FHLMC	7.000	03/01/2026	269,821
FEDERAL HOME LOAN MTG	9.500	03/01/2020	33,390	FHLMC	7.000	01/01/2027	252,212
FEDERAL HOME LOAN MTG	9.000	10/01/2016	6,548	FHLMC	8.000	12/01/2027	431,612
FEDERAL HOME LOAN MTG	10.000	10/01/2010	14,321	FHLMC	6.500	03/01/2028	1,094,274
FEDERAL HOME LOAN MTG	7.500	05/01/2002	8,522	FHLMC	7.000	05/01/2028	3,493,029
FEDERAL HOME LOAN MTG	8.000	05/01/2002	5,608	FHLMC	6.500	12/01/2028	794,382
FEDERAL HOME LOAN MTG	9.000	11/01/2016	49,485	FHLMC	6.000	02/01/2029	1,419,289
FEDERAL HOME LOAN MTG	8.500	06/01/2003	2,336	FHLMC	6.500	04/01/2029	926,057
FEDERAL HOME LOAN MTG	11.000	10/01/2019	5,312	FHLMC	6.000	04/01/2029	677,684
FEDERAL HOME LOAN MTG	13.500	10/01/2010	49,615	FHLMC	6.500	05/01/2029	721,725
FEDERAL HOME LOAN MTG	12.500	12/01/2011	33,123	FHLMC	8.000	02/01/2030	450,296
FEDERAL HOME LOAN MTG	13.500	10/01/2014	168,304	FHLMC	8.000	06/01/2030	1,163,193
FEDERAL HOME LOAN MTG	13.000	09/01/2011	44,326	FHLMC	7.000	11/01/2030	804,610
FEDERAL HOME LOAN MTG	13.000	01/01/2015	11,153	FHLMC	6.000	05/01/2031	960,683
FEDERAL HOME LOAN MTG	12.500	02/01/2014	126,545	FHLMC	6.500	06/01/2031	1,083,148
FEDERAL HOME LOAN MTG COR	7.100	04/10/2007	1,066,320	FHLMC	6.000	04/01/2031	719,464
FEDERAL HOME LOAN MTG COR	6.800	03/19/2007	1,272,388	FHLMC	6.000	05/01/2028	748,636
FEDERATED DEPT STORE	7.450	07/15/2017	1,127,702	FHLMC	6.500	07/01/2028	952,651
FFCA SECURED LEND CORP	7.130	08/18/2008	3,734,011	FHLMC	7.000	08/01/2028	499,914
FFCA SECURED LEND CORP	7.850	05/18/2017	905,652	FHLMC	6.000	08/01/2028	1,367,183
FHA	8.000	02/01/2027	3,794,636	FHLMC	6.500	09/01/2028	3,496,815
FHLB	5.800	09/02/2008	1,691,636	FHLMC	7.000	08/01/2028	747,752
FHLMC	7.000	10/01/2006	320,046	FHLMC	7.000	12/01/2028	618,698
FHLMC	7.000	02/01/2028	1,143,478	FHLMC	6.000	01/01/2029	445,380
FHLMC	8.000	06/01/2025	331,491	FHLMC	6.000	01/01/2029	887,647
FHLMC	8.500	10/01/2026	357,080	FHLMC	6.000	02/01/2029	1,015,078
FHLMC	7.500	04/01/2027	2,766,479	FHLMC	6.000	04/01/2029	555,093
FHLMC	8.000	06/01/2027	565,558	FHLMC	6.000	05/01/2029	906,608
FHLMC	6.500	01/01/2020	414,739	FHLMC	7.000	07/01/2029	410,224
FHLMC	6.500	01/01/2020	940,368	FHLMC	6.500	07/01/2029	843,175
FHLMC	7.000	10/01/2025	158,940	FHLMC	8.000	11/01/2029	373,859
FHLMC	7.000	01/01/2026	287,507	FHLMC	7.500	03/01/2030	64,503
FHLMC	7.500	02/01/2026	558,918	FHLMC	7.500	04/01/2030	701,006
FHLMC	6.500	03/01/2026	\$289,284	FHLMC	8.000	04/01/2006	\$324,868

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<u>Domestic Fixed Income:</u>	<u>Rate</u>	<u>Maturity Date</u>	<u>Market Value</u>	<u>Domestic Fixed Income:</u>	<u>Rate</u>	<u>Maturity Date</u>	<u>Market Value</u>
FHLMC	7.500	01/01/2007	\$37,792	FIRST UNION NATL	7.800	08/18/2010	\$5,318,000
FHLMC	7.500	04/01/2007	1,264,685	FLEET BOSTON CORP	7.375	12/01/2009	3,283,789
FHLMC	7.000	01/01/2008	133,947	FLEET FINANCIAL GROUP	6.375	05/15/2008	986,610
FHLMC	6.000	12/01/2008	236,012	FLORIDA PWR & LT CO	6.625	02/01/2003	900,540
FHLMC	6.500	04/01/2009	335,326	FNMA	5.250	01/15/2003	9,114,660
FHLMC	6.000	10/01/2013	1,464,315	FNMA	5.750	02/15/2008	4,970,700
FHLMC	6.500	05/01/2013	2,796,937	FNMA	6.000	05/15/2008	6,616,028
FHLMC	5.500	12/01/2013	769,091	FNMA	5.750	06/15/2005	6,290,024
FHLMC	5.500	01/01/2014	387,394	FNMA	5.250	01/15/2009	2,899,120
FHLMC	6.000	04/01/2014	557,920	FNMA	6.500	04/29/2009	2,490,775
FHLMC	8.500	05/01/2006	10,323	FNMA	5.625	05/14/2004	5,081,900
FHLMC	7.500	09/01/2030	1,549,177	FNMA	6.250	05/15/2029	1,099,354
FHLMC	7.500	09/01/2030	731,186	FNMA	6.375	06/15/2009	1,704,871
FHLMC	7.000	11/01/2030	1,796,136	FNMA	7.125	01/15/2030	2,074,300
FHLMC	7.000	02/01/2031	1,345,477	FNMA	6.250	02/01/2011	1,085,249
FHLMC	6.500	05/01/2031	973,884	FNMA	5.250	06/15/2006	689,920
FHLMC	6.500	01/01/2024	729,500	FNMA	9.500	06/25/2020	8,293
FHLMC	7.500	07/01/2024	300,554	FNMA	9.500	10/25/2020	12,010
FHLMC	7.500	08/01/2025	249,550	FNMA	9.500	12/25/2018	21,176
FHLMC	7.000	03/01/2008	103,524	FNMA	10.000	08/25/2004	8,685
FHLMC	7.000	07/01/2008	236,321	FNMA	9.500	01/25/2005	7,304
FHLMC	6.000	05/01/2011	1,413,319	FNMA	9.000	11/25/2004	9,872
FHLMC	9.500	11/01/2019	42,117	FNMA	8.000	06/25/2006	49,917
FHLMC	8.500	06/01/2017	11,723	FNMA	8.000	11/25/2006	8,532
FHLMC	9.000	05/01/2018	26,551	FNMA	7.500	02/25/2007	48,154
FHLMC	9.000	06/01/2018	30,103	FNMA	7.500	06/25/2007	65,888
FHLMC	9.500	07/01/2018	6,354	FNMA	7.500	05/25/2007	60,570
FHLMC	8.500	06/01/2018	41,914	FNMA	8.000	03/25/2007	32,861
FHLMC	10.000	11/01/2018	15,849	FNMA	7.500	11/25/2022	485,349
FHLMC	8.500	05/01/2006	23,020	FNMA	7.000	01/25/2008	98,997
FHLMC	9.000	10/01/2019	16,165	FNMA	8.000	02/01/2023	439,279
FHLMC	5.000	01/15/2004	8,020,160	FNMA	7.000	11/25/2007	143,190
FHLMC	7.000	07/15/2005	2,683,510	FNMA	7.500	08/25/2008	96,818
FHLMC	9.500	04/01/2020	26,518	FNMA	6.500	11/25/2023	496,013
FHLMC	7.500	05/01/2024	216,787	FNMA	6.000	12/25/2008	313,509
FHLMC	7.500	04/01/2007	52,979	FNMA	6.500	12/25/2008	277,356
FHLMC	7.000	09/01/2007	101,712	FNMA	9.000	08/25/2001	199
FHLMC	7.500	04/01/2008	144,769	FNMA	9.500	12/25/2016	14,509
FHLMC	6.500	08/01/2008	435,807	FNMA	9.500	10/25/2001	340
FHLMC	9.000	06/01/2021	25,566	FNMA	9.500	04/25/2018	17,429
FHLMC	9.000	10/01/2021	12,326	FNMA	9.500	11/25/2017	41,058
FHLMC	9.000	05/01/2022	47,669	FNMA	9.000	01/25/2002	648
FHLMC	13.000	11/01/2013	13,668	FNMA	9.000	11/25/2005	9,444
FHLMC	13.000	02/01/2014	13,050	FNMA	8.000	01/25/2003	1,085
FHLMC	8.000	04/01/2022	311,921	FNMA	9.500	07/25/2020	8,004
FHLMC	8.500	01/01/2007	9,202	FNMA	9.500	12/25/2020	8,776
FHLMC	6.500	06/15/2027	1,998,740	FNMA	9.500	02/25/2021	30,317
FHLMC	7.500	08/15/2030	3,312,595	FNMA	8.000	02/25/2007	24,055
FHLMC	7.500	09/15/2030	3,284,087	FNMA	8.000	08/25/2007	29,561
FHLMC	6.500	04/15/2031	3,507,693	FNMA	6.500	09/25/2007	101,671
FHLMC	6.020	09/30/2013	3,543,150	FNMA	6.500	06/25/2008	273,345
FICO-FINANCING CORP BD	10.350	08/03/2018	1,402,190	FNMA	7.000	12/01/2023	1,216,372
FICO-FINANCING CORP BD	10.700	10/06/2017	1,236,896	FNMA	8.000	01/01/2025	381,467
FICO-FINANCING CORP BD	10.350	08/03/2018	1,402,190	FNMA	8.000	06/01/2025	358,848
FINLAND REPUBLIC	5.875	02/27/2006	1,013,220	FNMA	7.000	04/01/2024	439,239
FINOVA CAP	6.250	04/08/2003	914,446	FNMA	7.000	06/01/2024	450,161
FIRST BOSTON MTG	6.750	09/25/2006	3,200,089	FNMA	7.000	02/01/2026	459,869
FIRST UN CORP	6.300	04/15/2008	478,195	FNMA	7.000	06/01/2026	370,266
FIRST UNION NATL	7.875	02/15/2010	\$5,319,000	FNMA	8.000	06/01/2027	\$244,465

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Domestic Fixed Income:				Domestic Fixed Income:			
	Rate	Maturity Date	Market Value		Rate	Maturity Date	Market Value
FNMA	7.000	06/01/2012	\$195,284	FNMA	6.500	10/01/2028	\$915,750
FNMA	0.000	08/01/2028	592,677	FNMA	6.000	12/01/2028	1,794,946
FNMA	6.500	09/01/2028	386,961	FNMA	6.000	11/01/2013	372,939
FNMA	6.500	12/01/2028	607,460	FNMA	6.500	10/01/2028	739,166
FNMA	6.500	07/01/2028	759,581	FNMA	6.500	11/01/2028	1,854,247
FNMA	6.000	06/01/2005	784,879	FNMA	6.000	12/01/2028	1,592,447
FNMA	6.000	01/01/2019	352,039	FNMA	6.000	12/01/2028	1,089,641
FNMA	7.000	08/01/2029	938,469	FNMA	6.000	02/01/2014	792,154
FNMA	6.500	06/01/2006	397,126	FNMA	7.000	01/01/2029	1,104,459
FNMA	7.500	09/01/2029	1,212,680	FNMA	5.500	02/01/2014	1,446,908
FNMA	6.000	08/01/2029	1,641,648	FNMA	6.000	03/01/2029	2,713,732
FNMA	6.000	06/01/2016	1,576,000	FNMA	6.000	07/01/2014	403,898
FNMA	7.000	03/01/2015	868,928	FNMA	6.500	06/01/2029	878,253
FNMA	7.500	05/01/2030	1,884,410	FNMA	6.000	05/01/2014	456,543
FNMA	7.000	06/01/2020	919,591	FNMA	5.500	05/01/2029	223,003
FNMA	7.500	12/01/2027	770,637	FNMA	7.000	08/01/2029	1,276,560
FNMA	8.500	06/01/2030	1,193,111	FNMA	6.500	08/01/2029	879,329
FNMA	8.000	11/01/2030	920,263	FNMA	5.500	06/01/2014	421,818
FNMA	6.000	01/01/2009	260,343	FNMA	6.500	06/01/2029	739,674
FNMA	6.500	01/01/2024	468,744	FNMA	6.500	07/01/2029	899,845
FNMA	7.500	07/01/2024	234,189	FNMA	6.500	07/01/2029	938,409
FNMA	7.500	08/01/2024	165,816	FNMA	6.000	08/01/2029	893,383
FNMA	8.000	05/01/2025	732,042	FNMA	7.000	09/01/2029	667,870
FNMA	6.500	08/01/2025	2,154,682	FNMA	6.000	08/01/2019	81,699
FNMA	0.000	02/01/2011	174,254	FNMA	7.500	11/01/2029	404,879
FNMA	6.500	06/01/2026	290,028	FNMA	7.000	02/01/2030	794,111
FNMA	7.500	04/01/2026	2,863,425	FNMA	7.000	01/01/2030	1,476,961
FNMA	9.000	06/01/2017	649,561	FNMA	7.000	02/01/2030	633,596
FNMA	6.500	09/01/2011	229,684	FNMA	8.000	01/01/2030	1,019,519
FNMA	7.000	08/01/2027	3,749,065	FNMA	7.000	05/01/2015	1,380,246
FNMA	7.500	08/01/2025	179,200	FNMA	8.500	04/01/2030	289,430
FNMA	6.000	05/01/2018	459,563	FNMA	8.000	04/01/2030	552,357
FNMA	7.000	01/01/2013	1,307,371	FNMA	7.500	04/01/2015	395,455
FNMA	6.000	11/01/2013	360,730	FNMA	7.500	05/01/2030	395,616
FNMA	5.500	04/01/2006	226,588	FNMA	8.000	05/01/2030	409,952
FNMA	6.000	05/01/2024	531,507	FNMA	7.500	09/01/2030	837,285
FNMA	6.500	02/01/2026	403,896	FNMA	8.000	08/01/2030	626,669
FNMA	8.500	09/01/2025	602,404	FNMA	7.500	08/01/2030	494,774
FNMA	7.500	12/01/2026	121,445	FNMA	8.000	09/01/2030	102,940
FNMA	7.000	03/01/2004	262,124	FNMA	7.500	10/01/2030	1,081,407
FNMA	7.500	03/01/2027	194,275	FNMA	9.000	10/01/2030	411,395
FNMA	7.500	05/01/2027	291,578	FNMA	7.000	11/01/2030	868,925
FNMA	7.000	01/01/2028	501,102	FNMA	7.000	06/01/2030	990,281
FNMA	7.000	09/01/2027	477,960	FNMA	8.000	01/01/2031	381,864
FNMA	6.500	03/01/2013	1,942,074	FNMA	7.000	04/01/2031	1,796,909
FNMA	7.500	10/01/2012	479,931	FNMA	6.500	05/01/2031	983,653
FNMA	6.000	05/01/2028	388,500	FNMA	6.500	05/01/2031	1,771,133
FNMA	6.500	03/01/2028	1,671,874	FNMA	5.750	02/15/2008	19,336,023
FNMA	6.000	03/01/2013	1,462,124	FNMA	5.250	01/15/2009	11,222,400
FNMA	6.500	03/01/2013	311,764	FNMA	6.625	09/15/2009	3,823,734
FNMA	6.500	04/01/2028	2,101,031	FNMA	7.125	01/15/2030	3,197,790
FNMA	6.000	04/01/2013	498,734	FNMA	5.500	02/15/2006	4,105,618
FNMA	6.500	04/01/2028	1,339,842	FNMA	4.750	03/15/2004	6,967,170
FNMA	6.500	05/01/2013	363,547	FNMA	5.500	03/15/2011	3,802,480
FNMA	6.500	08/01/2013	1,054,037	FNMA	12.500	04/25/2012	38,429
FNMA	7.000	08/01/2028	688,557	FNMA	12.500	12/25/2013	25,967
FNMA	7.000	08/01/2028	420,653	FNMA	6.500	08/01/2013	11,473,345
FNMA	6.500	08/01/2028	708,943	FNMA	6.500	11/01/2015	1,856,146
FNMA	6.500	09/01/2028	\$883,566	FNMA	6.500	03/01/2016	\$4,806,049

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<u>Domestic Fixed Income:</u>	<u>Rate</u>	<u>Maturity Date</u>	<u>Market Value</u>	<u>Domestic Fixed Income:</u>	<u>Rate</u>	<u>Maturity Date</u>	<u>Market Value</u>
FNMA	7.000	02/01/2012	\$8,167,039	GNMA	7.000	11/15/2023	\$865,774
FNMA	6.500	11/01/2015	4,792,702	GNMA	7.500	01/15/2023	164,882
FNMA	7.000	11/01/2015	5,310,451	GNMA	6.500	01/15/2024	531,356
FNMA	7.000	10/01/2015	3,559,045	GNMA	7.500	10/15/2023	341,450
FNMA	7.000	02/01/2016	8,516,265	GNMA	7.500	06/15/2023	256,915
FNMA	7.500	02/01/2031	4,562,091	GNMA	6.500	11/01/2023	501,041
FNMA	8.000	06/01/2030	8,300,171	GNMA	7.500	03/15/2007	146,738
FNMA	7.000	06/01/2031	12,991,896	GNMA	7.500	10/15/2023	359,231
FNMA	6.000	05/01/2016	8,334,748	GNMA	7.000	05/15/2024	435,221
FNMA	8.000	03/01/2030	7,975,712	GNMA	9.000	09/15/2008	34,297
FNMA	6.000	09/01/2025	962,859	GNMA	8.500	08/15/2008	56,987
FNMA	6.500	03/01/2028	2,036,664	GNMA	8.500	07/15/2008	24,298
FNMA	8.000	10/01/2030	7,810,398	GNMA	8.000	03/15/2008	81,068
FNMA	8.000	05/01/2015	883,704	GNMA	8.000	04/15/2008	121,169
FNMA	7.000	01/01/2016	9,553,233	GNMA	9.000	11/15/2008	58,569
FNMA	6.500	03/15/2029	2,546,360	GNMA	7.500	10/15/2025	311,229
FNMA	7.125	06/15/2010	2,561,616	GNMA	8.000	10/15/2024	388,266
FNMA	6.000	12/15/2005	14,175,776	GNMA	7.000	01/15/2028	597,720
FNMA	6.315	09/01/2006	4,346,988	GNMA	8.500	12/15/2024	58,457
FNMA	7.445	09/01/2040	8,086,558	GNMA	9.000	04/15/2009	11,869
FNMA	6.920	03/19/2007	2,219,763	GNMA	7.500	12/15/2025	231,664
FNR	6.000	11/25/2028	2,839,480	GNMA	8.000	11/01/2025	393,140
FNR	6.500	07/25/2023	3,940,282	GNMA	6.000	02/15/2029	903,517
FORD CREDIT AUTO	6.620	07/15/2004	3,086,790	GNMA	7.000	07/01/2011	168,059
FORD MTR CO	6.625	02/15/2028	346,304	GNMA	9.000	10/15/2010	5,101
FORD MTR CO	6.625	10/01/2028	2,609,490	GNMA	7.500	07/15/2028	464,750
FORD MTR CO	7.450	07/16/2031	9,631,500	GNMA	6.000	08/15/2014	421,091
FORD MTR CR CO	7.500	01/15/2003	5,593,914	GNMA	8.500	10/15/2026	295,779
FORD MTR CR CO	5.750	02/23/2004	2,495,150	GNMA	8.000	02/15/2027	224,943
FORD MTR CR CO	7.875	06/15/2010	1,148,422	GNMA	8.500	03/15/2027	177,465
FORD MTR CR CO	7.500	06/15/2003	2,078,900	GNMA	6.500	05/01/2013	687,897
FORD MTR CR CO	7.110	06/02/2003	5,976,216	GNMA	7.000	08/01/2028	1,404,152
FORT JAMES CORP	6.625	09/15/2004	489,300	GNMA	6.000	01/15/2029	421,589
FORT JAMES CORP	6.875	09/15/2007	1,708,038	GNMA	8.500	08/01/2027	53,519
GCB SPRINT CAPITAL	6.875	11/15/2028	8,403,800	GNMA	6.500	08/15/2028	867,135
GE CAPITAL MTG	6.500	03/25/2024	4,456,250	GNMA	6.500	06/15/2028	1,338,494
GE CAPITAL MTG SRV	7.500	07/25/2026	1,797,875	GNMA	7.000	01/15/2028	905,927
GE GLOBAL INS	7.000	02/15/2026	505,444	GNMA	7.500	12/01/2027	2,260,179
GEARBULK HLDG	11.250	12/01/2004	1,020,000	GNMA	6.500	06/15/2028	2,346,211
GENERAL ELEC CAP CORP	7.000	03/02/2003	3,620,960	GNMA	7.500	10/15/2029	597,260
GENERAL ELEC CAP CORP	6.810	11/03/2003	2,084,840	GNMA	6.500	06/01/2028	851,502
GENERAL ELEC CR COR	5.500	11/01/2001	415,465	GNMA	7.000	05/15/2028	837,813
GENERAL MTRS ACCEP	6.625	10/01/2002	1,319,500	GNMA	5.500	04/15/2029	309,140
GENERAL MTRS ACCEP	6.625	10/01/2002	5,075,000	GNMA	6.500	07/15/2029	431,347
GENERAL MTRS CORP	9.125	07/15/2001	470,578	GNMA	7.000	09/15/2029	594,578
GENERAL MTRS CORP	6.750	05/01/2028	1,088,628	GNMA	8.500	07/15/2030	659,233
GEORGIA PACIFIC CORP	7.375	12/01/2025	9,705,162	GNMA	6.000	11/15/2028	806,057
GLOBAL CROSSING HLDG LTD	9.625	05/15/2008	3,013,850	GNMA	7.000	07/15/2029	1,031,231
GLOBAL CRDSSING HLDG LTD	9.500	11/15/2009	2,325,000	GNMA	7.000	09/01/2029	655,186
GMAC	5.850	01/14/2009	2,014,335	GNMA	6.000	02/15/2029	345,859
GMAC	7.750	01/19/2010	1,357,720	GNMA	7.500	11/15/2028	332,099
GMAC	6.459	01/20/2004	2,310,373	GNMA	6.500	02/15/2029	824,813
GMAC	6.270	11/12/2002	4,797,024	GNMA	6.500	12/01/2028	810,502
GMAC MORTGAGE CORP	5.763	06/18/2027	3,173,171	GNMA	7.500	07/15/2029	308,871
GMACC	6.945	09/15/2033	6,128,418	GNMA	6.000	10/15/2028	418,662
GMACM MORTGAGE LOAN	7.000	08/01/2029	986,250	GNMA	7.000	12/15/2030	695,697
GMACM MORTGAGE LOAN	7.425	11/25/2030	3,571,681	GNMA	7.500	11/15/2029	811,534
GNMA	7.500	05/15/2023	260,404	GNMA	8.000	10/15/2029	1,150,134
GNMA	7.000	09/15/2023	\$455,682	GNMA	6.000	04/15/2029	\$161,150

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Domestic Fixed Income:				Domestic Fixed Income:			
	Rate	Maturity Date	Market Value		Rate	Maturity Date	Market Value
GNMA	7.500	08/15/2029	\$252,673	GNMA	9.000	12/01/2017	\$866,813
GNMA	6.500	07/15/2029	350,985	GNMA	7.500	09/01/2025	233,647
GNMA	6.500	04/15/2029	424,441	GNMA	8.000	12/01/2023	1,763,913
GNMA	7.500	10/15/2029	837,496	GNMA	7.500	12/01/2023	703,955
GNMA	8.000	09/15/2030	1,268,306	GNMA	6.500	10/15/2024	669,964
GNMA	8.000	06/15/2030	1,266,376	GNMA	7.000	10/01/2026	2,581,924
GNMA	8.000	05/15/2030	16,448	GNMA	7.500	12/15/2028	1,541,828
GNMA	8.000	11/01/2030	382,733	GNMA	7.500	03/15/2008	602,130
GNMA	7.500	10/15/2030	998,312	GNMA	7.000	06/15/2024	2,517,903
GNMA	7.500	11/15/2030	889,274	GNMA	8.000	01/15/2027	354,308
GNMA	6.500	03/15/2031	1,186,160	GNMA	8.000	12/15/2027	231,936
GNMA	11.000	08/15/2015	1,744	GNMA	7.000	12/15/2027	3,372,903
GNMA	13.000	09/15/2013	137,222	GNMA	8.000	11/15/2026	463,837
GNMA	13.000	06/15/2004	10,419	GNMA	8.000	05/15/2030	15,202
GNMA	9.000	05/15/2016	59,934	GNMA	8.000	08/15/2026	158,500
GNMA	9.000	07/15/2016	49,469	GNMA	8.000	09/15/2024	22,876
GNMA	11.000	10/15/2015	1,890	GNMA	8.000	07/15/2027	447,628
GNMA	9.500	07/15/2017	18,996	GNMA	8.000	10/15/2027	89,701
GNMA	9.000	06/15/2016	10,729	GNMA	7.000	04/15/2026	987,704
GNMA	9.500	01/15/2020	20,291	GNMA	8.000	09/15/2026	37,692
GNMA	9.000	10/15/2019	30,645	GNMA	7.000	03/15/2026	2,684,381
GNMA	9.500	10/15/2016	30,699	GNMA	8.000	04/15/2026	105,603
GNMA	9.500	08/15/2016	23,798	GNMA	8.000	06/15/2026	196,210
GNMA	9.500	04/15/2019	329,160	GNMA	8.000	08/15/2026	146,375
GNMA	10.000	10/15/2016	5,971	GNMA	8.000	10/15/2029	18,708
GNMA	8.000	03/15/2017	129,321	GNMA	7.000	04/15/2026	138,127
GNMA	7.500	03/15/2017	147,716	GNMA	8.000	07/15/2026	138,013
GNMA	10.000	08/15/2018	15,913	GNMA	8.000	07/15/2026	113,088
GNMA	10.000	08/15/2017	40,794	GNMA	8.000	09/15/2026	95,394
GNMA	8.000	03/15/2017	87,560	GNMA	8.000	07/15/2026	82,050
GNMA	8.500	01/15/2017	10,740	GNMA	7.000	03/15/2026	2,594,591
GNMA	9.500	07/15/2017	37,343	GNMA	8.000	10/15/2027	63,215
GNMA	8.500	08/01/2017	56,993	GNMA	8.000	09/15/2026	137,773
GNMA	8.500	03/15/2017	83,598	GNMA	8.000	01/15/2027	261,110
GNMA	10.500	12/15/2017	33,487	GNMA	8.000	12/15/2027	79,922
GNMA	10.500	07/15/2019	15,696	GNMA	8.000	05/15/2030	78,427
GNMA	7.000	11/01/2027	367,980	GNMA	8.000	07/15/2030	85,013
GNMA	9.500	06/15/2020	18,372	GNMA	6.500	02/01/2029	3,299,485
GNMA	10.000	11/15/2018	22,524	GNMA	7.000	02/15/2029	9,307,000
GNMA	10.000	12/15/2020	27,656	GNMA	7.000	08/15/2029	9,305,924
GNMA	10.000	11/15/2020	32,183	GNMA	8.000	12/15/2029	8,301
GNMA	9.000	03/01/2021	15,658	GNMA	7.000	02/15/2031	3,941,149
GNMA	9.500	08/15/2019	23,131	GNMA	8.000	09/15/2026	12,222
GNMA	10.000	07/15/2019	37,322	GNMA	8.000	11/15/2026	368,050
GNMA	10.500	12/15/2013	39,627	GNMA	8.000	12/15/2026	373,264
GNMA	8.500	01/15/2020	8,925	GNMA	8.000	12/15/2026	20,484
GNMA	9.000	02/15/2020	27,692	GNMA	8.000	12/15/2026	20,516
GNMA	9.500	07/15/2020	25,471	GNMA	8.000	12/15/2027	357,484
GNMA	9.000	05/15/2020	14,469	GNMA	8.000	07/15/2026	72,438
GNMA	10.000	05/15/2020	22,969	GNMA	8.000	05/15/2027	289,687
GNMA	9.500	07/15/2020	20,459	GNMA	8.000	12/15/2026	371,086
GNMA	8.000	12/15/2021	135,776	GNMA	8.000	03/15/2027	486,064
GNMA	9.000	03/15/2021	20,545	GNMA	8.000	09/15/2026	26,987
GNMA	9.000	08/15/2021	40,943	GNMA	8.000	12/15/2027	510,422
GNMA	7.500	02/15/2023	310,405	GNMA	7.000	06/15/2028	1,445,260
GNMA	8.500	10/15/2021	62,224	GNMA	8.000	01/15/2028	174,372
GNMA	7.500	02/15/2007	15,673	GNMA	8.000	06/15/2027	135,980
GNMA	7.000	12/15/2022	229,201	GNMA	8.000	10/15/2027	477,624
GNMA	7.000	03/01/2008	\$121,427	GNMA	8.000	10/15/2027	\$634,950

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Domestic Fixed Income:			Rate	Maturity Date	Market Value	Domestic Fixed Income:			Rate	Maturity Date	Market Value
GNMA	8.000	08/15/2027			\$32,490	GNMA	8.000	05/15/2000		\$69,670	
GNMA	8.000	06/15/2028			37,737	GNMA	8.000	03/15/2030		39,942	
GNMA	6.500	03/15/2028			7,940,082	GNMA	8.000	08/15/2030		6,242,813	
GNMA	6.500	07/15/2028			23,511,401	GNMA	8.000	07/15/2030		326,827	
GNMA	7.000	07/01/2028			38,716,787	GNMA	8.000	06/15/2030		274,222	
GNMA	7.000	09/15/2028			5,532,111	GNMA	7.500	11/15/2029		4,170,645	
GNMA	6.500	07/15/2028			4,918,736	GNMA	8.000	06/15/2030		21,489	
GNMA	6.500	04/15/2029			5,373,067	GNMA	8.000	07/15/2030		385,260	
GNMA	8.000	03/15/2028			433,881	GNMA	8.000	03/15/2030		37,255	
GNMA	8.000	07/15/2030			46,544	GNMA	8.000	08/15/2030		638,388	
GNMA	8.000	07/15/2030			1,234,731	GNMA	8.000	07/15/2030		193,430	
GNMA	8.000	02/15/2030			3,066,947	GNMA	8.000	07/15/2030		271,467	
GNMA	8.000	08/15/2030			1,152,425	GNMA	8.000	07/15/2030		303,823	
GNMA	8.000	01/15/2030			1,053,555	GNMA	8.000	07/15/2030		770,322	
GNMA	8.000	04/15/2030			37,143	GNMA	8.000	07/15/2030		441,664	
GNMA	8.000	05/15/2030			192,717	GNMA	8.000	06/15/2030		45,732	
GNMA	8.000	05/15/2030			136,019	GNMA	8.000	07/15/2030		242,481	
GNMA	8.000	07/15/2030			359,671	GNMA	8.000	07/15/2030		441,843	
GNMA	8.000	07/15/2030			182,732	GNMA	8.000	03/15/2030		276,739	
GNMA	8.000	08/15/2030			1,004,180	GNMA	8.000	07/15/2030		55,829	
GNMA	8.000	08/15/2030			910,566	GNMA	8.000	07/15/2030		61,828	
GNMA	8.000	08/15/2030			1,386,975	GNMA	8.000	07/15/2030		649,973	
GNMA	8.000	08/15/2030			570,049	GNMA	8.000	07/15/2030		147,396	
GNMA	8.000	07/15/2030			522,766	GNMA	8.000	03/15/2030		59,446	
GNMA	8.000	08/15/2030			690,663	GNMA	8.000	05/15/2030		313,808	
GNMA	8.000	07/15/2030			646,889	GNMA	8.000	08/15/2030		1,125,349	
GNMA	8.000	07/15/2030			608,577	GNMA	8.000	06/15/2030		819,504	
GNMA	6.500	10/15/2028			33,390,544	GNMA	8.000	07/15/2030		546,300	
GNMA	6.500	01/15/2029			6,782,910	GNMA	8.000	07/15/2030		95,182	
GNMA	6.500	03/15/2029			3,873,923	GNMA	8.000	07/15/2030		562,565	
GNMA	6.500	03/15/2029			3,881,688	GNMA	6.500	03/15/2031		9,563,997	
GNMA	8.000	12/15/2029			31,669	GNMA	8.000	05/15/2030		106,407	
GNMA	8.000	01/15/2030			24,506	GNMA	8.000	06/15/2030		41,304	
GNMA	8.000	07/15/2030			33,747	GNMA	8.000	07/15/2030		223,830	
GNMA	8.000	05/15/2030			445,100	GNMA	8.000	07/15/2030		257,193	
GNMA	8.000	06/15/2030			19,181	GNMA	8.000	07/15/2030		92,104	
GNMA	8.000	07/15/2030			55,391	GNMA	8.000	07/15/2030		726,229	
GNMA	8.000	07/15/2030			185,192	GNMA	8.000	07/15/2030		18,573	
GNMA	8.000	04/15/2030			42,816	GNMA	8.000	06/15/2030		29,811	
GNMA	8.000	04/15/2030			27,640	GNMA	8.000	06/15/2030		472,357	
GNMA	8.000	09/15/2029			31,484	GNMA	8.000	06/15/2030		23,277	
GNMA	8.000	07/15/2030			25,816	GNMA	8.000	07/15/2030		593,126	
GNMA	8.000	07/15/2029			133,992	GNMA	8.000	07/15/2030		188,200	
GNMA	8.000	02/15/2030			18,934	GNMA	8.000	07/15/2030		51,715	
GNMA	8.000	08/15/2030			1,117,851	GNMA	8.000	07/15/2030		36,909	
GNMA	8.000	08/15/2030			653,616	GNMA	8.000	05/15/2030		291,398	
GNMA	8.000	06/15/2030			54,379	GNMA	8.000	06/15/2030		101,697	
GNMA	8.000	04/15/2030			265,389	GNMA	8.000	07/15/2030		682,596	
GNMA	8.000	06/15/2030			27,159	GNMA	8.000	07/15/2030		152,491	
GNMA	8.000	07/15/2030			110,509	GNMA	8.000	07/15/2030		78,348	
GNMA	8.000	07/15/2030			208,219	GNMA	8.000	08/15/2030		336,106	
GNMA	8.000	05/15/2030			55,195	GNMA	8.000	08/15/2030		1,708,367	
GNMA	8.000	11/15/2029			17,349	GNMA	8.000	07/15/2030		35,244	
GNMA	8.000	07/15/2030			462,117	GNMA	8.000	08/15/2030		1,339,964	
GNMA	8.000	07/15/2030			51,597	GNMA	8.000	08/15/2030		849,711	
GNMA	8.000	08/15/2030			1,000,703	GNMA	8.000	07/15/2030		30,017	
GNMA	8.000	05/15/2030			157,953	GNMA	8.000	07/15/2030		44,164	
GNMA	8.000	01/15/2030			56,072	GNMA	8.000	07/15/2030		926,816	
GNMA	8.000	04/15/2030			\$101,072	GNMA	8.000	07/15/2030		\$264,837	

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<u>Domestic Fixed Income:</u>	<u>Rate</u>	<u>Maturity Date</u>	<u>Market Value</u>	<u>Domestic Fixed Income:</u>	<u>Rate</u>	<u>Maturity Date</u>	<u>Market Value</u>
GNMA	8.000	07/15/2030	\$889,910	JUPITERS LIMITED	8.500	03/01/2006	\$1,695,750
GNMA	8.000	07/15/2030	385,184	K & F INDUSTRIES	9.250	10/15/2007	899,063
GNMA	7.000	01/15/2031	4,792,723	K MART	12.500	03/01/2005	2,170,000
GNMA	7.000	02/15/2031	6,693,059	K MART	9.380	02/01/2006	5,850,000
GNMA	6.500	06/15/2031	8,407,010	KB HOMES	9.500	02/15/2011	603,000
GNMA	12.500	09/15/2014	201,959	KELLOGG CO	7.450	04/01/2031	473,703
GNMA	8.000	04/15/2017	7,996	KEYCORP INSTIT CAPITAL	7.826	12/01/2026	387,744
GNMA	8.000	06/15/2026	48,567	KINGDOM OF SPAIN	7.000	07/19/2005	1,613,969
GNMA	8.000	04/15/2022	9,771	KOREA DEVELOPMENT BANK	7.250	05/15/2006	1,024,650
GNMA	6.500	07/15/2026	881,432	KOREA DEVELOPMENT BANK	7.375	09/17/2004	1,453,088
GNMA	7.000	12/15/2026	4,438,516	KROGER CO	7.000	05/01/2018	94,780
GNMA	6.500	05/15/2029	507,438	KROGER CO	7.250	06/01/2009	713,468
GNMA	6.500	05/15/2029	9,166,047	L-3 COMMUNICATIONS	8.000	08/01/2008	498,750
GNMA	7.000	12/15/2030	14,721,789	LANDESBADK BADEN-WURT	7.875	04/15/2004	1,062,810
GNMA	8.000	05/15/2028	7,183,254	LASMO INC	7.500	06/30/2006	1,071,200
GNMA	8.500	04/15/2030	4,798,753	LBCMT	7.325	09/15/2009	1,149,698
GNMA	6.720	07/30/2039	1,059,451	LEAR CORP	7.960	05/15/2005	1,013,660
GNMA	6.375	04/20/2027	692,639	LEHMAN BROS HLDG	5.823	06/03/2002	1,804,140
GNMA	6.000	04/20/2030	10,559,144	LEHMAN BROS HLDGS	8.500	05/01/2007	1,305,516
GNMA	6.500	07/20/2030	4,172,940	LEHMAN BROS HLDGS	7.375	05/15/2004	1,312,025
GNMA	7.200	12/16/2025	2,577,753	LEHMAN BROS HLDGS	6.625	02/05/2006	10,179,500
GNMA RBMIC	7.000	01/16/2029	4,309,445	LEHMAN BROTHERS	6.073	05/07/2002	1,004,850
GOLDEN WEST FINL DEL	6.700	07/01/2002	811,664	LEVI STRAUSS & CO	6.800	11/01/2003	752,250
GOLDMAN SACHS GROUP	7.350	10/01/2009	432,239	LOCKHEED MARTIN	7.250	05/15/2006	517,570
GOLDMAN SACHS GROUP	6.875	01/15/2011	4,983,350	LYONDELL CHEMICAL	10.875	05/01/2009	6,402,500
GRAND MET	8.000	09/15/2022	547,030	M C I COMMUNICATIONS	6.125	04/15/2002	4,424,068
GREEN TREE ACCEPT	6.680	01/15/2029	3,566,839	MARCONI CORP	7.750	09/15/2010	1,371,000
GS ESCR CORP	6.750	08/01/2001	2,000,400	MAY DEPT STORES	9.875	12/01/2002	541,829
GTE CORP	6.940	04/15/2028	1,114,692	MAY DEPT STORES	8.375	10/01/2022	1,031,430
GTE FLORIDA INC	6.860	02/01/2028	2,817,810	MBNA	5.900	08/15/2011	685,475
HANSON OVERSEAS BVF	6.750	09/15/2005	1,109,966	MELLON FINANCIAL CO	6.000	03/01/2004	4,042,040
HARTFORD LIFE	7.650	06/15/2027	309,942	MERISTAR HOSPITALITY CORP	9.000	01/15/2008	403,000
HCA-HEALTHCARE CO	8.160	09/19/2002	2,199,298	MERITA BANK LTD	6.500	01/15/2006	1,515,360
HELLENIC REPUBLIC - GREECE	6.950	03/04/2008	729,554	MERRILL LYNCH	7.000	04/27/2008	1,027,140
HELLER FINAL	6.847	05/15/2031	1,427,832	MERRILL LYNCH	6.000	11/15/2004	2,867,696
HELLER FINAL	7.715	09/15/2008	990,823	MERRILL LYNCH CR	0.000	03/15/2025	2,010,978
HELLER FINANCIAL	5.979	10/22/2001	4,303,827	MOBIL CORP	7.625	02/23/2033	1,007,450
HERSHEY FOODS	6.950	08/15/2012	5,216,250	MORGAN JP & CO	6.000	01/15/2009	4,839,950
HILTON HTL POOL TR	0.000	10/03/2015	1,017,225	MORGAN STANLEY CAPITAL I	6.250	07/15/2007	2,731,408
HMH PROPERTIES	7.875	08/01/2008	3,290,000	MORGAN STANLY GROUP	6.875	03/01/2007	1,027,140
HONEYWELL	6.875	10/03/2005	2,593,125	MORGAN STANLY GROUP	7.750	06/15/2005	3,193,500
HOUSEHOLD FINANCE	5.875	09/25/2004	1,000,720	MORGAN STANLY GROUP	6.875	03/01/2007	5,135,700
HOUSEHOLD FINANCE	6.750	05/15/2001	5,920,980	MORGAN STANLY GROUP	5.625	01/20/2004	3,019,170
HOUSEHOLD FINANCE	7.200	07/15/2006	10,391,500	MOTOROLA INC	7.625	11/15/2010	4,917,988
HOUSTON TX AIRPORT	5.700	07/01/2028	2,057,420	MOUNTAIN STS TEL&TE	6.000	08/01/2007	825,761
HPSC EQUIPMENT	0.000	04/20/2007	3,355,349	NATIONSBANK CAP TRUST	8.250	04/15/2027	1,603,194
HYDRO QUEBEC	9.500	11/15/2030	353,801	NATL CITY BANK	7.250	10/21/2011	2,563,650
I A D B - INTER AMER DEV BK G	5.750	02/26/2008	741,030	NATL CITY CORP	6.625	03/01/2004	1,022,570
IBRD-GLOBAL BOND	8.625	10/15/2016	1,201,760	NATL RURAL UTILITIES	5.750	12/01/2008	1,419,450
ICELAND REP	6.125	02/01/2004	1,020,510	NAVISTAR	8.000	02/01/2008	1,610,000
IMC GLOBAL INC	7.625	11/01/2005	5,984,136	NAVISTAR INTL CORP	0.000	06/01/2006	3,123,250
IMC HOME EQUITY LOAN TRUST	7.670	05/20/2027	4,407,589	NEW ENGLAND TEL & T	6.300	12/16/2002	761,003
INTL BUS MACH	8.375	11/01/2019	598,154	NEW YORK TEL CO	6.000	09/01/2007	844,170
INTL BUS MACH	5.375	02/01/2009	3,797,080	NEW YORK TEL CO	6.000	04/15/2008	1,947,220
INTL LEASB FINANCE	5.500	06/07/2004	5,009,200	NEWCOURT CR OROUP INC	6.875	02/16/2005	7,662,225
INTL SHIPHOLDING CORP	0.000	07/01/2003	400,000	NEWPORT NEWS SHIPBUILD	8.625	12/01/2006	530,000
INTL SHIPHOLDING CORP	7.750	10/15/2007	940,000	NEWS AMER HLDGS	7.750	01/20/2024	957,810
ISRAEL ELECTRIC CORP LTD	7.750	12/15/2027	1,685,634	NEXTEL COMM INC	9.500	02/01/2011	5,434,000
JPMC 1999-CR, JP MORGAN COM	7.371	08/15/2032	\$1,047,280	NEXTLINK COMM	10.000	12/01/2009	\$2,062,500

PORTFOLIO OF ASSETS, JUNE 30, 2001

Domestic Fixed Income:	Rate	Maturity Date	Market Value	Domestic Fixed Income:	Rate	Maturity Date	Market Value
NIAGARA MOHAWK	8.000	06/01/2004	\$625,182	SONAT INC	6.750	10/01/2007	\$782,904
NORFOLK & SOUTHERN CORP	7.350	05/15/2007	1,553,625	SOUTHERN CALIF GAS	6.875	11/01/2025	634,718
NORSK HYDRO A/S	7.250	09/23/2027	566,197	SOUTHERN NE TEL MIN	6.125	12/15/2003	1,122,440
NORTWEST AIRLINES INC	8.875	06/01/2006	987,290	SOUTHLAND	4.500	06/15/2004	4,049,875
NORWEST ASSET SEC	6.750	08/25/2029	7,467,407	SOUTHWESTERN BELL T	6.875	02/01/2011	1,181,460
OCCIDENTAL PETROLEUM	7.375	11/15/2008	826,296	SPIEKER PROPERTIES	7.125	07/01/2009	821,345
PACIFIC TEL & TEL	7.125	03/15/2026	295,284	STANDARD CREDIT CARD	8.250	11/07/2003	2,018,120
PARK PLACE ENTERTAINMENT	7.875	12/15/2005	1,002,500	STARWOOD HOTEL & RESORTS	8.109	02/23/2003	1,509,330
PECO ENERGY TRANS	6.130	03/01/2009	565,828	STATION CASINOS INC	8.875	12/01/2008	1,407,000
PHILADELPHIA ELEC CO	5.625	11/01/2001	501,770	STRUCTURED AST SECS CORP M	6.880	09/25/2030	3,213,959
PHILLIP MORRIS	8.250	10/15/2003	527,725	SUMITOMO BANK INTL FIN NV	8.500	06/15/2009	1,278,336
PHILLIP MORRIS	7.500	04/01/2004	411,924	SUN MICROSYSTEMS	7.350	08/15/2004	256,375
PHILLIP MORRIS	7.250	09/15/2001	2,811,004	SUNAMERICA INC	6.750	10/07/2007	1,020,490
PHILLIPS PETE CO	6.650	07/15/2018	1,225,367	T C I COMM INC	8.750	04/01/2015	472,689
PHILLIPS PETE CO	8.750	05/25/2010	215,793	TEEKAY SHIPPPING	8.875	07/15/2011	707,000
PIONEER NATL RES	8.875	04/15/2005	2,866,875	TELEWEST COMMUNICATION	0.000	10/01/2007	674,000
PNC FUNDING	7.000	09/01/2004	1,034,250	TENNESSEE GAS PIPE	7.000	10/15/2028	382,003
POTOMAC ELEC PWR CO	6.875	09/01/2023	902,030	TENNESSEE VALLEY AUTH	6.375	06/15/2005	2,064,800
PP&L TRASITION	7.150	06/25/2009	1,048,880	TEREX CORP	9.761	04/01/2008	383,000
PROCTER & GAMBLE CO	8.500	08/10/2009	495,030	TEREX CORP	10.375	04/01/2011	412,000
PROCTER & GAMBLE CO	8.700	08/01/2001	401,116	TEXACO CAPITAL	5.500	01/15/2009	2,851,080
PROVINCE OF QUEBEC	6.500	01/17/2006	1,277,638	TEXAS INSTRUMENTS	6.125	02/01/2006	792,992
PRUDENTIAL HOME MORT	7.000	01/25/2008	6,131,220	THE WILLIAMS COMPANIES	7.750	06/15/2031	387,276
PRUDENTIAL HOME MORT	7.250	10/25/2023	2,195,189	TIME WARNER ENTER	8.375	03/15/2023	1,531,794
PSEG POWER NTS	7.750	04/15/2011	7,655,850	TIME WARNER ENTER	10.150	05/01/2012	12,148,100
PUBLIC SERVICE CO	7.125	06/01/2006	720,664	TOLL BROS INC	8.250	02/01/2011	485,000
QUEENSLAND TREASURY CORP	6.000	06/14/2011	7,247,273	TOSCO CORP	7.625	05/15/2006	1,059,180
R & B FALCON CORP	6.750	04/15/2005	6,099,840	TRAVELORS PPTY CAS CORP	6.750	11/15/2006	1,026,240
RAYTHEON CO	6.750	08/15/2007	1,168,896	TRICON GLOBAL RESTAURANTS	8.500	04/15/2006	6,339,500
RELLANCE ELECTRIC CO	6.800	04/15/2003	1,331,317	TRW INC	7.630	03/15/2001	5,170,050
RESDNIL FDG MTG	7.500	11/25/2030	4,314,600	TYCO INTL GROUP	6.875	01/15/2029	750,752
RESDNIL FDG MTG	7.500	12/25/2030	4,278,604	UNILEVER CAPITAL CORP	7.125	11/01/2010	832,848
RESID ACCREDIT LOANS	7.250	02/25/2031	7,944,960	UNION PAC CORP	9.625	12/15/2002	383,018
RESIDENTIAL ACCREDIT LOANS	7.250	09/25/2027	5,031,250	UNION PACIFIC RESOURCES	7.500	10/15/2026	355,471
RESIDENTIAL ASSET SEC	6.750	04/25/2028	159,083	UNITED MEX STS	9.875	02/01/2010	1,203,400
RESOL FUNDING CORP	8.125	10/15/2019	4,231,021	UNITED MEXICAN STS	11.500	05/15/2026	8,064,000
RESOL FUNDING CORP	9.375	10/15/2020	817,398	UNITED PARCEL SERVICE	8.375	04/01/2020	456,249
ROHM & HAAS CO	7.400	07/15/2009	521,500	UNITED PARCEL SERVICE	8.000	04/01/2030	1,274,515
ROYAL BANK OF SCOTLAND	9.118	03/31/2010	3,107,440	UNITED RENTALS INC	8.800	08/15/2008	771,860
SACO I INC	0.000	08/31/2030	970,464	UNITED STATES TR BD	10.375	11/15/2009	5,534,092
SAFECO	8.072	07/15/2037	10,082,749	UNITED STATES TR BD	11.750	02/15/2010	2,630,912
SAFEWAY INC	6.050	11/15/2003	2,025,000	UNITED STATES TR BD	12.750	11/15/2010	9,747,525
SALOMON SMITH BARNEY	7.375	05/15/2007	786,990	UNITED STATES TR BD	10.750	02/15/2003	5,306,868
SALOMON SMITH BARNEY	6.250	06/15/2005	9,908,192	UNITED STATES TR BD	11.125	08/15/2003	11,912,040
SALTON INC	10.750	12/15/2005	900,000	UNITED STATES TR BD	12.375	05/15/2004	3,614,190
SANTANDER FINANCIAL ISSUA	6.375	02/15/2011	1,889,540	UNITED STATES TR BD	10.750	08/15/2005	6,063,950
SAXON ASSET	5.944	05/25/2029	943,493	UNITED STATES TR BD	9.250	02/15/2016	3,473,626
SAXON ASSET	6.084	08/25/2029	2,547,672	UNITED STATES TR BD	7.500	11/15/2016	5,188,122
SC INTL SERVICES INC	9.250	09/01/2007	964,125	UNITED STATES TR BD	8.750	05/15/2017	4,672,656
SEARS	6.200	07/15/2007	2,036,800	UNITED STATES TR BD	8.875	08/15/2017	4,989,248
SECURITY PACIFIC NATL BK	9.250	09/25/2019	457,456	UNITED STATES TR BD	8.125	08/15/2019	6,110,257
SEQUA CORP	9.000	08/01/2009	841,500	UNITED STATES TR BD	8.125	08/15/2021	9,261,014
SHERWIN-WILLIAMS CO	6.850	02/01/2007	993,010	UNITED STATES TR BD	7.125	02/15/2023	802,627
SIMON DEBARTDLO	6.875	11/15/2006	690,298	UNITED STATES TR BD	6.250	08/15/2023	8,309,654
SLM STUDENT LOAN TR	5.625	04/25/2011	8,005,048	UNITED STATES TR BD	6.000	02/15/2026	4,249,392
SMALL BUSINESS ADM	7.200	10/01/2019	10,847,505	UNITED STATES TR BD	6.500	11/15/2026	4,903,535
SMALL BUSINESS ADM	6.440	02/01/2021	5,496,825	UNITED STATES TR BD	6.625	02/15/2027	492,260
SMALL BUSINESS INVEST	7.540	08/01/2009	6,660,340	UNITED STATES TR BD	6.375	08/15/2027	6,443,356
SMHLG	6.997	06/15/2026	\$1,000,000	UNITED STATES TR BD	5.500	08/15/2028	\$1,233,323

PORTFOLIO OF ASSETS, JUNE 30, 2001

Domestic Fixed Income:			International Fixed Income:				
	Rate	Maturity Date	Market Value		Rate	Maturity Date	Market Value
UNITED STATES TR BD	5.250	11/15/2028	\$732,032	CANADA-GOVT	6.000	06/01/2008	\$5,555,480
UNITED STATES TR BD	5.250	02/15/2029	2,103,051	DEPFA DT PFANDBRF	5.750	03/04/2009	7,332,150
UNITED STATES TR BD	6.625	02/15/2027	1,859,647	FRANCE (GOVT OF)	6.500	10/25/2006	7,744,673
UNITED STATES TR BD	5.250	02/15/2029	14,767,076	FRANCE (GOVT OF)	5.500	04/25/2029	2,361,450
UNITED STATES TR BD	3.875	04/15/2029	61,045,088	FRANCE (GOVT OF)	6.000	10/25/2025	3,294,766
UNITED STATES TR BD	3.625	04/15/2028	2,234,030	FRANCE (GOVT OF)	4.000	04/25/2009	4,684,364
UNITED STATES TR BILL	5.000	10/18/2001	301,743	FRANCE TELECOM	7.200	03/01/2006	2,056,460
UNITED STATES TR BILL	0	09/13/2001	426,895	GERMANY (FED REP)	6.250	04/06/2026	7,288,319
UNITED STATES TR NT	6.625	05/15/2007	1,234,732	GERMANY (FED REP)	6.000	01/05/2006	5,617,422
UNITED STATES TR NT	6.125	08/15/2007	7,945,820	GERMANY (FED REP)	6.000	07/04/2007	2,390,737
UNITED STATES TR NT	5.750	10/31/2002	1,021,590	GERMANY (FED REP)	6.000	01/04/2007	5,229,854
UNITED STATES TR NT	4.750	02/15/2004	905,319	HYDRO QUEBEC	9.750	01/15/2018	919,686
UNITED STATES TR NT	6.000	08/15/2004	902,921	KINGDOM OF SWEDEN	12.000	02/01/2010	699,650
UNITED STATES TR NT	6.750	05/15/2005	3,194,010	MALAYSIA	8.750	06/01/2009	1,151,454
UNITED STATES TR NT	6.375	08/15/2002	8,210,240	MANITOBA PROVINCE	9.625	12/01/2018	424,577
UNITED STATES TR NT	7.875	11/15/2004	2,956,824	NEW ZEALAND	10.625	11/15/2005	830,879
UNITED STATES TR NT	7.000	07/15/2006	5,151,993	PORTUGAL REP	5.750	10/08/2003	1,017,250
UNITED STATES TR NT	5.500	05/15/2009	26,605,781	PROV OF ONTARIO	7.750	06/04/2002	3,196,875
UNITED STATES TR NT	3.500	01/15/2011	10,505,382	PROVINCE OF QUEBEC	8.800	04/15/2003	961,965
UNITED STATES TR NT	6.125	08/15/2007	20,887,675	PROVINCE OF QUEBEC	7.500	07/15/2023	786,450
UNITED STATES TR NT	4.750	01/31/2003	23,143,698	PROVINCE OF QUEBEC	6.125	01/22/2011	1,945,940
UNITED STATES TR NT	5.000	02/15/2011	824,628	REPUBLIC OF IRELAND	7.875	12/01/2001	3,042,960
UNITED STATES TR NT	3.375	01/15/2007	27,020,121	REPUBLIC OF KOREA	8.750	04/15/2003	1,056,910
UNITED STATES TR NT	5.625	07/15/2002	1,462,455	SPAIN (GOVT OF)	6.000	01/31/2008	2,477,352
UNITED STATES TR NT	4.250	01/15/2010	2,223,856				
UNITED STATES TR NT	3.768	01/15/2007	3,125,968	TOTAL INTERNATIONAL FIXED INCOME			77,067,622
UNITED STATES TR STRIPS	0.000	02/15/2015	4,246,215				
UNITED STATES TR STRIPS	0.000	08/15/2015	820,553	TOTAL FIXED INCOME			2,184,266,854
UNITED STATES TR STRIPS	0.000	11/15/2021	4,205,232				
UNITED STATES TR STRIPS	0.000	05/15/2013	960,545	NET DOMESTIC FIXED INCOME PENDING TRADES			52,810,335
UNITED UTILITES	6.875	08/15/2028	301,088				
UNOCAL	7.500	02/15/2029	505,110	TOTAL FIXED INCOME			2,237,077,189
UNUMPROVIDENT CORP	7.630	03/01/2011	8,718,110				
UTILICORP	6.875	10/01/2004	1,410,798	EQUITY INVESTMENTS			
VIACOM INC	7.750	06/01/2005	1,592,100	DOMESTIC EQUITY:			
VINTAGE PETE INC	9.000	12/15/2005	1,017,500	DOMESTIC PREFERRED STOCK:	Shares	Market Value	
VIRGINIA ELEC PWR	8.250	03/01/2025	1,485,645	ADR NEWS CORP	43,400	1,406,160	
VIRGINIA ELEC PWR	8.250	03/01/2025	990,430	BCH CAPITAL	78,000	2,070,900	
VODAFONE AIRTOUCH	7.875	02/15/2030	940,338	L-3 COMMUNICATIONS HLDG CORP	13,300	1,014,790	
VODAFONE AIRTOUCH	7.750	02/15/2010	4,758,449	PVPL DG FDG	320	3,296,000	
WACHOVIA CORP	5.625	12/15/2008	748,864				
WALT DISNEY	6.750	03/30/2006	1,040,210	TOTAL PREFERRED STOCK		7,787,850	
WASHINGTON MUTUAL	8.375	06/01/2027	627,518				
WASHINGTON MUTUAL	6.605	10/19/2039	4,450,291	DOMESTIC COMMON STOCK:	Shares	Market Value	
WASTE MGMT INC	7.650	03/15/2011	431,048	ABBOTT LAB	149,300	7,167,893	
WELLS FARGO	7.000	09/28/2030	2,146,999	ACCREDITO HLTH INC	103,100	3,834,289	
WELLS FARGO & CO	6.250	04/15/2008	688,597	ACE LTD ORD STK	40,600	1,587,054	
WELLS FARGO FIN	7.000	11/01/2005	5,217,200	ACXION CORP	115,800	1,515,822	
WESTVACO CORP	9.650	03/01/2002	411,172	ADC TELECOMMUNICATIONS INC	731,100	4,825,260	
WILLIAMS CGMM	10.875	10/01/2009	874,000	ADELPHIA COMMUNICATIONS CORP	7,100	291,100	
WILLIAMS HLDGS	6.250	02/01/2006	637,403	ADEPT TECH INC	220,000	2,178,000	
WISCONSIN PUB SVC C	6.800	02/01/2003	3,067,020	ADOBE SYS INC	23,600	1,109,200	
WORLDCOM INC	6.400	08/15/2005	2,848,786	ADR BBVA BANCO FRANCES	66,200	1,641,760	
WORLDCOM INC GA	8.250	05/15/2031	982,290	ADR COMPANIA ANONIMA NACIONAL TE	35,600	834,464	
WORLDCOM INC GA	6.981	11/26/2001	4,991,200	ADR EMBRAER-EMPRESA BRASILEIRA	26,100	1,019,205	
				ADR HUANENG PWR INTL INC	83,400	2,011,608	
				ADR KOREA ELEC PWR CORP	69,000	655,500	
				AOR P & O PRINCESS CRUISES P L C	34,500	\$731,400	
TOTAL DOMESTIC FIXED INCOME			\$2,107,199,232				

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DOMESTIC COMMON STOCK:	Shares	Market Value	DOMESTIC COMMON STOCK:	Shares	Market Value
ADR PETRO GEO SERVICES	328,400	\$3,320,124	AON CORP	24,914	\$871,990
ADR PT TELEKOMUNIKASI INDONESIA	91,500	508,740	APACHE CORP	12,200	619,150
ADR STORA ENSO CORP	19,033	210,031	APOLLO GROUP INC	49,800	2,114,010
ADR TDC A/S	29,700	546,886	APPLE COMPUTER INC	31,400	730,050
ADR TELEFONICA DE ARGENTINA	32,900	600,426	APPLERA CORP - APPLIED BIOSYSTEMS	20,200	540,350
ADR UNILEVER N V NY SHS	55,148	3,286,047	APPLIED MATERIALS INC	78,000	3,873,990
ADVANCED FIBRE COMMUNICATIONS IN	6,400	113,400	APPLIED MICRO CIRCUITS CORP CDT	198,600	3,416,920
ADVANCED MICRO DEVICES INC	30,000	886,400	APRIA HEALTHCARE GROUP INC	34,500	995,325
ADVO INC	125,000	4,288,760	APTARGROUP INC	57,500	1,864,725
AES CORP	184,700	7,951,335	AQUILA ENERGY	10,000	246,500
AETNA INC	231,100	6,978,557	ARBITRON INC	83,100	1,620,710
AFFILIATED COMPUTER SVCS INC	43,300	3,113,703	ARCH CHEMICALS INC	78,500	1,713,655
AFLAC INC	51,400	1,618,586	ARCHER-DANIELS-MIDLAND CO	61,830	801,180
AGILENT TECHNOLOGIES INC	64,278	2,089,035	ARTESYN TECHNOLOGIES INC	100,000	1,280,000
AGRIUM INC	418,900	4,189,000	ASHLAND INC	6,800	232,500
AIR PROD & CHEM INC	79,800	3,650,860	ASTORIA FINL CORP	30,000	2,090,000
AK STL HLDG CORP	6,500	81,510	AT & T CORP	607,200	13,358,400
ALBANY INTL CORP	174,044	3,289,432	AT&T CP LIBTY MEDIA	432,172	7,568,688
ALBERTSON S INC	40,879	1,225,881	ATLAS AIR WORLDWIDE HLDGS INC	122,700	1,737,432
ALCAN INC	32,017	1,346,364	ATMEL CORP	20,100	271,149
ALCOA INC	270,240	10,647,466	ATMI INC	8,800	284,000
ALLEGHENY ENERGY INC	58,145	2,805,498	ATWOOD OCEANICS INC	64,000	2,274,480
ALLEGY TECHNOLOGIES INC	9,550	172,760	AUTO DATA PROCESSING INC	61,100	3,036,870
ALLERGAN INC	27,600	2,359,800	AUTODESK INC	83,112	2,354,078
ALLEYE INC	7,100	159,760	AUTOZONE INC	11,000	412,500
ALLIED WASTE INDS INC	114,700	2,142,596	AVAYA INC	28,849	367,831
ALLMERICA FINL CORP	49,800	2,883,500	AVERY DENNISON CORP	10,800	551,340
ALLSTATE CORP	233,800	10,284,862	AVNET INC	39,300	881,108
ALLTEL CORP	114,501	7,014,331	AVON PROD INC	45,772	2,118,328
ALPHARMA INC	39,300	1,070,925	B B CORP	27,000	618,940
ALTERA CORP	39,000	1,131,000	BAKER HUGHES INC	38,450	1,288,075
AMBAC FNCL GROUP	199,762	11,826,566	BALDOR EL.EC CO	220,800	4,718,496
AMER ELEC PWR CO INC	126,529	5,841,844	BALL CORP	37,100	1,764,476
AMER EXPRESS CO	128,430	4,983,084	BALLY TOTAL FITNESS HLDG CORP	90,000	2,864,800
AMER GREETINGS CORP	6,400	70,400	BANK N.Y. CO INC	71,600	3,446,400
AMER HOME PROD CORP	175,484	10,255,869	BANK ONE CORP	241,649	8,651,034
AMER INTL GROUP INC	281,888	24,242,368	BARD C R INC CAP	6,200	298,140
AMERADA HESS CORP	38,500	3,110,800	BARR LABS INC	15,300	1,077,273
AMEREN CORP	13,200	563,640	BARRICK GOLD CORP	38,100	577,215
AMERICAN TOWER CORP	36,000	744,120	BAUSCH & LOMB INC	3,900	141,336
AMERICREDIT CORP	40,600	2,109,170	BAXTER INTL INC	57,112	2,798,488
AMERN EAGLE OUTFITTERS INC	23,900	838,712	BB&T CORP	31,800	1,187,060
AMERN GEN CORP	98,898	4,500,819	BEAR STEARNS COS INC	48,274	2,848,718
AMERN PWR CONVERSION CORP	394,000	6,205,500	BECTON DICKINSON & CO	151,200	5,411,448
AMERN STD COS INC	17,800	1,069,780	BED BATH BEYOND INC	136,600	4,261,920
AMETEK INC	5,100	155,805	BELDEN INC	88,200	2,359,350
AMGEN INC	114,000	6,917,820	BELLSOUTH CORP	180,200	7,258,854
AMPHENOL CORP	54,500	2,182,725	BELO CORP	115,770	2,181,107
AMR CORP	14,500	523,885	BEMIS CO INC	77,400	3,109,158
AMSOUTH BANCORPDRATION	38,700	878,583	BEST BUY INC	20,300	1,289,456
ANADARKO PETRO CORP	23,848	1,277,701	BIG LOTS INC	12,600	172,368
ANADIGICS INC	200,000	4,600,000	BINDVIEW DEV CORP	441,100	930,721
ANALOG DEVICES INC	49,600	2,145,200	BIOGEN INC	28,200	1,532,952
ANALYSTS INTL CORP	888,000	4,005,080	BIOMER INC	78,400	3,767,904
ANDREW CORP	78,500	1,448,325	BIOSOURCE INTL INC	413,725	2,808,488
ANHEUSER BUSCH COS INC	87,818	3,609,862	BIOVAIL CORP	81,400	3,540,800
ANIXTER INTL INC	251,100	7,708,770	BJ SVCS CO	97,000	2,752,860
ANSYS INC	100,000	1,872,000	BJS WHSL CLUB INC	30,700	1,835,082
AOL TIME WARNER INC	608,397	\$32,139,041	BK AMER CORP	154,316	\$9,263,589

PORTFOLIO OF ASSETS, JUNE 30, 2001

<u>COMMON STOCK:</u>	<u>Shares</u>	<u>Market Value</u>	<u>COMMON STOCK:</u>	<u>Shares</u>	<u>Market Value</u>
BLACK & DECKER CORP	8,400	\$331,464	CISCO SYS INC	1,026,352	\$18,679,607
BLACK BOX CORP	64,600	4,384,928	CITIGROUP INC	636,535	33,634,509
BLOCK H & R INC	53,269	3,438,514	CITIZENS COMMUNICATIONS CO	25,100	301,953
BMC SOFTWARE INC	177,700	4,005,358	CITRIX SYS INC	49,600	1,731,040
BOEING CO	83,900	4,664,640	CLAIRES STORES INC	13,300	267,488
BOISE CASCADE CORP	5,800	203,986	CLEAR CHANNEL COMMUNICATIONS IN	98,698	6,188,365
BORDERS GROUP INC	302,000	6,764,800	CLOROX CO	23,100	781,935
BRIGHTPOINT INC	617,200	1,789,880	CMS ENERGY CORP	116,477	3,243,884
BRINKER INTL INC	26,250	678,683	CNA FNCL CORP	54,100	2,134,245
BRISTOL MYERS SQUIBB CO	335,418	17,542,381	CNA SURETY CORP	428,200	5,994,800
BROADCOM CORP	22,500	982,100	CNF INC	18,200	514,150
BROADVISION INC	23,300	116,500	CNH GLOBAL	396,864	2,353,404
BROOKS AUTOMATION INC	100,000	4,610,000	COCA COLA CO	342,402	14,242,035
BROWN TOM INC	76,600	1,886,400	COGNOS INC	160,000	2,521,500
BROWN-FORMAN INC	3,800	242,972	COLGATE-PALMOLIVE CO	167,500	9,290,925
BRUNSWICK CORP	8,500	294,255	COMCAST CORP	128,700	5,498,780
BSTN SCIENTIFIC CORP	40,100	681,700	COMDISCO INC	10,100	13,433
BUCKEYE TECHNOLOGIES INC	33,500	482,400	COMERICA INC	15,618	898,587
BULL RUN CORP GA	210,000	273,000	COMM BANCSHARES INC	112,300	4,143,870
BURL NORTHN SANTA FE CORP	85,700	1,982,189	COMMSCOPE INC	172,000	4,042,000
BURL RES INC	18,070	721,897	COMPAQ COMPUTER CORP	164,192	2,643,334
BUSH INDS INC	434,100	5,708,415	COMPASS BANCSHARES INC	16,300	431,950
C CORNET CORP	202,400	2,428,800	COMPUTER ASSOC INTL INC	306,550	11,035,800
CABLETRON SYS INC	18,100	413,686	COMPUTER HORIZONS CORP	1,185,200	3,685,972
CABLEVISION SYS CORP	35,250	908,450	COMPUTER NETWORK TECH CORP	250,000	2,852,500
CABOT CORP	106,300	3,828,926	COMPUTER SCI CORP	16,200	560,520
CABOT MICROELECTRONICS CORP	18,400	1,140,800	COMPUWARE CORP	36,500	510,635
CADENCE DESIGN SYS INC	84,800	1,766,124	COMVERSE TECH INC	32,705	1,867,456
CALIPER TECHNOLOGIES CORP	100,000	2,105,000	CONAGRA FOODS INC	48,400	958,804
CALPINE CORP	78,498	2,967,225	CONCORD EFS INC	72,618	3,776,758
CAMPBELL SOUP CO	40,820	1,051,116	CONNECTIV INC	37,600	810,000
CAP 1 FNCL	19,200	1,152,000	CONEXANT SYS INC	468,200	4,180,390
CAPTARIS INC	1,097,200	2,282,176	CONOCO INC	80,068	1,735,965
CARDINAL HLTH INC	41,300	2,849,700	CONS EDISON INC	20,500	815,900
CAREMARK RX INC	222,700	3,663,415	CONSECO INC	31,755	433,466
CARNIVAL CORP	99,800	3,083,880	CONSTELLATION ENERGY GROUP	13,000	553,800
CATALINA MARKETING CORP	60,800	1,855,008	CONTL AIRL INC	26,900	1,324,025
CATERPILLAR INC	33,200	1,661,660	CONVERGYS CORP	34,200	1,034,550
CDN NATL RY CO	25,300	1,024,650	COOPER IND INC	9,000	356,310
CDN PAC LTD	114,500	4,438,875	COORS ADOLPH CO	147,100	7,381,478
CEC ENTMT INC	17,300	853,755	COR THERAPEUTICS INC	31,200	851,600
CELESTICA INC	72,600	3,738,900	CORE LAB	78,200	1,486,250
CENDANT CORP	242,883	4,738,218	CORN PRODS INTL	170,400	5,452,800
CENTEX CORP	13,100	533,825	CORNING INC	88,761	1,483,198
CENTURYTEL INC	14,100	427,230	COSTCO WHSL CORP	69,100	2,838,628
CEPHALON INC	36,400	2,566,200	COUNTRYWIDE CR IND INC	65,400	3,000,552
CERIDIAN CORP	22,500	431,325	CRANE CO	6,100	189,100
CHARTER 1 FINCL INC	122,973	3,922,839	CRAY INC	678,000	1,613,640
CHECKFREE CORP	39,180	1,373,341	CREDENCE SYS CORP	4,200	101,808
CHEVRON CORP	81,887	5,601,879	CROWN CASTLE INTL CORP	123,680	2,028,352
CHIRON CORP	17,200	877,200	CSX CORP	21,300	771,912
CHOLESTECH CORP	150,000	1,237,500	CULLEN / FROST BANKERS INC	37,700	1,276,146
CHRIS-CRAFT INDS INC	5,900	421,260	CUMMINS INC	4,000	154,800
CHUBB CORP	17,000	1,316,310	CURAGEN CORP	100,000	3,640,000
CIGNA CORP	14,800	1,418,136	CVS CORP	100,900	3,884,740
CIN FNCL CORP	15,900	628,050	CYBEROPTICS CORP	130,000	1,588,000
CINERGY CORP	15,200	531,240	CYLINK CORP	450,000	281,000
CINTAS CORP	16,300	753,875	CYPRESS SEMICONDUCTOR CORP	71,500	1,705,275
CIRCUIT CY STORES INC	20,400	\$387,200	D R HORTON INC	84,471	\$1,917,492

PORTFOLIO OF ASSETS, JUNE 30, 2001

<u>COMMON STOCK:</u>	<u>Shares</u>	<u>Market Value</u>	<u>COMMON STOCK:</u>	<u>Shares</u>	<u>Market Value</u>
DAISYTEK INTL CORP	159,800	\$2,516,850	EMERSON ELEC CO	41,100	\$2,488,550
DANA CORP	182,200	4,252,548	EMMIS COMMUNICATIONS	180,700	5,854,025
DANAHER CORP	13,700	787,200	EMULEX CORP	16,000	646,400
DARDEN RESTAURANTS INC	155,000	4,324,500	ENERGEN CORP	2,200	60,720
DAVITA INC	76,200	1,649,146	ENERGIZER HLDGS INC	150,083	3,444,405
DAVOX CORP	200,000	1,660,000	ENGELHARD CORP	12,700	327,533
DEAN FOODS CO	7,900	317,580	ENRON CORP	71,400	3,498,600
DEERE & CO	22,700	859,195	ENSCO INTL INC	47,300	1,108,820
DELL COMPUTER CORP	249,500	6,524,425	ENTERCOM COMMUNICATIONS CDRP	64,200	3,441,762
DELPHI AUTOMOTIVE SYS CORP	206,758	3,293,823	ENTERGY CORP	78,000	2,994,420
DELTA \$ PINE LD CO	113,200	2,224,380	EOG RESOURCES INC	32,900	1,169,595
DELTA AIR LINES INC	11,800	520,144	EPICOR SOFTWARE CORP	300,000	405,000
DELUXE CORP	76,000	2,198,400	EQUIFAX INC	14,000	513,620
DENTSPLY INTL INC NEW	37,200	1,649,820	EVEREST RE GROUP LTD	51,300	3,837,240
DEVON ENERGY CORP NEW	10,900	572,250	EXCEL TECH INC	62,100	1,150,388
DIAL CORP NEW	392,300	5,590,276	EXELON CORP	41,947	2,689,641
DIGIMARC CORP	200,000	4,830,000	EXIDE TECHNOLOGIES	473,500	5,445,250
DILLARDS INC	9,500	145,065	EXODUS COMMUNICATIONS INC	332,200	684,332
DIME BANCORP INC	23,900	890,275	EXPRESS SCRIPTS INC	94,200	5,183,826
DIONEX CORP	42,800	1,423,100	EXTD STAY AMER INC	53,500	802,500
DISNEY WALT CO	233,540	6,746,970	EXTREME NETWORKS INC	77,200	2,277,400
DMC STRATEX NETWORKS INC	680,600	6,806,000	EXXON MOBIL CORP	332,145	29,012,866
DOCUMENTUM INC	150,000	1,938,000	F P L GROUP INC	17,200	1,035,612
DOLLAR GEN CORP	85,895	1,674,953	F Y I INC	95,300	3,907,300
DOLLAR TREE STORES INC	33,800	940,992	FAIRCHILD SEMICONDUCTOR INTL INC	21,200	487,600
DOMINION RES INC VA	23,043	1,385,576	FAMILY DLR STORES INC	187,200	4,797,936
DONNELLEY R R & SONS	12,000	358,400	FASTENAL CO	34,000	2,107,320
DORAL FINL CORP	51,000	1,749,300	FED SIGNAL CORP	227,100	5,330,037
DOVER CORP	19,700	741,705	FEDEX CORP	27,560	1,107,912
DOW CHEM CO	312,348	10,385,571	FEDT DEPT STORES INC	75,100	3,191,750
DOW JONES & CO INC	8,700	519,477	FHLMC VTG	189,537	13,267,590
DOWNEY FINL CORP	34,100	1,611,566	FID NATL FINL INC	83,300	1,555,281
DST SYS INC	99,000	5,217,300	FIFTH THIRD BANCORP	51,332	3,082,467
DTE ENERGY CO	116,579	5,413,928	FINISAR CORP	85,400	1,595,272
DU PONT E I DE NEMOURS	100,593	4,852,606	FIRST AMERN CORP CAL	77,100	1,460,274
DUANE READE INC	90,350	2,936,375	FIRST DATA CORP	112,585	7,233,686
DUKE ENERGY CORP	106,800	4,158,468	FIRST TENN NATL CORP	30,900	1,072,539
DUN & BRADSTREET CORP	10,800	304,560	FIRST UN	218,289	7,627,018
DYCOM INDS INC	17,900	410,447	FIRSTENERGY CORP	105,100	3,380,016
DYNEGY INC NEW	35,367	1,844,565	FISERV INC	57,651	3,666,511
E*TRADE GROUP INC	28,400	170,280	FLEETBOSTON FINL CORP	105,480	4,161,561
EARTHGRAINS	37,000	982,000	FLEXTRONICS INTL LTD	28,900	764,579
EASTMAN CHEM CO	7,560	360,083	FLOWERS FOODS INC	0,900	279,015
EASTMAN KODAK CO	191,074	8,919,334	FLOWERVE CORP	150,500	4,627,875
EATON CORP	7,300	511,730	FLUOR CORP	35,900	1,620,885
EATON VANCE CORP	34,800	1,211,040	FMC CORP	3,000	205,680
ECHOSTAR COMMUNICATIONS CORP	106,800	3,462,456	FNMA	194,938	16,598,801
ECOLAB INC	10,300	421,991	FORD MTR CO	430,608	10,571,426
EDISON INTL	254,918	2,842,314	FOREST LAB INC	39,800	2,825,800
EDWARDS J D & CO	28,900	408,646	FORTUNE BRANDS INC	200,180	7,670,905
EDWARDS LIFESCIENCES CORP	224,500	5,917,820	FREEMPORT MCMORAN	131,300	1,450,865
EGL INC	172,600	3,013,586	FRESH DEL MONTE PRODUCE INC	100,100	1,104,103
EL PASO CORP	75,817	3,983,425	FRKLN RES INC	50,700	2,320,539
ELECTR ARTS	59,000	3,418,100	G & K SVCS INC	110,900	2,903,210
ELECTR DATA SYS CORP	45,400	2,837,500	GA PAC CORP COM-GEORGIA PAC	79,989	2,707,628
ELECTRDNICS FOR IMAGING INC	38,800	1,138,700	GA PAC CORP COM-TIMBER GRP	114,952	4,109,534
ELI LILLY & CO	138,100	10,219,400	GALILEO INTL INC	60,300	1,959,750
ELOYALTY CORP	100,000	100,000	GANNETT INC	43,663	2,877,391
EMC CORP	350,574	\$10,164,175	GAP INC	109,637	\$3,179,473

PORTFOLIO OF ASSETS, JUNE 30, 2001

<u>COMMON STOCK:</u>	<u>Shares</u>	<u>Market Value</u>	<u>COMMON STOCK:</u>	<u>Shares</u>	<u>Market Value</u>
GARTNER INC	858,600	\$8,290,040	HUNTINGTON BANCSHARES INC	25,159	\$411,350
GATEWAY INC	83,600	1,375,220	HYPERION SOLUTIONS CORP	218,100	3,271,500
GEN DYNAMICS CORP	18,200	1,493,952	I2 TECHNOLOGIES INC	98,200	1,944,360
GEN ELEC CO	1,203,811	58,690,862	IBP INC	18,000	454,500
GEN MILLS INC	84,200	3,886,278	IDEO PHARMACEUTICALS CORP	33,500	2,267,615
GENERAL MOTORS CORP	151,833	9,770,453	IHOP CORP	235,800	8,325,860
GENUINE PARTS CO	18,500	582,750	ILL TOOL WKS INC	27,100	1,715,430
GENZYME CORP	104,400	6,368,400	ILLUMINET HLDGS INC	69,100	2,173,105
GILEAD SCI INC	17,200	1,000,868	IMCLONE SYS INC	80,000	4,224,000
GILLETTE CO	130,136	3,772,643	IMMUNEX CORP	81,800	1,451,950
GLOBAL CROSSING LTD	82,575	713,448	IMS HLTH INC	159,938	4,568,233
GLOBAL INDS LTD	387,300	4,829,831	INCO LTD	18,800	321,038
GLOBAL MARINE INC	107,100	1,985,273	INDYMAC BANCORP INC	34,900	935,320
GNT PRIDECO INC	307,700	5,381,673	INFORMIX CORP	1,053,800	6,154,192
GOLDEN ST BANCORP INC	49,600	1,527,680	INGERSOLL-RAND CO	15,550	640,680
GOLDEN W. FNCL CORP	29,500	1,885,080	INGRAM MICRO INC	138,400	1,978,436
GOODRICH CORPORATION	102,400	3,889,152	INPUT/OUTPUT INC	431,800	6,483,860
GOODYEAR TIRE & RUBBER CO	15,500	434,000	INSTINET GROUP INC	78,500	1,483,240
GPU INC	22,100	776,815	INTEGRATED CIRCUIT SYS INC	26,400	506,880
GRACE W R & CO	87,300	152,775	INTEL CORP CAP	795,240	23,260,770
GRAINGER W W INC	9,300	382,788	INTER TEL INC	90,000	1,071,900
GRAY COMMUNICATIONS SYS INC	107,800	1,627,780	INTERNET SEC SYS INC	30,300	1,471,368
GREAT LAKES CHEM CORP	5,100	167,335	INTERPUBLIC GROUP COMPANIES INC	80,800	2,371,480
GREENPOINT FNCL CORP	78,900	3,029,780	INTERVOICE INC	693,100	7,624,100
GTECH HLDGS CORP	26,600	944,568	INTL BUSINESS MACHS CORP	195,887	22,136,361
GUIDANT CORP	30,000	1,080,000	INTL FLAVORS & FRAGRANCES INC	10,300	258,639
HALLIBURTON CO	43,280	1,540,788	INTL GAME TECH	69,400	4,354,850
HANCOCK JOHN FINL SVCS INC	2,076	83,540	INTL MULTIFOODS CORP	257,200	5,336,900
HANOVER COMPRESSOR CO	91,100	3,014,499	INTL PAPER CO	234,245	8,382,547
HARCOURT GENERAL INC	4,400	256,038	INTUIT	59,800	2,391,402
HARLEY DAVIDSON INC	28,400	1,384,152	INVT TECH GROUP INC	89,900	4,521,071
HARRAH S ENTMT INC	189,960	5,999,588	IONICS INC	273,800	8,824,700
HARRIS CORP	56,700	1,542,807	ITRON INC	200,000	3,794,000
HARSCO CORP	80,804	2,192,213	ITT INDS INC	50,149	2,219,083
HARTFORD FINL SVCS GROUP INC	22,198	1,518,343	IVAX CORP	70,900	2,765,100
HASBRO INC	57,238	827,089	J & J SNACK FOODS CORP	130,000	2,878,500
HCA INC	53,200	2,404,108	J P MORGAN CHASE & CO	190,800	6,614,140
HEALTH NET INC	136,400	2,373,360	JABIL CIRCUIT INC	18,500	570,910
HEALTHSOUTH CORP	37,400	597,278	JDS UNIPHASE CORP	471,406	5,892,576
HEINZ H J CO	33,620	1,374,722	JEFFERSON-PILOT CORP	15,300	739,200
HELLER FINL INC	26,100	1,044,000	JOHNSON & JOHNSON	359,994	17,999,700
HELMERICH & PAYNE INC	153,480	4,727,788	JOHNSON CTL INC	23,500	1,703,045
HERCULES INC VTG	10,388	118,390	JONES APPAREL GROUP INC	17,500	756,000
HERSHEY FOODS CORP	12,300	759,033	JOURNAL REGISTER CO	288,400	4,321,240
HEWLETT-PACKARD CO	186,600	5,338,760	K MART CORP	47,809	648,369
HIBERNIA CORP	223,800	3,983,640	KB HOME	51,400	1,550,738
HILTON HOTELS CORP	39,200	454,720	KEANE INC	57,200	1,258,400
HLTH MGMT ASSOC INC	363,800	7,654,352	KELLOGG CO	39,436	1,143,644
HNC SOFTWARE INC	50,000	1,260,000	KEMET CORP	412,700	8,175,587
HOLLINGER INTL INC	87,800	1,207,250	KERR MCGEE CORP	8,767	580,980
HOME DEPOT INC	298,735	13,813,014	KEYCORP	177,700	4,629,085
HOMESTAKE MNG CO CAP	26,100	202,275	KEYSPAN CORP	13,000	474,240
HOMESTORE COM INC	43,100	1,508,776	KIMBERLY-CLARK CORP	51,500	2,878,850
HONEYWELL INTL INC	77,487	2,711,270	KINDER MORGAN INC	18,900	949,725
HOOPER HOLMES INC	557,700	5,718,425	KINDER MORGAN MGMT LLC	28,400	1,945,400
HOUGHTON MIFFLIN CO	26,600	1,588,145	KING PHARMACEUTICALS INC	14,737	792,114
HSEHD INTL INC	89,209	5,950,240	KLA-TENCOR	60,300	3,526,741
HUMAN GENOME SCIENCES INC	2,800	158,650	KNIGHT TRADING GROUP INC	9,100	97,279
HUMANA INC	91,100	\$897,335	KNIGHT-RIDDER INC	47,100	\$2,793,030

PORTFOLIO OF ASSETS, JUNE 30, 2001

<u>COMMON STOCK:</u>	<u>Shares</u>	<u>Market Value</u>	<u>COMMON STOCK:</u>	<u>Shares</u>	<u>Market Value</u>
KOHL'S CORP	32,000	\$2,007,300	MCLEODUSA INC	671,600	\$3,082,644
KRAFT FOODS INC	92,100	2,855,100	MEAD CORP	9,900	288,686
KROGER CO	79,700	1,992,600	MEDIACOM COMMUNICATIONS CORP	274,800	4,854,734
KS CY PWR <	5,600	137,480	MEDIMMUNE INC	60,100	2,836,720
LA Z BOY INC	178,100	3,257,850	MEDTRONIC INC	116,100	5,341,781
LAB CORP AMER HLDGS	26,900	2,068,610	MELLON FINL CORP	112,500	5,175,000
LAM RESH CORP	147,200	4,364,480	MENTOR GRAPHICS CORP	58,100	981,750
LAMAR ADVERTISING CO	70,900	3,515,600	MERCANTILE BANKSHARES CORP	70,000	2,739,100
LANCE INC	25,000	337,600	MERCK & CO INC	239,666	15,317,054
LCC INTL INC	205,300	1,359,086	MERCURY INTERACTIVE	7,000	419,300
LEAR CORP	93,600	3,283,150	MERRILL LYNCH & CO INC	78,900	4,874,826
LECROY CORP	107,500	2,738,026	METLIFE INC	231,100	7,159,478
LEGG MASON INC	97,300	4,841,648	METRO GOLDWYN MAYER INC	250,600	5,678,090
LEGETT & PLATT INC	19,300	425,178	METTLER-TOLEDO INTL INC	33,500	1,448,876
LEHMAN BROS HLDGS INC	46,400	3,529,850	MGIC INVT CORP	30,100	2,186,464
LENNAR CORP	42,600	1,776,420	MGM MIRAGE	44,200	1,324,232
LEXMARK INTL INC	89,000	4,640,250	MICROCHIP TECH INC	33,800	1,129,934
LIGHTBRIDGE INC	200,000	3,880,000	MICRON TECH INC	58,400	2,318,040
LINCARE HLDGS INC	175,200	5,257,752	MICROSOFT CORP	694,366	50,688,718
LINCOLN NATL CORP	74,436	3,852,083	MILLENNIUM CHEMICALS INC	71,729	1,079,521
LINEAR TECH CORP	50,100	2,215,422	MILLER HERMAN INC	232,900	5,636,180
LITTELFUSE INC	109,700	2,938,863	MILLIPORE CORP	54,500	3,377,910
LIZ CLAIBORNE INC	112,200	5,660,490	MINN MNG & MFG CO	65,000	6,275,500
LOCKHEED MARTIN CORP	186,638	6,914,864	MIPS TECHNOLOGIES INC	70,200	905,580
LOEWS CORP	64,600	4,182,170	MIRANT CORP	116,606	4,011,247
LONGS DRUG STORES CORP	121,200	2,611,860	MITCHELL ENERGY & DEV CORP	39,700	1,836,125
LONGVIEW FIBRE CO	22,700	278,684	MOHAWK INDS INC	27,500	988,000
LOUISIANA-PACIFIC CORP	22,200	280,408	MOLECULAR DEVICES CORP	100,000	2,005,000
LOWES COS INC	37,600	2,727,880	MOLEX INC	18,800	686,764
LSI LOGIC CORP	124,500	2,340,600	MONTANA PWR CO	134,800	1,563,680
LTD INC	42,394	700,349	MOODYS CORP	15,964	534,794
LUBRIZOL CORP	125,000	3,881,250	MORGAN STANLEY DEAN WITTER & CO	108,100	6,943,283
LUCENT TECHNOLOGIES INC	326,795	2,038,529	MOTOROLA INC	211,888	3,508,832
M & T BK CORP	24,200	1,827,100	MRO SOFTWARE INC	200,000	3,160,000
MACDERMID INC	69,000	1,242,000	MURPHY OIL CORP	36,100	2,858,980
MACROMEDIA INC	82,300	1,481,400	MYLAN LAB INC	40,500	1,139,285
MACROVISION CORP	200,000	13,700,000	N V R INC	8,700	1,287,600
MAGNA INTL INC	15,800	971,542	N. FORK BANCORPORATION INC	27,000	837,000
MANDALAY RESORT GROUP	146,000	4,000,400	NABORS IND INC	38,654	1,383,528
MANOR CARE INC	46,800	1,485,900	NATIONAL-OILWELL INC	17,800	471,680
MAPINFO CORP	100,000	2,200,000	NATL COMM FINL CORP	18,200	443,534
MARCHFIRST INC	79,384	317	NATL CY CORP	59,500	1,831,410
MARRIOTT INTL INC	87,930	3,215,806	NATL SEMICONDUCTOR CORP	103,200	3,005,184
MARSH & MC LENNAN CO'S INC	26,250	2,651,250	NATL SERVICE IND INC	48,300	1,090,131
MARSHALL & ILSLEY CORP	13,200	711,480	NAVISTAR INTL CORP	42,200	1,187,086
MARTIN MARIETTA MATLS INC	31,600	1,563,664	NCR CORP	9,800	451,200
MASCO CORP	44,800	1,118,208	NEOSE TECHNOLOGIES INC	110,000	4,950,000
MATTEL INC	41,400	783,288	NETWORK APPLIANCE INC	29,800	408,280
MAXIM INTEGRATED PRODS INC	70,100	3,099,121	NETWORKS ASSOC INC	172,000	2,141,400
MAXIMUS INC	13,500	541,215	NEW YORK TIMES CO	54,072	2,271,024
MAY DEPT STORES CO	254,848	6,731,093	NEWELL RUBBERMAID INC	26,346	681,285
MAYTAG CORP	7,700	225,302	NEWMONT MINING CORP	10,900	351,729
MBIA INC	31,200	1,737,218	NEXTEL COMMUNICATIONS INC	165,300	2,892,750
MBNA CORP	210,398	6,932,548	NIAGARA MOHAWK HLDGS INC	16,800	279,502
MC DERMOTT INTL INC	5,900	88,735	NIKE INC	26,800	1,116,934
MC DONALDS CORP	208,718	5,647,908	NISOURCE INC	54,518	1,492,858
MCDATA CORP	87,660	1,826,292	NOBLE DRILLING CORP	39,300	1,287,075
MCGRAW HILL COMPANIES INC	36,318	2,402,438	NORDSTROM INC	13,800	255,990
MCKESSON CORP	65,998	\$2,078,571	NORFOLK SOUTHN CORP	173,223	\$3,585,716

PORFOLIO OF ASSETS, JUNE 30, 2001

<u>COMMON STOCK:</u>	<u>Shares</u>	<u>Market Value</u>	<u>COMMON STOCK:</u>	<u>Shares</u>	<u>Market Value</u>
NORTEL NETWORKS CORP	307,220	\$2,792,630	PLAYTEX PRODS INC	770,500	\$8,244,360
NORTHN TR CORP	21,700	1,356,250	PMC SIERRA INC	23,000	714,610
NORTHROP GRUMMAN CORP	25,900	2,074,590	PMI GROUP INC	20,700	1,504,062
NOVA CORP	163,100	4,814,995	PNC FINANCIAL SERVICES GROUP	28,200	1,855,278
NOVELL INC	33,400	190,046	POLYCOM INC	140,600	3,246,454
NOVELLUS SYS INC	38,500	2,186,415	PORTAL SOFTWARE INC	25,500	105,315
NRG ENERGY INC	87,900	1,940,832	POST PPTYS INC	221,600	8,387,560
NUCOR CORP	53,900	2,635,171	POTOMAC ELEC PWR CO	93,500	1,956,020
NVIDIA CORP	16,100	1,493,275	POWER-ONE INC	34,000	566,760
OCCIDENTAL PETE CORP	213,231	5,669,612	POWERWAVE TECHNOLOGIES INC	135,700	1,967,650
OCEAN ENERGY INC	26,100	455,445	PPG IND INC	16,400	862,148
OCEANEERING INTL INC	322,200	6,666,650	PPL CORP	54,325	2,987,675
OFFICE DEPOT INC	552,400	5,733,912	PRAXAIR INC	15,500	728,500
OGE ENERGY CORP	377,600	8,542,058	PRECISION CASTPARTS CORP	115,000	4,303,300
OLD REP INTL CORP	64,400	1,667,600	PRECISION DRILLING CORP	66,000	2,061,640
OLIN CORP	9,300	158,007	PRI AUTOMATION INC	28,600	529,815
OMNICARE INC	185,300	3,743,080	PRICE T ROWE GROUP INC	11,700	437,463
OMNICOM GROUP INC	17,200	1,479,200	PRIMEDIA INC	713,400	4,843,988
ONEOK INC	66,800	1,315,960	PROCTER & GAMBLE CO	200,610	12,798,918
OPENWAVE SYS INC	88,000	2,359,600	PROGRESS ENERGY INC	40,898	889,328
OPLINK COMMUNICATIONS INC	200,000	760,000	PROGRESSIVE CORP OH	7,200	973,368
OPTIMAL ROBOTICS CORP	89,500	3,401,000	PROTECTIVE LIFE CORP	113,700	3,907,869
ORACLE CORP	673,200	12,780,600	PROTEIN DESIGN LABS INC	5,900	511,884
ORION PWR HLDGS INC	76,300	1,816,703	PROVIDIAN FINL CORP	27,800	1,646,760
OSMONICS INC	382,900	5,284,020	PROXIM INC	250,000	3,525,000
OWENS & MINOR INC	300,300	5,705,700	PSINET INC	45,800	2,296
OXFORD HLTH PLANS INC	54,500	1,556,700	PUB SERVICE ENTERPRISE GROUP INC	105,287	5,148,534
PAC CENTY FINL CORP	23,600	806,644	PUB SVC CO N MEX	60,200	1,932,420
PACCAR INC	8,000	411,360	PUGET ENERGY INC	75,300	1,972,860
PACTIV CORP	778,572	10,432,865	PULTE HOMES INC	43,000	1,833,090
PALL CORP	12,600	301,184	PWR INTEGRATIONS INC	50,000	780,000
PALM INC	53,674	326,601	QLOGIC CORP	52,800	3,402,980
PAPA JOHNS INTL INC	321,800	8,157,630	QUAKER OATS CO	18,700	1,708,375
PARAMETRIC TECH CORP	164,900	2,308,951	QUALCOMM INC	152,600	8,924,046
PARKER-HANNIFIN CORP	43,500	1,846,140	QUANTA SVCS INC	106,400	2,345,056
PARTNERRE HLDG LTO	29,700	1,645,380	QUEST DIAGNOSTICS INC	61,800	6,107,760
PATTERSON DENTAL CO	85,400	2,818,200	QUINTILES TRANSNATIONAL CORP	11,400	287,860
PAYCHEX INC	36,425	1,457,000	QWEST COMMUNICATIONS INTL INC	252,197	8,037,519
PAYLESS SHOESHOURCE INC	21,900	1,416,930	RADIANT GROUP INC	61,800	2,499,910
PENNEY J.C CO INC	286,098	7,541,543	RADIOSHACK CORP	18,412	661,566
PENNZOIL-QUAKER ST CO	363,700	4,073,440	RALCORP HLDGS INC	482,500	9,042,050
PEOPLES ENERGY CORP	58,054	2,333,771	RALSTON-RALSTON PURINA GROUP	30,300	909,806
PEOPLESOFT INC	27,900	1,373,517	RATIONAL SOFTWARE CORP	345,400	9,689,470
PEPSICO INC	354,969	15,186,573	RAYOVAC CORP	111,700	2,379,210
PEREGRINE SYS INC	118,300	3,430,700	RAYTHEON CO	32,800	670,840
PERKINELMER INC	76,200	2,097,786	READERS DIGEST ASSN INC	49,300	1,417,375
PERRIGO CO	466,700	7,789,223	REEBOK INTL	5,400	172,530
PFIZER INC	857,245	34,332,662	REGENERATION TECHNOLOGIES INC	267,500	2,266,000
PG&E CORP	63,700	713,440	REGIONS FNCL CORP	22,200	710,400
PHARMACIA CORP	125,061	5,746,553	REINS GROUP AMER INC	109,800	4,161,420
PHELPS DODGE CORP	7,846	325,609	RELIANT ENERGY INC	87,400	2,815,154
PHILIP MORRIS COS INC	512,465	26,007,599	RELIANT RES INC	93,000	2,207,100
PHILLIPS PETRO CO	24,600	1,402,200	RENAISSANCE RE HLDGS LTD	19,300	1,430,130
PINNACLE HLDGS INC	62,000	372,620	RENT A CTR INC	26,300	1,363,360
PINNACLE W. CAP CORP	89,200	4,228,080	REP SVCS INC	96,800	1,921,460
PITNEY BOWES INC	24,680	1,039,522	RETEK INC	100,000	4,794,000
PK PL ENMTT CORP	95,700	1,157,970	REYNOLDS & REYNOLDS CO	62,000	1,799,900
PLACER DOME INC	32,400	317,520	REYNOLDS R J TOB HLDGS INC	46,800	2,544,360
PLATO LEARNING INC	150,000	\$4,642,500	RF MICRO DEVICES INC	66,900	\$1,858,293

PORTFOLIO OF ASSETS, JUNE 30, 2001

<u>COMMON STOCK:</u>	<u>Shares</u>	<u>Market Value</u>	<u>COMMON STOCK:</u>	<u>Shares</u>	<u>Market Value</u>
ROBERT HALF INTL INC	17,400	\$433,088	STARBUCKS CORP	35,800	\$823,400
RÖCKWELL INTL CORP	75,422	2,876,086	STARWOOD HOTELS & RESORTS WORL	85,294	3,179,761
ROHM & HAAS CO	65,622	2,158,964	STILWELL FINL INC	22,000	738,320
ROWAN COMPANIES INC	29,800	658,580	STORAGE TECH CORP	91,100	1,253,536
ROYAL CARIBBEAN CRUISES	91,900	2,031,909	STRYKER CORP	44,300	2,429,855
ROYAL DUTCH PETRO N.Y	206,495	12,032,464	SUIZA FOODS CORP	35,400	1,879,740
RUSSELL CORP	79,965	1,358,605	SUN MICROSYSTEMS INC	402,800	6,333,688
RYDER SYS INC	127,512	2,499,235	SUN TR BANKS INC	26,900	1,872,142
S.W. AIRL CO	72,408	1,338,824	SUNCOR ENERGY INC	18,200	467,740
SABRE HLDGS CORP	91,775	4,588,760	SUNGARD DATA SYS INC	230,600	6,920,308
SAFECO CORP	44,379	1,309,181	SUNOCO INC	71,100	2,804,393
SAFEWAY INC	48,400	2,323,200	SUPER VALU ING	116,100	2,072,655
SANGAMO BIOSCIENCES INC	100,000	1,464,000	SWIFT ENERGY CO	86,400	2,573,102
SANMINA CORP	28,000	655,480	SYBASE INC	111,100	1,827,595
SANTA FE INTL CORP	38,400	1,113,600	SYBRON DENTAL SPECIALTIES INC	169,500	3,473,055
SAPIENT CORP	11,800	116,050	SYMBOL TECHNOLOGIES INC	198,212	4,356,907
SARA LEE CORP	214,758	4,087,516	SYMYX TECHNOLOGIES INC	120,000	2,902,800
SBC COMMUNICATIONS INC	477,678	19,136,781	SYNOVUS INC	56,200	2,719,518
SCANA CORP	98,871	2,807,936	SYNOVUS FINL CORP	25,350	785,483
SCHERING-PLOUGH CORP	212,172	7,889,113	SYSCO CORP	64,700	1,758,605
SCHLUMBERGER LTD	124,524	6,556,189	SYSTEMS & COMPUTER TECH CORP	508,800	4,604,840
SCHOLASTIC CORP	34,800	1,465,080	TALISMAN ENERGY INC	24,100	917,969
SCHULMAN A INC	314,700	4,248,460	TARGET CORP	88,500	2,992,900
SCHWAB CHARLES CORP	252,725	3,866,892	TECH SOLUTIONS CO	120,000	213,600
SCI SYS INC	82,000	2,091,000	TECHNE CORP	140,000	4,550,000
SCIENTIFIC-ATLANTA INC	47,300	1,920,380	TEEKAY SHIPPING CORP	42,100	1,884,842
SCOTTS CO	65,500	2,714,975	TEKELEC	223,500	6,056,860
SEALED AIR CORP	8,244	307,089	TEKTRONIX INC	9,400	255,210
SEARS ROEBUCK & CO	145,181	6,142,809	TEL & DATA SYS INC	8,400	913,500
SEI INVTs CO	65,300	3,095,220	TELECOR PCS INC	104,740	2,028,814
SEMPRA ENERGY INC	133,482	3,649,671	TELEDYNE TECHNOLOGIES INC	1	15
SEMTECH CORP	180,000	4,800,000	TELLABS INC	39,700	769,388
SENSORMATIC ELECTRS CORP	242,200	4,117,400	TEMPLE INLAND INC	16,300	888,627
SEPRACOR INC	43,000	1,711,400	TENET HEALTHCARE CORP	131,300	6,773,767
SERVICE CORP INTL	358,700	2,281,332	TERADYNE INC	45,500	1,506,050
SHAW GROUP INC	38,100	1,447,610	TEXACO INC	53,000	3,529,800
SHERWIN-WILLIAMS CO	15,800	350,780	TEXTRON INC	13,880	782,864
SIEBEL SYS INC	43,800	2,054,220	THERMO ELECTRON CORP	16,300	358,926
SIERRA PAC RES	259,200	4,144,608	THOMAS & BETTS CORP	5,500	121,385
SIGMA-ALDRICH CORP	39,900	1,540,938	TIDEWATER INC	21,800	921,860
SIX FLAGS INC	289,500	6,091,080	TIFFANY & CO	12,000	434,640
SKYWEST INC	192,700	5,395,800	TIME WARNER TELECOM INC	33,300	1,116,216
SMITH INTL INC	4,500	269,550	TITAN CORP	122,700	2,809,830
SMITHFIELD FOODS INC	45,500	1,833,650	TJX COS INC	27,100	883,877
SOLETRON CORP	57,800	1,057,740	TMP WORLDWIDE INC	72,174	4,330,440
SOUTHERN CO	64,300	1,494,975	TOLL BROS INC	40,200	1,580,262
SOUTHRUST CORP	138,400	3,598,400	TOMMY HILFIGER	112,400	1,573,600
SOVEREIGN BANCORP INC	159,500	2,073,600	TORCHMARK CORP	12,500	502,826
SPECTRIAN CORP	170,000	2,720,000	TOSCO CORP	15,800	687,180
SPEEDWAY MOTORSPORTS INC	146,300	3,688,223	TOWER AUTOMOTIVE INC	166,100	1,702,525
SPHERION CORP	23,300	208,535	TOYS R US INC	19,700	487,575
SPRINT CORP	242,690	5,188,130	TRANSCANADA PIPELINES LTD	27,900	344,007
SPRINT CORP PCS	152,400	3,680,460	TRANSGENOMIC INC	100,000	1,211,000
SPX CORP	11,100	1,389,498	TRANSOCEAN SEDCO FOREX	29,844	1,231,065
ST JUDE MED INC	64,746	3,884,760	TRANSWITCH CORP	27,700	304,700
ST PAUL COS INC	98,671	5,001,833	TREDEGAR CORP INC	265,700	5,066,155
ST STR CORP	165,080	8,169,809	TRIAD HOSPS INC	125,700	3,704,379
STANLEY WKS	8,000	335,940	TRIBUNE CO	29,148	1,166,211
STAPLES INC	317,950	\$5,084,020	TRICON GLOBAL RESTAURANT INC	63,332	\$2,780,274

PORTFOLIO OF ASSETS, JUNE 30, 2001

<u>COMMON STOCK:</u>			<u>COMMON STOCK:</u>		
	<u>Shares</u>	<u>Market Value</u>		<u>Shares</u>	<u>Market Value</u>
TRIGON HEALTHCARE INC	117,100	\$7,593,935	WESTN RES INC	69,700	\$1,434,050
TRIQUINT SEMICONDUCTOR INC	23,800	535,500	WESTN WIRELESS CORP	64,400	2,769,200
TRW INC	91,600	3,755,600	WESTPOINT STEVENS INC	674,500	792,810
TUPPERWARE CORP	6,097	142,853	WESTVACO CORP	7,600	184,604
TX INSTRS INC	207,172	6,525,918	WESTWOOD 1 INC	37,100	1,367,135
TXU CORP	187,916	9,537,524	WEYERHAEUSER CO	143,851	7,907,489
TYCO INTL LTD	211,003	11,499,684	WHIRLPOOL CORP	80,072	5,004,500
U.S AIR GROUP	6,500	157,950	WHOLE FOODS MKT INC	112,600	3,051,460
ULTRAMAR-DIAMOND SHAMROCK CORP	101,682	4,804,474	WILLAMETTE IND INC	9,400	465,300
UN PAC CORP	24,100	1,323,331	WILLIAMS CO INC	43,600	1,436,620
UN PLANTERS CORP	13,700	697,320	WILMINGTON TR CORP	81,300	5,093,445
UNIONBANCAL CORP	85,300	2,908,310	WIND RIV SYS INC	24,900	434,754
UNISYS CORP	27,000	397,170	WINN-DIXIE STORES INC	44,100	1,152,333
UNITEDHEALTH GROUP INC	61,400	3,791,450	WORLDCOM INCMORLDCO	316,488	4,494,130
UNIVISION COMMUNICATIONS INC	56,500	2,417,070	WRIGLEY WM JR CO	106,892	4,998,520
UNOCAL CORP	24,700	843,505	XCEL ENERGY INC	25,935	737,851
UNOVA INC	176,400	1,213,632	XEROX CORP	65,600	627,792
UNUMPROVIDENT CORP	23,507	755,045	XILINX INC	63,400	2,614,616
US BANCORP	184,223	4,198,442	XTO ENERGY INC	49,600	710,325
USA EDUCATION INC	36,200	2,642,600	YAHOO INC	87,100	1,341,329
USA NETWORKS INC	70,100	1,862,600	ZEBRA TECHNOLOGIES CORP	18,800	913,658
USG CORP	39,700	167,534	ZIONS BANCORP	8,600	519,200
UST INC	80,300	2,317,458	ZOLL MED CORP	100,000	2,745,000
USX - MARATHON GROUP	190,994	5,636,233	Z-TEL TECHNOLOGIES INC	358,500	537,750
USX-US STEEL GROUP	10,187	205,268	ZYGO CORP	150,000	<u>3,337,500</u>
UTD RENTALS INC	200,736	5,209,099			
UTD STATIONERS INC	100,800	3,181,248	TOTAL COMMON STOCK		2,939,981,938
UTD TECHNOLOGIES CORP	45,300	3,318,678			
V F CORP	11,600	422,008	TOTAL DOMESTIC EQUITY		2,947,769,788
VALASSIS COMMUNICATIONS INC	297,256	10,641,765			
VALERO ENERGY CORP	45,100	1,658,778	<u>INTERNATIONAL EQUITY:</u>	<u>Shares</u>	<u>Market Value</u>
VASTERA INC	165,000	2,343,000	3I GROUP ORD	80,980	1,214,028
VEECO INSTRS INC	46,000	1,828,500	ABBEY NATIONAL ORD	64,000	1,120,561
VENTANA MED SYS INC	120,000	3,780,000	ABN-AMRO HLDGS	215,809	4,053,943
VERISIGN INC	23,160	1,389,632	ACOM CO	11,010	2,189,268
VERITAS SOFTWARE CORP	58,100	3,865,393	ADR AMER MOVIL S A DE	171,200	3,571,232
VERITY INC	167,500	3,341,625	ADR CENTRAIS ELETR BRAS ELECTROB	858,200	5,505,452
VERIZON COMMUNICATIONS	415,860	22,248,510	AOR COMPANIA ANONIMA NACIONAL TE	133,500	3,129,240
VERTEX PHARMACEUTICALS INC	35,600	1,762,200	ADR ENI SPA	3,300	203,610
VIACOM	335,131	17,343,030	ADR KOREA ELEC PWR CORP	534,600	5,078,700
VIASAT INC	6,300	150,444	ADR KOREA TELECOM	132,600	2,914,548
VISTEON CORP	32,389	595,309	ADR PETROLEO BRASILEIRO SA PETRO	130,000	3,040,700
VITESSE SEMICONDUCTOR CORP	17,500	368,200	ADR POHANG IRON & STL LTD	278,460	5,451,791
VULCAN MATERIALS CO	10,000	537,600	ADR TELEFONOS DE MEX S A	214,900	7,537,332
WA MUT INC	275,305	10,337,703	AEGON	145	4,081
WABTEC CORP	611,900	9,178,500	AHOLD	151,925	4,758,628
WACHOVIA CO	20,000	1,423,000	AKZO NOBEL NV	146,400	6,196,720
WADDELL & REED FINL INC	6,900	219,076	ALCATEL	342,985	7,171,712
WALGREEN CO	246,098	8,404,247	ALLIED IRISH BANKS ORD	334,000	3,845,353
WAL-MART STORES INC	559,744	27,315,507	AMCOR LTD	46,700	157,081
WALTER INDS INC	722,000	8,591,800	AMERSHAM ORD	97,000	702,543
WASTE MGMT INC	321,295	9,902,312	AMP LIMITED	30,000	335,239
WATERS CORP	48,200	1,330,002	ASAHI BANK	69,000	149,375
WATSON PHARMACEUTICALS INC	9,500	585,580	ASSICUR GENERALI	328	8,857
WELLPOINT HLTH NETWORKS INC	51,100	4,815,854	ASTRAZENECA USD	65,788	3,065,221
WELLS FARGO & CO NEW	194,000	9,007,420	AUCKLAND INTL	37,100	56,853
WENDY S INTL INC	13,500	344,790	AUSTRIA TABAK	3,400	237,458
WESTAMERICA BANCORPORATION	24,700	969,475	AVENTIS SA	89,032	7,107,366
WESTELL TECHNOLOGIES INC	849,300	\$1,273,950	AXA	198,000	\$5,640,286

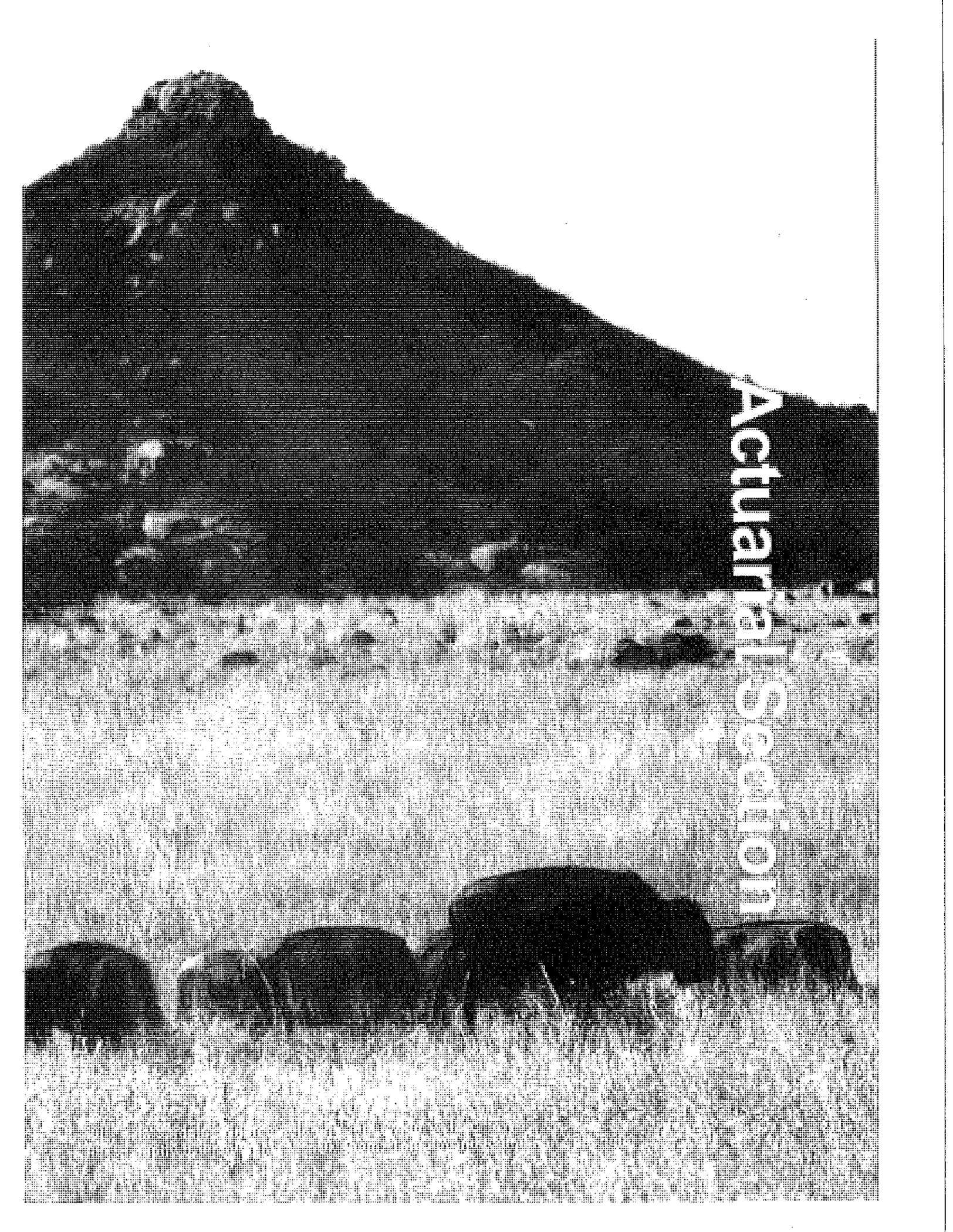
PORTFOLIO OF ASSETS, JUNE 30, 2001

<u>INTERNATIONAL EQUITY</u>			<u>INTERNATIONAL EQUITY</u>		
	<u>Shares</u>	<u>Market Value</u>		<u>Shares</u>	<u>Market Value</u>
BAE SYSTEMS ORD	1,105,700	\$5,294,783	FORTIS NL	41,618	\$1,009,419
BARCLAYS PLC ORD	203,460	6,237,769	FUJI PHOTO FILM CO	92,000	3,968,570
BASF AG	134,700	5,313,789	FUJITSU	63,000	661,722
BAYER AG ORD	116,193	4,519,877	GLAXOSMITHKLINE ORD	326,665	9,188,113
BAYER HYPO-VEREINS ORD	46,435	2,295,668	GRANADA ORD	150,380	315,644
BAYER MOTOREN WERK	108,811	3,528,821	HEINEKEN	31,375	1,265,072
BBVA	333,333	4,311,739	HENDERSON LAND	116,000	514,571
BCO POPULAR ESP	15,877	554,963	HILTON GRP ORD	326,620	1,097,492
BCO SANT CENT HISP	410,528	3,718,564	HITACHI	1,173,000	11,521,208
BENESSE CORP	4,000	125,401	HONDA MOTOR CO	41,000	1,801,475
BHP BILLITON LTD	41,340	218,240	HOUSE OF FRASER ORD	146,000	197,114
BHP LIMITED	44,031	238,283	HOYA CORP	32,000	2,026,940
BK OF IRELAND ORD	866,330	8,778,739	HSBC HLDGS	566,100	6,695,307
BNP PARIBAS	21,476	1,868,949	IMPERIAL CHEM INDS ORD	472,100	2,798,623
BOC GROUP ORD	415,000	6,089,811	ING GROEP NV CVA	136,880	9,076,279
BORAL LIMITED	65,100	95,163	INNOGY HOLDINGS ORD	1,359,000	4,166,484
BP ORD	34	279	INVENSYS ORD	2,849,449	6,699,747
BRAMBLES INDS LTD	56,235	1,371,502	ITO-YOKADO CO	13,000	599,343
BRIDGESTONE CORP	23,000	240,659	JARDINE MATHESON	1,399,672	8,807,368
BRIT AMER TOBACCO ORD	1,862,638	14,145,424	KAMIGUMI CO	73,000	357,040
BRITISH LAND CO ORD	42,000	288,474	KAO CORP	29,300	728,272
BRITISH TELECOM NEW ORD	197,130	1,184,383	KELDA GROUP ORD	150,700	826,655
BRITISH TELECOM ORD	857,100	4,130,768	KIRIN BREWERY CO	33,000	280,733
CABLE & WIRELESS ORD	299,760	1,763,149	KOMATSU	1,263,000	5,746,600
CADBURY SCHWEPPE'S ORD	265,000	1,787,015	KON KPN	31,261	177,308
CANON INC	148,000	5,960,757	KURARAY CO	55,000	409,237
CHARTER ORD	130,883	418,763	LAFARGE	24,670	2,157,740
CHEUNG KONG	231,000	2,517,340	LINDE	12,000	509,655
CHINA MOBILE	284,000	1,600,122	LION NATHAN LTD	66,400	146,469
CIE DE ST-GOBAIN	9,214	1,251,913	LLOYDS TSB GROUP ORD	667,815	8,862,282
COMPASS GROUP ORD	305,103	2,441,476	MARCONI ORD	410,200	1,459,519
CONTINENTAL AG ORD	20,650	291,062	MARKS & SPENCER ORD	2,294,200	8,453,300
CORUS GROUP ORD	6,912,400	5,051,308	MATSUSHITA ELC IND	333,000	6,211,802
DAI NIPPON PRINTNG	25,000	305,083	MICHELIN CGDE	198,900	6,292,290
DAIICHI PHARM CO	204,000	4,718,690	MINEBEA CO	50,000	329,137
DAIKIN INDUSTRIES	16,000	296,344	MITSUBISHI CORP	37,000	298,146
DAIWA HOUSE IND CO	442,000	3,486,972	MITSUBISHI HVY IND	2,500,000	11,405,546
DANONE	13,260	1,819,606	MITSUBISHI TOKYO	730	6,089,738
DANSKE BANK	626,000	11,272,129	MIZUHO HLDGS	104	483,843
DBS GROUP HLDGS	917,563	6,748,415	MURATA MFG CO	23,900	1,586,006
DE VERE GROUP PLC ORD	24,095	115,213	NATIONAL AUST BANK	198,081	3,492,161
DENSO CORP	20,000	381,655	NEC CORP	286,000	3,863,935
DEUT TELEK REGD	243,737	5,529,770	NEPTUNE ORIENT	60,000	46,103
DIAGEO ORD	1,447,586	15,878,351	NESTLE SA	37,470	7,983,246
E.ON AG	262,598	13,769,360	NEWS CORPORATION	168,504	1,542,728
EAST JAPAN RAILWAY	68	509,018	NGK INSULATORS	37,000	324,846
EIRCOM ORD	231,600	253,898	NINTENDO CO	6,000	1,092,046
ELEC DE PORTUGAL	421,266	1,005,672	NIPPON MITSUB OIL	1,795,000	9,982,797
ELECTRABEL	3,230	637,849	NIPPON STEEL CORP	311,000	471,288
ELECTROLUX	85,760	1,185,988	NIPPON TEL&TEL CP	1,802	9,391,437
ELSEVIER	261,808	3,255,486	NOKIA	34,425	790,141
EMI GROUP ORD	160,456	907,143	NORDEA ORD	155,410	885,173
ENDESA SA	27,601	440,207	NOVARTIS AG	149,120	5,396,677
ENI	992,786	12,102,329	NTT DOCOMO NPV	168	2,923,029
ERICSSON(LM)TEL	214,240	1,171,049	OMRON CORP	6,000	108,483
ERIDANIA BEGHIN SA	55,600	4,566,695	ORIX CORP	6,100	593,273
FANUC	7,400	388,457	P & O DFD	60,455	188,747
FORENINGSSPARBK	80,300	929,488	P & O PRINCESS CRU ORD	251,855	1,309,487
FORTIS	35,675	\$885,541	PEARSON ORD	42,041	\$692,936

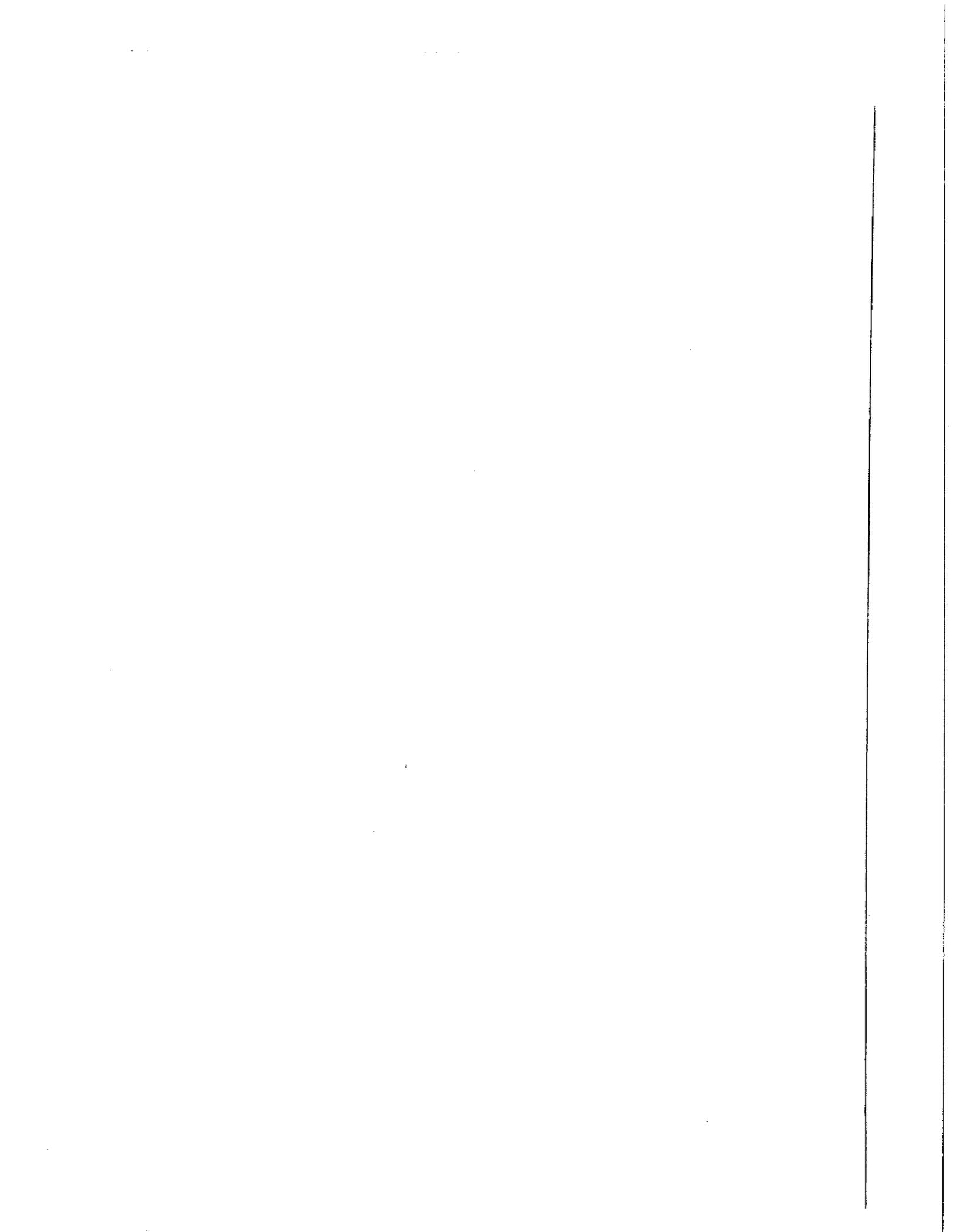
PORTFOLIO OF ASSETS, JUNE 30, 2001

INTERNATIONAL EQUITY	Shares	Market Value	INTERNATIONAL EQUITY	Shares	Market Value
PETROCHINA CO	6,866,000	\$1,426,449	TELSTRA CORP	124,800	\$340,603
PHILIPS ELEC	139,926	3,708,764	TESCO DRD	308,800	1,113,931
PORTUGAL TCOM SGPS	662,700	4,641,344	TOKIO MARINE & FIRE	1,075,000	10,041,493
POWERGEN ORD	76,000	768,486	TOKYO GAS CO	174,000	528,752
PRUDENTIAL PLC	372,410	4,508,395	TOTAL FINA ELF	108,851	15,241,186
QBE INS GROUP LTD	84,180	385,122	TOYOTA INDUSTRIES CORPORATION	7,000	144,243
RAILTRACK GROUP	100,130	470,332	TOYOTA MOTOR CORP	36,000	1,231,960
RECKITT BENCKISER ORD	20,000	288,302	TPG	58,675	1,222,308
REED INTERNATIONAL ORD	70,500	624,831	TRANSCANADA PIPELN	6	99
RENTOKIL INITIAL ORD	151,000	511,785	UBS AG	31,363	4,491,584
REPSOL YPF SA	424,330	7,004,694	UK COAL PLC ORD	159,100	205,850
REUTERS GROUP ORD	140,400	1,822,479	UNILEVER PLC ORD	1,855,031	15,826,861
RINASCENTE	57,750	249,329	UPM-KYMMENE	31,200	881,905
RIO TINTO LIMITED	12,013	208,384	UTD O/S BANK	39,192	247,370
RMC GROUP ORD	52,800	508,849	UTD UTILITIES ORD	84,000	795,629
ROCHE HLDGS AG GENUSSSCHEINE	42,200	3,040,363	VALEO	10,200	415,022
ROHM CO	8,500	1,476,187	VIVENDI UNIVERSAL	83,808	4,872,952
ROLLS-ROYCE ORD	8,000	19,787	VNU NV	27,850	943,053
ROYAL BK SCOTLAND ORD	62,000	1,388,326	VODAFONE GROUP PLC ORD	3,088,593	6,841,243
ROYAL DUTCH PETROL	47,870	2,754,834	VOLKSWAGEN	51,300	451,040
ROYAL&SUN ALLIANCE ORD	182,914	1,451,481	WEST JAPAN RAILWAY	45	243,908
SAMPŌ OYJ	59,500	508,214	WESTPAC BKG CORP	310,641	2,281,284
SANDVIK AB	22,400	450,661	WMC LTD	28,400	138,240
SANTEN PHARM CO	20,000	380,853	WOLTERS KLUWER	61,764	1,660,084
SANTOS LIMITED	49,300	182,570	WOOLWORTHS LTD	51,300	288,720
SCOT & NEWCASTLE ORD	153,000	1,189,582	WPP GROUP ORD	140,250	1,380,685
SCOT & SOUTHERN EN ORD	120,800	1,138,244	YAMATO TRANSPORT	15,000	314,503
SEAT-PAGINE GIALLE	3,808	3,917	ZURICH FIN SVS GRP	29,168	9,949,323
SECOM	12,000	689,860			
SHELL TRNSPT&TRDG ORD	1,081,433	8,988,369	TOTAL INTERNATIONAL EQUITY		645,377,807
SHIN-ETSU CHEM CO	10,000	367,223	TOTAL EQUITY		3,593,147,595
SIA ENGINEERING CO	111,000	85,900	NET DOMESTIC EQUITY PENDING TRADES		(2,603,148)
SINGAPORE PRESS HD	11,000	120,746	TOTAL EQUITY		3,590,544,447
SINGAPORE PRESS HD	49,000	529,602	FUTURES AND OPTIONS		(177,250)
SINGAPORE TECH ENG	43,000	60,889	TOTAL PORTFOLIO		\$ 6,061,399,548
SIX CONTINENTS PLC ORD	39,000	407,518			
SMC CORP	12,000	1,284,477			
SMITH(HOWARD)LTD	31,100	214,416			
SMITHS GROUP	183,084	889,273			
SOFTBANK CORP	2,400	78,704			
SONY CORP	51,300	3,372,835			
SUEZ	11,100	357,073			
SUMITOMO CHEMICAL	119,000	537,179			
SUMITOMO MITSUI BK	576,800	4,783,502			
SUN HUNG KAI PROP	140,000	1,280,914			
SVENSKA HANDELSBKN	49,730	710,406			
SWEDISH MATCH	175,780	823,584			
SWIRE PACIFIC	783,000	3,951,989			
SWISS REINSURANCE	2,421	4,838,094			
SWISSCOM AG CHF	17,116	4,075,579			
SYNGENTA	1,630	85,586			
TAKEDA CHEMICAL	76,000	3,534,317			
TAKEFUJI CORP	3,509	327,037			
TATÉ & LYLE ORD	342,000	1,346,722			
TDC	24,010	888,752			
TELECOM CORP OF NZ	1,349,841	3,053,802			
TELECOM ITALIA SPA	882,495	7,918,974			
TELECOMUNICACOES BRASILEIRAS	99,900	4,670,325			
TELEFONICA SA	508,181	\$6,239,043			

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Actuarial Section





GABRIEL, ROEDER, SMITH & COMPANY

Consultants & Actuaries

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(Temporary until 11/1/01)

October 24, 2001

Board of Trustees
Teachers' Retirement System of Oklahoma
OSSBA Building
2801 N. Lincoln Boulevard
Oklahoma City, Oklahoma 73105

Dear Members of the Board:

Subject: Actuarial Valuation as of June 30, 2001

We certify that the information contained in this report is accurate and fairly presents the actuarial position of the Teachers' Retirement System of Oklahoma (the System) as of June 30, 2001.

All calculations have been made in conformity with generally accepted actuarial principles and practices, and with the Actuarial Standards of Practice issued by the Actuarial Standards Board. In our opinion, the results presented comply with the requirements of the Oklahoma statutes and, where applicable, the Internal Revenue Code, ERISA, and the Statements of the Governmental Accounting Standards Board. The undersigned are independent actuaries. Both are Enrolled Actuaries and Members of the American Academy of Actuaries, and both are experienced in performing valuations for large public retirement systems.

Actuarial Valuation

The primary purposes of the valuation report are to determine the adequacy of the current employer contribution rate, to describe the current financial condition of the System, and to analyze changes in the System's condition. In addition, the report provides information required by the System in connection with Governmental Accounting Standards Board Statement No. 25 (GASB 25), and it provides various summaries of the data.

Valuations are prepared annually, as of June 30 of each year, the last day of the System's plan and fiscal year.

Financing Objectives

The member, state and local employer contribution rates are established by law. The state contributes 3.54% percent of its revenues from sales taxes, use taxes, corporate income taxes and individual income taxes. Local employers contribute a percentage of covered compensation according to the following schedule:

<u>Year</u>	<u>Employer Rate</u>
2001/2002	6.80%
Thereafter	7.05%

The state's contribution is equivalent to a contribution of 4.7% of covered payroll. Therefore the total combined state and local contribution for 2001-02 will be equivalent to a contribution of about 11.5% of payroll. If the schedule above is adhered to, the combined rate will be about 11.75% in the 2002/2003 fiscal year.

The state and employer contributions, when combined with the contributions made by members, are intended to pay for the normal cost and to amortize the unfunded actuarial accrued liability (UAAL).

Progress Toward Realization of Financing Objectives

The UAAL at June 30, 2000 was \$4,636 million, and it increased to \$5,632 million this year. This \$996 million increase includes \$871 million for the assumption that ad hoc COLA's would average 1% per year into the future. Therefore, if the assumptions had not been changed to reflect the expectation that ad hoc COLAs would be granted in the future, averaging 1% per year, the UAAL would have increased to \$4,761, less than the expected UAAL of \$4,774. The funded ratio -- actuarial value of assets divided by actuarial accrued liability -- declined from 53.1% to 51.4%.

Last year, the period required to completely amortize the UAAL (the funding period) based on the contribution schedule in effect at that time was 31.0 years, measured from June 30, 2000. This year, the funding period is 62.2 years. The increase was almost entirely due to the 1% cost-of-living increase assumption.

Based on the current statutes for determining the state and local employer contribution rates, the UAAL is expected to increase slowly but steadily, reaching about \$14.9 billion in 2044, before beginning to decline. It is expected to be completely amortized by 2063.

Benefit Provisions

The actuarial valuation reflects the benefit provisions as set forth in current statutes, including those adopted in the 2001 legislative session. There were no changes in benefit provisions from the prior years.

Assumptions and Methods

Assumptions are set by the Board of Trustees, taking into account the recommendations of the plan's actuaries. The actuarial assumptions and methods used in this report are changed from last year. The Board has adopted the assumptions that Watson Wyatt presented in its 1999 Experience Study, with two exceptions. We had originally recommended a payroll growth assumption and a tax revenue growth assumption of 3.00%, the same as the assumed inflation rate. We later reviewed additional information, leading us to recommend that the Board adopt a rate between 3% and 4%. At its meeting in July 2001, the Board adopted a 3.50% assumption for future payroll growth and tax revenue growth. Second, the Board and actuary jointly decided that future ad hoc cost-of-living increases are expected and should be reflected in the System's liabilities. Therefore, based on past experience, we now assume future ad hoc cost-of-living adjustments will be granted, averaging 1% per year. The assumptions are internally consistent and are reasonably based on the actual experience of the System.

Data

Member data for retired, active, and inactive participants was supplied as of June 30, 2001 by the System's staff. We have not subjected this data to any auditing procedures, but have examined the data for reasonableness and consistency with the prior year's data. Asset information was supplied by the auditors and by the System's staff.

Attached Schedules

We prepared all of the schedules and exhibits in this section except for the Schedule of Increases and Decreases of Benefit Recipients which was prepared by the System's staff. We have also prepared the Schedule of Funding Progress and the Schedule of Employer Contributions in the Financial Section. We have prepared the annual actuarial valuations each year, beginning with the one prepared as of June 30, 1989. Information related to earlier actuarial valuations was prepared by the previous actuary for the System.

Sincerely,



Gabriel, Roeder, Smith & Company
J. Christian Conradi, ASA, MAAA, EA
Senior Consultant



Gabriel, Roeder, Smith & Company
W. Michael Carter, FSA, MAAA, EA
Senior Consultant

nlb

EXECUTIVE SUMMARY

Item	2001	2000
Membership		
• Number of		
- Active members	84,387	83,024
- Retirees and beneficiaries	35,188	34,117
- Inactive, vested	3,459	3,273
- Inactive, nonvested	<u>8,335</u>	<u>8,199</u>
- Total	131,369	128,613
• Payroll	\$2,991 million	\$2,738 million
Statutory contribution rates		
• State (% of tax revenues)	3.54%	3.54%
• Local district (% of pay)	6.80%	5.80%
• Member (% of pay)	7.00%	7.00%
Assets		
• Market value	\$5,732 million	\$5,890 million
• Actuarial value	5,959 million	5,373 million
• Return on market value	-2.3%	10.5%
• Return on actuarial value	11.4%	15.5%
• State/local employer contribution	\$314 million	\$263 million
• External cash flow %	(0.5%)	(1.0%)
Actuarial Information		
• Normal cost %	10.28%	9.72%
• Unfunded actuarial accrued liability (UAAL)	\$5,632 million	\$4,636 million
• Funded ratio	51.4%	53.7%
• Funding period	62.2 years	31.0 years
GASB 25 ARC (40-year funding cost)		
• Dollar amount	\$556,201,571	\$451,463,258
• Percent of pay	18.18%	16.10%
Gains/(losses)		
• Asset experience	\$181 million	\$349 million
• Liability experience	(237) million	172 million
• Benefit changes	N/A	(246) million
• Assumption changes (excl. COLA)	18 million	N/A
• 1% COLA assumption	<u>(871) million</u>	<u>N/A</u>
• Total	\$(909) million	\$ 275 million

FUNDED STATUS

Because the employer contribution rates are set by statute, this report determines the funding period required to amortize the Unfunded Actuarial Accrued Liability (UAAL).

Overall, the actuarial picture presented in this report is much gloomier than last year's. The UAAL increased by almost \$1 billion, from \$4.635 billion to \$5.632 billion. The funded ratio – the ratio of the actuarial accrued liability to the actuarial value of assets – decreased from 53.7% to 51.4%. The funding period – the number of years that would be required under the current contribution schedule to amortize the UAAL – has increased from 31.0 years to 62.2 years.

All of these effects, though, are due to the change in actuarial assumptions used in this report and principally to the adoption of an assumption that ad hoc cost-of-living increases will continue to be granted in the future, and these will average 1.0% per year. There is more information of the effect of this assumption in Section J.

Despite the strong investment results over the last four years, the System remains very poorly funded. It remains among the five or six most poorly funded of all statewide plans in the nation. As noted above, the funded ratio declined from 53.7% to 51.4%. The actuarial value of assets is large enough to cover all of the liabilities for currently retired members, however.

The current combined employer/state contribution rate of about 11.5% for FY 2002 is not large enough to pay the normal cost and pay the interest on the UAAL. Therefore, negative amortization results. I.e., for several years the UAAL will be expected to increase. See the schedule of projected UAAL's in Table 13. As may be seen, the UAAL is expected to continue increasing until around 2044, at which point positive amortization will begin to occur. It will take until about 2060 before the UAAL is again as low as it is now, in the absence of future gains or losses.

This report also determines the 40-year funding requirement under Section 17-106. This is the contribution required to fund the normal cost and to amortize the UAAL in level installments (not as a level percent of pay) over 40 years. This amount is reported as the Annual Required Contribution (ARC) under GASB 25, and is shown in Table 1.

ANALYSIS OF CHANGES

UAAL

Table 12a shows an analysis of the change in the UAAL. The UAAL, which was \$4,635.7 million last year, has increased to \$5,632.1 million this year. However, an increase of \$138.6 million was expected, since the current statutory employer/state contribution rate is not large enough to pay for the normal cost and for interest on the UAAL. Therefore, negative amortization is expected to occur.

The major reason for the increase in the UAAL was the inclusion of a 1% COLA assumption. This increased the UAAL by \$871.0 million. Historically, the ad hoc benefit increases for retirees over the last decade have averaged approximately 1% per year.

There was a better than expected return on actuarial assets. The return on the actuarial value was 11.4%, compared with the assumed rate of 8.0% and the actual return on market value of -2.3%. This caused a \$180.5 million decrease in UAAL.

There was a liability loss of \$236.5 million, principally due to the \$3,000 increase in the statewide salary schedule for common education teachers, effective as of July 1, 2000. (This was first reflected in this valuation, since salaries are projected based on the prior school-year earnings.) Other minor factors affecting the UAAL were (i) \$50.9 million decrease due to differences between actual and expected contributions, and (ii) an \$18.3 million decrease due to the changes in assumptions other than the COLA assumption

Funding Period

The funding period (the period required to amortize the UAAL) more than doubled, from 31.0 years to 62.2 years, mainly due to the 1% COLA assumption. An analysis is shown on Table 12b.

ACTUARIAL ASSUMPTIONS AND METHODS

Table 18 summarizes the actuarial assumptions used to determine the plan's liabilities and the actuarial methods used to determine the normal cost, UAAL and funding period.

The most significant assumptions are the investment return rate (8%), the salary increase rate (averages about 4.7%), the payroll growth rate (3.5%), and the state revenue growth rate (3.5%). There were several changes in actuarial assumptions or methods since last year. Actuarial assumptions were last changed early this year, when the Board adopted changes recommended by the actuary, based on a review of System experience for the five-year period ending June 30, 1999.

As already noted, and as discussed further in the next section, the key change was the adoption of an assumption that future ad hoc cost-of-living adjustments would be granted and would average 1% per year. Other changes included:

- New salary increase rates (small decrease)
- New inflation assumption (3.00%, rather than 4.00%)
- New payroll and tax revenue growth assumptions (3.50% rather than 4.00%)
- New, lower termination rates
- New, higher retirement and disability rates
- New, lower post-retirement mortality rates for non-disabled retirees and beneficiaries

When the System's experience does not match the actuarial assumptions, gains or losses arise. These gains and losses result in changes to the UAAL for the System, and in turn they change the funding period.

The method used to determine the normal cost, UAAL, and funding period is the Entry Age actuarial cost method. We continue to believe the Entry Age method is appropriate for the System.

Development of Employer Cost

	June 30, 2001 (1)	June 30, 2000 (2)
1. Payroll		
a. Supplied by system	\$ 2,990,541,250	\$ 2,738,297,350
b. Adjusted for one year's pay increase	3,130,642,000	2,880,301,000
c. Adjusted for one year's pay increase with pay caps	3,060,242,000	2,804,358,000
2. Present value of future pay (paid monthly, with pay caps)	\$ 24,173,471,000	\$ 21,447,486,000
3. Normal cost rate (payable monthly)		
a. Total normal cost rate	10.28%	9.72%
b. Less: member rate	<u>(7.00%)</u>	<u>(7.00%)</u>
c. Employer normal cost rate	3.28%	2.72%
4. Actuarial accrued liability for active members		
a. Present value of future benefits for active members	\$ 8,443,418,000	\$ 7,138,994,000
b. Less: present value of future employer normal costs (Item 3c * Item 2)	(792,889,849)	(583,371,619)
c. Less: present value of future member contributions	<u>(1,692,143,000)</u>	<u>(1,501,324,000)</u>
d. Actuarial accrued liability	\$ 5,958,385,151	\$ 5,054,298,381
5. Total actuarial accrued liability for:		
a. Retirees and beneficiaries	\$ 5,459,646,800	\$ 4,803,795,000
b. Inactive members	173,055,278	151,080,330
c. Active members (Item 4d)	5,958,385,151	5,054,298,381
d. Total	<u>\$ 11,591,087,229</u>	<u>\$ 10,009,173,711</u>
6. Actuarial value of assets	\$ 5,959,008,704	\$ 5,373,476,089
7. Unfunded actuarial accrued liability (UAAL) (Item 5d - Item 6)	\$ 5,632,078,525	\$ 4,635,697,622
8. Funding period	62.2 years	31.0 years
9. 40-year amortization cost		
a. Employer normal cost (Item 1c * 3o)	\$ 100,375,938	\$ 76,278,538
b. Level 40-year amortization of UAAL (payable monthly)	455,825,633	375,184,720
c. Total	<u>\$ 556,201,571</u>	<u>\$ 451,463,258</u>
d. Contribution as percentage of payroll (9c/1c)	18.18%	16.10%

Actuarial Present Value of Future Benefits

	June 30, 2001 (1)	June 30, 2000 (2)
1. Active members		
a. Service retirement benefits	\$ 7,329,349,000	\$ 5,890,090,000
b. Deferred termination benefits	85,916,000	286,416,000
c. Refunds	403,044,000	440,317,000
d. Death benefits	48,209,000	39,014,000
e. Disability retirement benefits	184,668,000	105,665,000
f. Supplemental medical insurance	365,078,000	351,677,000
g. \$5,000 post-retirement death benefit	27,154,000	25,815,000
h. Total	<u>\$ 8,443,418,000</u>	<u>\$ 7,138,994,000</u>
2. Retired members		
a. Service retirements	\$ 4,829,407,100	\$ 4,212,715,400
b. Disability retirements	90,439,500	83,739,800
c. Beneficiaries	128,959,000	112,326,900
d. Supplemental medical insurance	352,513,800	337,290,200
e. \$5,000 post-retirement death benefit	58,327,400	57,722,700
f. Total	<u>\$ 5,459,646,800</u>	<u>\$ 4,803,795,000</u>
3. Inactive members		
a. Vested terminations	\$ 120,379,844	\$ 103,216,819
b. Nonvested terminations	35,767,451	32,006,344
c. Suspense fund	16,907,983	15,857,167
d. Total	<u>\$ 173,055,278</u>	<u>\$ 151,080,330</u>
4. Total actuarial present value of future benefits	<u>\$ 14,076,120,078</u>	<u>\$ 12,093,869,330</u>

Analysis of Normal Cost

	<u>June 30, 2001</u> (1)	<u>June 30, 2000</u> (2)
1. Gross normal cost rate (payable monthly)		
a. Retirement benefits	7.55%	6.38%
b. Deferred termination benefits	0.13%	0.57%
c. Refunds	1.91%	2.17%
d. Supplemental medical insurance	0.36%	0.36%
e. \$5,000 Post-retirement death benefits	0.03%	0.04%
f. Disability retirement benefits	<u>0.30%</u>	<u>0.20%</u>
g. Total	10.28%	9.72%
2. Less: member rate	<u>7.00%</u>	<u>7.00%</u>
3. Employer normal cost rate	3.28%	2.72%
4. Effectiveness of member contributions		
a. Member rate	7.00%	7.00%
b. Less: cost of refunds	<u>(1.91%)</u>	<u>(2.17%)</u>
c. Net member rate available for benefits	5.09%	4.83%
d. Effectiveness rate (4c/4a)	72.71%	69.00%

Schedule of Funding Progress
(As required by GASB #25)

Valuation Date (1)	Actuarial Value of Assets (AVA) (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded Actuarial Accrued Liability (UAAL) (3) - (2) (4)	Funded Ratio (2)/(3) (5)	Annual Covered Payroll (6)	UAAL as % of Payroll (4)/(6) (7)
June 30, 1996	\$3,103.0	\$7,843.2	\$4,740.2	39.6%	\$2,375.5	199.5%
June 30, 1997	\$3,544.9	\$8,257.2	\$4,712.3	42.9%	\$2,428.7	194.0%
June 30, 1998	\$4,085.0	\$8,891.3	\$4,806.3	45.9%	\$2,537.7	189.4%
June 30, 1999	\$4,708.0	\$9,458.6	\$4,750.5	49.8%	\$2,648.4	179.4%
June 30, 2000	\$5,373.5	\$10,009.2	\$4,635.7	53.7%	\$2,738.3	169.3%
June 30, 2001	\$5,959.0	\$11,591.1	\$5,632.1	51.4%	\$2,990.5	188.3%

Note: Dollar amounts in millions

Beginning with June 30, 2001 results, values reflect assumed 1% average COLA.

GABRIEL, ROEDER, SMITH & COMPANY

Schedule of Employer Contributions
(As required by GASB #25)

<u>Year Ending June 30,</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
(1)	(2)	(3)
1996	\$434,728,781	40.8%
1997	\$446,459,961	62.0%
1998	\$446,219,296	59.1%
1999	\$456,864,002	53.5%
2000	\$455,265,033	60.6%
2001	\$451,463,258	72.7%

Notes to Required Supplementary Information
(as required by GASB #25)

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	June 30, 2001
Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, open
Remaining amortization period	40 years
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return *	8.00%
Projected salary increase *	4.25% to 7.00%
* Includes inflation at:	3.00%
Cost of living adjustment	1.00%

Membership Data

	June 30, 2001 (1)	June 30, 2000 (2)
1. Active members		
a. Number	84,387	83,024
b. Total payroll supplied by System	\$ 2,990,541,250	\$ 2,738,297,350
c. Average salary	35,438	32,982
d. Average age	44.7	44.5
e. Average service	11.0	11.0
2. Vested inactive members		
a. Number	3,459	3,273
b. Total annual deferred benefits	\$ 18,685,270	\$ 17,400,052
c. Average annual deferred benefit	5,402	5,316
3. Nonvested inactive members		
a. Number	8,335	8,199
b. Member contributions with interest due	\$ 35,767,451	\$ 32,006,344
c. Average refund due	4,291	3,904
4. Service retirees		
a. Number	32,365	31,335
b. Total annual benefits ¹	\$ 487,500,130	\$ 466,393,530
c. Average annual benefit	15,063	14,884
5. Special service retirees		
a. Number	407	492
b. Total annual benefits ¹	\$ 852,469	\$ 1,031,028
c. Average annual benefit	2,095	2,096
6. Disabled retirees		
a. Number	1,144	1,091
b. Total annual benefits ¹	\$ 11,289,811	\$ 10,805,920
c. Average annual benefit	9,869	9,905
7. Beneficiaries and spouses		
a. Number	1,272	1,199
b. Total annual benefits ¹	\$ 14,843,370	\$ 13,915,745
c. Average annual benefit	11,669	11,606

¹ Benefit amounts exclude the supplemental medical insurance payment.

2000 benefit amounts include COLA effective July 1, 2000

Historical Summary of Active Member Data

Valuation as of June 30, (1)	Active Members		Covered Payroll		Average Salary		Average Age (8)	Average Service Age (9)
	Number (2)	Percent Increase (3)	Amount in \$ Millions (4)	Percent Increase (5)	\$ Amount (6)	Percent Increase (7)		
1991	71,936	4.2%	1,921	10.1%	26,709	5.7%	43.1	10.5
1992	73,568	2.3%	2,002	4.2%	27,218	1.9%	43.3	10.6
1993	75,599	2.8%	2,122	6.0%	28,069	3.1%	43.4	10.7
1994	76,280	0.9%	2,190	3.2%	28,704	2.3%	43.6	10.8
1995	79,044	3.6%	2,336	6.7%	29,555	3.0%	43.6	10.7
1996	78,942	(0.1%)	2,375	1.7%	30,091	1.8%	44.0	11.1
1997	79,510	0.7%	2,429	2.3%	30,546	1.5%	44.2	11.2
1998	80,578	1.3%	2,538	4.5%	31,493	3.1%	44.3	11.2
1999	81,851	1.6%	2,648	4.3%	32,356	2.7%	44.4	11.2
2000	83,024	1.4%	2,738	3.4%	32,982	1.9%	44.5	11.0
2001	84,387	1.6%	2,991	9.2%	35,438	7.4%	44.7	11.0

GABRIEL, ROEDER, SMITH & COMPANY

Plan Net Assets
(Assets at Market or Fair Value)

Item	Valuation as of	
	June 30, 2001	June 30, 2000
(1)	(2)	(3)
1. Cash and cash equivalents	\$ 3,223,790	\$ 30,777,532
2. Receivables:		
a. Employer and member contributions	\$ 30,734,990	\$ 24,699,745
b. State contribution	18,395,406	12,831,212
c. Net investment income and other	(39,097,121)	(67,406,410)
d. Total receivables	\$ 10,033,275	\$ (29,875,453)
3. Investments		
a. Invested cash and other	\$ 233,955,161	\$ 338,743,000
b. Domestic equities	2,944,810,504	3,184,841,655
c. International equities	645,377,808	730,327,000
d. Domestic fixed income	2,160,188,453	1,729,322,000
e. International fixed income	77,067,622	312,023,000
f. Real estate, furniture & equipment	382,620	400,195
g. Total investments	\$ 6,061,782,168	\$ 6,295,656,850
4. Total assets	\$ 6,075,039,233	\$ 6,296,558,929
5. Liabilities		
a. Benefits payable	\$ 13,558,383	\$ 40,433,486
b. Insurance premium payable	2,418,373	1,704,000
c. Expenses	4,548,039	3,871,882
d. Total liabilities	\$ 20,524,795	\$ 46,009,368
6. Total (Item 4 - Item 5)	\$ 6,054,514,438	\$ 6,250,549,561
7. Less : Teachers' Deposit Fund	(322,761,093)	(360,209,246)
8. Total market value of assets available for benefits	\$ 5,731,753,345	\$ 5,890,340,315

**Distribution of Assets at Market Value
 (Percentage of Total Investments)**

Item (1)	Valuation as of	
	June 30, 2001 (2)	June 30, 2000 (3)
a. Invested cash and other	3.86%	5.38%
b. Domestic equities	48.57%	50.58%
c. International equities	10.65%	11.60%
d. Domestic fixed income	35.64%	27.47%
e. International fixed income	1.27%	4.96%
f. Real estate, furniture & equipment	0.01%	0.01%
g. Total investments	100.00%	100.00%

Reconciliation of Plan Net Assets

	Year Ending	
	June 30, 2001 (1)	June 30, 2000 (2)
1. Market value of assets at beginning of year, net of Teachers' Deposit Fund	\$ 5,894,900,455 *	\$ 5,387,103,199
2. Revenue for the year		
a. Contributions		
i. Member contributions, including state credit	\$ 216,752,852	\$ 195,988,873
ii. Federal matching funds	14,406,265	12,454,200
iii. State contribution	140,925,355	132,574,886
iv. Employer/district contributions	172,749,389	130,758,712
v. Total	\$ 544,833,861	\$ 471,776,671
b. Net investment earnings		
i. Interest, dividends and other income	\$ 215,126,537	\$ 195,698,197
ii. Net appreciation/(depreciation)	(342,603,971)	417,582,752
iii. Less: investment expenses	(16,590,368)	(13,571,552)
iv. Less: transfers to Teachers' Deposit Fund	8,299,566	(35,535,514)
v. Net investment earnings	\$ (135,768,236)	\$ 564,173,883
c. Total revenue	\$ 409,065,625	\$ 1,035,950,554
3. Expenditures for the year		
a. Refunds	\$ 31,432,937	\$ 29,460,152
b. Benefit payments, including insurance payments	537,308,002	500,289,049
c. Administrative expenses	3,471,796	2,964,237
d. Total expenditures	\$ 572,212,735	\$ 532,713,438
4. Increase in net assets (Item 2 - Item 3)	\$ (163,147,110)	\$ 503,237,116
5. Market value of assets at end of year, net of Teachers' Deposit Fund (Item 1 + Item 4)	\$ 5,731,753,345	\$ 5,890,340,315

* The June 30, 2000 Market Value was adjusted due to implementation of GASB 33, reflecting an additional \$4,560,140 in receivable contributions from the State of Oklahoma.

Development of Actuarial Value of Assets

	<u>Year Ending June 30, 2001</u>
1. Market value of assets at beginning of year	\$ 5,894,900,455
2. Net new investments	
a. Contributions	\$ 544,833,861
b. Benefits paid	(537,308,002)
c. Refunds	<u>(31,432,937)</u>
d. Subtotal	(23,907,078)
3. Market value of assets at end of year	\$ 5,731,753,345
4. Net earnings (3-1-2)	\$ (139,240,032)
5. Assumed investment return rate	8.00%
6. Expected return	\$ 470,635,753
7. Excess return (4-6)	\$ (609,875,785)
8. Excess return on assets for last four years :	
	<u>Deferred Amount</u>
	(4)
	(3)
	(2)
a. June 30, 1998	\$ 107,562,189
b. June 30, 1999	73,546,905
c. June 30, 2000	79,536,175
d. June 30, 2001	<u>(487,900,628)</u>
	\$ (227,255,359)
9. Actuarial value of assets (Item 3 - Item 8)	\$ 5,959,008,704

Estimation of Yields

	Year Ending	
	June 30, 2001 (1)	June 30, 2000 (2)
A. Market value yield		
1. Beginning of year market assets	\$ 5,894,900,455 *	\$ 5,387,103,199
2. Net investment income (including realized and unrealized gains and losses)	\$ (135,768,236)	\$ 564,173,883
3. End of year market assets	\$ 5,731,753,345	\$ 5,890,340,315
4. Estimated dollar weighted market value yield	-2.3%	10.5%
B. Actuarial value yield		
1. Beginning of year actuarial assets	\$ 5,373,476,089	\$ 4,708,033,127
2. Actuarial return	\$ 609,439,693	723,415,492
3. End of year actuarial assets	\$ 5,959,008,704	\$ 5,373,476,089
4. Estimated actuarial value yield	11.4%	15.5%

* Restated

TABLE 10

**Teachers' Retirement System of Oklahoma
Actuarial Valuation - June 30, 2001**

History of Cash Flow

Year Ending June 30, (1)	Contributions (2)	Benefit Payments (3)	Refunds (4)	Administrative Expenses (5)	Total (6)	External Cash Flow for the Year ¹ (7)	Market Value of Assets (8)	External Cash Flow as Percent of Market Value (9)
1992	282.8	(317.5)	(12.9)	(2.1)	(332.5)	(49.7)	2,349	(2.1%)
1993	339.5	(332.1)	(12.8)	(2.2)	(347.1)	(7.6)	2,659	(0.3%)
1994	340.6	(351.1)	(13.3)	(2.5)	(366.9)	(26.3)	2,684	(1.0%)
1995	307.1	(377.5)	(14.2)	(2.2)	(393.9)	(86.8)	2,991	(2.9%)
1996	321.0	(396.1)	(18.1)	(2.2)	(416.4)	(95.4)	3,325	(2.9%)
1997	443.2	(418.0)	(20.1)	(2.4)	(440.5)	2.7	4,041	0.1%
1998	444.8	(439.2)	(23.0)	(3.3)	(465.5)	(20.7)	4,884	(0.4%)
1999	435.0	(479.6)	(24.5)	(2.7)	(506.9)	(71.8)	5,387	(1.3%)
2000	471.8	(500.3)	(29.5)	(3.0)	(532.7)	(60.9)	5,890	(1.0%)
2001	544.8	(537.3)	(31.4)	(3.5)	(572.2)	(27.4)	5,732	(0.5%)

Dollar amounts in millions

¹ Column (7) = Column (2) + Column (6).

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Investment Experience Gain or Loss		
Item	Year Ending June 30, 2001	Year Ending June 30, 2000
(1)	(2)	(3)
1. Actuarial assets, beginning of year	\$ 5,373,476,089	\$ 4,708,033,127
2. Contributions during year	\$ 544,833,861	\$ 471,776,671
3. Benefits and refunds paid	\$ (568,740,939)	\$ (529,749,201)
4. Assumed net investment income at 8%		
a. Beginning of year assets	\$ 429,878,087	\$ 376,642,650
b. Contributions	21,793,354	18,871,067
c. Benefits and refunds paid	<u>(22,749,638)</u>	<u>(21,189,968)</u>
d. Total	\$ 428,921,803	\$ 374,323,749
5. Expected actuarial assets, end of year (Sum of items 1 through 4)	\$ 5,778,490,814	\$ 5,024,384,346
6. Actual actuarial assets, end of year	\$ 5,959,008,704	\$ 5,373,476,089
7. Asset gain (loss) for year (Item 6 - Item 5)	\$ 180,517,890	\$ 349,091,743

Total Experience Gain or Loss

Item (1)	Year Ending June 30, 2001 (2)	Year Ending June 30, 2000 (3)
A. Calculation of total actuarial gain or loss		
1. Unfunded actuarial accrued liability (UAAL), previous year	\$ 4,635,697,622	\$ 4,750,543,402
2. Normal cost for the year (employer and employee)	\$ 272,583,598	\$ 259,906,715
3. Less: total contributions for the year	\$ (544,833,861)	\$ (471,776,671)
4. Interest at 8 %		
a. On UAAL	\$ 370,855,810	\$ 380,043,472
b. On normal cost	10,903,344	10,396,269
c. On contributions	<u>(21,793,354)</u>	<u>(18,871,067)</u>
d. Total	\$ 359,965,800	\$ 371,568,674
5. Expected UAAL (Sum of Items 1 - 4)	\$ 4,723,413,159	\$ 4,910,242,120
6. Actual UAAL	\$ 5,632,078,525	\$ 4,635,697,622
7. Total gain (loss) for the year (Item 5 - Item 6)	\$ (908,665,366)	\$ 274,544,498
B. Source of gains and losses		
8. Asset gain (loss) for the year	\$ 180,517,890	\$ 349,091,743
9. Liability gain (loss) for the year	(236,516,719)	171,730,614
10. Legislation (ad hoc COLA for ret & incr in med supp credit)	0	(246,277,859)
11. Assumption changes (excluding 1% COLA assmpt.)	18,329,421	0
12. 1% COLA assumption	<u>(870,995,958)</u>	<u>0</u>
13. Total	\$ (908,665,366)	\$ 274,544,498

Analysis of Change in Unfunded Actuarial Accrued Liability (UAAL)

Basis	June 30, 2001 UAAL (in \$ Millions)	June 30, 2000 UAAL (in \$ Millions)
1. From prior valuation	\$ 4,635.7	\$ 4,750.5
2. Impact of changes, gains and losses		
a. Expected increase based on statutory contributions and passage of time	138.6	178.5
b. Liability (gain)/loss	236.5	(171.7)
c. Asset (gain)/loss	(180.5)	(349.1)
d. Impact of actual ctrb greater than expected under schedule	(50.9)	(18.8)
e. Legislative change (retiree ad hoc COLA and med supp incr)	0.0	246.3
f. Assumption changes (excluding 1% COLA assmpt.)	(18.3)	0.0
g. 1% COLA assumption	871.0	0.0
h. Total	996.4	(114.8)
3. Current UAAL (1+2h)	\$ 5,632.1	\$ 4,635.7

Analysis of Change in Funding Period

Basis	June 30, 2001 Funding Period (Years)	June 30, 2000 Funding Period (Years)
1. Funding period (years) from prior valuation	31.0	34.2
2. Impact of changes, gains and losses		
a. Expected (decrease)/increase	(1.0)	(1.0)
b. Impact of payroll and revenue growth different than expected	(1.8)	1.0
c. Impact of asset (gain)/loss	(2.0)	(4.1)
d. Impact of more contributions	(0.5)	(0.3)
e. Impact of liability (gain)/loss	2.6	(2.3)
f. Impact of legislative change (retiree ad hoc COLA)	0.0	0.7
g. Impact of legislative change (increase in medical supplement)	0.0	2.8
h. Impact of assumpt. changes (excluding 1% COLA assumpt.)	2.7	0.0
i. Impact of 1% COLA assumption	31.2	0.0
j. Total	31.2	(3.2)
3. Current funding period (years) (1+2j)	62.2	31.0

Projection of UAAL

	<u>Valuation Date</u>	<u>UAAL</u> <u>(Millions)</u>
	(1)	(2)
A. Actual	June 30, 1993	\$3,887.7
	June 30, 1994	4,038.8
	June 30, 1995	4,610.5
	June 30, 1996	4,740.2
	June 30, 1997	4,712.3
	June 30, 1998	4,806.2
	June 30, 1999	4,750.5
	June 30, 2000	4,635.7
	June 30, 2001	5,632.1
B. Projected	June 30, 2002	\$5,819.8
	June 30, 2003	\$6,004.6
	June 30, 2004	\$6,194.1
	June 30, 2005	\$6,388.2
	June 30, 2006	\$6,587.0
	June 30, 2007	\$6,790.5
	June 30, 2008	\$6,997.5
	June 30, 2009	\$7,209.2
	June 30, 2010	\$7,425.7
	June 30, 2011	\$7,647.0
	June 30, 2012	\$7,872.8
	June 30, 2013	\$8,103.3
	June 30, 2014	\$8,338.2
	June 30, 2015	\$8,577.4
	June 30, 2016	\$8,820.8
	June 30, 2017	\$9,068.1
	June 30, 2018	\$9,319.2
	June 30, 2019	\$9,573.8
	June 30, 2020	\$9,831.5
	June 30, 2021	\$10,092.1

Projection of UAAL (cont.)

<u>Valuation Date</u> (1)	<u>UAAL</u> <u>(Millions)</u> (2)	<u>Valuation Date</u> (1)	<u>UAAL</u> <u>(Millions)</u> (2)
June 30, 2022	\$10,355.2	June 30, 2043	\$14,887.9
June 30, 2023	\$10,620.2	June 30, 2044	\$14,918.7
June 30, 2024	\$10,886.7	June 30, 2045	\$14,911.3
June 30, 2025	\$11,154.2	June 30, 2046	\$14,861.3
June 30, 2026	\$11,421.9	June 30, 2047	\$14,763.8
June 30, 2027	\$11,689.1	June 30, 2048	\$14,613.5
June 30, 2028	\$11,955.1	June 30, 2049	\$14,404.6
June 30, 2029	\$12,219.0	June 30, 2050	\$14,130.7
June 30, 2030	\$12,479.7	June 30, 2051	\$13,785.0
June 30, 2031	\$12,736.2	June 30, 2052	\$13,360.0
June 30, 2032	\$12,987.3	June 30, 2053	\$12,847.5
June 30, 2033	\$13,231.6	June 30, 2054	\$12,238.7
June 30, 2034	\$13,467.6	June 30, 2055	\$11,523.8
June 30, 2035	\$13,693.7	June 30, 2056	\$10,692.5
June 30, 2036	\$13,908.1	June 30, 2057	\$9,733.3
June 30, 2037	\$14,108.8	June 30, 2058	\$8,633.9
June 30, 2038	\$14,293.6	June 30, 2059	\$7,380.8
June 30, 2039	\$14,460.2	June 30, 2060	\$5,959.4
June 30, 2040	\$14,605.9	June 30, 2061	\$4,353.9
June 30, 2041	\$14,727.9	June 30, 2062	\$2,547.1
June 30, 2042	\$14,823.0	June 30, 2063	\$520.3

Solvency Test

Actuarial Accrued Liability and Percent of Active Member Payroll for:

June 30,	Accumulated Member Contributions Including Interest		Retirees and Beneficiaries Currently Receiving Benefits		Terminated Employees Not Yet Receiving Benefits		Employer Financed Portion of Vested and Nonvested Benefits		Actuarial Value of Assets		Portion of Accrued Liabilities Covered by Assets	
	(1)	% of Payroll	(2)	% of Payroll	(3)	% of Payroll	(4)	% of Payroll	(1)	(2)	(3)	(4)
1991	1,044.4	54%	2,662.9	139%	68.1	4%	1,669.2	87%	2,089.6	100%	39%	0%
1992	1,186.7	59%	2,778.7	139%	78.5	4%	2,039.5	102%	2,287.1	100%	40%	0%
1993	1,333.1	63%	2,926.1	138%	90.2	4%	2,107.6	99%	2,569.2	100%	42%	0%
1994	1,467.9	67%	3,187.5	146%	102.5	5%	1,978.1	90%	2,697.2	100%	39%	0%
1995	1,628.4	70%	3,409.3	146%	96.7	4%	2,346.0	100%	2,869.9	100%	36%	0%
1996	1,799.1	76%	3,586.3	151%	106.7	4%	2,351.1	99%	3,103.0	100%	36%	0%
1997	1,967.9	81%	3,797.8	156%	114.4	5%	2,377.1	98%	3,544.9	100%	42%	0%
1998	2,143.4	84%	4,195.9	165%	125.7	5%	2,426.3	96%	4,085.0	100%	46%	0%
1999	2,330.6	88%	4,415.0	167%	136.4	5%	2,576.5	97%	4,708.0	100%	54%	0%
2000	2,518.2	92%	4,803.8	175%	151.1	6%	2,536.1	93%	5,373.5	100%	59%	0%
2001	2,728.4	91%	5,459.6	183%	173.1	6%	3,230.0	108%	5,959.0	100%	59%	0%

Note : Dollar amounts in millions

GABRIEL, ROEDER, SMITH & COMPANY

Distribution of Active Members by Age and by Years of Service
As of June 30, 2001

Attained Age	Years of Credited Service													Total	
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Over		
	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	
Under 25	943 \$24,493	533 \$25,491	103 \$22,107	27 \$20,297	12 \$23,364	4 \$16,626	0 \$0	1,622 \$24,572							
25-29	1,397 \$27,385	1,654 \$28,418	1,360 \$29,642	1,093 \$30,300	725 \$31,287	780 \$31,915	1 \$23,520	0 \$0	7,010 \$29,428						
30-34	1,104 \$28,522	1,035 \$28,805	841 \$29,693	750 \$31,449	639 \$32,919	3,402 \$33,507	819 \$33,740	9 \$26,631	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	8,599 \$31,720
35-39	1,094 \$27,608	1,009 \$28,172	856 \$30,958	710 \$30,365	545 \$30,983	2,335 \$33,547	2,695 \$36,077	844 \$38,269	4 \$39,351	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	10,092 \$32,857
40-44	950 \$26,834	992 \$27,590	822 \$29,508	751 \$29,727	650 \$30,065	2,870 \$32,455	2,207 \$37,507	2,609 \$39,617	1,134 \$41,589	1 \$23,952	0 \$0	0 \$0	0 \$0	0 \$0	12,986 \$34,303
45-49	776 \$29,339	777 \$30,053	664 \$29,819	623 \$30,553	492 \$30,008	2,841 \$33,021	2,879 \$35,999	2,217 \$41,468	3,006 \$43,634	1,214 \$44,435	2 \$33,786	0 \$0	0 \$0	0 \$0	15,491 \$37,072
50-54	586 \$29,469	544 \$30,743	494 \$32,729	452 \$33,215	428 \$33,009	2,160 \$34,048	2,893 \$35,343	2,654 \$39,846	2,070 \$46,799	2,509 \$46,834	700 \$48,303	0 \$0	0 \$0	0 \$0	15,490 \$39,318
55-59	253 \$28,119	235 \$27,132	205 \$29,636	238 \$31,582	200 \$32,971	1,162 \$33,181	1,767 \$34,657	1,803 \$36,665	1,133 \$48,243	751 \$54,241	646 \$54,740	136 \$51,288	0 \$0	0 \$0	8,529 \$39,548
60-64	95 \$23,926	89 \$24,219	75 \$26,984	93 \$25,072	67 \$27,105	577 \$30,946	794 \$32,713	756 \$35,174	374 \$49,089	269 \$56,817	229 \$71,403	121 \$66,989	13 \$54,615	0 \$0	3,552 \$39,367
65-69	38 \$17,967	33 \$19,862	25 \$18,252	14 \$20,940	18 \$25,005	141 \$27,216	192 \$31,133	137 \$35,344	60 \$44,572	30 \$56,464	31 \$73,286	30 \$82,573	15 \$74,744	0 \$0	764 \$35,908
70 & Over	11 \$13,881	11 \$13,961	8 \$16,437	11 \$20,974	6 \$20,220	51 \$26,565	66 \$30,565	48 \$39,106	10 \$45,108	7 \$55,692	5 \$60,239	4 \$84,804	14 \$161,502	4 \$61,502	252 \$63,679
Total	7,247 \$27,431	6,912 \$28,301	5,453 \$29,887	4,762 \$30,566	3,782 \$31,280	16,323 \$33,012	14,313 \$35,499	11,077 \$39,035	7,791 \$45,108	4,781 \$54,646	1,613 \$61,502	291 \$63,679	42 \$63,679	42 \$63,679	84,387 \$35,438

GABRIEL, ROEDER, SMITH & COMPANY

SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS
(Adopted Effective June 30, 2001)

I. Valuation Date

The valuation date is June 30th of each plan year. This is the date as of which the actuarial present value of future benefits and the actuarial value of assets are determined.

II. Actuarial Cost Method

Because the employer contribution rate is set by statute, the actuarial valuation is used to determine the funding period--the number of years required to amortize the Unfunded Actuarial Accrued Liability (UAAL). It is also used to calculate the Annual Required Contribution (ARC) as defined by GASB 25.

The actuarial valuation uses the Entry Age actuarial cost method. Under this method, a normal cost rate is first determined. This is the contribution rate (level as a percentage of pay) required to provide the benefits of the average new member. The normal cost rate consists of two pieces: (i) the member's own contribution rate, and (ii) a portion of the employer contribution rate. This second piece is called the employer normal cost rate.

The total normal cost is determined by dividing the present value of future benefits for a hypothetical group of new members (based on actual new entrants during the 1999 fiscal year) by the present value of their future pay. In calculating the benefits for this group, all changes in provisions or member contribution rates scheduled to occur in the future are assumed to already be in effect.

Next, the UAAL is determined. This is the liability for future benefits which is in excess of (i) the actuarial value of assets, and (ii) the present value of future normal costs. The employer contribution that is not used for the employer normal cost is applied to amortize the UAAL.

The funding period is calculated as the number of years required to fully amortize the UAAL, assuming that the System's payroll increases at the payroll growth rate and the State's contribution increases at the State's revenue growth rate. Both employer and member contributions are assumed to be made monthly.

The Entry Age actuarial cost method is an "immediate gain" method (i.e., experience gains and losses are separately identified as part of the UAAL). However, they are amortized over the same period applied to all other components of the UAAL.

The actuarial valuation also determines a 40-year funding cost as required by Section 17-106. This is the dollar contribution required to pay the normal cost and amortize the UAAL over 40 years in equal installments. While this amount is not required to be paid under the statutes, it is reported as the Annual Required Contribution (ARC) under GASB 25. The 40-year period applies to all components of the UAAL and is recalculated each year (open amortization method).

III. Actuarial Value of Assets

The actuarial value of assets is equal to the market value, adjusted for a five-year phase in of actual investment return in excess of expected investment return. The actual return is calculated net of investment and administrative expenses, and the expected investment return is equal to the assumed investment return rate multiplied by the prior year's market value of assets, adjusted for contributions, benefits paid, and refunds.

IV. Actuarial Assumptions

A. Economic Assumptions

1. Investment return: 8% per year, compounded annually, composed of an assumed 3.00% inflation rate and a 5.00% net real rate of return.
2. Salary increase rate: A merit/promotional component dependent on service, plus a 3% inflation component, plus a 1.25% productivity increase, as follows:

Years of Service	Merit/ Promotional Component	Total Salary Increase Rate
(1)	(2)	(3)
0	2.75%	7.00%
1	2.00%	6.25
2	1.50%	5.75
3	1.00%	5.25
4	1.00%	5.25
5	1.00%	5.25
6	0.75%	5.00
7	0.75%	5.00
8	0.75%	5.00
9	0.50%	4.75
10	0.50%	4.75
11	0.50%	4.75
12	0.50%	4.75
13	0.25%	4.50
14	0.25%	4.50
15 or more	0.00%	4.25

3. Payroll growth rate: In the amortization of the unfunded actuarial accrued liability, payroll is assumed to increase 3.5% per year. This increase rate has no allowance for future membership growth.
4. State revenue growth rate: In determining the funding period, the state's sales and income tax revenues are anticipated to grow at 3.5% per year.
5. Future ad hoc cost-of-living increases: Based on past experience, we assume that in future years, cost-of-living increases will be granted that will average 1% per year.

B. Demographic Assumptions

1. Mortality rates - after retirement or termination.

- a. Healthy males - 1994 Unisex Pension Mortality Table for males, set back two years.
- b. Healthy females - 1994 Unisex Pension Mortality Table for females, set back two years.
- 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:

Age	Expected Deaths per 100 Lives			
	Healthy Males	Healthy Females	Disabled Males	Disabled Females
(1)	(2)	(3)	(4)	(4)
40	0.10	0.06	2.82	2.09
45	0.15	0.09	3.22	2.24
50	0.23	0.13	3.83	2.57
55	0.39	0.21	4.82	2.95
60	0.68	0.36	6.03	3.31
65	1.23	0.72	6.78	3.70
70	2.14	1.26	7.39	4.11
75	3.35	1.97	8.42	4.92
80	5.40	3.41	11.28	7.46

2. Mortality rates - active members - Based on 1989 Experience Study, males and females separate. Sample rates are shown below:

Age	Expected Deaths per 100 Lives	
	Male Members	Female Members
(1)	(2)	(3)
25	.04	.02
30	.06	.04
35	.08	.06
40	.11	.08
45	.16	.11
50	.23	.16
55	.32	.23
60	.43	.32
65	.59	.43

3. Disability rates - Based on 1999 Experience Study, males and females separate. Sample rates are shown below:

Age	Expected Disabilities Occurring per 100 Lives	
	Male Members	Female Members
(1)	(2)	(3)
25	.06	.06
30	.06	.06
35	.06	.08
40	.09	.11
45	.21	.20
50	.32	.38
55	.36	.51
60	.27	.42
65	.08	.12

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

4. Termination Rates - Separate male and female rates, based on both age and service, developed from the 1999 Experience Study. Rates reflect terminations for causes other than death, disability or retirement. Sample rates are shown below:

Age	Expected Terminations per 100 Lives (Male Members)				
	Years of Service				
	0	1	4	7	10 or more
(1)	(2)	(3)	(4)	(5)	(6)
25	27.27	21.13	8.25	6.26	3.66
30	26.66	18.89	8.21	5.58	3.17
35	27.75	19.04	7.79	5.12	2.71
40	31.50	20.20	7.12	4.82	2.30
45	35.05	21.43	6.49	4.75	1.94
50	37.48	22.58	6.29	5.02	1.62
55	38.50	23.77	7.02	5.80	1.28
60	39.65	25.17	9.08	7.18	1.02
65	40.44	26.81	12.61	9.18	.99

Age	Expected Terminations per 100 Lives (Female Members)				
	Years of Service				
	0	1	4	7	10 or more
(1)	(2)	(3)	(4)	(5)	(6)
25	26.81	19.23	10.27	7.96	5.96
30	24.40	17.31	8.85	6.49	4.33
35	26.56	17.50	7.49	5.40	3.11
40	29.62	18.05	6.28	4.69	2.33
45	31.25	18.11	5.40	4.34	1.99
50	31.56	18.28	5.11	4.32	1.77
55	32.04	18.56	5.67	4.67	1.39
60	32.68	18.93	7.27	5.44	0.97
65	33.66	19.50	9.97	6.67	0.70

Termination rates are not applied to a member who is eligible for a retirement benefit (reduced or unreduced).

5. Retirement rates - Separate male and female rates, based on age, developed from the 1999 Experience Study. Sample rates are shown below:

Age	Expected Retirements per 100 Lives					
	Unreduced Retirement				Reduced Retirement	
	After First Year		In First Year		Male	Female
	Male	Female	Male	Female		
49	40	40	60	60	0	0
50	40	40	60	60	0	0
51	40	40	60	60	0	0
52	40	40	40	40	0	0
53	15	25	40	45	0	0
54	15	25	30	50	0	0
55	15	25	30	52	1	2
56	15	25	30	54	1	2
57	15	25	30	56	2	2
58	15	25	40	52	2	2
59	15	25	40	42	3	2
60	15	25	40	40	4	5
61	25	35	40	40	4	5
62	50	50	50	50		
63	25	25	25	25		
64	25	25	25	25		
65	50	55	50	55		
66	30	30	30	30		
67	30	30	30	30		
68	30	30	30	30		
69	30	30	30	30		
70	100	100	100	100		

C. 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 (when eligible): 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 and refund, if this benefit is available.
4. Percent electing deferred termination benefit: vested terminating members are assumed to elect a refund or a deferred benefit, whichever is more valuable at the time of termination.
5. Assumed age for commencement of deferred benefits: Members electing to receive a deferred benefit are assumed to commence receipt at age 62.
6. Administrative expenses: The assumed investment return rate represents the anticipated net return after payment of all investment and administrative expenses.
7. Supplemental medical insurance: All members, whether currently active, inactive, or retired, are assumed to receive the supplemental insurance benefit.
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.

V. Participant Data

Participant data was supplied on an electronic file for (i) active members, (ii) inactive vested members who are entitled to a future deferred benefit, (iii) inactive nonvested members who are entitled to a refund of their employee contributions, and in some cases a portion of the accumulated interest, and (iv) members and beneficiaries receiving benefits.

The data for active and inactive, non-retired members included birthdate, sex, years of service, a classified/non-classified status code, salary, employee contributions and accumulated interest on employee contributions. The data also included a code to indicate whether the employee had elected to make contributions on salary above \$25,000, and a code indicating the type of employer (comprehensive university, other college or university, or other employer). For retired members and beneficiaries, the data included date of birth, sex, spouse's date of birth (where applicable), amount of monthly benefit, date of retirement, and a form of payment code.

Salary supplied for the current year was based on the earnings for the October preceding the valuation date. This salary was adjusted by the salary increase rate for one year, and limited by the maximum pay where appropriate.

Assumptions were made to correct for missing, bad, or inconsistent data. These had no material impact on the results presented.

Some inactive, nonvested employees who are entitled to a refund are not included in the data, but a liability for their refund is included instead in the Suspense Fund, which is included in the liability.

VI. Dates of Adoption of Assumptions and Methods

Generally, actuarial assumptions and methods were developed from the 1999 experience study, and were adopted by the Board of Trustees in May 2001 and first reflected in the June 30, 2001 actuarial valuation. The adopted assumptions were recommended by the actuary. Some assumptions were left unchanged from the prior experience study in 1995, including female mortality for disabled retirees, the investment return rate, and active member mortality for males and females.

SCHEDULE OF INCREASES AND DECREASES
OF BENEFIT RECIPIENTS
Periods Ended June 30

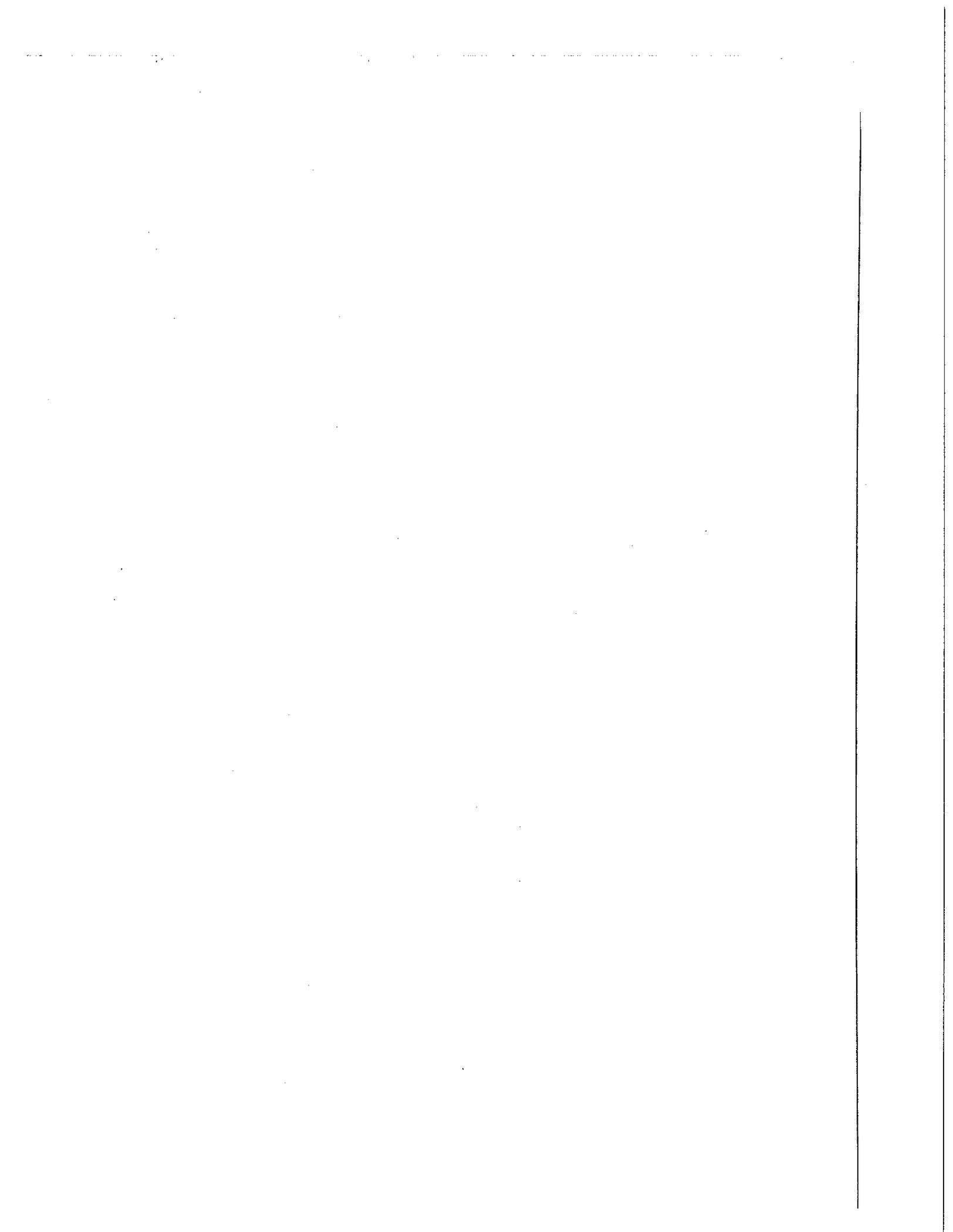
Year Ended	<u>Added to Rolls</u>		<u>Removed from Rolls</u>		<u>Rolls-End of Year</u>		%	Average Annual Allowances**
	No.	Annual Allowances*	No.	Annual Allowances	No.	Annual Allowances		
1996	1,824	\$28,084,853	847	\$9,834,348	29,984	\$369,914,654	5.2%	\$1,093
1997	2,038	32,178,319	1,120	11,032,356	30,902	391,060,617	5.7%	1,105
1998	2,090	31,920,729	960	10,622,172	32,032	412,359,174	5.4%	1,119
1999	2,048	51,559,112	1,047	12,313,512	33,033	451,604,774	9.5%	1,187
2000	2,107	31,487,149	1,023	11,916,120	34,117	471,175,803	4.3%	1,199
2001	2,115	\$40,394,458	1,044	\$12,641,988	35,188	\$498,928,273	5.9%	\$1,231

* Includes post-retirement increases for members who retired in previous years and changes occurring due to plan options which offer a continuing monthly benefit payment to beneficiaries.

** Does not include special annuitants.

Statistical Section

Rain and Snow State Park, near Wilburton, Idaho
Photography by Fred H. Marvel, Calanema, Oregon and Kasperang, Denmark



SCHEDULE OF AVERAGE PAYMENT AMOUNTS
Fiscal Year Ended June 30, 2001

Date	Regular Annuitants
June 30, 1948	\$33
June 30, 1954	75
June 30, 1960	83
June 30, 1966	129
June 30, 1969	148
June 30, 1970	179
June 30, 1971	201
June 30, 1972	209
June 30, 1973	217
June 30, 1974	226
June 30, 1975	248
June 30, 1976	297
June 30, 1977	321
June 30, 1978	345
June 30, 1979	365
June 30, 1980	382
June 30, 1981	432
June 30, 1982	480
June 30, 1983	\$592

Date	Regular Annuitants	Special Annuitants
June 30, 1984	\$600	
June 30, 1985	683	
June 30, 1986	761	\$150
June 30, 1987	837	159
June 30, 1988	907	159
June 30, 1989	949	159
June 30, 1990	956	159
June 30, 1991	1,013	159
June 30, 1992	1,021	159
June 30, 1993	1,030	159
June 30, 1994	1,044	159
June 30, 1995	1,084	163
June 30, 1996	1,093	163
June 30, 1997	1,105	163
June 30, 1998	1,119	163
June 30, 1999	1,187	172
June 30, 2000	1,199	172
June 30, 2001	\$1,231	\$175

Note that figures after June 30, 1989 do not include monthly medical premium.

ACTIVE PERSONNEL
Fiscal Year Ended June 30, 2001

Years of Service	All Active Personnel	Classified Personnel	Unclassified Personnel
Under 5 yrs.	26,712	15,163	11,549
5-9	15,825	10,157	5,668
10-14	14,574	9,532	5,042
15-19	10,113	7,123	2,990
20-24	8,564	7,523	1,041
25-29	5,772	5,444	328
30-34	2,280	2,190	90
35-39	467	445	22
40-44	65	63	2
45-49	12	9	3
50-54	3	2	1
TOTALS	84,387	57,651	26,736

Salary Range	All Active Personnel	Classified Personnel	Unclassified Personnel
0-\$5,000	312	146	166
5001-10,000	2,712	232	2,480
10,001-15,000	6,002	561	5,441
15,001-20,000	5,375	1,078	4,297
20,001-25,000	4,381	738	3,643
25,001-30,000	9,587	6,360	3,227
30,001-35,000	18,229	15,434	2,795
35,001-40,000	14,831	13,188	1,643
40,001-45,000	8,050	7,036	1,014
45,001-50,000	4,247	3,610	637
50,001-55,000	2,738	2,298	440
55,001-60,000	2,007	1,732	275
60,001-65,000	1,438	1,220	218
65,001-70,000	1,027	923	104
70,001-75,000	758	662	96
75,001 and Above	2,693	2,433	260
TOTALS	84,387	57,651	26,736

Average Age (years)	44.7	43.7	45.3
Average Salary	\$35,438	\$40,584	\$24,355
Average Service (years)	11.0	12.8	7.7

SCHEDULE OF RETIRED MEMBERS BY TYPE OF BENEFITS

Selected Plan Options

Fiscal Year Ended June 30, 2001

Option	Retired Members			Average Monthly Payment	% of Total
	Male	Female	Total		
Maximum	2,528	9,575	12,103	\$1,161	34.40%
Option 1	3,153	8,493	11,646	1,228	33.10%
Option 2	3,574	1,726	5,300	1,388	15.06%
Option 3	1,642	1,060	2,702	1,541	7.68%
Option 4	233	383	616	1,234	1.75%
Options 5, 6 & 7	1,119	151	1,270	972	3.61%
Disability	333	811	1,144	822	3.25%
Special Annuitants	46	361	407	175	1.16%
TOTALS	12,628	22,560	35,188	\$1,231	100.00%

Average monthly payment is \$1,231 excluding special annuitants

Maximum - provides for the greatest possible benefit. In the event payments to members are less than member's account balance, the remaining balance is paid to a designated beneficiary or in the event no beneficiary is named to the member's estate.

Option 1 - provides for a decreased rate of reduction of member's account balance. In the event a balance exists at the death of member, the remaining balance of the account is paid to a designated beneficiary or in the event a beneficiary was not named to the member's estate.

Option 2 - provides for a reduced monthly benefit to the member for life. Upon death of the member, the designated beneficiary will continue to receive the same monthly benefit for life.

Option 3 - provides a similar benefit as Option 2, however, upon death of the member, the monthly benefit to the designated beneficiary is one-half of the benefit of the member.

Option 4 - provides a reduced monthly benefit. In the event of the member's death within 120 months from the date of retirement, the balance of the payments are continued to the beneficiary designated at the time of retirement.

Options 5, 6 & 7 - represents beneficiaries of options 2, 3 & 4.

Disability - upon meeting requirements, a vested member may receive a monthly benefit.

Special Annuitants - a former teacher, who taught a minimum of ten years in the public schools of Oklahoma prior to July 1, 1943.

DISTRIBUTION BY YEARS OF SERVICE
Fiscal Year Ended June 30, 2001

Years of Creditable Service	Retired Members			Average Monthly Payment
	Male	Female	Total	
Under 10	8	44	52	\$249
10-14	1,217	3,229	4,446	367
15-19	1,244	3,237	4,481	609
20-24	1,527	4,781	6,308	1,000
25-29	2,848	5,311	8,159	1,457
30-34	3,134	3,581	6,715	1,705
35-39	1,735	1,362	3,097	1,835
40-44	768	579	1,347	2,008
45-49	93	70	163	2,195
50 and Over	8	5	13	3,104
TOTALS	12,582	22,199	34,781	\$1,231

Does not include 407 special annuitants.

DISTRIBUTION BY AGE AT RETIREMENT
Fiscal Year Ended June 30, 2001

Age at Retirement	Retired Members			Average Monthly Payment	Average Length of Service (Years)
	Male	Female	Total		
40 and Under	19	41	60	\$603	13.6
41-45	39	92	131	779	16.0
46-50	275	423	698	1,450	25.3
51-55	3,504	4,233	7,737	1,541	27.4
56-60	3,378	6,601	9,979	1,254	25.6
61-65	4,636	9,460	14,096	1,085	24.6
66-70	623	1,137	1,760	965	22.4
71-75	84	175	259	677	20.1
76-80	20	33	53	722	22.0
Over 80	4	4	8	1,173	26.2
TOTALS	12,582	22,199	34,781	\$1,231	25.3

Does not include 407 special annuitants.

DISTRIBUTION BY RETIREE AGE
Fiscal Year Ended June 30, 2001

Age	Total Retired Members	Average Length of Service	Average Monthly Payment
Under 50	126	15.6	\$755
50-54	1,605	27.6	1,696
55-59	4,174	26.6	1,555
60-64	6,170	24.9	1,342
65-69	6,743	23.5	1,175
70-74	5,499	24.1	1,120
75-79	4,140	25.1	1,067
80-84	3,079	26.3	1,020
85-89	1,938	27.8	1,078
Over 90	1,307	30.3	1,133
TOTALS	34,781	25.3	\$1,231

Does not include 407 special annuitants.

Average age of retired members is 69.6 years.

DISTRIBUTION BY MONTHLY INCOME

Fiscal Year Ended June 30, 2001

Monthly Income	Retired Members	Total	Average Payment
Under \$100	47	\$4,058	\$86
\$101-200	891	141,839	159
\$201-\$300	1,553	391,030	252
\$301-\$400	1,755	614,573	350
\$401-\$500	1,752	787,664	450
\$501-\$600	1,565	858,832	549
\$601-\$700	1,539	1,000,109	650
\$701-\$800	1,340	1,001,146	747
\$801-\$900	1,303	1,107,492	850
\$901-\$1,000	1,273	1,208,254	949
\$1,001-\$1,100	1,378	1,448,096	1,051
\$1,101-\$1,200	1,559	1,794,137	1,151
\$1,201-\$1,300	1,863	2,328,867	1,250
\$1,301-\$1,400	1,902	2,567,266	1,350
\$1,401-\$1,500	2,080	3,011,004	1,448
\$1,501-\$1,600	2,031	3,147,157	1,550
\$1,601-\$1,700	2,056	3,390,751	1,649
\$1,701-\$2,000	5,037	9,270,007	1,840
\$2,001-\$2,500	3,268	7,116,769	2,178
Over \$2,500	589	1,608,796	2,731
TOTALS	34,781	\$42,797,847	\$1,231

Does not include 407 special annuitants.

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

Schedule of Cash Receipts and Disbursements Years Ended June 30, 2001 and 2000

	<u>2001</u>	<u>2000</u>
Cash balance, beginning of year	\$30,777,532	\$2,450,674
<u>Receipts:</u>		
Members' contributions	214,599,546	196,460,122
Member tax-shelter	5,181,802	7,038,250
Employer statutory requirement from local school districts	169,017,834	130,978,795
Federal matching	14,255,882	12,353,085
Dedicated revenue	139,921,300	130,067,340
Interest income	189,778,403	171,361,271
Dividends	55,138,926	52,528,921
Net gain on investments	222,339,813	408,611,001
Other revenue	3,894,169	2,907,284
* Investments sold	<u>25,801,396,680</u>	<u>15,593,767,108</u>
	<u>26,815,524,355</u>	<u>16,706,073,177</u>
<u>Disbursements:</u>		
Retirement, death, survivor, and health benefits	563,468,732	498,411,837
Refund of member contributions and annuity payments	65,763,326	61,725,419
Administrative expenses	3,416,022	2,774,874
Investment expenses	16,686,434	13,631,307
Equipment purchases	174,457	172,800
* Investment purchases	<u>26,193,569,126</u>	<u>16,101,030,082</u>
Total disbursements	<u>26,843,078,097</u>	<u>16,677,746,319</u>
Balance of cash, June 30	<u>\$3,223,790</u>	<u>\$30,777,532</u>

* Includes equities, fixed income and short-term investments.

Schedule of Revenue by Source

Year	Member Contributions	Employer Contributions	State of		Net Investment Income	Other Revenue	Total
			Oklahoma & Various Federal Sources	Various Federal Sources			
1995 *	\$152,294,253	\$43,689,553	\$117,606,990		\$419,768,907	\$115,290	\$733,474,993
1996 *	149,884,939	55,111,484	122,083,443		461,422,892	84,740	788,587,498
1997 *	173,003,479	114,626,865	162,115,124		736,198,033	197,238	1,186,140,739
1998 *	189,690,739	120,164,225	143,430,970		931,364,449	1,296,629	1,385,947,012
1999 *	197,974,445	127,047,763	117,259,320		612,764,822	1,607,929	1,056,654,279
2000 *	203,027,123	130,758,712	145,029,086		597,428,861	2,280,536	1,078,524,318
2001 *	\$221,934,654	\$172,749,389	\$155,331,620		(\$146,783,146)	\$2,715,344	\$405,947,861

* - Investment income includes both realized and unrealized gains and losses on investments.

Schedule of Expenses by Type

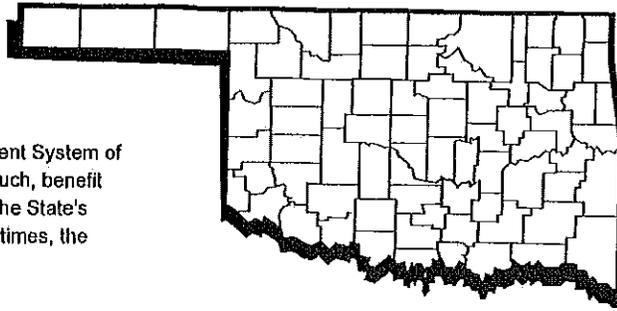
<u>Year</u>	<u>Benefits</u>	<u>Refunds and Annuity Payments</u>	<u>Administrative Expenses</u>	<u>Total</u>
1995	\$377,520,148	\$29,946,427	\$2,255,992	\$409,722,567
1996	396,147,031	31,814,168	2,214,437	430,175,636
1997	418,015,034	34,633,635	2,401,727	455,050,396
1998	439,213,465	41,332,758	3,267,751	483,813,974
1999	479,637,193	48,962,376	2,699,015	531,298,584
2000	500,289,049	61,725,419	2,964,237	564,978,705
2001	\$537,308,002	\$65,763,326	\$3,471,796	\$606,543,124

Schedule of Benefit Expenses by Type

<u>Year</u>	<u>Retirement Benefits</u>	<u>Insurance</u>	<u>Death Benefits</u>	<u>Withdrawal of Accounts</u>	<u>Tax-Shelter Withdrawals</u>	<u>Total</u>
1995	\$351,664,149	\$19,191,277	\$6,664,722	\$14,179,716	\$15,766,711	\$407,466,575
1996	369,914,654	19,432,419	6,799,958	18,125,338	13,688,830	427,961,199
1997	391,060,617	19,606,895	7,347,522	20,087,694	14,545,941	452,648,669
1998	412,359,174	19,774,024	7,080,267	23,011,228	18,321,530	480,546,223
1999	451,604,774	19,869,158	8,163,261	24,523,574	24,438,802	528,599,569
2000	471,175,803	20,537,317	8,575,929	29,460,152	32,265,267	562,014,468
2001	\$498,928,273	\$29,159,573	\$9,220,156	\$31,432,937	\$34,350,389	\$603,071,328

RETIREES IN STATE OF OKLAHOMA

Of the 35,188 pensioners and beneficiaries in the Teachers' Retirement System of Oklahoma 90% or 31,837 remain state of Oklahoma residents. As such, benefit payments of approximately, \$473,000,000 this year alone went into the State's communities and businesses. Since money changes hands several times, the System's payments have a dramatic effect on the State's economy.



<u>County</u>	<u>Recipients</u>	<u>Annual Payment</u>	<u>County</u>	<u>Recipient</u>	<u>Annual Payment</u>
Adair	225	\$3,262,464	LeFlore	501	\$7,639,764
Alfalfa	98	1,377,984	Lincoln	292	3,915,816
Atoka	137	1,965,912	Logan	240	3,191,340
Beaver	86	1,234,176	Love	73	1,060,764
Beckham	182	2,718,528	Major	68	881,004
Blaine	119	1,693,068	Marshall	161	2,290,608
Bryan	555	8,608,464	Mayes	335	4,932,120
Caddo	358	4,663,500	McClain	282	3,848,420
Canadian	653	9,710,580	McCurtain	393	6,365,976
Carter	406	5,858,232	McIntosh	264	3,907,680
Cherokee	583	9,520,224	Murray	139	2,301,300
Choctaw	177	2,462,160	Muskogee	791	12,493,644
Cimarron	34	460,020	Noble	93	1,235,928
Cleveland	1,920	28,410,252	Nowata	74	1,070,928
Coal	56	738,864	Okfuskee	124	1,749,660
Comanche	1,056	16,368,804	Oklahoma	5,400	81,192,408
Colton	60	896,640	Okmulgee	514	7,239,480
Craig	147	2,222,136	Osage	150	2,045,616
Creek	434	6,480,216	Ottawa	453	6,300,216
Custer	417	6,579,192	Pawnee	141	1,874,676
Delaware	203	3,195,636	Payne	1,462	21,829,428
Dewey	79	1,104,600	Pfiftsburg	409	6,001,620
Ellis	44	577,620	Pontotoc	538	8,330,988
Garfield	530	7,693,152	Pottawatomie	524	7,345,956
Garvin	351	4,838,364	Pushmataha	137	1,877,580
Grady	406	5,720,316	Roger Mills	54	711,288
Grant	85	1,017,732	Rogers	462	7,250,448
Greer	86	1,232,424	Seminole	263	3,863,816
Harmon	59	915,372	Sequoyah	405	6,257,916
Harper	63	995,436	Stephens	386	5,660,136
Haskell	151	2,036,640	Texas	172	2,551,116
Hughes	140	2,079,912	Tillman	102	1,533,036
Jackson	256	3,939,804	Tulsa	3,955	59,917,572
Jefferson	72	988,668	Wagoner	228	3,521,436
Johnston	164	2,578,632	Washington	452	6,191,580
Kay	484	6,911,916	Washita	131	1,789,032
Kingfisher	125	1,820,892	Woods	210	3,036,252
Kiowa	135	1,870,752	Woodward	158	2,257,188
Latimer	165	2,492,436			
			Total	31,837	\$472,506,456

2001 PARTICIPATING EMPLOYERS

PUBLIC SCHOOL DISTRICTS

Achille	Boone-Apache	Cheyenne	Duke	Gore
Ada	Boswell	Chickasha	Duncan	Gracemont
Adair	Bowlegs	Chisholm	Durant	Graham
Afton	Bowring	Choctaw-Nicoma	Dustin	Grandfield
Agra	Boynton	Park	Eagletown	Grand View (Cherokee)
Albion	Braggs	Chouteau Mazie	Eakly	Grandview (Stephens)
Alex	Braman	Cimarron	Earlsboro	Granite
Aline-Cleo Springs	Bray Doyle	Claremore	Edmond	Grant
Allen	Bridge Creek	Clayton	El Reno	Greasy
Allen Bowden	Briggs	Cleora	Eldorado	Greenville
Aftus	Bristow	Cleveland	Elgin	Grove (Delaware)
Alva	Broken Arrow	Clinton	Elk City	Grove (Pottawatomie)
Amber Pocasset	Broken Bow	Coalgate	Elmore City-Pernell	Gum Springs
Anadarko	Brushy	Colbert	Empire	Guthrie
Anderson	Buffalo	Colcord	Enid	Guymon
Antlers	Buffalo Valley	Coleman	Erick	Gypsy
Arapaho	Burbank	Collinsville	Eufaula	Haileyville
Ardmore	Burlington	Comanche	Fairland	Hammon
Arkoma	Burns Flat-Dill	Commerce	Fairview	Hanna
Arnett	City	Copan	Fanshawe	Hardesty
Asher	Butler	Cordell	Fargo	Harmony
Atoka	Butner	Cottonwood	Farris	Harrah
Avant	Byars	Covington-Douglas	Felt	Hartshorne
Balko	Byng	Coweta	Fletcher	Haskell
Banner	Cache	Coyle	Flower Mound	Haworth
Barnsdall	Caddo	Crescent	Forest Grove	Haywood
Bartlesville	Calera	Crooked Oak	Forgan	Healdton
Battiest	Calumet	Crowder	Fort Cobb-Broxton	Heavener
Bearden	Calvin	Crutcho	Fort Gibson	Hennessey
Beaver	Cameron	Cushing	Fort Supply	Henryetta
Beggs	Canadian	Cyril	Fort Towson	Hilldale
Belfonte	Caney	Dahlongah	Fox	Hinton
Bell	Caney Valley	Dale	Foyil	Hobart
Bennington	Canton	Darlington	Frederick	Hodgen
Berryhill	Canute	Davenport	Freedom	Holdenville
Bethany	Carnegie	Davidson	Friend	Hollis
Bethel	Carney	Davis	Frink Chambers	Holly Creek
Big Pasture	Carter	Deer Creek	Frontier	Hominy
Billings	Cashion	Deer Creek-Lamont	Gage	Hooker
Binger-Oney	Catoosa	Delaware	Gans	Howe
Bishop	Cave Springs	Denison	Garber	Hugo
Bixby	Cement	Depew	Garrett	Hulbert
Blackwell	Central High	Dewar	Geary	Hydro
Blair	Central	Dewcy	Geronimo	Idabel
Blanchard	Chandler	Dibble	Glencoe	Indianoma
Bluejacket	Chattanooga	Dickson	Glenpool	Indianola
Boise City	Checotah	Dover	Glover	Inola
Bokoshe	Chelsea	Drummond	Goodland	Jay
Boley	Cherokee	Drumright	Goodwell	Jenks

PUBLIC SCHOOL DISTRICTS *(continued)*

Jennings	Mannsville	North Rock Creek	Pond Creek-Hunter	Skiatook
Jones	Maple	Norwood	Porter	Smithville
Justice	Marble City	Nowata	Consolidated	Snyder
Justus-Tiawah	Marietta	Oak Grove	Porum	Soper
Kansas	Marlow	Oakdale	Poteau	South Coffeyville
Kaw City	Maryetta	Oaks Mission	Prague	South Rock Creek
Kellyville	Mason	Oilton	Preston	Spavinaw
Kenwood	Maud	Okarche	Pretty Water	Sperry
Keota	Maysville	Okay	Prue	Spiro
Ketchum	Mc Alester	Okeene	Pryor	Springer
Keyes	Mc Cord	Okemah	Purcell	Sterling
Keys	Mc Curtain	Oklahoma City	Putnam City	Stidham
Keystone	Mc Lish	Oklahoma Union	Quapaw	Stigler
Kiefer	Mc Loud	Okmulgee	Quinton	Stillwater
Kildare	Medford	Oktaha	Rattan	Stilwell
Kingfisher	Meeker	Olive	Ravia	Stonewall
Kingston	Merritt	Olney	Red Oak	Straight
Kinta	Miami	Olustee	Reydon	Stratford
Kiowa	Middleberg	Oologah-Talala	Ringling	Stringtown
Konawa	Midway	Optima	Ringwood	Strother
Krebs	Midwest City-	Osage Hills	Ripley	Stroud
Kremlin-Hillsdale	Del City	Osage	Riverside	Stuart
Lane	Milburn	Owasso	Robin Hill	Sulphur
Latta	Milfay	Paden	Rock Creek	Sweetwater
Laverne	Mill Creek	Panama	Rocky Mountain	Swink
Lawton	Millwood	Panola	Roff	Tahlequah
Leach	Minco	Paoli	Roland	Talihina
Leedey	Moffett	Pauls Valley	Rush Springs	Taloga
Le Flore	Monroe	Pawhuska	Ryal	Tannehill
Leonard	Moore	Pawnee	Ryan	Tecumseh
Lexington	Mooreland	Peavine	Salina	Temple
Liberty (Okmulgee)	Morris	Peckham	Sallisaw	Tenkiller
Liberty (Sequoyah)	Morrison	Peggs	Sand Springs	Terral
Liberty (Tulsa)	Moseley	Perkins-Tryon	Sapulpa	Texhoma
Lindsay	Moss	Perry	Sasakwa	Thackerville
Little Axe	Mounds	Picher-Cardin	Savanna	Thomas-Fay-Custer
Locust Grove	Moyers	Pickett Center	Sayre	Tinberlake
Lomega	Mt View-Gotebo	Piedmont	Schulter	Tipton
Lone Grove	Muldrow	Pioneer	Seiling	Tishomingo
Lone Star	Mulhall-Orlando	Pioneer Pleasant	Seminole	Tom
Lone Wolf	Muskogee	Vale	Sentinel	Tonkawa
Lookeba Sickles	Mustang	Pittsburg	Sequoyah	Tulsa
Lost City	Nashoba	Plainview (Carter)	Shady Grove	Tupelo
Lowrey	Navajo	Plainview (Cinarron)	Shady Point	Turkey Ford
Lukfata	New Lima	Pleasant Grove	Sharon-Mutual	Turner
Luther	Newcastle	(Pottawatomie)	Shattuck	Turpin
Macomb	Newkirk	Pleasant Grove	Shawnee	Tushka
Madill	Ninnekah	(Seminole)	Shidler	Tuskahoma
Mangum	Noble	Pocola	Silo	Tuttle
Mannford	Norman	Ponca City	Skelly	Twin Hills

PUBLIC SCHOOL DISTRICTS (continued)

Tyrone	Wagoner	Waukomis	Wewoka,	Woodland
Union City	Wainwright	Waurika	White Oak	Woodward
Union	Wakita	Wayne	White Rock	Wright City
Valliant	Walters	Waynoka	Whitebead	Wyandotte
Vanoss	Wanette	Weatherford	Whitefield	Wynnewood
Varnum	Wapanucka	Webbers Falls	Whitesboro	Wynona
Velma-Alma	Warner	Welch	Wickliffe	Yale
Verden	Washington	Weleetka	Wilburton	Yarbrough
Verdigris	Washita Heights	Wellston	Wilson (Carter)	Yukon
Vian	Watonga	Western Heights	Wilson (Okmulgee)	Zaneis
Vici	Watson	Westville	Wister	Zion
Vinita	Watts	Wetumka	Woodall	

VOCATIONAL-TECHNICAL SCHOOLS

Caddo-Kiowa	High Plains	Pioneer
Canadian Valley	Indian Capital	Pontotoc
Central Oklahoma	Kiamichi	Red River
Chisholm Trail	Meridian	S. Oklahoma
E. Oklahoma	Metro Tech	Southwest
County	Mid-America	Tri-County
Francis Tuttle	Moore-Norman	Tulsa County
Gordon Cooper	NE Oklahoma	Wes Watkins
Great Plains	NW Oklahoma	Western
Green Country	O.T. Autry	

COLLEGES AND UNIVERSITIES

Cameron University	Panhandle State	University of
East Central Univ.	University	Oklahoma
Langston University	Rogers University	University of
NE Oklahoma	SE Oklahoma	Oklahoma Health
State University	State University	Sciences Center
NW Oklahoma	SW Oklahoma	University of
State University	State University	Science and Arts
Oklahoma State	University of	of Oklahoma
University	Central Oklahoma	

JUNIOR COLLEGES

Carl Albert State	Northeastern	Rogers State
College	Oklahoma A&M	College
Connors State	Northern Oklahoma	Rose State College
College	College	Seminole State
Eastern Oklahoma	Oklahoma City	College
State College	Comm. College	Tulsa Junior College
Murray State	Redlands Community	Western Oklahoma
College	College	State College

PARTICIPATING ENTITIES

ABC Coop	Department of
Atoka-Coal	Veterans Affairs
Interlocal	Dept. of Vo-Tech
Board of Private	Education Vo-Tech
Vocational Schools	Skills Centers
Board of Regents of	Oklahoma Education
Oklahoma Colleges	Association
Cherokee County	Oklahoma School of
Interlocal Coop	Science and Math
Cleveland County	Secondary Schools
Interlocal Coop	Activity Assoc.
Garfield County	State Election Board
Interlocal Coop	State House of
Higher Education	Representatives
Alumni Council	State Regents for
McCurtain County	Higher Education
Educational Coop	Oklahoma Student
Mid-Del Association	Loan Authority
of Classroom	Osage County
Teachers	Interlocal Coop
MWC Central Foods	Teachers' Retirement
Moore Association of	System
Classroom Teachers	Tri-County Interlocal
OCAST	Coop
Oklahoma City	Western Heights Food
Federation of	Service
Teachers	
Department of	
Corrections	
Department of	
Education	
Department of	
Rehabilitation	
Services	

NOTES

