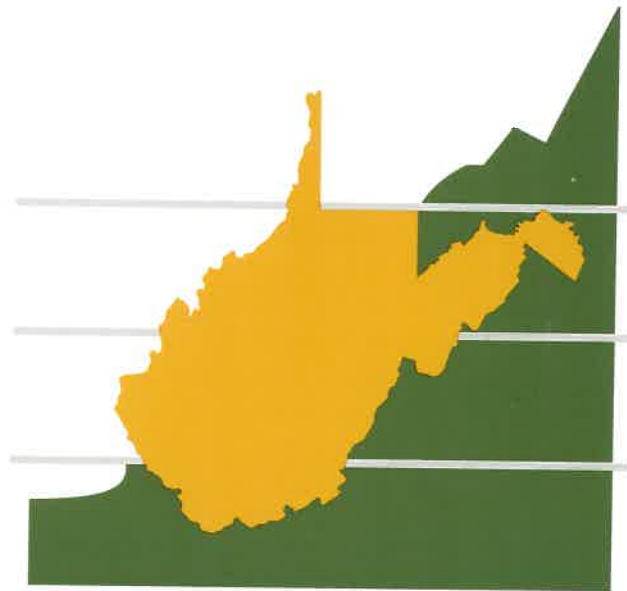

West Virginia Investment Management Board



1997 Annual Report

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Introduction

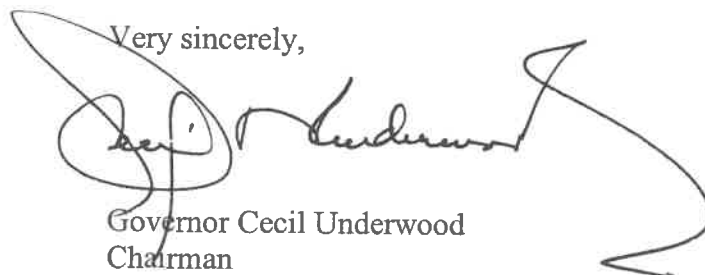
MESSAGE FROM THE CHAIRMAN

This fiscal year I am proud to be part of the setting of the stage for the next act in state investment management. Not only did we pass Senate Joint Resolution 4 to put the issue of stock investment before the people, but we also saw the passage of Senate Bill 563 which restructured and modernized the state's investment program to accommodate the anticipated entry into the stock market and to ensure prudent management of all of our assets going forward. Passage of Senate Joint Resolution 4 is very much a story of government at its best. I don't believe that I have ever seen a more widely supported public policy initiative. We owe an enormous debt of gratitude to many people. Without former Governor Caperton, the President of the Senate, the Speaker of the House, other individual legislators, staff people, representatives of the Teachers' Retirement System, the Public Employees' Retirement System, the State Police, labor organizations, business groups, the "Yes on 1" Committee, and the trustees of the West Virginia Trust Fund, Inc. and the Board of Investment, it would not have been possible to accomplish this task. It was truly a team effort, and the results show it.

Let us not forget, however, that passage of the referendum was very much dependent upon the development of a modern investment organization – the West Virginia Investment Management Board. This entity did not come about in one legislative session, however. It is the culmination of eight years of work on the part of many of those mentioned above. I can say with great confidence, however, that we have one of the most advanced investment management standards among public entities. We now have one of the few boards of trustees that truly are accountable for their actions. The standard of care we must assume is that of the "prudent investor." This standard of care is well defined under the law and is the "state of the art" in the industry. In return, the Trustees have been provided the budgetary flexibility to act with the best interests of their constituencies in mind.

The next fiscal year will be one of prudent planning and implementation. I look forward to it and my next report, so that I can tell you how we have progressed.

Very sincerely,



Governor Cecil Underwood
Chairman

EXECUTIVE DIRECTOR'S REPORT

Fiscal year 1997 was a year of transition and organizational consolidation with the merger of the Board of Investments and the West Virginia Trust Fund, Inc. into the West Virginia Investment Management Board. Fiscal year 1998 promises to be a year of planning as Chairman Underwood mentioned. First, a word about the future and then a word about the past.

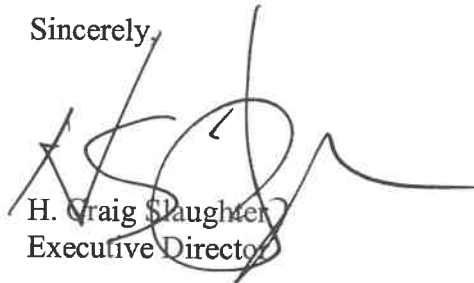
The Investment Management Board will spend the next year developing and implementing a plan to modernize our investment program by diversifying into stocks and other asset classes. The process is necessarily long and tedious, but also exciting. With the help of a consultant, we will first do asset liability modeling to develop the optimum asset allocation projection for each of the plans. From there we will review all of our policies, add and revise as needed, and then implement the investment strategy best suited to each plan. Each plan will be evaluated independently and treated accordingly. Our mandate is to act in the best interest of the participants.

The economic environment for fiscal year 1997 was outstanding for stocks and ended up being good for bonds as well. It is interesting to note that as of June 30, 1997, stocks returned 34.7 percent in one of the strongest markets that we have ever seen. It is a shame that we missed it, but we won't miss the next one. Fortunately, however, the last quarter of the fiscal year saw dramatic improvement in fixed income performance. Fixed income markets, in the aggregate, returned a little more than 8 percent, as rates fell across the yield curve during the last quarter. For general discussion purposes, know that the aggregate performance for the Consolidated Pension Fund was 8.1 percent (returns for the various pools and participants are found on the following pages and are the most relevant focus of inquiry). This is mid-level performance—not outstanding, but adequate to meet the actuarially assumed rates of return for the funds in the Consolidated Pension Fund. Over the last nine years, the Consolidated Pension Fund has produced a total aggregate return of 9.15 percent. The bad news for fixed income is that projections, while varied, generally place the expected long-term return for fixed income assets in the 6.0 to 6.5 percent range, about 1 percent below the actuarial assumed rate. The returns experienced in fixed income over the last nine years are partly a result of the high inflation of the 1970's and early 1980's. Fixed income returns are inextricably tied to inflation. As rates drop, significant price gains in fixed income securities result. To achieve the same returns in the future, the United States would have to go through another inflationary period like the 70's.

The Board's goal is to meet or exceed the long-term rate of return objectives of the respective participant plans. This will be accomplished by the inclusion of higher yielding asset classes in the portfolios. The key to success is management's ability to balance the market risk, inherent in the various investment alternatives, with the long-term return objectives of each participant plan.

As of June 30, 1997, the assets managed by the Investment Management Board totaled \$5,592,178,000. This is the aggregate of all funds. Included are all of the state's defined benefit pension plans, Workers' Compensation Funds, Pneumoconiosis Fund, funds of the state, local governments and miscellaneous other assets held by the state. Each fund and participant has its own objectives and unique needs. Consequently, we have developed a unique investment strategy for each. A primary purpose of this annual report is to communicate the objectives, policies and performance of each fund managed by the Investment Management Board. As outlined by the Chairman in his message, the current structure will allow the Board to manage all funds in the best interest of the beneficiaries.

Sincerely,

A handwritten signature in black ink, appearing to read 'H. Craig Slaughter', written over a printed name and title.

H. Craig Slaughter
Executive Director

The Organization

BOARD OF TRUSTEES

Cecil H. Underwood, Chairman
Governor of the State of West Virginia

John T. Poffenbarger, Vice Chairman
General Counsel for the West Virginia Department of Administration

Samme L. Gee, Secretary
Partner in the law firm of Jackson & Kelly in their Charleston, West Virginia office

Stephen L. Angel
Director of Field Services for the West Virginia Federation of Teachers

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

David H. Gardner
Managing Director of the Charleston office of the brokerage firm of Wheat First
Butcher Singer

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

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

Roger D. Hunter
Partner in the law firm Neely & Hunter located in Charleston, West Virginia

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 located in Huntington,
West Virginia

REPRESENTATIVES AND COMMITTEE MEMBERS*

Public Employees' Retirement System

Richard Shelton, Representative

Association Consultant for the West Virginia Association of Counties and PERSA
spokesman

Lowell J. Craddock, Committee Member

State President of Public Service Retirees

Teachers' Retirement System

Tony Lautar, Jr., Representative

Mentally Impaired Specialists, Wood County Schools, Parkersburg West Virginia

Kenneth C. Legg, Committee Member

Executive Secretary for the West Virginia School Service Personnel Association

Workers' Compensation Fund and Pneumoconiosis Fund

Edward H. Staats, Representative

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

(NOTE: Edward H. Staats was replaced by **Melinda Ashworth** as Representative on
February 2, 1998)

Melinda Ashworth, Committee Member

Financial Reporting Specialist for the West Virginia Bureau of Employment
Programs Workers' Compensation Division

(NOTE: Melinda Ashworth was replaced by **Kimberly R. Garrett** as Committee Member on
February 2, 1998)

West Virginia State Police Retirement System

Robert W. Bostaph, Representative

Trooper, West Virginia State Police

Department of Public Safety, Death, Disability and Retirement Fund

C. E. Starcher, Representative

Lieutenant, West Virginia State Police

C. R. Bedwell, Committee Member

Captain, West Virginia State Police

J. S. Powers, Committee Member

Captain, West Virginia State Police

*By statute, the Consolidated Public Retirement Board is responsible for appointing a representative from each pension plan who in turn select a committee for each pension plan of up to three individuals. The Committee works with the Investment Management Board to develop investment policy for its particular plan.

STAFF MEMBERS

Executive Staff —

H. Craig Slaughter, Executive Director

Matthew E. Jones, Chief Financial Officer

Diana Will, Chief Investment Officer

Mark E. N. Asaad, General Counsel

Accounting —

Roger Summerfield, Controller

Melissa Petit, Senior Investment Accountant

Brian DuBois, Investment Accountant

Brian Thaxton, Investment Accountant

Internal Audit —

Steve Ledahawsky, Auditor

Investment —

Denise Baker, Investment Officer

Jason Stansfield, Investment Officer

Support Staff —

Jo Ann Durbin, Executive Secretary

Patti Boley, Secretary/Receptionist

Technology —

John Cole, Technology Director

Rick Greathouse, Computer Analyst

Investment Policy Statement

West Virginia Investment Management Board

Investment Policy Statement

I. Establishment and Authority

A. Creation of Entity

The West Virginia Investment Management Board was created during the 1997 legislative session and is cited as the West Virginia Investment Management Board Act. Selected portions of the enabling language are as follows:

. . . the West Virginia Investment Management Board is given the authority to develop, implement and maintain an efficient and modern system for the investment and management of the state's money. The Legislature further finds that in order to implement these sound fiscal policies, the West Virginia Investment Management Board shall operate as an independent board with its own full-time staff of financial professionals. W.Va. Code §12-6-1b.

. . . the West Virginia Investment Management Board is empowered by this article to act as trustee for an irrevocable trust created by this article, and to manage and invest other state funds. W.Va. Code §12-6-1f.

. . . The Board is created as a public body corporate. . . . W.Va. Code §12-6-3a.

This entity is incorporated under the name "West Virginia Investment Management Board" and will hereafter be sometimes referred to as the Board.

B. Management

The Board shall be governed by a board of trustees, consisting of thirteen members W.Va. Code §12-6-3b.

The management and control of the Board shall be vested solely in the Trustees in accordance with the provisions of this article. W.Va. Code §12-6-4a.

In addition, there are representatives and committees for each participant plan who are entitled by statute to provide input concerning the drafting, review or modification of the Board's written investment policy of the trust. The Trustees are required to meet quarterly and to hold an annual meeting within forty-five days of the issuance of the year-end financial report. The Board has delegated the day-to-day management responsibilities to the Chief Executive Officer, who has hired staff and further delegated certain responsibilities.

C. Assets Managed by the Board

There is hereby established a special investment fund to be managed by the Board and designated as the Consolidated Fund. W.Va. Code §12-6-8a.

. . . to invest and reinvest the trust estate or any part thereof. . . . W.Va. Code §12-6-9a-2.

The Board shall be vested with ownership of all securities or other investments lawfully held by the Board of Investments or the West Virginia Trust Fund, Inc. as of the effective date of this article. All obligations and assets of the Board of Investments and the West Virginia Trust Fund, Inc. shall be vested in the West Virginia Investment Management Board as of the effective date of this article. W.Va. Code §12-6-16.

The Board manages two distinct types of funds, the operating funds of the state (Consolidated Operating Fund) and an irrevocable trust (Consolidated Pension Fund or the Trust Fund). The nature of the relationship between the Board, the participants, and the state for the operating funds and the trust is set forth by statute.

II. Standard of Care

Any investment made under this article shall be made in accordance with the provisions of the "Uniform Prudent Investor Act" codified as article six-c of . . . chapter (forty-four) and shall be further subject to the following requirements:

- (a) Trustees shall discharge their duties with respect to the Consolidated Pension Plan for the exclusive purpose of providing benefits to participants and their beneficiaries;*
- (b) Trustees shall diversify fund investment 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; and*
- (d) Trustees shall discharge their duties in accordance with the documents and instruments governing the trust fund or other funds under management insofar as such documents and instruments are consistent with the provisions of this article. W. Va. State Code §12-6-11.*

III. Investment Guidelines and Limitations

Statutory imposed guidelines and restrictions that apply across all portfolios are as follows:

- (a) The Board shall not become a stockholder or owner of any company or association for any purpose whatsoever unless and until the provisions of section six, article X of the Constitution of West Virginia are amended.*

. . . (2) The Board shall hold in international securities no more than twenty percent of the Consolidated Fund or the trust fund and no more than twenty percent of the assets of any individual participant plan or the Consolidated Fund.

- (3) *The Board may not at the time of purchase hold more than five percent of the trust or Consolidated Fund in the equity securities of any single company or association: Provided, that if a company or association has a market weighting greater than five percent in the Standard & Poor's 500 Index of Companies, the Board may hold securities of that equity equal to its market weighting.*
- (b) *The Board shall at all times limit its asset allocation and types of securities to the following:*
- (1) *The Board may not hold more than twenty percent of the trust fund in commercial paper. Any commercial paper at the time of its acquisition shall be in one of the two highest rating categories by an agency nationally known for rating commercial paper.*
- (2) *At no time shall the Board hold more than seventy-five percent of the trust fund or Consolidated Fund in corporate debt. Any corporate debt security at the time of its acquisition shall be rated in one of the four highest rating categories by a nationally recognized rating agency.*
- (3) *No security may be purchased by the Board unless the type of security is on a list approved by the Board. The Board may modify the securities list at any time, and must give notice of that action. . . . W.Va. Code §12-6-12.*
- . . . (2) *At no time shall more than five percent of the Consolidated Fund be invested in securities issued by a single private corporation or association; and*
- (3) *At no time shall less than fifteen percent of the Consolidated Fund be invested in any direct obligation of or obligation guaranteed as to the payment of both principal and interest by the United States of America. W.Va. Code §12-6-10.*

Because each participant plan has its own objectives, the Trustees have formed multiple pooled portfolios to meet the differing needs. The Trustees have delineated objectives and restrictions for each individual pool as set forth below.

IV. Objectives

The Board, at the 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 Cost of Fees. W.Va. Code §12-6-12c.

A. Consolidated Operating 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. The Board's long-term goal is to realize a real rate of return, calculated after inflation, for all pools and participants.

B. Consolidated Pension Fund

The Board's objective is to manage the trust's moneys in an efficient and economical manner, managing risk as it seeks to earn a consistent rate of return equaling at least the actuaries' assumption on each participant plan.

These objectives are set forth below.

V. Asset Allocation

The asset allocation for each participant plan shall be established by the Trustees based upon the Board's stated objectives for each plan, the standard of care set forth in this statement and the limitations imposed by statute. The asset allocation shall be reviewed at least each year at the Board's annual meeting. The allocation as of June 30, 1997 is set forth below.

VI. Safekeeping and Custody

All security transactions of the Board will be handled on a delivery versus payment basis and held by the Board's designee.

The securities associated with repurchase agreements must be delivered or held by a third party bank as specified by W. Va. Code §12-6-9h.

VII. Advisor Relations

The Trustees shall hire outside managers to act as advisors to the Funds. The staff will execute all trade recommendations by the advisor unless the trade clearly violates the State Code or investment policy. Without the advice of an advisor the staff may only execute trades with a maturity of less than seven days. The advisor is required, by contract, to call the staff at least weekly, send monthly reports which include all recommended transactions, and be available to meet with the Trustees on a quarterly basis.

VIII. Trading Rules

A. Fixed Income Authorized Broker Dealers

The staff may only trade with financial dealers authorized by the Board. To be eligible to be placed on the list of authorized dealers, a dealer must either be a primary dealer or a West Virginia firm and must submit audited financial statements to the Board which will be kept on file by the staff. The list of authorized dealers must be reviewed by the Board at least annually. The senior investment officer may impose additional limitations to the approved list, including, but not limited to, the size of any one trade and the number of times a financial dealer may be called.

B. Fixed Income Trading

All fixed income trades shall be done in competition using at least three dealers, unless for some reason the security can only be offered by one dealer. At least one West Virginia based firm shall be called on each trade, when possible. All effort shall be made to evenly spread, over time, the benefit of ties on bids and offers among the brokers. All trades must be executed on a recorded phone. All trades must be recorded on the portfolio accounting system within twenty-four hours of execution. All trades must be reviewed by at least one other person on the Board's staff.

C. Equity Trading

Procedures for equity trading will be developed and incorporated into this statement prior to entering the market.

IX. Performance Benchmarks

The performance of each pooled portfolio is measured against at least two benchmarks and, if available, a comparable universe on at least a quarterly basis. This evaluation looks at the performance of both the advisor and the effect the portfolio's restrictions have on the return. The Board also evaluates the performance of each participant plan and compares the return against the plan's actuarial assumption in light of its objectives. See section on objectives and restrictions below.

X. Accounting Procedures

The Board maintains accounting systems to account for each of the investment portfolios (portfolio accounting) and the participants who have units of ownership in each investment portfolio (participant accounting). The two systems are reconciled on an ongoing basis to ensure the proper matching of ownership to the related investment portfolios.

Portfolio Accounting - The Board follows Generally Accepted Accounting Principles (GAAP) for all accounting functions. This includes the accounting and auditing practices as prescribed by the AICPA's Audit Guide for Investment Companies and all

related pronouncements of the Financial Accounting Standards Board (FASB) and the Governmental Accounting Standards Board (GASB).

Participant Accounting - The Board has formed commingled investment portfolios and sold units of ownership to multiple participants. The Board follows standard industry practices relating to unit accounting of participant ownership in these portfolios which mandate that a new price per share be determined as often as participants are allowed to contribute or withdraw from the portfolio. Monthly, investment income earned is declared as a dividend and is reinvested in that fund. Capital gains distributions are made on an annual basis.

Participant Directed Accounts - In this relationship the Board is custodian only. The participant is the sole owner of the assets and directs the staff as to the investment restrictions.

XI. Participant Transactions

A. Consolidated Pension Fund

Participants plans are allowed to make daily contributions and withdrawals. All transactions are made by wire or ACH and are invested in the short-term fixed income portfolio. Allocations to all other portfolios are allowed only on a monthly or quarterly basis and are transferred per the asset allocation plan adopted by the Trustees.

B. Consolidated Operating Fund

The State Treasurer's office performs sub-accounting for the state agencies and political subdivisions. Daily the Treasurer's office transmits the net contribution or withdrawal and informs the Board as to which portfolio to invest the moneys.

XII. Audit and Control

The Board shall cause an annual financial and compliance audit of the Consolidated Pension Fund to be made by a certified public accounting firm having a minimum staff of ten certified public accountants and being a member of the American Institute of Certified Public Accountants, and, if doing business in West Virginia, being a member of the West Virginia Society of Certified Public Accountants. . . . W. Va. Code §12-6-6a.

The Trustees shall retain an internal auditor to report directly to the Trustees and shall fix his or her compensation. The internal auditor shall be a Certified Public Accountant with at least three years of experience as an auditor. The internal auditor shall develop an internal audit plan, with Board approval, for the testing of procedures and the security of transactions. W.Va. Code §12-6-4d.

The Board shall cause to be conducted an annual external audit of all investment transactions of the Consolidated Fund, by a nationally recognized accounting firm. W.Va. Code §12-6-15.

The internal auditor shall also be responsible for a periodic review of internal controls designed to ensure that the assets held by the Board are protected from loss, theft, or misuse. This includes a review of the differing money and security transaction types, the execution of those transactions, the accounting for those transactions, and the separation of those duties.

Personnel involved with monetary or security transactions or the accounting of those transactions are required to take at least five continuous working days off per year.

XIII. Reports

Statute provides the following:

- (a) . . . *Copies of the annual financial and compliance audit report shall be furnished to the Governor, State Treasurer, State Auditor, President of the Senate, Speaker of the House of Delegates, Council of Finance and Administration and Consolidated Public Retirement Board.*
- (b) *The Board shall produce monthly financial statements for the Consolidated Pension Fund and the Consolidated Fund and cause them to be delivered to each member of the Board and the Executive Secretary of the Consolidated Public Retirement Board as established in sections one and two, article ten-d, chapter five of this code, and to the Commissioner of the Bureau of Employment Programs as administrator of the Workers' Compensation Fund and Coal-Workers' Pneumoconiosis Fund, as established in section one, article one, chapter twenty-three of this code, and section one, article three of said chapter and section seven, article four-b of said chapter.*
- (c) *The Board shall deliver in each quarter to the Council of Finance and Administration and the Consolidated Public Retirement Board a report detailing the investment performance of the retirement plans.*
- (d) *The Board shall cause an annual performance audit to be made by a nationally recognized fiduciary service. The Board shall furnish copies of the audit report to the Governor, State Treasurer, State Auditor, President of the Senate, Speaker of the House of Delegates, Council of Finance and Administration, and the Consolidated Public Retirement Board.*
- (e) *The Board shall provide any other information requested in writing by the Council of Finance and Administration.*
- (f) *All statements and reports with respect to participant plans required in this section shall be available for inspection by the members and beneficiaries and designated representatives of the participant plans. W. Va. Code §12-6-6.*

The Board shall prepare annually, or more frequently if deemed necessary by the Board, a report of its operations and the performance of the various funds administered by it. A copy thereof shall be furnished to the chief

financial officer of each participant plan, the President of the Senate, Speaker of the House, Legislative Auditor, and upon request to any legislative committee, any banking institution or state or federal savings and loan association in this state, and any member of the news media, and such report shall be kept available for inspection by any citizen of this state. W. Va. Code §12-6-14.

. . .the Board shall on a monthly basis provide to each state agency and any other entity investing moneys in the Consolidated Fund an itemized statement of the agency's or the entity's account in the Consolidated Fund. The statement shall include the beginning balance, contributions, withdrawals, income distributed, change in value and ending balance. W. Va. Code §12-6-15.

XIV. Continuing Education

The Trustees require those individuals having financial responsibility for state funds attend at least one continuing education program a year. Trustees, representatives and committee members are required to complete sixteen hours of education, including ethics and fiduciary responsibility, every twelve months.

XV. Conflict of Interest and Ethics

A. Conflict of Interest

Trustees and staff shall refrain from personal business activity that could conflict with the proper execution, operations and management of the funds under the control of the Trustees, or that could impair their ability to make impartial decisions. Trustees and staff shall disclose any material interests in businesses with which the Trustees conduct business. They shall further disclose any personal financial positions that could be related to the performance of the investment portfolio. Trustees and staff shall also refrain from undertaking personal investment transactions with the same individual with whom the business is conducted on behalf of the Trustees.

B. Ethics

The Trustees and staff shall maintain knowledge of and shall comply with all applicable laws, rules, and regulations of any governmental agency or regulatory agency governing the management of state and local government funds and shall not knowingly participate or assist in any acts in violation of those laws, rules or regulations.

C. Representatives of Participant Plans

All meetings of the Board shall be open to the representatives of the participant plans . . . The representatives shall be subject to any rules, bylaws, guidelines, requirements, and standards promulgated by the Board. The representatives shall observe standards of decorum established by the Board. The representatives shall

be subject to the same code of conduct applicable to the Trustees and shall be subject to all Board rules and bylaws. The representatives shall also be subject to any requirements of confidentiality applicable to the Trustees. Each representative shall be liable for any act which he or she undertakes which violates any rule, bylaw, or statute governing ethical standards, confidentiality, or other standard of conduct imposed upon the Trustees or the representatives. Any meeting of the Board may be closed, upon adoption of a motion by any Trustee, when necessary to preserve the attorney-client privilege, to protect the privacy interests of individuals, to review personnel matters, or to maintain confidentiality when confidentiality is in the best interest of the beneficiaries of the trust. W. Va. State Code §12-6-3k.

***Consolidated Pension Fund
Investment Objectives and Restrictions***

Short-Term Fixed Income Pool

Objectives

The main objective for the short-term fixed income fund is to maintain sufficient liquidity to fund any withdrawals 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.

Benchmarks

1. The advisor shall seek a total investment return, which exceeds the Salomon Brothers' one to three year treasury index by at least 50 basis points, measured over a one to three year period.
2. The investment return should exceed inflation, measured by the GDP chain weighted deflator, by 150 basis points.
3. The advisor shall seek a total investment performance, which would place it in the top 1/3 of comparable funds, measured over a one to three year period.

Permissible Investments

1. Any direct obligation, or obligation guaranteed as to payment of both principal and interest by the United States of America.
2. Any evidence of indebtedness or product issued by any US Government Agency or instrumentality.
3. Any bond, note, debenture, commercial paper or other evidence of indebtedness of any private corporation, association, or government issued in US dollars.
4. Asset-Backed Securities, which are backed by mortgages, credit card receivable, or auto receivable.
5. Repurchase agreements.
6. Bank Time deposits and Certificates of deposit.
7. Short-term investment funds.

Maturity Restrictions*

1. Weighted Average Maturity may not exceed two years (731 days).
2. Floating rate notes may use the coupon-reset date for the calculation of final and average maturity as long as the note does not have a cap or floor restriction on the coupon reset. If there are any restrictions, or if there is any question as to whether the market value of the security will not reset at par at the next coupon-reset date, then final maturity must be used.
3. All other security classes must use final maturity.

Restrictions, Credit Ratings, and Concentration Guidelines*

1. The portfolio must at all times have at least twenty percent (20%) of the portfolio in treasury securities.
2. No more than seventy-five percent (75%) of the portfolio may be invested in corporate paper (this includes all asset classes except government securities and short-term investment vehicles). No more than five percent (5%) of the portfolio may be invested in any one corporate name across all asset types.
3. All securities (except government securities and short-term investment vehicles) must be rated by two nationally recognized statistical rating organizations as investment grade. Only five percent (5%) of the portfolio may be invested in the lowest investment grade category (BBB) paper and each issuer may only comprise one percent (1%) of the total portfolio. Only twenty-five percent (25%) of the portfolio may be invested in paper rated in the two lowest categories (A or lower).
4. Yankee bonds must be rated at least A. The corporate name exposure may not exceed three percent (3%) of the total portfolio. Total portfolio holdings may not exceed twenty percent (20%).
5. All commercial paper must be rated A2/P1 or A1/P2 or better. No more than twenty percent (20%) of the portfolio may be in commercial paper. Only five percent (5%) of the portfolio may be in split rated paper and each issuer may only comprise one percent (1%) of the total portfolio. The portfolio may own no more than ten percent (10%) of the outstanding short-term corporate debt of any one company.
6. Floating rate notes shall be based off a money market index and shall not have a final maturity longer than five years. No more than twenty-five percent (25%) of the portfolio may be invested in floating rate notes.
7. Only twenty percent (20%) of the portfolio may be in asset backed securities.
8. Repurchase agreements must be 102% collateralized and may only be executed with primary dealers or top tier banks. The counter party may hold collateral on overnight agreements in a segregated account. Collateral on agreements over one business day must be delivered to the trust's custody bank or to a third-party bank. Investments in repurchase agreements are limited to fifty percent (50%) of the portfolio.
9. Bank paper is limited to AA rated banks and limited to twenty percent (20%) of the total portfolio.
10. The portfolio may not buy private placements, inverse floaters, or be leveraged in any manner.

*All maturity and concentration limits are calculated from trade date. All asset limitations and the weighted average maturity are calculated using amortized cost. The trustees will make the decision to hold or sell any security, which no longer meets the rating or concentration restrictions. The trustees use Moody and S&P as it's rating services.

Fixed Income Pool I

Objectives

The main objective for the Fixed Income Pool I is to earn a return greater than the Salomon Brothers Broad Investment Grade Index. The portfolio shall achieve this goal primarily through the use of duration management. The focus of the total return shall be capital growth rather than current income.

Benchmarks

1. The advisor shall seek a total investment return, which should exceed the inflation rate by at least 300 basis points, using the GDP chain weighted deflator, measured over a three to five year period.
2. The advisor shall seek a total investment return which exceeds the Salomon Brothers Broad Investment Grade Index (BIG), measured over one, three and five year periods.
3. The advisor shall seek a total investment performance, which would place it in the top 1/3 of comparable funds, measured over one, three and five year periods.

Permissible Investments

1. Any direct obligation, or obligation guaranteed as to payment of both principal and interest by the United States of America.
2. Any evidence of indebtedness or product issued by any US Government Agency or instrumentality.
3. Any bond, note, debenture, commercial paper or other evidence of indebtedness of any private corporation, association, or government issued in US dollars.
4. Asset-Backed Securities.
5. Repurchase agreements.
6. Short-term investment funds.
7. Futures and Options.

Maturity Restrictions

1. None

Restrictions, Credit Ratings, and Concentration Guidelines*

1. The portfolio must at all times have at least twenty percent (20%) of the portfolio in treasury securities.
2. No more than seventy-five percent (75%) of the portfolio may be invested in corporate paper (this includes all asset classes except government securities and repurchase agreements). No more than five percent (5%) of the portfolio may be invested in any one corporate name across all asset types.
3. All securities (except government securities) must be rated by two nationally recognized statistical rating organizations as investment grade. Only fifteen percent (15%) of the portfolio may be invested in the lowest investment grade category (BBB) paper and each issuer may only comprise three percent (3%) of the total portfolio. Only thirty-five percent (35%) of the portfolio may be invested in paper rated in the two lowest categories (A or lower).
4. Yankee bonds must be rated at least A. The corporate name exposure may not exceed three percent (3%) of the total portfolio. Total portfolio holdings may not exceed fifteen percent (15%).
5. All commercial paper must be rated A2/P1 or A1/P2 or better. No more than twenty percent (20%) of the portfolio may be in commercial paper. Only five percent (5%) of the portfolio may be in split rated paper and each split rated issuer may only comprise one percent (1%) of the total portfolio. The portfolio may own no more than ten percent (10%) of the outstanding short-term corporate debt of any one company.
6. No more than twenty-five percent (25%) of the portfolio may be invested in floating rate notes.
7. Asset-backed securities must be rated A or better. The total portfolio holdings may not exceed thirty-five percent (35%) of the portfolio. The portfolio may not own more than five percent (5%) of the portfolio in any one issue and ten percent (10%) of the portfolio of any one issuer.
8. 144A Private placements may be rated by only one rating agency and total no more than ten percent (10%) of the portfolio.
9. Collateralized mortgage obligations issued by non-governmental agencies are limited to five percent (5%) by issue and twenty percent (20%) of the total portfolio. Agencies and private CMO's together are limited to thirty-five percent (35%).
10. Repurchase agreements must be 102% collateralized and may only be executed with primary dealers or top tier banks. The counter party may hold collateral on overnight agreements in a segregated account. Collateral on agreements over one business day must be delivered to the trust's custody bank or to a third-party bank. Investments in repurchase agreements are limited to fifty percent (50%) of the portfolio.
11. Futures and options may only be used as a hedge and total notional value of the futures and options may not exceed fifteen percent (15%) of the portfolio.

*All concentration limits are calculated starting from trade date and using amortized cost. The Trustees will make the decision to hold or sell any security, which no longer meets the rating or concentration restrictions.

Fixed Income Pool II

Objectives

The main objective for the Fixed Income Pool II is to earn a return greater than the Salomon Brothers Broad Investment Grade Index. The portfolio shall achieve this goal primarily through the use of sector rotation. The focus of total return shall be current income and capital growth.

Benchmarks

1. The advisor shall seek a total investment return, which should exceed the inflation rate by at least 300 basis points, using the GDP chain weighted deflator, measured over a three to five year period.
2. The advisor shall seek a total investment return which exceeds the Salomon Brothers Broad Investment Grade Index (BIG), measured over one, three, and five year periods.
3. The advisor shall seek a total investment performance, which would place it in the top 1/3 of comparable funds, measured over one, three, and five-year periods.

Permissible Investments

1. Any direct obligation, or obligation guaranteed as to payment of both principal and interest by the United States of America.
2. Any evidence of indebtedness or product issued by any US Government Agency or instrumentality.
3. Any bond, note, debenture, commercial paper or other evidence of indebtedness of any private corporation, association, or government issued in US dollars.
4. Asset-Backed Securities.
5. Repurchase agreements.
6. Short-term investment funds.
7. Futures and Options.

Maturity Restrictions

1. None

Restrictions, Credit Ratings, and Concentration Guidelines*

1. The portfolio must at all times have at least twenty percent (20%) of the portfolio in treasury securities.
2. No more than seventy-five percent (75%) of the portfolio may be invested in corporate paper (this includes all asset classes except government securities and repurchase agreements). No more than five percent (5%) of the portfolio may be invested in any one corporate name across all asset types.
3. All securities (except government securities) must be rated by two nationally recognized statistical rating organizations as investment grade. Only fifteen percent (15%) of the portfolio may be invested in the lowest investment grade category (BBB) paper and each issuer may only comprise three percent (3%) of the total portfolio. Only thirty-five percent (35%) of the portfolio may be invested in paper rated in the two lowest categories (A or lower).
4. Yankee bonds must be rated at least A. The corporate name exposure may not exceed three percent (3%) of the total portfolio. Total portfolio holdings may not exceed fifteen percent (15%).
5. All commercial paper must be rated A2/P1 or A1/P2 or better. No more than twenty percent (20%) of the portfolio may be in commercial paper. Only five percent (5%) of the portfolio may be in split rated paper and each split rated issuer may only comprise one percent (1%) of the total portfolio. The portfolio may own no more than ten percent (10%) of the outstanding short-term corporate debt of any one company.
6. No more than twenty-five percent (25%) of the portfolio may be invested in floating rate notes.
7. Asset-backed securities must be rated A or better. The total portfolio holdings may not exceed thirty-five percent (35%) of the portfolio. The portfolio may not own more than five percent (5%) of the portfolio in any one issue and ten percent (10%) of the portfolio of any one issuer.
8. 144A Private placements may be rated by only one rating agency and total no more than ten percent (10%) of the portfolio.
9. Collateralized mortgage obligations issued by non-governmental agencies are limited to five percent (5%) by issue and twenty percent (20%) of the total portfolio. Agencies and private CMO's together are limited to thirty-five percent (35%).
10. Repurchase agreements must be 102% collateralized and may only be executed with primary dealers or top tier banks. The counter party may hold collateral on overnight agreements in a segregated account. Collateral on agreements over one business day must be delivered to the trust's custody bank or to a third-party bank. Investments in repurchase agreements are limited to fifty percent (50%) of the portfolio.
11. Futures and options may only be used as a hedge and total notional value of the futures and options may not exceed fifteen percent (15%) of the portfolio.

*All concentration limits are calculated starting from trade date and using amortized cost. The Trustees will make the decision to hold or sell any security, which no longer meets the rating or concentration restrictions.

Consolidated Fund
Investment Objectives and Restrictions

INVESTMENT

OBJECTIVES AND RESTRICTIONS

by portfolio

The Board has decided that the most economical and efficient manner of investing the state and local government moneys is in pooled portfolios with the economy of scale being the main reason. The pooled concept also allows for a slightly longer maturity due to the differing schedule of investments and withdrawals by participants.

The Board has determined that the breadth of moneys invested by the Board, the four following factors are the most important types of risk.

- A. Market and Volatility Risk** - The risk of losses due to market swings and the frequency of those market swings. The Board manages this risk by limiting final maturity and asset classes.
- B. Default Risk** - The risk that a bond may not make timely interest or principal payments. The Board manages this risk by limiting securities to investment grade bonds and then further limiting the amount allowed for each corporate name.
- C. Liquidity Risk** - The ease and timeliness to which a security can be bought or sold. The Code mandates that the Consolidated Fund must have a percentage of the portfolio in Treasuries.
- D. Reinvestment Risk** - The risk of reinvestment of cash flows due to maturities and coupon payments. The Board manages this risk by maturity diversification and cash management.

The priority of each risk is different depending on the individual portfolio. Following are the portfolios managed by the Board and objectives and restrictions of each.

Cash Liquidity Pool

The **Cash Liquidity Pool** is a portfolio 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 disbursements 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 a stable dollar value a share thus preserving capital. 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 only realized gains and losses. This compels the Board to calculate the return of current income as well as total return.

Benchmarks for Investment Advisors

1. The advisor shall seek a total investment return, which exceeds the inflation rate, using the GDP deflator, measured over a one and three year time period.
2. The advisor shall seek a total investment return which exceeds the Donahue Money Market Fund Average measured over a one month, three month, one year, and three year time period.
3. The advisor shall seek a total investment return which exceeds the Salomon 90-Day T-Bill Index by 15 basis points, measured over a one month, three month, one year, and three year time period.

Permissible Investments

1. Any direct obligation, or obligation guaranteed as to payment of both principal and interest by the United States of America.
2. Any evidence of indebtedness issued by any US Government Agency guaranteed as to the payment of both principal and interest, directly or indirectly, by the United States of America.
3. Any bond, note debenture, commercial paper or other evidence of indebtedness of any private corporation or association.
4. Asset-backed securities, which are backed by mortgages, letters of credit, credit card receivables, or auto receivables.
5. Certificates of deposit and bank time deposits.

Maturity Restrictions*

1. Final Maturity shall not exceed 397 days.
2. Weighted Average Maturity may not exceed 90 days.
3. Floating rate notes may use the coupon-reset date for the calculation of final and average maturity as long as the note does not have a cap or floor restriction on the coupon reset. If there are any restrictions, or if there is any question as to whether the market value of the security will not reset at par at the next coupon-reset date, then final maturity must be used.
4. The portfolio shall at all times maintain sufficient liquidity to meet daily withdrawals.

Restrictions, Credit Ratings, and Concentration Guidelines*

1. At all times, the portfolio must have at least fifteen percent (15%) of the portfolio in Treasury securities.
2. No more than seventy-five percent (75%) of the portfolio may be invested in corporate paper (this includes all asset classes except government securities and repurchase agreements). No more than five percent (5%) of the portfolio may be invested in any one corporate name across all asset types.
3. All securities must be rated by two nationally recognized statistical rating organizations as investment grade. Only five percent (5%) of the portfolio may be invested in the lowest investment grade category (BBB) and each issuer may only comprise one percent (1%) of the total portfolio. Only twenty-five percent (25%) of the portfolio may be invested in paper rated in the two lowest categories (A or lower).
4. Yankee bonds must be rated at least A. The corporate name exposure may not exceed three percent (3%) of the total portfolio. Total portfolio holdings may not exceed ten percent (10%).
5. All commercial paper must be rated A2/P1 or A1/P2 or above. No more than thirty percent (30%) of the portfolio may be in commercial paper. Only five percent (5%) of the portfolio may be in split rated paper and each issuer may only comprise one percent (1%) of the total portfolio. The portfolio may own no more than ten percent (10%) of the outstanding short-term corporate debt of any one company.
6. Floating rate notes shall be based on a money market index and shall not have a final maturity longer than five years. No more than twenty-five percent (25%) of the portfolio may be invested in floating rate notes.
7. Only fifteen percent (15%) of the portfolio may be in asset backed securities. Asset-backed commercial paper falls into this category.
8. Only twenty percent (20%) of the portfolio may be in certificates of deposit. The issuing bank's senior debt must be rated A or better.
9. The portfolio may not be leveraged in any manner.
10. The portfolio may not buy inverse floaters.
11. Any asset class other than government securities and repurchase agreements that is not listed specifically above is limited to five percent (5%) of the portfolio.
12. Repurchase agreements must be one hundred and two percent (102%) collateralized and may only be executed with primary dealers or top tier banks. Investments in repurchase agreements are limited to eighty-five percent (85%) of the portfolio.

*All maturity and concentration limits are calculated from trade date. All asset limitations and the weighted average maturity are calculated using amortized cost. The Board will make the decision to hold or sell any security, which no longer meets the rating or concentration restrictions. The Board prefers to use Moody and S&P as its rating services.

Enhanced Yield Pool

The **Enhanced Yield Pool** was created to invest moneys of the state, which have a perceived longer-term investment horizon. The goal of the portfolio is to earn incremental returns over the cash liquidity fund 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 and managed through maturity restrictions, diversification guidelines, and credit limits.

Benchmarks for Investment Advisors

1. The advisor shall seek a total investment return which exceeds the inflation rate by 150 basis points, using the GOP deflator, measured over a one and three year time period.
2. The advisor shall seek a total investment return which exceeds the Salomon 1-3 Year Treasury Index plus 50 basis points, measured over a one month, three month, one year, and three year time period.

Permissible Investments

1. Any direct obligation, or obligation guaranteed as to payment of both principal and interest by the United States of America.
2. Any evidence of indebtedness issued by any US Government Agency guaranteed as to the payment of both principal and interest, directly or indirectly, by the United States of America.
3. Any bond, note, debenture, commercial paper or other evidence of indebtedness of any private corporation or association.
4. Asset-backed securities, which are backed by mortgages, letters of credit, credit card receivables, or auto receivables.
5. Repurchase agreements.

Maturity Restrictions*

1. Final maturity shall not exceed five years (1827 days).
2. Weighted average maturity may not exceed two years (731 days).
3. Floating rate notes may use the coupon-reset date for the calculation of final and average maturity as long as the note does not have a cap or floor restriction on the coupon reset. If there are any restrictions, or if there is any question as to whether the market value of the security will not reset at par at the next coupon-reset date, then final maturity must be used.
4. At all times, the portfolio shall maintain sufficient liquidity to meet unexpected monthly withdrawals.

Restrictions, Credit Ratings, and Concentration Guidelines*

1. At all times, the portfolio must have at least fifteen percent (15%) of the portfolio in Treasury securities.

2. No more than seventy-five percent (75%) of the portfolio may be invested in corporate paper (this includes all asset classes except government securities and repurchase agreements). No more than five percent (5%) of the portfolio may be invested in any one corporate name across all asset types.
3. All securities must be rated by two nationally recognized statistical rating organizations as investment grade. Only five percent (5%) of the portfolio may be invested in the lowest investment grade category (BBB) and each issuer may only comprise three percent (3%) of the total portfolio. Only twenty-five percent (25%) of the portfolio may be invested in paper rated in the two lowest categories (A or lower).
4. Yankee bonds must be rated at least A. The corporate name exposure may not exceed three percent (3%) of the total portfolio. Total portfolio holdings may not exceed twenty percent (20%).
5. All commercial paper must be rated A2/P1 or A1/P2 or better. No more than twenty percent (20%) of the portfolio may be in commercial paper. Only five percent (5%) of the portfolio may be in split rated paper and each issuer may only comprise one percent (1%) of the total portfolio. The portfolio may own no more than ten percent (10%) of the outstanding short-term corporate debt of any one company.
6. Floating rate notes shall be based on a money market index and shall not have a final maturity longer than five years. No more than twenty-five percent (25%) of the portfolio may be invested in floating rate notes.
7. Only twenty percent (20%) of the portfolio may be in asset-backed securities.
8. The portfolio may not be leveraged in any manner.
9. The portfolio may not buy inverse floaters.
10. Any asset class other than government securities and repurchase agreements that is not listed specifically above is limited to five percent (5%) of the portfolio.
11. Repurchase agreements must be one hundred and two percent (102%) collateralized and may only be executed with primary dealers or top tier banks. Investments in repurchase agreements are limited to fifty percent (50%) of the portfolio.

* All maturity and concentration limits are calculated from trade date. All asset limitations and the weighted average maturity are calculated using amortized cost. The Board will make the decision to hold or sell any security, which no longer meets the rating or concentration restrictions. The Board prefers to use Moody and S&P as its rating service.

Government Money Market Pool

The **Government Money Market Pool** is a portfolio created to invest restricted moneys of the state in treasury 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 a 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, which includes only realized gains and losses. This compels the Board to calculate the return of current income as well as total return.

Benchmarks for Investment Advisors

1. The advisor shall seek a total investment return which exceeds the inflation rate, using the CDP deflator, measured over a one and three year time period.
2. The advisor shall seek a total investment return which exceeds the Donohue Money Market Fund Average measured over a three month, one year, and three year time period.
3. The advisor shall seek a total investment return, which exceeds the Salomon 90-Day T-Bill Index, measured over a one month, three month, one year, and three year time period.

Permissible Investments

1. Any direct obligation, or obligation guaranteed as to payment of both principal and interest by the United States of America.
2. Repurchase agreements.

Maturity Restrictions*

1. Final maturity shall not exceed 397 days.
2. Weighted average maturity may not exceed 90 days.
3. At all times, the portfolio shall have enough liquidity to meet daily withdrawals.

Restrictions, Credit Ratings, and Concentration Guidelines*

1. Repurchase agreements must be one hundred and two percent (102%) collateralized and may only be executed with primary dealers or top tier banks. Investments in repurchase agreements are limited to eighty-five percent (85%) of the portfolio.

* All maturity and concentration limits are calculated from trade date. All asset limitations and the weighted average maturity are calculated using amortized cost. The Board will make the decision to hold or sell any security, which no longer meets the rating or concentration restrictions. The Board prefers to use Moody and S&P as its rating service.

Municipal Bond Restricted Pool

The **Municipal Bond Restricted Pool** was created to invest moneys managed by the Municipal Bond Commission. Both the Board's and the Municipal Bond's Code governs the portfolio. The objective of the portfolio is to maintain sufficient liquidity to meet the monthly debt service payments while earning a return above inflation. The risk to the portfolio is managed maturity limits and cash flow forecasting.

Benchmarks for Investment Advisors

1. The advisor shall seek a total investment return which exceeds the inflation rate by 50 basis points, using the GDP deflator, measured over a one and three year time period.
2. The advisor shall seek a total investment return which exceeds the Salomon 1-3 Year Treasury Index, measured over a one month, three month, one year, and three year time period.

Permissible Investments

1. Any direct obligation, or obligation guaranteed as to payment of both principal and interest by the United States of America.
2. Repurchase agreements.

Maturity Restrictions*

1. Final maturity shall not exceed five years (1827 days).
2. Weighted average maturity may not exceed two years (731 days).
3. At all times, the portfolio shall have enough liquidity to meet daily withdrawals.

Restrictions, Credit Ratings, and Concentration Guidelines*

1. Repurchase agreements must be one hundred and two percent (102%) collateralized and may only be executed with primary dealers or top tier banks. Investments in repurchase agreements are limited to fifty percent (50%) of the portfolio.

* All maturity and concentration limits are calculated from trade date. All asset limitations and the weighted average maturity are calculated using amortized cost. The Board will make the decision to hold or sell any security, which no longer meets the rating or concentration restrictions. The Board prefers to use Moody and S&P as its rating service.

Single Agency Pools

The **Single Agency Funds** are portfolios set up for individual agencies that for some reason cannot commingle their moneys. The Board does not set objectives up for these pools as the purchase of securities is made by the agency. The Board acts only as an advisor and custodian on these accounts.

Permissible Investments

1. Any security permissible by state law.

Maturity Restrictions*

1. No limits.

* All maturity and concentration limits are calculated from trade date. All asset limitations and the weighted average maturity are calculated using amortized cost. The Board will make the decision to hold or sell any security, which no longer meets the rating or concentration restrictions. The Board prefers to use Moody and S&P as its rating services.

*Consolidated Pension Fund
Asset Allocation*

Consolidated Pension Fund Plan Allocation

(As of June 30, 1997)
(Dollars in Thousands)

	Total Net Assets	%	Short-Term Fixed Income Pool		Fixed Income Pool I		Fixed Income Pool II	
			%	%	%	%		
Judges' Retirement System	\$27,256	0.7%	\$2,076	7.6%	\$12,692	46.6%	\$12,488	45.8%
Public Safety Death Disability	58,642	1.4%	6,621	11.3%	23,449	40.0%	28,572	48.7%
State Police Fund	2,072	0.0%	98	4.8%	1,006	47.5%	968	47.7%
Public Employees' Ret. Sys.	2,143,439	51.2%	17,535	0.8%	1,094,788	51.1%	1,031,116	48.1%
Teachers' Retirement System	<u>645,386</u>	15.4%	<u>52,669</u>	8.1%	<u>255,342</u>	39.6%	<u>337,375</u>	52.3%
Total Retirement Funds:	\$2,876,795	68.7%	\$78,999	2.8%	\$1,387,277	48.2%	\$1,410,519	49.0%
Workers' Compensation Fund	696,401	16.6%	47,289	6.8%	310,116	44.5%	338,996	48.7%
Workers' Compensation Fund II	348,862	8.3%	993	0.3%	173,097	49.6%	174,772	50.1%
Workers' Compensation EELF	5,866	0.2%	1,796	30.6%	2,027	34.6%	2,043	34.8%
Pneumoconiosis Fund	<u>260,245</u>	6.2%	<u>1,056</u>	0.4%	<u>135,305</u>	52.0%	<u>123,884</u>	47.6%
Total Employment Security:	<u>\$1,311,374</u>	31.3%	<u>\$51,134</u>	3.9%	<u>\$620,545</u>	47.3%	<u>\$639,695</u>	48.8%
Grand Total:	<u>\$4,188,169</u>		<u>\$130,133</u>	3.1%	<u>\$2,007,822</u>	47.9%	<u>\$2,050,214</u>	49.0%

Judges' Retirement System

Return Goals

The actuarial assumption was 6.5 percent.

Objectives and Asset Allocation

The short-term fund should have enough funds to cover the monthly benefit payments plus a small cushion. Due to the state's increased contribution schedule liquidity has dropped in priority. The split between Fixed Income Pools I and II should be approximately equal to be diversified and to help even the return. Due to its unfunded status, growth of capital should take priority over capital preservation, thus a larger percentage should be invested in Fixed Income Pool I.

State Police Retirement System

Return Goals

The actuarial assumption was 7.5 percent.

Objective and Asset Allocation

As there are no current payments the short-term fund only needs enough to cover the unexpected. Liquidity should not be a concern of the portfolio. The split between Fixed Income Pool I and II should be approximately equal to be diversified and to help even the return. Due to the funding status and the age of the fund the portfolio should focus on growth of capital.

Teachers' Retirement System

Return Goals

The actuarial assumption was 7.5 percent.

Objectives and Asset Allocation

The short-term fund should have enough funds to cover the monthly benefit payments plus a small cushion. Due to the state's increased contributions, liquidity has dropped in priority but still remains a factor due to the uneven contribution schedule. The split between Fixed Income Pool I and II should be approximately equal to be diversified and to help even the return. While growth of capital is important, due to the unfunded status and the termination clause, capital preservation and stability demands a higher priority. This means investing a larger percentage in Fixed Income Pool II.

Public Employees' Retirement System

Return Goals

The actuarial assumption was 7.5 percent.

Objectives and Asset Allocation

The short-term fund should have enough funds to cover the monthly benefit payments plus a small cushion. While the fund continues to grow liquidity to cover benefit payments takes a small priority. The split between Fixed Income Pool I and II should be approximately equal to be diversified and to help even the return. Growth of capital should be considered over capital preservation, thus investing a larger percentage in Fixed Income Pool I.

Public Safety Death and Disability Fund

Return Goals

The actuarial assumption was 7.5 percent.

Objective and Asset Allocation

Due to the constant draw needed to fund the benefit payments the short-term fund should have enough funds to cover at least a quarter's worth of payments. Liquidity and capital preservation are extremely important, as are stability and diversification.

Workers' Compensation Fund I and II

Return Goals

The actuarial assumption was 6.5 percent.

Objective and Asset Allocation

Even though the plans are accounted for separately for asset allocation purposes, Workers' I and II should be considered one plan. Liquidity, stability and capital preservation are the main areas of concern. The short-term fund needs to have enough funds to cover the quarterly draw plus a cushion due to unpredictability of benefit payments. The split between Fixed Income Pools I and II should be approximately equal to be diversified and to help even out the return, but capital preservation calls for a higher percentage in Fixed Income Pool II.

Workers' Compensation Employees Excess Liability Fund

Return Goals

The actuarial assumption was 6.5 percent.

Objectives and Asset Allocation

Due to the unpredictability of this fund and the lack of good actuarial information at least a third of this fund should be in the short-term fund. The split between Fixed Income Pool I and II should be approximately equal to be diversified and to help even the return. Being an over-funded portfolio normally should allow the portfolio to focus on growth of capital instead of capital preservation but due to the lack of information the fund should remain close to neutral.

Pneumoconiosis Fund

Return Goals

The discount rate was 6.5 percent.

Objectives and Asset Allocation

Due to the constant draw needed to fund the benefit payments the short-term fund should have enough funds to cover at least a quarter's worth of payments. Growth of capital and diversification are the main concerns of this portfolio.

***Consolidated Pension Fund
Performance***

Consolidated Pension Fund Progression of Plan Balances

(Dollars in Thousands)

June 30, 1996 Plan Balances	\$3,821,605
Contributions	747,988
Withdrawals	<u>(707,048)</u>
Net	40,940
Reinvestment of June 30, 1996 dividend payable	20,290
Investment Income	267,532
Changes in unrealized net appreciation or investments	71,905
Net realized loss on investments	<u>(28,398)</u>
Fees	<u>(5,705)</u>
Increase in net assets from operations	325,624
June 30, 1997 Plan Balances	<u>\$4,188,169</u>

Portfolio Characteristics

(Dollars in Thousands)

	Total	Short-Term Fixed Income Pool	Fixed Income Pool I	Fixed Income Pool II
Net Asset Value – June 30, 1997	\$4,188,169	\$130,133	\$2,007,821	\$2,050,215
Asset Breakdown				
Cash Equivalents	7.7%	1.7%	9.3%	6.6%
US Treasuries	34.2%	48.4%	40.6%	27.0%
Government Agencies	3.8%	0.0%	0.1%	7.6%
Mortgage Pass Throughs	28.3%	20.7%	26.9%	30.2%
Collateralized Mortgage Obligations	0.4%	0.0%	0.0%	0.9%
Asset-Backed Securities	10.5%	3.1%	6.6%	14.7%
Corporate Bonds	15.1%	26.1%	16.5%	13.0%
Number of Issues	320	39	76	212
Effective Duration (in years)	5.76	1.58	5.76	6.03
Average Maturity (in years)	14.57	1.90	13.50	16.50
Average Coupon	6.80%	5.97%	6.85%	6.78%
Market Yield to Maturity	6.61%	6.45%	6.59%	6.65%
Bond Rating				
AAA	77.1%	70.6%	73.2%	81.3%
AA	3.7%	7.4%	5.0%	2.2%
A	8.9%	20.3%	10.7%	6.4%
BBB	3.5%	0.0%	1.7%	5.6%
Not Rated (Overnight Repurchase Agrmts.)	6.8%	1.7%	9.4%	4.5%

Progression of the Individual Plans

(Dollars in Thousands)

	Assets June 30, 1996	Contributions/ Withdrawals	Dividends	Assets June 30, 1997
Judges' Retirement System	\$ 22,599	\$ 2,681	\$ 1,976	\$ 27,256
Public Safety Death & Disability Fund	54,479	(295)	4,458	58,642
State Police Fund	1,005	949	118	2,072
Public Employees' Retirement System	1,976,547	(1,046)	167,938	2,143,439
Teachers' Defined Benefit Ret. System	<u>546,066</u>	<u>52,604</u>	<u>46,716</u>	<u>645,386</u>
Total Retirement Funds:	\$2,600,696	\$54,893	\$221,206	\$2,876,795
Workers' Compensation Fund	653,258	(12,989)	56,132	696,401
Workers' Compensation Fund II	321,465	-	27,397	348,862
Workers' Compensation EELF	4,714	762	390	5,866
Pneumoconiosis Fund	<u>241,472</u>	<u>(1,726)</u>	<u>20,499</u>	<u>260,245</u>
Total Employment Security:	<u>\$1,220,909</u>	<u>\$(13,953)</u>	<u>\$104,418</u>	<u>\$1,311,374</u>
Grand Total:	<u>\$3,821,605</u>	<u>\$40,940</u>	<u>\$325,624</u>	<u>\$4,188,169</u>

Total Rate of Return

	One Year Return %	Last 5 Years Return %	Last 9-1/2 Years Return %
Judges' Retirement System	8.06	6.58	-
Public Safety Death and Disability Fund	8.08	6.71	-
State Police Fund	8.11	-	-
Public Employees Retirement System	8.10	7.54	9.22
Teachers' Defined Benefit Retirement System	8.08	6.30	8.73
Workers' Compensation Fund	7.99	7.75	9.55
Workers' Compensation Fund II	8.11	6.78	-
Workers' Compensation EELF	7.69	-	-
Pneumoconiosis Fund	8.10	6.60	-

*Consolidated Fund
Performance*

Cash Liquidity Pool

June 30, 1997

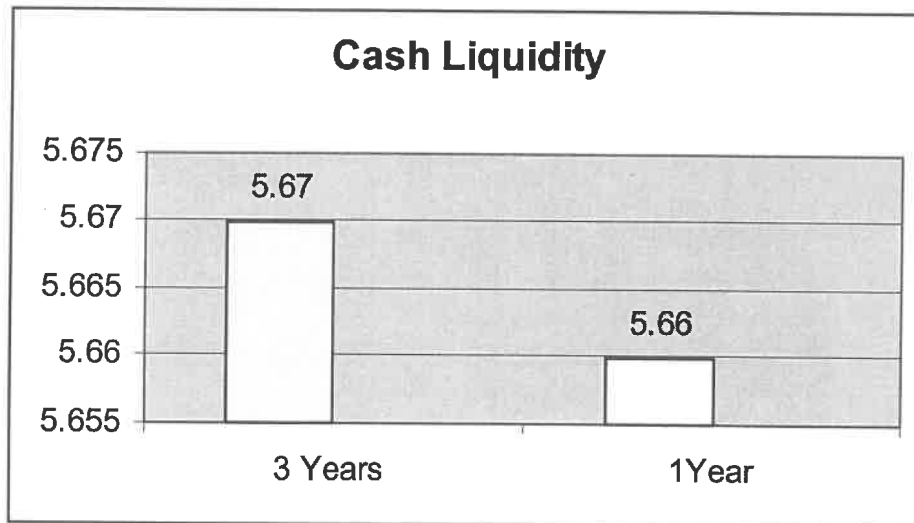
Portfolio Analysis

Market Value	\$606,538,197
Book Value	\$606,486,244
Average Coupon	4.53%
Yield to Maturity	5.75%
Average Maturity	66.72 days
Average Duration	87.60 days

Security Distribution

US Treasury Securities	20.91%
US Agency Securities	35.32%
Corporate Bonds	0.82%
Asset-Backed Securities	0.00%
Commercial Paper	8.32%
Repurchase Agreements	34.63%

Total Return



Government Money Market Pool

June 30, 1997

Portfolio Analysis

Market Value	\$135,993,911
Book Value	\$135,971,189
Average Coupon	6.06%
Yield to Maturity	5.91%
Average Maturity	87.58 days
Average Duration	83.95 days

Security Distribution

US Treasury Securities	42.72%
US Agency Securities	0.00%
Corporate Bonds	0.00%
Asset-Backed Securities	0.00%
Commercial Paper	0.00%
Repurchase Agreements	57.28%

Total Return



Enhanced Yield Pool

June 30, 1997

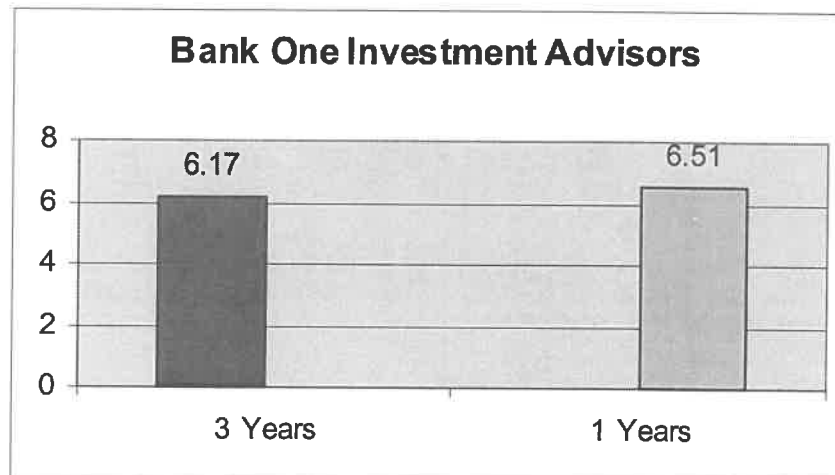
Portfolio Analysis

Market Value	\$228,413,754
Book Value	\$228,179,084
Average Coupon	5.07%
Yield to Maturity	6.15%
Average Maturity	1.97 years
Average Duration	1.73 years

Security Distribution

US Treasury Securities	22.12%
US Agency Securities	29.90%
Corporate Bonds	30.03%
Asset-Backed Securities	.25%
Commercial Paper	17.42%
Repurchase Agreements	.27%

Total Return



For the first two years, the index is the Salomon 1-year treasury index. Starting July 1996 the index was changed to the Salomon 1-3 year treasury index plus 50 basis points. The staff is making the recommendation to change the index to the Salomon 1-3 year Treasury and Corporate index retroactive to July 1996.

Municipal Bond Restricted Pool

June 30, 1997

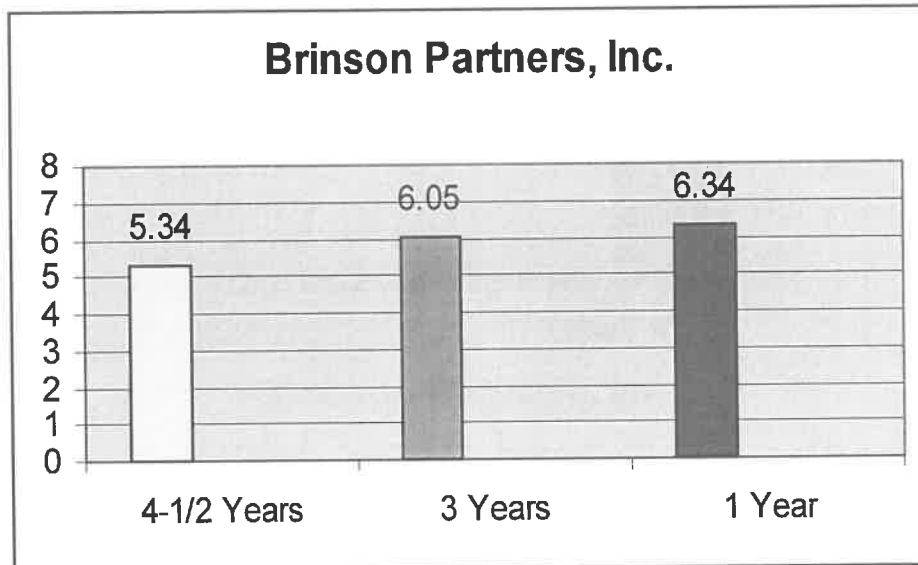
Portfolio Analysis

Market Value	\$96,566,707
Book Value	\$96,451,907
Average Coupon	6.75%
Yield to Maturity	6.06%
Average Maturity	1.66 years
Average Duration	1.46 years

Security Distribution

US Treasury Securities	76.66%
US Agency Securities	0.00%
Corporate Bonds	0.00%
Asset-Backed Securities	0.00%
Commercial Paper	0.00%
Repurchase Agreements	23.34%

Total Return



Audited Financial Statements

Consolidated Pension Fund
West Virginia Investment Management Board

Audited Financial Statements

June 30, 1997

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Report of Independent Auditors

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 of the Consolidated Pension Fund managed by the West Virginia Investment Management Board (the WVIMB) as of June 30, 1997, and the related statements of operations and changes in net assets 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 generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our 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 of the Consolidated Pension Fund managed by the WVIMB as of June 30, 1997, and the results of their operations and changes in their net assets for the year then ended, in conformity with generally accepted accounting principles.

As more fully described in Note 1 to the financial statements, effective April 25, 1997, the assets and liabilities of the West Virginia Trust Fund, Inc. were transferred to the West Virginia Investment Management Board.

Ernst + Young LLP

October 17, 1997

Consolidated Pension Fund
West Virginia Investment Management Board

Statement of Assets and Liabilities

June 30, 1997

(Dollars in Thousands, Except Investment Unit Data)

	<u>Short-Term Fixed Income Pool</u>	<u>Fixed Income Pool I</u>	<u>Fixed Income Pool II</u>	<u>Totals (Memorandum Only)</u>
Assets				
Investment securities:				
At cost	\$132,663	\$2,137,931	\$2,053,078	\$4,323,672
At value	\$132,448	\$2,143,584	\$2,051,374	\$4,327,406
Cash	-	-	-	-
Receivables:				
Accrued interest	1,190	21,999	20,960	44,149
Investments sold	8,510	718	-	9,228
Total assets	<u>142,148</u>	<u>2,166,301</u>	<u>2,072,334</u>	<u>4,380,783</u>
Liabilities				
Accrued expenses	29	182	274	485
Payable for investments purchased	11,986	158,298	21,845	192,129
Total liabilities	<u>12,015</u>	<u>158,480</u>	<u>22,119</u>	<u>192,614</u>
Net assets at value	<u>\$130,133</u>	<u>\$2,007,821</u>	<u>\$2,050,215</u>	<u>\$4,188,169</u>
Net assets				
Paid-in capital	\$130,714	\$2,007,831	\$2,057,468	\$4,196,013
Accumulated undistributed net investment income	687	10,504	11,098	22,289
Accumulated undistributed net realized loss	(1,053)	(16,167)	(16,647)	(33,867)
Unrealized net appreciation (depreciation) of investments	(215)	5,653	(1,704)	3,734
Net assets at value	<u>\$130,133</u>	<u>\$2,007,821</u>	<u>\$2,050,215</u>	<u>\$4,188,169</u>
Investment unit data:				
Units outstanding	13,087,117	203,580,869	208,387,575	
Net asset value, unit price	\$9.94	\$9.86	\$9.84	

See notes to financial statements.

Consolidated Pension Fund
West Virginia Investment Management Board

Investments in Securities

June 30, 1997
(Dollars in Thousands)

Security Name	Interest Rate	Maturity Date	Amortized Cost	Fair Value
<i>SHORT-TERM FIXED INCOME POOL</i>				
<i>U.S. Treasury Issues</i>				
U.S. Treasury Note	5.125%	12/31/98	\$ 18,788	\$ 18,774
U.S. Treasury Note	5.000	01/31/99	14,736	14,775
U.S. Treasury Note	5.875	01/31/99	3,995	3,992
U.S. Treasury Note	6.375	04/30/99	5,416	5,429
U.S. Treasury Note	6.000	06/30/99	21,227	21,220
Total U.S. Treasury Issues			64,162	64,190
<i>U.S. Government Agency Issues</i>				
U.S. Government Agency Mortgage Backed Issues				
FHLMC Mortgage Pools	various	various	27,660	27,522
Total U.S. Government Agency Issues			27,660	27,522
<i>Corporate Issues</i>				
Corporate Bonds:				
General Electric Capital Corp.	6.280	01/20/98	1,006	1,002
Lehman Brothers Holdings Inc.	8.875	11/01/98	1,031	1,032
General Motors Acceptance Corp.	5.375	01/25/99	984	987
GTE Northwest Inc.	6.125	02/15/99	3,012	2,990
Chase Manhattan Corp. New	10.375	03/15/99	1,070	1,064
Norwest Financial Inc	6.250	03/15/99	2,506	2,498
General Motors Acceptance Corp	7.150	04/30/99	1,871	1,875
Chase Manhattan Corp. New	10.000	06/15/99	1,065	1,065
Countrywide Funding Corp.	6.085	07/14/99	1,007	993
CIT Group Holdings	6.625	09/13/99	1,594	1,586
Chrysler Financial Corp.	9.500	12/15/99	2,155	2,134
Beneficial Corp	7.990	02/17/00	1,996	2,006
International Lease Finance	6.160	03/01/00	2,979	2,974
Associate Corp. of North America	7.780	03/01/00	3,122	3,092
Quebec Province Canada	9.125	03/01/00	1,066	1,064
American General Finance Corp	9.625	07/15/00	2,156	2,159
J C Penney & Company	6.375	09/15/00	1,979	1,983

Consolidated Pension Fund
West Virginia Investment Management Board

Investments in Securities (continued)

(Dollars in Thousands)

Security Name	Interest Rate	Maturity Date	Amortized Cost	Fair Value
Aristar Inc	6.125	12/01/00	1,994	1,962
Merrill Lynch & Company Inc	6.520	02/15/01	1,882	1,894
Total Corporate Bonds			34,475	34,360
Corporate Asset Backed Issues:				
Standard Credit Card Master Trust I	8.350	01/07/00	2,069	2,085
Capita Equipment Receivables Trust	6.570	03/15/01	2,000	1,994
Total Corporate Asset Backed Issues			4,069	4,079
Total Corporate Issues			38,544	38,439
Short-term Issues				
Yamaichi Intl Repurchase Agreement	6.150	07/01/97	2,297	2,297
Total Short-term Issues			2,297	2,297
TOTAL SHORT-TERM FIXED INCOME POOL			\$ 132,663	\$ 132,448

FIXED INCOME POOL I

U.S. Treasury Issues

U.S. Treasury Note	5.625	10/31/97	\$ 169,954	\$ 170,053
U.S. Treasury Note	5.125	12/31/98	9,889	9,881
U.S. Treasury Note	5.875	01/31/99	89,320	89,817
U.S. Treasury Note	6.375	04/30/99	20,026	20,106
U.S. Treasury Note	6.750	06/30/99	152,288	151,829
U.S. Treasury Note	6.875	07/31/99	34,383	34,748
U.S. Treasury Note	8.000	08/15/99	2,476	2,592
U.S. Treasury Note	7.875	11/15/99	11,667	12,187
U.S. Treasury Note	7.250	05/15/04	77,096	78,176
U.S. Treasury Inflation Protection Note	3.375	01/15/07	24,837	24,669
U.S. Treasury Note	6.250	02/15/07	39,515	39,138
U.S. Treasury Bond	10.375	11/15/12	25,551	25,387
U.S. Treasury Bond	7.875	02/15/21	16,530	16,725
U.S. Treasury Bond	7.250	08/15/22	51,221	52,195

Consolidated Pension Fund
West Virginia Investment Management Board

Investments in Securities (continued)

(Dollars in Thousands)

Security Name	Interest Rate	Maturity Date	Amortized Cost	Fair Value
U.S. Treasury Bond	6.875	08/15/25	118,835	120,450
U.S. Treasury Bond	6.500	11/15/26	18,845	19,181
Total U.S. Treasury Issues			862,433	867,134
<i>U.S. Government Agency Issues</i>				
U.S. Government Agency Bonds:				
Federal National Mortgage Assoc.	8.700	06/10/99	753	783
U.S. Government Agency Mortgage Backed Issues:				
FHLMC Mortgage Pools	various	various	148,260	149,841
FNMA Mortgage Pools	various	various	242,501	241,311
GNMA Mortgage Pools	various	various	187,529	188,626
Total U. S. Government Agency Mortgage Backed Issues			578,290	579,778
Total U. S. Government Agency Issues			579,043	580,561
<i>Corporate Issues</i>				
U.S. Corporate Bonds				
Dean Witter Discover & Co.	6.000	03/01/98	804	800
Pennsylvania Power & Light Co.	5.500	04/01/98	9,997	9,961
Ford Motor Credit Co.	9.250	06/15/98	14,280	14,404
Cox Communications Inc	5.340	06/15/99	1,961	1,959
Bear Stearns Company Inc	6.500	07/05/00	17,967	17,917
Associates Corp North America	6.250	09/15/00	19,978	19,791
Ford Motor Credit Co.	6.375	10/06/00	20,095	19,836
GTE California Inc.	5.625	02/01/01	9,933	9,649
Levi Strauss & Co.	6.800	11/01/03	5,980	5,949
Countrywide Funding Corp	7.260	05/10/04	5,000	5,052
Equitable Companies Inc.	9.000	12/15/04	10,713	11,064
Merrill Lynch & Co., Inc.	7.000	03/15/06	14,709	14,924
Australia & New Zealand Banking Group	7.550	09/15/06	14,978	15,380
Banque National De Paris - NY	7.200	01/15/07	19,950	19,882
Lehman Brothers Inc	7.375	01/15/07	11,942	11,982
Tenaga Nasional Berhad	7.200	04/29/07	8,488	8,636

Consolidated Pension Fund
West Virginia Investment Management Board

Investments in Securities (continued)

(Dollars in Thousands)

Security Name	Interest Rate	Maturity Date	Amortized Cost	Fair Value
Deutsche Bank Financial	7.500	04/25/09	19,920	20,459
Atlantic Richfield Co.	9.875	03/01/16	24,126	22,521
J C Penney Inc.	7.650	08/15/16	10,000	10,140
Swiss Bank Corporation New York Branch	7.750	09/01/26	19,922	20,418
Banc One Corp	7.625	10/15/26	9,919	9,900
Quebec Province	8.625	12/01/26	27,646	27,608
Norfolk Southern Corp	7.050	05/01/37	14,983	15,224
IBM Corp.	7.125	12/01/2096	22,895	21,863
U.S. West Capital Funding Inc.	7.950	02/01/2097	14,851	15,112
Total U.S. Corporate Bonds			351,037	350,431
Corporate Asset Backed Issues:				
Capita Equipment Receivables Trust	6.110	07/15/99	29,999	30,030
Norwest Auto Trust	5.900	03/15/00	11,992	11,955
Nationsbank Auto Grantor Trust	6.375	07/15/00	19,980	20,075
Fifth Third Bank Auto Trust	6.450	03/15/02	16,392	16,438
Chase Manhattan Grantor Trust	6.610	09/15/02	22,574	22,663
Navistar Financial Auto Trust	6.330	04/20/03	19,997	19,994
Green Tree Financial	8.300	05/15/19	22,228	22,047
Total Corporate Asset Backed Issues			143,162	143,202
Total Corporate Issues			494,199	493,633
<i>Short-term Issues</i>				
Lehman Brothers Repurchase Agreement	6.150	07/01/97	96,921	96,921
Yamaichi Intl Repurchase Agreement	6.150	07/01/97	105,335	105,335
Total Short-term Issues			202,256	202,256
TOTAL FIXED INCOME POOL I			\$2,137,931	\$2,143,584

Consolidated Pension Fund
West Virginia Investment Management Board

Investments in Securities (continued)

(Dollars in Thousands)

Security Name	Interest Rate	Maturity Date	Amortized Cost	Fair Value
<i>FIXED INCOME POOL II</i>				
<i>U.S. Treasury Issues</i>				
U.S. Treasury Note	5.875	04/30/98	\$ 142,957	\$ 143,156
U.S. Treasury Note	6.750	04/30/00	38,382	37,485
U.S. Treasury Note	6.625	04/30/02	89,561	90,830
U.S. Treasury Note	6.250	06/30/02	24,947	24,851
U.S. Treasury Note	7.875	11/15/04	2,184	2,158
U.S. Treasury Note	6.875	05/15/06	49,929	51,039
U.S. Treasury Note	7.000	07/15/06	10,115	10,288
U.S. Treasury Inflation Protection Note	3.375	01/15/07	49,648	49,339
U.S. Treasury Bond	8.125	08/15/19	22,278	22,165
U.S. Treasury Bond	6.000	02/15/26	36,318	35,800
U.S. Treasury Bond	6.750	08/15/26	50,566	49,485
U.S. Treasury Note	6.625	02/15/27	34,031	34,245
Total U.S. Treasury Issues			550,916	550,841
<i>U.S. Government Agency Issues</i>				
U.S. Government Agency Bonds:				
Private Export Funding Corp.	6.860	04/30/04	700	705
Government Loan Trust	8.500	04/01/06	32,361	32,352
Guaranteed Export Trust	7.120	04/15/06	21,193	20,882
Resolution Funding Corporation	8.125	10/15/19	80,705	79,698
Resolution Funding Corporation	8.875	04/15/30	24,483	22,320
Total U.S. Government Agency Bonds			159,442	155,957
U.S. Government Agency Mortgage Backed Issues:				
FHLMC Mortgage Pools	various	various	262,518	265,916
FNMA Mortgage Pools	various	various	267,428	263,080
GNMA Mortgage Pools	various	various	91,467	92,238
Total U.S. Government Agency Mortgage Backed Issues			621,413	621,234

Consolidated Pension Fund
West Virginia Investment Management Board

Investments in Securities (continued)

(Dollars in Thousands)

Security Name	Interest Rate	Maturity Date	Amortized Cost	Fair Value
U.S. Government Agency CMOs:				
Student Loan Marketing Assn.	5.920	10/26/11	8,800	8,800
FHLMC - CMO	7.000	01/25/21	6,527	6,467
Total U.S Government Agency CMOs			15,327	15,267
Total U. S. Government Agency Issues			796,182	792,458
Corporate Issues				
Corporate Bonds:				
IBM Corp	6.375	11/01/97	1,003	1,002
Dean Witter Discover & Co.	6.188	03/01/00	15,171	15,246
Public Service Electric & Gas Co.	6.000	05/01/00	14,914	14,760
General Motors Acceptance Corp.	9.625	05/15/00	5,195	5,388
Pennsylvania Power & Light Co.	7.750	05/01/02	5,263	5,191
RJR Nabisco Inc.	7.625	09/15/03	14,250	14,774
AT&T Corp.	6.750	04/01/04	1,244	1,242
RJR Nabisco Inc.	8.250	07/01/04	4,971	4,973
RJR Nabisco Inc.	8.750	08/15/05	7,740	7,612
RJR Nabisco Inc.	8.500	07/01/07	1,986	1,991
Time Warner Entertainment Co. LP	8.875	10/01/12	15,567	16,550
Ford Holdings Inc.	9.375	03/01/20	11,998	11,886
Geico Corp.	9.150	09/15/21	16,880	16,481
Loews Corporation.	7.625	06/01/23	14,564	14,273
GE Global Ins Holding Corp.	7.000	02/15/26	14,861	14,255
JPM Cap TR I	7.540	01/15/27	5,000	4,784
U.S. West Capital Funding Inc.	7.900	02/01/27	10,500	10,607
British Aerospace Finance Inc	7.500	07/01/27	14,889	14,922
Pacific Bell	7.750	09/15/32	9,968	9,834
Time Warner Entertainment Co. LP	8.375	07/15/33	7,768	7,658
U.S. West Communications Inc.	6.875	09/15/33	9,031	8,865
News America Holdings Inc.	7.750	12/01/45	20,564	21,060
Union Carbide Corp.	7.750	10/01/2096	24,252	24,899
Chrysler Corporation	7.450	02/01/2097	7,372	7,301

Consolidated Pension Fund
West Virginia Investment Management Board

Investments in Securities (continued)

(Dollars in Thousands)

Security Name	Interest Rate	Maturity Date	Amortized Cost	Fair Value
U.S. West Capital Funding Inc.	7.950	02/01/2097	3,218	3,274
J C Penney Co.	7.625	03/01/2097	4,896	4,919
Total Corporate Bonds			263,065	263,747
Corporate Asset Backed Issues:				
World Omni Automobile Lease Trust	6.250	05/15/01	24,964	24,875
Team Fleet Financing Corp.	7.350	05/15/03	20,033	20,300
Chemical Master Credit Card Trust	5.550	09/15/03	19,215	19,344
Standard Credit Card Master Trust	8.250	11/07/03	20,936	21,131
American Express Credit Acct. Master Trust	6.800	12/15/03	19,969	20,169
World Financial Network	6.700	02/15/04	41,140	41,115
Railcar Trust	7.750	06/01/04	16,878	16,956
Prime Credit Card Master Trust	6.700	07/15/04	27,739	28,052
Sears Credit Account Master Trust	6.200	02/16/06	19,559	19,762
Railcar Leasing LLC	6.750	07/15/06	28,766	28,539
First Plus Home Loan Trust	7.640	07/10/22	5,249	5,178
Home Loan Trust RFC	7.490	07/25/22	6,248	6,255
CS First Boston Mortgage Securities Corp.	7.590	07/25/26	19,997	20,066
CS First Boston Mortgage Securities Corp.	7.000	03/15/27	13,971	14,163
Green Tree Financial Corp.	6.250	10/15/27	8,856	8,842
Total Corporate Asset Backed Issues			293,520	294,747
Corporate CMOs:				
Structured Asset Securities Co.	6.288	05/25/00	12,747	12,933
Total Corporate Issues			569,332	571,427
Short-term Issues				
Yamaichi Intl repurchase Agreement	6.150	07/01/97	92,490	92,490
Federal Home Loan Mort. Corp. Disc. Note	0.000	07/01/97	29,000	29,000

Consolidated Pension Fund
West Virginia Investment Management Board

Investments in Securities (continued)

(Dollars in Thousands)

<u>Security Name</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amortized Cost</u>	<u>Fair Value</u>
Federal Home Loan Mort. Corp. Disc. Note	0.000	07/02/97	15,158	15,158
Total Short-term Issues			<u>136,648</u>	<u>136,648</u>
TOTAL FIXED INCOME POOL II			<u>\$2,053,078</u>	<u>\$2,051,374</u>

See notes to financial statements.

Consolidated Pension Fund
West Virginia Investment Management Board

Statement of Operations

For the Year Ended June 30, 1997
(Dollars in Thousands)

	Short-Term Fixed Income Pool	Fixed Income Pool I	Fixed Income Pool II	Totals (Memorandum Only)
Investment income				
Interest income	\$7,292	\$126,927	\$129,932	\$264,151
Net accretion	741	746	1,895	3,382
	<u>8,033</u>	<u>127,673</u>	<u>131,827</u>	<u>267,533</u>
Expenses				
Investment advisor fees	(187)	(381)	(1,462)	(2,030)
Custodian bank fees	(21)	(194)	(190)	(405)
Trustee fees	(3)	(29)	(28)	(60)
Professional service fees	(15)	(168)	(163)	(346)
Fiduciary bond expense	(7)	(82)	(79)	(168)
Management fees	(114)	(1,313)	(1,269)	(2,696)
Total expenses	<u>(347)</u>	<u>(2,167)</u>	<u>(3,191)</u>	<u>(5,705)</u>
Investment income, net	7,686	125,506	128,636	261,828
Realized and unrealized gains (losses) on investment securities				
Net realized loss on investments	(500)	(15,742)	(12,156)	(28,398)
Change in unrealized net appreciation of investments	440	33,494	37,971	71,905
Net gains (losses) on investments	<u>(60)</u>	<u>17,752</u>	<u>25,815</u>	<u>43,507</u>
Net increase in net assets from operations	<u>\$7,626</u>	<u>\$143,258</u>	<u>\$154,451</u>	<u>\$305,335</u>

See notes to financial statements.

Consolidated Pension Fund
West Virginia Investment Management Board

Statement of Changes in Net Assets

For the Year Ended June 30, 1997
(Dollars in Thousands, except for unit transactions)

	Short-Term Fixed Income Pool	Fixed Income Pool I	Fixed Income Pool II	Totals (Memorandum Only)
Operations				
Investment income - net	\$ 7,686	\$ 125,506	\$ 128,636	\$ 261,828
Net realized losses on investments	(500)	(15,742)	(12,156)	(28,398)
Change in unrealized net appreciation of investments	440	33,494	37,971	71,905
Net increase in net assets from operations	7,626	143,258	154,451	305,335
Distributions to unitholders				
Investment income - net	(6,999)	(115,001)	(117,538)	(239,538)
Fund unit transactions				
Proceeds from sales of units	773,361	55,682	102,071	931,114
Reinvestment of distributions	7,695	124,751	127,382	259,828
	<u>781,056</u>	<u>180,433</u>	<u>229,453</u>	<u>1,190,942</u>
Amount paid for repurchase of units	(825,201)	(46,968)	(18,006)	(890,175)
Net increase (decrease) in net assets from fund unit transactions	(44,145)	133,465	211,447	300,767
Total increase (decrease) in net assets	(43,518)	161,722	248,360	366,564
Net assets, beginning of year	173,651	1,846,099	1,801,855	3,821,605
Net assets, end of year	<u>\$130,133</u>	<u>\$2,007,821</u>	<u>\$2,050,215</u>	<u>\$4,188,169</u>
Fund Unit Transactions				
Units sold	77,840,131	5,717,847	10,553,926	
Units issued for reinvestment of distributions	<u>774,959</u>	<u>12,735,527</u>	<u>13,077,123</u>	
	<u>78,615,090</u>	<u>18,453,374</u>	<u>23,631,049</u>	
Units repurchased	<u>(83,019,326)</u>	<u>(4,826,765)</u>	<u>(1,851,533)</u>	
Net increase (decrease) in fund units	<u>(4,404,236)</u>	<u>13,626,609</u>	<u>21,779,516</u>	

See notes to financial statements.

**Consolidated Pension Fund
West Virginia Investment Management Board**

Notes to Financial Statements

June 30, 1997
(Dollars in Thousands)

Note 1. Description of the Entity

The accompanying financial statements include the investment balances and transactions of the individual investment pools (the Pools) of the Consolidated Pension Fund under the management of the West Virginia Investment Management Board (the WVIMB), successor entity to the West Virginia Trust Fund, Inc. (the Trust Fund). The 1996 West Virginia Legislature established the Trust Fund, effective July 1, 1996, as a nonprofit, nonstock corporation to invest public pension, workers' compensation, and pneumoconiosis funds. The 1997 West Virginia Legislature passed and signed into law on April 25, 1997, Senate Bill 563 creating the West Virginia Investment Management Board. The legislation directed the transfer of the investment responsibilities of the West Virginia State Board of Investments and all functions of the Trust Fund to the WVIMB.

These financial statements include only the investments and investment transactions of the Pools established for the investment of public pension, workers' compensation, and pneumoconiosis funds under the management of the WVIMB and do not reflect any other assets or liabilities of the various pool participants or the WVIMB.

The various pension investment Pools managed by the WVIMB have been established to provide for the investment of funds of the Public Employees' Retirement System, Teachers' Retirement System, Public Safety Retirement System, State Police Retirement System, Judges' Retirement System, Workers' Compensation Fund, and Pneumoconiosis Fund. Assets of each of these pools are maintained separately. Each pool has its own investment advisor(s) who makes investment decisions within the parameters provided in the investment policies of the WVIMB. All investment decisions are executed by the WVIMB.

Note 2. Significant Accounting Policies

Basis of Accounting

Investments in securities owned are carried at market value, which is determined by a third-party pricing service based on asset portfolio pricing models and other sources. The difference between cost and market value is reported as unrealized appreciation (depreciation) of investments. Commissions on the purchases of securities are generally an unidentified component of the security price quoted by the seller and are included in the investment cost.

Consolidated Pension Fund
West Virginia Investment Management Board

Notes to Financial Statements (continued)

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 Transactions

Investment transactions are accounted for on a trade date basis.

Investment Gains and Losses

Gains and losses on the sales of investment securities are recognized at the time of sale by the average cost method.

Interest Income

Interest income is recognized as earned on the accrual method.

Distributions to Participants

The monthly net investment income of each investment pool is declared as a dividend and distributed to the participants of the Pools on the first day of the following month. Distributions are made in the form of reinvestments in the Pools and are included in distributions to participants and reinvestment of distributions in the Statement of Changes in Net Assets. Prior to February 1997, dividends were declared on the last day of the month.

Income Taxes

Under provisions of the Internal Revenue Code and the West Virginia Code, the Pools are not subject to federal or state income tax.

Expenses

The West Virginia Code requires the WVIMB to annually adopt a fee schedule. Expenses that are directly attributable to a specific investment pool are charged to that pool. Expenses that are not directly attributable to a specific investment pool are paid directly by the WVIMB and are allocated to the Pools based upon the percentage of the assets of the specific pool to the total assets of all pools.

Consolidated Pension Fund
West Virginia Investment Management Board

Notes to Financial Statements (continued)

Note 3. Unit Value

Effective January 1, 1997, the unit values and the total units outstanding of each Pool were changed to accommodate the system requirements of the WVIMB's portfolio accounting system. The outstanding units of each Pool were increased by a factor of ten thus reducing the unit values of each Pool by a factor of ten. All prior period unit transactions have been restated to reflect this change.

Note 4. 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 WVIMB or its agent in the WVIMB'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 WVIMB's name.

Category 3 includes uninsured and unregistered investments held by the counterparty's trust department or agent but not in the WVIMB's name.

Investments at June 30, 1997, 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			Carrying Value	Market Value
	1	2	3		
U.S. government and agencies obligations	\$2,926,864	\$ -	\$ -	\$2,926,864	\$2,926,864
Corporate bonds	1,103,498	-	-	1,103,498	1,103,498
Repurchase agreements	297,044	-	-	297,044	297,044
Total investments	\$4,327,406	\$ -	\$ -	\$4,327,406	\$4,327,406

**Consolidated Fund
West Virginia Investment Management Board**

Audited Financial Statements

June 30, 1997

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Report of Independent Auditors

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 of the Consolidated Fund managed by the West Virginia Investment Management Board (the WVIMB) as of June 30, 1997, and the related statements of operations and changes in net assets 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 generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our 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 of the Consolidated Fund managed by the WVIMB as of June 30, 1997, and the results of their operations and changes in their net assets for the year then ended, in conformity with generally accepted accounting principles.

Ernst + Young LLP

October 17, 1997

Consolidated Fund
West Virginia Investment Management Board

Statement of Assets and Liabilities

June 30, 1997

(Dollars in Thousands, Except Investment Unit Data)

	<u>Cash Liquidity Pool</u>	<u>Government Money Market Pool</u>	<u>Enhanced Yield Pool</u>	<u>Municipal Bond Restricted Pool</u>
Assets				
Investments at amortized cost	\$606,486	\$135,971	\$ -	\$96,567
Investments at fair value	-	-	228,414	-
Cash	-	-	-	-
Other assets	-	-	-	-
Accrued interest receivable	2,817	803	2,831	1,403
Total assets	<u>609,303</u>	<u>136,774</u>	<u>231,245</u>	<u>97,970</u>
Liabilities				
Accrued expenses	29	8	22	5
Payable for investments purchased	-	2,009	-	-
Total liabilities	<u>29</u>	<u>2,017</u>	<u>22</u>	<u>5</u>
Net assets at value	<u>\$609,274</u>	<u>\$134,757</u>	<u>\$231,223</u>	<u>\$97,965</u>
Net assets				
Paid-in capital	\$609,275	\$134,757	\$229,828	\$97,965
Accumulated undistributed net investment income	(1)	-	1,144	-
Accumulated undistributed net realized gain	-	-	16	-
Unrealized net appreciation of investments	-	-	235	-
Net assets at value	<u>\$609,274</u>	<u>\$134,757</u>	<u>\$231,223</u>	<u>\$97,965</u>
Investment unit data:				
Units outstanding	609,274,935	134,757,398	2,290,625	97,964,311
Net asset value, unit price	\$1.00	\$1.00	\$100.94	\$1.00

See notes to financial statements.

<u>Loss Amortization Pool</u>	<u>Loan Pool</u>	<u>Municipal Bond Commission</u>	<u>Lottery Defeasance</u>	<u>School Fund</u>	<u>EDA Insurance</u>	<u>Totals (Memorandum Only)</u>
\$ --	\$164,930	\$91,365	\$8,768	\$1,463	\$449	\$1,105,999
76,786	--	--	--	--	--	305,200
--	--	695	--	--	--	695
--	2,962	--	--	--	--	2,962
--	783	328	--	9	--	8,974
<u>76,786</u>	<u>168,675</u>	<u>92,388</u>	<u>8,768</u>	<u>1,472</u>	<u>449</u>	<u>1,423,830</u>
--	--	--	--	--	--	64
--	654	17,094	--	--	--	19,757
--	654	17,094	--	--	--	19,821
<u>\$ 76,786</u>	<u>\$168,021</u>	<u>\$75,294</u>	<u>\$8,768</u>	<u>\$1,472</u>	<u>\$449</u>	<u>\$1,404,009</u>

\$183,415	\$168,021
--	--
(121,587)	--
14,958	--
<u>\$ 76,786</u>	<u>\$168,021</u>

183,415,000	168,021,394
\$0.42	\$1.00

Consolidated Fund
West Virginia Investment Management Board

Investments in Securities

June 30, 1997
(Dollars in Thousands)

Security Name	Interest Rate	Maturity Date	Amortized Cost	Fair Value
<i>CASH LIQUIDITY POOL</i>				
<i>U.S. Treasury Issues</i>				
U.S. Treasury Note	5.500	07/31/97	\$ 29,996	\$ 30,000
U.S. Treasury Note	5.625	10/31/97	19,991	20,006
U.S. Treasury Note	5.375	11/30/97	2,499	2,498
U.S. Treasury Note	6.000	11/30/97	3,006	3,005
U.S. Treasury Note	5.250	12/31/97	29,974	29,963
U.S. Treasury Note	5.250	12/31/97	9,986	9,988
U.S. Treasury Note	5.000	01/31/98	11,953	11,957
U.S. Treasury Note	5.625	01/31/98	2,000	2,000
U.S. Treasury Note	5.125	02/28/98	7,975	7,970
U.S. Treasury Note	5.125	04/30/98	2,481	2,488
U.S. Treasury Note	5.125	04/30/98	995	995
U.S. Treasury Note	5.875	04/30/98	2,496	2,503
U.S. Treasury Note	5.375	05/31/98	2,486	2,491
U.S. Treasury Note	5.375	05/31/98	997	996
Total U.S. Treasury Issues			126,835	126,860
<i>U.S. Government Agency Issues</i>				
Federal Farm Credit Bank	5.360	09/02/97	39,997	39,994
Federal Home Loan Bank	5.980	09/30/97	2,000	2,002
Federal Home Loan Bank	5.263	12/10/97	39,995	40,015
Federal National Mortgage Assn.	5.600	01/16/98	2,499	2,497
Federal Home Loan Bank	5.725	02/05/98	30,016	30,028
Student Loan Marketing Assn.	5.535	02/25/98	2,999	2,994
Federal Home Loan Bank	5.670	03/10/98	1,996	1,999
Federal Home Loan Bank	5.713	03/13/98	4,496	4,499
Student Loan Marketing Assn.	5.850	06/10/98	999	1,000
Student Loan Marketing Assn.	5.850	06/10/98	2,500	2,500
Federal National Mortgage Assn.	5.250	05/25/99	9,985	9,988
Total U.S. Government Agency Issues			137,482	137,516
<i>Corporate Issues</i>				
Wachovia Bank NC	6.600	08/05/97	5,003	5,003
Total Corporate Issues			5,003	5,003

Consolidated Fund
West Virginia Investment Management Board

Investments in Securities (continued)

(Dollars in Thousands)

Security Name	Interest Rate	Maturity Date	Amortized Cost	Fair Value
<i>Short-term Issues</i>				
Lehman Brothers Repurchase Agreement	6.100	07/01/97	73,907	73,907
Yamaichi Repurchase Agreement	6.100	07/01/97	70,000	70,000
Nomura Repurchase Agreement	6.150	07/01/97	66,121	66,121
Federal Farm Credit Bank	0.000	07/03/97	1,000	1,000
Bear Stearns Company Inc.	0.000	07/07/97	4,995	4,995
Electronic Data Systems Corp.	0.000	07/09/97	3,316	3,316
IBM Credit Corp.	0.000	07/09/97	4,994	4,994
General Electric Capital Corp.	0.000	07/10/97	4,993	4,993
Dean Witter Discovery & Co.	0.000	07/16/97	4,988	4,988
CSW Credit Inc.	0.000	07/17/97	2,494	2,494
GTE Funding Inc.	0.000	07/18/97	2,493	2,493
GTE Funding Inc.	0.000	07/21/97	997	997
Bear Stearns Company Inc.	0.000	07/28/97	2,490	2,490
CSW Credit Inc.	0.000	08/04/97	2,487	2,487
Merrill Lynch & Company Inc.	0.000	08/04/97	2,487	2,487
NYNEX Corporation	0.000	08/05/97	2,487	2,487
IBM Credit Corp.	0.000	08/08/97	2,485	2,485
CSW Credit Inc.	0.000	08/11/97	2,285	2,285
Merrill Lynch & Company Inc.	0.000	08/19/97	2,481	2,481
Ford Motor Credit Company	0.000	08/25/97	1,487	1,487
Merrill Lynch & Company Inc.	0.000	08/29/97	2,477	2,477
Federal National Mortgage Assn.	0.000	09/08/97	2,474	2,474
Federal National Mortgage Assn.	0.000	09/11/97	4,452	4,451
Federal National Mortgage Assn.	0.000	09/15/97	29,653	29,653
Federal National Mortgage Assn.	0.000	11/10/97	29,379	29,376
Federal National Mortgage Assn.	0.000	11/24/97	1,955	1,955
Federal National Mortgage Assn.	0.000	12/09/97	2,440	2,438
Federal National Mortgage Assn.	0.000	12/18/97	2,435	2,434
Federal National Mortgage Assn.	0.000	01/05/98	2,914	2,914
Total Short-term Issues			337,166	337,159
TOTAL CASH LIQUIDITY POOL			\$606,486	\$606,538

Consolidated Fund
West Virginia Investment Management Board

Investments in Securities (continued)

(Dollars in Thousands)

Security Name	Interest Rate	Maturity Date	Amortized Cost	Fair Value
GOVERNMENT MONEY MARKET POOL				
<i>U.S. Treasury Issues</i>				
U.S. Treasury Note	5.625	08/31/97	\$ 5,001	\$ 5,000
U.S. Treasury Note	5.750	09/30/97	4,998	5,004
U.S. Treasury Note	5.750	10/31/97	5,002	5,004
U.S. Treasury Note	7.375	11/15/97	5,033	5,031
U.S. Treasury Note	6.000	11/30/97	5,003	5,009
U.S. Treasury Note	5.000	01/31/98	4,982	4,982
U.S. Treasury Note	5.625	01/31/98	5,002	4,999
U.S. Treasury Note	7.250	02/15/98	5,048	5,046
U.S. Treasury Note	6.125	03/31/98	5,012	5,016
U.S. Treasury Note	5.125	04/30/98	4,969	4,976
U.S. Treasury Note	6.125	05/15/98	3,004	3,009
U.S. Treasury Note	6.250	06/30/98	3,011	3,012
U.S. Treasury Note	6.250	06/30/98	2,009	2,009
Total U.S. Treasury Issues			58,074	58,097
<i>Short-term Issues</i>				
Yamaichi Repurchase Agreement	6.100	07/01/97	55,000	55,000
Nomura Repurchase Agreement	6.150	07/01/97	22,897	22,897
Total Short-term Issues			77,897	77,897
TOTAL GOVERNMENT MONEY MARKET POOL			\$135,971	\$135,994
ENHANCED YIELD POOL				
<i>U.S. Treasury Issues</i>				
U.S. Treasury Note	5.875	04/30/98	\$ 4,990	\$ 5,005
U.S. Treasury Note	5.375	05/31/98	998	996
U.S. Treasury Note	6.000	05/31/98	2,991	3,006
U.S. Treasury Note	6.250	06/30/98	1,997	2,009
U.S. Treasury Note	5.875	08/15/98	1,992	1,999
U.S. Treasury Note	6.000	09/30/98	1,000	1,001
U.S. Treasury Note	5.875	10/31/98	1,498	1,498
U.S. Treasury Note	5.875	01/31/99	2,994	2,994
U.S. Treasury Note	5.000	02/15/99	2,986	2,953
U.S. Treasury Note	6.500	04/30/99	1,997	2,015
U.S. Treasury Note	6.750	05/31/99	1,508	1,517

Consolidated Fund
West Virginia Investment Management Board

Investments in Securities (continued)

(Dollars in Thousands)

Security Name	Interest Rate	Maturity Date	Amortized Cost	Fair Value
U.S. Treasury Note	6.000	06/30/99	1,500	1,498
U.S. Treasury Note	6.875	08/31/99	2,019	2,030
U.S. Treasury Note	6.375	01/15/00	1,995	2,011
U.S. Treasury Note	6.875	03/31/00	1,511	1,524
U.S. Treasury Note	6.750	04/30/00	2,013	2,026
U.S. Treasury Note	6.125	07/31/00	987	997
U.S. Treasury Note	6.250	08/31/00	4,983	4,997
U.S. Treasury Note	6.125	09/30/00	2,994	2,987
U.S. Treasury Note	5.750	10/31/00	1,463	1,476
U.S. Treasury Note	5.625	11/30/00	1,941	1,959
U.S. Treasury Note	6.375	03/31/01	1,489	1,502
U.S. Treasury Note	6.625	06/30/01	2,501	2,524
Total U.S. Treasury Issues			50,347	50,524
 <i>U.S. Government Agency Issues</i>				
Student Loan Marketing Assn.	5.535	02/25/98	3,999	3,992
Federal Home Loan Bank	5.790	04/15/98	2,995	2,999
Federal National Mortgage Assn.	5.840	06/10/98	1,999	1,999
Student Loan Marketing Assn.	5.850	06/10/98	1,999	2,000
Federal Home Loan Bank	5.780	11/06/98	2,999	2,990
Federal Home Loan Bank	6.040	01/14/99	3,501	3,496
Federal Home Loan Bank	6.046	01/21/99	1,000	999
Federal Home Loan Bank	6.056	02/05/99	3,006	2,996
Federal National Mortgage Assn.	5.280	03/01/99	1,996	1,973
Federal National Mortgage Assn.	5.400	03/12/99	2,975	2,960
Federal National Mortgage Assn.	6.310	06/03/99	2,506	2,507
Federal Farm Credit Bank	6.530	07/19/99	1,998	2,012
Federal Home Loan Bank	6.440	09/09/99	6,976	7,030
Federal Home Loan Bank	5.940	06/13/00	1,966	1,977
Federal National Mortgage Assn.	5.880	07/17/00	2,931	2,959
Federal National Mortgage Assn.	5.720	03/13/01	2,937	2,925
Federal National Mortgage Assn.	6.710	07/24/01	997	1,008
Federal National Mortgage Assn.	6.690	08/07/01	3,501	3,525
Federal Home Loan Bank	6.330	10/09/01	2,991	2,977
Federal Farm Credit Bank	6.375	11/01/01	3,020	2,982
Federal National Mortgage Assn.	6.230	03/01/02	1,485	1,484
Federal Home Loan Mort Corp.	6.800	04/08/02	2,995	3,030
Private Export Funding Corp.	6.240	05/15/02	495	493
Private Export Funding Corp.	6.240	05/15/02	993	986
Federal National Mortgage Assn.	6.590	05/16/02	3,485	3,502

Consolidated Fund
West Virginia Investment Management Board

Investments in Securities (continued)

(Dollars in Thousands)

Security Name	Interest Rate	Maturity Date	Amortized Cost	Fair Value
Federal National Mortgage Assn.	6.590	05/16/02	2,498	2,498
Total U.S. Government Agency Issues			68,243	68,299
<i>Corporate Issues</i>				
Corporate Bonds:				
Florida Power & Light Associates Corp. North America	5.500	03/11/98	1,993	1,993
Avco Financial Services	7.300	03/15/98	242	242
NDB Bank NA	5.500	05/01/98	2,494	2,490
Allstate Corporation	6.850	05/11/98	1,005	1,007
Carolina Power & Light Associates Corp. North America	5.875	06/15/98	1,509	1,497
New York Telephone Co.	5.375	07/01/98	996	993
Nationsbank Corp.	6.375	08/15/98	1,751	1,754
Consolidated Natural Gas Associates Corp. North America	5.250	09/01/98	998	990
Norwest Corp.	5.125	09/15/98	1,989	1,975
National Rural Utilities Co-op	5.875	10/01/98	4,670	4,673
Sears Roebuck Acceptance	5.750	11/15/98	1,996	1,987
GTE North Inc.	5.750	11/16/98	1,995	1,991
Associates Corp. North America	5.400	01/15/99	1,963	1,976
MCI Communication Corporation	6.170	01/29/99	997	999
WMX Technologies Inc.	5.500	02/15/99	1,480	1,482
Merrill Lynch & Company Inc.	6.000	03/15/99	991	995
Xerox Corporation	6.250	03/23/99	4,500	4,489
Pitney Bowes Credit Corp.	6.250	04/01/99	2,993	2,993
Pepsico Inc.	6.650	04/15/99	2,000	2,014
MCI Communication Corporation	7.060	05/05/99	810	810
Dean Witter Discovery & Co.	6.540	07/15/99	997	1,004
General Motors Acceptance Corp.	6.250	09/01/99	992	995
Mellon Financial Co.	7.125	01/20/00	2,032	2,030
Columbia/HCA Healthcare	6.250	03/15/00	1,988	1,984
Sara Lee	6.625	04/24/00	3,177	3,203
Household Finance Corporation	6.300	06/01/00	2,503	2,476
Bear Stearns Company Inc.	6.410	06/15/00	1,183	1,192
Penske Truck Leasing	6.500	06/15/00	1,483	1,496
Dow Jones & Company Inc.	5.750	07/14/00	986	976
Public Service Co. of Colorado	6.650	08/14/00	1,517	1,501
Household Finance Corporation	6.750	08/15/00	1,014	1,001
	6.650	11/01/00	2,534	2,504
	5.750	12/01/00	1,942	1,952
	6.600	02/01/01	1,480	1,495
	6.450	03/15/01	4,932	4,944

Consolidated Fund
West Virginia Investment Management Board

Investments in Securities (continued)

(Dollars in Thousands)

Security Name	Interest Rate	Maturity Date	Amortized Cost	Fair Value
Beneficial Corporation	6.590	03/23/01	1,478	1,493
Sears Roebuck Acceptance	6.670	05/01/01	985	999
Total Corporate Bonds			68,595	68,595
<i>Corporate Asset Backed Issues</i>				
Toyota Grantor Trust	6.300	07/20/01	580	581
Total Corporate Asset Backed Issues			580	581
Total Corporate Issues			69,175	69,176
<i>Short-term Issues</i>				
Nomura Repurchase Agreement	6.150	07/01/97	619	619
Bear Stearns Company Inc.	0.000	07/07/97	2,998	2,998
Electronic Data Systems Corp.	0.000	07/07/97	2,999	2,999
IBM Credit Corp.	0.000	07/09/97	3,995	3,995
NYNEX Corporation	0.000	07/09/97	1,099	1,099
General Electric Capital Corp.	0.000	07/10/97	1,997	1,997
Merrill Lynch & Company Inc.	0.000	07/14/97	2,794	2,794
CSW Credit Inc.	0.000	07/17/97	1,995	1,995
Caterpillar Financial	0.000	07/22/97	2,543	2,543
Bear Stearns Company Inc.	0.000	07/28/97	2,987	2,987
CSW Credit Inc.	0.000	08/04/97	2,984	2,984
International Lease Finance Co.	0.000	08/05/97	4,475	4,475
IBM Credit Corp.	0.000	08/08/97	2,982	2,982
Ford Motor Credit Company	0.000	08/19/97	2,977	2,977
Merrill Lynch & Company Inc.	0.000	08/29/97	991	991
Merrill Lynch & Company Inc.	0.000	09/02/97	1,980	1,980
Total Short-term Issues			40,415	40,415
TOTAL ENHANCED YIELD POOL			\$228,180	\$228,414
<i>MUNICIPAL BOND RESTRICTED POOL</i>				
<i>U.S. Treasury Issues</i>				
U.S. Treasury Note	6.000	12/31/97	\$ 10,009	\$ 10,025
U.S. Treasury Note	7.875	04/15/98	15,187	15,244
U.S. Treasury Note	6.875	08/31/99	10,258	10,148
U.S. Treasury Note	7.125	02/29/00	20,271	20,437
U.S. Treasury Note	6.250	08/31/00	8,224	7,995

Consolidated Fund
West Virginia Investment Management Board

Investments in Securities (continued)

(Dollars in Thousands)

Security Name	Interest Rate	Maturity Date	Amortized Cost	Fair Value
U.S. Treasury Note	6.625	07/31/01	10,109	10,094
Total U.S. Treasury Issues			<u>74,058</u>	<u>73,943</u>
<i>Short-term Issues</i>				
Nomura Repurchase Agreement	6.150	07/01/97	22,509	22,509
Total Short-term Issues			<u>22,509</u>	<u>22,509</u>
TOTAL MUNICIPAL BOND RESTRICTED POOL			<u>\$ 96,567</u>	<u>\$ 96,452</u>
LOSS AMORTIZATION POOL				
<i>U.S. Treasury Issues</i>				
U.S. Treasury Strip-Int.	0.000	02/15/05	\$ 12,032	\$ 13,429
U.S. Treasury Strip-Int.	0.000	08/15/05	14,887	18,284
U.S. Treasury Strip-Int.	0.000	02/15/10	6,404	8,567
U.S. Treasury Strip-Int.	0.000	11/15/11	24,359	30,269
Total U.S. Treasury Issues			<u>57,682</u>	<u>70,549</u>
<i>U.S. Government Agency Issues</i>				
Resolution Funding Corp.	0.000	10/15/19	4,146	6,237
Total U.S. Government Agency Issues			<u>4,146</u>	<u>6,237</u>
TOTAL LOSS AMORTIZATION POOL			<u>\$ 61,828</u>	<u>\$ 76,786</u>
LOAN POOL				
<i>U.S. Treasury Issues</i>				
U.S. Treasury Bond Receipts Cpn	0.000	05/15/99	\$ -	\$ -
Total U.S. Treasury Issues			<u>-</u>	<u>-</u>
<i>Short-term Issues</i>				
Nomura Repurchase Agreement	6.150	07/01/97	11,814	11,814
Treasurer's Higher Ed. CD Loan	2.710	06/30/98	653	653
Total Short-term Issues			<u>12,467</u>	<u>12,467</u>

Consolidated Fund
West Virginia Investment Management Board

Investments in Securities (continued)

(Dollars in Thousands)

Security Name	Interest Rate	Maturity Date	Amortized Cost	Fair Value
<i>Loans and Mortgages</i>				
<i>FHA/VA Mortgages</i>				
Charleston NB	7.750	11/01/03	67	67
Charleston NB	7.750	03/01/04	13	13
Charleston NB	7.000	05/01/04	318	318
Charleston NB	8.250	05/01/04	44	44
Charleston NB	8.250	08/01/04	86	86
Charleston NB	9.000	12/01/04	71	71
Charleston NB	7.000	03/01/05	301	301
Charleston NB	8.000	08/01/05	211	211
Charleston NB	9.000	02/01/06	115	115
Charleston NB	8.750	05/01/06	66	66
Charleston NB	8.500	07/01/06	278	278
Charleston NB	8.750	10/01/06	208	208
Charleston NB	8.000	04/01/07	321	321
Charleston NB	8.500	03/01/08	894	894
Charleston NB	9.500	09/01/08	103	103
Citizens NB	7.000	06/01/03	68	68
Citizens NB	7.750	11/01/03	20	20
Citizens NB	8.250	04/01/04	27	27
Citizens NB	8.000	09/01/07	321	321
Citizens NB	8.500	11/01/07	423	423
Citizens NB	8.750	05/01/08	92	92
Citizens NB	9.000	07/01/08	77	77
Citizens NB	9.500	02/01/09	33	33
Citizens NB	10.000	09/01/09	60	60
Citizens NB	10.500	11/01/09	48	48
Home (Atlantic)	7.750	08/01/03	12	12
Home (Atlantic)	7.000	02/01/04	286	286
Home (Atlantic)	8.250	04/01/04	144	144
Home (Atlantic)	9.500	03/01/05	29	29
Home (Atlantic)	13.000	03/01/05	21	21
Home (Atlantic)	9.000	02/01/06	180	180
Home (Atlantic)	8.000	04/01/07	615	615
Home (Atlantic)	8.750	05/01/08	833	833
Home (Atlantic)	10.000	10/01/09	172	172
Home (Atlantic)	10.500	10/01/09	32	32
Home (Atlantic)	11.500	11/01/09	10	10
Home (Atlantic)	8.500	08/01/14	981	981
Huntington	8.750	03/01/01	8	8
Huntington	7.000	08/01/03	158	158

Consolidated Fund
West Virginia Investment Management Board

Investments in Securities (continued)

(Dollars in Thousands)

Security Name	Interest Rate	Maturity Date	Amortized Cost	Fair Value
Huntington	7.750	08/01/03	11	11
Huntington	9.500	11/01/03	15	15
Huntington	8.250	02/01/04	24	24
Huntington	9.000	01/01/06	70	70
Huntington	8.000	04/01/07	80	80
Huntington	8.500	01/01/08	215	215
Kissell	7.000	06/01/01	11	11
Kissell	7.000	10/01/03	303	303
Kissell	7.750	12/01/03	43	43
Kissell	8.250	06/01/04	74	74
Kissell	9.500	11/01/04	22	22
Kissell	9.000	03/01/06	65	65
Kissell	8.750	05/01/06	99	99
Kissell	8.500	06/01/06	31	31
Kissell	8.000	09/01/07	647	647
Kissell	8.500	01/01/08	734	734
Mason (Peoples)	8.750	04/01/06	28	28
Mason (Peoples)	8.500	12/01/06	177	177
Mason (Peoples)	8.000	07/01/07	37	37
Mason (Peoples)	9.000	01/01/08	27	27
Mason (Peoples)	10.500	12/01/09	42	42
OVB (FFSL)	8.500	09/01/05	101	101
OVB (FFSL)	9.000	11/01/05	60	60
OVB Mortgages	8.500	11/01/00	17	17
OVB Mortgages	8.000	08/01/01	6	6
OVB Mortgages	7.000	04/01/03	243	243
OVB Mortgages	7.000	08/01/03	14	14
OVB Mortgages	7.750	10/01/03	29	29
OVB Mortgages	8.250	07/01/04	62	62
OVB Mortgages	9.000	03/01/06	136	136
OVB Mortgages	8.750	07/01/06	152	152
OVB Mortgages	8.000	07/01/07	208	208
OVB Mortgages	8.500	07/01/08	919	919
OVB Mortgages	9.500	10/01/08	32	32
Total FHA/VA Mortgages			12,480	12,480
<i>WVEDA SB409 Loans</i>				
NL Chemicals	5.160	04/15/98	133	133
C&C Properties	5.620	08/21/98	32	32
Advantage Foods	4.720	10/15/98	36	36
Warwood Armature	5.650	12/21/98	19	19

Consolidated Fund
West Virginia Investment Management Board

Investments in Securities (continued)

(Dollars in Thousands)

Security Name	Interest Rate	Maturity Date	Amortized Cost	Fair Value
KYOWV	5.910	04/20/99	117	117
National Church #1	5.900	07/15/99	18	18
National Church #2	5.900	07/15/99	11	11
National Church #3	5.900	07/15/99	15	15
Neo Industries	5.630	07/15/99	41	41
Swanson Plating	5.610	08/30/99	51	51
Woodcraft Supply	5.570	09/15/99	22	22
SDR Plastics #1	5.460	11/18/99	204	204
Homer Laughlin #1	5.530	12/15/99	75	75
Soles Electric	5.430	01/15/00	62	62
Woody Forest Prod.	5.160	02/15/00	60	60
Ravens Metal	5.870	05/30/01	25	25
Hartley Oil #1	4.610	09/07/01	285	285
Columbia WV	5.570	09/15/02	1,197	1,197
Hartley Oil #2	5.230	04/14/03	97	97
Twelve-O-Six	5.770	12/27/03	108	108
WV Electric Supply	5.850	01/15/04	245	245
Kanawha Stone	5.600	07/15/04	176	176
Alkahn #2	4.500	08/15/04	329	329
Gabriel Brothers	5.330	05/15/05	261	261
D&D Inc. #2	5.780	06/30/05	468	468
Wheeling Grocery	5.470	01/01/07	103	103
SDR Plastics #2	5.980	03/01/07	509	509
Cogar Mining	5.160	03/15/08	149	149
Kidd Trucking	5.140	03/15/08	329	329
Rayon Drive (Pksb. Dev.)	4.280	07/15/08	666	666
Smith Services	5.100	12/30/08	207	207
WV Air Center	4.440	08/18/11	1,597	1,597
Fox Grocery	5.460	11/12/11	681	681
Bidco 1 (Parkway Enterprises)	5.950	04/01/12	1,466	1,466
Bidco 2 (Parkway Enterprises)	5.950	04/01/12	1,466	1,466
Geary Securities	5.030	12/31/13	547	547
D&D Inc. #1	5.780	06/30/15	891	891
Electro Quip	5.000	10/15/01	24	24
Total WVEDA SB409 Loans			12,722	12,722

Consolidated Fund
West Virginia Investment Management Board

Investments in Securities (continued)

(Dollars in Thousands)

Security Name	Interest Rate	Maturity Date	Amortized Cost	Fair Value
<i>EDA 93 Loans</i>				
Swanson Plating	6.500	02/15/05	516	516
Allegheny Dim.	6.500	11/30/06	782	782
Twelve-O-Six	6.250	03/30/11	1,896	1,896
Total EDA 93 Loans			3,194	3,194
<i>Job/Industrial Program</i>				
SCSM #1	6.000	06/01/98	631	631
Park Corp. #3	6.375	12/08/98	479	479
Precision Coil	6.250	07/20/99	3,276	3,276
SCSM #3	8.500	03/30/02	6,205	6,205
Bruce Hdwd-Eq	6.750	09/30/05	12,664	12,664
Bruce Hdwd-New	6.750	09/30/05	5,551	5,551
Bruce Hdwd-3	6.750	09/30/05	1,785	1,785
Winfield Ind/Eq	8.250	11/06/05	2,698	2,698
Hartley Oil	8.000	04/05/06	787	787
Bruce Hdwd-Re	6.750	09/01/06	9,989	9,989
Baker	4.500	09/25/06	3,195	3,195
D&D Inc.	7.750	11/30/06	282	282
Ruskin	6.780	03/10/07	2,740	2,740
Am Woodmark/Re	4.500	08/01/07	4,293	4,293
Checker Motors	4.500	04/30/08	8,945	8,945
Park Corp. #1	4.500	04/30/08	9,900	9,900
Desco Corp. #1	4.500	08/01/08	1,913	1,913
Desco Corp. #2	4.500	09/15/08	3,959	3,959
Pratt & Whitney	3.900	12/10/08	3,425	3,425
Arcata Graphics	6.500	12/04/09	12,732	12,732
Winfield Ind/Re	8.250	11/06/10	2,370	2,370
Variform (Restructured)	7.070	04/15/12	2,441	2,441
SCSM #2	6.000	12/11/31	7,554	7,554
Total Job/Industrial Program			107,814	107,814
<i>Small Development Loans</i>				
South Street Apts	9.500	03/01/11	172	172
Cedarwood I	9.500	04/01/11	201	201
Parkridge I	9.500	04/01/11	184	184
Highland Heights	9.500	06/01/11	204	204
Linwood	9.500	10/01/11	205	205
Mountainview Apts	9.500	11/01/11	206	206
Parkridge II	9.500	03/01/12	190	190
Hunters Ridge I	9.500	03/01/12	204	204

Consolidated Fund
West Virginia Investment Management Board

Investments in Securities (continued)

(Dollars in Thousands)

Security Name	Interest Rate	Maturity Date	Amortized Cost	Fair Value
Hollister Townhouses	9.500	03/01/12	196	196
Hunters Ridge II	9.500	03/01/12	204	204
Riverview Apts	9.500	03/01/12	186	186
Harrison Avenue	9.500	04/01/12	202	202
Wildwood Manor II	9.500	04/01/12	208	208
Rupert Apartment	9.500	04/01/12	204	204
Cedarwood II	9.500	04/01/12	209	209
Spruce Villa	9.500	04/01/12	204	204
Pines Apartments	9.500	05/01/12	212	212
Ona Apartments	9.500	05/01/12	222	222
Wayne Apartments	9.500	05/01/12	205	205
Green Valley	9.500	07/01/12	199	199
Woodland Heights	9.500	08/01/12	208	208
Athens Terrace	9.500	10/01/12	196	196
Total Small Development Loans			4,421	4,421
 <i>New Small Development Loans</i>				
Fife Street #1	6.500	09/01/10	555	555
Fife Street #2	6.500	09/01/10	506	506
Santangelo	9.000	12/01/11	22	22
Hewes/Walnut	9.000	12/01/16	313	313
Fifth Ave. Apts.	6.500	02/01/18	1,481	1,481
Mayer Manor	7.500	05/01/18	148	148
Bolton Street Rental	6.500	10/01/26	332	332
Franklin Prof. Bldg.	6.500	05/01/27	58	58
Old Post Office Sq.	6.500	05/01/27	236	236
Bland's Apts.	7.500	04/01/28	244	244
Virginian Apts.	7.250	07/01/28	239	239
Dp Building	8.000	08/01/28	191	191
Robinson Dev.	8.500	09/01/28	186	186
Total New Small Development Loans			4,511	4,511
 <i>Sheltered Housing Loans</i>				
Robert Thurman	7.340	09/01/17	28	28
Frank Lawson	7.340	09/01/17	10	10
Sylvia Meadows	7.340	09/01/17	25	25
Veronica Bowles	7.340	09/01/17	26	26
Shirley Thrift	7.340	10/01/17	25	25
Cleo Triggs	7.340	10/01/17	29	29
M Mitchell	7.340	10/01/17	28	28

Consolidated Fund
West Virginia Investment Management Board

Investments in Securities (continued)

(Dollars in Thousands)

Security Name	Interest Rate	Maturity Date	Amortized Cost	Fair Value
Ashton Moore	7.340	11/01/17	18	18
Dosha Moore	7.340	11/01/17	29	29
Deloris Lewis	7.340	08/01/18	23	23
Thelma Thomas	7.340	04/01/19	22	22
Total Sheltered Housing Loans			263	263
<i>Mortgage Program I, II, III</i>				
OVB (Traders) II	12.250	09/01/98	15	15
Reliable II	12.250	09/01/98	32	32
OVB (Traders) I	11.875	02/01/99	6	6
Shenandoah II	12.250	03/01/99	7	7
OVB (Atl Fin) I	12.625	07/01/99	136	136
OVB (Atl Fin) I	11.875	07/01/99	90	90
OVB (Traders) III	12.750	07/01/99	91	91
OVB, Martinsburg (Citizens)	12.625	04/01/00	75	75
Total Mortgage Program I, II, III			452	452
<i>Senate Bill 409</i>				
SB409	10.685	11/15/13	108	108
SB409	10.585	12/15/13	383	383
SB409	10.755	12/15/13	216	216
SB409	10.815	12/15/13	84	84
SB409	10.855	12/15/13	339	339
SB409	10.965	12/15/13	173	173
SB409	11.075	12/15/13	72	72
SB409	11.965	12/15/13	192	192
SB409	12.125	12/15/13	423	423
Total Senate Bill 409			1,990	1,990
Tax Reappraisal	6.450	07/01/97	2,355	2,355
Morris Square Bldg	6.030	11/08/01	4,892	4,892
Total Loans and Mortgages			155,094	155,094
Allowance for loan losses			(2,631)	(2,631)
Loans and Mortgages, Net of Allowance for Loan Losses			152,463	152,463
TOTAL LOAN POOL			<u>\$164,930</u>	<u>\$164,930</u>

Consolidated Fund
West Virginia Investment Management Board

Investments in Securities (continued)

(Dollars in Thousands)

Security Name	Interest Rate	Maturity Date	Amortized Cost	Fair Value
<i>MUNICIPAL BOND COMMISSION</i>				
<i>U.S. Treasury Issues</i>				
State & Local Government Series	4.640	08/01/97	\$ 10,134	\$ 10,134
U.S. Treasury Strip-Int.	0.000	08/15/97	39	39
U.S. Treasury Strip-Int.	0.000	08/15/97	10	10
U.S. Treasury Strip-Int.	0.000	08/15/97	4	4
U.S. Treasury Strip-Int.	0.000	08/15/97	2	2
U.S. Treasury Strip-Int.	0.000	08/15/97	18	18
U.S. Treasury Strip-Int.	0.000	08/15/97	25	25
U.S. Treasury Note	5.500	09/30/97	157	157
U.S. Treasury Note	5.750	09/30/97	10	10
U.S. Treasury Note	5.750	09/30/97	857	859
State & Local Government Series	0.000	10/01/97	70	70
State & Local Government Series	0.000	10/01/97	64	64
State & Local Government Series	0.000	10/01/97	35	35
State & Local Government Series	4.950	10/01/97	108	108
State & Local Government Series	9.090	10/01/97	213	213
U.S. Treasury Note	5.750	10/31/97	158	157
State & Local Government Series	0.000	11/01/97	77	77
State & Local Government Series	6.090	11/01/97	9	9
U.S. Treasury Strip-Int.	0.000	11/15/97	12	12
U.S. Treasury Strip-Int.	0.000	11/15/97	9	9
U.S. Treasury Strip-Int.	0.000	11/15/97	2	2
U.S. Treasury Strip-Int.	0.000	11/15/97	1	1
U.S. Treasury Strip-Int.	0.000	11/15/97	20	20
U.S. Treasury Strip-Int.	0.000	11/15/97	1	1
U.S. Treasury Strip-Int.	0.000	11/15/97	1	1
U.S. Treasury Strip-Int.	0.000	11/15/97	2	2
U.S. Treasury Strip-Int.	0.000	11/15/97	5	5
U.S. Treasury Strip-Int.	0.000	11/15/97	811	821
U.S. Treasury Strip-Int.	0.000	11/15/97	4	4
U.S. Treasury Strip-Int.	0.000	11/15/97	136	136
U.S. Treasury Note	8.875	11/15/97	2	2
U.S. Treasury Note	8.875	11/15/97	3	3
U.S. Treasury Bills	0.000	11/28/97	1,909	1,909
U.S. Treasury Bills	0.000	11/28/97	1,503	1,512
U.S. Treasury Note	6.000	11/30/97	150	149
U.S. Treasury Note	5.000	01/31/98	2,033	2,040
Certificate Accrual Treasury	0.000	02/15/98	28	29
U.S. Treasury Strip-Int.	0.000	02/15/98	3	3

Consolidated Fund
West Virginia Investment Management Board

Investments in Securities (continued)

(Dollars in Thousands)

Security Name	Interest Rate	Maturity Date	Amortized Cost	Fair Value
U.S. Treasury Strip-Int.	0.000	02/15/98	42	43
U.S. Treasury Strip-Int.	0.000	02/15/98	51	52
U.S. Treasury Strip-Int.	0.000	02/15/98	11	11
U.S. Treasury Strip-Int.	0.000	02/15/98	372	373
U.S. Treasury Strip-Int.	0.000	02/15/98	2	2
U.S. Treasury Strip-Int.	0.000	02/15/98	14	14
U.S. Treasury Strip-Int.	0.000	02/15/98	846	863
U.S. Treasury Note	5.125	03/31/98	14	14
U.S. Treasury Note	5.125	03/31/98	25	25
U.S. Treasury Note	5.125	03/31/98	971	973
U.S. Treasury Note	6.125	03/31/98	10	10
State & Local Government Series	0.000	04/01/98	49	49
State & Local Government Series	0.000	04/01/98	40	40
State & Local Government Series	0.000	04/01/98	14	14
State & Local Government Series	5.470	04/01/98	37	37
State & Local Government Series	9.080	04/01/98	1,029	1,029
U.S. Treasury Note	5.125	04/30/98	612	602
State & Local Government Series	0.000	05/01/98	582	582
State & Local Government Series	6.150	05/01/98	44	44
U.S. Treasury Strip-Int.	0.000	05/15/98	30	30
U.S. Treasury Strip-Int.	0.000	05/15/98	26	27
U.S. Treasury Strip-Int.	0.000	05/15/98	9	9
U.S. Treasury Strip-Int.	0.000	05/15/98	6	7
U.S. Treasury Strip-Int.	0.000	05/15/98	7	8
U.S. Treasury Strip-Int.	0.000	05/15/98	5	5
U.S. Treasury Strip-Int.	0.000	05/15/98	3	3
U.S. Treasury Strip-Int.	0.000	05/15/98	10	10
U.S. Treasury Strip-Int.	0.000	05/15/98	31	32
U.S. Treasury Strip-Int.	0.000	05/15/98	1	1
U.S. Treasury Strip-Int.	0.000	05/15/98	82	85
U.S. Treasury Strip-Int.	0.000	05/15/98	13	13
U.S. Treasury Strip-Int.	0.000	05/15/98	16	16
U.S. Treasury Note	9.000	05/15/98	15	15
U.S. Treasury Note	5.375	05/31/98	1,593	1,575
U.S. Treasury Strip-Int.	0.000	08/15/98	36	37
U.S. Treasury Strip-Int.	0.000	08/15/98	8	8
U.S. Treasury Strip-Int.	0.000	08/15/98	2	2
U.S. Treasury Strip-Int.	0.000	08/15/98	2	2
U.S. Treasury Strip-Int.	0.000	08/15/98	16	17
U.S. Treasury Strip-Int.	0.000	08/15/98	18	19
U.S. Treasury Note	4.750	09/30/98	49	49

Consolidated Fund
West Virginia Investment Management Board

Investments in Securities (continued)

(Dollars in Thousands)

Security Name	Interest Rate	Maturity Date	Amortized Cost	Fair Value
U.S. Treasury Note	4.750	09/30/98	155	155
State & Local Government Series	0.000	10/01/98	73	73
State & Local Government Series	0.000	10/01/98	65	65
State & Local Government Series	0.000	10/01/98	218	218
State & Local Government Series	0.000	10/01/98	23	23
State & Local Government Series	5.720	10/01/98	69	69
U.S. Treasury Note	7.125	10/15/98	167	164
State & Local Government Series	0.000	11/01/98	56	56
State & Local Government Series	6.190	11/01/98	9	9
U.S. Treasury Strip-Int.	0.000	11/15/98	10	10
U.S. Treasury Strip-Int.	0.000	11/15/98	8	8
U.S. Treasury Strip-Int.	0.000	11/15/98	1	1
U.S. Treasury Strip-Int.	0.000	11/15/98	1	1
U.S. Treasury Strip-Int.	0.000	11/15/98	18	18
U.S. Treasury Strip-Int.	0.000	11/15/98	1	1
U.S. Treasury Strip-Int.	0.000	11/15/98	4	4
U.S. Treasury Strip-Int.	0.000	11/15/98	4	4
U.S. Treasury Strip-Int.	0.000	11/15/98	757	789
U.S. Treasury Strip-Int.	0.000	11/15/98	130	127
U.S. Treasury Strip-Int.	0.000	11/15/98	3	3
U.S. Treasury Strip-Int.	0.000	11/15/98	130	130
U.S. Treasury Strip-Int.	0.000	02/15/99	14	14
U.S. Treasury Strip-Int.	0.000	02/15/99	51	53
U.S. Treasury Strip-Int.	0.000	02/15/99	2	2
U.S. Treasury Strip-Int.	0.000	02/15/99	40	43
U.S. Treasury Strip-Int.	0.000	02/15/99	10	10
U.S. Treasury Strip-Int.	0.000	02/15/99	1	1
U.S. Treasury Strip-Int.	0.000	02/15/99	13	14
U.S. Treasury Strip-Int.	0.000	02/15/99	1,636	1,717
U.S. Treasury Note	5.875	03/31/99	24	25
U.S. Treasury Note	5.875	03/31/99	10	10
U.S. Treasury Note	5.875	03/31/99	1,049	1,049
State & Local Government Series	0.000	04/01/99	47	47
State & Local Government Series	0.000	04/01/99	39	39
State & Local Government Series	0.000	04/01/99	13	13
State & Local Government Series	5.920	04/01/99	39	39
U.S. Treasury Note	7.000	04/15/99	685	668
State & Local Government Series	0.000	05/01/99	596	596
State & Local Government Series	6.230	05/01/99	1,107	1,107
U.S. Treasury Bond Receipts Cpn.	0.000	05/15/99	242	265
U.S. Treasury Strip-Int.	0.000	05/15/99	43	44

Consolidated Fund
West Virginia Investment Management Board

Investments in Securities (continued)

(Dollars in Thousands)

Security Name	Interest Rate	Maturity Date	Amortized Cost	Fair Value
U.S. Treasury Strip-Int.	0.000	05/15/99	28	29
U.S. Treasury Strip-Int.	0.000	05/15/99	8	9
U.S. Treasury Strip-Int.	0.000	05/15/99	6	6
U.S. Treasury Strip-Int.	0.000	05/15/99	4	4
U.S. Treasury Strip-Int.	0.000	05/15/99	10	11
U.S. Treasury Strip-Int.	0.000	05/15/99	3	3
U.S. Treasury Strip-Int.	0.000	05/15/99	29	30
U.S. Treasury Strip-Int.	0.000	05/15/99	63	67
U.S. Treasury Strip-Int.	0.000	05/15/99	1,574	1,533
U.S. Treasury Strip-Int.	0.000	05/15/99	13	13
U.S. Treasury Strip-Int.	0.000	05/15/99	12	12
U.S. Treasury Note	9.125	05/15/99	7	7
U.S. Treasury Note	9.125	05/15/99	21	22
U.S. Treasury Strip-Int.	0.000	08/15/99	6	7
U.S. Treasury Strip-Int.	0.000	08/15/99	1	1
U.S. Treasury Strip-Int.	0.000	08/15/99	34	36
U.S. Treasury Strip-Int.	0.000	08/15/99	2	2
U.S. Treasury Strip-Int.	0.000	08/15/99	16	17
U.S. Treasury Strip-Int.	0.000	08/15/99	21	22
U.S. Treasury Note	7.125	09/30/99	163	163
U.S. Treasury Note	7.125	09/30/99	10	10
State & Local Government Series	0.000	10/01/99	77	77
State & Local Government Series	0.000	10/01/99	68	68
State & Local Government Series	0.000	10/01/99	168	168
State & Local Government Series	0.000	10/01/99	23	23
State & Local Government Series	6.030	10/01/99	70	70
State & Local Government Series	0.000	11/01/99	33	33
U.S. Treasury Strip-Int.	0.000	11/15/99	9	9
U.S. Treasury Strip-Int.	0.000	11/15/99	6	6
U.S. Treasury Strip-Int.	0.000	11/15/99	1	1
U.S. Treasury Strip-Int.	0.000	11/15/99	1	1
U.S. Treasury Strip-Int.	0.000	11/15/99	1	1
U.S. Treasury Strip-Int.	0.000	11/15/99	2	2
U.S. Treasury Strip-Int.	0.000	11/15/99	718	767
U.S. Treasury Strip-Int.	0.000	11/15/99	2	2
U.S. Treasury Strip-Int.	0.000	11/15/99	64	62
U.S. Treasury Strip-Int.	0.000	11/15/99	124	125
U.S. Treasury Note	7.875	11/15/99	4	4
U.S. Treasury Strip-Prin.	0.000	02/15/00	978	975
U.S. Treasury Strip-Int.	0.000	02/15/00	33	37
U.S. Treasury Strip-Int.	0.000	02/15/00	46	49

Consolidated Fund
West Virginia Investment Management Board

Investments in Securities (continued)

(Dollars in Thousands)

Security Name	Interest Rate	Maturity Date	Amortized Cost	Fair Value
U.S. Treasury Strip-Int.	0.000	02/15/00	9	9
U.S. Treasury Strip-Int.	0.000	02/15/00	1	1
U.S. Treasury Strip-Int.	0.000	02/15/00	12	13
U.S. Treasury Strip-Int.	0.000	02/15/00	1,099	1,182
U.S. Treasury Note	8.500	02/15/00	10	10
U.S. Treasury Note	6.875	03/31/00	14	14
U.S. Treasury Note	6.875	03/31/00	10	10
State & Local Government Series	0.000	04/01/00	45	45
State & Local Government Series	0.000	04/01/00	38	38
State & Local Government Series	0.000	04/01/00	13	13
State & Local Government Series	6.110	04/01/00	41	41
State & Local Government Series	4.589	05/01/00	609	609
U.S. Treasury Strip-Int.	0.000	05/15/00	41	42
U.S. Treasury Strip-Int.	0.000	05/15/00	25	27
U.S. Treasury Strip-Int.	0.000	05/15/00	16	18
U.S. Treasury Strip-Int.	0.000	05/15/00	6	7
U.S. Treasury Strip-Int.	0.000	05/15/00	3	3
U.S. Treasury Strip-Int.	0.000	05/15/00	10	11
U.S. Treasury Strip-Int.	0.000	05/15/00	2	2
U.S. Treasury Strip-Int.	0.000	05/15/00	25	28
U.S. Treasury Strip-Int.	0.000	05/15/00	8	9
U.S. Treasury Strip-Int.	0.000	05/15/00	46	50
U.S. Treasury Strip-Int.	0.000	05/15/00	12	13
U.S. Treasury Strip-Int.	0.000	05/15/00	1,564	1,503
U.S. Treasury Strip-Int.	0.000	05/15/00	10	10
U.S. Treasury Strip-Prin.	0.000	08/15/00	108	108
U.S. Treasury Strip-Int.	0.000	08/15/00	5	6
U.S. Treasury Strip-Int.	0.000	08/15/00	24	26
U.S. Treasury Strip-Int.	0.000	08/15/00	2	2
U.S. Treasury Strip-Int.	0.000	08/15/00	14	15
U.S. Treasury Strip-Int.	0.000	08/15/00	15	16
U.S. Treasury Note	6.125	09/30/00	10	10
State & Local Government Series	0.000	10/01/00	80	80
State & Local Government Series	0.000	10/01/00	67	67
State & Local Government Series	0.000	10/01/00	132	132
State & Local Government Series	0.225	10/01/00	23	23
State & Local Government Series	6.150	10/01/00	77	77
State & Local Government Series	5.820	11/01/00	23	23
U.S. Treasury Strip-Int.	0.000	11/15/00	1	1
U.S. Treasury Strip-Int.	0.000	11/15/00	649	711
U.S. Treasury Strip-Int.	0.000	11/15/00	1	1

Consolidated Fund
West Virginia Investment Management Board

Investments in Securities (continued)

(Dollars in Thousands)

Security Name	Interest Rate	Maturity Date	Amortized Cost	Fair Value
U.S. Treasury Strip-Int.	0.000	11/15/00	118	118
U.S. Treasury Strip-Prin.	0.000	11/15/00	3,229	3,208
U.S. Treasury Strip-Int.	0.000	11/15/00	7	7
U.S. Treasury Strip-Int.	0.000	11/15/00	5	5
U.S. Treasury Strip-Int.	0.000	11/15/00	3	3
U.S. Treasury Strip-Int.	0.000	02/15/01	32	37
U.S. Treasury Strip-Int.	0.000	02/15/01	10	10
U.S. Treasury Strip-Int.	0.000	02/15/01	11	12
U.S. Treasury Strip-Int.	0.000	02/15/01	968	1,067
U.S. Treasury Note	7.750	02/15/01	17	17
U.S. Treasury Note	6.375	03/31/01	10	10
State & Local Government Series	0.000	04/01/01	43	43
State & Local Government Series	0.000	04/01/01	36	36
State & Local Government Series	6.180	04/01/01	42	42
State & Local Government Series	6.420	04/01/01	12	12
State & Local Government Series	5.860	05/01/01	639	639
U.S. Treasury Strip-Int.	0.000	05/15/01	39	40
U.S. Treasury Strip-Int.	0.000	05/15/01	22	24
U.S. Treasury Strip-Int.	0.000	05/15/01	8	9
U.S. Treasury Strip-Int.	0.000	05/15/01	6	6
U.S. Treasury Strip-Int.	0.000	05/15/01	8	9
U.S. Treasury Strip-Int.	0.000	05/15/01	23	25
U.S. Treasury Strip-Int.	0.000	05/15/01	33	36
U.S. Treasury Strip-Int.	0.000	05/15/01	12	13
U.S. Treasury Strip-Int.	0.000	05/15/01	7	7
U.S. Treasury Bond	13.125	05/15/01	6	6
U.S. Treasury Bond	13.125	05/15/01	3	4
U.S. Treasury Bond	13.125	05/15/01	23	25
U.S. Treasury Strip-Prin.	0.000	08/15/01	8	8
U.S. Treasury Strip-Int.	0.000	08/15/01	4	5
U.S. Treasury Strip-Int.	0.000	08/15/01	1	1
U.S. Treasury Strip-Int.	0.000	08/15/01	18	19
U.S. Treasury Strip-Int.	0.000	08/15/01	14	15
U.S. Treasury Strip-Int.	0.000	08/15/01	18	19
State & Local Government Series	0.000	10/01/01	95	95
State & Local Government Series	6.210	10/01/01	2,766	2,766
State & Local Government Series	6.433	10/01/01	3,506	3,506
State & Local Government Series	6.460	10/01/01	1,264	1,264
State & Local Government Series	6.463	10/01/01	3,072	3,072
State & Local Government Series	5.900	11/01/01	17	17
U.S. Treasury Strip-Int.	0.000	11/15/01	6	6

Consolidated Fund
West Virginia Investment Management Board

Investments in Securities (continued)

(Dollars in Thousands)

Security Name	Interest Rate	Maturity Date	Amortized Cost	Fair Value
U.S. Treasury Strip-Int.	0.000	11/15/01	4	4
U.S. Treasury Strip-Int.	0.000	11/15/01	1	1
U.S. Treasury Strip-Int.	0.000	11/15/01	1	1
U.S. Treasury Strip-Int.	0.000	11/15/01	142	160
U.S. Treasury Strip-Int.	0.000	11/15/01	1	1
U.S. Treasury Strip-Int.	0.000	11/15/01	112	112
U.S. Treasury Bond	15.750	11/15/01	6	7
U.S. Treasury Strip-Int.	0.000	02/15/02	12	12
U.S. Treasury Strip-Int.	0.000	02/15/02	28	34
U.S. Treasury Strip-Int.	0.000	02/15/02	7	7
U.S. Treasury Strip-Int.	0.000	02/15/02	9	9
U.S. Treasury Strip-Int.	0.000	02/15/02	1	1
U.S. Treasury Strip-Int.	0.000	02/15/02	7	7
U.S. Treasury Strip-Int.	0.000	02/15/02	779	879
U.S. Treasury Bond	14.250	02/15/02	22	23
State & Local Government Series	5.930	05/01/02	679	679
U.S. Treasury Strip-Int.	0.000	05/15/02	37	38
U.S. Treasury Strip-Int.	0.000	05/15/02	23	26
U.S. Treasury Strip-Int.	0.000	05/15/02	13	15
U.S. Treasury Strip-Int.	0.000	05/15/02	7	8
U.S. Treasury Strip-Int.	0.000	05/15/02	27	31
U.S. Treasury Strip-Int.	0.000	05/15/02	6	7
U.S. Treasury Strip-Int.	0.000	05/15/02	3	4
U.S. Treasury Strip-Int.	0.000	05/15/02	8	9
U.S. Treasury Strip-Int.	0.000	05/15/02	3	3
U.S. Treasury Strip-Int.	0.000	05/15/02	24	27
U.S. Treasury Strip-Int.	0.000	05/15/02	11	12
U.S. Treasury Strip-Int.	0.000	05/15/02	4	4
U.S. Treasury Strip-Prin.	0.000	08/15/02	11	11
U.S. Treasury Strip-Int.	0.000	08/15/02	3	4
U.S. Treasury Strip-Int.	0.000	08/15/02	1	1
U.S. Treasury Strip-Int.	0.000	08/15/02	5	5
U.S. Treasury Strip-Int.	0.000	08/15/02	13	14
U.S. Treasury Strip-Int.	0.000	08/15/02	16	18
State & Local Government Series	0.000	10/01/02	64	64
State & Local Government Series	5.970	11/01/02	9	9
U.S. Treasury Strip-Int.	0.000	11/15/02	269	309
U.S. Treasury Strip-Int.	0.000	11/15/02	5	5
U.S. Treasury Strip-Int.	0.000	11/15/02	2	3
U.S. Treasury Strip-Int.	0.000	11/15/02	3	3
U.S. Treasury Strip-Int.	0.000	11/15/02	1	1

Consolidated Fund
West Virginia Investment Management Board

Investments in Securities (continued)

(Dollars in Thousands)

Security Name	Interest Rate	Maturity Date	Amortized Cost	Fair Value
U.S. Treasury Strip-Int.	0.000	11/15/02	1	1
U.S. Treasury Strip-Int.	0.000	11/15/02	107	108
U.S. Treasury Strip-Prin.	0.000	02/15/03	7	7
U.S. Treasury Strip-Int.	0.000	02/15/03	28	35
U.S. Treasury Strip-Int.	0.000	02/15/03	8	8
U.S. Treasury Strip-Int.	0.000	02/15/03	9	10
U.S. Treasury Strip-Int.	0.000	02/15/03	679	784
U.S. Treasury Note	6.250	02/15/03	16	16
U.S. Treasury Bond	10.750	02/15/03	155	194
State & Local Government Series	6.010	05/01/03	719	719
U.S. Treasury Strip-Int.	0.000	05/15/03	21	24
U.S. Treasury Strip-Int.	0.000	05/15/03	34	36
U.S. Treasury Strip-Int.	0.000	05/15/03	21	24
U.S. Treasury Strip-Int.	0.000	05/15/03	5	5
U.S. Treasury Strip-Int.	0.000	05/15/03	8	9
U.S. Treasury Strip-Int.	0.000	05/15/03	2	2
U.S. Treasury Strip-Int.	0.000	05/15/03	21	25
U.S. Treasury Strip-Int.	0.000	05/15/03	11	12
U.S. Treasury Strip-Int.	0.000	05/15/03	2	2
U.S. Treasury Bond	10.750	05/15/03	7	7
U.S. Treasury Strip-Prin.	0.000	08/15/03	202	203
U.S. Treasury Strip-Int.	0.000	08/15/03	2	2
U.S. Treasury Strip-Int.	0.000	08/15/03	1	1
U.S. Treasury Strip-Int.	0.000	08/15/03	15	17
State & Local Government Series	0.000	10/01/03	31	31
U.S. Treasury Strip-Int.	0.000	11/15/03	2	3
U.S. Treasury Strip-Int.	0.000	11/15/03	4	5
U.S. Treasury Strip-Int.	0.000	11/15/03	569	667
U.S. Treasury Strip-Int.	0.000	11/15/03	1	1
U.S. Treasury Strip-Int.	0.000	11/15/03	101	102
U.S. Treasury Bond	11.875	11/15/03	6	6
U.S. Treasury Strip-Int.	0.000	02/15/04	27	35
U.S. Treasury Strip-Int.	0.000	02/15/04	8	8
U.S. Treasury Strip-Int.	0.000	02/15/04	6	7
U.S. Treasury Strip-Int.	0.000	02/15/04	597	701
U.S. Treasury Note	5.875	02/15/04	15	15
U.S. Treasury Strip-Int.	0.000	05/15/04	10	12
U.S. Treasury Strip-Int.	0.000	05/15/04	32	34
U.S. Treasury Strip-Int.	0.000	05/15/04	21	24
U.S. Treasury Strip-Int.	0.000	05/15/04	8	10
U.S. Treasury Strip-Int.	0.000	05/15/04	10	12

Consolidated Fund
West Virginia Investment Management Board

Investments in Securities (continued)

(Dollars in Thousands)

Security Name	Interest Rate	Maturity Date	Amortized Cost	Fair Value
U.S. Treasury Bond	12.375	05/15/04	6	7
U.S. Treasury Bond	12.375	05/15/04	7	8
U.S. Treasury Strip-Int.	0.000	08/15/04	1	1
U.S. Treasury Strip-Int.	0.000	08/15/04	14	16
U.S. Treasury Strip-Int.	0.000	11/15/04	498	598
U.S. Treasury Strip-Int.	0.000	11/15/04	3	3
U.S. Treasury Strip-Int.	0.000	11/15/04	2	2
U.S. Treasury Strip-Int.	0.000	11/15/04	1	1
U.S. Treasury Bond	11.625	11/15/04	7	8
U.S. Treasury Strip-Int.	0.000	02/15/05	23	34
U.S. Treasury Strip-Int.	0.000	02/15/05	7	7
U.S. Treasury Strip-Int.	0.000	02/15/05	8	9
U.S. Treasury Strip-Int.	0.000	05/15/05	32	33
U.S. Treasury Strip-Int.	0.000	05/15/05	18	22
U.S. Treasury Strip-Int.	0.000	05/15/05	11	12
U.S. Treasury Strip-Prin.	0.000	08/15/05	9	9
U.S. Treasury Strip-Int.	0.000	08/15/05	1	1
U.S. Treasury Strip-Int.	0.000	08/15/05	13	15
U.S. Treasury Strip-Int.	0.000	11/15/05	2	2
U.S. Treasury Strip-Int.	0.000	11/15/05	1	1
U.S. Treasury Strip-Int.	0.000	11/15/05	2	3
U.S. Treasury Strip-Int.	0.000	11/15/05	-	1
U.S. Treasury Strip-Int.	0.000	02/15/06	8	7
U.S. Treasury Strip-Int.	0.000	02/15/06	5	6
U.S. Treasury Strip-Int.	0.000	05/15/06	-	1
U.S. Treasury Strip-Int.	0.000	05/15/06	16	20
U.S. Treasury Strip-Int.	0.000	05/15/06	29	31
U.S. Treasury Strip-Int.	0.000	05/15/06	10	12
U.S. Treasury Strip-Int.	0.000	08/15/06	12	14
U.S. Treasury Strip-Int.	0.000	11/15/06	2	2
U.S. Treasury Strip-Int.	0.000	11/15/06	3	3
U.S. Treasury Strip-Int.	0.000	02/15/07	7	8
U.S. Treasury Strip-Int.	0.000	05/15/07	28	30
U.S. Treasury Strip-Int.	0.000	08/15/07	11	13
U.S. Treasury Strip-Int.	0.000	11/15/07	-	1
U.S. Treasury Strip-Int.	0.000	11/15/07	3	3
U.S. Treasury Strip-Int.	0.000	02/15/08	4	5
U.S. Treasury Strip-Int.	0.000	05/15/08	26	29
U.S. Treasury Strip-Int.	0.000	08/15/08	10	12
U.S. Treasury Strip-Int.	0.000	11/15/08	2	3
U.S. Treasury Strip-Int.	0.000	02/15/09	4	5

Consolidated Fund
West Virginia Investment Management Board

Investments in Securities (continued)

(Dollars in Thousands)

Security Name	Interest Rate	Maturity Date	Amortized Cost	Fair Value
U.S. Treasury Strip-Int.	0.000	08/15/09	11	13
U.S. Treasury Strip-Int.	0.000	02/15/10	3	4
U.S. Treasury Strip-Int.	0.000	08/15/10	8	10
U.S. Treasury Strip-Int.	0.000	02/15/11	3	4
U.S. Treasury Strip-Int.	0.000	08/15/11	9	11
U.S. Treasury Strip-Int.	0.000	02/15/12	3	4
U.S. Treasury Strip-Int.	0.000	08/15/12	7	9
U.S. Treasury Strip-Int.	0.000	02/15/13	3	3
U.S. Treasury Strip-Int.	0.000	08/15/13	8	10
U.S. Treasury Strip-Int.	0.000	02/15/14	2	3
U.S. Treasury Strip-Int.	0.000	08/15/14	7	9
U.S. Treasury Strip-Int.	0.000	02/15/15	1	1
U.S. Treasury Strip-Int.	0.000	08/15/15	7	9
U.S. Treasury Strip-Int.	0.000	02/15/16	1	1
U.S. Treasury Strip-Int.	0.000	08/15/16	7	9
U.S. Treasury Strip-Int.	0.000	02/15/17	1	1
U.S. Treasury Strip-Int.	0.000	08/15/17	6	7
U.S. Treasury Strip-Int.	0.000	02/15/18	1	1
U.S. Treasury Strip-Int.	0.000	08/15/18	6	8
U.S. Treasury Strip-Int.	0.000	02/15/19	1	1
U.S. Treasury Strip-Int.	0.000	08/15/19	6	8
Total U.S. Treasury Issues			65,306	66,452
 <i>U.S. Government Agency Issues</i>				
Resolution Funding Corp.	0.000	10/15/99	157	150
Resolution Funding Corp.	0.000	04/15/00	629	596
Resolution Funding Corp.	0.000	10/15/00	134	126
Resolution Funding Corp.	0.000	04/15/01	626	583
Resolution Funding Corp.	0.000	10/15/01	111	103
Resolution Funding Corp.	0.000	04/15/02	622	572
Resolution Funding Corp.	0.000	10/15/02	87	80
Resolution Funding Corp.	0.000	04/15/03	611	557
Resolution Funding Corp.	0.000	10/15/03	64	59
Resolution Funding Corp.	0.000	04/15/04	604	547
Resolution Funding Corp.	0.000	10/15/04	42	38
Resolution Funding Corp.	0.000	04/15/05	601	532
Resolution Funding Corp.	0.000	10/15/05	20	17
Resolution Funding Corp.	0.000	04/15/06	595	525
Total U.S. Government Agency Issues			4,903	4,485

Consolidated Fund
West Virginia Investment Management Board

Investments in Securities (continued)

(Dollars in Thousands)

Security Name	Interest Rate	Maturity Date	Amortized Cost	Fair Value
<i>Short-term Issues</i>				
U.S. Treasury Bill	0.000	08/28/97	2,006	2,007
U.S. Treasury Bill	0.000	08/28/97	1,723	1,727
U.S. Treasury Bill	0.000	09/25/97	335	335
U.S. Treasury Bill	0.000	05/28/98	1,899	1,899
U.S. Treasury Bill	0.000	11/27/98	1,899	1,899
U.S. Treasury Bill	0.000	05/27/99	1,900	1,900
U.S. Treasury Bill	0.000	11/26/99	1,899	1,899
U.S. Treasury Bill	0.000	06/01/00	1,899	1,899
U.S. Treasury Bill	0.000	11/30/00	1,899	1,899
U.S. Treasury Bill	0.000	05/31/01	1,899	1,899
U.S. Treasury Bill	0.000	11/29/01	1,899	1,899
U.S. Treasury Bill	0.000	12/03/01	1,899	1,899
Total Short-term Issues			21,156	21,161
TOTAL MUNICIPAL BOND COMMISSION			\$ 91,365	\$ 92,098
 <i>LOTTERY DEFEASANCE</i>				
<i>U.S. Treasury Issues</i>				
Coupon Treasury Receipt	0.000	08/15/97	\$ 129	\$ 129
U.S. Treasury Coupon Under Book	0.000	08/15/97	262	264
U.S. Treasury Strip-Int.	0.000	08/15/97	40	41
U.S. Treasury Strip-Int.	0.000	11/15/97	376	381
U.S. Treasury Strip-Int.	0.000	02/15/98	400	410
U.S. Treasury Coupon Under Book	0.000	05/15/98	160	166
Coupon Treasury Receipt	0.000	08/15/98	119	122
U.S. Treasury Strip-Int.	0.000	08/15/98	275	288
U.S. Treasury Strip-Int.	0.000	11/15/98	342	359
Coupon Treasury Receipt	0.000	02/15/99	308	328
U.S. Treasury Strip-Int.	0.000	02/15/99	54	57
Coupon Treasury Receipt	0.000	05/15/99	145	156
Treasury Investment Growth	0.000	08/15/99	110	114
U.S. Treasury Coupon Under Book	0.000	08/15/99	226	245
U.S. Treasury Strip-Int.	0.000	08/15/99	22	24
U.S. Treasury Coupon Under Book	0.000	11/15/99	291	314
U.S. Treasury Strip-Int.	0.000	11/15/99	20	22
Coupon Treasury Receipt	0.000	02/15/00	278	308
U.S. Treasury Strip-Int.	0.000	02/15/00	50	54

Consolidated Fund
West Virginia Investment Management Board

Investments in Securities (continued)

(Dollars in Thousands)

Security Name	Interest Rate	Maturity Date	Amortized Cost	Fair Value
U.S. Treasury Coupon Under Book	0.000	05/15/00	131	146
Treasury Investment Growth	0.000	08/15/00	101	107
U.S. Treasury Strip-Int.	0.000	08/15/00	225	253
U.S. Treasury Coupon Under Book	0.000	11/15/00	158	179
U.S. Treasury Strip-Int.	0.000	11/15/00	125	136
U.S. Treasury Strip-Int.	0.000	02/15/01	297	339
U.S. Treasury Strip-Int.	0.000	05/15/01	119	137
Coupon Treasury Receipt	0.000	08/15/01	93	100
U.S. Treasury Strip-Int.	0.000	08/15/01	204	237
Principal Treasury Receipt	0.000	11/15/01	68	68
U.S. Treasury Strip-Int.	0.000	11/15/01	189	220
U.S. Treasury Strip-Int.	0.000	02/15/02	269	318
U.S. Treasury Strip-Int.	0.000	05/15/02	107	129
Certificate Accrual Treasury	0.000	08/15/02	86	94
U.S. Treasury Strip-Int.	0.000	08/15/02	185	222
Principal Treasury Receipt	0.000	11/15/02	129	129
U.S. Treasury Strip-Int.	0.000	11/15/02	105	119
U.S. Treasury Strip-Int.	0.000	02/15/03	243	298
U.S. Treasury Strip-Int.	0.000	05/15/03	97	121
Principal Treasury Receipt	0.000	08/15/03	80	80
U.S. Treasury Strip-Int.	0.000	08/15/03	167	208
Certificate Accrual Treasury	0.000	11/15/03	81	94
U.S. Treasury Strip-Int.	0.000	11/15/03	131	165
U.S. Treasury Strip-Int.	0.000	02/15/04	221	278
U.S. Treasury Strip-Int.	0.000	05/15/04	88	112
Certificate Accrual Treasury	0.000	08/15/04	7	9
Treasury Investment Growth	0.000	08/15/04	73	82
U.S. Treasury Strip-Int.	0.000	08/15/04	144	185
U.S. Treasury Coupon Under Book	0.000	11/15/04	105	136
U.S. Treasury Strip-Int.	0.000	11/15/04	88	104
U.S. Treasury Strip-Int.	0.000	02/15/05	200	260
U.S. Treasury Coupon Under Book	0.000	05/15/05	79	103
Coupon Treasury Receipt	0.000	08/15/05	68	76
U.S. Treasury Strip-Int.	0.000	08/15/05	137	181
U.S. Treasury Strip-Int.	0.000	11/15/05	128	168
U.S. Treasury Strip-Int.	0.000	02/15/06	40	51
Principal Treasury Receipt	0.000	05/15/06	40	40
U.S. Treasury Coupon Under Book	0.000	05/15/06	45	60
Treasury Investment Growth	0.000	08/15/06	63	71
U.S. Treasury Strip-Int.	0.000	08/15/06	12	15
U.S. Treasury Strip-Int.	0.000	11/15/06	74	90

Consolidated Fund
West Virginia Investment Management Board

Investments in Securities (continued)

(Dollars in Thousands)

Security Name	Interest Rate	Maturity Date	Amortized Cost	Fair Value
U.S. Treasury Strip-Int.	0.000	02/15/07	26	33
Treasury Investment Growth	0.000	08/15/07	58	67
U.S. Treasury Strip-Int.	0.000	08/15/07	11	14
U.S. Treasury Strip-Int.	0.000	11/15/07	10	13
Coupon Treasury Receipt	0.000	08/15/08	54	62
Total U.S. Treasury Issues			8,768	9,891
TOTAL LOTTERY DEFEASANCE			\$ 8,768	\$ 9,891
 SCHOOL FUND				
<i>U.S. Treasury Issues</i>				
U.S. Treasury Note	8.625	08/15/97	\$ 200	\$ 201
U.S. Treasury Bond	8.250	05/15/05	223	226
Total U.S. Treasury Issues			423	427
<i>Short-term Issues</i>				
Nomura Repurchase Agreement	6.150	07/01/97	1,040	1,040
Total Short-term Issues			1,040	1,040
TOTAL SCHOOL FUND			\$ 1,463	\$ 1,467
 EDA INSURANCE				
<i>U.S. Treasury Issues</i>				
U.S. Treasury Bill	0.000	12/18/97	\$ 449	\$ 449
Total U.S. Treasury Issues			449	449
TOTAL EDA INSURANCE			\$ 449	\$ 449

See notes to financial statements.

Consolidated Fund
West Virginia Investment Management Board

Statement of Operations

For the Year Ended June 30, 1997
(Dollars in Thousands)

	<u>Cash Liquidity Pool</u>	<u>Government Money Market Pool</u>	<u>Enhanced Yield Pool</u>	<u>Municipal Bond Restricted Pool</u>
Investment income				
Interest income	\$29,969	\$7,667	\$ 9,314	\$6,776
Net accretion (amortization)	7,546	(442)	1,799	(512)
	<u>37,515</u>	<u>7,225</u>	<u>11,113</u>	<u>6,264</u>
Expenses				
Investment advisor fees	48	13	18	9
Custodian bank fees	11	2	3	2
Total expenses	<u>59</u>	<u>15</u>	<u>21</u>	<u>11</u>
Investment income, net	<u>37,456</u>	<u>7,210</u>	<u>11,092</u>	<u>6,253</u>
Realized and unrealized gains on investment securities				
Net realized gains on investments	60	12	57	-
Change in unrealized appreciation of investments	-	-	604	-
Net gains on investments	<u>60</u>	<u>12</u>	<u>661</u>	<u>-</u>
Net increase in net assets from operations	<u>\$37,516</u>	<u>\$7,222</u>	<u>\$11,753</u>	<u>\$6,253</u>

See notes to financial statements.

<u>Loss Amortization Pool</u>	<u>Loan Pool</u>	<u>Municipal Bond Commission</u>	<u>Lottery Defeasance</u>	<u>School Fund</u>	<u>EDA Insurance</u>	<u>Totals (Memorandum Only)</u>
\$ -	\$10,081	\$1,639	\$ -	\$84	\$ -	\$65,530
5,065	-	2,268	859	-	23	16,606
<u>5,065</u>	<u>10,081</u>	<u>3,907</u>	<u>859</u>	<u>84</u>	<u>23</u>	<u>82,136</u>
-	-	-	-	-	-	88
-	-	-	-	-	-	18
-	-	-	-	-	-	106
<u>5,065</u>	<u>10,081</u>	<u>3,907</u>	<u>859</u>	<u>84</u>	<u>23</u>	<u>82,030</u>
-	17	-	-	-	-	146
<u>1,807</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,411</u>
<u>1,807</u>	<u>17</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,557</u>
<u>\$6,872</u>	<u>\$10,098</u>	<u>\$3,907</u>	<u>\$859</u>	<u>\$84</u>	<u>\$23</u>	<u>\$84,587</u>

**Consolidated Fund
West Virginia Investment Management Board**

Statement of Changes in Net Assets

For the Year Ended June 30, 1997
(Dollars in Thousands, except for unit transactions)

	Cash Liquidity Pool	Government Money Market Pool	Enhanced Yield Pool	Municipal Bond Restricted Pool
Operations				
Investment income - net	\$ 37,456	\$ 7,210	\$ 11,092	\$ 6,253
Net realized gain on investments	60	12	57	-
Change in unrealized net appreciation of investments	-	-	604	-
Net increase in net assets from operations	37,516	7,222	11,753	6,253
Distributions to participants from				
Investment income, net	(37,456)	(7,210)	(9,947)	(6,253)
Net realized gains on investments	(60)	(12)	(42)	-
Fund unit transactions				
Proceeds from sales of units	3,265,922	119,262	108,488	119,265
Reinvestment of distributions	37,517	7,222	10,562	6,253
	<u>3,303,439</u>	<u>126,484</u>	<u>119,050</u>	<u>125,518</u>
Amount paid for repurchase of units	3,453,734	107,223	10,484	129,781
Net increase (decrease) in net assets from fund unit transactions	(150,295)	19,261	108,566	(4,263)
Contributions				
	-	-	-	-
Withdrawals				
	-	-	-	-
Increase (decrease) in net asset value	(150,295)	19,261	110,330	(4,263)
Net assets, beginning of year	759,569	115,496	120,893	102,228
Net assets, end of year	\$ 609,274	\$134,757	\$231,223	\$ 97,965
Fund unit transactions				
Units sold	3,265,922,509	119,261,849	1,083,333.978	119,264,752
Units issued from reinvestment of distributions	37,517,234	7,222,338	105,110.156	6,253,456
	<u>3,303,439,743</u>	<u>126,484,187</u>	<u>1,188,444.134</u>	<u>125,518,208</u>
Units repurchased	3,453,733,517	107,222,719	104,996.824	129,781,520
Net increase (decrease) in fund units	<u>(150,293,774)</u>	<u>19,261,468</u>	<u>1,083,447.310</u>	<u>(4,263,312)</u>

See notes to financial statements.

<u>Loss Amortization Pool</u>	<u>Loan Pool</u>	<u>Municipal Bond Commission</u>	<u>Lottery Defeasance</u>	<u>School Fund</u>	<u>EDA Insurance</u>	<u>Totals (Memorandum Only)</u>
\$ 5,065	\$ 10,081	\$ 3,907	\$ 859	\$ 84	\$ 23	\$ 82,030
-	17	-	-	-	-	146
<u>1,807</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,411</u>
6,872	10,098	3,907	859	84	23	84,587
-	(10,081)	-	-	-	-	(70,947)
-	(17)	-	-	-	-	(131)
-	1,264	-	-	-	-	3,614,201
-	10,098	-	-	-	-	71,652
<u>-</u>	<u>11,362</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,685,853</u>
<u>-</u>	<u>9,915</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,711,137</u>
-	1,447	-	-	-	-	(25,284)
-	-	49,218	-	425	449	50,092
-	-	(27,199)	(1,426)	(434)	(472)	(29,531)
<u>6,872</u>	<u>1,447</u>	<u>25,926</u>	<u>(567)</u>	<u>75</u>	<u>-</u>	<u>8,786</u>
<u>69,914</u>	<u>166,574</u>	<u>49,368</u>	<u>9,335</u>	<u>1,397</u>	<u>449</u>	<u>1,395,223</u>
<u>\$76,786</u>	<u>\$168,021</u>	<u>\$75,294</u>	<u>\$8,768</u>	<u>\$1,472</u>	<u>\$449</u>	<u>\$1,404,009</u>
-	1,264,054					
<u>-</u>	<u>10,098,396</u>					
-	11,362,450					
<u>-</u>	<u>(9,914,700)</u>					
<u>-</u>	<u>1,447,750</u>					

Consolidated Fund
West Virginia Investment Management Board

Notes to Financial Statements

June 30, 1997
(Dollars in Thousands)

Note 1. Description of the Entity

The accompanying financial statements include the investment balances and transactions of the individual investment pools (the Pools) of the Consolidated Fund under the management of the West Virginia Investment Management Board (the WVIMB), successor entity to the West Virginia Trust Fund, Inc. (the Trust Fund). During the 1997 Legislative Session, the West Virginia State Legislature passed and signed into law on April 25, 1997, Senate Bill 563 creating the WVIMB. The legislation directed the transfer of the investment responsibilities of the West Virginia State Board of Investments and all functions of the Trust Fund to the WVIMB.

These financial statements include only the investment balances and transactions of the Pools comprising the Consolidated Fund under the management of the WVIMB.

A brief description of the Pools within the Fund follows:

Cash Liquidity Pool - The 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. Its purpose is to provide for the investment of all surplus funds and supply the daily cash needs of the State. The pool is limited to securities with remaining maturities of not greater than 397 days and the dollar weighted-average-maturity of the securities in the portfolio may not exceed 90 days.

Government Money Market Pool - This investment pool includes funds of participants who may only invest in U.S. Government Obligations, select U.S. Government Agency Obligations, or repurchase agreements. The pool is limited to securities with remaining maturities of 397 days or less and the dollar weighted-average-maturity of the securities in the portfolio may not exceed 90 days.

Enhanced Yield Pool - This pool consists of the operating funds of the State which the Board's staff have determined are not immediately needed to fund the State's liquidity requirements. The pool is limited to securities with remaining maturities of not greater than five years and the dollar weighted-average-maturity of the securities in the portfolio may not exceed two years.

Municipal Bond Restricted Pool - The only participant in this pool is the Municipal Bond Commission whose funds shall only be invested in U.S. Government Obligations, select U.S. Government Agency Obligations, or repurchase agreements. The pool is limited to securities with remaining maturities of five years or less and the dollar weighted-average-maturity of the securities may not exceed two years.

Loss Amortization Pool - 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

Consolidated Fund
West Virginia Investment Management Board

Notes to Financial Statements (continued)

(Dollars in Thousands)

the distributions of earnings to participants in various investment pools in excess of the true investment income experience of the pools, principally in 1987 and 1988.

Loan Pool - This pool is comprised of loans made by the State.

The remaining portfolios are maintained for individual State agencies with specific investment needs. Each agency has a 100% ownership of the underlying investments in its portfolio.

The Cash Liquidity Pool, Government Money Market Pool, Enhanced Yield Pool, and Municipal Bond Restricted Pool each have their own investment advisor(s) who makes investment decisions within the parameters provided in the administrative regulations of the WVIMB. All investment decisions are then executed by the WVIMB.

Note 2. Significant Accounting Policies

Basis of Accounting

The WVIMB is the investment vehicle of the State and its component units, all of which are government entities. The WVIMB carries its investments at cost, adjusted for amortization of premiums and the accretion of discounts except for the Enhanced Yield Pool which is stated at fair value. Commissions on the purchases of securities are generally an unidentified component of the security price quoted by the seller and are included in the investment cost.

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 Transactions

Investment transactions are accounted for on a trade date basis. Repurchase agreements primarily consist of overnight investments and are 102% collateralized. The collateral primarily consists of U.S. government and U.S. government agencies securities and the WVIMB normally takes possession through a contract with a third-party custodian.

Investment Gains and Losses

Gains and losses on the sales of investment securities are recognized at the time of sale by the average cost method.

Interest Income

Interest income is recognized as earned on the accrual method.

Consolidated Fund
West Virginia Investment Management Board

Notes to Financial Statements (continued)

(Dollars in Thousands)

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 continuous 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.

Expenses

Expenses incurred by the WVIMB that are directly attributable to a specific investment pool are charged to that pool. Expenses incurred by the WVIMB that are not directly attributable to a specific investment pool are paid directly by the WVIMB and are allocated to the Pools based upon the percentage of the assets of the specific pool to the total assets of all pools.

Distributions to Participants

The net investment income of the Cash Liquidity Pool, the Government Money Market Pool, and Municipal Bond Restricted Pool is declared as a dividend and distributed daily to the participants based upon their pro rata participation in the pool. 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 monthly net investment income of the Enhanced Yield Pool is declared as a dividend and distributed to the participants of the Pool on the first day of the following 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. Prior to May 1997, dividends were declared on the last day of the month.

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

The net investment income of all other pools is determined monthly and distributed to the participants on the last day of the month. For these pools, the distributions of the net investment income and net realized gains are credited to the participants' accounts 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.

Income Taxes

Under provisions of the Internal Revenue Code and the West Virginia Code, the Pools are not subject to federal or state income tax.

Consolidated Fund
West Virginia Investment Management Board

Notes to Financial Statements (continued)

(Dollars in Thousands)

Note 3. Loans

Nonperforming Loans

In accordance with the WVIMB's rules and regulations, the following loans that are delinquent by sixty days or more have been placed in nonaccrual status:

	Principal Balance
Cleo Triggs	\$ 29
Veronica Bowles	26
Robinson Development	185
Total	\$240

Effective October 1, 1995, the Fife Street Apartments loans was restructured into two loans. These new loans carry the same interest rate as the restructured loan but the payment terms have changed. Management has reservations regarding the ultimate collectibility of the restructured loans. The allowance for loan losses on these specific loans has been determined based on their discounted cash flows. Income from these loans will be recognized on a cash basis after the principal has been fully collected. Included in the statement of assets and liabilities is the following information related to these loans.

Recorded investment	\$1,061
Allowance for loan losses	(590)
Net carrying value	\$ 471

Note 4. 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 WVIMB or its agent in the WVIMB'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 WVIMB's name.

Category 3 includes uninsured and unregistered investments held by the counterparty's trust department or agent but not in the WVIMB's name.

Consolidated Fund
West Virginia Investment Management Board

Notes to Financial Statements (continued)

(Dollars in Thousands)

Investments at June 30, 1997, 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			Carrying Value	Market Value
	1	2	3		
U.S. government and agencies obligations	\$ 768,765	\$ -	\$ -	\$ 768,765	\$ 770,584
Corporate bonds	74,180	-	-	74,180	74,180
Commercial paper	91,232	-	-	91,232	91,232
Repurchase agreements	323,907	-	-	323,907	323,907
Certificates of deposit	653	-	-	653	653
Total categorized	\$1,258,737	\$ -	\$ -	1,258,737	1,260,556
Uncategorized:					
WVEDA loans				123,730	123,730
WVHDF loans				9,195	9,195
FHA/VA loans				12,480	12,480
Other mortgage loans				2,441	2,441
Tax reappraisal loan				2,355	2,355
State building commission loan				4,892	4,892
Allowance for loan losses				(2,631)	(2,631)
Total uncategorized				152,462	152,462
Total investments				\$1,411,199	\$1,413,018

West Virginia Investment Management Board

Audited Financial Statements

June 30, 1997

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Report of Independent Auditors

Board of Trustees
West Virginia Investment Management Board

We have audited the accompanying statement of financial position of the West Virginia Investment Management Board (the WVIMB) as of June 30, 1997 and the related statements of revenues, expenses, and fund equity and cash flows for the period from April 25, 1997 through June 30, 1997. 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 generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our 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 WVIMB as of June 30, 1997, and the changes in its net assets and its cash flows for the period from April 25, 1997 through June 30, 1997, in conformity with generally accepted accounting principles.

Ernst + Young LLP

October 17, 1997

West Virginia Investment Management Board

Statement of Financial Position

June 30, 1997

Assets

Current assets:

Cash and cash equivalents	\$2,210,651
Administrative fees receivable	545,821
Prepaid expenses	22,120
Dividends receivable	7,585

Total current assets 2,786,177

Computer equipment	865,568
Less accumulated depreciation	(52,898)

Equipment, net 812,670

Other assets	1,571
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Total assets \$3,600,418

Liabilities and fund equity

Current liabilities:

Accounts payable and accrued expenses	\$ 802,872
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Fund equity:

Contributed capital	2,400,794
Retained earnings	396,752

Total fund equity 2,797,546

Total liabilities and fund equity \$3,600,418

See notes to financial statements.

West Virginia Investment Management Board

Statement of Revenues, Expenses, and Changes in Fund Equity

For the Period April 25, 1997 to June 30, 1997

Revenues:	
Investment service fees	\$1,165,787
Dividend income	16,683
Total revenues	<u>1,182,470</u>
Expenses:	
Advisor fees	(470,994)
Custodian fees	(45,028)
Trustee fees	(9,187)
Fiduciary bond expense	(28,397)
Professional service fees	(44,849)
Administrative expenses	(238,522)
Total expenses	<u>(836,977)</u>
Revenues in excess of expenses	345,493
Add depreciation on fixed assets acquired through contributions of predecessor organizations that reduces contributed capital	<u>51,259</u>
Increase in retained earnings and end of period balance	396,752
Contributed capital at beginning of period	
	-
Capital contributed by West Virginia Trust Fund, Inc.	2,032,108
Capital contributed by West Virginia State Board of Investments	419,945
Less depreciation on fixed assets acquired through contributions of predecessor organizations that increase retained earnings	(51,259)
Contributed capital at end of period	<u>2,400,794</u>
Fund equity at end of period	<u><u>\$2,797,546</u></u>

See notes to financial statements.

West Virginia Investment Management Board

Statement of Cash Flows

For the Period April 25, 1997 to June 30, 1997

Cash flows from operating activities	
Revenues in excess of expenses	\$ 345,493
Adjustments to reconcile revenues in excess of expenses to net cash provided by operating activities:	
Depreciation	52,898
Increase in administrative fees receivable	(168,069)
Decrease in prepaid expenses	10,332
Increase in dividends receivable	(1,226)
Decrease in other assets	1,485
Increase in accounts payable and accrued expenses	518,653
Net cash provided by operating activities	<u>759,566</u>
Cash flows from capital activities	
Cash contributed by West Virginia Trust Fund, Inc.	1,507,464
Cash flows from investing activities	
Purchase of computer equipment	(56,379)
Net cash used in investing activities	<u>(56,379)</u>
Increase in cash and cash equivalents	2,210,651
Cash and cash equivalents at beginning of period	<u>—</u>
Cash and cash equivalents at end of period	<u><u>\$2,210,651</u></u>

See notes to financial statements.

West Virginia Investment Management Board

Notes to Financial Statements

June 30, 1997

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 serve as the Trustee for the Indenture Trust to hold certain public pension funds and the Workers' Compensation and Pneumoconiosis funds (collectively referred to as Pension Funds) and to provide prudent fiscal administration, investment, and management of the State's pension and operating funds formerly invested by the West Virginia Trust Fund, Inc. and the West Virginia State Board of Investments.

The WVIMB is governed by a board of trustees, consisting of thirteen members. The Governor, the State Auditor, and the State Treasurer or their designees are members of the board. 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.

Computer Equipment - Computer equipment is recorded at cost. Donated equipment is recorded at estimated fair value at date of donation. Depreciation is provided over the estimated useful lives of the assets using the straight-line method.

Revenues and Expenses - The WVIMB's Trustees adopted a budget and fee schedule for services to be provided. Revenues are derived from fees charged to the investment portfolios for direct investment related cost and management expenses. Revenues and expenses are recorded when earned or incurred in accordance with the accrual basis of accounting. The carrying value of administrative fees receivable approximates its fair value.

Income Taxes - The WVIMB is a public corporation organized under laws of the State of West Virginia and exempt from taxation under Internal Revenue Code §115. Accordingly, the financial statements have been prepared recognizing that the WVIMB is not subject to federal or state income taxes.

West Virginia Investment Management Board

Notes to Financial Statements (continued)

Note 3. Operating Leases

The WVIMB assumed the West Virginia Trust Fund's lease for permanent office space for an initial one year term from September 1, 1996 through August 31, 1997. Monthly rent expense under this lease is \$12,893. Rent expense for the period April 24, 1997 to June 30, 1997 totaled \$25,835.

On October 6, 1997, the WVIMB entered into a long-term lease for office space for a term of five years but is cancelable after the fourth year. The lease commences on December 1, 1997, and the monthly rent expense is approximately \$10,600.

Note 4. Employee Benefit Plan

The WVIMB provides a money purchase pension plan covering all of its employees. Contributions are 10% of each covered employees' compensation. Contributions for the period from April 25, 1997 to June 30, 1997 totaled \$8,683.