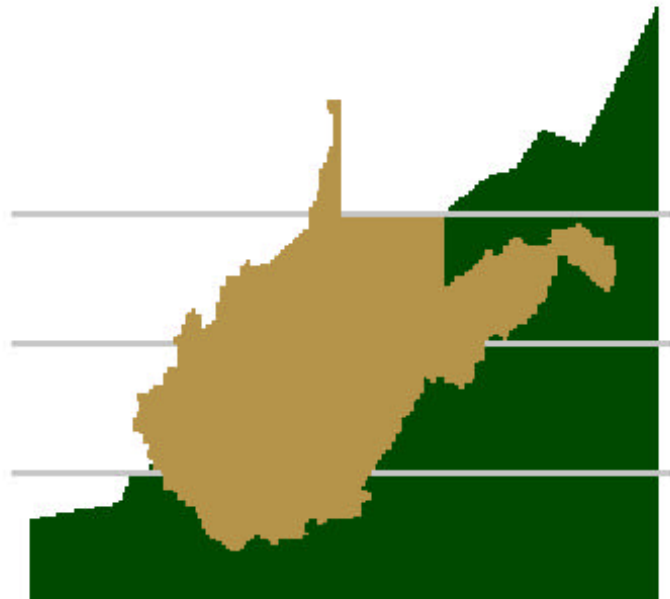


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# **West Virginia Investment Management Board**



**2002 Annual Report**

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# *Introduction*



# West Virginia Investment Management Board

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*One Cantley Drive xSuite 3  
Charleston, West Virginia 25314*

*Phone: (304) 345-2672  
Fax: (304) 345-5939  
Web: [www.wvimb.org](http://www.wvimb.org)*

September 23, 2002

Dear Fellow West Virginians:

On behalf of the Board of Trustees, I am pleased to present the West Virginia Investment Management Board's Annual Financial Report for the fiscal year ending June 30, 2002. Please note that more information about the Investment Management Board can be accessed electronically at our website, [www.wvimb.org](http://www.wvimb.org).

As of this writing, the State will have been a participant in the stock market for more than four years, having bought its first stock in February of 1998. Entering the stock market at the tail end of a bull market has, however, been a test of the Board's conviction. In times like these, the Board continually reminds itself that it is a long-term investor and, as such, cannot allow itself to react to the relatively short-term fluctuations in the market. The Board continues to hold firm in the belief that its allocation to stocks is prudent and in the best interest of the beneficiaries over the long run.

Once again, I am pleased to announce that the performance of the Investment Management Board over the last two and a half years has been one of the best in the country. The Board's relatively conservative investment strategy has served it well through an extended bear market. As a consequence, it has been able to preserve assets while similar investors have seen significant losses.

During this past year, it has been a privilege to work with the Investment Management Board's trustees. Stephen Angel, Richard Boyle, Jr., Glen Gainer III, Samme Gee, Carlyle Farnsworth, David Haney, Roger Hunter, Patrick Kelly, John Perdue, John Poffenbarger, Marie Prezioso, and William Tracy have shown the diligence and prudence demanded of persons acting in a fiduciary capacity for their fellow citizens. Lastly, I wish to thank the staff of the Investment Management Board for their dedicated service. I am pleased, as are the other members of the Board, with their professionalism, commitment to our mission, and customer focus.

Very truly yours,



Bob Wise  
Governor, State of West Virginia  
Chairman, Board of Trustees





# West Virginia Investment Management Board

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Charleston, West Virginia 25314*

*Phone: (304) 345-2672  
Fax: (304) 345-5939  
Web: [www.wvimb.org](http://www.wvimb.org)*

September 23, 2002

Dear Board Member:

Fiscal year 2002 found investors going into a third year of a struggling economy and a sustained bear market for stocks. In relative terms, the Investment Management Board's portfolio has continued to respond well. While others were losing significant amounts, the Investment Management Board's portfolio has been able to preserve assets or lost only modest amounts. The principles upon which the portfolio was founded have served it well. The Investment Management Board's primary short-term investment vehicle and the principal source of operating cash for the State and some of its political subdivision, the Consolidated Fund, added \$74,747,000 in value over the course of the fiscal year. Since the Consolidated Fund is primarily made up of general and special revenue accounts, preservation of principal, not return, is the primary objective for the Fund. This goal is managed by the risk limitations on the portfolios making up the Fund. In fiscal year 2002, the goal of preserving the assets of the Consolidated Fund was achieved.

The remaining assets of the Investment Management Board are those of participants with long time horizons. These include the defined benefit pension plans, employment security plans and other trust assets. Herein, these plans are generally referred to as the "Participant Plans." In fiscal year 2002, the performance of the Participant Plans was disappointing on an absolute basis, but outstanding on a relative basis. As a long-term investor, it is important to emphasize that the proper focus on performance of the portfolio in the short run is its performance on a relative basis.

Fiscal year 2002 saw broad domestic market indexes down significantly. The NASDAQ was down 32.28 percent for the year, the S&P 500 was down 18.02 percent, and the Dow Jones Industrial Average was down 10.38 percent. More significantly, the longer-term three-year annualized returns for these indexes were also down—4.07 percent for the Dow Jones Industrial, 18.3 percent for the NASDAQ, and 9.17 percent for the S&P 500. It has not been all doom and gloom for the stock market, however. Small company stocks in the value sector generally had positive returns. For example, the Russell 2500 Value Index returned 6.59 percent for the year. Despite the positive returns in selected stock markets, the news has generally been bad. The stock market as a whole is now in the middle of its third year of a bear market. In fiscal year 2002, the news revolved around corporate fraud and a resulting mistrust of the veracity of corporate financial statements. While corporate fraud has always existed, it rarely appears in the larger, better-performing companies. The Enron blowup proved that it could happen anywhere.

The WorldCom situation proved that Enron was not an aberration. Subsequently, the media has focused on the issue, causing Congress and the Securities and Exchange Commission (SEC) to take action. Before the year was out, the SEC announced that the corporate CEOs of the largest companies would have to verify the accuracy of their corporate financial statements by August 14, 2002. While the extent of corporate fraud is likely overblown, the SEC's action promises to calm the market's fears on that account. Still in question, however, is the economy's ability to grow in the face of global over-capacity.

In this context, it was a victory for the Investment Management Board to limit the damage. The one-year returns for the defined benefit pension plans ranged from (2.8) percent for the Public Safety Retirement System to (3.0) percent for the Teachers' Retirement System. Differences in returns for the various pension plans are a function of differences in the timing of cash flows into and out of each plan and relative levels of cash equivalent securities necessary to make benefit payments. Systems with higher cash requirements generally have performed better over the last year. The return for insurance assets ranged from 4.4 percent for the Pneumoconiosis Plan to (4.2) percent for the Workers' Compensation Fund. The differences in timing of cash flows are a factor in the differences in returns, but the difference in the respective plan's allocation to stocks played a greater role. For example, only 20 percent of the Pneumoconiosis Plan is allocated to stocks while the Workers' Compensation Fund has a 60 percent allocation. This was a long-term strategic decision based upon the relative needs of each plan. The difference has nothing to do with recent market fluctuations. Returns for all of the participant plans can be found in the pages that follow.

Even though relative performance is excellent, low, absolute returns can be unsettling. In times like this, it is important to revisit the principles upon which the portfolio was founded. First, and foremost, is the recognition that the participant plans have long time horizons. Consequently, the focus should be on performance over ten-, fifteen-, and twenty-year periods as opposed to relatively short-term, one- and two-year periods. As a long-term investor, the inevitable ups and downs in the market from year to year are of relatively little consequence. In fact, they are expected. Second, generally the Investment Management Board does not believe that it can be successful in the long run predicting market movements. While the Board may make minor adjustments to take advantage of long-term trends, it does not believe it is possible to consistently predict short-term market fluctuations. Finally, investing is always a risky proposition. The goal is to control the risk and maximize return for any given level of risk.

With these principles in mind, in 1998 the Investment Management Board constructed a portfolio that is more diversified than the average institutional portfolio, favors a value style of investing, and minimizes transaction costs. The result is a slightly more conservative portfolio than the average.

*Letter to Board Members*  
*Page 3 of 3*  
*September 23, 2002*

As we look forward into the future, the conservative nature of the portfolio will, in all likelihood, cause it to under-perform its peers on occasion. In periods when stocks are up, the Board's overall portfolio may perform less well than its peers because its allocation to stocks is more conservative. Moreover, there may be periods where the value style is out of favor, as in the late 90s. The Investment Management Board, however, designed the portfolio to outperform in the long run. So far, it has performed as expected. We look forward to more of the same.

Sincerely,

A handwritten signature in black ink, appearing to read 'H. Craig Slaughter', with a long horizontal flourish extending to the right.

H. Craig Slaughter  
Executive Director

HCS:jah



# *The Organization*



## **BOARD OF TRUSTEES**

**Robert E. Wise, Jr.**, Chairman  
Governor of the State of West Virginia

**John T. Poffenbarger**, Vice-Chairman  
General Counsel, West Virginia Department of Administration

**Samme L. Gee**, Secretary  
Partner in the law firm of Jackson Kelly PLLC

**Stephen L. Angel**  
Principal, Blennerhassett Junior High School, Parkersburg, West Virginia

**Richard E. Boyle, Jr.**  
Attorney in the law firm of Kay Casto & Chaney PLLC

**Carlyle D. Farnsworth**  
Retired, former President of United National Bank in Wheeling, West Virginia

**Glen B. Gainer III**  
Auditor for the State of West Virginia

**David A. Haney**  
Executive Director of the West Virginia Education Association

**Roger D. Hunter**  
Partner in the law firm of Neely & Hunter

**Patrick D. Kelly**  
Partner in the law firm of Steptoe & Johnson

**John D. Perdue**  
Treasurer of the State of West Virginia

**Marie L. Prezioso**  
Senior Vice President and Manager, Charleston, West Virginia Public Finance Office  
of Ferris, Baker Watts, Inc.

**William T. Tracy**  
Partner with the accounting firm of Hess, Stewart & Campbell

# REPRESENTATIVES AND COMMITTEE MEMBERS<sup>1</sup>

## *Public Employees' Retirement System*

**Fredric W. Thomas**, Representative

General Accounting Supervisor for the West Virginia Department of Transportation

**Keith Chapman**, Committee Member

District Comptroller for the West Virginia Division of Highways

**Patricia Hamilton**, Committee Member

Executive Director for the West Virginia Association of Counties

## *Teachers' Retirement System*

**Tony Lautar, Jr.**, Representative

Mentally Impaired Specialist, Wood County Schools, Parkersburg, West Virginia

**Kenneth C. Legg**, Committee Member

Executive Secretary for the West Virginia School Service Personnel Association

**Thomas J. Vogel**, Committee Member

Communications Specialist for the West Virginia Education Association

## *Workers' Compensation Fund and Pneumoconiosis Fund*

**Melinda Ashworth-Kiss**, Representative

Director of Financial Services for the West Virginia Bureau of Employment Programs Workers' Compensation Division

**Kimberly R. Javins**, Committee Member

Director of Financial Accounting for the West Virginia Bureau of Employment Programs Workers' Compensation Division

## *Department of Public Safety, Death, Disability and Retirement Fund*

**George J. Spangler**, Representative

Retired, First Sergeant, West Virginia State Police

**C.T. (Tom) Smith**, Committee Member

First Sergeant, West Virginia State Police

**John T. Morrison**, Committee Member

Lieutenant, West Virginia State Police

## *West Virginia State Police Retirement System*

**Steven P. Owens**, Representative

Senior Trooper, West Virginia State Police

## *Deputy Sheriffs' Retirement System*

**David D. Gentry**, Representative

Retired Deputy Sheriff

**Terry L. Miller**, Committee Member

Lieutenant, Wood County Sheriffs' Department

**John Wriston**, Committee Member

Detective, Fayette County Sheriffs' Department

## *Judges' Retirement System*

**Judge John L. Marks**, Representative

Circuit Court of Harrison County

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1. By statute, the Consolidated Public Retirement Board and the West Virginia Workers' Compensation Commission are responsible for appointing a representative for each plan who may select a committee of up to three individuals. The representative and committee members work with the Investment Management Board to develop the investment policy for their respective plan. They are appointed on an annual basis.



## STAFF MEMBERS

### *Executive Staff* —

**H. Craig Slaughter**, Executive Director

**Matthew E. Jones**, Chief Financial Officer / Chief Operating Officer

**T. J. Carlson**, Chief Investment Officer

### *Operations Division* —

**Roger Summerfield**, Director of Operations

### *Accounting* —

**Brian DuBois**, Investment Accountant Supervisor

**Brian Thaxton**, Investment Accountant

**Leigh Ann Moore**, Investment Accountant

**Betty Hammack**, Investment Accountant

**Julie Thompson**, Performance Accountant

### *Trade Processing and Settlement* —

**Denise Baker**, Trade Analyst Supervisor

**Linda Davis**, Trade Analyst

**Karin Hays**, Trade Analyst

### *Investment Division* —

**Kristy Newkirk**, Public Equity Investment Officer / Investment Supervisor

**Robert Crossen**, Fixed Income Investment Officer

### *Support Staff* —

**Jo Ann Harrison**, Administrative Assistant to the Executive Director

**Felicia Thomas**, Administrative Assistant to the Chief Financial Officer

**Milly Torman**, Administrative Assistant to the Chief Investment Officer

**Jane Heitz**, Secretary/Receptionist

### *Technology* —

**John Cole**, Director of Technology

**Rick Greathouse**, Information Systems Specialist

### *Internal Audit* —

**Melissa Petit**, Internal Auditor

## HISTORY

The West Virginia Investment Management Board (WVIMB or Board) came into existence in the spring of 1997 after years of hard work modernizing the State's investment management structure. This structural modernization was widely perceived as a necessary precursor to the passage of a constitutional referendum to allow investment in stocks. The risks in stocks were perceived to be too great to allow anything but a modern, professional entity to manage. Although the West Virginia Investment Management Board's predecessors, the Board of Investments and the West Virginia Trust Fund, Inc., brought about vast improvements, they fell short in one or more areas. With the West Virginia Investment Management Board, the State achieved the ideal balance between control and independence that will allow efficient and prudent investment management well into the future.

The beginning of the modern era in the State's investment management goes back to the late 70s with the consolidation of investment authority for the State's defined benefit plans, employment security plans, and other assets into the Board of Investments. One of the goals of the legislation was to achieve efficiencies that size brings by commingling like assets at the time into a long-term pool, the Consolidated Pension Fund, and a short-term pool, the Consolidated Fund. Although the commingling of the Consolidated Fund was accomplished to the extent practical, the commingling of the assets intended for the Consolidated Pension Fund did not occur for over ten years. The State Treasurer, under this legislative mandate, was the staff agency for the Board of Investments, and the Board itself was made up of the Treasurer, the Governor, and the State Auditor. The changing dynamics of the types of monies that the State has to invest dictated the need for a revised fund structure with an elimination of the term Consolidated Pension Fund as the longer term investment option. The statute was revised during the 2001 session of the West Virginia Legislature to specifically clarify that any monies could be invested in any of the investment pools established by the West Virginia Investment Management Board. The Consolidated Fund still exists and represents the investment pools established for the investment of those monies currently needed to fund state government operations or those monies that are required by other statutory provisions to be invested in the Consolidated Fund.

Although a step in the right direction, the initial Board of Investments did not include enough control features. After a few problems in the 1980s, principally involving the Consolidated Fund, the Board was expanded to seven members, adding four members from the private sector including an attorney experienced in financial matters and a Certified Public Accountant. In the fall of 1990, the Legislature took a huge leap forward by creating a staff for the Board of Investments separate from the Treasury. This provided clear accountability; something that did not exist previously, as the staff for the Board was controlled by the Treasurer, who was in turn elected by the people. Other very important control features included a statutory requirement for an Internal Auditor, an annual external audit by a nationally-recognized accounting firm, and monthly reporting requirements to government leaders, in accordance with Generally Accepted Accounting Principles. This last feature dictated that all pools with a weighted average maturity in excess of 90 days must be marked-to-market, something that had not been done in the 80s. At the same time, the Board made its first tepid step towards a diversified portfolio by statutorily allowing 20 percent of the Consolidated Pension Fund portfolio to be invested in stock domiciled in the United States.

Although the Board made some initial stock purchases in 1993 (that were subsequently liquidated at a gain), the statute was challenged and the court ruled that it was unconstitutional. In an ill-fated effort to satisfy the constitutional strictures, the Legislature carved out the assets then grouped as the Consolidated Pension Fund and placed them in a trust to be managed by a new entity called the West Virginia Trust Fund, Inc. While the creation of the trust did not satisfy the constitutional concerns of the State Supreme Court, it brought a couple of very important changes. The Legislature, demonstrating incredible managerial foresight, granted the West Virginia Trust Fund, Inc. control over its own budget. With the same impeccable foresight, the Legislature imposed personal fiduciary liability on its Board and staff. Of no less importance was the creation of representative roles for members of the retirement systems and employment security systems. With the merger of the Board of Investments and the West Virginia Trust Fund, Inc. in 1997, the West Virginia Investment Management Board was created and the modernization process was complete. All of the improvements made in the Board of Investments and the West Virginia Trust Fund, Inc. were incorporated into the new entity. Fiduciary responsibility demands professionalism. The West Virginia Investment Management Board applies prudent, modern, and professional management to the investment process.

## STATUTORY MANDATE

The West Virginia Investment Management Board was created during the 1997 legislative session and is cited as the West Virginia Investment Management Board Act (the Act). The legislative findings of the Act make it clear that the WVIMB was intended to be a professional, apolitical, financial management organization dedicated to the interests of the State's teachers, public employees and workers in general. The Act was intended to give the WVIMB "...the authority to develop, implement and maintain an efficient and modern system for the investment and management of the State's money." In order to accomplish this purpose, the Act further stated that the WVIMB must "...operate as an independent board with its own full-time staff of financial professionals immune to changing political climates..." West Virginia Code §12-6-1(a)(b). The Act also mandates that the assets of the Consolidated Pension Plan, the Defined Benefit Plans for Teachers, Deputy Sheriffs, Public Employees and the Workers' Compensation Fund and the Coal Workers' Pneumoconiosis Fund, are "declared to be irrevocable trusts, available for no use or purpose other than for the benefit of those public employees...workers, miners and their beneficiaries..." West Virginia Code §12-6-1(c)(d). The WVIMB is further "empowered by this Article to act as Trustee of the irrevocable trusts created by this Article, and to manage and invest other state funds," West Virginia Code §12-6-1a(f).

The standard of care mandated by the Statute is that codified in the "Uniform Prudent Investor Act" as Article 6C of Chapter 44 of the West Virginia Code. The WVIMB is further subject to the following requirements:

- (a) Trustees shall discharge their duties with respect to the 401(a) Plans for the exclusive purpose of providing benefits to participants and their beneficiaries;
- (b) Trustees shall diversify fund investments so as to minimize the risk of large losses unless, under the circumstances, it is clearly prudent not to do so;
- (c) Trustees shall defray reasonable expenses of investing and operating the funds under management;
- (d) Trustees shall discharge their duties in accordance with the trust documents and instruments governing the trusts or other funds under the management insofar as the documents and instruments are consistent with provisions of this Article, and
- (e) The duties of the Board apply only with respect to those assets deposited with or otherwise held by it, *West Virginia Code* §12-6-11.

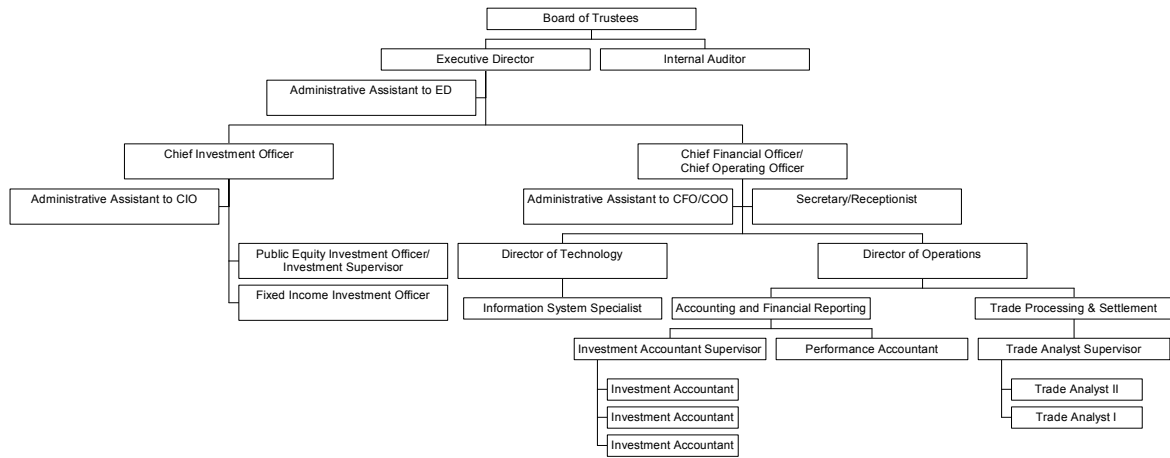
## **ADMINISTRATIVE MANDATE**

Governance of the West Virginia Investment Management Board is vested, by statute, in a thirteen-member Board of Trustees. Three members of the Board serve by virtue of their office: the Governor, the Auditor, and the Treasurer. The other ten are appointed by the Governor and confirmed by the Senate. All appointees must have experience in pension management, institutional management or financial markets. In addition, one must be an attorney experienced in finance and investment matters and another must be a Certified Public Accountant. Only six of the ten appointed Trustees may be from the same political party. The Governor serves as Chairman of the Board. A Vice-Chairman is elected by the Trustees. A Secretary, who need not be a member of the Board, is also elected by the Trustees to keep a record of the proceedings of the Board.

A member of each defined benefit retirement plan is designated by the Consolidated Public Retirement Board to represent the plan's interests. Likewise, the West Virginia Workers' Compensation Commission designates a representative to the WVIMB for the Pneumoconiosis Fund and the Workers' Compensation Funds. Each of the representatives may designate up to three persons to comprise a committee representing their respective plans' beneficiaries. The representatives and committee members do not have a vote, but have the right to be heard at the annual meetings of the Board of Trustees and are subject to the same code of conduct and requirements of confidentiality that apply to the Trustees.

The day-to-day management of the West Virginia Investment Management Board is delegated to the Executive Director, who is appointed by the Board and serves at its will and pleasure. The Executive Director acts as an advisor to the Board on all matters pertaining to its business and, with the approval of the Board, contracts for professional services and employs the remaining staff needed to operate the West Virginia Investment Management Board.

The staff of the Board is divided into two principal divisions—Operations and Investments. See organization chart on following page.



The Operations Division is focused on providing the back office support necessary for the organization to function on a day-to-day basis. The Investment Division is structured to devote its time and resources to staying current with new developments and research in the investment field and being prepared to apply this knowledge to the investment of assets for the WVIMB.

## INVESTMENT PHILOSOPHY

The primary objective of the Consolidated Fund is to provide liquid investment alternatives for the State, State agencies, the Municipal Bond Commission and local governments.

The primary objective of the other investment pools is to provide benefits to its participants and beneficiaries. In order to do so, it must accumulate and maintain the liquid financial reserves necessary to fulfill this obligation. Liquid financial reserves shall be obtained from two sources: (i) contributions from the State of West Virginia and its participants, and (ii) return on investments. For purposes of developing its investment philosophy, the Board assumes, at this time, that the stream of contributions from the State and participants will continue in the future and remain an important source of funding. Equally important to the level of contributions, in terms of total dollar impact, is the return on investment of the assets managed by the WVIMB. Based on general beliefs about the long-term investment return available from a well-diversified, prudently invested portfolio, the Board has adopted specific investment objectives for each individual plan.

In order to achieve a specified real rate of return for the Fund, the Board relies on the prevailing financial theory, which currently is an investment strategy utilizing an appropriate long-term diversified asset allocation model. A prudently allocated investment program possesses a certain level of diversification, which produces risk reduction. In terms of level of impact, diversification should be considered along the following lines: (i) asset classes [stocks, bonds, cash, etc.], (ii) geography/country, (iii) industry, and (iv) maturity. Asset allocation modeling should also take into consideration specific unique circumstances of each participant plan, such as size, liquidity needs, and financial condition (funded status) of each participant plan as well as general business conditions. The factors mentioned here are not intended to be limiting; rather, they are outlined as a general indication of the importance of diversification to proper asset allocation. The Board determines the proper allocation among asset classes and managers, based on advice and analysis provided by staff and/or an external investment consultant.

The Board recognizes that even though its investments are subject to short-term volatility, it is critical that a long-term investment focus be maintained. This prevents ad hoc revisions to its philosophy and policies in reaction to either speculation or short-term market fluctuations. In order to preserve this long-term view, the Board has adopted the following formal review schedule:

<b>Agenda Item</b>	<b>Review Schedule</b>
Investment Performance	Quarterly
Broad Asset Allocation	Every Three Years
Within-Class Asset Allocation	Every Three Years
Investment Policy	Every Year

The Board may hire investment managers to implement its objectives. These managers will be given specific tactical roles within the overall strategic investment plan. Depending on their

assignments, the managers may be judged on some or all of the following: (i) consistency of philosophy, style and key personnel, (ii) performance relative to an appropriate index or proxy group, and (iii) ability to add incremental value after costs. The Board shall monitor performance and supervise all fund managers.

In determining its philosophy towards risk, the Board considers, in addition to its fiduciary obligations and statutory requirements, each entity's purpose and characteristics, financial condition, liquidity needs, sources and level of contributions, income and general business conditions. Based upon these many factors, the Board identifies whether a more aggressive or more conservative approach is warranted, on an individual plan-by-plan basis.

### **Investment Objectives**

*The Board, at its annual meeting...shall review, establish and modify, if necessary, the investment objectives of the individual participant plans, as incorporated in the investment policy statements of the respective trusts so as to provide for the financial security of the trust funds giving consideration to the following: (1) Preservation of Capital; (2) Diversification; (3) Risk Tolerance; (4) Rate of Return; (5) Stability; (6) Turnover; (7) Liquidity; and (8) Reasonable Costs of Fees. West Virginia Code §12-6-12f.*

The Board's objective is to manage the participant plans' moneys in an efficient and economical manner, managing risk as it seeks to earn a consistent rate of return equaling at least the actuary's assumption on each participant plan, so long as the WVIMB deems that rate to be reasonable and achievable.

#### *Consolidated Fund*

The Board's objective is to manage the State's money in an efficient and economical manner. Realizing the majority of the funds are for operating expenses of the State, they have designed an investment strategy that addresses the short-term liquidity needs of the various pools and participants, limiting risk but still allowing for the higher total rate of return.

#### *Participant Directed Accounts*

The Board acts as custodian of certain assets which must be invested in accordance to specific legal requirements. The Board does not have control or authority over the investment decisions related to these funds. Accordingly, the Boards investment objective for these accounts is to timely execute the investment decisions as directed by the accounts owner.



*Investment Objectives and  
Financial Highlights*

## ***Short-Term Fixed Income Pool***

### **Objectives**

The Short-Term Pool was created to maintain sufficient liquidity to meet the daily disbursements requested by the Participant Plans and to invest any contributions until the time the money is transferred to other asset classes without sustaining capital losses while earning a small return above inflation. The portfolio is structured as a money market fund where the goal is a stable dollar value per share, thus preserving principal. The risk factor on this portfolio is low and managed through numerous maturity restrictions, diversification guidelines, and credit limits. The participants are paid on an income basis that includes realized gains and losses, but excludes unrealized gains and losses.

### **Management Structure**

The Short-Term Fixed Income Pool is managed by Fischer, Francis, Trees & Watts.

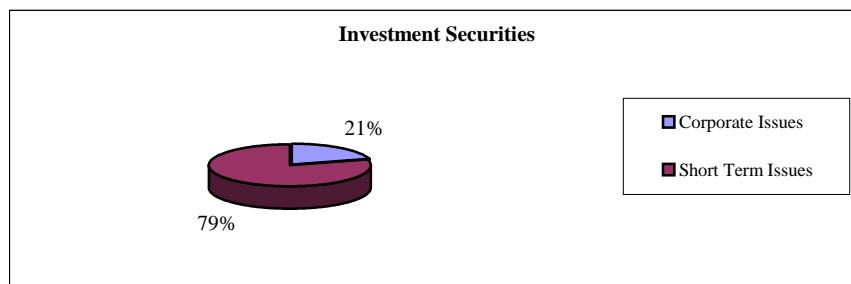
### **Financial Highlights**

#### **Progression of Net Assets (in 000s)**

Net Assets - June 30, 2001	\$	150,576
Net increase from operations		4,947
Income distributions to unitholders		(5,347)
Net increase from unit transactions		28,822
Net Assets - June 30, 2002	\$	<u>178,998</u>

#### **Investment Securities (in 000s)**

	<u>Fair Value</u>
Corporate Issues	\$ 36,817
Short Term Issues	<u>142,119</u>
Total	<u>\$ 178,936</u>

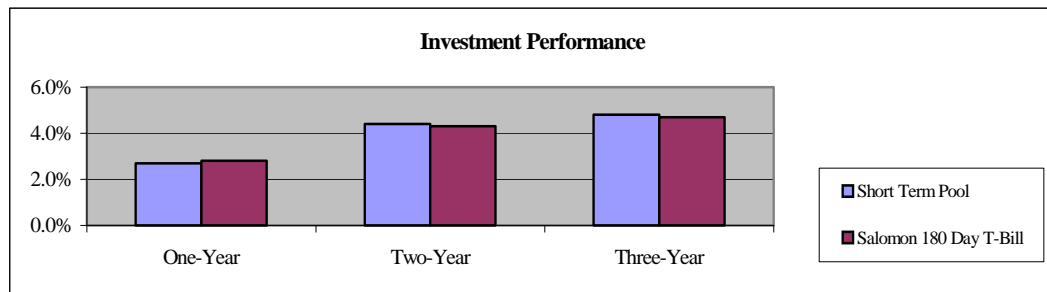


## Short-Term Fixed Income Pool (continued)

### Investment Performance

The WVIMB calculates total rates of return using the time-weighted rate of return methodology. The time-weighted method determines the rate of return exclusive of the effects of participant contributions or withdrawals.

	Short-Term Fixed Income Pool	Salomon 180 Day T-Bill
One-Year	2.7%	2.8%
Two-Year	4.4%	4.3%
Three-Year	4.8%	4.7%



Rates of return are net of investment manager fees.

### Expenses

The WVIMB charges each investment pool for its direct investment-related expense and an allocated share of other expenses. The Pool's expenses for the year divided by the average net assets of the pool are as follows:

Expense Category	Expense Ratio (in basis points)
Investment advisor fees	13.9
Trustee fees	0.1
Custodian bank fees	0.3
Management fees	1.7
Fiduciary bond fees	0.1
Professional service fees	0.5
Total expenses	<u>16.6</u>

## *Fixed Income Pool*

### **Objectives**

The main objective for the Fixed Income Pool, which, in the aggregate, comprises a core bond portfolio, is to generate investment income, provide stability and diversification, but not at the expense of total return.

### **Management Structure**

The Fixed Income Pool is co-managed by the following firms, each having a specific investment style which, in the aggregate, comprises the core Fixed Income Pool.

<i>Manager</i>	<i>%</i>	<i>Style</i>
Western Asset Management	45%	Active Core
Hoisington Investment Management	10%	Macroeconomic/duration
Barclays Global Investors	45%	Passive Corporate & Mortgage

### **Financial Highlights**

Three separate investment pools have been established to comply with specific legal and accounting requirements. Individually, these pools, as reflected on the audited financial statements, are the Fixed Income Pool, the Fixed Income Qualified Pool, and the Fixed Income Nonqualified Pool. These pools are combined for the following financial highlights.

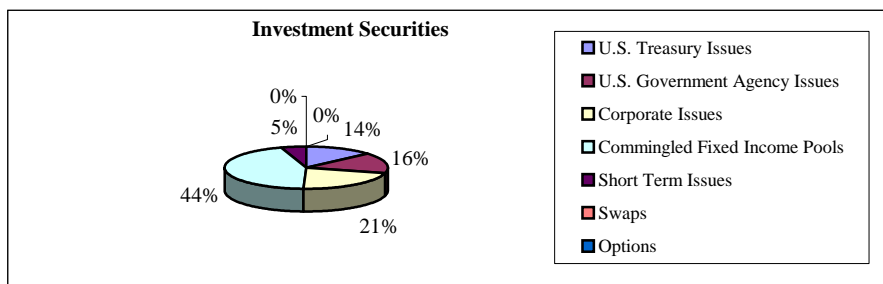
#### **Progression of Net Assets (in 000s)**

Net Assets - June 30, 2001	\$ 2,048,408
Net increase from operations	173,628
Income distributions to unitholders	(53,259)
Net decrease from unit transactions	(38,989)
Net Assets - June 30, 2002	<u>\$ 2,129,788</u>

**Fixed Income Pool (continued)**

**Investment Securities (in 000s)**

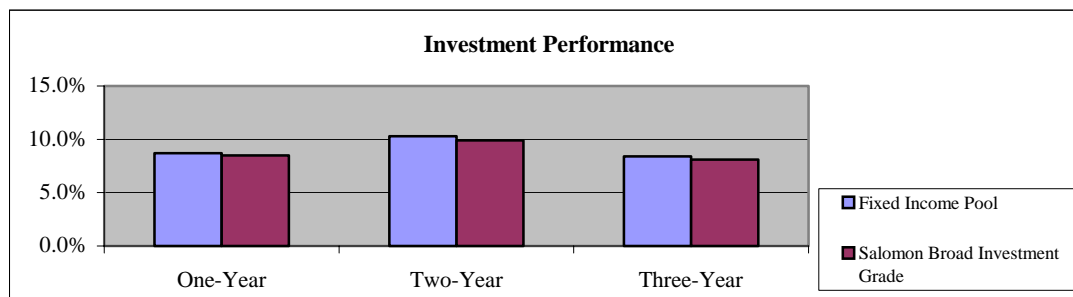
	<u>Fair Value</u>
U.S. Treasury Issues	\$ 325,101
U.S. Government Agency Issues	376,959
Corporate Issues	508,935
Commingled Fixed Income Pools	1,064,580
Short Term Issues	121,212
Swaps	(307)
Options	(774)
<b>Total</b>	<u><u>\$ 2,395,706</u></u>



**Investment Performance**

The WVIMB calculates total rates of return using the time-weighted rate of return methodology. The time-weighted method determines the rate of return exclusive of the effects of participant contributions or withdrawals.

	Fixed Income Pool	Salomon Broad Investment Grade
One-Year	8.7%	8.5%
Two-Year	10.3%	9.9%
Three-Year	8.4%	8.1%



Rates of return are net of investment manager fees.

***Fixed Income Pool (continued)***

**Expenses**

The WVIMB charges each investment pool for its direct investment-related expense and an allocated share of other expenses. The Pool's expenses for the year divided by the average net assets of the pool are as follows:

Expense Category	Expense Ratio (in basis points)
Investment advisor fees	5.6
Trustee fees	0.1
Custodian bank fees	0.4
Management fees	2.3
Fiduciary bond fees	0.2
Professional service fees	0.7
Total expenses	<u>9.3</u>

## *Equity Pool*

### **Objectives**

The main objective for the Equity Pool is to provide for long-term growth for all participants.

### **Management Structure**

The Equity Pool is comprised of three separate sub-asset classes, which, when taken in aggregate, enable adequate diversification. These sub-asset classes are listed in the table below with their target allocation ranges:

<b>Equity Class</b>	<b>Target Range</b>
Domestic Large Capitalization	50.0%
Domestic Non-Large Capitalization	25.0%
International	25.0%

Each of these subclasses have multiple investment managers, each managing in accordance with a particular investment style. These managers are as follows:

<i><b>Manager</b></i>	<i><b>%</b></i>	<i><b>Style</b></i>
<i><b>Domestic Large Capitalization</b></i>		
State Street Global Advisors	75.00 %	Passive Core
Chartwell Investment Partners	10.00 %	Concentrated Value
Alliance Capital Management, L.P.	10.00 %	Concentrated Growth
Q.E.D. Investments, L.L.C.	5.00 %	Quantitative Core
<i><b>Non-Large Capitalization</b></i>		
Dimensional Fund Advisors, Inc.	50.00 %	Structured Value
Aronson + Partners	16.66 %	Relative Value
Loomis, Sayles & Company, L.P.	16.67 %	Small Cap Growth
Wellington Management Company, L.L.P.	16.67 %	Core
<i><b>International</b></i>		
Silchester International Investors	29.00 %	Developed country, bottom-up value
TT International	29.00 %	Developed country, top-down
Mastholm Asset Management	29.00 %	Developed country, bottom-up, growth
Capital International	13.00 %	Emerging market growth

*Equity Pool (continued)*

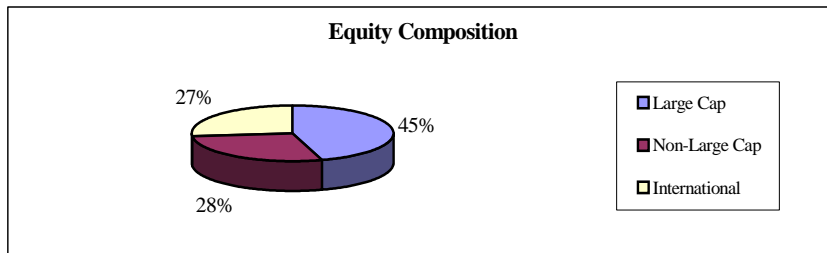
**Financial Highlights**

Separate investment pools have been established to comply with specific legal and accounting requirements. These pools are individually reported in the audited financial statements and have been combined in the following financial highlights as follows:

<u>Composite</u>	<u>Individual Pools per Audited Financial Statements</u>
Large Cap	S&P 500 Index Qualified Pool S&P 500 Index Nonqualified Pool Large Cap Domestic Pool
Non-Large Cap	Non-Large Cap Domestic Pool
International	International Qualified Pool International Nonqualified Pool International Equity Pool

*Equity Pool*

<b>Progression of Net Assets (in 000's)</b>	<b>Large Cap</b>	<b>Non-Large Cap</b>	<b>International</b>
Net Assets - June 30, 2001	\$ 1,482,740	\$ 846,700	\$ 753,261
Net increase/decrease from operations	(291,046)	6,268	(39,720)
Net increase/decrease from unit transactions	150,752	(24,289)	80,060
Net Assets - June 30, 2002	<u>\$ 1,342,446</u>	<u>\$ 828,679</u>	<u>\$ 793,601</u>

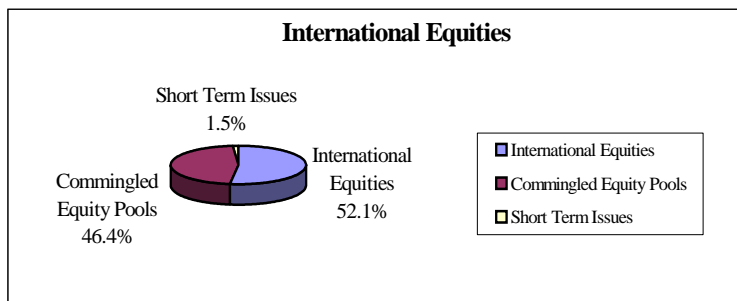
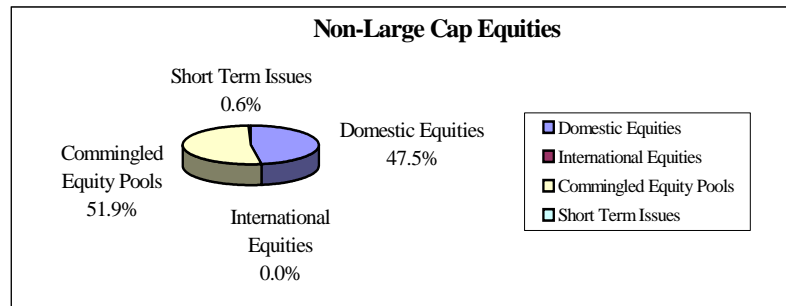
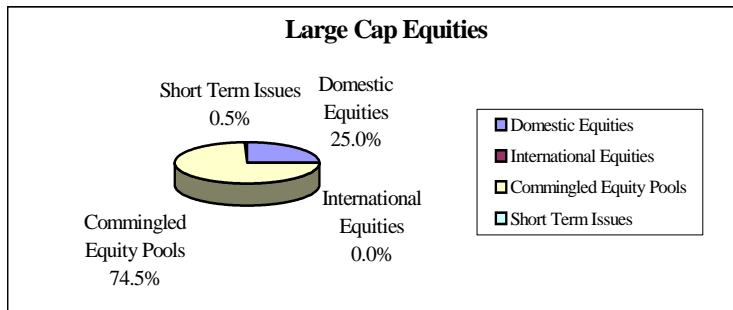




*Equity Pool (continued)*

**Investment Securities (in 000's)**

	<b>Large Cap Fair Value</b>	<b>Non-Large Cap Fair Value</b>	<b>International Fair Value</b>
Domestic Equities	\$ 335,740	\$ 394,247	\$ -
International Equities	-	-	405,320
Commingled Equity Pools	998,819	430,725	361,404
Short Term Issues	6,204	4,822	11,769
<b>Total</b>	<b>\$ 1,340,763</b>	<b>\$ 829,794</b>	<b>\$ 778,493</b>

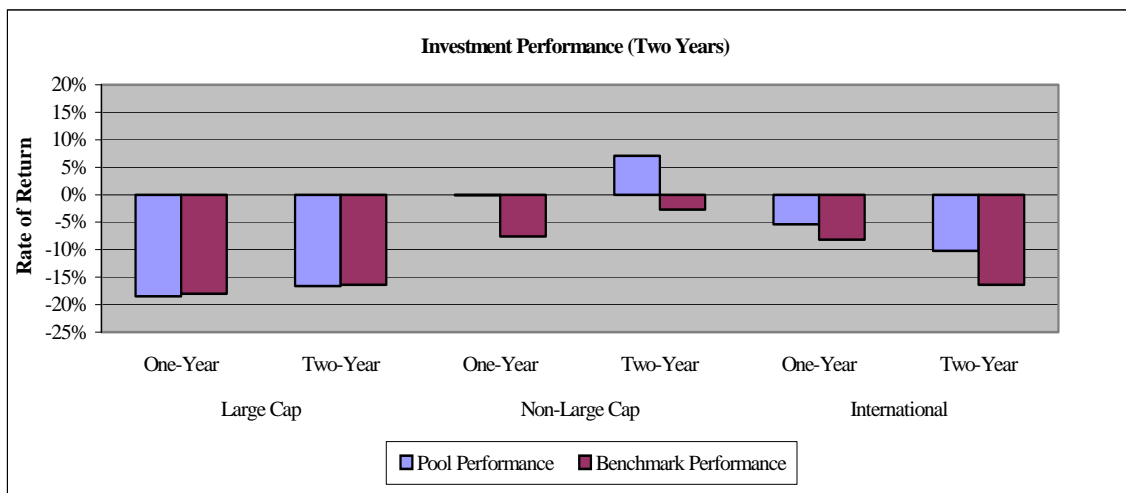


*Equity Pool (continued)*

**Investment Performance**

The WVIMB calculates total rates of return using the time-weighted rate of return methodology. The time-weighted method determines the rate of return exclusive of the effects of participant contributions or withdrawals.

	<b>Large Cap</b>		<b>Non-Large Cap</b>		<b>International</b>	
	<b>One-Year</b>	<b>Two-Year</b>	<b>One-Year</b>	<b>Two-Year</b>	<b>One-Year</b>	<b>Two-Year</b>
Pool Performance	-18.5%	-16.6%	-0.1%	7.1%	-5.4%	-10.2%
Benchmark Performance	-18.0%	-16.4%	-7.6%	-2.7%	-8.2%	-16.4%
Benchmark	S&P 500		Russell 2500		MSCI ACWI EX US	



Rates of return are net of investment manager fees.

***Equity Pool (continued)***

**Expenses**

The WVIMB charges each investment pool for its direct investment-related expense and an allocated share of other expenses. The Pool's expenses for the year divided by the average net assets of the pool are as follows:

Expense Category	Expense Ratios (in basis points)		
	Large Cap	Non-Large Cap	International
Investment advisor fees	5.5	33.1	46.1
Trustee fees	0.1	0.1	0.1
Custodian bank fees	0.1	0.7	3.8
Management fees	1.9	2.0	2.0
Fiduciary bond fees	0.2	0.2	0.2
Professional service fees	0.6	0.6	0.6
Total expenses	<u>8.4</u>	<u>36.7</u>	<u>52.8</u>

## ***Statutory Investment Pool***

### **Objectives**

This pool held investments which the West Virginia Investment Management Board acquired by directive of the West Virginia Legislature.

### **Investment Holdings**

West Virginia Code §12-6-20(b), enacted by the West Virginia State Legislature in April 1998, committed the Public Employees' Retirement System to invest in the West Virginia Regional Jail and Correctional Facility Authority. Under the terms of this legislation, the investment earned a rate of return equal to the annualized rate of return earned by the core fixed income portfolios of the Public Employees' Retirement System over the previous five years, plus one-tenth of one percent, with a floor of five percent per annum. The rate of return was calculated quarterly. The Legislature designated specific funds to repay this obligation with full repayment due August 31, 2023. The investments of this pool were prepaid on January 24, 2002. The pool was liquidated and closed on February 1, 2002.

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## Cash Liquidity Pool

### Objectives

The Cash Liquidity Pool was created to invest the majority of the State and local government operating funds. The objective of the portfolio is to maintain sufficient liquidity to meet the daily disbursement needs of the State and participants while earning a small return above inflation. The portfolio is structured as a money market fund with the goal being the preservation of principal. The risk factor on this portfolio is low and managed through numerous maturity restrictions, diversification guidelines, and credit limits. The participants are paid on an income basis, which includes interest income and realized gains and losses.

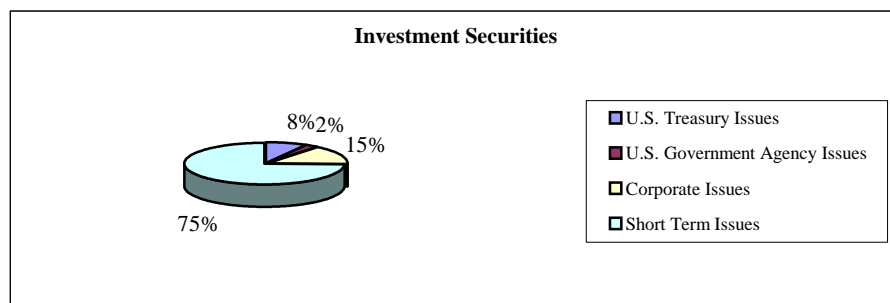
### Financial Highlights

#### Progression of Net Assets (in 000s)

Net Assets - June 30, 2001	\$ 991,918
Net increase from operations	29,856
Income distributions to unitholders	(29,860)
Net increase from unit transactions	73,462
Net Assets - June 30, 2002	<u>\$ 1,065,376</u>

#### Investment Securities (in 000s)

	<u>Amortized Cost</u>
U.S. Treasury Issues	\$ 88,902
U.S. Government Agency Issues	25,099
Corporate Issues	156,742
Short Term Issues	783,866
Total	<u>\$ 1,054,609</u>

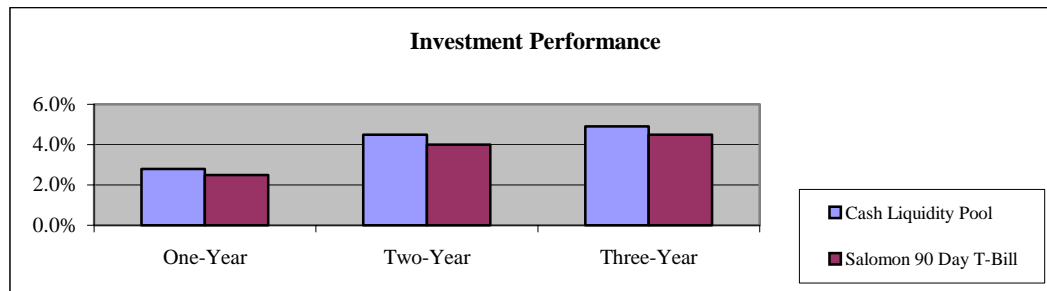


## Cash Liquidity Pool (continued)

### Investment Performance

The WVIMB calculates total rates of return using the time-weighted rate of return methodology. The time-weighted method determines the rate of return exclusive of the effects of participant contributions or withdrawals.

	Cash Liquidity Pool	Salomon 90 Day T-Bill
One-Year	2.8%	2.5%
Two-Year	4.5%	4.0%
Three-Year	4.9%	4.5%



Rates of return are net of investment manager fees.

### Expenses

The WVIMB charges each investment pool for its direct investment-related expense and an allocated share of other expenses. The Pool's expenses for the year divided by the average net assets of the pool are as follows:

Expense Category	Expense Ratio (in basis points)
Investment advisor fees	4.1
Trustee fees	0.1
Custodian bank fees	0.2
Management fees	6.4
Fiduciary bond fees	0.2
Professional service fees	1.0
Total expenses	<u>12.0</u>

## Government Money Market Pool

### Objectives

The Government Money Market Pool was created to invest moneys of the State in U.S. Government securities. The objective of the portfolio is to maintain sufficient liquidity to meet the daily disbursements of the participants while earning a small return above inflation. The portfolio is structured as a money market fund with the goal being a stable dollar value per share, thus preserving capital. The risk factor on this portfolio is low and managed through maturity restrictions. The default risk has been practically eliminated through the purchase of securities which the market considers default free. The participants are paid on an income basis that includes interest income and realized gains and losses.

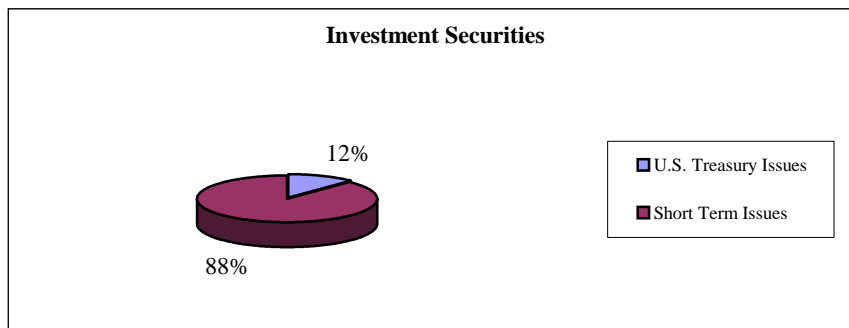
### Financial Highlights

#### Progression of Net Assets (in 000s)

Net Assets - June 30, 2001	\$ 141,054
Net increase from operations	4,696
Income distributions to unitholders	(4,682)
Net increase from unit transactions	4,167
Net Assets - June 30, 2002	<u>\$ 145,235</u>

#### Investment Securities (in 000s)

	<u>Amortized Cost</u>
U.S. Treasury Issues	\$ 17,317
Short Term Issues	124,594
Total	<u>\$ 141,911</u>



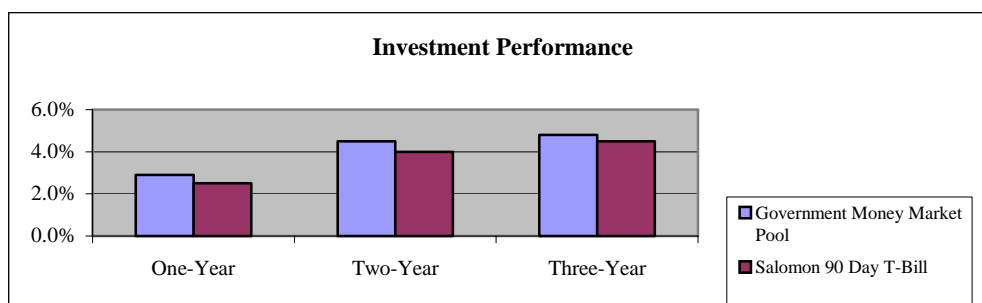


**Government Money Market Pool (continued)**

**Investment Performance**

The WVIMB calculates total rates of return using the time-weighted rate of return methodology. The time-weighted method determines the rate of return exclusive of the effects of participant contributions or withdrawals.

	Government Money Market Pool	Salomon 90 Day T-Bill
One-Year	2.9%	2.5%
Two-Year	4.5%	4.0%
Three-Year	4.8%	4.5%



Rates of return are net of investment manager fees.

**Expenses**

The WVIMB charges each investment pool for its direct investment-related expense and an allocated share of other expenses. The Pool’s expenses for the year divided by the average net assets of the pool are as follows:

Expense Category	Expense Ratio (in basis points)
Investment advisor fees	3.8
Trustee fees	0.1
Custodian bank fees	0.2
Management fees	7.1
Fiduciary bond fees	0.2
Professional service fees	1.1
<b>Total expenses</b>	<b>12.5</b>

## Enhanced Yield Pool

### Objectives

The Enhanced Yield Pool was created to invest restricted moneys of the State which have a perceived longer term investment horizon. The goal of the portfolio is to earn an incremental return over the Cash Liquidity Pool with an objective of capital growth rather than current income. The portfolio is structured as a mutual fund and is restricted to monthly withdrawals and deposits. The risk factor on this portfolio is slightly higher than the Cash Liquidity Pool.

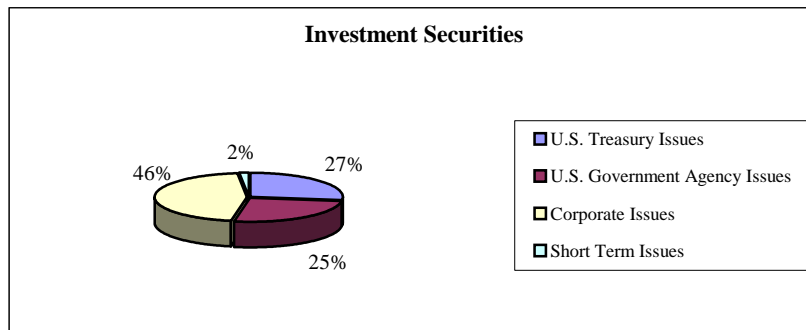
### Financial Highlights

#### Progression of Net Assets (in 000s)

Net Assets - June 30, 2001	\$	341,824
Net increase from operations		22,951
Income distributions to unitholders		(22,717)
Net decrease from unit transactions		(5,389)
Net Assets - June 30, 2002	\$	<u>336,669</u>

#### Investment Securities (in 000s)

	<u>Fair Value</u>
U.S. Treasury Issues	\$ 90,991
U.S. Government Agency Issues	84,523
Corporate Issues	151,741
Short Term Issues	5,556
Total	<u>\$ 332,811</u>

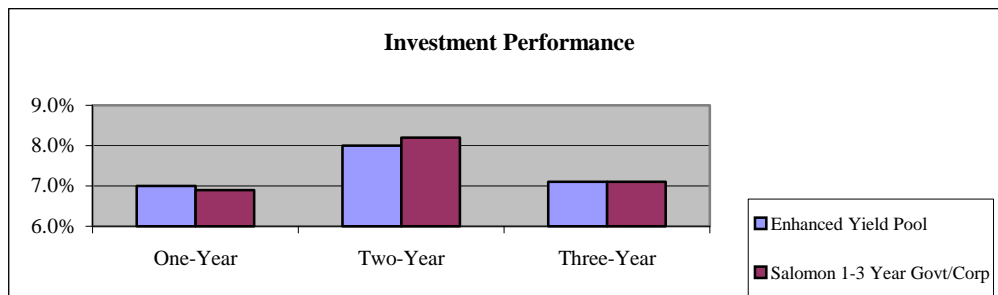


## Enhanced Yield Pool (continued)

### Investment Performance

The WVIMB calculates total rates of return using the time-weighted rate of return methodology. The time-weighted method determines the rate of return exclusive of the effects of participant contributions or withdrawals.

	Enhanced Yield Pool	Salomon 1-3 Year Govt/Corp
One-Year	7.0%	6.9%
Two-Year	8.0%	8.2%
Three-Year	7.1%	7.1%



Rates of return are net of investment manager fees.

### Expenses

The WVIMB charges each investment pool for its direct investment-related expense and an allocated share of other expenses. The Pool's expenses for the year divided by the average net assets of the pool are as follows:

Expense Category	Expense Ratio (in basis points)
Investment advisor fees	4.7
Trustee fees	0.1
Custodian bank fees	0.3
Management fees	6.8
Fiduciary bond fees	0.2
Professional service fees	1.1
Total expenses	<u>13.2</u>

## *Special Purpose Pools*

### **Objectives**

The Board operates two special purpose pools: the Loss Amortization Pool and the Loan Pool.

### **Loss Amortization**

This pool was created to account for those participant claims on the general operating funds of the State of West Virginia which exceeded the underlying assets of the other pools. This excess of participant claims on net assets over underlying assets occurred as a result of the distributions of earnings to participants in various investment pools, mainly the Unrestricted Pool (predecessor to the Cash Liquidity Pool), in excess of the true investment income experience of the pools, principally in 1987 and 1988.

### **Loans**

This pool is comprised of loans made by the State. The \$1 unit price is utilized for accounting purposes only. The State is the sole participant in this pool.

<b>Pool</b>	<b>June 30, 2002 Net Asset Value (in 000s)</b>
<i>Special Purpose Pools</i>	
Loss Amortization	\$121,953
Loans	118,329

## *Participant Directed Accounts*

### **Objectives**

The Participant Directed Accounts are portfolios set up for individual agencies that cannot commingle their moneys with other investors. The Board does not set objectives for these pools as the purchase of specific securities is made for the agency at their request. The Board acts only as custodian on these accounts.

<b>Pool</b>	<b>June 30, 2002 Net Asset Value (in 000s)</b>
<i>Single Agency Pools</i>	
Municipal Bond Commission	\$118,343
Department of Transportation	89,007
Lottery Defeasance	5,581
School Fund	1,453
EDA Insurance	456

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# *Participant Plans*

## *Death, Disability and Retirement Fund for Deputy Sheriffs'*

### Creation

The Death, Disability and Retirement Fund for Deputy Sheriffs' (the Plan) was established in 1998. Initial contributions were received on August 31, 1998.

### Investment Objectives

The Plan's investment objectives are as follows:

- To exceed the actuarial interest rate assumption of 7.5 percent per annum, net of fees.
- To achieve a total real rate of return of at least 4.0 percent per annum, net of fees.
- Preserve the current well-funded position while not subjecting the Plan to an undue level of risk.

### Asset Allocation

Based upon the WVIMB's determination of the appropriate risk tolerance for the Plan, the Board has adopted the following broad asset allocation guidelines for the assets managed for the Death, Disability and Retirement Fund for Deputy Sheriffs'. (Policy targets have been established on a market value basis.)

<b>Asset Class</b>	<b>Policy Target</b>
Domestic Large Cap Equity	30.0%
Domestic Non-Large Cap Equity	15.0%
International Equity	15.0%
<b>Total Equity</b>	<b>60.0%</b>
<b>Domestic Fixed Income</b>	<b>Residual</b>
<b>Cash and Cash Equivalents</b>	<b>\$225,000</b>



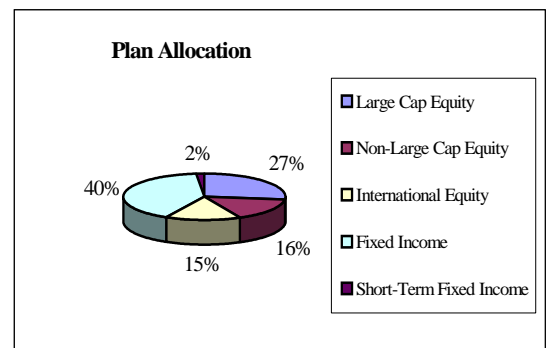
**Death, Disability and Retirement Fund for Deputy Sheriffs' (continued)**

**Progression of Plan Balance**

	(in 000s)
June 30, 2001	\$ 42,328
Contributions	4,354
Withdrawals	(1,485)
Net	<u>2,869</u>
Investment income	457
Net unrealized depreciation	(1,708)
June 30, 2002	<u><u>\$ 43,946</u></u>

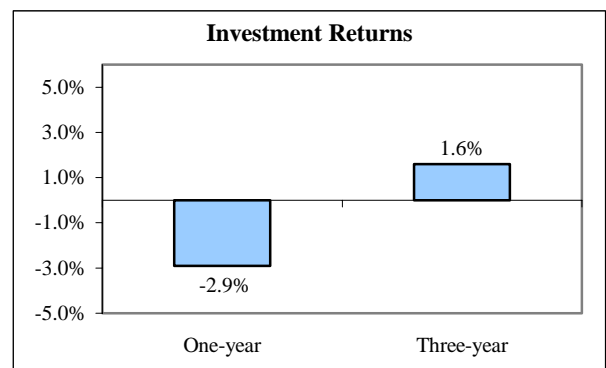
**Asset Allocation (actual)**

	Asset Value (in 000s)	Percentage
Large Cap Equity	\$ 11,849	27%
Non-Large Cap Equity	6,949	16%
International Equity	6,599	15%
Fixed Income	17,789	40%
Short-Term Fixed Income	760	2%
Total	<u><u>\$ 43,946</u></u>	<u>100%</u>



**Investment Performance**

Investment Return	
One-year	-2.9%
Three-year	1.6%



Rate of return is net of fees.

The WVIMB calculates total rates of return using the time-weighted rate of return methodology. The time-weighted method determines the rate of return exclusive of the effects of participant contributions or withdrawals.

## *Judges' Retirement System*

### Creation

The Judges' Retirement System (the Plan) was created in 1949.

### Investment Objectives

The Plan's investment objectives are as follows:

- To exceed the actuarial interest rate assumption of 6.5 percent per annum, net of fees.
- To achieve a total real rate of return of at least 4.0 percent per annum, net of fees.
- Reduce the unfunded liability while maintaining adequate liquidity to satisfy benefit payments while not subjecting the Plan to an undue level of risk.

### Asset Allocation

Based upon the WVIMB's determination of the appropriate risk tolerance for the Plan, the Board has adopted the following broad asset allocation guidelines for the assets managed for the Judges' Retirement System. (Policy targets have been established on a market value basis.)

<b>Asset Class</b>	<b>Policy Target</b>
Domestic Large Cap Equity	30.0%
Domestic Non-Large Cap Equity	15.0%
International Equity	15.0%
<b>Total Equity</b>	<b>60.0%</b>
<b>Domestic Fixed Income</b>	<b>Residual</b>
<b>Cash and Cash Equivalents</b>	<b>\$525,000</b>

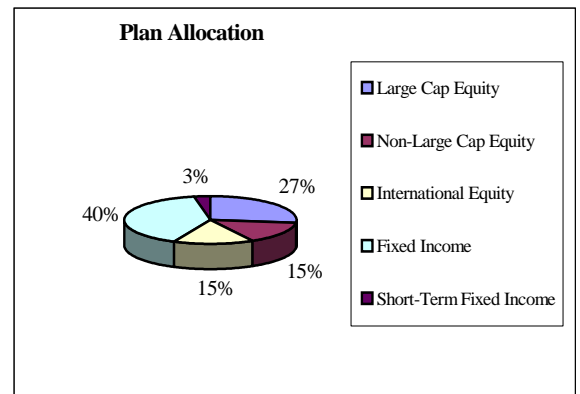
**Judges' Retirement System (continued)**

**Progression of Plan Balance**

	(in 000's)
June 30, 2001	\$ 46,033
Contributions	6,535
Withdrawals	(3,555)
Net	<u>2,980</u>
Investment Income	502
Net unrealized depreciation	(1,893)
June 30, 2002	<u><u>\$ 47,622</u></u>

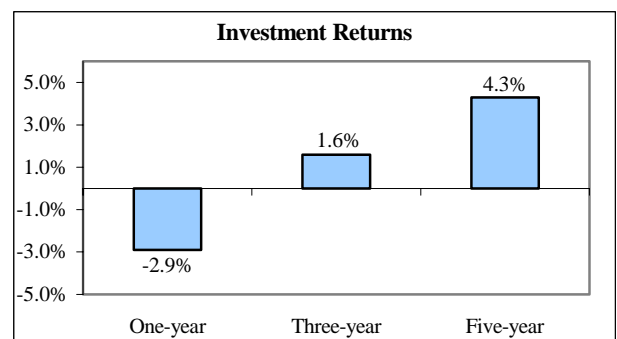
**Asset Allocation (actual)**

	Asset Value (in 000's)	Percentage
Large Cap Equity	\$ 12,774	27%
Non-Large Cap Equity	7,442	15%
International Equity	7,126	15%
Fixed Income	18,966	40%
Short-Term Fixed Income	1,314	3%
Total	<u><u>\$ 47,622</u></u>	100%



**Investment Performance**

Investment Returns	
One-year	-2.9%
Three-year	1.6%
Five-year	4.3%



Rates of return are net of fees.

The WVIMB calculates total rates of return using the time-weighted rate of return methodology. The time-weighted method determines the rate of return exclusive of the effects of participant contributions or withdrawals.

## *Public Employees' Retirement System*

### Creation

The Public Employees' Retirement System (the Plan) was created in 1961.

### Investment Objectives

The Plan's investment objectives are as follows:

- To exceed the actuarial interest rate assumption of 8.0 percent per annum, net of fees.
- To achieve a total real rate of return of at least 4.0 percent per annum, net of fees.
- Reduce the unfunded liability while maintaining adequate liquidity to satisfy benefit payments while not subjecting the Plan to an undue level of risk.

### Asset Allocation

Based upon the WVIMB's determination of the appropriate risk tolerance for the Plan, the Board has adopted the following broad asset allocation guidelines for the assets managed for the Public Employees' Retirement System. (Policy targets have been established on a market value basis.)

<b>Asset Class</b>	<b>Policy Target</b>
Domestic Large Cap Equity	30.0%
Domestic Non-Large Cap Equity	15.0%
International Equity	15.0%
<b>Total Equity</b>	<b>60.0%</b>
<b>Domestic Fixed Income</b>	<b>Residual</b>
<b>Cash and Cash Equivalents</b>	<b>\$19,500,000</b>

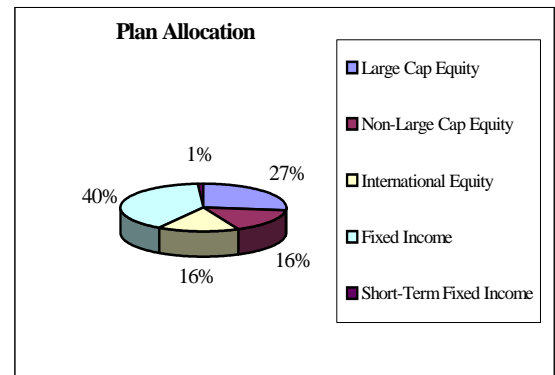
**Public Employees' Retirement System (continued)**

**Progression of Plan Balance**

	(in 000's)
June 30, 2001	\$ 2,677,793
Contributions	138,611
Withdrawals	<u>(154,375)</u>
Net	(15,764)
Investment Income	25,406
Net unrealized depreciation	<u>(102,185)</u>
June 30, 2002	<u><u>\$ 2,585,250</u></u>

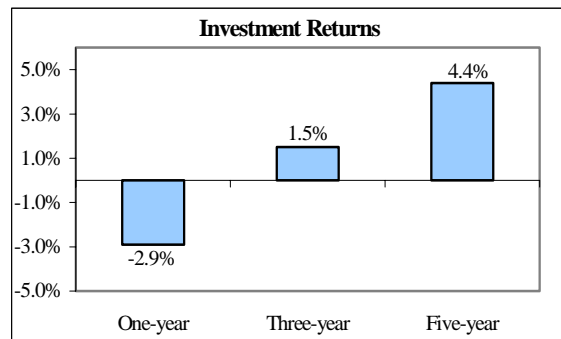
**Asset Allocation (actual)**

	Asset Value (in 000's)	Percentage
Large Cap Equity	\$ 689,501	27%
Non-Large Cap Equity	426,093	16%
International Equity	403,055	16%
Fixed Income	1,041,944	40%
Short-Term Fixed Income	24,657	1%
Total	<u><u>\$ 2,585,250</u></u>	100%



**Investment Performance**

Investment Returns	
One-year	-2.9%
Three-year	1.5%
Five-year	4.4%



Rates of return are net of fees.

The WVIMB calculates total rates of return using the time-weighted rate of return methodology. The time-weighted method determines the rate of return exclusive of the effects of participant contributions or withdrawals.

## *Public Safety Death, Disability and Retirement Fund*

### Creation

The Public Safety Death, Disability and Retirement Fund (the Plan) was created in 1925.

### Investment Objectives

The Plan's investment objectives are as follows:

- To exceed the actuarial interest rate assumption of 7.5 percent per annum, net of fees.
- To achieve a total real rate of return of at least 4.0 percent per annum, net of fees.
- Reduce the unfunded liability while maintaining adequate liquidity to satisfy benefit payments while not subjecting the Plan to an undue level of risk.

### Asset Allocation

Based upon the WVIMB's determination of the appropriate risk tolerance for the Plan, the Board has adopted the following broad asset allocation guidelines for the assets managed for the Public Safety Death, Disability and Retirement Fund. (Policy targets have been established on a market value basis.)

<b>Asset Class</b>	<b>Policy Target</b>
Domestic Large Cap Equity	30.0%
Domestic Non-Large Cap Equity	15.0%
International Equity	15.0%
<b>Total Equity</b>	<b>60.0%</b>
<b>Domestic Fixed Income</b>	<b>Residual</b>
<b>Cash and Cash Equivalents</b>	<b>\$3,000,000</b>

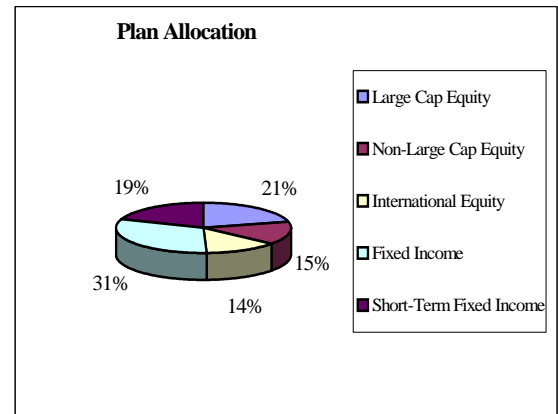
**Public Safety Death, Disability and Retirement Plan (continued)**

**Progression of Plan Balance**

	(in 000's)
June 30, 2001	\$ 89,228
Contributions	19,604
Withdrawals	<u>(17,751)</u>
Net	1,853
Investment Income	923
Net unrealized depreciation	<u>(3,305)</u>
June 30, 2002	<u><u>\$ 88,699</u></u>

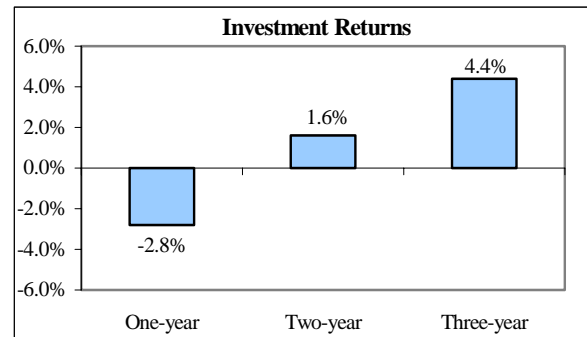
**Asset Allocation (actual)**

	Asset Value (in 000's)	Percentage
Large Cap Equity	\$ 18,813	21%
Non-Large Cap Equity	12,872	15%
International Equity	12,071	14%
Fixed Income	27,740	31%
Short-Term Fixed Income	17,203	19%
Total	<u><u>\$ 88,699</u></u>	100%



**Investment Performance**

Investment Returns	
One-year	-2.8%
Two-year	1.6%
Three-year	4.4%



Rates of return are net of fees.

The WVIMB calculates total rates of return using the time-weighted rate of return methodology. The time-weighted method determines the rate of return exclusive of the effects of participant contributions or withdrawals.

## *State Police Retirement System*

### **Creation**

The State Police Retirement System (the Plan) was created in 1994.

### **Investment Objectives**

The Plan's investment objectives are as follows:

- To exceed the actuarial interest rate assumption of 7.5 percent per annum, net of fees.
- To achieve a total real rate of return of at least 4.0 percent per annum, net of fees.
- Preserve the current surplus position while not subjecting the Plan to an undue level of risk.

### **Asset Allocation**

Based upon the WVIMB's determination of the appropriate risk tolerance for the Plan, the Board has adopted the following broad asset allocation guidelines for the assets managed for the State Police Retirement System. (Policy targets have been established on a market value basis.)

<b>Asset Class</b>	<b>Policy Target</b>
Domestic Large Cap Equity	30.0%
Domestic Non-Large Cap Equity	15.0%
International Equity	15.0%
<b>Total Equity</b>	<b>60.0%</b>
<b>Domestic Fixed Income</b>	<b>Residual</b>
<b>Cash and Cash Equivalents</b>	<b>\$50,000</b>



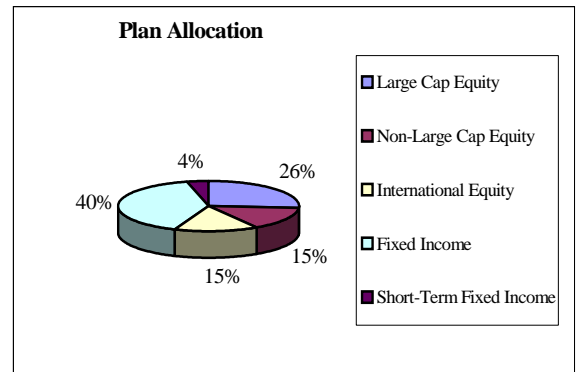
*State Police Retirement System (continued)*

**Progression of Plan Balance**

	(in 000's)
June 30, 2001	\$ 9,825
Contributions	2,180
Withdrawals	(50)
Net	<u>2,130</u>
Investment Income	113
Net unrealized depreciation	(424)
June 30, 2002	<u><u>\$ 11,644</u></u>

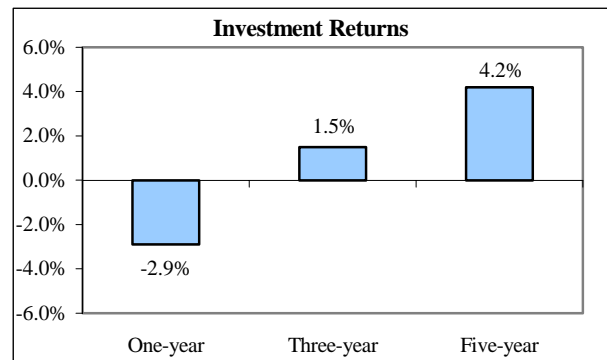
**Asset Allocation (actual)**

	Asset Value (in 000's)	Percentage
Large Cap Equity	\$ 3,046	26%
Non-Large Cap Equity	1,719	15%
International Equity	1,757	15%
Fixed Income	4,636	40%
Short-Term Fixed Income	486	4%
Total	<u><u>\$ 11,644</u></u>	<u>100%</u>



**Investment Performance**

Investment Returns	
One-year	-2.9%
Three-year	1.5%
Five-year	4.2%



Rates of return are net of fees.

The WVIMB calculates total rates of return using the time-weighted rate of return methodology. The time-weighted method determines the rate of return exclusive of the effects of participant contributions or withdrawals.

## *Teachers' Retirement System*

### Creation

The Teachers' Retirement System (the Plan) was created in 1941.

### Investment Objectives

The Plan's investment objectives are as follows:

- To exceed the actuarial interest rate assumption of 8.0 percent per annum, net of fees.
- To achieve a total real rate of return of at least 4.0 percent per annum, net of fees.
- Reduce the unfunded liability while maintaining adequate liquidity to satisfy benefit payments while not subjecting the Plan to an undue level of risk.

### Asset Allocation

Based upon the WVIMB's determination of the appropriate risk tolerance for the Plan, the Board has adopted the following broad asset allocation guidelines for the assets managed for the Teachers' Retirement System. (Policy targets have been established on a market value basis.)

<b>Asset Class</b>	<b>Policy Target</b>
Domestic Large Cap Equity	30.0%
Domestic Non-Large Cap Equity	15.0%
International Equity	15.0%
<b>Total Equity</b>	<b>60.0%</b>
<b>Domestic Fixed Income</b>	<b>Residual</b>
<b>Cash and Cash Equivalents</b>	<b>\$35,250,000</b>

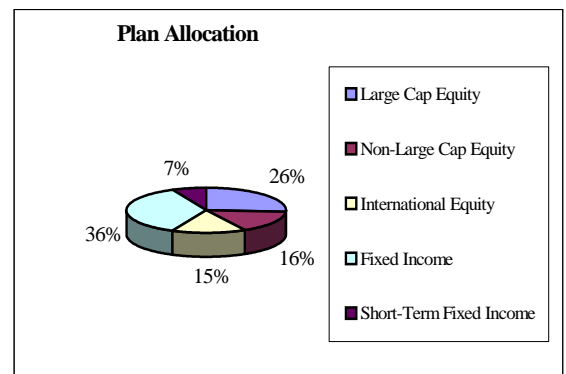
**Teachers' Retirement System (continued)**

**Progression of Plan Balance**

	(in 000's)
June 30, 2001	\$ 1,051,975
Contributions	314,386
Withdrawals	<u>(276,010)</u>
Net	38,376
Investment Income	11,013
Net unrealized depreciation	<u>(42,806)</u>
June 30, 2002	<u><u>\$ 1,058,558</u></u>

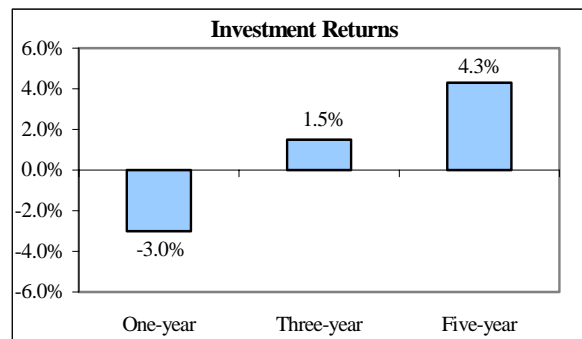
**Asset Allocation (actual)**

	Asset Value (in 000's)	Percentage
Large Cap Equity	\$ 270,921	26%
Non-Large Cap Equity	164,017	16%
International Equity	161,232	15%
Fixed Income	386,219	36%
Short-Term Fixed Income	76,169	7%
Total	<u><u>\$ 1,058,558</u></u>	<u>100%</u>



**Investment Performance**

Investment Returns	
One-year	-3.0%
Three-year	1.5%
Five-year	4.3%



Rates of return are net of fees.

The WVIMB calculates total rates of return using the time-weighted rate of return methodology. The time-weighted method determines the rate of return exclusive of the effects of participant contributions or withdrawals.

## *Workers' Compensation Fund I and II*

### Creation

The Workers' Compensation Fund (the Plan) was formed in 1913.

### Investment Objectives

The Plan's investment objectives are as follows:

- To exceed the actuarial interest rate assumption of 6.5 percent per annum, net of fees.
- Maintain adequate liquidity to fund operational cash flows.

### Asset Allocation

Based upon the WVIMB's determination of the appropriate risk tolerance for the Plan, the Board has adopted the following broad asset allocation guidelines for the assets managed for the Workers' Compensation Fund I and II. (Policy targets have been established on a market value basis.)

<b>Asset Class</b>	<b>Policy Target</b>
Domestic Large Cap Equity	30.0%
Domestic Non-Large Cap Equity	15.0%
International Equity	15.0%
<b>Total Equity</b>	<b>60.0%</b>
<b>Domestic Fixed Income</b>	<b>Residual</b>
<b>Cash and Cash Equivalents</b>	<b>\$110,000,000</b>

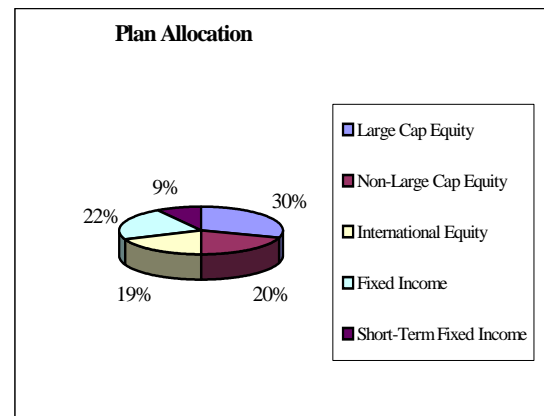
## Workers' Compensation Fund I

### Progression of Plan Balance

	(in 000's)
June 30, 2001	\$ 644,180
Contributions	412,125
Withdrawals	(568,287)
Net	<u>(156,162)</u>
Investment Income	6,116
Net unrealized appreciation	(32,344)
June 30, 2002	<u><u>\$ 461,790</u></u>

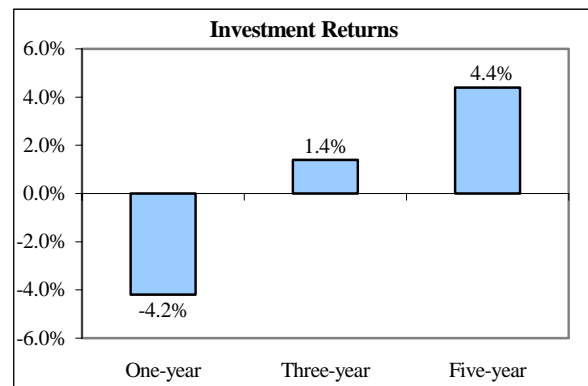
### Asset Allocation (actual)

	Asset Value (in 000's)	Percentage
Large Cap Equity	\$ 137,018	30%
Non-Large Cap Equity	92,541	20%
International Equity	88,451	19%
Fixed Income	103,979	22%
Short-Term Fixed Income	39,801	9%
Total	<u><u>\$ 461,790</u></u>	100%



### Investment Performance

Investment Returns	
One-year	-4.2%
Three-year	1.4%
Five-year	4.4%



Rates of return are net of fees.

The WVIMB calculates total rates of return using the time-weighted rate of return methodology. The time-weighted method determines the rate of return exclusive of the effects of participant contributions or withdrawals.

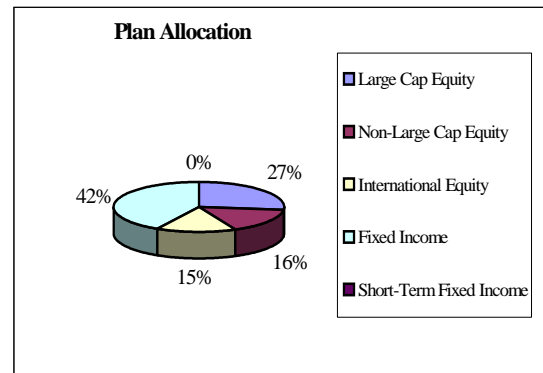
## Workers' Compensation Fund II

### Progression of Plan Balance

	(in 000's)
June 30, 2001	\$ 445,580
Contributions	-
Withdrawals	-
Net	-
Investment Income	4,647
Net unrealized depreciation	(17,086)
June 30, 2002	<u>\$ 433,141</u>

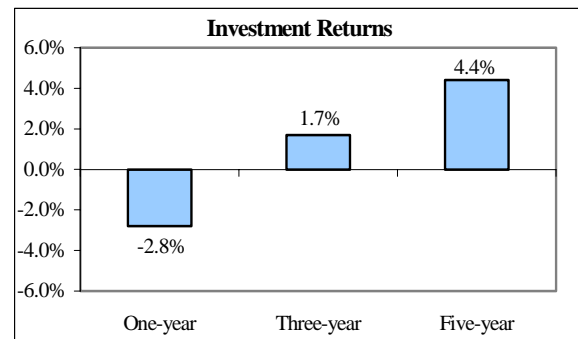
### Asset Allocation (actual)

	Asset Value (in 000's)	Percentage
Large Cap Equity	\$ 115,512	27%
Non-Large Cap Equity	70,979	16%
International Equity	66,789	15%
Fixed Income	179,861	42%
Short-Term Fixed Income	-	0%
Total	<u>\$ 433,141</u>	<u>100%</u>



### Investment Performance

Investment Returns	
One-year	-2.8%
Three-year	1.7%
Five-year	4.4%



Rates of return are net of fees.

The WVIMB calculates total rates of return using the time-weighted rate of return methodology. The time-weighted method determines the rate of return exclusive of the effects of participant contributions or withdrawals.

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## *Pneumoconiosis Fund*

### Creation

The Pneumoconiosis Fund (the Plan) was formed in 1974 to provide Coal Operators insurance coverage for their potential liability under the Federal Coal Mine Health and Safety Act of 1969.

### Investment Objectives

The Plan's investment objectives are as follows:

- To exceed the actuarial interest rate assumption of 6.5 percent per annum, net of fees.
- Preserve the Fund's current surplus position.

### Asset Allocation

Based upon the WVIMB's determination of the appropriate risk tolerance for the Plan, the Board has adopted the following broad asset allocation guidelines for the assets managed for the Pneumoconiosis Fund. (Policy targets have been established on a market value basis.)

<b>Asset Class</b>	<b>Policy Target</b>
Domestic Large Cap Equity	10.0%
Domestic Non-Large Cap Equity	5.0%
International Equity	5.0%
<b>Total Equity</b>	<b>20.0%</b>
<b>Domestic Fixed Income</b>	<b>75.0%</b>
<b>Cash and Cash Equivalents</b>	<b>5.0%</b>



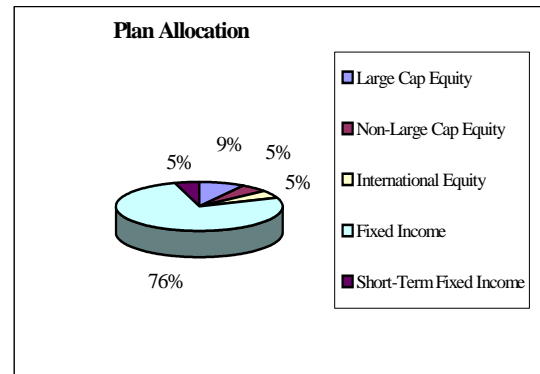
***Pneumoconiosis Fund (continued)***

**Progression of Plan Balance**

	(in 000's)
June 30, 2001	\$ 339,626
Contributions	7,240
Withdrawals	(8,063)
Net	<u>(823)</u>
Investment Income	7,331
Net unrealized appreciation	7,615
June 30, 2002	<u><u>\$ 353,749</u></u>

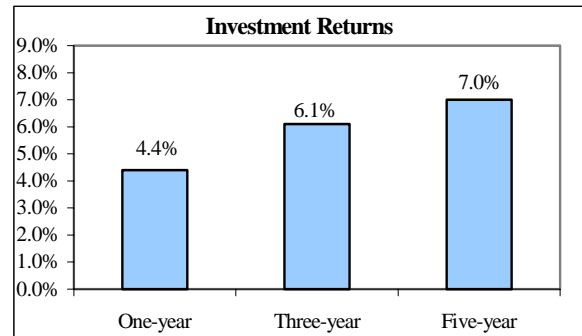
**Asset Allocation (actual)**

	Asset Value (in 000's)	Percentage
Large Cap Equity	\$ 31,316	9%
Non-Large Cap Equity	18,418	5%
International Equity	18,033	5%
Fixed Income	269,238	76%
Short-Term Fixed Income	16,744	5%
Total	<u><u>\$ 353,749</u></u>	<u>100%</u>



**Investment Performance**

Investment Returns	
One-year	4.4%
Three-year	6.1%
Five-year	7.0%



Rates of return are net of fees.

The WVIMB calculates total rates of return using the time-weighted rate of return methodology. The time-weighted method determines the rate of return exclusive of the effects of participant contributions or withdrawals.

## *Workers' Compensation Employers Excess Liability Fund*

### Creation

The Workers' Compensation Employers Excess Liability Fund (the Plan) was created in 1983 to provide insurance for employers who are liable for any excess damages not covered by regular Workers' Compensation. This is a voluntary fund with limited participation.

### Investment Objectives

The Plan's investment objectives are as follows:

- To exceed the actuarial interest rate assumption of 6.5 percent per annum, net of fees.
- Provide adequate liquidity to meet cash flow requirements.

### Asset Allocation

Based upon the WVIMB's determination of the appropriate risk tolerance for the Plan, the Board has adopted the following broad asset allocation guidelines for the assets managed for the Workers' Compensation Employers Excess Liability Fund. (Policy targets have been established on a market value basis.)

<b>Asset Class</b>	<b>Policy Target</b>
Domestic Large Cap Equity	20.0%
Domestic Non-Large Cap Equity	10.0%
International Equity	10.0%
<b>Total Equity</b>	<b>40.0%</b>
<b>Domestic Fixed Income</b>	<b>Residual</b>
<b>Cash and Cash Equivalents</b>	<b>\$1,250,000</b>

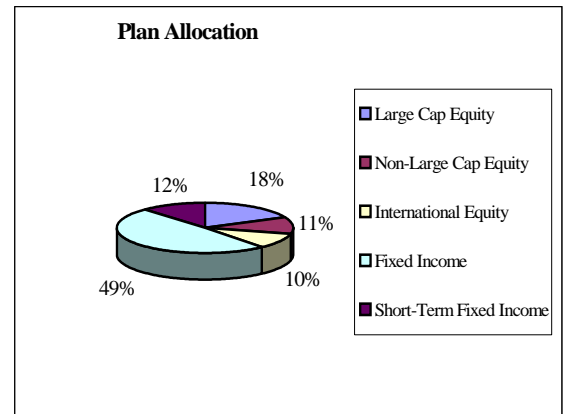
**Workers' Compensation Employers Excess Liability Fund (continued)**

**Progression of Plan Balance**

	(in 000's)
June 30, 2001	\$ 8,837
Contributions	1,090
Withdrawals	(237)
Net	<u>853</u>
Investment Income	156
Net unrealized depreciation	(133)
June 30, 2002	<u><u>\$ 9,713</u></u>

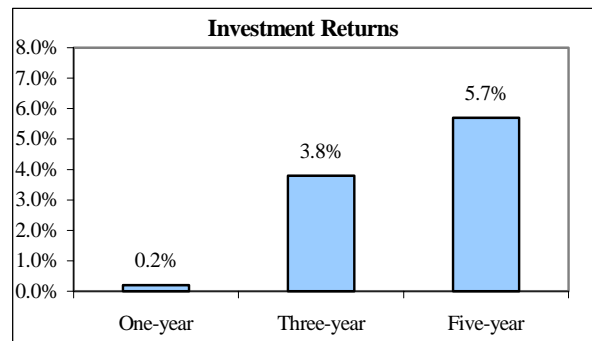
**Asset Allocation (actual)**

	Asset Value (in 000's)	Percentage
Large Cap Equity	\$ 1,777	18%
Non-Large Cap Equity	1,025	11%
International Equity	1,009	10%
Fixed Income	4,703	49%
Short-Term Fixed Income	1,199	12%
Total	<u><u>\$ 9,713</u></u>	<u>100%</u>



**Investment Performance**

Investment Returns	
One-year	0.2%
Three-year	3.8%
Five-year	5.7%



Rates of return are net of fees.

The WVIMB calculates total rates of return using the time-weighted rate of return methodology. The time-weighted method determines the rate of return exclusive of the effects of participant contributions or withdrawals.

## *Wildlife Endowment Fund*

### Creation

The Wildlife Endowment Fund (the Plan) was created in 1998. The objective of the Wildlife Endowment Fund is to supplement the Division of Natural Resources annual budget in support of various statewide projects.

### Investment Objectives

The Plan's investment objectives are as follows:

- To achieve a total real rate of return of at least 4.0 percent per annum, net of fees.
- Provide adequate liquidity to meet cash flow requirements.

### Asset Allocation

Based upon the Board's determination of the appropriate risk tolerance for the Plan, the Board has adopted the following broad asset allocation guidelines for the assets managed for the Wildlife Endowment Fund. (Policy targets have been established on a market value basis.)

<b>Asset Class</b>	<b>Policy Target</b>
Domestic Large Cap Equity	30.0%
Domestic Non-Large Cap Equity	15.0%
International Equity	15.0%
<b>Total Equity</b>	<b>60.0%</b>
<b>Domestic Fixed Income</b>	<b>40.0%</b>
<b>Cash and Cash Equivalents</b>	<b>Residual</b>

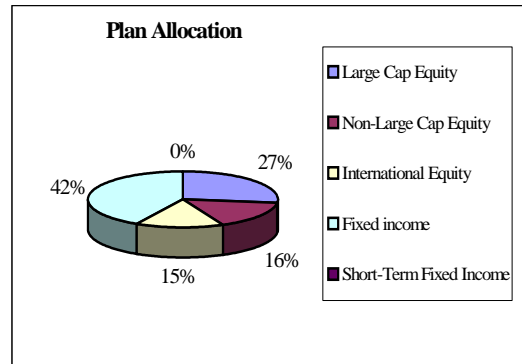
**Wildlife Endowment Fund (continued)**

**Progression of Plan Balance**

	(in 000's)
June 30, 2001	\$ 22,016
Contributions	507
Withdrawals	-
Net	<u>507</u>
Investment Income	295
Net unrealized depreciation	<u>(326)</u>
June 30, 2002	<u><u>\$ 22,492</u></u>

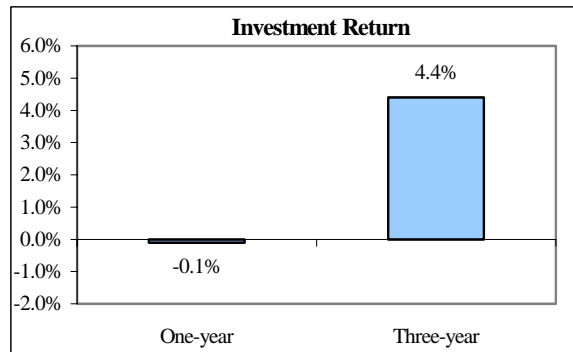
**Asset Allocation**

	Asset Value (in 000's)	Percentage
Large Cap Equity	\$ 6,098	27%
Non-Large Cap Equity	3,636	16%
International Equity	3,414	15%
Fixed income	9,311	42%
Short-Term Fixed Income	33	0%
Total	<u><u>\$ 22,492</u></u>	<u>100%</u>



**Investment Performance**

Investment Return	
One-year	-0.1%
Three-year	4.4%



Rates of return are net of fees.

The WVIMB calculates total rates of return using the time-weighted rate of return methodology. The time-weighted method determines the rate of return exclusive of the effects of participant contributions or withdrawals.

## *West Virginia Prepaid Tuition Trust Fund*

### Creation

The West Virginia Prepaid Tuition Trust Fund (Plan) became a participant in the investment pools in July 1999.

### Investment Objectives

The investment objectives for the West Virginia Prepaid Tuition Trust Fund are set by the trustees of the Fund.

The Plan's investment objectives are as follows:

- Generate long-term returns that over a market cycle (usually three to five years) will equal or exceed, after fees, the liquidity requirements to meet the obligations of the Fund.
- To exceed the interest rate assumption of 7.25 percent per annum, net of fees.

### Asset Allocation

The WVIMB has adopted the West Virginia Prepaid Tuition Trust Fund's asset allocation plan and invests these assets under the following broad asset allocation guidelines. (Policy targets have been established on a market value basis.)

<b>Asset Class</b>	<b>Policy Target</b>
Domestic Large Cap Equity	30.0%
Domestic Non-Large Cap Equity	15.0%
International Equity	15.0%
<b>Total Equity</b>	<b>60.0%</b>
<b>Domestic Fixed Income</b>	<b>Residual</b>
<b>Cash and Cash Equivalents</b>	<b>\$10,000</b>

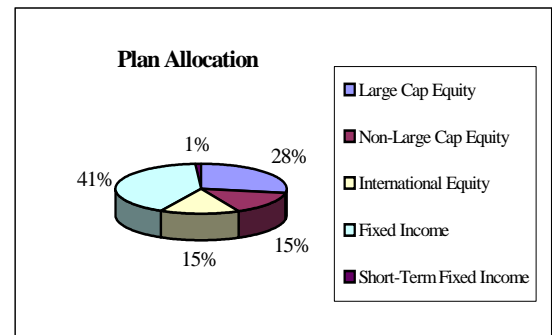
**West Virginia Prepaid Tuition Trust Fund (continued)**

**Progression of Plan Balance**

	(in 000s)
June 30, 2001	\$ 48,644
Contributions	10,056
Withdrawals	-
Net	<u>10,056</u>
Investment income	563
Net unrealized depreciation	<u>(2,028)</u>
June 30, 2002	<u><u>\$ 57,235</u></u>

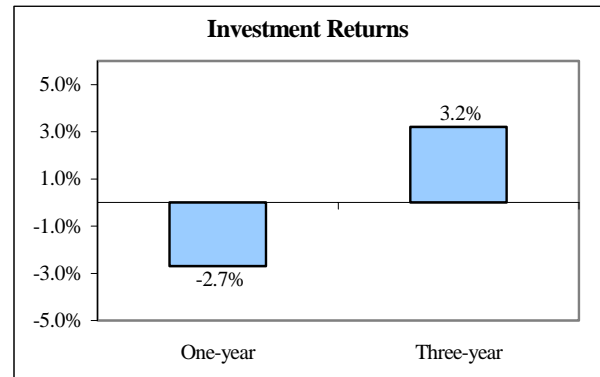
**Asset Allocation (actual)**

	Asset Value (in 000s)	Percentage
Large Cap Equity	\$ 15,674	28%
Non-Large Cap Equity	8,563	15%
International Equity	8,721	15%
Fixed Income	23,647	41%
Short-Term Fixed Income	630	1%
Total	<u><u>\$ 57,235</u></u>	<u>100%</u>



**Investment Performance**

Investment Return	
One-year	-2.7%
Three-year	3.2%



Rates of return are net of fees.

The WVIMB calculates total rates of return using the time-weighted rate of return methodology. The time-weighted method determines the rate of return exclusive of the effects of participant contributions or withdrawals.

## *Tobacco Settlement Medical Trust Fund*

### Creation

The Tobacco Settlement Medical Trust Fund was established in 1999 and began participating in the investment pools on August 1, 2001. Prior to this date, these funds were invested as part of the Consolidated Fund. The main objective of the Tobacco Settlement Medical Trust is to stabilize the States' health related programs and delivery systems. They are also intended to be used "for the purpose of educating the public about the health risks associated with tobacco usage and for the establishment of a program designed to reduce and stop the use of tobacco by the citizens of this state and in particular by teenagers".

### Investment Objectives:

The Plan's investment objective is as follows:

- To achieve a total real rate of return of at least 4.0 percent per annum, net of fees.

### Asset Allocation

Based upon the Board's determination of the appropriate risk tolerance for the Plan, the Board has adopted the following broad asset allocation guidelines for the assets managed for the Tobacco Settlement Medical Trust Fund. (Policy targets have been established on a market value basis.)

<b>Asset Class</b>	<b>Policy Target</b>
Domestic Large Cap Equity	30.0%
Domestic Small Cap Equity	15.0%
International Equity	15.0%
<b>Total Equity</b>	<b>60.0%</b>
<b>Domestic Fixed Income</b>	<b>40.0%</b>
<b>Cash and Cash Equivalents</b>	<b>Residual</b>



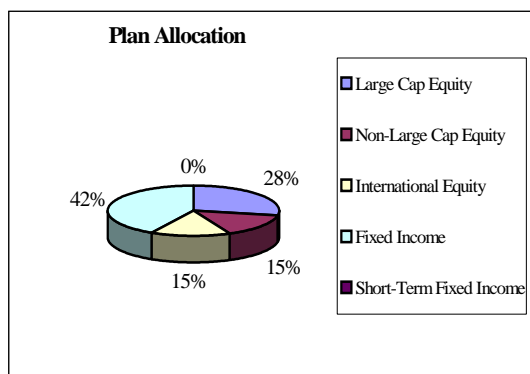
**Tobacco Settlement Trust Fund (continued)**

**Progression of Plan Balance**

	(in 000's)
June 30, 2001	\$ -
Contributions	100,275
Withdrawals	-
Net	<u>100,275</u>
Investment Income	1,083
Net unrealized depreciation	<u>(1,686)</u>
June 30, 2002	<u><u>\$ 99,672</u></u>

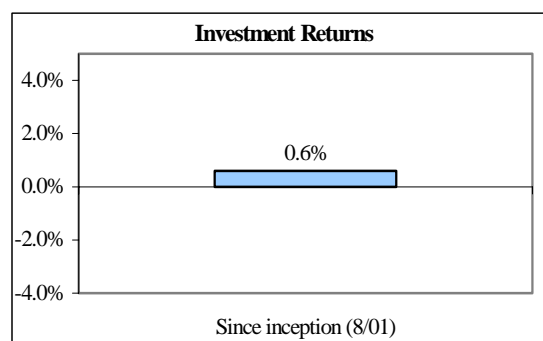
**Asset Allocation (actual)**

	Asset Value (in 000's)	Percentage
Large Cap Equity	\$ 28,146	28%
Non-Large Cap Equity	14,423	15%
International Equity	15,346	15%
Fixed Income	41,756	42%
Short-Term Fixed Income	1	0%
Total	<u><u>\$ 99,672</u></u>	<u>100%</u>



**Investment Performance**

Investment Returns	
Since inception (8/01)	0.6%



Rates of return are net of fees.

The WVIMB calculates total rates of return using the time-weighted rate of return methodology. The time-weighted method determines the rate of return exclusive of the effects of participant contributions or withdrawals.

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# *Audited Financial Statements*



*West Virginia*  
*Investment Management Board*

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*Investment Pools*

*Audited Financial Statements*

*June 30, 2002*



**West Virginia Investment Management Board**

**Audited Financial Statements**

**June 30, 2002**

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Audited Financial Statements

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One Mellon Center  
Pittsburgh, PA 15219

Telephone 412 391 9710  
Fax 412 391 8963

## Independent Auditors' Report

Board of Trustees  
West Virginia Investment Management Board:

We have audited the accompanying statement of assets and liabilities, including the schedule of investments in securities, of the individual investment pools managed by the West Virginia Investment Management Board (the WVIMB) as of June 30, 2002 and the related statements of operations and changes in net assets for the year then ended, except for the Statutory Investment Pool which is for the period from July 1, 2001 to February 1, 2002 (date of liquidation). These financial statements are the responsibility of the WVIMB's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the individual investment pools managed by the WVIMB as of June 30, 2002 and the results of their operations and changes in their net assets for the year then ended, except for the Statutory Investment Pool which is for the period from July 1, 2001 to February 1, 2002 (date of liquidation), in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included on pages 70 and 71 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

**KPMG LLP**

August 16, 2002



KPMG LLP, KPMG LLP, a U.S. limited liability partnership, is a member of KPMG International, a Swiss association.





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**West Virginia Investment Management Board**  
**Statement of Assets and Liabilities**

**June 30, 2002**

*(Dollars in thousands, except Investment Unit Data)*

	S&P 500 Index Qualified	S&P 500 Index Nonqualified
<b>Assets</b>		
Investment securities:		
At amortized cost		
At fair value	\$ 750,441	\$ 248,378
Cash	-	-
Collateral for securities loaned, at fair value (Note 5)	-	-
Receivables:		
Accrued interest	-	-
Investments sold	-	-
Dividends	-	-
Securities lending income	-	-
Due from broker - variation margin	-	-
Foreign tax withholding	-	-
Unrealized gain on foreign currency exchange contracts (Note 10)	-	-
<b>Total assets</b>	750,441	248,378
<b>Liabilities</b>		
Accrued expenses	40	13
Payable for investments purchased	-	-
Payable upon return of securities loaned (Note 5)	-	-
Option contracts written (Notes 8 & 9)	-	-
<b>Total liabilities</b>	40	13
<b>Net assets at value</b>	\$ 750,401	\$ 248,365
<b>Net assets</b>		
Paid-in capital	\$ 891,062	\$ 286,724
Accumulated undistributed net investment income (loss)	(940)	11,279
Accumulated undistributed net realized gain (loss) from investments	(3,362)	9,842
Accumulated undistributed net realized loss		
from foreign currency transactions	-	-
Unrealized net appreciation (depreciation) of investments	(136,359)	(59,480)
Unrealized net appreciation on translation		
of assets and liabilities in foreign currencies	-	-
<b>Net assets at value</b>	\$ 750,401	\$ 248,365
<b>Investment unit data:</b>		
Units outstanding	72,297,406	23,611,429
Net asset value, unit price	\$10.38	\$10.52

*See accompanying notes to financial statements.*

<u>Large Cap Domestic</u>	<u>Non-Large Cap Domestic</u>	<u>International Qualified</u>	<u>International Nonqualified</u>
\$ 341,944	\$ 829,794	\$ 204,503	\$ 67,694
-	7	-	-
-	4,507	-	-
-	-	-	-
4,826	15,821	-	-
437	267	-	-
-	12	-	-
-	3	-	-
-	-	-	-
-	-	-	-
<u>347,207</u>	<u>850,411</u>	<u>204,503</u>	<u>67,694</u>
172	767	106	3
3,355	16,458	-	-
-	4,507	-	-
-	-	-	-
<u>3,527</u>	<u>21,732</u>	<u>106</u>	<u>3</u>
<u>\$ 343,680</u>	<u>\$ 828,679</u>	<u>\$ 204,397</u>	<u>\$ 67,691</u>
\$ 439,261	\$ 633,844	\$ 148,357	\$ 45,671
13,497	99,627	(3,117)	(1,367)
(53,757)	5,646	(3,813)	1,988
-	-	-	-
(55,321)	89,562	62,970	21,399
-	-	-	-
<u>\$ 343,680</u>	<u>\$ 828,679</u>	<u>\$ 204,397</u>	<u>\$ 67,691</u>
42,249,091	66,237,976	12,988,737	3,898,474
<u>\$8.13</u>	<u>\$12.51</u>	<u>\$15.74</u>	<u>\$17.36</u>

**West Virginia Investment Management Board**  
**Statement of Assets and Liabilities (Continued)**

**June 30, 2002**

*(Dollars in thousands, except Investment Unit Data)*

	<b>International Equity</b>	<b>Short-Term Fixed Income</b>
<b>Assets</b>		
Investment securities:		
At amortized cost		
At fair value	\$ 506,296	\$ 178,936
Cash	19,291	-
Collateral for securities loaned, at fair value (Note 5)	70,494	-
Receivables:		
Accrued interest	-	114
Investments sold	10,849	-
Dividends	559	-
Securities lending income	128	-
Due from broker - variation margin	-	-
Foreign tax withholding	184	-
Unrealized gain on foreign currency exchange contracts (Note 10)	204	-
<b>Total assets</b>	<b>608,005</b>	<b>179,050</b>
<b>Liabilities</b>		
Accrued expenses	402	52
Payable for investments purchased	15,596	-
Payable upon return of securities loaned (Note 5)	70,494	-
Option contracts written (Notes 8 & 9)	-	-
<b>Total liabilities</b>	<b>86,492</b>	<b>52</b>
<b>Net assets at value</b>	<b>\$ 521,513</b>	<b>\$ 178,998</b>
<b>Net assets</b>		
Paid-in capital	\$ 592,255	\$ 178,244
Accumulated undistributed net investment income (loss)	17,807	294
Accumulated undistributed net realized gain (loss) from investments	(32,672)	418
Accumulated undistributed net realized loss		
from foreign currency transactions	(51,109)	-
Unrealized net appreciation (depreciation) of investments	(31,413)	42
Unrealized net appreciation on translation		
of assets and liabilities in foreign currencies	26,645	-
<b>Net assets at value</b>	<b>\$ 521,513</b>	<b>\$ 178,998</b>
<b>Investment unit data:</b>		
Units outstanding	50,500,220	17,973,983
Net asset value, unit price	<b>\$10.33</b>	<b>\$9.96</b>

*See accompanying notes to financial statements.*

<u>Fixed Income</u>	<u>Fixed Income Qualified</u>	<u>Fixed Income Nonqualified</u>
\$ 1,456,902	\$ 664,357	\$ 275,221
4,557	-	-
223,177	-	-
10,099	-	-
49,884	-	-
185	-	-
40	-	-
17	-	-
-	-	-
-	-	-
<u>1,744,861</u>	<u>664,357</u>	<u>275,221</u>
574	43	18
330,065	-	-
223,177	-	-
774	-	-
<u>554,590</u>	<u>43</u>	<u>18</u>
<u>\$ 1,190,271</u>	<u>\$ 664,314</u>	<u>\$ 275,203</u>
\$ 1,091,182	\$ 541,426	\$ 210,270
4,992	1,599	35,754
84,432	21,082	(1,325)
-	-	-
9,665	100,207	30,504
-	-	-
<u>\$ 1,190,271</u>	<u>\$ 664,314</u>	<u>\$ 275,203</u>
112,308,777	54,281,410	22,307,464
<u>\$10.60</u>	<u>\$12.24</u>	<u>\$12.34</u>



**West Virginia Investment Management Board**  
**Statement of Assets and Liabilities (Continued)**

**June 30, 2002**

*(Dollars in thousands, except Investment Unit Data)*

	<u>Cash Liquidity</u>	<u>Government Money Market</u>
<b>Assets</b>		
Investment securities:		
At amortized cost	\$ 1,054,609	\$ 141,911
At fair value		
Cash	-	-
Collateral for securities loaned, at fair value (Note 5)	135,615	55,326
Receivables:		
Accrued interest	4,321	204
Investments sold	6,500	-
Dividends	-	3,123
Securities lending income	18	7
Due from broker - variation margin	-	-
Foreign tax withholding	-	-
Unrealized gain on foreign currency exchange contracts (Note 10)	-	-
<b>Total assets</b>	<u>1,201,063</u>	<u>200,571</u>
<b>Liabilities</b>		
Accrued expenses	72	10
Payable for investments purchased	-	-
Payable upon return of securities loaned (Note 5)	135,615	55,326
Option contracts written (Notes 8 & 9)	-	-
<b>Total liabilities</b>	<u>135,687</u>	<u>55,336</u>
<b>Net assets at value</b>	<u>\$ 1,065,376</u>	<u>\$ 145,235</u>
<b>Net assets</b>		
Paid-in capital	\$ 1,065,379	\$ 145,218
Accumulated undistributed net investment income (loss)	(3)	7
Accumulated undistributed net realized gain (loss) from investments	-	10
Accumulated undistributed net realized loss		
from foreign currency transactions	-	-
Unrealized net appreciation (depreciation) of investments	-	-
Unrealized net appreciation on translation		
of assets and liabilities in foreign currencies	-	-
<b>Net assets at value</b>	<u>\$ 1,065,376</u>	<u>\$ 145,235</u>
Investment unit data:		
Units outstanding	1,065,379,682	145,218,491
Net asset value, unit price	<u>\$1.00</u>	<u>\$1.00</u>

*See accompanying notes to financial statements.*

<u>Enhanced Yield</u>	<u>Loss Amortization</u>	<u>Loans</u>
\$ 332,811	\$ 121,953	\$ 117,680
-	-	11
122,828	-	-
3,882	-	610
-	-	33
-	-	-
16	-	-
-	-	-
-	-	-
-	-	-
459,537	121,953	118,334
40	-	5
-	-	-
122,828	-	-
-	-	-
122,868	-	5
\$ 336,669	\$ 121,953	\$ 118,329
\$ 327,868	\$ 183,415	\$ 118,329
1,299	-	-
-	(88,745)	-
-	-	-
7,502	27,283	-
-	-	-
-	-	-
\$ 336,669	\$ 121,953	\$ 118,329
3,265,103 \$103.11	183,415,000 \$0.66	118,329,434 \$1.00

**West Virginia Investment Management Board**  
**Statement of Assets and Liabilities (Continued)**

**June 30, 2002**

*(Dollars in thousands, except Investment Unit Data)*

	<b>Municipal Bond Commission</b>	<b>Department of Transportation</b>
<b>Assets</b>		
Investment securities:		
At amortized cost	\$ 115,119	\$ 88,696
At fair value		
Cash	-	-
Collateral for securities loaned, at fair value (Note 5)	-	-
Receivables:		
Accrued interest	895	313
Investments sold	2,331	-
Dividends	-	-
Securities lending income	-	-
Due from broker - variation margin	-	-
Foreign tax withholding	-	-
Unrealized gain on foreign currency exchange contracts (Note 10)	-	-
<b>Total assets</b>	118,345	89,009
<b>Liabilities</b>		
Accrued expenses	2	2
Payable for investments purchased	-	-
Payable upon return of securities loaned (Note 5)	-	-
Option contracts written (Notes 8 & 9)	-	-
<b>Total liabilities</b>	2	2
<b>Net assets at value</b>	\$ 118,343	\$ 89,007

*See accompanying notes to financial statements.*

<u>Lottery Defeasance</u>	<u>School Fund</u>	<u>EDA Insurance</u>
\$ 5,581	\$ 1,453	\$ 456
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>5,581</u>	<u>1,453</u>	<u>456</u>
-	-	-
-	-	-
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 5,581</u>	<u>\$ 1,453</u>	<u>\$ 456</u>

**West Virginia Investment Management Board**  
**Schedule of Investments in Securities**

**June 30, 2002**

*(Dollars in thousands, except Share Data)*

Security Name	Shares	Cost	Fair Value*
<b>EQUITY SECURITIES</b>			
<b>S&amp;P 500 Index Qualified</b>			
<i>Commingled Equity Pools</i>			
State Street Global Advisors S&P 500 Flagship NL	4,351,320	\$ 886,800	\$ 750,441
Total Commingled Equity Pools	100.0%	886,800	750,441
<b>Total S&amp;P 500 Index Qualified</b>		<u>\$ 886,800</u>	<u>\$ 750,441</u>
<b>S&amp;P 500 Index Nonqualified</b>			
<i>Commingled Equity Pools</i>			
State Street Global Advisors S&P 500 CTF	5,782,020	\$ 307,858	\$ 248,378
Total Commingled Equity Pools	100.0%	307,858	248,378
<b>Total S&amp;P 500 Index Nonqualified</b>		<u>\$ 307,858</u>	<u>\$ 248,378</u>
<b>Large Cap Domestic</b>			
<i>Equities</i>			
<i>Basic Materials</i>			
duPont EI de Nemours Co	102,096	\$ 4,669	\$ 4,533
MeadWestvaco Corp	94,241	2,859	3,163
		7,528	7,696
<i>Capital Goods</i>			
3M Co	3,310	394	407
Cooper Industries Ltd	121,980	4,892	4,794
General Electric Company	519,150	21,488	15,081
Honeywell International Inc	211,735	7,249	7,459
International Paper Company	119,220	4,838	5,196
Pitney Bowes Inc	129,985	5,507	5,163
		44,368	38,100
<i>Communication Services</i>			
AT&T Corp	116,780	2,057	1,250
BellSouth Corporation	53,429	2,272	1,683
SBC Communications Inc	72,032	3,445	2,197
Verizon Communications	59,503	3,205	2,389
		10,979	7,519
<i>Consumer Cyclical</i>			
AOL Time Warner Inc	304,008	12,407	4,472
Comcast Corporation	186,000	7,194	4,434
Home Depot Inc	172,245	8,154	6,327
Kohl's Corporation	124,300	5,897	8,711
Viacom Inc	172,051	8,101	7,634
Walgreen Co	113,700	4,547	4,392
Wal-Mart Stores	99,929	5,566	5,497
		51,866	41,467

*A - Adjustable rate security.*

*\* The fair value is not determined for Loans. The fair value reported equals amortized cost.*

*\*\* Denotes securities pledged for initial margin requirements on open futures contracts.*

*See accompanying notes to financial statements.*

**West Virginia Investment Management Board**  
**Schedule of Investments in Securities (Continued)**

**June 30, 2002**

*(Dollars in thousands, except Share Data)*

Security Name	Shares	Cost	Fair Value*
<i>Consumer Staples</i>			
Anheuser-Busch Company Inc	31,200	1,604	1,560
Coca-Cola Company	50,201	2,642	2,811
Disney Walt Company	73,500	1,639	1,389
Pepsico Inc	42,594	2,000	2,053
Philip Morris	171,187	8,047	7,477
Proctor & Gamble Company	14,836	1,144	1,325
Smucker JM Company	296	8	10
		17,084	16,625
<i>Energy</i>			
ChevronTexaco Corp	77,405	6,775	6,850
Diamond Offshore Drilling Inc	141,445	4,640	4,031
Exxon Mobil Corporation	87,869	3,405	3,596
Kerr-McGee Corporation	134,555	7,610	7,205
Royal Dutch Petroleum Company	48,514	2,705	2,681
		25,135	24,363
<i>Financial Services</i>			
ACE Ltd	220,775	7,622	6,977
American Express	9,453	414	343
American International Grp Inc	70,986	5,109	4,843
Bank of America Corporation	97,712	6,251	6,875
Bank One Corporation	9,230	368	355
Citigroup Inc	429,277	19,280	16,634
Federal Home Loan Mort Corp	230,759	14,743	14,122
Federal National Mortgage Assn	26,211	1,905	1,933
Hartford Financial Services Gp	59,265	3,811	3,525
JP Morgan Chase & Co	178,030	6,207	6,039
MBNA Corporation	288,000	9,543	9,524
Merrill Lynch & Company Inc	125,470	6,565	5,082
PNC Financial Services Group	95,600	5,442	4,998
Standard & Poor's Dep Receipts	15,714	1,656	1,555
Wachovia Corporation	46,200	1,676	1,764
Wells Fargo Company	133,559	5,468	6,686
		96,060	91,255
<i>Health Care</i>			
Abbott Laboratories	211,853	10,294	7,976
Amgen Inc	50,000	2,352	2,094
Bristol-Myers Squibb Company	9,556	274	246
Cardinal Health Inc	79,200	5,179	4,864
Johnson & Johnson	124,630	6,895	6,513
Lilly Eli and Company	28,910	2,177	1,631
Medtronic Inc	71,211	3,264	3,051
Merck & Co Inc	48,431	3,094	2,453
Pfizer Inc	329,944	11,465	11,548
Pharmacia Corporation	40,516	1,896	1,517
Schering-Plough Corporation	53,195	1,709	1,309
Tenet Healthcare Corporation	63,600	4,065	4,551
Unitedhealth Group Inc	73,800	4,988	6,756
Wyeth	156,545	9,355	8,015
		67,007	62,524

*A - Adjustable rate security.*

*\* The fair value is not determined for Loans. The fair value reported equals amortized cost.*

*\*\* Denotes securities pledged for initial margin requirements on open futures contracts.*

*See accompanying notes to financial statements.*

**West Virginia Investment Management Board**  
**Schedule of Investments in Securities (Continued)**

**June 30, 2002**

(Dollars in thousands, except Share Data)

Security Name		Shares	Cost	Fair Value*
<i>Technology</i>				
Cisco Systems Inc		312,464	10,161	4,359
Dell Computer Corporation		125,188	3,349	3,272
Electronic Data Systems Corp		163,305	9,775	6,067
Flextronics International Ltd		467,095	6,894	3,330
Intel Corporation		175,458	6,249	3,206
International Business Machs		84,920	8,344	6,114
Micron Technology Inc		113,100	4,738	2,287
Microsoft Corporation		188,251	11,448	10,297
Nokia Oyj Corp		204,600	5,308	2,963
Texas Instruments Inc		11,459	340	272
Veritas Software Corporation		58,500	1,637	1,158
			68,243	43,325
<i>Utilities</i>				
El Paso Corporation		139,050	2,791	2,866
Total Equities	98.2%		391,061	335,740
<i>Short-term Issues</i>				
Dreyfus Institutional Government Money Market Fund		6,204,283	6,204	6,204
Total Short-term Issues	1.8%		6,204	6,204
<b>Total Large Cap Domestic</b>			<u>\$ 397,265</u>	<u>\$ 341,944</u>
<b>Non-Large Cap Domestic</b>				
<i>Commingled Equity Pools</i>				
Dimensional Fund Advisors		41,696,522	\$ 380,993	\$ 430,725
Total Commingled Equity Pools	51.9%		380,993	430,725
<i>Equities</i>				
<i>Basic Materials</i>				
Airgas Inc		36,800	517	637
Albemarle Corporation		34,100	736	1,049
Boise Cascade Corporation		11,300	431	390
Bowater Inc		9,000	417	489
Cambrex Corporation		9,200	328	369
Caraustar Industries Inc		24,300	431	303
Cleveland-Cliffs Inc		18,700	556	516
Commercial Metals Company		24,700	696	1,159
Crompton Corporation		162,700	1,530	2,074
Crown Cork & Seal Co Inc		121,800	1,137	834
Cytec Industries Inc		14,000	365	440
Engelhard Corporation		25,700	535	728
Ferro Corporation		8,500	213	256
FMC Corporation		4,800	139	145
Freeport-McMoRan Copper & Gold		96,300	1,386	1,719
Fuller HB Company		6,800	148	199
Glatfelter PH Company		18,700	310	352

A - Adjustable rate security.

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\*\* Denotes securities pledged for initial margin requirements on open futures contracts.

See accompanying notes to financial statements.

**West Virginia Investment Management Board**  
**Schedule of Investments in Securities (Continued)**

**June 30, 2002**

*(Dollars in thousands, except Share Data)*

Security Name	Shares	Cost	Fair Value*
IMC Global Inc	15,400	149	192
Lubrizol Corporation	22,300	645	747
Minerals Technology Inc	5,200	220	256
Packaging Corp of America	30,700	608	611
Pactiv Corporation	43,100	611	1,026
PolyOne Corporation	15,900	173	179
Quanex Corporation	27,500	1,001	1,202
Rayonier Inc	6,800	333	334
RPM Inc	83,400	713	1,272
Smurfit-Stone Container Corp	43,100	584	665
Solutia Inc	12,800	113	90
Stillwater Mining Company	43,900	1,153	715
USEC Inc	76,600	628	674
		16,806	19,622
<i>Capital Goods</i>			
Axiom Corporation	36,500	639	638
Administaff Inc	9,300	125	93
Advisory Board Company	40,900	945	1,482
Aeroflex Incorporated	50,300	565	350
Albany International Corp	46,200	695	1,243
Alliance Data Systems Corp	31,900	505	815
Alliant Techsystems Inc	2,700	147	172
Ball Corporation	24,400	567	1,012
Briggs & Stratton Corporation	5,200	238	199
Career Education Corp	59,050	1,414	2,657
Certegy Inc	9,900	303	367
CheckFree Corporation	11,600	218	181
Corporate Executive Board Co	46,500	1,370	1,593
CSG Systems International Inc	10,400	353	199
Deluxe Corporation	52,200	1,536	2,030
Dollar Thrifty Automotive Grp	53,600	1,133	1,388
Donaldson Company Inc	23,000	897	806
Donnelley & Sons	19,400	593	534
Education Management Corp	10,100	369	411
Elcor Corporation	22,100	519	604
Fisher Scientific Intl Inc	17,100	510	479
Flowserve Corp	10,600	338	316
FreeMarkets Inc	64,000	1,255	904
FTI Consulting Inc	66,500	1,828	2,328
General Cable Corporation	19,500	312	123
Getty Images Inc	60,700	1,442	1,321
Global Power Equipment Grp Inc	30,800	485	305
Graco Inc	14,200	388	357
Granite Construction Inc	33,500	630	848
Harland John H Co	45,500	738	1,283
Harmonic Inc	81,100	558	297
Harsco Corporation	21,900	634	821
Hon Industries Inc	38,200	876	1,040
Hovnanian Enterprises Inc	49,300	1,531	1,769
Hughes Supply Inc	20,900	551	938
IKON Office Solutions Inc	115,300	917	1,084
Itron Inc	44,500	1,559	1,167

*A - Adjustable rate security.*

*\* The fair value is not determined for Loans. The fair value reported equals amortized cost.*

*\*\* Denotes securities pledged for initial margin requirements on open futures contracts.*

*See accompanying notes to financial statements.*



**West Virginia Investment Management Board**  
**Schedule of Investments in Securities (Continued)**

**June 30, 2002**

*(Dollars in thousands, except Share Data)*

Security Name	Shares	Cost	Fair Value*
ITT Educational Services Inc	41,200	578	898
IDEX Corporation	10,500	362	352
JLG Industries Inc	8,300	98	116
Kennametal Inc	10,400	287	381
KPMG Consulting Inc	14,100	260	210
Lydall Inc	6,800	103	104
M/I Schottenstein Homes Inc	38,000	1,153	1,432
Manpower Inc	6,000	186	220
Medical Staffing Net Hdlg Inc	29,800	853	730
NACCO Industries Inc	9,100	388	529
Nortek Inc	26,900	769	1,213
Oshkosh Truck Corporation	7,200	230	426
OSI Systems Inc	43,300	897	859
Owens-Illinois Inc	78,500	557	1,079
Paxar Corporation	30,700	300	514
Photon Dynamics Inc	54,200	2,124	1,626
Pittson Brink's Group	39,500	916	948
Plantronics Inc	58,600	1,231	1,114
Precision Castparts Corp	68,700	2,081	2,267
PRG-Schultz Intl Inc	74,300	765	915
Priceline.com Inc	47,000	161	131
Rayovac Corporation	72,800	1,107	1,349
Resources Connection Inc	39,300	786	1,061
Right Management Consultants	26,900	618	707
Scientific-Atlanta Inc	71,800	1,224	1,181
Sealed Air Corporation	14,300	605	576
SPX Corporation	4,600	533	540
Strayer Education Inc	30,400	1,664	1,933
Tecumseh Products Company	8,400	431	446
Teledyne Technologies Inc	13,100	244	272
Triumph Group Inc	8,200	342	366
Varian Inc	11,400	363	376
Viad Corp	10,800	274	281
Waters Corporation	10,100	340	270
Watson Wyatt & Co Holdings	18,700	328	453
Woodward Governor Company	13,800	791	816
		51,632	58,845
<i>Communication Services</i>			
Arris Group Inc	9,500	71	43
General Communications Inc	34,300	316	229
Nextel Partners Inc	119,000	772	324
US Unwired Inc	16,300	126	46
UTStarcom Inc	16,900	417	341
		1,702	983
<i>Consumer Cyclical</i>			
AC Moore Arts & Crafts Inc	30,100	977	1,425
Action Performance Co Inc	43,100	1,684	1,362
Activision Inc	91,675	1,935	2,664
Actrade Financial Tech Ltd	15,700	168	164
AFC Enterprises Inc	28,900	867	903
Argosy Gaming Company	35,100	1,110	997
ArvinMeritor Inc	5,775	137	139

*A - Adjustable rate security.*

*\* The fair value is not determined for Loans. The fair value reported equals amortized cost.*

*\*\* Denotes securities pledged for initial margin requirements on open futures contracts.*

*See accompanying notes to financial statements.*

**West Virginia Investment Management Board**  
**Schedule of Investments in Securities (Continued)**

**June 30, 2002**

*(Dollars in thousands, except Share Data)*

Security Name	Shares	Cost	Fair Value*
Autoliv Inc	27,400	572	690
AutoNation Inc	20,200	151	293
Beasley Broadcast Group Inc	15,900	210	234
Beazer Homes USA Inc	34,800	2,413	2,784
Borg-Warner Automotive Inc	5,900	252	341
Brinker International Inc	15,600	368	495
Cablevision Sys Corp	8,700	196	76
California Pizza Kitchen Inc	46,800	1,149	1,161
Callaway Golf Company	34,800	547	551
CBRL Group Inc	26,800	591	816
Centex Corporation	10,200	390	589
Chico's FAS Inc	57,200	1,051	2,078
Christopher & Banks Corp	49,400	1,665	2,090
Circuit City Stores	22,900	244	429
Columbia Sportswear Company	6,200	191	198
CSK Auto Corporation	101,950	1,250	1,421
Cumulus Media Inc	106,050	1,728	1,461
Dillard's Inc	122,600	2,851	3,223
DR Horton Inc	13,500	145	351
Dura Automotive Systems Inc	58,400	694	1,212
Family Dollar Stores	9,100	192	321
Foot Locker Inc	26,200	359	379
Fred's Inc	59,350	1,809	2,183
Furniture Brands International	25,700	641	777
Gart Sports Company	55,200	1,711	1,573
Genesco Inc	18,600	431	453
Group 1 Automotive Inc	28,000	1,124	1,068
GTECH Holdings Corporation	41,600	449	1,062
Hollywood Entertainment Corp	36,100	621	747
Hot Topic Inc	73,900	1,781	1,974
International Game Technology	8,000	411	454
Jones Apparel Group Inc	10,300	326	386
Kerzner International Ltd	35,100	735	870
Knight Ridder Inc	10,000	521	630
Landry's Seafood Restaurants	28,000	249	714
Lear Corporation	45,400	1,434	2,100
Lee Enterprises Inc	11,900	416	417
Lone Star Steakhouse & Saloon	34,000	285	802
McClatchy Company	12,400	568	797
MDC Holdings Inc	15,700	561	816
Meritage Corporation	16,400	467	749
MGM Mirage Inc	15,200	418	513
Michaels Stores Inc	7,900	333	308
Mohawk Industries Inc	20,600	870	1,268
Movie Gallery Inc	58,000	1,026	1,225
Nautilus Group Inc	31,050	602	950
NetFlix.com Inc	41,000	673	574
NVR Inc	3,700	169	1,195
Office Depot Inc	42,900	812	721
Panera Bread Company	78,350	1,484	2,701
Papa John's International Inc	31,600	890	1,055
Pegasus Systems Inc	68,100	1,195	1,192

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*See accompanying notes to financial statements.*

**West Virginia Investment Management Board**  
**Schedule of Investments in Securities (Continued)**

**June 30, 2002**

*(Dollars in thousands, except Share Data)*

Security Name	Shares	Cost	Fair Value*
Penn National Gaming Inc	110,300	1,766	2,002
Pennzoil-Quaker State Company	19,400	420	418
Pier 1 Imports Inc	30,200	572	634
Pioneer-Standard Electronics	29,700	363	309
Polaris Industries Inc	24,800	1,099	1,612
Polo Ralph Lauren Corporation	6,650	176	149
Pulte Corporation	24,300	502	1,397
Reebok International Ltd	39,200	989	1,156
Regent Communications Inc	120,000	900	847
Rent-A-Center Inc	10,300	605	598
Ross Stores Inc	15,400	485	628
Russell Corporation	60,600	1,176	1,167
Ryland Group Inc	30,400	350	1,512
Salton Inc	33,900	557	486
Scripps EW Company	8,200	419	631
Sherwin-Williams Co	22,400	589	670
Sinclair Broadcast Group Inc	13,500	179	197
Six Flags Inc	15,200	225	220
Sonic Automotive Inc	37,400	489	963
Spanish Broadcasting System	116,500	1,021	1,165
Sports Authority Inc	64,100	636	728
Superior Industries Intl Inc	10,500	469	486
Toll Brothers Inc	21,800	252	639
Tommy Hilfiger Corporation	40,800	641	584
Too Inc	26,900	637	829
Toro Company	24,600	794	1,398
Tower Automotive	80,600	1,106	1,124
Tractor Supply Company	45,850	2,071	3,255
United Auto Group Inc	28,500	623	596
Urban Outfitters Inc	44,100	1,232	1,531
Visteon Corporation	22,100	331	314
Wellman Inc	5,700	88	95
		68,861	87,461
<i>Consumer Staples</i>			
Aramark Corporation	7,900	194	198
CEC Entertainment Inc	8,300	381	343
Constellation Brands Inc	29,800	606	954
Dole Food Company Inc	43,900	834	1,267
Duane Reade Inc	7,900	276	269
Energizer Holdings Inc	29,700	573	814
Fresh Del Monte Produce Inc	30,300	658	758
Great Atlantic & Pacific Tea Co	35,700	796	667
Hain Celestial Group Inc	31,500	743	583
Interstate Bakeries Corp	29,500	620	852
Lance Inc	21,900	264	319
NBTY Inc	31,900	387	494
Peet's Coffee & Tea Inc	57,050	1,035	1,050
Ralcorp Holdings Inc	26,800	771	838
Reynolds RJ Tobacco Holdings	5,400	200	290
Schweitzer-Mauduit Intl Inc	19,600	313	482

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**West Virginia Investment Management Board**  
**Schedule of Investments in Securities (Continued)**

**June 30, 2002**

*(Dollars in thousands, except Share Data)*

Security Name	Shares	Cost	Fair Value*
Sensient Technologies Corp	30,000	583	683
Supervalu Inc	46,100	978	1,131
Wild Oats Markets Inc	37,250	478	600
		10,690	12,592
<i>Energy</i>			
Atwood Oceanics Inc	14,500	596	544
Cabot Oil & Gas Corporation	21,400	502	489
Cal Dive International Inc	77,100	1,806	1,696
Chesapeake Energy Corp	14,000	85	101
Devon Energy Corporation	10,900	475	537
Evergreen Resources Inc	30,700	1,315	1,305
Frontier Oil Corp	60,800	1,027	1,070
Getty Realty Corporation	4,300	71	87
Halliburton Company	21,400	369	341
Houston Exploration Co	21,600	637	626
Magnum Hunter Resources Inc	19,600	149	155
Newfield Exploration Company	29,600	1,084	1,100
Ocean Energy Inc	17,800	368	386
Offshore Logistics Inc	95,200	1,902	2,274
Patina Oil & Gas Corporation	28,000	787	768
Pride International Inc	20,200	368	316
Spinnaker Exploration Company	59,200	2,193	2,132
Sunoco Inc	41,300	1,388	1,472
Unit Corporation	50,500	1,068	876
Veritas DGC Inc	18,900	318	238
Vintage Petroleum Inc	7,800	87	93
W-H Energy Services Inc	51,200	1,234	1,135
XTO Energy Inc	30,000	480	618
		18,309	18,359
<i>Financial Services</i>			
Affiliated Managers Group Inc	29,050	1,517	1,787
AMB Property Corporation	21,600	522	670
Ambac Financial Group Inc	12,300	571	827
AMCORE Financial Inc	10,100	238	234
AmeriCredit Corp	12,000	315	337
AmerUs Group Company	16,700	384	620
Apartment Investment & Mgmt Co	13,200	572	649
Arden Realty Inc	30,800	810	876
Associated Banc-Corp	41,950	1,379	1,582
Astoria Financial Corporation	52,800	1,017	1,692
BancFirst Corporation	10,500	359	487
Banco Latinoamericano de Exp	19,700	492	247
BancorpSouth Inc	63,600	1,357	1,285
Bank of Hawaii Corp	36,800	857	1,030
Banknorth Group Inc	35,100	753	913
Bay View Capital Corporation	54,600	400	350
Berkley WR Corporation	33,750	1,460	1,856
Brookfield Properties Corp	32,500	672	653
Brown & Brown Inc	13,600	261	428
Camden Property Trust	7,700	303	285
Capitol Federal Financial	53,100	562	1,385
Catellus Development Corp	66,100	1,213	1,350

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*See accompanying notes to financial statements.*

**West Virginia Investment Management Board**  
**Schedule of Investments in Securities (Continued)**

**June 30, 2002**

*(Dollars in thousands, except Share Data)*

Security Name	Shares	Cost	Fair Value*
Chelsea Property Group Inc	4,800	137	161
Citizens Banking Corporation	11,500	292	329
Commerce Bancshares Inc	28,430	1,164	1,258
Commerce Group Inc	30,800	912	1,218
Commercial Federal Corporation	49,700	1,355	1,441
Compass Bancshares Inc	19,400	657	652
Countrywide Credit Insurance	6,600	299	318
CPB Inc	10,700	246	492
Doral Financial Corporation	34,000	653	1,135
Edwards AG Inc	20,300	737	789
Espirito Santo Financial Group	24,947	416	396
FBR Asset Investment Corp	4,900	163	163
Federated Investors Inc	25,200	812	871
Fidelity National Finl Inc	62,700	1,204	1,981
First American Financial Corp	58,500	1,411	1,346
First Citizens BancShares Inc	5,650	401	625
First Merchants Corporation	4,100	94	123
First Niagara Finl Grp	2,500	65	69
First Virginia Banks Inc	8,700	476	466
FirstFed Financial Corporation	28,300	417	821
Flagstar Bancorp Inc	57,000	790	1,317
FNB Corporation	22,950	577	630
Gallagher Arthur J & Co	25,100	785	870
General Growth Properties Inc	10,000	401	510
Hancock Holding Company	5,700	291	384
Hibernia Corp	131,400	1,886	2,600
Hilb Rogal and Hamilton Co	31,000	926	1,403
Hudson United Bancorp	35,200	1,018	1,005
Huntington Bancshares Inc	24,900	387	484
Independence Community Bank	47,300	815	1,384
IndyMac Bancorp Inc	42,100	1,090	955
IPC Holdings Ltd	12,100	332	370
Jefferies Group Inc	41,200	1,264	1,735
Jones Lang LaSalle Inc	52,700	1,213	1,302
Kimco Realty Corporation	19,200	536	643
Knight Trading Group Inc	17,300	107	91
Liberty Property Trust	38,400	1,014	1,344
LNR Property Corporation	34,500	721	1,190
MBIA Inc	12,400	428	701
Metris Companies Inc	22,400	495	186
Old Republic International Cor	41,900	798	1,320
PartnerRe Ltd	20,400	1,071	999
People's Bank	20,300	440	530
PMI Group Inc	33,500	831	1,280
PS Business Parks Inc	12,200	379	426
Public Storage Inc	9,500	357	352
Reckson Assoc Realty Corp	50,200	1,161	1,250
Reinsurance Group of America	51,295	1,673	1,581
RenaissanceRe Holdings Ltd	30,300	418	1,109
Riggs National Corporation	21,700	307	324
Rouse Company	12,900	370	426
Seacoast Banking Corp	6,900	194	398

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**West Virginia Investment Management Board**  
**Schedule of Investments in Securities (Continued)**

**June 30, 2002**

*(Dollars in thousands, except Share Data)*

Security Name	Shares	Cost	Fair Value*
Sky Financial Group Inc	35,900	693	759
Sovereign Bancorp Inc	89,600	888	1,340
St Joe Company	20,100	567	603
StanCorp Financial Group Inc	25,400	1,012	1,410
Staten Island Bancorp Inc	73,400	864	1,409
Sun Communities Inc	15,800	512	660
Thornburg Mortgage Inc	19,500	379	384
UnionBanCal Corporation	15,500	497	726
Vornado Realty Trust	8,300	353	383
Washington Federal Inc	56,265	1,184	1,421
Webster Financial Corporation	49,000	1,533	1,874
		59,482	74,265
<i>Health Care</i>			
AaiPharma Inc	51,250	1,176	1,152
Accredo Health Inc	50,200	1,714	2,316
AmerisourceBergen Corp	8,300	549	631
Amylin Pharmaceuticals Inc	19,900	174	218
Angiotech Pharmaceuticals Inc	34,600	1,856	1,276
Anthem Inc	6,100	344	412
Applera Corp - Celera Genomics	19,000	221	228
Beckman Coulter Inc	10,000	343	499
Bio-Rad Laboratories Inc	27,100	1,290	1,233
Bone Care International Inc	14,700	228	86
Caremark Rx Inc	24,900	432	411
Celgene Corporation	8,500	137	130
Centene Corp	36,100	897	1,118
Cephalon Inc	10,600	503	479
Charles River Laboratories	77,150	2,109	2,704
Connetics Corporation	15,300	219	198
Covance Inc	15,400	286	289
Coventry Health Care Inc	36,200	907	1,029
CR Bard Inc	12,500	691	707
Cubist Pharmaceuticals Inc	12,700	212	120
CV Therapeutics Inc	6,700	304	125
D & K Healthcare Resources Inc	37,400	1,304	1,319
Dianon Systems Inc	39,200	2,020	2,094
Edwards Lifesciences Corp	40,000	796	928
Exelixis Inc	22,900	330	172
First Horizon Pharmaceutical	73,325	1,445	1,517
Gene Logic Inc	21,500	442	301
Genzyme Corporation	35,862	356	162
Gilead Sciences Inc	20,400	533	671
Haemonetics Corporation	7,100	145	207
Health Net Inc	29,200	639	782
HealthSouth Corporation	21,300	327	272
IDEXX Laboratories Inc	8,800	212	227
IDX Systems Corporation	4,800	76	62
Incyte Genomics Inc	26,800	366	195
Kendle International Inc	28,500	353	388
Kos Pharmaceuticals Inc	4,000	108	81
Kosan Biosciences Inc	13,800	123	120
K-V Pharmaceutical Company	7,150	144	188

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**West Virginia Investment Management Board**  
**Schedule of Investments in Securities (Continued)**

**June 30, 2002**

*(Dollars in thousands, except Share Data)*

Security Name	Shares	Cost	Fair Value*
LifePoint Hospitals Inc	8,200	286	298
Maximus Inc	14,900	477	472
Medicines Company	8,000	66	99
Mylan Laboratories Inc	37,700	1,245	1,182
Neurocrine Biosciences Inc	27,400	966	785
Neurogen Corporation	12,600	226	147
Odyssey Healthcare Inc	30,800	882	1,117
OSI Pharmaceuticals Inc	10,800	361	263
Owens & Minor Inc	26,300	527	520
Oxford Health Plans Inc	25,800	1,023	1,199
PacifiCare Health Systems Inc	30,900	611	840
Perrigo Company	17,800	125	231
Per-Se Technologies Inc	14,900	144	137
Pharmacopeia Inc	9,500	240	81
PSS World Medical Inc	42,000	315	340
Regeneron Pharmaceuticals Inc	4,100	140	59
Renal Care Group Inc	4,700	138	146
Respironics Inc	39,200	1,207	1,335
SangStat Medical Corporation	5,900	72	136
Schein Henry Inc	10,500	410	467
Scios Inc	6,300	140	193
Sequenom Inc	14,100	263	50
Sierra Health Services Inc	62,400	1,229	1,395
Steris Corporation	52,700	979	1,007
Taro Pharmaceutical Indust Ltd	13,700	500	336
Telik Inc	18,831	180	235
Texas Biotechnology Corp	20,200	141	79
Therasense Inc	26,800	660	495
Triad Hospitals Inc	20,000	584	848
Trimeris Inc	24,700	1,078	1,096
TriZetto Group Inc	49,000	508	419
United Surgical Partners Intl	54,950	1,327	1,702
Vertex Pharmaceuticals Inc	24,600	835	400
Viasys Healthcare Inc	9,396	188	164
Watson Pharmaceuticals Inc	11,500	284	291
Zoll Medical Corporation	9,500	257	309
		42,925	43,920
<i>Technology</i>			
i2 Technologies Inc	103,000	189	152
Actel Corporation	51,650	1,311	1,086
Adaptec Inc	22,100	200	174
Advanced Fibre Comm Inc	3,300	54	55
Affiliated Computer Svcs Inc	11,400	314	541
Agile Software Corporation	100,800	1,853	733
American Management Systems	34,800	587	665
Amkor Technology Inc	18,000	370	112
Anixter International Inc	57,000	1,435	1,340
Ansys Inc	19,500	450	392
Arrow Electronics Inc	19,200	527	398
Asyst Technologies Inc	66,900	1,236	1,361
Axcelis Technologies Inc	18,200	194	206
Benchmark Electronics Inc	29,500	606	856

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**West Virginia Investment Management Board**  
**Schedule of Investments in Securities (Continued)**

**June 30, 2002**

*(Dollars in thousands, except Share Data)*

Security Name	Shares	Cost	Fair Value*
Cabot Microelectronics Corp	7,700	434	332
CACI International Inc	50,500	1,802	1,929
Centillum Communications Inc	21,400	200	187
ChipPAC Inc	98,800	1,003	611
Cirrus Logic Inc	71,300	802	525
Cognizant Tech Solutions Corp	900	39	48
Cognos Inc	24,800	514	550
Concord Communications Inc	112,950	1,770	1,861
Conexant Systems Inc	46,600	70	75
Credence Systems Corporation	46,900	1,276	833
Documentum Inc	17,100	621	205
DRS Technologies Inc	9,000	366	385
DuPont Photomasks Inc	7,600	345	252
Edwards JD & Co	9,300	113	113
Electronics for Imaging Inc	9,900	248	158
EPIQ Systems Inc	79,400	1,507	1,351
Fairchild Semiconductor Corp	20,300	473	493
Gartner Group Inc	101,400	1,241	1,024
Gartner Group Inc - Class B	11,600	139	109
Helix Technology Corporation	11,100	344	229
HPL Technologies Inc	32,100	331	483
Hyperion Solutions Corporation	5,600	94	102
Ingram Micro Inc	44,000	538	605
Integrated Device Technology	6,600	210	120
International Rectifier Corp	9,700	403	283
Intersil Corporation	20,000	500	428
Inter-Tel Inc	53,400	963	906
Investment Technology Grp Inc	30,350	738	992
Iomega Corporation	53,300	661	685
JDA Software Group Inc	103,750	2,021	2,932
Lattice Semiconductor Corp	42,600	341	370
Macromedia Inc	53,700	1,428	476
Magma Design Automation Inc	111,100	2,016	1,866
Manhattan Associates Inc	59,250	2,067	1,905
Maxtor Corporation	261,664	1,707	1,183
McData Corp	65,100	536	574
Microtune Inc	116,200	1,483	1,035
MKS Instruments Inc	45,550	1,158	914
Network Associates Inc	15,300	372	295
Perot Systems Corporation	12,600	143	137
PracticeWorks Inc	50,050	792	923
Quantum Corporation	39,700	497	167
Reynolds and Reynolds Company	15,300	359	428
Roper Industries Inc	9,200	339	343
Rudolph Technologies Inc	51,200	1,168	1,276
SanDisk Corporation	19,800	289	245
Silicon Laboratories Inc	30,200	711	845
Silicon Storage Technology	67,700	619	528
Skyworks Solutions Inc	16,357	116	91
SpeedFam-IPEC Inc	17,900	225	94
Storage Technology Corp	23,600	499	377
Synopsys Inc	6,200	311	340

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**West Virginia Investment Management Board**  
**Schedule of Investments in Securities (Continued)**

**June 30, 2002**

*(Dollars in thousands, except Share Data)*

Security Name	Shares	Cost	Fair Value*
Take-Two Interactive Software	25,900	507	533
Tech Data Corporation	13,400	532	507
THQ Inc	40,050	1,285	1,194
3Com Corporation	44,200	199	194
Ultratech Stepper Inc	9,400	176	152
Veeco Instruments Inc	24,194	895	559
Verity Inc	44,800	924	497
Vignette Corporation	145,100	645	286
Virage Logic Corporation	89,800	1,027	1,169
Websense Inc	62,900	1,727	1,608
Western Digital Corp	214,500	898	697
Zoran Corporation	146,900	2,498	3,365
		57,581	52,050
<i>Transportation</i>			
Airborne Freight Corporation	40,300	555	774
Airtran Holdings	57,700	327	309
Atlantic Coast Airlines Hldg	14,400	252	312
CNF Inc	13,900	509	528
Mesa Air Group Inc	26,700	179	246
Ryder System Inc	53,900	1,144	1,460
SkyWest Inc	23,500	616	550
USFreightways Corporation	10,300	358	390
Werner Enterprises Inc	16,133	225	344
Yellow Corporation	13,500	356	437
		4,521	5,350
<i>Utilities</i>			
AES Corporation	346,800	1,675	1,880
Aquila Inc	47,600	1,239	381
Avista Corporation	71,000	906	980
Black Hills Corporation	26,300	808	910
Calpine Corp	189,200	1,093	1,330
Cleco Corporation	37,900	844	830
CMS Energy Corporation	22,900	598	251
Companhia Paranaense	109,400	850	443
DPL Inc	29,700	800	786
Edison International	21,700	421	369
El Paso Electric Company	66,000	788	914
Energy East Corporation	55,100	1,324	1,245
Huaneng Power International	22,400	334	722
MDU Resources Group Inc	14,100	350	371
Northeast Utilities	41,300	754	777
Northwestern Corporation	35,600	877	603
NSTAR	14,000	545	627
ONEOK Inc	49,400	1,171	1,084
Peoples Energy Corporation	15,700	586	572
Pinnacle West Capital Corp	29,300	1,077	1,157
PNM Resources	52,900	1,147	1,280
PPL Corporation	14,600	486	483

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**West Virginia Investment Management Board**  
**Schedule of Investments in Securities (Continued)**

**June 30, 2002**

*(Dollars in thousands, except Share Data)*

<u>Security Name</u>		<u>Shares</u>	<u>Cost</u>	<u>Fair Value*</u>
Sierra Pacific Resources		136,900	1,422	1,068
UGI Corporation		25,900	595	827
Unisource Energy Corporation		48,900	1,221	910
			<u>21,911</u>	<u>20,800</u>
Total Equities	47.5%		354,420	394,247
<b>Short-term Issues</b>				
Dreyfus Institutional Government Money Market Fund		4,722,257	4,722	4,722
U. S. Treasury Bill **		100	100	100
Total Short-term Issues	0.6%		<u>4,822</u>	<u>4,822</u>
<b>Total Non-Large Cap Domestic</b>			<u>\$ 740,235</u>	<u>\$ 829,794</u>
<b>International Qualified</b>				
<b>Commingled Equity Pools</b>				
International Value Equity Group Trust - Silchester		8,120,746	\$ 141,533	\$ 204,503
Total Commingled Equity Pools	100.0%		<u>141,533</u>	<u>204,503</u>
<b>Total International Qualified</b>			<u>\$ 141,533</u>	<u>\$ 204,503</u>
<b>International Nonqualified</b>				
<b>Commingled Equity Pools</b>				
International Value Equity Trust - Silchester		2,532,003	\$ 46,295	\$ 67,694
Total Commingled Equity Pools	100.0%		<u>46,295</u>	<u>67,694</u>
<b>Total International Nonqualified</b>			<u>\$ 46,295</u>	<u>\$ 67,694</u>
<b>International Equity</b>				
<b>Commingled Equity Pools</b>				
Capital International Inc Emerging Markets Growth Fund		1,991,230	\$ 109,362	\$ 89,207
Total Commingled Equity Pools	17.6%		109,362	89,207
<b>Equities</b>				
<i>Australia</i>				
Amcors Limited		429,900	2,043	1,989
Coca-Cola Amatil Ltd		845,934	2,621	3,030
			<u>4,664</u>	<u>5,019</u>

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*See accompanying notes to financial statements.*

**West Virginia Investment Management Board**  
**Schedule of Investments in Securities (Continued)**

**June 30, 2002**

*(Dollars in thousands, except Share Data)*

Security Name	Shares	Cost	Fair Value*
<i>Belgium</i>			
Fortis	142,100	3,051	3,029
Groupe Bruxelles Lambert SA	44,426	2,524	2,321
Interbrew	92,338	2,394	2,651
		7,969	8,001
<i>Canada</i>			
Canadian National Railway Co	37,000	1,858	1,947
Cott Corporation	83,400	1,218	1,577
Encana Corp	124,200	3,823	3,814
Inco Ltd	128,200	2,841	2,879
Loblaw Companies Ltd	35,600	1,371	1,463
Shoppers Drug Mart Corp	116,900	1,788	1,918
Talisman Energy Inc	259,400	8,578	11,641
		21,477	25,239
<i>Denmark</i>			
Group 4 Falck A/S	70,200	2,159	2,427
Novo Nordisk A/S	2,902	114	96
Tele Danmark A/S	79,600	2,188	2,201
		4,461	4,724
<i>Finland</i>			
Nokia Oyj	147,156	2,095	2,154
<i>France</i>			
Aventis	152,470	10,298	10,804
BNP Paribas	228,114	11,084	12,616
Bouygues SA	40,460	1,277	1,130
Compagnie de Saint-Gobain	84,564	3,741	3,796
Credit Agricole SA	81,473	1,806	1,810
Credit Lyonnais	59,664	2,477	2,557
Lafarge SA	48,406	4,360	4,828
Pernod-Ricard SA	24,400	1,882	2,390
Pinault-Printemps-Redoute SA	37,100	4,548	4,400
PSA Peugeot Citroen	79,527	3,955	4,127
Publicis Groupe	123,800	4,035	3,417
Renault SA	134,400	6,216	6,285
Sanofi-Synthelabo SA	41,500	2,253	2,525
Schneider Electric SA	37,400	1,878	2,011
Societe Television Francaise 1	49,266	1,242	1,319
Thomson Multimedia	72,830	1,643	1,723
Total Fina SA	48,933	7,377	7,945
Vivendi Environnement	75,700	2,194	2,336
		72,266	76,019
<i>Germany</i>			
Aareal Bank AG	16,200	224	260
BASF AG	97,700	4,448	4,530
Continental AG	107,000	1,582	1,892
Depfa Bank	16,200	830	880
Deutsche Lufthansa AG	174,900	2,419	2,453
E.On AG	57,300	3,148	3,339
Medion AG	45,771	1,624	1,670

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**West Virginia Investment Management Board**  
**Schedule of Investments in Securities (Continued)**

**June 30, 2002**

*(Dollars in thousands, except Share Data)*

Security Name	Shares	Cost	Fair Value*
Merck KGaA	39,040	1,298	1,051
Muenchener Rueckversicherungs	8,800	1,844	2,082
Schering AG	94,182	5,253	5,892
		22,670	24,049
<i>Hong Kong</i>			
China Mobile (Hong Kong) Ltd	348,000	1,151	1,031
CNOOC Ltd	3,321,700	3,246	4,450
Hongkong Electric Holdings Ltd	164,400	612	614
		5,009	6,095
<i>Ireland</i>			
Bank of Ireland	114,800	781	1,426
Irish Life & Permanent PLC	24,200	353	350
		1,134	1,776
<i>Italy</i>			
Banca Intesa SpA	2,287,761	6,923	6,982
Banca Popolare di Verona	133,700	1,729	1,734
Enel SpA	852,352	4,872	4,882
ENI SpA	622,310	8,447	9,895
		21,971	23,493
<i>Japan</i>			
Acom Co Ltd	14,600	1,000	998
Asahi Breweries Ltd	314,800	2,990	2,634
Dai Nippon Printing Co Ltd	322,000	3,942	4,274
Daiwa Securities Co Ltd	244,000	1,635	1,582
DDI Corporation	327	825	1,009
FamilyMart Company Ltd	83,400	1,893	2,018
Honda Motor Co Ltd	50,200	2,192	2,036
Hoya Corporation	22,600	1,639	1,644
Ito-Yokado Company Ltd	123,000	5,982	6,157
Japan Telecom Co Ltd	117	378	335
Japan Tobacco Inc	194	1,077	1,301
Mistui & Company Ltd	226,000	1,625	1,512
Mitsubishi Corporation	134,000	1,059	969
Mitsui Fudosan Co Ltd	74,000	710	654
Nidec Corporation	8,500	482	616
Nippon Express Company Ltd	310,100	1,528	1,643
Nippon Steel Corporation	1,051,000	1,759	1,640
Nippon Telegraph & Telephone	887	3,721	3,648
Nippon Television Network	5,270	1,307	1,176
Nippon Unipac Holding	373	2,210	2,309
Nissan Motor Co Ltd	636,800	3,774	4,410
Nitto Denko Corporation	35,700	1,165	1,171
Nomura Research Institute Ltd	5,500	717	756
NTT DoCoMo	883	2,233	2,173
Ricoh Company Ltd	6,000	110	104
Rohm Company Ltd	9,400	1,301	1,403
Sammy Corporation	53,400	1,826	1,760
Seiyu Ltd	384,000	1,477	1,490
Seven Eleven Japan Company	48,000	1,663	1,890
Shionogi & Co Ltd	101,000	1,825	1,288
Shohkoh Fund & Co Ltd	11,010	1,192	1,332
Sumitomo Bank Ltd	512,000	2,806	2,499

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**West Virginia Investment Management Board**  
**Schedule of Investments in Securities (Continued)**

**June 30, 2002**

*(Dollars in thousands, except Share Data)*

Security Name	Shares	Cost	Fair Value*
Takefuji Corporation	40,600	2,630	2,822
THK Co Ltd	12,700	253	244
Tokyo Broadcasting System Inc	26,000	575	582
Yahoo Japan Corporation	14	266	301
		61,767	62,380
<i>Korea</i>			
Kookmin Bank	20,122	726	977
KT Corporation	237,200	5,200	5,135
Pohang Iron & Steel Co Ltd	10,090	1,121	1,120
Samsung Electronics	14,860	3,889	4,064
		10,936	11,296
<i>Netherlands</i>			
ABN AMRO Holding NV	145,364	2,863	2,640
IHC Caland NV	38,500	2,185	2,302
Koninklijke (Royal) KPN NV	343,646	1,655	1,609
Koninklijke Philips Electronic	170,563	4,530	4,762
		11,233	11,313
<i>Norway</i>			
DnB Holding ASA	329,600	1,730	1,796
Kvaerner ASA	3,825,200	3,867	3,466
Orkla ASA	112,500	2,227	2,174
		7,824	7,436
<i>Singapore</i>			
Keppel Corporation Ltd	224,000	507	522
<i>Spain</i>			
Banco Popular Espanol SA	64,700	2,557	2,861
Fomento de Construcciones	47,105	1,046	1,149
Union Electrica Fenosa SA	127,800	2,288	2,348
		5,891	6,358
<i>Sweden</i>			
Autoliv Inc	136,250	2,992	3,321
Billerud	137,500	1,325	1,332
Eniro AB	502,600	4,007	3,855
		8,324	8,508
<i>Switzerland</i>			
Clariant AG	192,800	4,231	4,586
Novartis AG	73,277	3,112	3,223
Swiss Re	33,700	3,157	3,295
UBS AG	203,416	9,897	10,230
		20,397	21,334
<i>Taiwan</i>			
Taiwan Semiconductor Manf Co	47,610	758	619
United Microelectronics Corp	97,752	1,022	719
		1,780	1,338
<i>United Kingdom</i>			
Anglo American PLC	278,182	4,372	4,626
BAA PLC	391,762	3,448	3,577
Boots Company PLC	390,152	3,882	3,869
BP Amoco PLC	638,906	5,173	5,366
British Airways PLC	257,713	887	732
British American Tobacco PLC	329,436	3,334	3,540

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**West Virginia Investment Management Board**  
**Schedule of Investments in Securities (Continued)**

**June 30, 2002**

*(Dollars in thousands, except Share Data)*

Security Name		Shares	Cost	Fair Value*
British Sky Broadcasting Gp PLC		708,001	7,450	6,788
Centrica PLC		1,873,150	6,106	5,796
Diageo PLC		500,197	6,174	6,496
EMAP PLC		152,600	1,978	1,903
EMI Group PLC		585,962	2,738	2,224
GlaxoSmithKline PLC		264,307	5,542	5,713
Granada Compass PLC		2,252,783	4,420	3,829
HBOS		466,076	5,220	5,044
Lattice Group PLC		905,551	2,284	2,360
Lloyds TSB Group PLC		549,479	5,336	5,469
Marks & Spencer Group PLC		764,486	3,000	4,344
National Grid Group PLC		576,657	3,900	4,096
Royal Bank of Scotland Group		79	2	2
Sainsbury J PLC		393,351	2,269	2,135
Scottish & Newcastle PLC		260,500	2,251	2,414
Scottish Power PLC		504,657	2,874	2,714
South African Breweries PLC		333,579	2,699	2,611
Tesco PLC		2,073,845	7,783	7,539
Vodafone AirTouch PLC		3,702,522	5,047	5,079
			<u>98,169</u>	<u>98,266</u>
Total Equities	80.1%		390,544	405,320
<b>Short-term Issues</b>				
Dreyfus Institutional Government Money Market Fund		11,769,205	11,769	11,769
Total Short-term Issues	2.3%		<u>11,769</u>	<u>11,769</u>
<b>Total International Equity</b>			<u>\$ 511,675</u>	<u>\$ 506,296</u>

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See accompanying notes to financial statements.

**West Virginia Investment Management Board**  
**Schedule of Investments in Securities (Continued)**

**June 30, 2002**

*(Dollars in thousands, except Share Data)*

Security Name	Coupon	Yield	Maturity	Par Value or Shares	Amortized Cost	Fair Value*
<b>FIXED INCOME SECURITIES</b>						
<b>Short-Term Fixed Income</b>						
<i>Corporate Issues</i>						
Corporate Bonds						
Mellon Financial Co	2.207 <i>A</i> %	2.121 %	09/16/2002	10,000	\$ 10,002	\$ 10,006
Household Finance Corporation	2.463 <i>A</i>	2.424	10/08/2003	6,500	6,502	6,478
VW Credit Inc	2.129 <i>A</i>	2.129	01/22/2004	5,000	5,000	4,994
Total Corporate Bonds					21,504	21,478
Corporate Asset Backed Issues						
Nissan Auto Rec Owner Trust	4.600	2.441	08/15/2003	1,249	1,253	1,252
Associates Auto Rec Trust	7.300	3.037	01/15/2004	2,797	2,848	2,855
Felco Funding II LLC	7.585	4.605	06/15/2004	3,760	3,802	3,834
Case Equipment Loan Trust	6.900	4.993	06/15/2006	4,299	4,372	4,393
Sears Credit Acc Master Trust	6.200	2.524	07/16/2007	2,939	2,996	3,005
Total Corporate Asset Backed Issues					15,271	15,339
Total Corporate Issues	20.6%				36,775	36,817
<i>Short-term Issues</i>						
U. S. Treasury Bill	0.000	1.727	07/25/2002	36,500	36,459	36,459
Merrill Lynch Premier Institutional Money Market Fund		1.869		105,659,962	105,660	105,660
Total Short-Term Issues	79.4%				142,119	142,119
<b>Total Short-Term Fixed Income</b>					<b>\$ 178,894</b>	<b>\$ 178,936</b>
<b>Fixed Income</b>						
<i>Commingled Fixed Income Pools</i>						
Western Asset Strategic EMD LLC				1,830,978	\$ 17,442	\$ 18,624
Western Asset Opportunistic Emerging Market				2,753,962	34,801	35,288
Western Asset US Dollar High Yield LLC				6,844,319	72,145	71,090
Total Commingled Fixed Income Pools	8.6%				124,388	125,002
<i>U. S. Treasury Issues</i>						
United States Treasury Note	3.375 %	3.172 %	04/30/2004	10,200	10,236	10,308
United States Treasury Bond	4.875	4.901	02/15/2012	17,950	17,913	18,017
United States Treasury Strip - Prin	0.000	5.944	11/15/2021	141,550	45,509	44,781
United States Treasury Strip - Prin	0.000	5.814	08/15/2025	136,300	36,225	34,586
United States Treasury Strip - Prin	0.000	5.625	08/15/2027	1,740	432	395
United States Treasury Bond	6.375	5.692	08/15/2027	20,615	22,485	22,483
United States Treasury Strip - Prin	0.000	5.865	11/15/2027	18,020	4,154	4,041
United States Treasury Bond	6.125	5.786	11/15/2027	60,825	63,549	64,322

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**West Virginia Investment Management Board**  
**Schedule of Investments in Securities (Continued)**

**June 30, 2002**

*(Dollars in thousands, except Share Data)*

Security Name	Coupon	Yield	Maturity	Par Value or Shares	Amortized Cost	Fair Value*
United States Treasury Inflation Protection Bond	3.625	3.680	04/15/2028	72,378	71,687	78,168
United States Treasury Bond	6.125	6.195	08/15/2029	7,600	7,531	8,073
United States Treasury Bond	5.375	5.467	02/15/2031	40,768	40,229	39,927
Total U. S. Treasury Issues	22.3%				319,950	325,101
<b>U. S. Government Agency Issues</b>						
U. S. Government Agency Bonds						
FNMA Benchmark Notes	7.250	7.241	01/15/2010	22,010	22,022	24,947
FNMA Notes	5.375	5.866	11/15/2011	650	627	650
GNMA	2.239 <i>A</i>	2.240	08/20/2031	3,415	3,419	3,412
Total U.S. Government Agency Bonds					26,068	29,009
U. S. Government Agency Mortgage Backed Issues						
FHLMC Mortgage Pools	6.999	7.263	09/08/2026	43,206	44,634	45,235
FNMA Mortgage Pools	6.297	6.125	05/28/2022	79,893	81,241	81,420
GNMA Mortgage Pools	6.531	6.359	03/22/2028	200,977	204,254	205,065
Total U. S. Government Agency Mortgage Backed Issues					330,129	331,720
U. S. Government Agency CMOs						
Student Loan Marketing Assn	2.312 <i>A</i>	2.325	04/25/2006	5,484	5,484	5,490
Student Loan Marketing Assn	2.562 <i>A</i>	0.368	10/26/2011	8,800	8,800	8,854
FHLMC - CMO	7.000	7.079	01/25/2021	1,819	1,813	1,886
Total U. S. Government Agency CMOs					16,097	16,230
Total U. S. Government Agency Issues	25.9%				372,294	376,959
<b>Corporate Issues</b>						
U. S. Corporate Bonds						
US West Communications Inc	6.375	12.239	10/15/2002	900	886	794
Verizon Global Funding Corp	5.750	4.447	04/01/2003	900	909	908
Bell Atlantic Financial Svcs	5.750	4.342	04/01/2003	4,600	4,647	4,641
Ford Motor Credit Company	2.660 <i>A</i>	2.660	04/17/2003	20,000	20,000	19,928
Tyco International Group SA	2.371 <i>A</i>	13.654	07/30/2003	190	169	154
Redwood Capital II Ltd	4.860 <i>A</i>	4.891	01/01/2004	700	700	696
AT&T Corp	6.750	6.842	04/01/2004	1,250	1,248	1,197
Atlas Reinsurance PLC	4.389 <i>A</i>	4.411	01/07/2005	250	250	252
Bear Stearns Companies Inc	7.625	7.714	02/01/2005	10,000	9,980	10,767
Verizon Global Funding Corp	4.250	4.069	09/15/2005	4,050	4,072	4,101
Bell Atlantic Financial Svcs	4.250	3.901	09/15/2005	1,650	1,667	1,666
Korea Deposit Insurance	2.500	2.299	12/11/2005	2,500	2,517	2,622
British Telecom PLC	7.875	7.913	12/15/2005	5,000	4,994	5,393
Merrill Lynch & Company Inc	7.000	6.198	03/15/2006	15,000	15,393	16,093
Tyco International Group SA	5.800	9.726	08/01/2006	1,125	979	888
Bank Of America Corp	5.250	5.173	02/01/2007	3,200	3,210	3,247
Asian Development Bank	4.875	4.964	02/05/2007	1,680	1,674	1,719
Household Finance Corporation	7.875	6.422	03/01/2007	2,700	2,856	2,905
JP Morgan Chase & Co	5.250	5.235	05/30/2007	2,000	2,001	2,002
Dryden Investor Trust	7.157	6.704	07/23/2008	1,040	1,054	1,081

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**West Virginia Investment Management Board**  
**Schedule of Investments in Securities (Continued)**

**June 30, 2002**

*(Dollars in thousands, except Share Data)*

Security Name	Coupon	Yield	Maturity	Par Value or Shares	Amortized Cost	Fair Value*
Pitney Bowes Credit Corp	5.750	5.886	08/15/2008	4,500	4,469	4,580
General Motors Nova Fin	6.850	6.889	10/15/2008	4,710	4,701	4,888
Tyco International Group SA	6.125	10.558	11/01/2008	160	128	123
Sprint Capital Corp	6.125	8.326	11/15/2008	2,220	1,982	1,781
Ford Motor Credit Company	5.800	7.381	01/12/2009	1,080	993	1,013
First Chicago	6.375	6.162	01/30/2009	700	708	715
Bank One Corp	6.000	6.131	02/17/2009	1,200	1,191	1,231
RJR Nabisco Inc	7.875	8.035	05/15/2009	10,600	10,511	11,380
Ford Motor Credit Company	7.375	7.516	10/28/2009	370	367	376
Ford Motor Credit Company	7.875	7.300	06/15/2010	660	683	686
Household Finance Corporation	8.000	6.765	07/15/2010	2,130	2,291	2,272
Calpine Corp	8.625	13.561	08/15/2010	180	137	116
United Mexican States	8.375	7.989	01/14/2011	4,680	4,790	4,851
Ford Motor Credit Company	7.375	7.594	02/01/2011	715	705	723
Key Bank NA	7.000	6.117	02/01/2011	7,000	7,408	7,452
Calpine Corp	8.500	13.845	02/15/2011	150	110	98
Sonat Inc	7.625	7.444	07/15/2011	2,730	2,762	2,673
Bristol-Myers Squibb Company	5.750	5.691	10/01/2011	4,610	4,629	4,585
Conoco Funding Co	6.350	6.372	10/15/2011	1,380	1,378	1,432
Tyco International Group SA	6.375	9.271	10/15/2011	1,690	1,389	1,293
Ford Motor Credit Company	7.250	7.589	10/25/2011	2,950	2,884	2,948
Bank One Corporation	5.900	6.087	11/15/2011	5,100	5,033	5,083
First Energy Corp	6.450	6.602	11/15/2011	1,580	1,563	1,512
Goldman Sachs Group Inc	6.600	6.556	01/15/2012	7,150	7,171	7,271
Dynegy Holdings Inc	8.750	8.603	02/15/2012	2,340	2,362	1,743
Citigroup Inc	6.000	6.053	02/21/2012	4,820	4,801	4,849
Target Corp	5.875	5.921	03/01/2012	1,340	1,336	1,361
JP Morgan Chase & Co	6.625	6.670	03/15/2012	2,710	2,701	2,790
Weyerhaeuser Company	6.750	6.840	03/15/2012	970	964	997
MeadWestvaco Corp	6.850	6.237	04/01/2012	1,770	1,848	1,841
Bank Of America Corp	6.250	6.282	04/15/2012	2,600	2,594	2,655
Household Finance Corporation	7.000	7.085	05/15/2012	620	616	614
PDVSA Finance Ltd	8.500	9.273	11/16/2012	3,400	3,247	2,975
El Paso Corp	0.000	4.778	02/28/2021	5,250	2,175	2,147
Verizon Global Funding Corp	0.000	3.280	05/15/2021	700	379	380
Loews Corp	7.625	7.889	06/01/2023	15,000	14,597	14,528
Delta Air Lines	6.718	6.689	07/02/2024	1,960	1,966	2,017
United Mexican States	11.500	8.606	05/15/2026	11,350	14,653	14,397
WMX Technologies Inc	7.100	6.889	08/01/2026	3,060	3,135	3,147
Philip Morris	7.750	7.109	01/15/2027	3,000	3,222	3,186
British Aerospace Finance Inc	7.500	7.563	07/01/2027	5,625	5,585	5,740
Tyco International Group SA	6.875	9.583	01/15/2029	200	148	142
Conoco Inc	6.950	6.607	04/15/2029	3,480	3,629	3,559
Quebec Providence Canada	7.500	6.475	09/15/2029	4,310	4,871	4,944
Dow Chemical Company	7.375	7.468	11/01/2029	3,270	3,235	3,458
Lockheed Martin Corp	8.500	8.535	12/01/2029	4,000	3,985	4,828
Ford Holdings Inc	9.300	7.641	03/01/2030	10,000	11,898	11,035
Tennessee Valley Authority	7.125	7.246	05/01/2030	10,000	9,856	11,089
British Telecom PLC	8.875	8.938	12/15/2030	10,000	9,936	10,756
Worldcom Inc	8.250	8.424	05/15/2031	5,000	4,907	788
Conoco Funding Co	7.250	6.674	10/15/2031	1,010	1,084	1,075
First Energy Corp	7.375	7.389	11/15/2031	1,040	1,038	976

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**West Virginia Investment Management Board**  
**Schedule of Investments in Securities (Continued)**

**June 30, 2002**

*(Dollars in thousands, except Share Data)*

Security Name	Coupon	Yield	Maturity	Par Value or Shares	Amortized Cost	Fair Value*
El Paso Corporation	7.750	7.814	01/15/2032	2,110	2,095	1,956
General Electric Capital Corp	6.750	6.844	03/15/2032	3,650	3,607	3,677
Weyerhaeuser Company	7.375	7.484	03/15/2032	650	642	658
Williams Companies Inc	8.750	8.882	03/15/2032	2,350	2,318	1,902
Waste Management Inc	7.750	7.781	05/15/2032	1,200	1,196	1,204
El Paso Natural Gas	8.375	8.164	06/15/2032	260	266	267
Tennessee Gas Pipeline	8.375	8.177	06/15/2032	770	787	786
Time Warner Entertainment Co	8.375	8.068	07/15/2033	7,500	7,761	7,290
Norfolk Southern Corp	7.050	6.518	05/01/2037	5,000	5,365	5,255
Anheuser-Busch Company Inc	6.500	6.592	05/01/2042	3,100	3,060	3,097
News America Holdings Inc	7.750	8.493	12/01/2045	12,500	11,436	11,061
Abbey National Cap Trust I	8.963	8.902	12/29/2049	5,000	5,031	5,773
IBJ Preferred Capital Co LLC	8.790 <i>A</i>	8.571	12/29/2049	8,920	9,010	7,365
Total U. S. Corporate Bonds					320,531	318,444
Corporate Asset Backed Issues						
Continental Auto Rec Owner Tr	7.379	3.313	02/17/2004	1,716	1,730	1,736
Daimler Chrysler Mstr Owner Tr	1.900 <i>A</i>	1.827	05/15/2007	2,630	2,630	2,631
Americredit Automobile Rec	2.054 <i>A</i>	2.046	09/12/2007	3,000	3,001	3,010
Option One Mortgage Securities	2.140 <i>A</i>	0.121	04/26/2009	8,934	8,934	8,934
Pass Thru Amort Credit Card Tr	2.589 <i>A</i>	2.603	06/18/2012	9,860	9,860	9,860
Systems 2001 Asset Trust	6.664	6.076	09/15/2013	4,142	4,275	4,402
Morgan Stanley Dean Witter	2.344 <i>A</i>	2.351	10/07/2013	5,390	5,391	5,392
BankAmerica Manufactured Hsg	6.470	4.506	04/10/2015	1,585	1,595	1,593
Chase Funding Loan Acq Trust	2.070 <i>A</i>	2.078	12/25/2015	300	300	300
Merrill Lynch Mort Investors	2.070 <i>A</i>	2.073	07/25/2016	5,184	5,186	5,185
First Plus Home Loan Trust	7.640	7.747	07/10/2022	5,250	5,248	5,453
Home Loan Trust RFC	7.490	7.465	07/25/2022	2,188	2,185	2,269
CS First Boston Mtg Secs Corp	7.590	7.644	07/25/2026	14,877	14,856	15,785
Structured Asset Securities Co	7.750	6.384	02/25/2028	4,600	4,855	5,079
Asset Securitization Corp	6.920	5.693	02/14/2029	8,173	8,454	8,687
Associates Manufactured Hsg	2.070 <i>A</i>	1.848	07/15/2030	5,128	5,130	5,127
Commercial Mortgage Accept Co	6.570	6.062	12/15/2030	9,400	9,619	9,894
Bayview Financial Acquisition	2.120 <i>A</i>	1.904	07/25/2031	5,504	5,475	5,494
Household Home Equity Loan Tr	2.140 <i>A</i>	2.150	04/20/2032	9,440	9,440	9,446
Bayview Financial Acquisition	2.170 <i>A</i>	1.680	04/25/2032	9,340	9,340	9,333
Countrywide Asset-Backed Cert	2.110 <i>A</i>	1.643	04/25/2032	10,565	10,565	10,555
Amortizing Residential Coll Tr	2.150 <i>A</i>	0.035	05/25/2032	9,604	9,604	9,604
CS First Boston Mort Sec Corp	2.030 <i>A</i>	1.589	06/25/2032	9,643	9,643	9,643
CDC Mortgage Capital Trust	2.150 <i>A</i>	1.664	08/25/2032	9,510	9,510	9,514
Merrill Lynch Mort Investors	2.210 <i>A</i>	2.210	09/25/2032	4,392	4,398	4,403
Conseco Finance	2.070 <i>A</i>	1.606	05/15/2033	6,034	6,034	6,036
Citigroup Home Equity Loan Tr	2.110 <i>A</i>	0.012	06/25/2033	9,810	9,810	9,813
Heller Financial Comm Mtg	7.750	5.507	01/17/2034	1,500	1,692	1,699
Total Corporate Asset Backed Issues					178,760	180,877

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*\*\* Denotes securities pledged for initial margin requirements on open futures contracts.*

*See accompanying notes to financial statements.*

**West Virginia Investment Management Board**  
**Schedule of Investments in Securities (Continued)**

**June 30, 2002**

(Dollars in thousands, except Share Data)

Security Name	Coupon	Yield	Maturity	Par Value or Shares	Amortized Cost	Fair Value*
Corporate CMO's						
Westpac Securitization Trust 1998-1G	2.110 <i>A</i>	2.115	07/19/2029	9,598	9,598	9,614
Total Corporate CMOs					9,598	9,614
Total Corporate Issues	34.9%				508,889	508,935
<b>Futures Commissions</b>						
US Treasury 5Yr Note Future Sep 2002				-	2	-
US Treasury Bond Future Sep 2002				-	1	-
Total Futures Commissions					3	-
<b>Short-term Issues</b>						
AT&T Corp	3.045 <i>A</i>	3.045	08/06/2002	5,500	5,500	5,507
Federal National Mortgage Assn Discount Note **	0.000	1.893	08/14/2002	8,900	8,880	8,881
Dreyfus Institutional Government Money Market Fund		1.563		106,824,119	106,824	106,824
Total Short-term Issues	8.3%				121,204	121,212
<b>Swaps</b>						
Merrill Lynch Credit Default Swap			05/15/2003	2,500	-	(307)
					-	(307)
Total Swaps					-	(307)
<b>Total Fixed Income</b>					<u>\$ 1,446,725</u>	<u>\$ 1,456,902</u>
<b>Fixed Income Qualified</b>						
<b>Commingled Fixed Income Pools</b>						
Barclay's Global Investors Qualified Mortgage Index				4,982,276	\$ 110,382	\$ 133,234
Barclay's Global Investors Qualified Intermediate Corp				15,453,491	345,376	406,856
Barclay's Global Investors Qualified Long Corp				4,398,588	108,392	124,267
Total Commingled Fixed Income	100.0%				564,150	664,357
<b>Total Fixed Income Qualified</b>					<u>\$ 564,150</u>	<u>\$ 664,357</u>
<b>Fixed Income Nonqualified</b>						
<b>Commingled Fixed Income Pools</b>						
Barclay's Global Investors Non-Qualified Mortgage Index				2,412,615	\$ 48,679	\$ 55,214
Barclay's Global Investors Non-Qualified Intermediate Corp				9,391,226	149,575	168,535
Barclay's Global Investors Non-Qualified Long Corp				2,885,938	46,463	51,472
Total Commingled Fixed Income Pools	100.0%				244,717	275,221
<b>Total Fixed Income Nonqualified</b>					<u>\$ 244,717</u>	<u>\$ 275,221</u>

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**West Virginia Investment Management Board**  
**Schedule of Investments in Securities (Continued)**

**June 30, 2002**

*(Dollars in thousands, except Share Data)*

Security Name	Coupon	Yield	Maturity	Par Value or Shares	Amortized Cost	Fair Value*
<b>Cash Liquidity</b>						
<i>U. S. Treasury Issues</i>						
U. S. Treasury Note	6.250 %	3.452 %	07/31/2002	\$ 3,000	\$ 3,007	\$ 3,012
U. S. Treasury Note	6.000	3.411	07/31/2002	3,000	3,006	3,011
U. S. Treasury Note	6.375	2.254	08/15/2002	3,000	3,015	3,018
U. S. Treasury Note	5.750	2.211	10/31/2002	7,500	7,587	7,601
U. S. Treasury Note	5.750	2.129	11/30/2002	5,000	5,075	5,083
U. S. Treasury Note	5.125	2.034	12/31/2002	3,000	3,046	3,050
U. S. Treasury Note	5.625	2.211	12/31/2002	5,000	5,084	5,095
U. S. Treasury Note	4.750	2.274	01/31/2003	5,000	5,071	5,084
U. S. Treasury Note	6.250	2.269	02/15/2003	12,000	12,294	12,326
U. S. Treasury Note	5.500	2.201	02/28/2003	3,000	3,065	3,072
U. S. Treasury Note	4.625	2.148	02/28/2003	5,000	5,081	5,091
U. S. Treasury Note	4.250	2.223	03/31/2003	15,000	15,224	15,267
U. S. Treasury Note	5.500	2.149	03/31/2003	5,000	5,124	5,136
U. S. Treasury Note	4.000	1.928	04/30/2003	3,000	3,051	3,052
U. S. Treasury Note	4.250	2.337	05/31/2003	10,000	10,172	10,213
Total U. S. Treasury Issues	8.4%				88,902	89,111
<i>U. S. Government Agency Issues</i>						
U. S. Government Agency Bonds						
Federal Home Loan Bank	5.125	2.220	01/13/2003	14,710	14,935	14,954
Federal Home Loan Bank Mort Corp	4.750	2.391	03/15/2003	10,000	10,164	10,184
Total U. S. Government Agency Bonds					25,099	25,138
Total U. S. Government Agency Issues	2.4%				25,099	25,138
<i>U. S. Corporate Bonds</i>						
Suntrust Banks Inc	7.375	2.093	07/01/2002	2,635	2,635	2,635
Bank of New York Co Inc	7.625	3.669	07/15/2002	5,000	5,008	5,009
Republic New York Corp	7.250	2.632	07/15/2002	5,000	5,009	5,008
Bankers Trust NY Corp	7.125	2.115	07/31/2002	2,375	2,385	2,383
Wal-Mart Stores	6.875	3.756	08/01/2002	10,000	10,026	10,038
Heller Financial	7.500	3.423	08/23/2002	20,000	20,117	20,126
IBM Credit Corp	6.450	2.215	11/12/2002	8,500	8,630	8,630
First Union Corporation	8.000	2.485	11/15/2002	5,145	5,249	5,255
General Electric Capital Corp	7.410	2.288	12/10/2002	4,250	4,345	4,348
GTE Florida Inc	6.310	2.355	12/15/2002	5,000	5,089	5,057
Morgan Stanley Dean Witter Co	7.125	2.502	01/15/2003	5,000	5,123	5,125
Continental Bank NA	7.875	2.575	02/01/2003	3,555	3,664	3,666
Wisconsin Public Service	6.800	2.075	02/01/2003	1,500	1,541	1,533
US Bancorp	7.000	2.661	03/15/2003	2,500	2,575	2,580
Salomon Smith Barney Holdings	6.250	2.214	05/15/2003	10,000	10,346	10,318

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*See accompanying notes to financial statements.*

**West Virginia Investment Management Board**  
**Schedule of Investments in Securities (Continued)**

**June 30, 2002**

(Dollars in thousands, except Share Data)

Security Name	Coupon	Yield	Maturity	Par Value or Shares	Amortized Cost	Fair Value*
General Motors Acceptance Corp	2.210 <i>A</i>	2.247	08/04/2003	25,000	25,000	24,895
CIT Group Holdings Inc	2.101 <i>A</i>	2.098	12/05/2003	20,000	20,000	19,150
Household Finance corp	2.251 <i>A</i>	2.250	05/28/2004	20,000	20,000	19,797
Total U. S. Corporate Bonds					156,742	155,553
Total Corporate Issues	14.9%				156,742	155,553
<b>Short Term Issues</b>						
Merrill Lynch Premier Institutional Fund		1.869		580,675,547	580,676	580,676
Nations Cash Reserves Capital Fund		1.846		10,306,695	10,307	10,307
BMW US Capital Corp Commercial Paper	0.000	1.977	07/01/2002	15,000	15,000	15,000
U. S. Treasury Bill	0.000	1.726	07/11/2002	20,000	19,991	19,990
Federal Home Loan Bank Discount Note	0.000	1.726	07/17/2002	20,000	19,985	19,985
U. S. Treasury Bill	0.000	1.739	07/25/2002	20,000	19,977	19,977
Federal Home Loan Bank Note	0.000	1.759	07/26/2002	10,000	9,988	9,988
U. S. Treasury Bill	0.000	2.027	09/26/2002	20,000	19,904	19,917
U. S. Treasury Bill	0.000	2.116	10/03/2002	10,000	9,946	9,955
U. S. Treasury Bill	0.000	1.861	10/17/2002	5,000	4,973	4,974
U. S. Treasury Bill	0.000	1.903	10/24/2002	5,000	4,970	4,973
Federal National Mortgage Assn Discount Note	0.000	2.298	11/01/2002	5,000	4,962	4,971
U. S. Treasury Bill	0.000	1.830	11/21/2002	15,000	14,893	14,898
Federal Home Loan Bank Note	0.000	2.310	12/09/2002	5,000	4,950	4,962
Federal Home Loan Mort Corp Discount Note	0.000	2.107	12/18/2002	5,000	4,950	4,960
Canadian Imperial Bk of Comm	2.080	2.040	12/20/2002	10,000	10,001	10,003
Federal Farm Credit Bank Discount Notes	0.000	2.233	01/02/2003	3,000	2,966	2,973
Bank of Nova Scotia Yankee CD	2.160	2.303	02/04/2003	10,000	9,991	9,974
Federal National Mortgage Assn Discount Note	0.000	2.146	02/07/2003	5,000	4,936	4,945
Bayerische Landesbank NY Yankee CD	0.000	2.080	06/17/2003	10,500	10,500	10,455
Total Short-term Issues	74.3%				783,866	783,883
<b>Total Cash Liquidity</b>					<b>\$ 1,054,609</b>	<b>\$ 1,053,685</b>
<b>Government Money Market</b>						
<b>U. S. Treasury Issues</b>						
U. S. Treasury Note	5.500	2.267	03/31/2003	\$ 7,000	\$ 7,167	\$ 7,190
U. S. Treasury Note	4.250	2.223	03/31/2003	10,000	10,150	10,178
Total U.S. Treasury Issues	12.2%				17,317	17,368
<b>Short-term Issues</b>						
UBS LIR Govt Sec Fund		1.568		54,740,662	54,741	54,741
Federal Home Loan Mort Corp Discount Note	0.000	1.906	07/01/2002	20,000	20,000	20,000
U. S. Treasury Bill	0.000	1.721	07/11/2002	10,000	9,995	9,995
U. S. Treasury Bill	0.000	1.706	07/25/2002	10,000	9,989	9,989

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*See accompanying notes to financial statements.*

**West Virginia Investment Management Board**  
**Schedule of Investments in Securities (Continued)**

**June 30, 2002**

*(Dollars in thousands, except Share Data)*

Security Name	Coupon	Yield	Maturity	Par Value or Shares	Amortized Cost	Fair Value*
U. S. Treasury Bill	0.000	1.737	09/12/2002	10,000	9,965	9,965
U. S. Treasury Bill	0.000	1.905	09/19/2002	10,000	9,958	9,962
U. S. Treasury Bill	0.000	2.116	10/03/2002	10,000	9,946	9,955
Total Short-term Issues	87.8%				124,594	124,607
<b>Total Government Money Market</b>					<u>\$ 141,911</u>	<u>\$ 141,975</u>
<b>Enhanced Yield</b>						
<i>U. S. Treasury Issues</i>						
U. S. Treasury Note	4.250 %	4.484 %	11/15/2003	\$ 4,330	\$ 4,317	\$ 4,439
U. S. Treasury Note	4.750	4.481	02/15/2004	820	823	848
U. S. Treasury Note	5.875	2.921	02/15/2004	7,700	8,058	8,102
U. S. Treasury Note	3.625	3.169	03/31/2004	1,000	1,008	1,016
U. S. Treasury Note	7.250	5.616	05/15/2004	27,000	27,773	29,202
U. S. Treasury Note	6.000	4.497	08/15/2004	2,700	2,781	2,869
U. S. Treasury Note	7.250	6.704	08/15/2004	10,000	10,106	10,878
U. S. Treasury Note	7.875	3.697	11/15/2004	29,370	32,129	32,546
U. S. Treasury Note	6.750	3.864	05/15/2005	1,000	1,078	1,091
Total U. S. Treasury Issues	27.3%				88,073	90,991
<i>U. S. Government Agency Issues</i>						
U. S. Government Agency Bonds						
Federal Home Loan Bank	6.670	5.862	08/23/2002	135	135	136
Federal Home Loan Bank	5.785	5.752	03/17/2003	500	500	513
Federal Home Loan Bank	6.025	5.750	03/17/2003	255	255	262
Federal Home Loan Bank	5.785	5.884	04/23/2003	5,000	4,996	5,145
Federal Farm Credit Bank	5.700	5.402	06/18/2003	2,000	2,006	2,066
Federal Home Loan Bank	5.600	5.382	09/02/2003	4,000	4,010	4,140
Federal National Mortgage Assn	5.280	4.424	10/06/2003	105	106	108
Federal National Mortgage Assn	5.450	4.424	10/10/2003	105	106	109
Federal Farm Credit Bank	6.400	3.150	10/20/2003	500	521	523
Federal National Mortgage Assn	5.500	6.420	12/01/2003	600	593	621
Federal Farm Credit Bank	5.150	4.514	12/02/2003	158	159	163
Federal Home Loan Bank	5.530	4.554	12/08/2003	100	101	104
Federal National Mortgage Assn	5.510	4.441	01/12/2004	350	355	363
Federal Farm Credit Bank	5.400	4.538	01/23/2004	1,210	1,226	1,252
Federal Home Loan Bank	5.770	4.376	02/03/2004	200	204	208
Federal National Mortgage Assn	5.450	3.697	02/05/2004	1,300	1,335	1,349
Federal Home Loan Bank	5.620	4.949	02/25/2004	725	733	754
Federal Home Loan Mort Corp	6.645	3.330	03/10/2004	155	163	164
Federal Home Loan Bank	5.485	3.212	03/23/2004	430	446	447
Federal Home Loan Bank	6.750	4.540	04/05/2004	100	104	106
Federal Home Loan Bank	4.875	4.508	04/16/2004	10,525	10,591	10,880
Federal Home Loan Bank	7.125	3.314	05/14/2004	150	160	161
Federal National Mortgage Assn	5.625	3.467	05/14/2004	15,000	15,581	15,713
Federal National Mortgage Assn	6.000	3.314	05/17/2004	100	105	105
Federal Farm Credit Bank	5.930	4.724	05/28/2004	100	102	105

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**West Virginia Investment Management Board**  
**Schedule of Investments in Securities (Continued)**

**June 30, 2002**

*(Dollars in thousands, except Share Data)*

Security Name	Coupon	Yield	Maturity	Par Value or Shares	Amortized Cost	Fair Value*	
Federal Home Loan Mort Corp	6.485	4.536	06/24/2004	125	130	133	
Federal Home Loan Bank	4.750	3.851	06/28/2004	6,060	6,163	6,261	
Federal Home Loan Bank	7.360	4.846	07/01/2004	500	524	541	
Federal National Mortgage Assn	7.400	4.759	07/01/2004	100	105	109	
Federal Home Loan Bank	7.700	3.760	09/20/2004	250	271	274	
Federal Home Loan Bank	6.250	3.715	11/15/2004	575	608	613	
Federal Home Loan Bank	3.875	3.750	12/15/2004	150	150	152	
Federal Home Loan Mort Corp	7.930	4.876	01/20/2005	90	97	100	
Federal Home Loan Bank	7.125	4.079	02/15/2005	700	752	763	
Federal Home Loan Mort Corp	3.875	4.124	02/15/2005	24,000	23,853	24,228	
Federal National Mortgage Assn	7.875	4.750	02/24/2005	1,250	1,346	1,394	
Federal National Mortgage Assn	7.490	4.974	03/02/2005	160	170	176	
Federal Home Loan Bank	7.590	4.974	03/10/2005	740	788	817	
Federal National Mortgage Assn	7.650	4.965	03/10/2005	625	667	694	
Federal National Mortgage Assn	7.350	4.995	03/28/2005	245	260	270	
Federal Home Loan Bank	7.340	5.285	04/04/2005	70	74	77	
Federal National Mortgage Assn	6.770	4.410	09/01/2005	250	267	272	
Federal National Mortgage Assn	5.875	5.054	02/02/2006	935	960	997	
Federal National Mortgage Assn	5.875	5.065	02/14/2006	818	840	870	
Federal National Mortgage Assn	6.625	5.095	03/21/2006	262	275	285	
Total U. S. Government Agency Bonds					82,893	84,523	
Total U. S. Government Agency Issues					25.4%	82,893	84,523
U. S. Corporate Bonds							
Textron Inc	6.750	4.930	09/15/2002	770	773	775	
Beneficial Corporation	7.770	5.708	11/01/2002	900	906	912	
Dow Capital BV	7.125	3.505	01/15/2003	172	175	175	
Hertz Corp	6.000	5.490	01/15/2003	2,030	2,035	2,053	
Bank Of America Corp	10.000	4.490	02/01/2003	5,000	5,157	5,221	
Hydro-Quebec	7.375	3.150	02/01/2003	472	483	486	
Dayton Hudson	6.400	3.225	02/15/2003	225	229	229	
Countrywide Funding Corp	6.450	3.730	02/27/2003	400	407	409	
Bank Of America Corp	6.850	3.600	03/01/2003	200	204	206	
Dayton Hudson	6.625	3.608	03/01/2003	144	147	147	
Household Finance Corporation	6.875	5.687	03/01/2003	2,000	2,015	2,032	
Household Int'l	6.125	5.886	03/01/2003	1,000	1,002	1,011	
General Motors Acceptance Corp	5.800	5.804	03/12/2003	2,500	2,500	2,532	
CIT Group Inc	7.375	7.790	03/15/2003	2,000	1,994	1,991	
National Rural Utilities Co-op	6.046	3.436	04/15/2003	1,000	1,020	1,022	
Wachovia Corp	6.375	3.630	04/15/2003	810	827	834	
C & P Telephone	6.000	3.220	05/01/2003	200	205	203	
Charles Schwab Corp	7.800	3.442	05/02/2003	1,000	1,036	1,036	
Sears Roebuck Acceptance	7.130	3.630	05/02/2003	100	103	103	
General Motors Acceptance Corp	7.625	7.475	05/05/2003	3,000	3,004	3,089	
National Rural Utilities Co-op	6.220	5.330	05/05/2003	1,000	1,007	1,026	
Savannah Elec & Power Co	5.120	5.271	05/15/2003	2,500	2,497	2,546	
American General Finance Corp	6.140	7.300	06/03/2003	1,000	990	1,026	
Ford Motor Credit Company	7.500	5.907	06/15/2003	4,000	4,058	4,124	
Huntington National Bank	6.750	5.068	06/15/2003	2,325	2,361	2,409	

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**West Virginia Investment Management Board**  
**Schedule of Investments in Securities (Continued)**

**June 30, 2002**

*(Dollars in thousands, except Share Data)*

Security Name	Coupon	Yield	Maturity	Par Value or Shares	Amortized Cost	Fair Value*
Union Carbide Corp	6.250	3.536	06/15/2003	525	538	535
Countrywide Funding Corp	6.680	3.774	07/14/2003	112	115	116
Marshall & Ilsley Corp	6.375	3.395	07/15/2003	350	361	363
Anheuser-Busch Company Inc	6.750	3.370	08/01/2003	190	197	198
Household Finance Corporation	6.250	6.206	08/15/2003	765	765	783
Associates Corp NA	6.080	7.730	09/29/2003	1,000	981	1,034
Carnival Corp	6.150	8.020	10/01/2003	300	293	307
Lehman Brothers Holdings Inc	7.250	4.259	10/15/2003	100	104	105
National Rural Utilities Co-op	5.200	7.170	10/21/2003	2,000	1,952	2,044
General Motors Acceptance Corp	6.550	7.061	11/17/2003	1,500	1,490	1,554
Sears Roebuck Acceptance	6.560	4.020	11/20/2003	275	284	285
Household Int'l	6.200	5.520	12/01/2003	390	394	402
CIT Group Holdings Inc	5.570	7.870	12/08/2003	1,500	1,454	1,490
Diageo PLC	0.000	6.223	01/06/2004	3,500	3,190	3,313
Bear Stearns Companies Inc	6.625	4.330	01/15/2004	60	62	63
GTE North Inc	6.000	3.653	01/15/2004	140	145	144
Bell Atlantic New Jersey	5.875	3.890	02/01/2004	1,000	1,030	1,024
Wells Fargo Company	9.125	5.400	02/01/2004	450	475	488
Mellon Financial Co	6.000	4.860	03/01/2004	1,000	1,018	1,040
Bear Stearns Companies Inc	6.150	4.554	03/02/2004	1,000	1,025	1,036
General Electric Capital Corp	7.250	7.266	05/03/2004	2,300	2,299	2,434
General Motors Acceptance Corp	7.500	7.192	05/10/2004	3,000	3,016	3,148
Countrywide Funding Corp	5.250	4.338	06/15/2004	1,090	1,108	1,130
Merrill Lynch & Company Inc	5.350	5.350	06/15/2004	4,825	4,825	4,958
First Bank System Inc	8.000	4.266	07/02/2004	190	203	205
National Rural Utilities	5.250	5.316	07/15/2004	3,000	2,996	3,076
Household Finance Corporation	8.000	6.400	08/01/2004	700	722	744
Countrywide Funding Corp	6.770	4.535	08/11/2004	270	282	285
Alabama Power Co	4.875	4.938	09/01/2004	1,800	1,798	1,830
Beneficial Corporation	6.625	6.681	09/27/2004	500	499	518
Textron Financial Corp	7.125	5.430	12/09/2004	600	623	641
Quebec Providence Canada	8.625	4.850	01/19/2005	475	518	529
Goldman Sachs Group Inc	7.500	5.076	01/28/2005	250	264	271
GTE North Inc	6.400	5.112	02/15/2005	600	619	619
Newcourt Credit Group Inc	6.875	6.615	02/16/2005	500	503	482
Ford Motor Credit Company	7.500	6.396	03/15/2005	2,200	2,260	2,296
Lehman Brothers Holdings Inc	8.750	5.430	03/15/2005	1,310	1,418	1,451
General Electric Capital Corp	8.850	5.462	04/01/2005	600	651	673
Nations Bank Corp	7.625	5.131	04/15/2005	200	213	218
Norwest Financial Inc	7.500	5.152	04/15/2005	2,770	2,937	3,005
Citicorp	7.625	4.856	05/01/2005	625	671	679
Lehman Brothers Inc	11.625	5.661	05/15/2005	500	578	594
National City Corporation	7.200	5.354	05/15/2005	125	131	135
Commercial Credit Company	6.500	5.149	06/01/2005	425	441	452
Norwest Corp	6.500	5.130	06/01/2005	122	127	130
Wachovia Corp	6.800	4.881	06/01/2005	560	589	596
ALCOA Inc	6.125	4.735	06/15/2005	1,460	1,516	1,542
Morgan Stanley Dean Witter Co	7.750	4.985	06/15/2005	1,651	1,775	1,802
Wahington Mutual Fin	8.250	5.095	06/15/2005	500	543	545
Associates Corp NA	6.000	5.198	07/15/2005	100	102	105
Bear Stearns Companies Inc	6.250	5.259	07/15/2005	1,000	1,027	1,041
C & P Telephone	6.125	5.992	07/15/2005	100	101	102

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*See accompanying notes to financial statements.*



**West Virginia Investment Management Board**  
**Schedule of Investments in Securities (Continued)**

**June 30, 2002**

*(Dollars in thousands, except Share Data)*

Security Name	Coupon	Yield	Maturity	Par Value or Shares	Amortized Cost	Fair Value*
JP Morgan Chase & Co	6.500	5.089	08/01/2005	600	624	634
Goldman Sachs Group Inc	7.625	5.269	08/17/2005	1,080	1,152	1,175
Bear Stearns Companies Inc	6.875	5.361	10/01/2005	650	679	689
US Bancorp	6.750	5.600	10/15/2005	260	269	277
Chase Manhattan Corporation	6.000	5.520	11/01/2005	700	710	730
Morgan JP & Co Inc	6.250	5.570	12/15/2005	265	271	279
Dean Witter Discovery & Co	6.300	5.335	01/15/2006	877	904	923
Dow Chemical Company	8.625	6.490	04/01/2006	120	129	135
First Union Corporation	7.500	5.750	07/15/2006	2,400	2,550	2,653
First National Bank of Boston	7.375	5.570	09/15/2006	200	213	217
Total U. S. Corporate Bonds					93,864	95,869
Corporate Asset Backed Issues						
Premier Auto Trust	5.780	5.393	04/08/2003	513	513	513
WFS Financial Owner Trust	5.700	6.749	11/20/2003	3,729	3,724	3,750
Arcadia Automobile Rec Trust	6.900	7.020	12/15/2003	119	119	119
Ford Credit Auto Owner Trust	7.190	4.802	03/15/2004	200	204	207
Onyx Acceptance Auto Trust	6.020	7.145	04/15/2004	1,143	1,132	1,157
Ford Credit Auto Owner Trust	6.560	4.553	05/15/2004	495	503	512
Americredit Automobile Rec	5.130	3.855	07/06/2004	380	387	391
First Security Auto Trust	6.830	6.965	07/15/2004	3,647	3,646	3,711
Honda Auto Receivables	6.620	5.098	07/15/2004	220	222	225
Ford Credit Auto Owner Trust	6.770	3.829	10/15/2004	1,300	1,347	1,369
Daimler Chrysler Auto Trust	6.110	5.005	11/08/2004	1,000	1,008	1,030
Ford Credit Auto Owner Trust	6.580	3.413	11/15/2004	200	208	210
Nissan Auto Receivables Owner	7.270	3.803	11/15/2004	105	109	110
Onyx Acceptance Auto Trust	7.000	7.504	11/15/2004	1,427	1,424	1,468
Daimler Chrysler Auto Trust	7.230	4.978	01/06/2005	480	491	497
World Omni Auto Rec Trust	5.300	5.099	02/20/2005	1,000	1,002	1,021
Union Acceptance Corp	6.410	6.764	05/10/2005	837	834	837
Ford Credit Auto Owner Trust	5.360	4.606	06/15/2005	924	936	960
Onyx Acceptance Auto Trust	4.650	4.703	06/15/2005	2,000	2,000	2,034
USAA Auto Owner Trust	6.980	4.163	06/15/2005	155	160	163
Capital One Auto Finance Trust	4.830	4.881	09/15/2005	3,500	3,500	3,581
Proffitt's Credit Card	6.500	6.758	12/15/2005	2,000	2,000	2,009
MBNA Master Credit Card Trust	5.250	5.224	02/15/2006	649	650	670
Daimler Chrysler Auto Trust	5.400	4.321	03/06/2006	635	649	661
Americredit Automobile Rec	5.960	7.072	03/12/2006	533	529	545
Household Automotive Trust	6.650	5.028	04/17/2006	877	889	904
BMW Vehicle Owner Trust	5.110	4.516	05/25/2006	150	152	155
Capital Auto Rec Asset Trust	6.460	4.597	07/15/2006	290	292	295
Union Acceptance Corp	5.870	5.094	09/08/2006	1,000	1,013	1,035
Americredit Automobile Rec	4.230	4.271	10/06/2006	1,670	1,670	1,694
Nissan Auto Rec Owner Trust	5.350	4.097	10/15/2006	695	711	722
American Express Master Trust	5.600	4.383	11/15/2006	250	255	260
Discover Card Master Trust I	5.300	4.769	11/15/2006	150	151	156
Americredit Automobile Rec	7.290	4.594	12/12/2006	1,250	1,304	1,323
Capital Auto Rec Asset Trust	5.000	4.131	12/15/2006	150	153	155
Peoplefirst.com Auto Rec	7.405	5.629	12/15/2006	1,535	1,574	1,602
Capital One Master Trust	5.430	3.418	01/15/2007	107	110	111
Chase Credit Card Master Trust	6.660	4.472	01/15/2007	405	424	433

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*See accompanying notes to financial statements.*

**West Virginia Investment Management Board**  
**Schedule of Investments in Securities (Continued)**

**June 30, 2002**

(Dollars in thousands, except Share Data)

Security Name	Coupon	Yield	Maturity	Par Value or Shares	Amortized Cost	Fair Value*		
MBNA Master Credit Card Trust	6.550	3.905	01/15/2007	220	232	231		
Daimler Chrysler Auto Trust	3.780	5.059	02/06/2007	100	97	100		
Nissan Auto Rec Owner Trust	4.800	4.168	02/15/2007	300	305	308		
Toyota Auto Rec Owner Trust	6.800	4.935	04/15/2007	775	796	817		
Toyota Auto Rec Owner Trust	7.210	4.604	04/15/2007	765	794	810		
Household Automotive Trust	7.430	5.929	04/17/2007	2,345	2,422	2,500		
Household Automotive Trust	7.160	4.149	05/17/2007	500	527	536		
Chase Manhattan Auto Owner Tr	6.260	4.489	06/15/2007	295	305	310		
Mellon Auto Grantor Trust	6.390	4.862	07/15/2007	84	86	88		
World Omni Auto Rec Trust	5.510	4.453	07/20/2007	225	230	234		
WFS Financial Owner Trust	7.410	4.610	09/20/2007	275	285	291		
Chase Manhattan Auto Owner Tr	5.070	4.744	02/15/2008	140	141	145		
Capital One Auto Finance Trust	5.400	4.658	05/15/2008	600	611	625		
Harley-Davidson Eaglemark	7.180	4.612	05/15/2008	2,350	2,418	2,477		
Onyx Acceptance Auto Trust	5.230	4.398	05/15/2008	1,035	1,058	1,070		
Americredit Automobile Rec	5.370	4.890	06/12/2008	475	484	493		
Sears Credit Acc Master Trust	5.250	3.646	10/16/2008	150	153	154		
Sears Credit Acc Master Trust	5.650	4.166	03/17/2009	1,300	1,333	1,341		
Sears Credit Acc Master Trust	6.450	4.350	11/17/2009	360	378	384		
Green Tree Recreational	6.840	5.960	03/15/2010	2,500	2,567	2,596		
Mellon Residential Funding	5.950	4.462	02/25/2011	250	254	257		
Vanderbilt Mortgage Finance	6.280	4.550	03/07/2013	150	151	153		
Vanderbilt Mortgage Finance	6.080	4.995	12/07/2015	100	102	105		
Oakwood Mortgage Investors Inc	7.765	5.606	05/15/2017	340	350	356		
Advanta Mortgage Loan Trust	6.420	4.183	09/25/2021	67	67	67		
Money Store Home Equity Tr	6.220	3.519	09/15/2023	415	417	420		
UCFC Home Equity Loan	6.490	4.287	04/15/2024	940	957	968		
Residential Asset Sec Corp	6.110	4.569	05/25/2024	33	33	34		
Home Loan Trust RFC	8.050	5.515	08/25/2025	732	745	761		
Residential Funding Mort Sec	7.210	5.019	12/25/2025	315	323	335		
Green Tree Home Equity Loan Tr	7.120	4.422	07/15/2030	175	181	184		
Conseco Finance Sec Corp	7.060	5.322	02/01/2032	125	126	127		
Total Corporate Asset Backed Issues					54,923	55,872		
Total Corporate Issues					45.6%	148,787	151,741	
<b>Short-term Issues</b>								
Merrill Lynch Premier Institutional Fund		1.869		5,554,653	5,555	5,555		
Nations Cash Reserves Capital Fund		1.846		912	1	1		
Total Short-term Issues					1.7%	5,556	5,556	
<b>Total Enhanced Yield</b>					<u>\$</u>	<u>325,309</u>	<u>\$</u>	<u>332,811</u>
<b>Loss Amortization</b>								
<b>U. S. Treasury Issues</b>								
U. S. Treasury Strip - Int	0.000 %	8.077 %	02/15/2005	\$ 22,000	\$ 17,875	\$ 20,185		
U. S. Treasury Strip - Int	0.000	9.237	08/15/2005	31,000	23,384	27,808		

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**West Virginia Investment Management Board**  
**Schedule of Investments in Securities (Continued)**

**June 30, 2002**

*(Dollars in thousands, except Share Data)*

Security Name	Coupon	Yield	Maturity	Par Value or Shares	Amortized Cost	Fair Value*
U. S. Treasury Strip - Int	0.000	9.228	02/15/2010	20,000	10,055	13,829
U. S. Treasury Strip - Int	0.000	8.474	11/15/2011	80,300	36,888	49,860
Total U. S. Treasury Issues	91.6%				88,202	111,682
<b>U. S. Government Agency Issues</b>						
U. S. Government Agency Bonds Resolution Funding Corp	0.000	9.097	10/15/2019	30,115	\$ 6,468	\$ 10,271
Total U. S. Government Agency Bonds					6,468	10,271
Total U. S. Government Agency Issues	8.4%				6,468	10,271
<b>Total Loss Amortization</b>					<b>\$ 94,670</b>	<b>\$ 121,953</b>
<b>Loans</b>						
<b>Short-term Issues</b>						
Merrill Lynch Premier Institutional Money Market Fund		1.869		\$ 1,633,404	\$ 1,633	\$ 1,633
Total Short-term Issues	1.4%				1,633	1,633
<b>Loans and Mortgages</b>						
<b>Intergovernmental Loans</b>						
Tax Reappraisal	6.340		06/30/2003	303	303	303
WVEDA Revolving Loan	6.030		07/31/2011	98,535	98,535	98,535
WVEDA Non-Recourse Loan	3.000		06/30/2022	15,000	15,000	15,000
Total Intergovernmental Loans					113,838	113,838
<b>FHA/VA Mortgages</b>						
Charleston NB	7.000		05/01/2004	9	9	9
Charleston NB	7.750		03/01/2004	1	1	1
Charleston NB	8.000		04/01/2007	58	58	58
Charleston NB	8.250		05/01/2004	11	11	11
Charleston NB	8.500		03/01/2008	232	232	232
Charleston NB	8.750		10/01/2006	10	10	10
Charleston NB	9.000		02/01/2006	12	12	12
Charleston NB	9.500		09/01/2008	43	43	43
Huntington	7.000		08/01/2003	6	6	6
Huntington	8.000		04/01/2007	12	12	12
Huntington	8.250		02/01/2004	5	5	5
Huntington	8.500		01/01/2008	59	59	59
Huntington	9.000		01/01/2006	15	15	15
Huntington	9.500		11/01/2003	6	6	6
Kissell	7.000		10/01/2003	17	17	17
Kissell	7.750		12/01/2003	4	4	4
Kissell	8.000		09/01/2007	118	118	118
Kissell	8.250		06/01/2004	18	18	18

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**West Virginia Investment Management Board**  
**Schedule of Investments in Securities (Continued)**

**June 30, 2002**

*(Dollars in thousands, except Share Data)*

Security Name	Coupon	Yield	Maturity	Par Value or Shares	Amortized Cost	Fair Value*
Kissell	8.500		01/01/2008	154	154	154
Kissell	8.750		05/01/2006	10	10	10
Kissell	9.000		03/01/2006	21	21	21
Kissell	9.500		11/01/2004	3	3	3
OVB Mortgages	7.000		08/01/2003	3	3	3
OVB Mortgages	7.750		10/01/2003	5	5	5
OVB Mortgages	8.000		07/01/2007	62	62	62
OVB Mortgages	8.250		07/01/2004	6	6	6
OVB Mortgages	8.500		07/01/2008	196	196	196
OVB Mortgages	8.750		07/01/2006	17	17	17
OVB Mortgages	9.000		03/01/2006	20	20	20
OVB Mortgages	9.500		10/01/2008	21	21	21
Charleston NB	7.000		03/01/2005	8	8	8
Charleston NB	7.750		11/01/2003	2	2	2
Charleston NB	8.000		08/01/2005	56	56	56
Charleston NB	8.250		08/01/2004	27	27	27
Charleston NB	8.500		07/01/2006	20	20	20
Charleston NB	8.750		05/01/2006	20	20	20
OVB (FFSL)	8.500		09/01/2005	18	18	18
OVB (FFSL)	9.000		11/01/2005	5	5	5
Home (Atlantic)	7.000		08/01/2003	9	9	9
Home (Atlantic)	8.000		04/01/2007	160	160	160
Home (Atlantic)	8.250		04/01/2004	22	22	22
Home (Atlantic)	8.500		08/01/2014	283	283	283
Home (Atlantic)	8.750		05/01/2008	286	286	286
Home (Atlantic)	9.000		02/01/2006	14	14	14
Home (Atlantic)	9.500		03/01/2005	9	9	9
Home (Atlantic)	10.000		10/01/2009	14	14	14
Home (Atlantic)	10.500		10/01/2009	24	24	24
Home (Atlantic)	11.500		11/01/2009	5	5	5
Kissell	8.500		06/01/2006	12	12	12
Mason (Peoples)	8.000		07/01/2007	5	5	5
Mason (Peoples)	8.500		12/01/2006	50	50	50
Mason (Peoples)	10.500		12/01/2009	3	3	3
OVB Mortgages	7.000		04/01/2003	3	3	3
Total FHA/VA Mortgages					2,209	2,209
Total Loans and Mortgages	98.6%				116,047	116,047
<b>Total Loans</b>					<u>\$ 117,680</u>	<u>\$ 117,680</u>

**Municipal Bond Commission**

*U. S. Treasury Issues*

State & Local Government	0.000 %	0.000 %	07/01/2002	\$ 1,126	\$ 1,126	\$ 1,126
United States Treasury Strip - Prin	0.000	0.161	08/15/2002	617	617	616
United States Treasury Strip - Int	0.000	8.767	08/15/2002	33	33	33
United States Treasury Strip - Int	0.000	5.034	08/15/2002	24	24	24

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**West Virginia Investment Management Board**  
**Schedule of Investments in Securities (Continued)**

**June 30, 2002**

*(Dollars in thousands, except Share Data)*

Security Name	Coupon	Yield	Maturity	Par Value or Shares	Amortized Cost	Fair Value*
United States Treasury Note	5.880	-0.001	09/30/2002	1	1	1
State & Local Government	0.000	0.000	09/30/2002	48	48	48
United States Treasury Note	5.880	5.763	09/30/2002	18	18	18
State & Local Government	0.000	0.000	10/01/2002	64	64	64
State & Local Government	5.530	5.530	10/01/2002	27	27	27
State & Local Government	5.530	5.530	10/01/2002	35	35	35
State & Local Government	5.530	5.530	10/01/2002	18	18	18
State & Local Government	5.530	5.530	10/01/2002	18	18	18
State & Local Government	5.070	5.070	10/01/2002	89	89	89
State & Local Government	5.540	5.540	10/01/2002	33	33	33
State & Local Government	5.650	5.650	10/01/2002	13	13	13
State & Local Government	5.670	5.670	10/01/2002	8	8	8
State & Local Government	5.970	5.970	11/01/2002	9	9	9
State & Local Government	5.560	5.560	11/01/2002	53	53	53
United States Treasury Strip - Int	0.000	8.393	11/15/2002	603	585	600
United States Treasury Bond	11.630	0.002	11/15/2002	23	24	24
United States Treasury Note	5.750	0.000	11/30/2002	44	38	45
State & Local Government	0.000	0.000	01/01/2003	87	87	87
United States Treasury Bond	10.750	11.820	02/15/2003	162	161	171
United States Treasury Strip - Prin	0.000	6.720	02/15/2003	10	10	10
United States Treasury Note	6.250	6.085	02/15/2003	29	29	30
United States Treasury Strip - Int	0.000	1.722	02/15/2003	5,915	5,852	5,852
United States Treasury Strip - Int	0.000	6.507	02/15/2003	35	34	35
State & Local Government	0.000	0.000	03/31/2003	1,342	1,342	1,342
State & Local Government	5.540	5.540	04/01/2003	7	7	7
State & Local Government	5.540	5.540	04/01/2003	15	15	15
State & Local Government	5.540	5.540	04/01/2003	11	11	11
State & Local Government	5.540	5.540	04/01/2003	8	8	8
State & Local Government	5.670	5.670	04/01/2003	558	558	558
State & Local Government	5.660	5.660	04/01/2003	863	863	863
State & Local Government	5.060	5.060	04/01/2003	3,252	3,252	3,252
State & Local Government	5.550	5.550	04/01/2003	17	17	17
State & Local Government	6.010	6.010	05/01/2003	719	719	719
State & Local Government	5.560	5.560	05/01/2003	3,075	3,075	3,075
United States Treasury Bond	10.750	7.691	05/15/2003	6	6	6
United States Treasury Strip - Int	0.000	8.490	05/15/2003	203	189	200
United States Treasury Bond	10.750	0.004	05/15/2003	607	664	654
United States Treasury Strip - Int	0.000	0.000	05/15/2003	834	834	821
State & Local Government	5.380	5.380	06/01/2003	1,427	1,427	1,427
State & Local Government	0.000	0.000	07/01/2003	1,167	1,167	1,167
United States Treasury Strip - Prin	0.000	6.600	08/15/2003	300	279	293
United States Treasury Strip - Int	0.000	0.073	08/15/2003	471	471	461
United States Treasury Strip - Int	0.000	5.394	08/15/2003	230	217	225
State & Local Government	0.000	0.000	10/01/2003	31	31	31
State & Local Government	5.560	5.560	10/01/2003	1,749	1,749	1,749
State & Local Government	5.560	5.560	10/01/2003	2,273	2,273	2,273
State & Local Government	5.560	5.560	10/01/2003	527	527	527
State & Local Government	5.560	5.560	10/01/2003	1,219	1,219	1,219
State & Local Government	5.050	5.050	10/01/2003	63	63	63
State & Local Government	5.570	5.570	10/01/2003	1,515	1,515	1,515
State & Local Government	5.680	5.680	10/01/2003	7	7	7
State & Local Government	5.670	5.670	10/01/2003	6	6	6

*A - Adjustable rate security.*

*\* The fair value is not determined for Loans. The fair value reported equals amortized cost.*

*\*\* Denotes securities pledged for initial margin requirements on open futures contracts.*

*See accompanying notes to financial statements.*

**West Virginia Investment Management Board**  
**Schedule of Investments in Securities (Continued)**

**June 30, 2002**

*(Dollars in thousands, except Share Data)*

Security Name	Coupon	Yield	Maturity	Par Value or Shares	Amortized Cost	Fair Value*
State & Local Government	5.560	5.560	11/01/2003	47	47	47
United States Treasury Bond	11.880	8.829	11/15/2003	5	5	6
United States Treasury Strip - Int	0.000	8.699	11/15/2003	1,166	1,037	1,134
State & Local Government	0.000	0.000	01/01/2004	50	50	50
United States Treasury Note	5.880	6.121	02/15/2004	30	30	32
United States Treasury Strip - Int	0.000	1.494	02/15/2004	6,129	5,977	5,873
United States Treasury Strip - Int	0.000	5.526	02/15/2004	28	26	27
State & Local Government	5.690	5.690	04/01/2004	611	611	611
State & Local Government	5.690	5.690	04/01/2004	957	957	957
State & Local Government	5.070	5.070	04/01/2004	3,525	3,525	3,525
State & Local Government	5.570	5.570	05/01/2004	3,278	3,278	3,278
United States Treasury Bond	12.380	7.724	05/15/2004	11	12	13
United States Treasury Strip - Int	0.000	8.333	05/15/2004	143	123	136
United States Treasury Bond	12.380	0.004	05/15/2004	676	833	794
State & Local Government	5.400	5.400	06/01/2004	1,518	1,518	1,518
State & Local Government	1.470	1.471	07/01/2004	1,215	1,215	1,215
United States Treasury Strip - Int	0.000	0.017	08/15/2004	318	318	299
United States Treasury Strip - Int	0.000	5.405	08/15/2004	38	34	36
State & Local Government	5.110	5.110	10/01/2004	33	33	33
State & Local Government	5.730	5.730	10/01/2004	4	4	4
State & Local Government	5.580	5.580	11/01/2004	39	39	39
United States Treasury Bond	11.630	8.876	11/15/2004	6	6	7
United States Treasury Strip - Int	0.000	9.057	11/15/2004	966	783	896
State & Local Government	6.260	6.260	01/01/2005	19	19	19
United States Treasury Strip - Int	0.000	0.091	02/15/2005	5,337	5,323	4,897
United States Treasury Strip - Int	0.000	5.597	02/15/2005	28	24	26
State & Local Government	5.810	5.810	04/01/2005	664	664	664
State & Local Government	5.160	5.160	04/01/2005	3,829	3,829	3,829
State & Local Government	5.590	5.590	05/01/2005	3,495	3,495	3,495
United States Treasury Strip - Int	0.000	8.127	05/15/2005	114	91	103
United States Treasury Bond	12.000	0.003	05/15/2005	759	1,021	938
State & Local Government	5.430	5.430	06/01/2005	1,618	1,618	1,618
State & Local Government	6.240	6.240	07/01/2005	1,270	1,270	1,270
United States Treasury Strip - Prin	0.000	0.479	08/15/2005	178	175	159
United States Treasury Strip - Int	0.000	6.238	08/15/2005	1	1	1
United States Treasury Strip - Int	0.000	5.537	08/15/2005	960	809	861
State & Local Government	5.920	5.920	10/01/2005	2	2	2
State & Local Government	5.590	5.590	11/01/2005	29	29	29
United States Treasury Strip - Int	0.000	8.421	11/15/2005	12	9	11
State & Local Government	6.250	6.250	01/01/2006	16	16	16
United States Treasury Strip - Int	0.000	0.012	02/15/2006	5,600	5,597	4,900
State & Local Government	6.010	6.010	04/01/2006	722	722	722
State & Local Government	5.580	5.580	05/01/2006	3,725	3,725	3,725
United States Treasury Strip - Int	0.000	8.161	05/15/2006	114	83	98
United States Treasury Note	6.880	0.002	05/15/2006	834	1,056	926
State & Local Government	6.260	6.260	07/01/2006	1,362	1,362	1,362
State & Local Government	5.570	5.570	11/01/2006	16	16	15
United States Treasury Strip - Int	0.000	8.464	11/15/2006	9	6	8
State & Local Government	6.270	6.270	01/01/2007	13	13	13
State & Local Government	5.560	5.560	05/01/2007	3,971	3,971	3,971
United States Treasury Strip - Int	0.000	7.469	05/15/2007	57	40	47
United States Treasury Note	6.630	0.001	05/15/2007	894	1,182	994

*A - Adjustable rate security.*

*\* The fair value is not determined for Loans. The fair value reported equals amortized cost.*

*\*\* Denotes securities pledged for initial margin requirements on open futures contracts.*

*See accompanying notes to financial statements.*

**West Virginia Investment Management Board**  
**Schedule of Investments in Securities (Continued)**

**June 30, 2002**

(Dollars in thousands, except Share Data)

Security Name	Coupon	Yield	Maturity	Par Value or Shares	Amortized Cost	Fair Value*
State & Local Government	6.280	6.280	07/01/2007	1,464	1,464	1,464
United States Treasury Strip - Int	0.000	8.813	11/15/2007	8	5	6
State & Local Government	6.270	6.270	01/01/2008	10	10	10
United States Treasury Strip - Int	0.000	7.529	05/15/2008	59	38	45
United States Treasury Strip - Int	0.000	0.000	05/15/2008	924	924	711
State & Local Government	6.230	6.230	07/01/2008	1,571	1,570	1,570
United States Treasury Strip - Int	0.000	9.018	11/15/2008	6	3	4
State & Local Government	6.160	6.160	01/01/2009	6	6	6
United States Treasury Strip - Int	0.000	0.000	05/15/2009	927	927	673
State & Local Government	6.090	6.090	07/01/2009	1,686	1,686	1,686
United States Treasury Strip - Int	0.000	0.000	05/15/2010	932	932	634
United States Treasury Strip - Int	0.000	0.000	05/15/2011	934	934	596
United States Treasury Strip - Int	0.000	0.000	05/15/2012	938	938	560
United States Treasury Strip - Int	0.000	0.000	05/15/2013	941	941	525
United States Treasury Strip - Int	0.000	0.000	05/15/2014	963	963	500
United States Treasury Strip - Int	0.000	0.000	05/15/2015	973	973	472
United States Treasury Bond	7.250	0.001	05/15/2016	980	1,965	1,155
United States Treasury Bond	8.750	0.001	05/15/2017	1,055	2,428	1,407
United States Treasury Bond	9.130	0.001	05/15/2018	1,138	2,786	1,573
Total U. S. Treasury Issues	93.6%				107,687	100,444
<b><i>U. S. Government Agency Issues</i></b>						
Resolution Funding Corp	0.000	4.718	10/15/2002	112	110	111
Resolution Funding Corp	0.000	4.858	04/15/2003	807	777	794
Resolution Funding Corp	0.000	4.988	10/15/2003	88	83	85
Resolution Funding Corp	0.000	5.058	04/15/2004	848	776	804
Resolution Funding Corp	0.000	5.098	10/15/2004	61	54	57
Resolution Funding Corp	0.000	5.128	04/15/2005	891	774	807
Resolution Funding Corp	0.000	5.178	10/15/2005	30	25	27
Resolution Funding Corp	0.000	5.328	04/15/2006	941	771	810
Total U. S. Government Agency Bonds					3,370	3,495
Total U. S. Government Agency Issues	2.9%				3,370	3,495
<b><i>Short Term Issues</i></b>						
U. S. Treasury Bill	0.000	5.961	08/29/2002	3,763	3,727	3,752
U. S. Treasury Bill	0.000	5.455	09/26/2002	339	335	338
Total Short Term Issues	3.5%				4,062	4,090
<b>Total Municipal Bond Commission</b>					<b>\$ 115,119</b>	<b>\$ 108,029</b>

A - Adjustable rate security.

\* The fair value is not determined for Loans. The fair value reported equals amortized cost.

\*\* Denotes securities pledged for initial margin requirements on open futures contracts.

See accompanying notes to financial statements.

**West Virginia Investment Management Board**  
**Schedule of Investments in Securities (Continued)**

**June 30, 2002**

*(Dollars in thousands, except Share Data)*

Security Name	Coupon	Yield	Maturity	Par Value or Shares	Amortized Cost	Fair Value*
<b>Department of Transportation</b>						
<i>Corporate Issues</i>						
U. S. Corporate Bonds						
Flex Repurchase Agreement	4.445 %	4.481 %	06/30/2004	88,696	\$ 88,696	\$ 88,696
Total U. S. Corporate Bonds					88,696	88,696
Total Corporate Issues	100.0%				88,696	88,696
<b>Total Department of Transportation</b>					<u>\$ 88,696</u>	<u>\$ 88,696</u>
<b>Lottery Defeasance</b>						
<i>U. S. Treasury Issues</i>						
Certificate Accrual Treasury	0.000 %	8.197 %	08/15/2002	\$ 130	\$ 129	\$ 130
U. S. Treasury Strip - Int	0.000	10.156	08/15/2002	307	303	307
Principal Treasury Receipt	0.000	10.395	11/15/2002	222	214	221
U. S. Treasury Strip - Int	0.000	8.893	11/15/2002	167	162	166
U. S. Treasury Strip - Int	0.000	10.151	02/15/2003	425	400	420
U. S. Treasury Strip - Int	0.000	10.286	05/15/2003	175	160	172
Principal Treasury Receipt	0.000	8.188	08/15/2003	130	119	127
U. S. Treasury Strip - Int	0.000	10.156	08/15/2003	307	275	300
Certificate Accrual Treasury	0.000	8.944	11/15/2003	142	126	138
U. S. Treasury Strip - Int	0.000	10.183	11/15/2003	247	216	240
U. S. Treasury Strip - Int	0.000	10.151	02/15/2004	425	362	407
U. S. Treasury Strip - Int	0.000	10.286	05/15/2004	175	145	166
Certificate Accrual Treasury	0.000	10.347	08/15/2004	15	12	14
Treasury Investment Growth	0.000	8.188	08/15/2004	130	110	121
U. S. Treasury Strip - Int	0.000	10.155	08/15/2004	292	237	275
U. S. Treasury Coupon Under Book	0.000	10.377	11/15/2004	222	175	204
U. S. Treasury Strip - Int	0.000	8.894	11/15/2004	167	136	155
U. S. Treasury Strip - Int	0.000	10.151	02/15/2005	425	328	390
U. S. Treasury Coupon Under Book	0.000	10.377	05/15/2005	175	131	157
Coupon Treasury Receipt	0.000	8.189	08/15/2005	130	101	115
U. S. Treasury Strip - Int	0.000	10.159	08/15/2005	307	225	275
U. S. Treasury Strip - Int	0.000	9.976	11/15/2005	289	208	258
U. S. Treasury Strip - Int	0.000	9.655	02/15/2006	90	64	79
Principal Treasury Receipt	0.000	10.556	05/15/2006	100	67	83
U. S. Treasury Coupon Under Book	0.000	10.377	05/15/2006	110	74	94
Treasury Investment Growth	0.000	8.179	08/15/2006	130	93	109
U. S. Treasury Strip - Int	0.000	8.927	08/15/2006	27	19	23
U. S. Treasury Strip - Int	0.000	8.895	11/15/2006	167	114	141
U. S. Treasury Strip - Int	0.000	9.388	02/15/2007	63	41	52
Treasury Investment Growth	0.000	8.169	08/15/2007	130	86	103

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*\*\* Denotes securities pledged for initial margin requirements on open futures contracts.*

*See accompanying notes to financial statements.*



**West Virginia Investment Management Board**  
**Schedule of Investments in Securities (Continued)**

**June 30, 2002**

*(Dollars in thousands, except Share Data)*

<u>Security Name</u>	<u>Coupon</u>	<u>Yield</u>	<u>Maturity</u>	<u>Par Value or Shares</u>	<u>Amortized Cost</u>	<u>Fair Value*</u>
U. S. Treasury Strip - Int	0.000	8.927	08/15/2007	27	17	22
U. S. Treasury Strip - Int	0.000	9.288	11/15/2007	25	15	20
Coupon Treasury Receipt	0.000	8.160	08/15/2008	130	80	97
Total U. S. Treasury Issues	100.0%				<u>4,943</u>	<u>5,581</u>
<b>Total Lottery Defeasance</b>					<u>\$ 4,943</u>	<u>\$ 5,581</u>
<b>School Fund</b>						
<i>Short-term Issues</i>						
Merrill Lynch Premier Institutional Money Market Fund		1.869		\$ 1,452,505	\$ 1,453	\$ 1,453
Total Short-term Issues	100.0%				<u>1,453</u>	<u>1,453</u>
<b>Total School Fund</b>					<u>\$ 1,453</u>	<u>\$ 1,453</u>
<b>EDA Insurance</b>						
<i>Short-term Issues</i>						
U. S. Treasury Bill	0.000 %	1.759 %	12/19/2002	\$ 460	\$ 456	\$ 456
Total Short-term Issues	100.0%				<u>456</u>	<u>456</u>
<b>Total EDA Insurance</b>					<u>\$ 456</u>	<u>\$ 456</u>

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*\* The fair value is not determined for Loans. The fair value reported equals amortized cost.*

*\*\* Denotes securities pledged for initial margin requirements on open futures contracts.*

*See accompanying notes to financial statements.*

## West Virginia Investment Management Board

### Option Contracts Written

June 30, 2002

(Dollars in thousands, except Share Data)

<u>Security Name</u>	<u>Cost</u>	<u>Fair Value*</u>
<b>Fixed Income</b>		
<i>Option Contracts Written</i>		
US Treasury 10Yr Note Option Exp 08/24/02 @106	\$ (247)	\$ (774)
Total Option Contracts Written	<u>\$ (247)</u>	<u>\$ (774)</u>

See accompanying notes to financial statements.

# West Virginia Investment Management Board

## Statement of Operations

**Year Ended June 30, 2002**

*(Dollars in thousands)*

	S&P 500 Index Qualified	S&P 500 Index Nonqualified
<b>Investment income</b>		
Interest income	\$ -	\$ -
Dividend income	-	3,990
Less withholding tax	-	-
Securities lending income	-	-
Shareholder Litigation Proceeds	-	-
Commission recapture	-	-
Net accretion (amortization)	-	-
Provision for losses on uncollectable loans	-	-
<b>Total investment income</b>	-	3,990
<b>Expenses</b>		
Investment advisor fees	(57)	(18)
Trustee fees	(7)	(2)
Custodian bank fees	-	-
Management fees	(155)	(53)
Fiduciary bond fees	(14)	(5)
Professional service fees	(48)	(17)
Loan servicer fees	-	-
Securities lending agent fees	-	-
Securities lending borrower rebates	-	-
<b>Total expenses</b>	(281)	(95)
<b>Investment income (loss), net</b>	(281)	3,895
<b>Realized and unrealized gain (loss) from investments and foreign currency</b>		
Net realized gain (loss) from:		
Investments	(3,362)	(6,963)
Foreign currency transactions	-	-
Net increase (decrease) in the fair value of:		
Investments	(155,017)	(49,704)
Translation of assets and liabilities in foreign currencies	-	-
<b>Net gain (loss) from investments and foreign currency</b>	(158,379)	(56,667)
<b>Net increase (decrease) in net assets from operations</b>	\$ (158,660)	\$ (52,772)

*See accompanying notes to financial statements.*

<u>Large Cap Domestic</u>	<u>Non-Large Cap Domestic</u>	<u>International Qualified</u>	<u>International Nonqualified</u>
\$ 2	\$ 2	\$ -	\$ -
5,314	57,956	-	-
(24)	(7)	-	-
37	46	-	-
-	7	-	-
973	95	-	-
-	-	-	-
-	-	-	-
6,302	58,099	-	-
(720)	(2,707)	(1,075)	(455)
(3)	(7)	(2)	(1)
(15)	(55)	-	-
(73)	(164)	(38)	(13)
(6)	(15)	(3)	(1)
(23)	(51)	(12)	(4)
-	-	-	-
-	(11)	-	-
(28)	86	-	-
(868)	(2,924)	(1,130)	(474)
5,434	55,175	(1,130)	(474)
(42,001)	(22,914)	229	1,023
-	-	-	-
(43,047)	(25,993)	26,276	7,920
-	-	-	-
(85,048)	(48,907)	26,505	8,943
\$ (79,614)	\$ 6,268	\$ 25,375	\$ 8,469

## West Virginia Investment Management Board

### Statement of Operations (Continued)

**Year Ended June 30, 2002**

*(Dollars in thousands)*

	<b>International Equity</b>	<b>Short-Term Fixed Income</b>
<b>Investment income</b>		
Interest income	\$ 159	\$ 4,907
Dividend income	9,027	1,523
Less withholding tax	(705)	-
Securities lending income	587	43
Shareholder Litigation Proceeds	-	-
Commission recapture	126	-
Net accretion (amortization)	-	(990)
Provision for losses on uncollectable loans	-	-
<b>Total investment income</b>	9,194	5,483
<b>Expenses</b>		
Investment advisor fees	(1,941)	(238)
Trustee fees	(4)	(1)
Custodian bank fees	(287)	(6)
Management fees	(103)	(30)
Fiduciary bond fees	(9)	(2)
Professional service fees	(32)	(9)
Loan servicer fees	-	-
Securities lending agent fees	(92)	-
Securities lending borrower rebates	(72)	(34)
<b>Total expenses</b>	(2,540)	(320)
<b>Investment income (loss), net</b>	6,654	5,163
<b>Realized and unrealized gain (loss) from investments and foreign currency</b>		
Net realized gain (loss) from:		
Investments	(101,643)	(153)
Foreign currency transactions	611	-
Net increase (decrease) in the fair value of:		
Investments	(19,799)	(63)
Translation of assets and liabilities in foreign currencies	40,613	-
<b>Net gain (loss) from investments and foreign currency</b>	(80,218)	(216)
<b>Net increase (decrease) in net assets from operations</b>	\$ (73,564)	\$ 4,947

See accompanying notes to financial statements.

<u>Fixed Income</u>	<u>Fixed Income Qualified</u>	<u>Fixed Income Nonqualified</u>	<u>Statutory Investments</u>
\$ 43,575	\$ -	\$ -	\$ 6,182
5,463	-	-	64
-	-	-	-
2,954	-	-	-
-	-	-	-
-	-	-	-
4,525	-	-	-
-	-	-	-
<u>56,517</u>	<u>-</u>	<u>-</u>	<u>6,246</u>
(1,049)	(78)	(35)	-
(12)	(6)	(3)	(1)
(83)	-	-	-
(268)	(139)	(64)	(19)
(24)	(13)	(6)	(1)
(83)	(43)	(20)	(6)
-	-	-	-
(38)	-	-	-
<u>(2,446)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(4,003)</u>	<u>(279)</u>	<u>(128)</u>	<u>(27)</u>
52,514	(279)	(128)	6,219
51,475	19,576	5,690	-
-	-	-	-
(2,038)	30,356	16,462	-
-	-	-	-
<u>49,437</u>	<u>49,932</u>	<u>22,152</u>	<u>-</u>
<u>\$ 101,951</u>	<u>\$ 49,653</u>	<u>\$ 22,024</u>	<u>\$ 6,219</u>

# West Virginia Investment Management Board

## Statement of Operations (Continued)

**Year Ended June 30, 2002**

*(Dollars in thousands)*

	<b>Cash Liquidity</b>	<b>Government Money Market</b>
<b>Investment income</b>		
Interest income	\$ 25,502	\$ 4,959
Dividend income	5,667	136
Less withholding tax	-	-
Securities lending income	1,801	635
Shareholder Litigation Proceeds	-	-
Commission recapture	-	-
Net accretion (amortization)	(1,426)	(807)
Provision for losses on uncollectable loans	-	-
<b>Total investment income</b>	<b>31,544</b>	<b>4,923</b>
<b>Expenses</b>		
Investment advisor fees	(418)	(66)
Trustee fees	(12)	(2)
Custodian bank fees	(20)	(3)
Management fees	(658)	(123)
Fiduciary bond fees	(24)	(4)
Professional service fees	(102)	(20)
Loan servicer fees	-	-
Securities lending agent fees	(20)	(7)
Securities lending borrower rebates	(1,525)	(539)
<b>Total expenses</b>	<b>(2,779)</b>	<b>(764)</b>
<b>Investment income (loss), net</b>	<b>28,765</b>	<b>4,159</b>
<b>Realized and unrealized gain (loss) from investments and foreign currency</b>		
Net realized gain (loss) from:		
Investments	1,091	537
Foreign currency transactions	-	-
Net increase (decrease) in the fair value of:		
Investments	-	-
Translation of assets and liabilities in foreign currencies	-	-
<b>Net gain (loss) from investments and foreign currency</b>	<b>1,091</b>	<b>537</b>
<b>Net increase (decrease) in net assets from operations</b>	<b>\$ 29,856</b>	<b>\$ 4,696</b>

See accompanying notes to financial statements.

<u>Enhanced Yield</u>	<u>Loss Amortization</u>	<u>Loans</u>
\$ 20,435	\$ -	\$ 6,194
65	-	128
-	-	-
1,573	-	-
-	-	-
-	-	-
(2,424)	7,735	-
-	-	-
<u>19,649</u>	<u>7,735</u>	<u>6,322</u>
(164)	-	-
(4)	-	(1)
(11)	-	-
(233)	-	(61)
(8)	-	(2)
(36)	-	(10)
-	-	(1)
(18)	-	-
<u>(1,336)</u>	<u>-</u>	<u>-</u>
<u>(1,810)</u>	<u>-</u>	<u>(75)</u>
17,839	7,735	6,247
4,188	-	-
-	-	-
924	3,262	-
-	-	-
<u>5,112</u>	<u>3,262</u>	<u>-</u>
<u>\$ 22,951</u>	<u>\$ 10,997</u>	<u>\$ 6,247</u>



# West Virginia Investment Management Board

## Statement of Operations (Continued)

**Year Ended June 30, 2002**

*(Dollars in thousands)*

	<b>Municipal Bond Commission</b>	<b>Department of Transportation</b>
<b>Investment income</b>		
Interest income	\$ 4,809	\$ 5,413
Dividend income	-	-
Less withholding tax	-	-
Securities lending income	-	-
Shareholder Litigation Proceeds	-	-
Commission recapture	-	-
Net accretion (amortization)	232	-
Provision for losses on uncollectable loans	-	-
<b>Total investment income</b>	5,041	5,413
<b>Expenses</b>		
Investment advisor fees	-	-
Trustee fees	-	-
Custodian bank fees	-	-
Management fees	(26)	(12)
Fiduciary bond fees	-	-
Professional service fees	-	-
Loan servicer fees	-	-
Securities lending agent fees	-	-
Securities lending borrower rebates	-	-
<b>Total expenses</b>	(26)	(12)
<b>Investment income (loss), net</b>	5,015	5,401
<b>Realized and unrealized gain (loss) from investments and foreign currency</b>		
Net realized gain (loss) from:		
Investments	87	-
Foreign currency transactions	-	-
Net increase (decrease) in the fair value of:		
Investments	-	-
Translation of assets and liabilities in foreign currencies	-	-
<b>Net gain (loss) from investments and foreign currency</b>	87	-
<b>Net increase (decrease) in net assets from operations</b>	\$ 5,102	\$ 5,401

*See accompanying notes to financial statements.*

<u>Lottery Defeasance</u>	<u>School Fund</u>	<u>EDA Insurance</u>
\$ -	\$ 18	\$ -
-	20	-
-	-	-
-	-	-
-	-	-
507	-	12
<u>-</u>	<u>-</u>	<u>-</u>
507	38	12
-	-	-
-	-	-
-	-	-
(2)	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
<u>(2)</u>	<u>-</u>	<u>-</u>
505	38	12
-	-	-
-	-	-
(68)	-	-
<u>-</u>	<u>-</u>	<u>-</u>
(68)	-	-
<u>\$ 437</u>	<u>\$ 38</u>	<u>\$ 12</u>

## West Virginia Investment Management Board

### Statement of Changes in Net Assets

**Year Ended June 30, 2002**

*(Dollars in thousands, except for Unit Transactions)*

	<u>S&amp;P 500 Index Qualified</u>	<u>S&amp;P 500 Index Nonqualified</u>
<b>Operations</b>		
Investment income (loss), net	\$ (281)	\$ 3,895
Net realized gain (loss) from investments	(3,362)	(6,963)
Net realized gain from foreign currency transactions	-	-
Net increase (decrease) in the fair value of investments	(155,017)	(49,704)
Net increase in the translation of assets and liabilities in foreign currencies	-	-
<b>Net increase (decrease) in net assets from operations</b>	(158,660)	(52,772)
<b>Distributions to unitholders</b>		
Investment income, net	-	-
Net realized gain (loss) on investments	-	-
<b>Total distributions</b>	-	-
<b>Fund unit transactions</b>		
Proceeds from sale of units	136,776	119,038
Reinvestment of distributions	-	-
	136,776	119,038
Amount paid for repurchase of units	(60,970)	(106,538)
<b>Net increase (decrease) in net assets from fund unit transactions</b>	75,806	12,500
<b>Contributions</b>		
	-	-
<b>Withdrawals</b>		
	-	-
<b>Increase (decrease) in net assets</b>	(82,854)	(40,272)
Net assets, beginning of period	833,255	288,637
<b>Net assets, end of period</b>	\$ 750,401	\$ 248,365
<b>Fund unit transactions</b>		
Units sold	11,853,477	10,126,979
Units issued from reinvestment of distributions	-	-
	11,853,477	10,126,979
Units repurchased	(5,213,222)	(9,015,089)
Net increase (decrease) in fund units	6,640,255	1,111,890

*See accompanying notes to financial statements.*

<u>Large Cap Domestic</u>	<u>Non-Large Cap Domestic</u>	<u>International Qualified</u>	<u>International Nonqualified</u>
\$ 5,434	\$ 55,175	\$ (1,130)	\$ (474)
(42,001)	(22,914)	229	1,023
-	-	-	-
(43,047)	(25,993)	26,276	7,920
-	-	-	-
<u>(79,614)</u>	<u>6,268</u>	<u>25,375</u>	<u>8,469</u>
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-
76,655	56,800	817	7,464
-	-	-	-
<u>76,655</u>	<u>56,800</u>	<u>817</u>	<u>7,464</u>
(14,209)	(81,089)	(760)	(10,889)
<u>62,446</u>	<u>(24,289)</u>	<u>57</u>	<u>(3,425)</u>
-	-	-	-
<u>(17,168)</u>	<u>(18,021)</u>	<u>25,432</u>	<u>5,044</u>
<u>360,848</u>	<u>846,700</u>	<u>178,965</u>	<u>62,647</u>
<u>\$ 343,680</u>	<u>\$ 828,679</u>	<u>\$ 204,397</u>	<u>\$ 67,691</u>
8,120,023	5,076,121	60,149	501,824
-	-	-	-
<u>8,120,023</u>	<u>5,076,121</u>	<u>60,149</u>	<u>501,824</u>
(1,510,055)	(6,441,435)	(56,017)	(728,018)
<u>6,609,968</u>	<u>(1,365,314)</u>	<u>4,132</u>	<u>(226,194)</u>

**West Virginia Investment Management Board**  
**Statement of Changes in Net Assets (Continued)**

**Year Ended June 30, 2002**

*(Dollars in thousands, except for Unit Transactions)*

	<b>International Equity</b>	<b>Short-Term Fixed Income</b>
<b>Operations</b>		
Investment income (loss), net	\$ 6,654	\$ 5,163
Net realized gain (loss) from investments	(101,643)	(153)
Net realized gain from foreign currency transactions	611	-
Net increase (decrease) in the fair value of investments	(19,799)	(63)
Net increase in the translation of assets and liabilities in foreign currencies	40,613	-
<b>Net increase (decrease) in net assets from operations</b>	(73,564)	4,947
<b>Distributions to unitholders</b>		
Investment income, net	-	(5,347)
Net realized gain (loss) on investments	-	-
<b>Total distributions</b>	-	(5,347)
<b>Fund unit transactions</b>		
Proceeds from sale of units	121,201	1,636,681
Reinvestment of distributions	-	5,347
	121,201	1,642,028
Amount paid for repurchase of units	(37,773)	(1,613,206)
<b>Net increase (decrease) in net assets from fund unit transactions</b>	83,428	28,822
<b>Contributions</b>		
	-	-
<b>Withdrawals</b>		
	-	-
<b>Increase (decrease) in net assets</b>	9,864	28,422
Net assets, beginning of period	511,649	150,576
<b>Net assets, end of period</b>	\$ 521,513	\$ 178,998
<b>Fund unit transactions</b>		
Units sold	11,256,632	164,109,880
Units issued from reinvestment of distributions	-	535,559
	11,256,632	164,645,439
Units repurchased	(3,510,886)	(161,753,972)
Net increase (decrease) in fund units	7,745,746	2,891,467

*See accompanying notes to financial statements.*

<u>Fixed Income</u>	<u>Fixed Income Qualified</u>	<u>Fixed Income Nonqualified</u>	<u>Statutory Investments</u>
\$ 52,514	\$ (279)	\$ (128)	\$ 6,219
51,475	19,576	5,690	-
-	-	-	-
(2,038)	30,356	16,462	-
-	-	-	-
<u>101,951</u>	<u>49,653</u>	<u>22,024</u>	<u>6,219</u>
(53,259)	-	-	-
-	-	-	-
<u>(53,259)</u>	<u>-</u>	<u>-</u>	<u>-</u>
148,731	141,099	46,375	-
53,259	-	-	-
<u>201,990</u>	<u>141,099</u>	<u>46,375</u>	<u>-</u>
(226,527)	(127,454)	(74,472)	-
(24,537)	13,645	(28,097)	-
-	-	-	-
-	-	-	(150,598)
<u>24,155</u>	<u>63,298</u>	<u>(6,073)</u>	<u>(144,379)</u>
1,166,116	601,016	281,276	144,379
<u>\$ 1,190,271</u>	<u>\$ 664,314</u>	<u>\$ 275,203</u>	<u>\$ -</u>
14,105,122	11,845,867	3,893,142	-
5,057,729	-	-	-
<u>19,162,851</u>	<u>11,845,867</u>	<u>3,893,142</u>	<u>-</u>
(21,355,216)	(10,656,835)	(6,219,403)	-
<u>(2,192,365)</u>	<u>1,189,032</u>	<u>(2,326,261)</u>	<u>-</u>

**West Virginia Investment Management Board**  
**Statement of Changes in Net Assets (Continued)**

**Year Ended June 30, 2002**

*(Dollars in thousands, except for Unit Transactions)*

	<u>Cash Liquidity</u>	<u>Government Money Market</u>
<b>Operations</b>		
Investment income (loss), net	\$ 28,765	\$ 4,159
Net realized gain (loss) from investments	1,091	537
Net realized gain from foreign currency transactions	-	-
Net increase (decrease) in the fair value of investments	-	-
Net increase in the translation of assets and liabilities in foreign currencies	-	-
<b>Net increase (decrease) in net assets from operations</b>	<u>29,856</u>	<u>4,696</u>
<b>Distributions to unitholders</b>		
Investment income, net	(28,769)	(4,155)
Net realized gain (loss) on investments	<u>(1,091)</u>	<u>(527)</u>
<b>Total distributions</b>	<u>(29,860)</u>	<u>(4,682)</u>
<b>Fund unit transactions</b>		
Proceeds from sale of units	5,980,755	377,565
Reinvestment of distributions	<u>29,860</u>	<u>4,682</u>
	6,010,615	382,247
Amount paid for repurchase of units	<u>(5,937,153)</u>	<u>(378,080)</u>
<b>Net increase (decrease) in net assets from fund unit transactions</b>	<u>73,462</u>	<u>4,167</u>
<b>Contributions</b>	-	-
<b>Withdrawals</b>	-	-
<b>Increase (decrease) in net assets</b>	<u>73,458</u>	<u>4,181</u>
Net assets, beginning of period	<u>991,918</u>	<u>141,054</u>
<b>Net assets, end of period</b>	<u>\$ 1,065,376</u>	<u>\$ 145,235</u>
<b>Fund unit transactions</b>		
Units sold	5,980,755,429	377,565,127
Units issued from reinvestment of distributions	<u>29,859,642</u>	<u>4,681,728</u>
	6,010,615,071	382,246,855
Units repurchased	<u>(5,937,152,238)</u>	<u>(378,078,821)</u>
Net increase (decrease) in fund units	<u>73,462,833</u>	<u>4,168,034</u>

See accompanying notes to financial statements.

<u>Enhanced Yield</u>	<u>Loss Amortization</u>	<u>Loans</u>
\$ 17,839	\$ 7,735	\$ 6,247
4,188	-	-
-	-	-
924	3,262	-
<u>-</u>	<u>-</u>	<u>-</u>
22,951	10,997	6,247
(18,176)	-	(6,247)
<u>(4,541)</u>	<u>-</u>	<u>-</u>
(22,717)	-	(6,247)
1,084	-	8,500
<u>22,717</u>	<u>-</u>	<u>6,247</u>
23,801	-	14,747
<u>(29,190)</u>	<u>-</u>	<u>(6,271)</u>
<u>(5,389)</u>	<u>-</u>	<u>8,476</u>
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
(5,155)	10,997	8,476
<u>341,824</u>	<u>110,956</u>	<u>109,853</u>
<u>\$ 336,669</u>	<u>\$ 121,953</u>	<u>\$ 118,329</u>
10,442	-	8,500,000
<u>218,123</u>	<u>-</u>	<u>6,247,992</u>
228,565	-	14,747,992
<u>(280,183)</u>	<u>-</u>	<u>(6,271,755)</u>
<u>(51,618)</u>	<u>-</u>	<u>8,476,237</u>



**West Virginia Investment Management Board**  
**Statement of Changes in Net Assets (Continued)**

**Year Ended June 30, 2002**

*(Dollars in thousands, except for Unit Transactions)*

	<u>Municipal Bond Commission</u>	<u>Department of Transportation</u>
<b>Operations</b>		
Investment income (loss), net	\$ 5,015	\$ 5,401
Net realized gain (loss) from investments	87	-
Net realized gain from foreign currency transactions	-	-
Net increase (decrease) in the fair value of investments	-	-
Net increase in the translation of assets and liabilities in foreign currencies	-	-
<b>Net increase (decrease) in net assets from operations</b>	<u>5,102</u>	<u>5,401</u>
<b>Distributions to unitholders</b>		
Investment income, net	-	-
Net realized gain (loss) on investments	-	-
<b>Total distributions</b>	<u>-</u>	<u>-</u>
<b>Fund unit transactions</b>		
Proceeds from sale of units	-	-
Reinvestment of distributions	-	-
Amount paid for repurchase of units	-	-
<b>Net increase (decrease) in net assets from fund unit transactions</b>	<u>-</u>	<u>-</u>
<b>Contributions</b>	12,028	114,000
<b>Withdrawals</b>	<u>(57,692)</u>	<u>(85,745)</u>
<b>Increase (decrease) in net assets</b>	(40,562)	33,656
Net assets, beginning of period	<u>158,905</u>	<u>55,351</u>
<b>Net assets, end of period</b>	<u>\$ 118,343</u>	<u>\$ 89,007</u>

*See accompanying notes to financial statements.*

<u>Lottery Defeasance</u>	<u>School Fund</u>	<u>EDA Insurance</u>
\$ 505	\$ 38	\$ 12
-	-	-
-	-	-
(68)	-	-
<u>-</u>	<u>-</u>	<u>-</u>
437	38	12
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
2	443	-
<u>(1,426)</u>	<u>(576)</u>	<u>(9)</u>
(987)	(95)	3
<u>6,568</u>	<u>1,548</u>	<u>453</u>
<u>\$ 5,581</u>	<u>\$ 1,453</u>	<u>\$ 456</u>

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# West Virginia Investment Management Board

## Notes to Financial Statements

### NOTE 1. DESCRIPTION OF THE ENTITY

The West Virginia Investment Management Board (Investment Management Board) was organized on April 25, 1997, as a public corporation created by *West Virginia Code § 12-6-1* to provide prudent fiscal administration and investment management services to designated State pension funds, the State's Workers Compensation and Pneumoconiosis funds, the State's operating funds, and other State and local government funds.

A Board of Trustees, consisting of thirteen members, governs the Investment Management Board. The Governor, the State Auditor and the State Treasurer are ex officio members of the Board of Trustees. The Governor appoints Trustees for a term of six years.

The accompanying financial statements reflect only the investments and investment transactions of the investment pools established by the Investment Management Board and do not reflect any other assets or liabilities of the various pool participants or the Investment Management Board.

A brief description of the individual pools within the fund follows:

**S&P 500 Index Qualified** - The objective of this pool is to provide a passive equity index management style. Funds in this pool are invested in the State Street Global Advisors' S&P 500 Flagship NL pool, which invests in common stocks of those companies listed in the Standard & Poors 500 Index. Only "qualified participants" (as defined by the *Internal Revenue Code*) may invest in this pool.

**S&P 500 Index Nonqualified** - The objective of this pool is to provide a passive equity index management style. Funds in this pool are invested in the State Street Global Advisors' S&P 500 Common Trust Fund pool which invests in common stocks of those companies listed in the Standard & Poors 500 Index. This pool exists for participants who are not "qualified" (as defined by the *Internal Revenue Code*).

**Large Cap Domestic** - The pool's objective is to equal or exceed the S&P 500 Stock Index over a three- to five-year period. Assets of this pool are actively managed by Alliance Capital Management, Chartwell Investment Partners, and NYLIM/Q.E.D. Investments.

**Non-Large Cap Domestic** - This pool invests in the equities of small- to mid-sized companies and its objective is to equal or exceed the Russell 2500 Index over a three- to five-year period. Assets of this pool are managed by Loomis, Sayles, & Company, Aronson + Partners, Wellington Management Company, and Dimensional Fund Advisors Inc.

**International Qualified** - Funds of this pool are invested in Silchester International Investors' Value Equity Group Trust. This pool is expected to produce investment returns that exceed the Morgan Stanley Capital International's Europe Australasia Far East (free) (EAFE) Index by 200 basis points on an annualized basis over rolling three-to five-year periods, net of fees. Only "qualified participants" (as defined by the *Internal Revenue Code*) may invest in this pool.

**International Nonqualified** - Funds of this pool are invested in Silchester International Investors' International Value Equity Trust. This pool is expected to produce investment returns that exceed the Morgan Stanley Capital International's EAFE Index by 200 basis points on an annualized basis over rolling three- to five-year periods, net of fees. This pool exists for participants who are not "qualified" (as defined by the *Internal Revenue Code*).

**International Equity** - This pool invests in the equities of international companies. This pool is co-managed by Mastholm Asset Management and TT International Investment Management companies, with a portion of the assets invested in Capital International Inc.'s Emerging Markets Growth Fund. The objective of the International Equity is to exceed Morgan Stanley Capital International's All CountryWorld Free Ex US Index over rolling three- to five-year periods, net of fees.

**Short-Term Fixed Income** - The main objective of this pool is to maintain sufficient liquidity to fund withdrawals by the participant plans and to invest cash contributions until such time as the money can be transferred to other asset classes without sustaining capital losses. Fischer Francis Trees & Watts is the advisor to this pool.

**Fixed Income** - The main objective of this core bond pool is to generate investment income, provide stability and diversification, but not at the expense of total return. This pool is co-managed on an active basis by Western Asset Management Company and Hoisington Investment Management Company.

**Fixed Income Qualified** - The main objective of this core bond pool is to generate investment income, provide stability and diversification, but not at the expense of total return. Barclays Global Investors manages funds for this passive corporate and mortgage domestic fixed income pool. Only "qualified participants" (as defined by the *Internal Revenue Code*) may invest in this pool.

**Fixed Income Nonqualified** - The main objective of this core bond pool is to generate investment income, provide stability and diversification, but not at the expense of total return. Barclays Global Investors manages funds for this passive corporate and mortgage domestic fixed income pool. This pool exists for participants who are not "qualified" (as defined by the *Internal Revenue Code*).

**Statutory Investments** - This pool held investments that the Investment Management Board acquired by directive of the West Virginia State Legislature. The investments of this pool were prepaid on January 24, 2002. The pool was liquidated and closed on February 1, 2002.

## NOTE 1. DESCRIPTION OF ENTITY (Continued)

The Consolidated Fund is a statutory term for the collective investment of those monies currently needed to fund state governmental operations, participation by local governments, or those monies that are required by other statutory provisions to be invested in the Consolidated Fund. The following five investment pools are established for the Consolidated Fund.

**Cash Liquidity** - This pool consists of the operating funds of the State, funds held in trust by State agencies, and funds from local governments who desire the opportunity to invest with the State. The objective of this pool is to maintain sufficient liquidity to meet the daily disbursements of the state and participants while earning a small return above inflation. The pool is co-managed by Bank One Investment Advisors and UBS Global Asset Management.

**Government Money Market** - This pool consists of investors who wish to invest in a pool that restricts its investments to U. S. Government Obligations, select U. S. Government Agency Obligations or repurchase agreements. The objective of this pool is to maintain sufficient liquidity to meet the daily disbursements of the state and participants while earning a small return above inflation. The pool is managed by UBS Global Asset Management.

**Enhanced Yield** - This pool consists of the operating funds of the State that are not immediately needed to fund the State's liquidity requirements. The goal of this pool is to earn an incremental return over the Cash Liquidity pool with an objective of capital growth rather than current income. The pool is managed by Mellon Bond Associates.

**Loss Amortization** - This pool was created to account for those participant claims on the general operating funds of the State which exceeded the underlying assets of the other pools. This excess of participant claims on net assets over underlying assets occurred as a result of the distributions of earnings to participants in various Investment Management Board investment pools, principally the Unrestricted Pool (predecessor to Cash Liquidity), in excess of the true investment income experience of the pools, principally in 1987 and 1988.

**Loans** - This pool is comprised of loans made by the State. The \$1 unit price is utilized for accounting purposes only. The State is the sole participant in this pool.

**Participant Directed Accounts** - The remaining pools, (Municipal Bond Commission, Department of Transportation, Lottery Defeasance, School Fund, and EDA Insurance), are maintained for individual State agencies with specific investment needs. Each agency has 100 percent ownership of the underlying investments in its' pool and is solely responsible for the investment decisions in accordance with the legal restrictions applicable to those assets. The Board serves in a custodial capacity and has no discretion over the investment decisions for these pools.

## NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

**Basis of Accounting** - The Investment Management Board is the investment vehicle of the State and its component units, all of which are government entities. The Investments of the Cash Liquidity, the Government Money Market, the Loans, the Municipal Bond Commission, the Department of Transportation, and the EDA Insurance pools are, as permissible under Government Accounting Standards Board (GASB) Statement Number 31, carried at amortized cost. The investments of the remaining pools are carried at fair value, which is determined by a third party pricing service based on asset portfolio pricing models and other sources. Futures and option contracts are valued at the last settlement price established each day by the exchange on which they are traded. Investments in commingled investment pools are valued at the reported unit values of the individual funds. Commissions on the purchases of securities by the Investment Management Board are a component of the security price quoted by the seller and are included in the investment cost.

**Governmental Accounting Standards Board (GASB) Statement Number 20, "Accounting and Financial Reporting for Proprietary funds and Other Governmental Entities that use Proprietary Fund Accounting"** - The Investment Management Board has elected to follow all Financial Accounting Standard Board Statements and Interpretations, APB Opinions and ARBs, except those that conflict with or contradict GASB pronouncements.

**Repurchase Agreements** - In connection with transactions in repurchase agreements, it is the Investment Management Board's policy that its designated custodian take possession of the underlying collateral securities, the fair value of which exceeds the principal amount of the repurchase transaction at all times. If the seller defaults, and the fair value of the collateral declines, realization of the collateral by the Investment Management Board may be delayed or limited.

**Foreign Currency** - Amounts denominated in or expected to settle in foreign currencies are translated into United States dollars at exchange rates reported by Mellon Bank on the following basis:

- a. Market value of investment securities, other assets and liabilities - at the closing rate of exchange at the valuation date.
- b. Purchases and sales of investment securities, income and expenses - at the rate of exchange prevailing on the respective dates of such transactions.

The Investment Management Board isolates that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from market prices of securities held.

## NOTE 2. SIGNIFICANT ACCOUNTING POLICIES ( Continued)

Reported net realized foreign exchange gains and losses arise from sales of portfolio securities, sales and maturities of short-term securities, sales of foreign currencies, currency gains and losses realized between the trade and settlement dates on securities transactions, and the difference between the amounts of dividends, interest, and foreign withholding taxes recorded and the United States dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in the value of assets and liabilities including investments in securities at month end, resulting from changes in the exchange rate.

**Option Contracts** - The Investment Management Board may purchase or write equity, bond, currency, or index option contracts that have recognized liquidity and are actively traded on major exchanges or are executed with major dealers. These option contracts give the purchaser of the contract the right to buy (call) or sell (put) the security, or settle cash for an index option, underlying the contract at an agreed upon price (strike price) during or at the conclusion of a specified period of time.

Premiums paid upon the purchase of an option contract are recorded as an asset and subsequently adjusted to market value. Upon exercising a purchased option, a gain is recorded equal to the difference between the market value of the underlying instrument and the strike price of the option, less premiums paid. If the option expires unexercised, a loss is recognized in the amount of the premiums paid for the option.

Premiums received when option contracts are written are recorded as a liability and subsequently adjusted to market value. If a written option contract expires unexercised, a gain is recorded equal to the amount of the premiums received. The difference between the premiums received and the amount paid to effect a closing transaction is also recorded as a gain or loss. When a written option is exercised, a loss is recorded equal to the difference between the market value of the underlying instrument and the strike price of the option, less premiums received.

One of the Investment Management Board's fixed income managers uses written option contracts to enhance investment returns and reduce portfolio convexity when implied volatility is high. Purchased option contracts are used to increase portfolio convexity when implied volatility is low, to implement certain yield curve strategies, or to hedge sector exposure.

When writing put options, there is risk that a loss may be incurred if the market price of the underlying instruments decreases and the option is exercised. This loss is determined by market conditions and cannot be specifically limited. The risk associated with writing call options is the loss of potential profit if the market price of the security increases and the option is exercised. Purchased put or call options bear the risk of loss of the premium paid if market conditions are not favorable to exercise the option. There may also be risk that the value of the option contract doesn't correlate perfectly with movements of the underlying instrument due to certain market distortions. To limit its exposure to these risks, the Investment Management Board has established limits on the value and use of option contracts.

The Investment Management Board limits its exposure to credit by only buying or selling options traded on major exchanges, or executed with major dealers. There is a risk of the inability to enter into a closing transaction if a liquid secondary market does not exist. The Investment Management Board maintains sufficient levels of cash or cash equivalents to meet cash flow obligations.

**Security Loans** - The Investment Management Board through its agent, Mellon Bank, loans securities to various brokers on a temporary basis. Each transaction for U.S. securities is secured by initial collateral of at least 102% of the market value of the securities loaned. For international securities, the collateral is at least 105% of the market value of the securities on loan. Cash collateral received is invested in the Mellon GSL DBT II Collateral Fund. The Investment Management Board receives a portion of the income from the investment of the collateral. The Investment Management Board also continues to receive interest or dividends on the securities loaned. Gains or losses in the fair value of the securities loaned that may occur during the term of the loans are reflected in the various investment pools.

**Futures Contracts** - A futures contract is an agreement between a buyer or a seller and the clearinghouse of a futures exchange in which the parties agree to buy or sell a commodity, financial instrument or index at a specified future date and price. The Investment Management Board invests in financial futures contracts in the Fixed Income Pool and the Russell 2000 index futures in the Non-Large Cap Domestic Equity Pool. Upon entering into a financial futures contract, the Investment Management Board is required to pledge to the broker an amount of cash, U.S. government securities, or other assets, equal to a certain percentage of the contract amount (initial margin deposit). Cash (variation margin) is received from or paid to the broker each day for the daily fluctuations of the underlying securities or index. The Investment Management Board records the cash received or paid for the variation margin as a realized gain or loss.

Interest rate futures may be used to enhance portfolio yields, to hedge an existing position, or as an alternative investment of cash. Stock index futures may be used to provide immediate exposure to fluctuations in the market exposure of the stocks in the underlying index and to provide liquidity for cash flows.

The market risk associated with holding interest rate and stock index futures results from changes in the market value of the contractual positions due to changes in the value of the underlying instruments or indices. Hedging risk associated with these futures contracts arises because the value of the futures contracts may not correlate perfectly with changes in the values of the underlying instruments or indices due to market distortions. The Investment Management Board limits its exposure to these risks by establishing and monitoring limits on the type and total value of futures contracts that may be held.

Other risks associated with futures contracts are liquidity risk and credit risk. Liquidity risk arises when there is insufficient trading in a particular futures contract. Credit risk arises from the potential inability of counterparties to meet the terms of the contracts. The Investment Management Board requires its managers to only utilize futures contracts that are traded on major exchanges or are executed with major dealers. The major exchanges assume the risk that a counterparty will not settle and generally require an initial margin deposit of cash or securities.

## NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Foreign Exchange Forward Contracts** - A foreign exchange forward contract is an agreement between two parties to exchange different currencies at a specified exchange rate at an agreed upon future date. The International Equity pools' investment managers enter into such contracts to hedge the assets and liabilities related to securities denominated in a foreign currency. Risk associated with such contracts include movement in the value of the foreign currency relative to the U. S. dollar and the ability of the counterparty to perform. These contracts have relatively short durations and are valued at the prevailing market exchange rates at month end. An unrealized gain or loss is recorded as the difference between the amount valued at month end and the amount to be received or paid at the expiration date. The unrealized gain or loss is reclassified to realized gain or loss when the contract expires.

**Asset-Backed Securities** - Certain portfolios invest in various asset-backed securities, mortgage-backed securities, and structured corporate debt. The securities are reported at fair value. The portfolios invest in these securities to enhance yields on investments. Changes in market interest rates affect the cash flows of these securities and may result in changes in fair value. The overall return or yield on these securities depends on the changes in the interest and principal payment pattern and market value of the underlying assets.

**Investment Transactions** - Investment transactions are accounted for on a trade date basis.

**Use of Estimates** - The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**Investment Gains and Losses** - Gains and losses on the sale of investment securities are recognized at the time of sale by the average cost method. The calculation of realized gains and losses is independent of the calculation of the net increase or decrease in the fair value of investments. Realized gains and losses on investments held in more than one fiscal year and sold in the current year may have been recognized as an increase or decrease in the fair value of investments reported in the prior year.

**Interest Income** - Interest income is recognized as earned on the accrual method.

**Dividend Income** - Dividend income is recognized on the ex-dividend date.

**Amortization** - Discounts and premiums on securities purchased are amortized over the life of the respective securities using the scientific method of amortization. This method maintains a constant book yield over the life of the security. The amortization of mortgage-backed securities considers the effect of prepayments on the life of the security. Historical prepayment speeds are obtained from market data vendors and are updated annually. The effect of changing prepayment assumptions is reported in the Statement of Operations in the year of the change.

**Allowance for Loan Losses** - The allowance for loan losses is available to absorb future loan losses. The allowance is increased by provisions charged against operations and reduced by charge-offs (losses), net of recoveries. The provision is based on several factors including: analytical reviews of loan loss experience in relationship to outstanding loans; a continuing review of problem loans and overall portfolio quality, including analysis of the quality of the underlying collateral; and management's judgment on the impact of current and expected economic conditions on the portfolio. In management's opinion no allowance for loan loss is needed at June 30, 2002.

**Distributions to Participants** - The monthly net income of the Short-Term Fixed Income, the Fixed Income, and the Enhanced Yield pools are declared as dividends and distributed to the participants of the pools on the first day of the following month. Distributions are paid in the form of reinvestments in the pools and have been included in distributions to participants and reinvestment of distributions as presented on the Statement of Changes in Net Assets.

The net income of the Cash Liquidity and Government Money Market pools are declared as dividends and distributed daily to the participants based upon their pro rata participation in the pools. For these pools, the distributions of net investment income and net realized gains are credited to the participants' accounts in the form of dividend reinvestments in the pool and are presented first as distributions to participants, and then as reinvestment of distributions on the Statement of Changes in Net Assets.

The net income of the Loan pool is determined monthly and distributed to the participant on the last day of the month. Distributions are paid in the form of reinvestments in the pool and have been included in distributions to participants and reinvestment of distributions as presented on the Statement of Changes in Net Assets.

The monthly net income of the Loss Amortization Pool is used to reduce the undistributed net losses recorded in this portfolio.

**Expenses** - The Investment Management Board's Trustees adopt an annual budget and fee schedule for services to be provided to the respective investment pools. Each investment pool is charged for its direct investment-related cost and for its allocated share of other expenses. These other expenses are allocated to the investment pools based on asset size. Certain investment pools cannot be charged expenses or must be charged a reduced expense. The Investment Management Board pays all expenses on behalf of the pools.

**Income Taxes** - The Investment Management Board is a public corporation organized under laws of the State of West Virginia and exempt from federal and state taxation. Accordingly, the financial statements have been prepared recognizing that the Investment Management Board is not subject to federal or state income taxes.

**NOTE 3. STATUTORY INVESTMENTS**

West Virginia Code § 12-6-20(b) enacted by the West Virginia State Legislature in April 1998 committed the Public Employees' Retirement System to invest in the West Virginia Regional Jail and Correctional Facility Authority. This investment was carried in the Statutory Investment pool. The investment was prepaid on January 24, 2002. The funds received were invested in an institutional money market fund until February 1, 2002. At that time, they were allocated to other asset classes based on the Investment Management Board's existing asset allocation plan for the Public Employees' Retirement System.

**NOTE 4. RELATED PARTY TRANSACTIONS**

The Investment Management Board is required by law to enter into certain investment transactions with other state entities. At June 30, 2002, the Investment Management Board's intergovernmental investments included:

1. The "Tax reappraisal loan" represents an obligation of the West Virginia Property Valuation Training and Procedures Commission. The original loan was \$5,701,896.26 and was used to fund property reappraisals by various counties. This loan's interest rate may be renegotiated every three years until repaid. The current outstanding balance of \$303,000 is scheduled to mature by June 30, 2003 and bears interest at 6.34%.
2. The "WVEDA Revolving loan" is an obligation of the West Virginia Economic Development Authority (WVEDA). The terms of this loan program provide for the Investment Management Board to make available on a revolving basis up to \$150,000,000 for the WVEDA to use to fund economic development initiatives. The interest rate is reset on July 1 of each year and is based on the twelve month return of the Cash Liquidity pool. The rate at June 30, 2002 was 6.03%. The rate has a 1% annual adjustment cap. The WVEDA makes monthly principal and interest payments calculated on a one hundred twenty month amortization of the outstanding balance. At June 30, 2002 the outstanding balance was \$98,535,000.
3. The "WVEDA Non-recourse loan" represents an obligation of the WVEDA. The terms of this loan allow for the WVEDA to borrow up to \$25,000,000 from the Investment Management Board to fund certain venture capital initiatives. The loan earns interest at 3% which is fixed for the term of the loan. The WVEDA is required to make annual principal payments of \$10,000 for the first ten years. The WVEDA may defer payments in the first ten years. At June 30, 2002, \$15,000,000 of principal and \$98,553 of accrued interest are outstanding. Beginning June 30, 2013, the WVEDA is expected to make principal and interest payments sufficient to repay all outstanding principal and accrued interest in full by June 30, 2022.

**NOTE 5. SECURITIES LENDING**

At June 30, 2002, the fair value of securities on loan and the collateral held by the pools of the Investment Management Board are as follows. Of the collateral held, \$611,947,142 was received as cash. The collateral received as cash is invested in the Mellon GSL DBT II Collateral Fund.

	Fair Value of Securities on Loan	Collateral Held
Non-Large Cap Domestic	\$ 4,285,313	\$ 4,506,865
International Equity	63,995,778	70,493,761
Fixed Income	316,380,187	325,377,144
Cash Liquidity	142,529,591	144,984,439
Government Money Market Enhanced Yield	56,883,458 131,025,919	57,864,420 132,741,998
WVIMB Total	<u>\$ 715,100,246</u>	<u>\$ 735,968,627</u>

**NOTE 6. CREDIT DEFAULT SWAP**

On April 26, 2002, the Investment Management Board entered into a credit default swap agreement with Merrill Lynch. Under the terms of this agreement, the Investment Management Board would be required to purchase \$2,500,000 of Dynegy notes at par from Merrill Lynch in the instance of certain default events by Dynegy. Merrill Lynch is obligated to pay a premium equal to 3.5% on the face value of the notes. The Investment Management Board bears the risk of loss equal to the difference between the par value and the market value of the notes after any such default event. The agreement is scheduled to terminate on May 15, 2003. At June 30, 2002, the Investment Management Board had recognized \$15,799 of the premium as income in the Fixed Income pool. A reversing trade with Merrill Lynch at June 30 could have been executed at a price of \$87.7343. Accordingly, the Fixed Income pool reflected an unrealized loss of \$306,642 on the swap.



**NOTE 7. FUTURES CONTRACTS**

At June 30, 2002, open positions in futures contracts are as follows:

<u>Expiration</u>	<u>Open Contracts</u>		<u>Position</u>	<u>Value Upon Entering Contract</u>	<u>Value at June 30, 2002</u>	<u>Net Gain (Loss)</u>
<i>Non-Large Cap Domestic Equity Pool</i>						
Sept 2002	2	Russell 2000	Long	\$ 460,650	\$ 463,350	\$ 2,700
<i>Fixed Income Pool</i>						
Sept 2002	39	US Govt Agency	Long	\$ 3,948,797	\$ 4,027,360	\$ 78,563
Sept 2002	492	5YR T-Note	Long	52,238,757	52,851,565	612,808
Sept 2002	87	10YR T-Note	Short	(9,065,961)	(9,329,391)	(263,430)
Sept 2002	129	US Treasury Bond	Short	(13,159,008)	(13,258,781)	(99,773)
				<u>\$ 33,962,585</u>	<u>\$ 34,290,753</u>	<u>\$ 328,168</u>

At June 30, 2002, the Investment Management Board has pledged a U. S. Treasury Bill held in the Non-Large Cap pool and a FNMA Discount Note held in the Fixed Income pool with a combined market value of \$8,980,960 to cover initial margin requirements on open futures contracts.

At June 30, 2002, variation margin receivables of \$2,900 and \$16,596, representing one day's settlement on open futures contracts, were reported in the Non-Large Cap pool and the Fixed Income pool respectively.

**NOTE 8. OPTION CONTRACTS**

At June 30, 2002, open option contracts held in the Fixed Income Pool were as follows:

<u>Position</u>	<u>Description</u>	<u>Maturity</u>	<u>Strike Price</u>	<u># of Contracts</u>	<u>Premiums Received</u>	<u>Value at June 30, 2002</u>
<i>Call Options</i>						
Short	10YR T-Note Future	8/24/2002	106	(387)	\$ (247,285)	\$ (774,000)
					(247,285)	(774,000)
<i>Put Options</i>						
					-	-
				<b>Total Option Contracts</b>	<u>\$ (247,285)</u>	<u>\$ (774,000)</u>

**NOTE 9. OPTION CONTRACTS WRITTEN**

	<u>Puts</u>		<u>Calls</u>	
	<u>Number of Contracts</u>	<u>Premiums Received</u>	<u>Number of Contracts</u>	<u>Premiums Received</u>
Options outstanding at June 30, 2001	-	\$ -	-	\$ -
Options written	(14,210)	(6,175,596)	(22,065)	(11,804,890)
Options closed	6,306	4,597,019	16,744	8,890,268
Options expired	7,904	1,578,577	4,934	2,667,337
Options outstanding at June 30, 2002	<u>-</u>	<u>\$ -</u>	<u>(387)</u>	<u>\$ (247,285)</u>

**NOTE 10. FOREIGN EXCHANGE FORWARD CONTRACTS**

At June 30, 2002, the International Equity pool held the following open foreign currency forward contracts:

Position	Foreign Currency	Expiration Date	Receivable		Payable		Unrealized Appreciation (Depreciation)
			(In foreign currency)	(In U.S. dollars)	(In foreign currency)	(In U.S. dollars)	
Long	Euro Currency Unit	7/1/2002	1,600,000	\$ 1,580,160		\$ 1,573,440	\$ 6,720
Long	Euro Currency Unit	7/1/2002	2,010,107	1,985,181		1,985,141	40
Long	Japanese Yen	7/1/2002	64,081,849	534,639		538,141	(3,502)
Long	Swiss Franc	7/1/2002	690,949	464,254		464,853	(599)
Long	British Pound	7/1/2002	510,000	777,393		776,220	1,173
Long	Euro Currency Unit	7/1/2002	2,896,273	2,860,359		2,858,505	1,854
Short	Japanese Yen	7/1/2002		1,940,000	232,373,200	1,938,705	1,295
Short	Norwegian Krone	7/1/2002		169,642	1,271,671	169,459	183
Short	Singapore Dollar	7/1/2002		260,328	460,000	260,358	(30)
Short	Japanese Yen	7/1/2002		864,462	103,444,992	863,049	1,413
Long	Swiss Franc	7/2/2002	610,205	410,001		409,380	621
Long	Euro Currency Unit	7/2/2002	300,000	296,280		296,370	(90)
Long	Euro Currency Unit	7/2/2002	1,850,000	1,827,060		1,824,070	2,990
Long	Swiss Franc	7/2/2002	1,890,000	1,269,905		1,268,305	1,600
Short	Euro Currency Unit	7/2/2002		62,736	63,801	63,010	(274)
Short	Euro Currency Unit	7/2/2002		176,126	179,118	176,896	(770)
Short	Euro Currency Unit	7/2/2002		9,297	9,455	9,338	(41)
Short	Euro Currency Unit	7/2/2002		8,305	8,446	8,341	(36)
Short	South Korean Won	7/2/2002		1,012,337	1,219,056,450	1,013,347	(1,010)
Long	Swiss Franc	7/3/2002	531,113	356,859		358,310	(1,451)
Short	Euro Currency Unit	7/3/2002		29,050	29,341	28,977	73
Short	Japanese Yen	7/3/2002		543,766	65,118,117	543,285	481
Short	Norwegian Krone	7/3/2002		103,747	779,640	103,892	(145)
Long	Euro Currency Unit	7/10/2002	17,034,897	16,823,665		16,630,113	193,552
				<u>\$ 34,365,552</u>		<u>\$ 34,161,505</u>	<u>\$ 204,047</u>

**NOTE 11. INVESTMENT TRANSACTIONS**

Purchases and sales of investment securities (excluding short term securities) were \$2,669,167,521 and \$2,785,191,546 respectively, for U.S. government obligations; purchases and sales of corporate securities were \$1,871,752,810 and \$2,076,284,283.

**NOTE 12. RISK CATEGORIZATION**

In accordance with statement No. 3 of the Governmental Accounting Standards Board, investments are classified as to level of risk by the three categories described below:

**Category 1** includes investments that are insured or registered, or for which the securities are held by the Investment Management Board or its agent in the Investment Management Board's name.

**Category 2** includes investments that are uninsured and unregistered, or for which the securities are held by the counterparty's trust department or agent in the Investment Management Board's name.

**Category 3** includes uninsured and unregistered investments, held by the counterparty's trust department or agent but not in the Investment Management Board's name.

Investments at June 30, 2002, by security type and level of risk category as defined by Statement No. 3 of the Governmental Accounting Standards Board are as follows:

Security Type	Category 1 (\$000's)	Category 2 (\$000's)	Category 3 (\$000's)	Carrying Value (\$000's)	Fair Value (\$000's)
U.S. Government and agency obligations	\$ 1,034,287	\$ -	\$ -	\$ 1,034,287	\$ 1,027,586
Corporate bonds	845,348	-	-	845,348	844,099
Commercial paper	15,000	-	-	15,000	15,000
Common and preferred stocks	1,067,026	-	-	1,067,026	1,067,026
Total Categorized	\$ 2,961,661	\$ -	\$ -	\$ 2,961,661	\$ 2,953,711
Uncategorized:					
Institutional mutual funds				2,855,528	2,855,528
Money market mutual funds				889,545	889,545
Security lending short term collateral pool				611,947	611,947
Swaps				(307)	(307)
Investments in loans and mortgages				116,047	116,047
Guaranteed investment contract				88,696	88,696
				\$ 7,523,117	\$ 7,515,167

# **FINANCIAL HIGHLIGHTS**

# West Virginia Investment Management Board

## Financial Highlights

**Year Ended June 30, 2002**

	<u>S&amp;P 500 Index Qualified</u>	<u>S&amp;P 500 Index Nonqualified</u>	<u>Large Cap Domestic</u>	<u>Non-Large Cap Domestic</u>	<u>International Qualified</u>
Net asset value, beginning of period	\$ 12.69	\$ 12.83	\$ 10.13	\$ 12.52	\$ 13.78
Net investment income (loss)	-	0.17	0.14	0.83	(0.09)
Net realized and unrealized gain (loss) on investment transactions	(2.31)	(2.48)	(2.14)	(0.84)	2.05
Net realized loss from foreign currency transactions	-	-	-	-	-
Net increase in the translation of assets and liabilities in foreign currencies	-	-	-	-	-
Total from investment operations	(2.31)	(2.31)	(2.00)	(0.01)	1.96
Less distributions	-	-	-	-	-
Net asset value, end of period	<u>\$ 10.38</u>	<u>\$ 10.52</u>	<u>\$ 8.13</u>	<u>\$ 12.51</u>	<u>\$ 15.74</u>
<b>Fiscal year to date total return (net of fees, not annualized)</b>	-18.2%	-18.1%	-19.7%	-0.1%	14.2%
<b>Supplemental Data:</b>					
Expenses (year to date annualized)	0.03%	0.04%	0.24%	0.37%	0.62%
Net investment income (year to date annualized)	-0.03%	1.47%	1.48%	6.76%	-0.62%
Portfolio turnover rate	10.73%	15.33%	145.01%	53.70%	0.00%

	<u>Fixed Income Qualified</u>	<u>Fixed Income Nonqualified</u>	<u>Cash Liquidity</u>	<u>Government Money Market</u>	<u>Enhanced Yield</u>
Net asset value, beginning of period	\$ 11.32	\$ 11.42	\$ 1.00	\$ 1.00	\$ 103.06
Income from investment operations:					
Net investment income (loss)	-	-	0.03	0.03	5.37
Net realized and unrealized gain (loss) on investment transactions	0.92	0.92	-	-	1.52
Net realized loss from foreign currency transactions	-	-	-	-	-
Net increase in the translation of assets and liabilities in foreign currencies	-	-	-	-	-
Total from investment operations	0.92	0.92	0.03	0.03	6.89
Less distributions	-	-	(0.03)	(0.03)	(6.84)
Net asset value, end of period	<u>\$ 12.24</u>	<u>\$ 12.34</u>	<u>\$ 1.00</u>	<u>\$ 1.00</u>	<u>\$ 103.11</u>
<b>Fiscal year to date total return (net of fees, not annualized)</b>	8.1%	8.0%	2.8%	2.8%	6.9%
<b>Supplemental Data:</b>					
Expenses (year to date annualized)	0.04%	0.05%	0.12%	0.12%	0.13%
Net investment income (year to date annualized)	-0.04%	-0.05%	2.81%	2.38%	5.16%
Portfolio turnover rate	20.10%	11.82%	0.00%	0.00%	50.59%

<u>International Nonqualified</u>	<u>International Equity</u>	<u>Short-Term Fixed Income</u>	<u>Fixed Income</u>
\$ 15.19	\$ 11.97	\$ 9.98	\$ 10.18
(0.12)	0.14	0.27	0.48
2.29	(2.65)	(0.01)	0.42
-	0.01	-	-
-	0.86	-	-
2.18	(1.64)	0.26	0.89
-	-	(0.28)	(0.48)
<u>\$ 17.36</u>	<u>\$ 10.33</u>	<u>\$ 9.96</u>	<u>\$ 10.60</u>
14.3%	-13.7%	2.7%	9.0%
0.78%	0.61%	0.17%	0.13%
-0.78%	1.33%	3.01%	4.51%
1.35%	185.82%	105.13%	86.49%



***West Virginia***  
***Investment Management Board*** 

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***Audited Financial Statements***

***June 30, 2002***





**West Virginia Investment Management Board**

**Audited Financial Statements**

**June 30, 2002**

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# West Virginia Investment Management Board

## Management's Discussion and Analysis

This discussion and analysis of the West Virginia Investment Management Board's (WVIMB) financial performance provides an overview of the Board's financial activities for the fiscal year ended June 30, 2002. Please read it in conjunction with the basic financial statements, which follow this discussion.

### FINANCIAL HIGHLIGHTS

- The WVIMB is required by law to charge a fee sufficient to cover the cost of providing investment management services. Investment service fee revenues were \$12.5 million as compared to \$12.2 million for the prior fiscal year. The change primarily results from increased fees charged to cover additional investment manager and administrative costs. These increases were partially offset by a decrease in the amount paid for custodial banking services.
- Fees paid to outside investment managers increased by \$124,000 as a result of implementing a performance based arrangement with an investment manager and an increase in the asset base of the investment pools.
- Administrative expenses had a net increase of \$240,000. Primary factors for the net increase are:
  - Human resource cost increased \$281,000 as a result of having certain positions filled for a full year and increased benefit related costs, and,
  - A change in the vendor who provided investment security market prices reduced expenses by \$46,000.
- Custodial bank fees were reduced by \$74,000. This is primarily attributable to negotiated fee reductions associated with securities lending that began in December 2001.
- The WVIMB's June 30, 2002 net asset balance of \$3.5 million represents an increase of \$70,724 during the fiscal year.
- Nonoperating revenues for the year were \$78,000. This was \$132,000 less than the prior year. This decrease is a result of the decline in market interest rates.

### THE FINANCIAL REPORTS

This financial report consists of three financial statements; the Statement of Net Assets, the Statement of Revenues, Expenses, and Changes in Net Assets, and the Statement of Cash Flows. These statements include all assets and liabilities of the WVIMB using the economic resources measurement focus and the accrual basis of accounting. The accrual basis of accounting takes into account all revenues and expenses regardless of when cash is received or paid. These statements give an overall perspective of the WVIMB's financial position and the changes in the financial position during the current fiscal year.

The Statement of Net Assets presents the WVIMB's assets and liabilities, with the difference between the two reported as net assets. The Statement of Revenues, Expenses, and Changes in Net Assets describes how the

WVIMB's net assets changed during the fiscal year. The Statement of Cash Flows identifies the sources of cash received by the WVIMB and how that cash was used in the WVIMB's activities during the year. The ending cash presented in this statement is a significant portion of the WVIMB's assets as reported in the Statement of Net Assets. This statement also contains a reconciliation of the operating profit as reported in the Statement of Revenues, Expenses, and Changes in Net Assets to the cash used in the WVIMB's operating activities during the year.

## FINANCIAL ANALYSIS

The WVIMB's total assets as of June 30, 2002 were \$6.1 million. This was mostly comprised of cash and cash equivalents, and receivables for investment service fees. Total assets increased by \$686,000 over June 30, 2001. This increase is a result of the additional fee revenue for accrued external investment management fees, and administrative expenses.

Total liabilities as of June 30, 2002 were \$2.6 million, consisting of invoices payable and accrued liabilities for external investment management fees, custodial fees, and administrative expenses. This is \$615,000 higher than the liabilities reported at June 30, 2001. This increase is a result of the additional amounts owed for external investment management services.

<b>Table 1 Net Assets (In thousands)</b>	<b>2002</b>	<b>2001</b>
Cash and equivalents	\$ 3,773	\$ 3,600
Receivables	2,223	1,522
Other assets	<u>96</u>	<u>284</u>
Total assets	6,092	5,406
Total liabilities	<u>(2,629)</u>	<u>(2,014)</u>
Net assets	<u>\$ 3,463</u>	<u>\$ 3,392</u>
<i>Composition of net assets:</i>		
Invested in capital assets	\$ 46	\$ 82
Unrestricted	3,417	3,311

<b>Table 2</b> <b>Changes in Net Assets</b> <b>(In thousands)</b>	<b>2002</b>	<b>2001</b>
Investment service fees	\$ 12,461	\$ 12,180
Expenses		
Advisor fees	(9,010)	(8,886)
Custodian fees	(480)	(554)
Trustee fees	(69)	(45)
Fiduciary bond	(140)	(138)
Professional service fee	(510)	(512)
Administrative fees	<u>(2,259)</u>	<u>(2,019)</u>
Operating income (loss)	(7)	26
Nonoperating income	78	211
Nonoperating (loss)	<u>0</u>	<u>(1)</u>
Increase in net assets	71	236
Net assets – beginning of year	<u>3,392</u>	<u>3,156</u>
Net assets – end of year	\$ <u>3,463</u>	\$ <u>3,392</u>

### **CAPITAL ASSETS**

There were no significant capital asset activities during the current year.

### **CONTACTING THE WVIMB**

This financial report is designed to provide its readers with a general overview of the WVIMB's finances. If you have any questions about this report, or need additional information, contact the WVIMB at One Cantley Drive, Suite 3, Charleston, WV 25314-1089, or visit us on the World Wide Web at [www.wvimb.org](http://www.wvimb.org).





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## Independent Auditors' Report

Board of Trustees  
West Virginia Investment Management Board:

We have audited the accompanying statement of net assets of the West Virginia Investment Management Board (the WVIMB), a component unit of the state of West Virginia, as of June 30, 2002 and the related statements of revenues, expenses, and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the WVIMB's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the WVIMB as of June 30, 2002 and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in note 8, the WVIMB adopted the provisions of GASB Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis for State and Local Government," as of July 1, 2001.

The Management's Discussion and Analysis on pages i, ii, and iii 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 required supplementary information. However, we did not audit the information and express no opinion on it.

**KPMG LLP**

August 16, 2002



KPMG LLP KPMG LLP, a U.S. limited liability partnership, is  
a member of KPMG International, a Swiss association.





# West Virginia Investment Management Board

## Statement of Net Assets

June 30, 2002

### Assets

#### Current assets:

Cash and cash equivalents	\$3,773,485
Accounts receivable	2,222,727
Prepaid expenses	44,394
Dividend receivable	4,416
<b>Total current assets</b>	<u>6,045,022</u>

#### Noncurrent assets

Deposits	1,738
Capital assets:	
Equipment	967,902
Office furniture	129,718
Leasehold improvements	10,437
Less accumulated depreciation	<u>(1,062,181)</u>
<b>Total capital assets (net of accumulated depreciation)</b>	<u>45,876</u>
<b>Total noncurrent assets</b>	<u>47,614</u>

**Total assets** 6,092,636

### Liabilities

#### Current liabilities:

Accounts payable and accrued expenses	<u>2,629,248</u>
<b>Total current liabilities</b>	<u>2,629,248</u>

**Total liabilities** 2,629,248

#### Net assets

Invested in capital assets	45,876
Unrestricted	<u>3,417,512</u>
<b>Total net assets</b>	<u>\$3,463,388</u>

*See accompanying notes to financial statements.*

**West Virginia Investment Management Board**  
**Statement of Revenues, Expenses, and Changes in Net Assets**  
**For the Year Ended June 30, 2002**

<b>Operating revenues:</b>		
Investment service fees		\$12,461,152
	<b>Total operating revenues</b>	<u>12,461,152</u>
<b>Operating expenses:</b>		
Advisor fees		9,010,241
Custodian fees		479,942
Trustee fees		68,750
Fiduciary bond expense		139,858
Professional service fees		510,113
Administrative expenses		2,259,245
	<b>Total operating expenses</b>	<u>12,468,149</u>
	<b>Operating loss</b>	(6,997)
<b>Nonoperating revenues:</b>		
Dividend income		77,721
	<b>Total nonoperating revenues</b>	<u>77,721</u>
	<b>Increase in net assets</b>	70,724
	<b>Net assets, beginning of year</b>	<u>3,392,664</u>
	<b>Net assets, end of year</b>	<u>\$3,463,388</u>

*See accompanying notes to financial statements.*

## West Virginia Investment Management Board

### Statement of Cash Flows

For the Year Ended June 30, 2002

<b>Cash flows from operating activities</b>	
Cash received from customers	\$11,760,247
Cash paid to suppliers	(10,087,316)
Cash paid to employees	(1,573,857)
<b>Net cash provided by operating activities</b>	<u>99,074</u>
<b>Cash flows from investing activities</b>	
Dividends on investments	84,768
<b>Net cash provided by investing activities</b>	<u>84,768</u>
<b>Cash flows from capital and related financing activities</b>	
Acquisition of capital assets	(10,606)
<b>Net cash used in capital and related financing activities</b>	<u>(10,606)</u>
<b>Net increase in cash and cash equivalents</b>	173,236
Cash and cash equivalents at beginning of year	3,600,249
<b>Cash and cash equivalents at end of year</b>	<u><u>\$3,773,485</u></u>
<b>Reconciliation of operating profit to net cash provided</b>	
<b>by operating activities:</b>	
Operating loss	<u>\$(6,997)</u>
Adjustments to reconcile operating profit to net cash provided	
by operating activities:	
Depreciation	46,627
Changes in assets and liabilities:	
Increase in accounts receivable	(701,000)
Decrease in prepaid expenses	145,943
Increase in accounts payable and accrued expenses	614,501
<b>Total adjustments</b>	<u>106,071</u>
<b>Net cash provided by operating activities</b>	<u><u>\$99,074</u></u>

*See accompanying notes to financial statements.*

**West Virginia Investment Management Board**  
**Notes to Financial Statements**  
**June 30, 2002**

**Note 1. Nature of Organization**

The West Virginia Investment Management Board (the WVIMB) was organized on April 25, 1997, as a public corporation created by West Virginia Code §12-6-1 to provide prudent fiscal administration and investment management services to designated State pension funds, the State's Workers' Compensation and Pneumoconiosis funds, the State's operating funds, and other State and local government funds. The WVIMB has established distinct investment pools to efficiently invest the entrusted funds. Separate financial statements are issued for these investment pools. The WVIMB's financial statements are included as a blended component unit of the State of West Virginia in the States' financial statements.

A Board of Trustees, consisting of thirteen members, governs the WVIMB. The Governor, the State Auditor, and the State Treasurer are members of the Board of Trustees. The Governor appoints trustees for a term of six years.

**Note 2. Significant Accounting Policies**

The accounting and reporting policies of the WVIMB conform to generally accepted accounting principles. The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The following is a summary of significant accounting policies.

*Cash and Cash Equivalents* - Cash and cash equivalents consist of cash held in checking and money market accounts. Management believes the WVIMB is not exposed to any significant credit or market risk on cash and cash equivalents. Cash equivalents are maintained with a financial institution in an institutional Treasury Money Market Fund which has an average maturity of less than 90 days.

*Property & Equipment* - Purchased equipment is recorded at cost. Donated equipment is recorded at estimated fair value at date of donation. Depreciation on purchased and donated assets is provided for over the estimated useful lives of the assets ranging from 2.4 years to 5 years using the straight-line method. Leasehold improvements are amortized over the life of the lease.

*Revenues and Expenses* - The WVIMB's Board of Trustees adopt an annual budget and fee schedule for services to be provided to the investment pools. Revenues of the WVIMB are derived from the allocation of fees to the pools per the fee schedule. Each investment pool is charged for its direct investment related cost and for its allocated share of other expenses. Certain investment pools cannot be charged expenses or must be charged a reduced expense due to previous contracts or statutory requirements. Revenues and expenses are recorded when earned or incurred in accordance with the economic resources measurement focus and the accrual basis of accounting. The carrying value of investment service fees receivable approximates its fair value.

*GASB Statement Number 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting"* - The WVIMB applies all applicable GASB pronouncements, and has elected to apply only those FASB Statements and Interpretations, APB Opinions, and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB Pronouncements.

*Use of Estimates* – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

*Income Taxes* - The WVIMB is a public corporation organized under laws of the State of West Virginia and is exempt from federal and state taxation. Accordingly, the financial statements have been prepared recognizing that the WVIMB is not subject to federal or state income taxes.

**Note 3. Capital Assets**

Capital assets activity for the fiscal year ended June 30, 2002 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, being depreciated:				
Office equipment	\$ 957,296	\$ 10,606	\$ -	\$ 967,902
Office furniture	129,718	-	-	129,718
Leasehold improvements	10,437	-	-	10,437
Total capital assets, being depreciated	1,097,451	10,606	-	1,108,057
Less accumulated depreciation for:				
Office equipment	(939,239)	(18,595)	-	(957,834)
Office furniture	(68,661)	(25,944)	-	(94,605)
Leasehold improvements	(7,654)	(2,088)	-	(9,742)
Total accumulated depreciation	(1,015,554)	(46,627)	-	(1,062,181)
Capital assets, net	<u>\$ 81,897</u>	<u>\$ (36,021)</u>	<u>\$ -</u>	<u>\$ 45,876</u>

Depreciation expense of \$46,627 was charged to the investment management activity.

**Note 4. Operating Leases**

On October 6, 1997, the WVIMB entered into a long-term lease for office space for a term of five years. The lease commenced on November 15, 1997, and the monthly rent expense is \$9,703. Rent expense for the period July 1, 2001 to June 30, 2002 totaled \$116,436. The future minimum rental payments required under this lease in fiscal year 2003 are \$43,664.

On June 25, 2002, the WVIMB accepted a proposal for a long-term lease of office space. Under the proposal, the WVIMB will lease space beginning around or about November 1, 2002, for a period of three years at \$180,500 per year. The WVIMB may continue the lease for two additional years at \$190,000 per year or may exercise an option to cancel the lease. If the lease is cancelled, the WVIMB will owe a one-time payment equal to the unamortized portion of the actual tenant improvement allowance of \$95,000.

**Note 5. Employee Benefit Plan**

The WVIMB provides a defined contribution money purchase pension plan covering all of its employees. An employee becomes eligible to participate in the plan on the earlier of the January 1 or July 1 coinciding with or following the employees hire date. Required contributions are 10% of each covered employee’s compensation.

Contributions for the period from July 1, 2001 to June 30, 2002, totaled \$118,832. For employees hired after October 31, 1996, the plan provides for a five-year vesting schedule with vesting increasing 20% per year. All persons employed as of October 31, 1996, the Execution Date of the Plan, are 100% vested.

**Note 6. Risk Categorization**

In accordance with GASB Statement Number 3, investments held by an entity are classified into three risk categories or if the investment is a pooled investment it is uncategorized. At June 30, 2002, all of the WVIMB's cash equivalents are invested in an institutional Treasury Money Market fund and are in the unclassified risk category.

**Note 7. Commitments and Contingencies**

In the ordinary course of business, the WVIMB has various outstanding commitments and contingent liabilities that are not reflected in the accompanying financial statements. In addition, the WVIMB is involved in certain claims and legal actions arising in the ordinary course of business. The outcome of these claims and legal actions are not presently determinable; however, in the opinion of the WVIMB's management, after consultation with legal counsel, the ultimate disposition of these matters will not have a material adverse effect on the financial statements.

The WVIMB as part of its risk management practice carries insurance through the State Board of Risk and Insurance Management for property and liability coverage and through an outside insurance carrier for fiduciary liability coverage.

**Note 8. Adoption of GASB Statement No. 34, Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments**

For the year ended June 30, 2002, the WVIMB implemented the provisions of GASB Statement No. 34, “Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments”. This statement requires the WVIMB to present assets and liabilities in a Statement of Net Assets as opposed to the prior year Statement of Financial Position format. The WVIMB’s operating results are presented in a Statement of Revenues, Expenses and Changes in Net Assets format as opposed to the prior year Statement of Revenues, Expenses, and Changes in Retained Earnings. Certain capital asset disclosures are included in the Notes to the Financial Statements, and a Management’s Discussion and Analysis has been included as required supplemental information.