

*West Virginia*  
*Investment Management Board* \_\_\_\_\_

*Audit Financial Statements*  
*Consolidated Pension Fund*  
*Consolidated Fund*

*June 30, 1998*

# West Virginia Investment Management Board

## Audited Financial Statements

June 30, 1998

### *CONTENTS*

#### *Consolidated Pension Fund*

Independent Auditors' Report.....	1
Audited Financial Statements	
Statement of Assets and Liabilities.....	2
Investments in Securities .....	4
Statement of Operations.....	10
Statement of Changes in Net Assets .....	12
Notes to Financial Statements .....	14

#### *Consolidated Fund*

Independent Auditors' Report.....	17
Audited Financial Statements	
Statement of Assets and Liabilities.....	18
Investments in Securities .....	20
Statement of Operations.....	39
Statement of Changes in Net Assets .....	41
Notes to Financial Statements .....	43

Independent Auditors' Report

Board of Trustees  
West Virginia Investment Management Board:

We have audited the accompanying statement of assets and liabilities, including the schedule of investments in securities, of the individual investment pools comprising the Consolidated Pension Fund listed below, managed by the West Virginia Investment Management Board (the WVIMB), as of June 30, 1998, except for the Fixed Income Pool I and the EAFE Index Nonqualified Pool which liquidated on January 16, 1998, and June 1, 1998, respectively, and the related statements of operations and changes in net assets for each of the periods listed below:

*Short-Term Fixed Income Pool* - statements of operations and changes in net assets for the year ended June 30, 1998.

*Fixed Income Pool I* - statements of operations and changes in net assets for the period from July 1, 1997, to January 16, 1998 (date of liquidation).

*Fixed Income Pool II* - statements of operations and changes in net assets for the year ended June 30, 1998.

*S&P 500 Index Qualified Pool* - statements of operations and changes in net assets for the period from February 2, 1998 (commencement of operations), to June 30, 1998.

*S&P 500 Index Nonqualified Pool* - statements of operations and changes in net assets for the period from February 2, 1998 (commencement of operations), to June 30, 1998.

*EAFE Index Qualified Pool* - statements of operations and changes in net assets for the period from February 2, 1998 (commencement of operations), to June 30, 1998.

*EAFE Index Nonqualified Pool* - statements of operations and changes in net assets for the period from February 2, 1998 (commencement of operations), to June 1, 1998 (date of liquidation).

Board of Trustees  
West Virginia Investment Management Board  
Page 2

*Non-Large Cap Domestic Pool* - statements of operations and changes in net assets for the period from February 2, 1998 (commencement of operations), to June 30, 1998.

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 audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the individual investment pools comprising the Consolidated Pension Fund listed above, managed by the WVIMB, as of June 30, 1998, and the results of their operations and changes in their net assets for each of the periods listed above, in conformity with generally accepted accounting principles.

*KPMG Peat Marwick LLP*

Pittsburgh, Pennsylvania  
September 18, 1998

**THIS PAGE LEFT BLANK INTENTIONALLY**

**Consolidated Pension Fund**  
**West Virginia Investment Management Board**  
**Statement of Assets and Liabilities**

**June 30, 1998**

(Dollars in Thousands, Except Investment Unit Data)

	<b>Short-Term Fixed Income Pool</b>	<b>Fixed Income Pool II</b>
<b>Assets</b>		
Investment securities:		
At amortized cost	\$ 148,360	\$ 5,019,409
At fair value	\$ 148,725	\$ 5,058,937
Cash	-	5
Accrued interest	1,002	38,235
<b>Total assets</b>	149,727	5,097,177
<b>Liabilities</b>		
Accrued expenses	17	278
Payable for investments purchased	21,963	951,886
<b>Total liabilities</b>	21,980	952,164
<b>Net assets at value</b>	\$ 127,747	\$ 4,145,013
<b>Net assets</b>		
Paid-in capital	\$ 127,674	\$ 4,052,682
Accumulated undistributed net investment income	609	20,209
Accumulated undistributed net realized gain (loss)	(901)	32,594
Unrealized net appreciation (depreciation) of investments	365	39,528
<b>Net assets at value</b>	\$ 127,747	\$ 4,145,013
<b>Investment unit data:</b>		
Units outstanding	12,806,562	403,490,862
Net asset value, unit price	\$9.98	\$10.27

*See accompanying notes to financial statements.*

S&P 500 Index Qualified Pool	S&P 500 Index Nonqualified Pool	EAFE Index Qualified Pool	Non-Large Cap Domestic Pool
\$ 157,618	\$ 70,740	\$ 51,874	\$ 114,002
\$ 168,179	\$ 75,066	\$ 53,437	\$ 110,959
-	-	-	-
-	-	-	-
168,179	75,066	53,437	110,959
7	3	25	8
-	-	-	-
7	3	25	8
\$ 168,172	\$ 75,063	\$ 53,412	\$ 110,951
\$ 157,629	\$ 70,370	\$ 51,747	\$ 114,000
(18)	367	102	(6)
-	-	-	-
10,561	4,326	1,563	(3,043)
\$ 168,172	\$ 75,063	\$ 53,412	\$ 110,951
14,868,140	6,641,698	5,081,277	11,036,016
\$11.31	\$11.30	\$10.51	\$10.05

**Consolidated Pension Fund**  
**West Virginia Investment Management Board**  
**Investments in Securities**

**June 30, 1998**

(Dollars in Thousands, Except Share Data)

Security Name	Coupon	Maturity	Par Value or Shares	Amortized Cost	Fair Value
<i>Short-Term Fixed Income Pool</i>					
<i>U. S. Treasury Issues</i>					
U. S. Treasury Note	5.375	06/30/2000	\$ 38,750	\$ 38,679	\$ 38,677
U. S. Treasury Note	5.625	05/15/2001	4,750	4,759	4,767
Total U. S. Treasury Issues	29.2%		43,500	43,438	43,444
<i>U. S. Government Agency Issues</i>					
U. S. Government Agency Bonds					
FNMA Medium Term Note	5.530	03/23/2000	5,250	5,234	5,239
Total U. S. Government Agency Bonds			5,250	5,234	5,239
U. S. Government Agency Mortgage Backed Issues					
FHLMC Mortgage Pools	various	various	25,566	25,386	25,379
Total U. S. Government Agency Mortgage Backed Issues			25,566	25,386	25,379
Total U. S. Government Agency Issues	20.6%		30,816	30,620	30,618
<i>Corporate Issues</i>					
Corporate Bonds					
Merrill Lynch & Company Inc	6.375	06/14/1999	3,000	3,007	3,013
Countrywide Funding Corp	6.085	07/14/1999	1,000	1,004	1,002
Associate Corp of North America	6.750	10/15/1999	2,000	2,014	2,021
Chrysler Financial Corp	9.500	12/15/1999	2,000	2,094	2,096
Beneficial Corp	7.990	02/17/2000	1,940	1,976	2,001
International Lease Finance	6.160	03/01/2000	3,000	2,987	3,015
Associate Corp of North America	7.780	03/01/2000	3,000	3,078	3,096
Quebec Province Canada	9.125	03/01/2000	1,000	1,043	1,049
Heller Financial	5.625	03/15/2000	1,000	987	991
Norwest Financial Inc	7.250	03/15/2000	1,000	1,022	1,021
J P Morgan & Company	5.875	05/01/2000	4,000	3,992	4,016
Bell Atlantic Financial	6.250	06/01/2000	2,000	1,998	2,016
American General Finance Corp	9.625	07/15/2000	2,000	2,108	2,137
J C Penney & Company	6.375	09/15/2000	2,000	1,985	2,022
WMX Technologies Inc	6.250	10/15/2000	2,000	1,991	2,003
First Usa Bank	6.375	10/23/2000	1,590	1,591	1,606
Aristar Inc	6.125	12/01/2000	2,000	1,996	2,005
Comdisco Inc	5.750	02/15/2001	750	738	742
Merrill Lynch & Company Inc	6.520	02/15/2001	1,900	1,887	1,928
Countrywide Funding Corp	7.410	08/28/2001	1,000	1,022	1,034
USL Capital Corporation	8.750	12/01/2001	3,000	3,243	3,245
Total Corporate Bonds			41,180	41,763	42,059

A - Adjustable rate security

B - Perpetual security, no maturity date



<u>Security Name</u>	<u>Coupon</u>	<u>Maturity</u>	<u>Par Value or Shares</u>	<u>Amortized Cost</u>	<u>Fair Value</u>
<b>Corporate Asset Backed Issues</b>					
Standard Credit Card Master Trust I	8.350	01/07/2000	2,030	2,025	2,048
American Express Master Trust	5.375	07/15/2001	4,085	4,040	4,049
Discover Card Master Trust I	6.550	02/18/2003	4,000	4,049	4,058
Circuit City Credit Card Master Trust	6.375	08/15/2005	4,000	4,038	4,048
Sears Credit Acct Master Trust II	6.200	02/16/2006	4,000	4,024	4,038
Total Corporate Asset Backed Issues			18,115	18,176	18,241
Total Corporate Issues		40.5%	59,295	59,939	60,300
<b>Short-term Issues</b>					
Prudential Securities Repurchase Agreement	5.900	07/01/1998	14,363	14,363	14,363
Total Short-term Issues		9.7%	14,363	14,363	14,363
<b>Total Short-Term Fixed Income Pool</b>			<b>\$ 147,974</b>	<b>\$ 148,360</b>	<b>\$ 148,725</b>
<b>Fixed Income Pool II</b>					
<b>U. S. Treasury Issues</b>					
U. S. Treasury Note	5.875	08/15/1998	\$ 20,000	\$ 20,012	\$ 20,009
U. S. Treasury Note	6.000	09/30/1998	110,000	110,180	110,206
U. S. Treasury Note	5.625	10/31/1999	60,000	60,029	60,065
U. S. Treasury Strip - Prin	0.000	11/15/1999	15,000	13,964	13,920
U. S. Treasury Note	7.875	11/15/1999	11,750	12,145	12,110
U. S. Treasury Note	5.625	04/30/2000	100,000	100,114	100,187
U. S. Treasury Note	6.750	04/30/2000	37,000	37,917	37,780
U. S. Treasury Strip - Int	0.000	05/15/2001	10,000	8,595	8,556
U. S. Treasury Note	5.875	09/30/2002	100,000	100,546	101,250
U. S. Treasury Note	5.750	04/30/2003	308,000	309,471	311,031
U. S. Treasury Note	7.875	11/15/2004	9,600	10,337	10,782
U. S. Treasury Note	7.500	02/15/2005	70,000	77,600	77,481
U. S. Treasury Note	6.500	08/15/2005	19,000	19,598	20,051
U. S. Treasury Inflation Protection Note	3.375	01/15/2007	51,280	50,440	49,661
U. S. Treasury Inflation Protection Note	3.625	01/15/2008	50,289	49,961	49,708
U. S. Treasury Strip - Prin	0.000	11/15/2009	260,000	135,494	136,531
U. S. Treasury Strip - Prin	0.000	05/15/2017	50,000	16,644	17,075
U. S. Treasury Bond	8.125	08/15/2019	3,930	4,657	5,072
U. S. Treasury Bond	6.375	08/15/2027	136,000	149,233	149,344
U. S. Treasury Inflation Protection Note	3.625	04/15/2028	100,470	99,261	99,245
Total U. S. Treasury Issues		27.5%	1,522,319	1,386,198	1,390,064

**Consolidated Pension Fund**  
**West Virginia Investment Management Board**  
**Investments in Securities (continued)**

**June 30, 1998**

(Dollars in Thousands, Except Share Data)

Security Name	Coupon	Maturity	Par Value or Shares	Amortized Cost	Fair Value	
<i>U. S. Government Agency Issues</i>						
U. S. Government Agency Bonds						
Private Export Funding Corp	6.860	04/30/2004	600	600	616	
Government Loan Trust	8.500	04/01/2006	30,000	31,995	33,083	
Guaranteed Export Certificates	7.120	04/15/2006	18,903	19,390	19,804	
Resolution Funding Corp	8.125	10/15/2019	14,100	15,989	18,006	
Resolution Funding Corp	8.875	04/15/2030	18,000	24,421	25,827	
Total U. S. Government Agency Bonds			81,603	92,395	97,336	
U. S. Government Agency Mortgage Backed Issues						
FHLMC Mortgage Pools	various	various	285,270	287,442	288,847	
FNMA Mortgage Pools	various	various	794,686	796,745	798,884	
GNMA Mortgage Pools	various	various	256,623	262,479	262,451	
Total U. S. Government Agency Mortgage Backed Issues			1,336,579	1,346,666	1,350,182	
U. S. Government Agency CMOs						
Student Loan Marketing Assn	5.731A	04/25/2006	36,281	36,465	36,213	
Student Loan Marketing Assn	5.981A	10/26/2011	8,800	8,800	8,800	
FHLMC - CMO	7.000	01/25/2021	5,708	5,693	5,695	
Total U. S. Government Agency CMOs			50,789	50,958	50,708	
Total U. S. Government Agency Issues			29.6%	1,468,971	1,490,019	1,498,226
<i>Corporate Issues</i>						
U. S. Corporate Bonds						
AT&T Capital Corp	6.410	08/13/1999	20,000	20,114	20,075	
Heller Financial	6.350	08/15/1999	2,000	1,996	2,003	
Dean Witter Discovery & Co	6.063A	03/01/2000	15,150	15,164	15,206	
Public Service Electric & Gas	6.000	05/01/2000	15,000	14,943	14,990	
General Motors Acceptance Corp	9.625	05/15/2000	5,000	5,132	5,315	
Associates Corp North America	6.250	09/15/2000	20,000	20,195	20,106	
Associates Corp	6.450	09/15/2000	10,000	10,105	10,090	
Ford Motor Credit Co	6.375	10/06/2000	20,000	20,243	20,169	
GTE California Inc	5.625	02/01/2001	10,000	9,953	9,911	
Pennsylvania Power & Light Co	7.750	05/01/2002	5,000	5,215	5,278	
RJR Nabisco Inc	7.625	09/15/2003	15,000	14,346	14,914	
Levi Strauss & Co	6.800	11/01/2003	6,000	6,191	6,126	
AT&T Corp	6.750	04/01/2004	1,250	1,244	1,283	
RJR Nabisco Inc	8.250	07/01/2004	5,000	4,974	5,088	
RJR Nabisco Inc	8.750	08/15/2005	7,500	7,718	7,822	
Merrill Lynch & Co Inc	7.000	03/15/2006	15,000	15,725	15,710	
RJR Nabisco Inc	8.500	07/01/2007	2,000	1,987	2,077	
Consumers Energy Co	6.200	05/01/2008	20,000	19,760	20,009	

A - Adjustable rate security

B - Perpetual security, no maturity date

Security Name	Coupon	Maturity	Par Value or Shares	Amortized Cost	Fair Value
Time Warner Entertainment Co	8.875	10/01/2012	15,000	15,548	17,845
TCI Communications Inc	8.750	08/01/2015	25,000	29,206	30,098
J C Penney & Co	7.650	08/15/2016	10,000	10,946	11,017
Mirage Resorts Inc	7.250	08/01/2017	15,000	14,923	14,901
Union Planters Bank	6.500	03/15/2018	5,000	4,965	4,975
Lincoln National Corp	7.000	03/15/2018	7,500	7,483	7,695
Geico Corp	9.150	09/15/2021	15,000	16,625	16,772
Loews Corp	7.625	06/01/2023	15,000	14,569	15,249
GE Global Ins Holding Corp	7.000	02/15/2026	15,000	14,863	16,030
Swiss Bank Corp	7.750	09/01/2026	20,000	22,825	22,858
Coca-Cola Enterprises	6.950	11/15/2026	7,500	7,697	7,831
Quebec Province	8.625	12/01/2026	25,000	30,776	31,629
JP Morgan Capital Trust	7.540	01/15/2027	5,000	5,000	5,190
British Aerospace Finance Inc	7.500	07/01/2027	15,000	14,890	16,872
Ingersoll-Rand Co	6.443	11/15/2027	3,000	3,000	3,052
Sears Roebuck Acceptance	6.750	01/15/2028	7,500	7,420	7,496
News America Inc	7.125	04/08/2028	25,000	25,000	24,990
Ford Holdings Inc	9.300	03/01/2030	10,000	11,965	13,436
Pacific Bell	7.750	09/15/2032	10,000	9,968	10,781
Time Warner Entertainment Co	8.375	07/15/2033	15,000	16,382	17,733
U. S. West Communications Inc	6.875	09/15/2033	10,000	9,036	9,642
Norfolk Southern Corp	7.050	05/01/2037	15,000	16,121	15,928
News America Holdings Inc	7.750	12/01/2045	22,500	20,567	24,147
IBJ Preferred Capital Co LLC	8.790A	12/29/2049	30,000	30,436	27,394
SB Treasury Company LLC	9.400A	12/29/2049	20,000	20,461	19,877
Union Carbide Corp	7.750	10/01/2096	25,000	24,252	27,387
IBM Corp	7.125	12/01/2096	30,700	32,362	32,824
Chrysler Corp	7.450	02/01/2097	7,500	7,372	8,304
J C Penney & Co	7.625	03/01/2097	5,000	4,896	5,521
Archer-Daniels-Midland	6.950	12/15/2097	7,500	7,756	7,821
Abbey National PLC	6.700A	B	10,000	9,983	10,049
Total U. S. Corporate Bonds			642,600	662,298	681,516
Corporate Asset Backed Issues					
Capita Equipment Receivable	6.110	07/15/1999	25,516	25,574	25,560
Norwest Auto Receivable	5.900	03/15/2000	10,814	10,822	10,944
Nationsbank Auto Grantor Trust	6.375	07/15/2000	16,020	16,057	16,090
Discover Card Trust	6.750	02/16/2002	20,000	20,171	20,235
Fifth Third Bank Auto Trust	6.450	03/15/2002	8,388	8,431	8,433
Saks Master Trust	5.886A	03/20/2002	16,740	16,755	16,756
Chase Manhattan Grantor Trust	6.610	09/15/2002	13,862	14,001	13,974
World Omni Auto Receivable	6.250	11/15/2002	24,872	24,847	24,973
Honda Grantor Trust	5.850	02/15/2003	12,633	12,654	12,628
Navistar Financial Auto Trust	6.330	04/20/2003	17,290	17,381	17,418
Team Fleet Financing Corp	7.350	05/15/2003	20,000	20,028	20,719
Chemical Master Credit Card Trust	5.550	09/15/2003	20,000	19,418	19,897
Standard Credit Card Master Trust	8.250	11/07/2003	20,000	20,745	21,377
American Express Master Trust	6.800	12/15/2003	20,000	19,976	20,486

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

**Investments in Securities (continued)**

**June 30, 1998**

(Dollars in Thousands, Except Share Data)

Security Name	Coupon	Maturity	Par Value or Shares	Amortized Cost	Fair Value
World Financial Network	6.700	02/15/2004	41,000	41,107	41,944
Railcar Trust Notes	7.750	06/01/2004	14,829	15,246	15,635
Prime Credit Card Master Trust	6.700	07/15/2004	28,000	27,800	28,645
Dayton Hudson Master Trust	6.250	08/25/2005	30,000	30,519	30,437
Cal Infra Southern Cal Edison	6.280	09/25/2005	4,000	3,999	4,035
Sears Credit Account Master Trust	6.200	02/16/2006	20,000	19,665	20,188
Railcar Leasing LLC	6.750	07/15/2006	26,396	26,387	26,825
MBNA Master Credit Card Trust	6.550	01/15/2007	14,500	14,472	15,035
Cal Infra Southern Cal Edison	6.380	09/25/2008	10,000	9,996	10,119
First Plus Home Loan Trust	7.640	07/10/2022	5,250	5,249	5,624
Home Loan Trust RFC	7.490	07/25/2022	6,250	6,247	6,551
Residential Funding Mort Sec	6.810A	01/25/2024	17,620	17,508	17,598
CS First Boston Mtg Secs Corp	7.590	07/25/2026	20,000	19,994	20,841
CS First Boston Mtg Secs Corp	7.000	03/15/2027	14,000	13,972	14,312
<b>Total Corporate Asset Backed Issues</b>			<u>497,980</u>	<u>499,021</u>	<u>507,279</u>
<b>Corporate CMOs</b>					
Westpac Securitization Trust 1998-1G	5.805A	07/19/2029	35,000	35,000	34,979
<b>Total Corporate CMOs</b>			<u>35,000</u>	<u>35,000</u>	<u>34,979</u>
<b>Total Corporate Issues</b>	24.2%		1,175,580	1,196,319	1,223,774
<b>Short-term Issues</b>					
Merrill Lynch Repurchase Agreement	5.900	07/01/1998	215,135	215,135	215,135
Prudential Securities Repurchase Agreement	5.900	07/01/1998	200,637	200,637	200,637
Dean Witter Repurchase Agreement	5.800	07/01/1998	215,034	215,034	215,034
Lehman Brothers Repurchase Agreement	5.800	07/01/1998	166,972	166,972	166,972
Federal Home Loan Mort Corp Discount Note	0.000	08/05/1998	101,050	100,515	100,515
Federal National Mort Assn Discount Note	0.000	08/20/1998	48,950	48,580	48,580
<b>Total Short-term Issues</b>	18.7%		<u>947,778</u>	<u>946,873</u>	<u>946,873</u>
<b>Total Fixed Income Pool II</b>			<u>\$ 5,114,648</u>	<u>\$ 5,019,409</u>	<u>\$ 5,058,937</u>
<b>S&amp;P 500 Index Qualified</b>					
<b>Commingled Equity Pools</b>					
State Street Global Advisors S&P 500 Index Qualified			897,345	\$ 157,618	\$ 168,179
<b>Total Commingled Equity Pools</b>	100.0%		<u>897,345</u>	<u>157,618</u>	<u>168,179</u>
<b>Total S&amp;P 500 Index Qualified</b>			<u>897,345</u>	<u>\$ 157,618</u>	<u>\$ 168,179</u>

A - Adjustable rate security

B - Perpetual security, no maturity date

<u>Security Name</u>	<u>Coupon</u>	<u>Maturity</u>	<u>Par Value or Shares</u>	<u>Amortized Cost</u>	<u>Fair Value</u>
<b><i>S&amp;P 500 Index Nonqualified</i></b>					
<b><i>Commingled Equity Pools</i></b>					
State Street Global Advisors S&P 500 Index Nonqualified			<u>1,524,735</u>	<u>\$ 70,740</u>	<u>\$ 75,066</u>
Total Commingled Equity Pools	100.0%		<u>1,524,735</u>	<u>70,740</u>	<u>75,066</u>
<b><i>Total S&amp;P 500 Index Nonqualified</i></b>			<u>1,524,735</u>	<u>\$ 70,740</u>	<u>\$ 75,066</u>
<b><i>EAFE Index Qualified</i></b>					
<b><i>Commingled Equity Pools</i></b>					
State Street Global Advisors EAFE Index Qualified			<u>1,342,270</u>	<u>\$ 51,874</u>	<u>\$ 53,437</u>
Total Commingled Equity Pools	100.0%		<u>1,342,270</u>	<u>51,874</u>	<u>53,437</u>
<b><i>Total EAFE Index Qualified</i></b>			<u>1,342,270</u>	<u>\$ 51,874</u>	<u>\$ 53,437</u>
<b><i>Non-Large Cap Domestic</i></b>					
<b><i>Commingled Equity Pools</i></b>					
Dimensional Fund Advisors 4-10 Value Series			<u>11,018,826</u>	<u>\$ 114,002</u>	<u>\$ 110,959</u>
Total Commingled Equity Pools	100.0%		<u>11,018,826</u>	<u>\$ 114,002</u>	<u>110,959</u>
<b><i>Total Non-Large Cap Domestic</i></b>			<u>11,018,826</u>	<u>\$ 114,002</u>	<u>\$ 110,959</u>

See accompanying notes to financial statements.

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

**Statement of Operations**

**Year Ended June 30, 1998**

(Dollars in Thousands)

	Short-Term Fixed Income Pool	Fixed Income Pool I	Fixed Income Pool II
<b>Investment income</b>			
Interest income	\$ 8,293	\$ 68,717	\$ 187,227
Dividend income	-	-	-
Net accretion	86	2,433	6,395
	8,379	71,150	193,622
<b>Expenses</b>			
Investment advisor fees	(188)	(258)	(1,715)
Trustee fees	(1)	(14)	(36)
Custodian bank fees	(10)	(38)	(111)
Management fees	(29)	(241)	(638)
Fiduciary bond fees	(3)	(23)	(60)
Professional service fees	(11)	(89)	(237)
<b>Total expenses</b>	(242)	(663)	(2,797)
<b>Investment income, net</b>	8,137	70,487	190,825
<b>Realized and unrealized gain (loss) on investment securities</b>			
Net realized gain on investments	152	79,559	49,241
Net increase (decrease) in the fair value of investments	580	(5,653)	41,232
<b>Net gain (loss) on investments</b>	732	73,906	90,473
<b>Net increase (decrease) in net assets from operations</b>	\$ 8,869	\$ 144,393	\$ 281,298

*See accompanying notes to financial statements.*

<b>S&amp;P 500 Index Qualified Pool</b>	<b>S&amp;P 500 Index Nonqualified Pool</b>	<b>EAFE Index Qualified Pool</b>	<b>EAFE Index Nonqualified Pool</b>	<b>Non-Large Cap Domestic Pool</b>
\$ 8	\$ 4	\$ 146	\$ 332	\$ 23
-	375	-	-	-
-	-	-	-	-
<u>8</u>	<u>379</u>	<u>146</u>	<u>332</u>	<u>23</u>
(14)	(6)	(38)	-	(20)
-	-	-	-	-
-	-	-	-	-
(8)	(4)	(4)	(1)	(6)
(1)	(1)	(1)	-	(1)
(3)	(1)	(1)	(1)	(2)
<u>(26)</u>	<u>(12)</u>	<u>(44)</u>	<u>(2)</u>	<u>(29)</u>
(18)	367	102	330	(6)
-	-	-	-	-
10,561	4,326	1,563	-	(3,043)
10,561	4,326	1,563	-	(3,043)
<u>\$ 10,543</u>	<u>\$ 4,693</u>	<u>\$ 1,665</u>	<u>\$ 330</u>	<u>\$ (3,049)</u>

**Consolidated Pension Fund**  
**West Virginia Investment Management Board**  
**Statement of Changes in Net Assets**

**Year Ended June 30, 1998**

(Dollars in Thousands, Except for Unit Transactions)

	<u>Short-Term Fixed Income Pool</u>	<u>Fixed Income Pool I</u>	<u>Fixed Income Pool II</u>
<b>Operations</b>			
Investment income, net	\$ 8,137	\$ 70,487	\$ 190,825
Net realized gain on investments	152	79,559	49,241
Net increase (decrease) in the fair value of investments	<u>580</u>	<u>(5,653)</u>	<u>41,232</u>
<b>Net increase (decrease) in net assets from operations</b>	<b>8,869</b>	<b>144,393</b>	<b>281,298</b>
<b>Distributions to unitholders</b>			
Investment income, net	(8,215)	(80,992)	(181,714)
Net realized gain on investments	-	(63,391)	-
<b>Total distributions</b>	<u>(8,215)</u>	<u>(144,383)</u>	<u>(181,714)</u>
<b>Fund unit transactions</b>			
Proceeds from sale of units	838,628	24,560	125,923
Reinvestment of distributions	8,215	144,383	181,715
	<u>846,843</u>	<u>168,943</u>	<u>307,638</u>
Amount paid for repurchase of units	(849,883)	(36,850)	(452,348)
Liquidation of Fixed Income Pool I	<u>-</u>	<u>(2,139,924)</u>	<u>2,139,924</u>
<b>Net increase (decrease) in net assets from fund unit transactions</b>	<u>(3,040)</u>	<u>(2,007,831)</u>	<u>1,995,214</u>
<b>Total increase (decrease) in net assets</b>	<b>(2,386)</b>	<b>(2,007,821)</b>	<b>2,094,798</b>
Net assets, beginning of year	<u>130,133</u>	<u>2,007,821</u>	<u>2,050,215</u>
<b>Net assets, end of year</b>	<u>\$ 127,747</u>	<u>\$ -</u>	<u>\$ 4,145,013</u>
<b>Fund unit transactions</b>			
Units sold	84,167,037	2,470,907	12,486,799
Units issued from reinvestment of distributions	822,896	14,289,051	17,940,277
	<u>84,989,933</u>	<u>16,759,958</u>	<u>30,427,076</u>
Units repurchased	(85,270,488)	(3,678,188)	(44,367,178)
Liquidation of Fixed Income Pool I	<u>-</u>	<u>(216,662,639)</u>	<u>209,043,389</u>
<b>Net increase (decrease) in fund units</b>	<u>(280,555)</u>	<u>(203,580,869)</u>	<u>195,103,287</u>

*See accompanying notes to financial statements.*



S&P 500 Index Qualified Pool	S&P 500 Index Nonqualified Pool	EAFE Index Qualified Pool	EAFE Index Nonqualified Pool	Non-Large Cap Domestic Pool
\$ (18)	\$ 367	\$ 102	\$ 330	\$ (6)
-	-	-	-	-
10,561	4,326	1,563	-	(3,043)
10,543	4,693	1,665	330	(3,049)
-	-	-	(330)	-
-	-	-	-	-
-	-	-	(330)	-
157,629	70,370	51,747	24,253	114,000
-	-	-	330	-
157,629	70,370	51,747	24,583	114,000
-	-	-	(24,583)	-
-	-	-	-	-
157,629	70,370	51,747	-	114,000
168,172	75,063	53,412	-	110,951
-	-	-	-	-
\$ 168,172	\$ 75,063	\$ 53,412	\$ -	\$ 110,951
14,868,140	6,641,698	5,081,277	2,415,176	11,036,016
-	-	-	32,433	-
14,868,140	6,641,698	5,081,277	2,447,609	11,036,016
-	-	-	(2,447,609)	-
-	-	-	-	-
14,868,140	6,641,698	5,081,277	-	11,036,016

**THIS PAGE LEFT BLANK INTENTIONALLY**

**Consolidated Pension Fund**  
**West Virginia Investment Management Board**  
**Notes to Financial Statements**

**NOTE 1. DESCRIPTION OF THE ENTITY**

The West Virginia Investment Management Board (Investment Management Board) was organized on April 25, 1997, as a public corporation created by *West Virginia Code §12-6-1* to serve as the Trustee for the Indenture Trust to hold certain public pension funds and insurance funds (collectively referred to as Consolidated Pension Fund) and to provide prudent fiscal administration, investment, and management of the Consolidated Pension Fund and the state's operating funds (collectively referred to as the Consolidated Fund). A Board of Trustees, consisting of thirteen members, governs the Investment Management Board. The Governor, the State Auditor and the State Treasurer are members of the Board of Trustees. The Governor appoints Trustees for a term of six years.

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

The investment pools managed by the Investment Management Board 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 I, Workers' Compensation Fund II, Workers' Compensation Excess Liability 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 Investment Management Board. The Investment Management Board then executes all investment decisions.

A brief description of the individual pools follows:

**Short Term Fixed Income Pool** – The objective of this pool is to maintain sufficient liquidity to fund withdrawals by the participant plans and to invest cash contributions until such time that the money can be transferred to other pools. The dollar weighted average maturity of securities in the pool cannot exceed two years.

**Fixed Income Pool** – The objective of this pool is to earn a return that exceeds the Salomon Brothers Broad Investment Grade Index. Investments are restricted to fixed income securities and cash equivalents. There are no maturity restrictions for this pool.

**S&P 500 Index Pools** – Funds in these pools are invested in the State Street Global Advisors' S&P 500 Index pool which invests in common stocks of those companies listed in the Standard & Poors 500. One pool exists for investments of ERISA qualified participants and a separate pool exists for other investees. Refer to Note 4 for a list of the participants in each pool.

**EAFE Index Pool** – Funds of this pool are invested in the State Street Global Advisors' Europe Australia Far East Index pool which invests in equities of companies located in these regions.

**Non-Large Cap Domestic Pool** – The pool invests in the equities of mid-sized companies and its objective is to exceed the Russell 2000 Value Index. Currently all funds of this pool are invested in a commingled pool managed by Dimensional Fund Advisors.

## 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 reflected 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.

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

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

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

**Distribution to Participants** – The monthly net income of the fixed income pools is declared as a dividend and distributed to the participants of the pools on the first day of the following month. Distributions are paid in the form of reinvestments in the pool and have been included in distributions to participants and reinvestment of distributions as presented on the Statement of Changes in Net Assets.

**Expenses** – The Investment Management Board's Trustees adopt an annual budget and fee schedule for services to be provided to the Consolidated Fund and Consolidated Pension Fund and their respective investment pools. Each investment portfolio is charged for its direct investment-related cost and for its allocated share of other expenses. These other expenses are allocated by dividing the total between the Consolidated Pension Fund and the Consolidated Fund with the divided cost being further allocated to the investment portfolios within each of these fund groups based on asset size. The Investment Management Board pays all expenses.

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

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

## NOTE 3. INVESTMENT POOL RESTRUCTURING

On January 16, 1998, Fixed Income Pool I was discontinued. The assets held in Fixed Income Pool I were transferred to Fixed Income Pool II.

#### NOTE 4. PARTICIPATION IN INDEX FUNDS

The following index funds were added on February 2, 1998: Standard & Poors 500 Index Qualified ("S&P 500 Index Qualified"), Standard & Poors 500 Index Nonqualified ("S&P 500 Index Nonqualified"), Europe Australia Far East Index Qualified ("EAFE Index Qualified"), Europe Australia Far East Index Nonqualified ("EAFE Index Nonqualified"), and Non-Large Cap Domestic. The Public Employees' Retirement System, Teachers' Retirement System, Public Safety Retirement System, State Police Retirement System, and Judges' Retirement System participate in the S&P 500 Index Qualified, EAFE Index Qualified, and the Non-Large Cap Domestic funds. The Workers' Compensation Fund I, Workers' Compensation Fund II, Workers' Compensation Excess Liability Fund and Pneumoconiosis Fund participate in the S&P 500 Index Nonqualified, EAFE Index Nonqualified, and the Non-Large Cap Domestic funds. On June 1, 1998, the assets of the EAFE Index Nonqualified were liquidated. Participant account balances were reinvested in the Fixed Income Pool.

#### NOTE 5. RISK CATEGORIZATION

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

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

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

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

Investments at June 30, 1998, by security type and level of risk category as defined by Statement No. 3 of the Governmental Accounting Standards Board, are as follows:

<u>Security Type</u>	<u>Category 1</u> <u>(\$000's)</u>	<u>Category 2</u> <u>(\$000's)</u>	<u>Category 3</u> <u>(\$000's)</u>	<u>Carrying</u> <u>Value</u> <u>(\$000's)</u>	<u>Fair</u> <u>Value</u> <u>(\$000's)</u>
U.S. government and agencies obligations	\$3,111,448	\$ -	\$ -	\$3,111,448	\$3,111,448
Corporate bonds	1,284,073	-	-	1,284,073	1,284,073
Repurchase agreements	812,141	-	-	812,141	812,141
Total categorized	<u>\$5,207,664</u>	<u>\$ -</u>	<u>\$ -</u>	\$5,207,662	\$5,207,662
Uncategorized:					
Investments in commingled equity pools				407,641	407,641
Total Investments				<u>\$5,615,303</u>	<u>\$5,615,303</u>

#### NOTE 6. INVESTMENT TRANSACTIONS

Purchases and sales of investment securities (excluding short-term securities) were \$9,697,234,759 and \$9,664,513,238, respectively, for U.S. government obligations; purchases and sales of corporate securities are \$1,003,870,706 and \$569,155,752.

#### NOTE 7. COMMITMENT TO INVEST IN REGIONAL JAIL AND CORRECTIONAL FACILITIES

As of June 30, 1998, the Investment Management Board has a commitment to invest up to \$150 million with the West Virginia Regional Jail and Correctional Facility Authority for the construction and renovation of regional jails in the state. This investment is to be made from funds of the Public Employees' Retirement System during the fiscal year ending June 30, 1999. This investment is being made in accordance with *West Virginia Code §12-6-20(b)* enacted by the 1998 West Virginia Legislature in April 1998. As of September 1, 1998, the Investment Management Board had invested \$47.5 million of the amount committed.

**THIS PAGE LEFT BLANK INTENTIONALLY**

Independent Auditors' Report

Board of Trustees  
West Virginia Investment Management Board:

We have audited the accompanying statements 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 as of June 30, 1998, and the related statements of operations and changes in net assets for the year then ended. These financial statements are the responsibility of the West Virginia Investment Management Board's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the individual investment pools comprising the Consolidated Fund managed by the West Virginia Investment Management Board as of June 30, 1998, and the results of their operations and changes in their net assets for the year then ended, in conformity with generally accepted accounting principles.

*KPMG Peat Marwick LLP*

September 18, 1998



**THIS PAGE LEFT BLANK INTENTIONALLY**



**Consolidated Fund**  
**West Virginia Investment Management Board**  
**Statement of Assets And Liabilities**

**June 30, 1998**

(Dollars in Thousands, Except Investment Unit Data)

	Cash Liquidity Pool	Government Money Market Pool	Enhanced Yield Pool
<b>Assets</b>			
Investment securities:			
At amortized cost	\$ 561,717	\$ 137,863	
At fair value			\$ 264,966
Cash	-	-	-
Other assets	-	-	-
Receivables:			
Accrued interest	2,740	583	3,633
Investments sold	7,493	5,085	-
Other receivables	-	-	-
<b>Total assets</b>	571,950	143,531	268,599
<b>Liabilities</b>			
Accrued expenses	71	18	26
Payable for investments purchased	5,102	5,083	-
<b>Total liabilities</b>	5,173	5,101	26
<b>Net assets at value</b>	\$ 566,777	\$ 138,430	\$ 268,573
<b>Net assets</b>			
Paid-in capital	\$ 566,780	\$ 138,430	\$ 264,983
Accumulated undistributed net investment income	(3)	-	1,314
Accumulated undistributed net realized gain (loss)	-	-	47
Unrealized net appreciation of investments	-	-	2,229
<b>Net assets at value</b>	\$ 566,777	\$ 138,430	\$ 268,573
<b>Investment unit data:</b>			
Units outstanding	566,779,956	138,430,471	2,637,108
Net asset value, unit price	\$1.00	\$1.00	\$101.84

*See accompanying notes to financial statements.*

<u>Loss Amortization Pool</u>	<u>Loan Pool</u>	<u>Municipal Bond Restricted Pool</u>	<u>Municipal Bond Commission</u>	<u>Lottery Defeasance</u>	<u>School Fund</u>	<u>EDA Insurance</u>
\$ 93,157	\$ 163,542	\$91,058	\$ 198,770	\$ 9,439	\$ 1,411	\$ 449
-	77	-	-	-	-	12
-	2,284	-	-	-	-	-
-	1,291	1,463	747	-	2	-
-	653	-	-	-	-	-
-	678	-	-	-	-	-
<u>93,157</u>	<u>168,525</u>	<u>92,521</u>	<u>199,517</u>	<u>9,439</u>	<u>1,413</u>	<u>461</u>
-	11	10	8	-	-	-
-	514	-	13,296	-	-	-
-	525	10	13,304	-	-	-
<u>\$ 93,157</u>	<u>\$ 168,000</u>	<u>\$ 92,511</u>	<u>\$ 186,213</u>	<u>\$ 9,439</u>	<u>\$ 1,413</u>	<u>\$ 461</u>

\$ 183,415	\$ 168,000
-	-
(116,091)	-
25,833	-
<u>\$ 93,157</u>	<u>\$ 168,000</u>

183,415,000	168,000,427
<u>\$0.51</u>	<u>\$1.00</u>

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

**Investments in Securities**

**June 30, 1998**

(Dollars in Thousands)

Security Name	Coupon	Maturity Date	Par Value	Amortized Cost	Fair Value*
<i>Cash Liquidity Pool</i>					
<i>U. S. Treasury Issues</i>					
U. S. Treasury Note	5.250	07/31/1998	\$ 30,000	\$ 30,000	\$ 30,000
U. S. Treasury Note	6.250	07/31/1998	10,000	10,006	10,009
U. S. Treasury Note	5.500	11/15/1998	5,500	5,501	5,502
U. S. Treasury Note	5.625	11/30/1998	30,000	29,995	30,038
U. S. Treasury Note	5.875	01/31/1999	10,800	10,820	10,824
U. S. Treasury Note	5.000	02/15/1999	9,000	8,975	8,973
Total U. S. Treasury Issues	17.0%		95,300	95,297	95,346
<i>U. S. Government Agency Issues</i>					
Federal Home Loan Bank	5.400	01/15/1999	3,000	3,000	2,998
Federal National Mortgage Assn	5.400	02/02/1999	3,000	2,998	2,997
Student Loan Marketing Assn	5.400	02/10/1999	20,000	19,993	19,988
Federal National Mortgage Assn	5.570	03/05/1999	2,500	2,499	2,500
Federal Home Loan Mort Corp	5.600	04/21/1999	2,500	2,500	2,499
Federal Home Loan Bank	5.718	05/06/1999	3,500	3,500	3,502
Federal National Mortgage Assn	5.311A	05/25/1999	10,000	9,993	9,973
Total U. S. Government Agency Issues	7.9%		44,500	44,483	44,457
<i>Corporate Issues</i>					
Norwest Corp	6.000	10/13/1998	5,500	5,505	5,503
Abbey Nat'l Treasury Serv	5.540	01/20/1999	3,000	2,996	2,994
IBM Credit Corp	5.400	01/27/1999	2,000	1,996	1,995
Household Int'l	6.000	03/15/1999	3,500	3,505	3,505
Sears Roebuck Acceptance	6.220	03/25/1999	3,000	3,010	3,005
Total Corporate Issues	3.0%		17,000	17,012	17,002
<i>Short-term Issues</i>					
Merrill Lynch & Company Inc Commercial Paper	0.000	07/01/1998	2,000	2,000	2,000
Salomon Smith Barney Holdings Commercial Paper	0.000	07/01/1998	3,000	3,000	3,000
Lehman Brothers Repurchase Agreement	5.780	07/01/1998	1,930	1,930	1,930
Dean Witter Repurchase Agreement	5.800	07/01/1998	51,199	51,199	51,199
Merrill Lynch Repurchase Agreement	5.900	07/01/1998	116,017	116,017	116,017
Prudential Securities Repurchase Agreement	5.900	07/01/1998	125,000	125,000	125,000
General Electric Capital Svcs Commercial Paper	0.000	07/06/1998	3,000	2,998	2,998
Bear Stearns Company Inc Commercial Paper	0.000	07/07/1998	3,000	2,997	2,997
Morgan Stanley Dean Witter Commercial Paper	0.000	07/10/1998	3,000	2,996	2,996
FNMA Discount Notes	0.000	07/13/1998	2,000	1,996	1,996
Salomon Smith Barney Holdings Commercial Paper	0.000	07/17/1998	3,000	2,993	2,993
Merrill Lynch & Company Inc Commercial Paper	0.000	07/20/1998	1,500	1,496	1,496

A - Adjustable rate security

\* - The fair value is not determined for loans in the Loan Pool. The fair value reported equals amortized cost

<u>Security Name</u>	<u>Coupon</u>	<u>Maturity Date</u>	<u>Par Value</u>	<u>Amortized Cost</u>	<u>Fair Value*</u>
Ford Motor Credit Company Commercial Paper	0.000	07/23/1998	3,500	3,488	3,488
Morgan Stanley Dean Witter Commercial Paper	0.000	08/07/1998	3,000	2,983	2,983
General Motors Acceptance Corp Commercial Paper	0.000	08/14/1998	2,500	2,483	2,483
Merrill Lynch & Company Inc Commercial Paper	0.000	08/14/1998	3,000	2,980	2,980
General Electric Capital Corp Commercial Paper	0.000	08/17/1998	2,500	2,482	2,482
FNMA Discount Notes	0.000	08/18/1998	30,000	29,786	29,783
General Motors Acceptance Corp Commercial Paper	0.000	08/27/1998	3,000	2,974	2,974
FNMA Discount Notes	0.000	08/28/1998	30,000	29,736	29,728
International Lease Finance Co Commercial Paper	0.000	09/08/1998	3,500	3,463	3,463
Associates Financial Service RP Commercial Paper	0.000	09/11/1998	3,000	2,967	2,967
National Rural Utilities Co-op Commercial Paper	0.000	09/17/1998	3,000	2,964	2,964
Societe Generale Yankee CD	5.910	10/15/1998	4,000	3,997	4,001
<b>Total Short-term Issues</b>	<b>72.1%</b>		<b>405,646</b>	<b>404,925</b>	<b>404,918</b>
<b>Total Cash Liquidity Pool</b>			<b>\$ 562,446</b>	<b>\$ 561,717</b>	<b>\$ 561,723</b>
<b>Government Money Market Pool</b>					
<b>U. S. Treasury Issues</b>					
U. S. Treasury Note	4.750	10/31/1998	\$ 5,000	\$ 4,986	\$ 4,988
U. S. Treasury Note	5.875	10/31/1998	5,000	5,003	5,008
U. S. Treasury Note	5.125	11/30/1998	5,000	4,989	4,996
U. S. Treasury Note	5.750	12/31/1998	5,000	5,007	5,010
U. S. Treasury Note	6.375	01/15/1999	5,000	5,024	5,026
U. S. Treasury Note	5.000	02/15/1999	5,000	4,987	4,985
U. S. Treasury Note	5.875	03/31/1999	8,000	8,019	8,024
U. S. Treasury Note	6.375	04/30/1999	4,000	4,025	4,028
U. S. Treasury Note	6.250	05/31/1999	5,000	5,030	5,032
U. S. Treasury Note	6.750	05/31/1999	5,000	5,055	5,054
<b>Total U. S. Treasury Issues</b>	<b>37.8%</b>		<b>52,000</b>	<b>52,125</b>	<b>52,151</b>
<b>Short-term Issues</b>					
Lehman Brothers Repurchase Agreement	5.780	07/01/1998	37,691	37,691	37,691
Dean Witter Repurchase Agreement	5.800	07/01/1998	48,047	48,047	48,047
<b>Total Short-term Issues</b>	<b>62.2%</b>		<b>85,738</b>	<b>85,738</b>	<b>85,738</b>
<b>Total Government Money Market Pool</b>			<b>\$ 137,738</b>	<b>\$ 137,863</b>	<b>\$ 137,889</b>
<b>Enhanced Yield Pool</b>					
<b>U. S. Treasury Issues</b>					
U. S. Treasury Note	5.875	08/31/1999	\$ 4,000	\$ 4,007	\$ 4,016

**Consolidated Fund**  
**West Virginia Investment Management Board**  
**Investments in Securities (continued)**

**June 30, 1998**  
(Dollars in Thousands)

Security Name	Coupon	Maturity Date	Par Value	Amortized Cost	Fair Value*
U. S. Treasury Note	6.875	08/31/1999	2,000	2,010	2,030
U. S. Treasury Note	6.375	01/15/2000	4,000	4,025	4,049
U. S. Treasury Note	6.875	03/31/2000	1,500	1,508	1,533
U. S. Treasury Note	6.750	04/30/2000	2,000	2,009	2,042
U. S. Treasury Note	6.125	07/31/2000	1,000	991	1,012
U. S. Treasury Note	6.000	08/15/2000	2,000	2,002	2,019
U. S. Treasury Note	6.250	08/31/2000	5,000	4,988	5,073
U. S. Treasury Note	6.125	09/30/2000	6,000	6,044	6,074
U. S. Treasury Note	5.750	10/31/2000	1,500	1,473	1,507
U. S. Treasury Note	5.625	11/30/2000	2,000	1,957	2,004
U. S. Treasury Note	6.375	03/31/2001	1,500	1,492	1,532
U. S. Treasury Note	6.625	06/30/2001	2,500	2,501	2,573
U. S. Treasury Note	5.875	11/30/2001	5,000	5,053	5,051
<b>Total U. S. Treasury Issues</b>	<b>15.2%</b>		<b>40,000</b>	<b>40,060</b>	<b>40,515</b>
<i>U. S. Government Agency Issues</i>					
Federal Home Loan Bank	5.780	11/06/1998	3,000	3,000	3,002
Federal Home Loan Bank	6.040	01/14/1999	3,500	3,500	3,509
Federal Home Loan Bank	6.046	01/21/1999	1,000	1,000	1,003
Federal Home Loan Bank	6.056	02/05/1999	3,000	3,002	3,008
Federal National Mortgage Assn	5.280	03/01/1999	2,000	1,998	1,996
Federal National Mortgage Assn	5.400	03/12/1999	3,000	2,989	2,997
Federal National Mortgage Assn	6.310	06/03/1999	2,500	2,503	2,515
Federal Farm Credit Bank	6.530	07/19/1999	2,000	1,999	2,018
Federal Home Loan Bank	5.980	07/23/1999	2,500	2,501	2,509
Federal Home Loan Bank	6.440	09/09/1999	7,000	6,987	7,066
Federal National Mortgage Assn	5.810	10/01/1999	5,000	5,002	5,007
Federal National Mortgage Assn	5.780	11/29/1999	5,000	4,990	5,012
Federal National Mortgage Assn	5.340	01/24/2000	5,000	4,990	4,977
Federal Home Loan Bank	5.940	06/13/2000	2,000	1,977	2,011
Federal National Mortgage Assn	5.880	07/17/2000	3,000	2,952	3,008
Federal National Mortgage Assn	5.970	10/02/2000	5,000	5,000	5,027
Federal Home Loan Bank	5.970	12/11/2000	5,000	5,007	5,035
Federal National Mortgage Assn	5.720	03/13/2001	3,000	2,953	3,002
Federal National Mortgage Assn	6.710	07/24/2001	1,000	998	1,028
Federal National Mortgage Assn	6.690	08/07/2001	3,500	3,501	3,599
Federal Home Loan Bank	6.330	10/09/2001	3,000	2,993	3,054
Federal Farm Credit Bank	6.375	11/01/2001	3,000	3,016	3,060
Federal National Mortgage Assn	6.230	03/01/2002	1,500	1,488	1,525
Federal Home Loan Mort Corp	6.800	04/08/2002	3,000	2,996	3,108
Private Export Funding Corp	6.240	05/15/2002	1,500	1,491	1,525
Federal National Mortgage Assn	6.590	05/16/2002	6,000	5,986	6,181
Federal National Mortgage Assn	6.060	10/08/2002	5,400	5,448	5,473
Federal National Mortgage Assn	5.890	11/06/2002	5,000	4,971	5,036
Federal National Mortgage Assn	5.980	11/12/2002	5,470	5,456	5,528
Federal Home Loan Bank	5.785	04/23/2003	5,000	4,979	5,011

A - Adjustable rate security

\* - The fair value is not determined for loans in the Loan Pool. The fair value reported equals amortized cost

Security Name	Coupon	Maturity Date	Par Value	Amortized Cost	Fair Value*
Federal Home Loan Bank	5.775	05/01/2003	5,000	4,993	5,005
Total U. S. Government Agency Issues	42.2%		110,870	110,666	111,835
<i>Corporate Issues</i>					
U. S. Corporate Bonds					
Carolina Power & Light	5.375	07/01/1998	1,000	1,000	1,000
Associates Corp North America	6.375	08/15/1998	1,750	1,750	1,751
New York Telephone Co	5.250	09/01/1998	1,000	1,000	1,000
Nationsbank Corp	5.125	09/15/1998	2,000	1,998	1,998
Consolidated Natural Gas	5.875	10/01/1998	4,695	4,690	4,695
Associates Corp North America	5.750	11/15/1998	2,000	1,999	1,999
Norwest Corp	5.750	11/16/1998	2,000	1,999	2,000
National Rural Utilities Co-op	5.400	01/15/1999	2,000	1,987	1,994
Sears Roebuck Acceptance	6.170	01/29/1999	1,000	999	1,001
GTE North Inc	5.500	02/15/1999	1,500	1,492	1,496
Associates Corp North America	6.000	03/15/1999	1,000	996	1,001
MCI Communication Corporation	6.250	03/23/1999	4,500	4,500	4,515
WMX Technologies Inc	6.250	04/01/1999	3,000	2,997	3,004
Merrill Lynch & Company Inc	6.650	04/15/1999	2,000	2,000	2,011
Xerox Corporation	7.060	05/05/1999	8,000	805	808
Pitney Bowes Credit Corp	6.540	07/15/1999	1,000	999	1,008
Pepsico Inc	6.250	09/01/1999	1,000	995	1,004
IBM Credit Corp	6.000	09/22/1999	4,000	4,000	4,006
Banker Trust NY Corp	6.000	09/30/1999	3,000	2,996	3,009
MCI Communication Corporation	7.125	01/20/2000	2,000	2,020	2,029
Bellsouth Telecommunications	6.500	02/01/2000	4,000	4,036	4,040
Caterpillar Financial Services	5.800	03/15/2000	6,500	6,489	6,503
Dean Witter Discovery & Co	6.250	03/15/2000	2,000	1,992	2,008
General Electric Capital Corp	5.760	04/24/2000	5,000	4,992	5,001
General Motors Acceptance Corp	6.625	04/24/2000	3,200	3,184	3,237
Mellon Financial Co	6.300	06/01/2000	2,500	2,502	2,515
Travelers Group Inc	6.125	06/15/2000	1,000	998	1,004
Sears Roebuck Acceptance	6.500	06/15/2000	1,500	1,488	1,515
Sara Lee	5.750	07/14/2000	1,000	991	998
Household Finance Corporation	6.650	08/14/2000	1,500	1,512	1,525
Bear Stearns Company Inc	6.750	08/15/2000	1,000	1,010	1,014
Merrill Lynch & Company Inc	6.375	10/17/2000	2,000	2,001	2,021
Penske Truck Leasing	6.650	11/01/2000	2,500	2,524	2,535
Dow Jones & Company Inc	5.750	12/01/2000	2,000	1,958	1,994
Public Service Co of Colorado	6.600	02/01/2001	1,500	1,485	1,525
Household Finance Corporation	6.450	03/15/2001	5,000	4,948	5,039
Beneficial Corporation	6.590	03/23/2001	1,500	1,484	1,519
Sears Roebuck Acceptance	6.670	05/01/2001	1,000	988	1,017
General Electric Capital Corp	6.350	09/15/2001	3,500	3,489	3,550
Wal-Mart Stores	6.750	05/15/2002	1,000	1,019	1,027
Total U. S. Corporate Bonds			97,645	90,312	90,916

**Consolidated Fund**  
**West Virginia Investment Management Board**  
**Investments in Securities (continued)**

**June 30, 1998**  
(Dollars in Thousands)

<u>Security Name</u>	<u>Coupon</u>	<u>Maturity Date</u>	<u>Par Value</u>	<u>Amortized Cost</u>	<u>Fair Value*</u>
<b>Corporate Asset Backed Issues</b>					
Toyota Grantor Trust	6.300	07/20/2001	278	278	279
Total Corporate Asset Backed Issues			278	278	279
Total Corporate Issues		34.5%	97,923	90,590	91,195
<b>Short-term Issues</b>					
IBM Credit Corp Commercial Paper	0.000	07/01/1998	4,000	4,000	4,000
Merrill Lynch & Company Inc Commercial Paper	0.000	07/01/1998	5,000	5,000	5,000
Salomon Smith Barney Holdings Commercial Paper	0.000	07/01/1998	8,000	8,000	8,000
Dean Witter Repurchase Agreement	5.800	07/01/1998	442	442	442
Merrill Lynch & Company Inc Commercial Paper	0.000	08/03/1998	4,000	3,979	3,979
Total Short-term Issues		8.1%	21,442	21,421	21,421
<b>Total Enhanced Yield Pool</b>			<b>\$ 270,235</b>	<b>\$ 262,737</b>	<b>\$ 264,966</b>
<b>Loss Amortization Pool</b>					
<b>U. S. Treasury Issues</b>					
U. S. Treasury Strip - Int	0.000	02/15/2005	\$ 22,000	\$ 13,023	\$ 15,313
U. S. Treasury Strip - Int	0.000	08/15/2005	31,000	16,294	20,989
U. S. Treasury Strip - Int	0.000	02/15/2010	20,000	7,009	10,418
U. S. Treasury Strip - Int	0.000	11/15/2011	80,300	26,467	37,749
Total U. S. Treasury Issues		90.7%	153,300	62,793	84,469
<b>U. S. Government Agency Issues</b>					
Resolution Funding Corp	0.000	10/15/2019	30,115	4,531	8,688
Total U. S. Government Agency Issues		9.3%	30,115	4,531	8,688
<b>Total Loss Amortization Pool</b>			<b>\$ 183,415</b>	<b>\$ 67,324</b>	<b>\$ 93,157</b>

A - Adjustable rate security

\* - The fair value is not determined for loans in the Loan Pool. The fair value reported equals amortized cost

<u>Security Name</u>	<u>Coupon</u>	<u>Maturity Date</u>	<u>Par Value</u>	<u>Amortized Cost</u>	<u>Fair Value*</u>
<i>Loan Pool</i>					
<i>Short-term Issues</i>					
Merrill Lynch Repurchase Agreement	5.900	07/01/1998	7,799	7,799	7,799
Treasurer's Higher Education	2.400	06/30/1999	514	514	514
Total Short-term Issues	5.1%		8,313	8,313	8,313
<i>Loans and Mortgages</i>					
<i>FHA/VA Mortgages</i>					
Charleston NB	7.750	11/01/2003	47	47	47
Charleston NB	7.750	03/01/2004	12	12	12
Charleston NB	7.000	05/01/2004	244	244	244
Charleston NB	8.250	05/01/2004	35	35	35
Charleston NB	8.250	08/01/2004	75	75	75
Charleston NB	9.000	12/01/2004	54	54	54
Charleston NB	7.000	03/01/2005	224	224	224
Charleston NB	8.000	08/01/2005	175	175	175
Charleston NB	9.000	02/01/2006	91	91	91
Charleston NB	8.750	05/01/2006	60	60	60
Charleston NB	8.500	07/01/2006	207	207	207
Charleston NB	8.750	10/01/2006	144	144	144
Charleston NB	8.000	04/01/2007	278	278	278
Charleston NB	8.500	03/01/2008	719	719	719
Charleston NB	9.500	09/01/2008	94	94	94
Citizens NB	7.000	06/01/2003	34	34	34
Citizens NB	7.750	11/01/2003	18	18	18
Citizens NB	8.250	04/01/2004	24	24	24
Citizens NB	8.000	09/01/2007	278	278	278
Citizens NB	8.500	11/01/2007	343	343	343
Citizens NB	8.750	05/01/2008	84	84	84
Citizens NB	9.000	07/01/2008	72	72	72
Citizens NB	9.500	02/01/2009	3	3	3
Citizens NB	10.000	09/01/2009	28	28	28
Citizens NB	10.500	11/01/2009	45	45	45
Home (Atlantic)	7.750	08/01/2003	10	10	10
Home (Atlantic)	7.000	02/01/2004	208	208	208
Home (Atlantic)	8.250	04/01/2004	113	113	113
Home (Atlantic)	9.500	03/01/2005	24	24	24
Home (Atlantic)	9.000	02/01/2006	142	142	142
Home (Atlantic)	8.000	04/01/2007	477	477	477
Home (Atlantic)	8.750	05/01/2008	667	667	667
Home (Atlantic)	10.000	10/01/2009	127	127	127
Home (Atlantic)	10.500	10/01/2009	31	31	31
Home (Atlantic)	11.500	11/01/2009	9	9	9
Home (Atlantic)	8.500	08/01/2014	758	758	758
Huntington	8.750	03/01/2001	6	6	6
Huntington	7.000	08/01/2003	101	101	101
Huntington	7.750	08/01/2003	9	9	9
Huntington	9.500	11/01/2003	14	14	14
Huntington	8.250	02/01/2004	21	21	21



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

**Investments in Securities (continued)**

**June 30, 1998**

(Dollars in Thousands)

Security Name	Coupon	Maturity Date	Par Value	Amortized Cost	Fair Value*
Huntington	9.000	01/01/2006	46	46	46
Huntington	8.000	04/01/2007	51	51	51
Huntington	8.500	01/01/2008	191	191	191
Kissell	7.000	06/01/2001	8	8	8
Kissell	7.000	10/01/2003	213	213	213
Kissell	7.750	12/01/2003	28	28	28
Kissell	8.250	06/01/2004	63	63	63
Kissell	9.500	11/01/2004	18	18	18
Kissell	9.000	03/01/2006	56	56	56
Kissell	8.750	05/01/2006	86	86	86
Kissell	8.500	06/01/2006	27	27	27
Kissell	8.000	09/01/2007	514	514	514
Kissell	8.500	01/01/2008	565	565	565
Mason (Peoples)	8.750	04/01/2006	8	8	8
Mason (Peoples)	8.500	12/01/2006	138	138	138
Mason (Peoples)	8.000	07/01/2007	24	24	24
Mason (Peoples)	10.500	12/01/2009	36	36	36
OVB (FFSL)	8.500	09/01/2005	91	91	91
OVB (FFSL)	9.000	11/01/2005	25	25	25
OVB Mortgages	8.500	11/01/2000	8	8	8
OVB Mortgages	8.000	08/01/2001	5	5	5
OVB Mortgages	7.000	04/01/2003	158	158	158
OVB Mortgages	7.000	08/01/2003	11	11	11
OVB Mortgages	7.750	10/01/2003	24	24	24
OVB Mortgages	8.250	07/01/2004	46	46	46
OVB Mortgages	9.000	03/01/2006	90	90	90
OVB Mortgages	8.750	07/01/2006	123	123	123
OVB Mortgages	8.000	07/01/2007	162	162	162
OVB Mortgages	8.500	07/01/2008	733	733	733
OVB Mortgages	9.500	10/01/2008	30	30	30
Total FHA/VA Mortgages			9,683	9,683	9,683
WVEDA SB409 Loans					
C & C Properties	5.620	08/21/1998	5	5	5
Advantage Foods	5.160	10/15/1998	9	9	9
Warwood Armature	5.285	12/21/1998	7	7	7
National Church #1	5.900	07/15/1999	10	10	10
National Church #2	5.900	07/15/1999	6	6	6
National Church #3	5.900	07/15/1999	8	8	8
Neo Industries	5.630	07/15/1999	22	22	22
Swanson Plating	5.610	08/30/1999	30	30	30
Woodcraft Supply	5.570	09/15/1999	12	12	12
SDR Plastics #1	5.460	11/18/1999	123	123	123
Homer Laughlin #1	5.530	12/15/1999	47	47	47
Soles Electric	5.430	01/15/2000	39	39	39
Woody Forest Prod	5.160	02/15/2000	38	38	38

A - Adjustable rate security

\* - The fair value is not determined for loans in the Loan Pool. The fair value reported equals amortized cost

Security Name	Coupon	Maturity Date	Par Value	Amortized Cost	Fair Value*
Ravens Metal	5.870	05/30/2001	18	18	18
Hartley Oil #1	5.270	09/07/2001	223	223	223
Electro Quip	5.000	10/15/2001	18	18	18
Columbia WV	5.570	09/15/2002	1,004	1,004	1,004
Hartley Oil #2	5.230	04/14/2003	83	83	83
Twelve-O-Six	5.283	12/27/2003	94	94	94
WV Electric Supply	5.298	01/15/2004	213	213	213
Kanawha Stone	5.600	07/15/2004	158	158	158
Alkahn #2	5.200	08/15/2004	290	290	290
Gabriel Brothers	5.180	05/15/2005	233	233	233
D & D Inc #2	5.780	06/30/2005	425	425	425
Wheeling Grocery	5.470	01/01/2007	94	94	94
SDR Plastics #2	5.089	03/01/2007	469	469	469
Cogar Mining	5.160	03/15/2008	137	137	137
Kidd Trucking	5.140	03/15/2008	306	306	306
Rayon Drive (Pksb Dev)	5.050	07/15/2008	619	619	619
Smith Services	5.100	12/30/2008	195	195	195
WV Air Center	5.160	08/18/2011	1,516	1,516	1,516
Fox Grocery	5.460	11/12/2011	650	650	650
Bidco 1 (Parkway Enterprises)	5.950	04/01/2012	1,402	1,402	1,402
Bidco 2 (Parkway Enterprises)	5.950	04/01/2012	1,402	1,402	1,402
SDR Plastics #3	5.110	10/30/2012	973	973	973
Geary Securities	5.030	12/31/2013	527	527	527
D & D Inc #1	5.780	06/30/2015	865	865	865
<b>Total WVEDA SB409 Loans</b>			<b>12,270</b>	<b>12,270</b>	<b>12,270</b>
<b>EDA 93 Loans</b>					
Swanson Plating	6.500	02/15/2005	463	463	463
Allegheny Dimension	6.500	11/30/2006	726	726	726
Twelve-O-Six	6.500	03/30/2011	1,815	1,815	1,815
<b>Total EDA 93 Loans</b>			<b>3,004</b>	<b>3,004</b>	<b>3,004</b>
<b>Job/Industrial Program</b>					
Park Corp #3	6.375	12/08/1998	182	182	182
Precision Coil	6.250	07/20/1999	3,012	3,012	3,012
SCSM #3	8.500	03/30/2002	5,407	5,407	5,407
SCSM #2	6.000	12/11/2003	6,572	6,572	6,572
Bruce Hardwood - Equipment	6.750	09/30/2005	12,664	12,664	12,664
Bruce Hardwood - New	6.750	09/30/2005	5,551	5,551	5,551
Bruce Hardwood - 3	6.750	09/30/2005	1,785	1,785	1,785
Winfield Industries - Equipment	8.500	11/06/2005	2,468	2,468	2,468
Hartley Oil	8.000	04/05/2006	724	724	724
Bruce Hardwood R/E	6.750	09/01/2006	9,989	9,989	9,989
Baker	4.500	09/25/2006	3,195	3,195	3,195
D & D Inc	8.000	11/30/2006	264	264	264
Ruskin	6.780	03/10/2007	2,550	2,550	2,550
American Woodmark R/E	4.500	08/01/2007	3,958	3,958	3,958
Checker Motors	4.500	04/30/2008	8,294	8,294	8,294

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

**Investments in Securities (continued)**

**June 30, 1998**

(Dollars in Thousands)

Security Name	Coupon	Maturity Date	Par Value	Amortized Cost	Fair Value*
Park Corp #1	4.500	04/30/2008	9,180	9,180	9,180
Desco Corp #1	4.500	08/01/2008	1,758	1,758	1,758
Desco Corp #2	4.500	09/15/2008	3,635	3,635	3,635
Pratt & Whitney	3.900	12/10/2008	3,150	3,150	3,150
Parkline	6.500	11/20/2009	5,597	5,597	5,597
Arcata Graphics	6.500	12/04/2009	12,374	12,374	12,374
Winfield Industries R/E	8.500	11/06/2010	2,268	2,268	2,268
Variform (Restructured)	7.070	04/15/2012	2,324	2,324	2,324
Total Job/Industrial Program			106,901	106,901	106,901
Small Development Loans					
South Street Apartments	9.500	03/01/2011	165	165	165
Cedarwood I	9.500	04/01/2011	194	194	194
Parkridge I	9.500	04/01/2011	177	177	177
Highland Heights	9.500	06/01/2011	197	197	197
Linwood	9.500	10/01/2011	198	198	198
Mountainview Apartments	9.500	11/01/2011	199	199	199
Parkridge II	9.500	03/01/2012	184	184	184
Hunters Ridge I	9.500	03/01/2012	198	198	198
Hollister Townhouses	9.500	03/01/2012	189	189	189
Hunters Ridge II	9.500	03/01/2012	198	198	198
Riverview Apartments	9.500	03/01/2012	183	183	183
Harrison Avenue	9.500	04/01/2012	196	196	196
Wildwood Manor II	9.500	04/01/2012	202	202	202
Rupert Apartment	9.500	04/01/2012	198	198	198
Cedarwood II	9.500	04/01/2012	202	202	202
Spruce Villa	9.500	04/01/2012	198	198	198
Pines Apartments	9.500	05/01/2012	206	206	206
Ona Apartments	9.500	05/01/2012	215	215	215
Wayne Apartments	9.500	05/01/2012	197	197	197
Green Valley	9.500	07/01/2012	193	193	193
Woodland Heights	9.500	08/01/2012	201	201	201
Athens Terrace	9.500	10/01/2012	189	189	189
Total Small Development Loans			4,279	4,279	4,279
New Small Development Loans					
Fife Street #1	6.500	09/01/2010	483	483	483
Fife Street #2	6.500	09/01/2010	506	506	506
Santangelo	9.000	12/01/2011	21	21	21
Hewes/Walnut	9.000	12/01/2016	311	311	311
Franklin Professional Building	6.500	05/01/2017	53	53	53
Fifth Avenue Apartments	6.500	02/01/2018	1,447	1,447	1,447
Mayer Manor	7.500	05/01/2018	145	145	145
Bolton Street Rental	6.500	10/01/2026	328	328	328

A - Adjustable rate security

\* - The fair value is not determined for loans in the Loan Pool. The fair value reported equals amortized cost

<u>Security Name</u>	<u>Coupon</u>	<u>Maturity Date</u>	<u>Par Value</u>	<u>Amortized Cost</u>	<u>Fair Value*</u>
Old Post Office Square	6.500	05/01/2027	234	234	234
Bland's Apartments	7.500	04/01/2028	242	242	242
Virginian Apartments	7.250	07/01/2028	237	237	237
DP Building	8.000	08/01/2028	190	190	190
Robinson Development	8.500	09/01/2028	184	184	184
<b>Total New Small Development Loans</b>			<b>4,381</b>	<b>4,381</b>	<b>4,381</b>
<b>Sheltered Housing Loans</b>					
Frank Lawson	7.340	09/01/2017	9	9	9
Sylvia Meadows	7.340	09/01/2017	25	25	25
Veronica Bowles	7.340	09/01/2017	25	25	25
Shirley Thrift	7.340	10/01/2017	24	24	24
Cleo Triggs	7.340	10/01/2017	28	28	28
Muriel Mitchell	7.340	10/01/2017	28	28	28
Ashton Moore	7.340	11/01/2017	18	18	18
Dosha Moore	7.340	11/01/2017	28	28	28
Deloris Lewis	7.340	08/01/2018	22	22	22
Thelma Thomas	7.340	04/01/2019	21	21	21
<b>Total Sheltered Housing Loans</b>			<b>228</b>	<b>228</b>	<b>228</b>
<b>Mortgage Program I, II, III</b>					
OVB (Traders) II	12.250	09/01/1998	6	6	6
Reliable II	12.250	09/01/1998	30	30	30
OVB (Traders) I	11.875	02/01/1999	3	3	3
Shenandoah II	12.250	03/01/1999	3	3	3
OVB (Atl Fin) I	12.625	07/01/1999	80	80	80
OVB (Atl Fin) I	11.875	07/01/1999	40	40	40
OVB (Traders) III	12.750	07/01/1999	85	85	85
OVB, Martinsburg (Citizens)	12.625	04/01/2000	70	70	70
<b>Total Mortgage Program I, II, III</b>			<b>317</b>	<b>317</b>	<b>317</b>
<b>Senate Bill 409</b>					
SB409	10.685	11/15/2013	67	67	67
SB409	10.585	12/15/2013	329	329	329
SB409	10.755	12/15/2013	156	156	156
SB409	10.815	12/15/2013	82	82	82
SB409	10.855	12/15/2013	328	328	328
SB409	10.965	12/15/2013	161	161	161
SB409	11.075	12/15/2013	66	66	66
SB409	11.965	12/15/2013	166	166	166
SB409	12.125	12/15/2013	328	328	328
<b>Total Senate Bill 409</b>			<b>1,683</b>	<b>1,683</b>	<b>1,683</b>

**Consolidated Fund**  
**West Virginia Investment Management Board**  
**Investments in Securities (continued)**

**June 30, 1998**  
(Dollars in Thousands)

<u>Security Name</u>	<u>Coupon</u>	<u>Maturity Date</u>	<u>Par Value</u>	<u>Amortized Cost</u>	<u>Fair Value*</u>
Tax Reappraisal	6.230	06/30/2000	2,012	2,012	2,012
Morris Square Building	6.030	11/08/2001	3,102	3,102	3,102
Regional Jail Facilities	5.400	05/31/1999	10,000	10,000	10,000
Total Loans and Mortgages			157,860	157,860	157,860
Reserve for uncollectable loans			(2,631)	(2,631)	(2,631)
Loans and Mortgages, net of reserve for uncollectable loans	94.9%		155,229	155,229	155,229
<b>Total Loan Pool</b>			<b>\$ 163,542</b>	<b>\$ 163,542</b>	<b>\$ 163,542</b>
<b>Municipal Bond Restricted Pool</b>					
<b>U. S. Treasury Issues</b>					
U. S. Treasury Note	6.875	08/31/1999	\$ 10,000	\$ 10,143	\$ 10,150
U. S. Treasury Note	7.125	02/29/2000	9,700	9,785	9,943
U. S. Treasury Note	6.625	07/31/2001	20,700	21,168	21,327
Total U. S. Treasury Issues	45.5%		40,400	41,096	41,420
<b>U. S. Government Agency Issues</b>					
Aid-Israel	5.250	09/15/2000	8,200	8,121	8,130
PEMEX Export Grantor Trust	7.660	08/15/2001	10,332	10,585	10,675
Aid-Israel	0.000	11/15/2002	7,000	5,405	5,500
Total U. S. Government Agency Issues	26.7%		25,532	24,111	24,305
<b>Short-term Issues</b>					
Dean Witter Repurchase Agreement	5.800	07/01/1998	25,333	25,333	25,333
Total Short-term Issues	27.8%		25,333	25,333	25,333
<b>Total Municipal Bond Restricted Pool</b>			<b>\$ 91,265</b>	<b>\$ 90,540</b>	<b>\$ 91,058</b>

A - Adjustable rate security

\* - The fair value is not determined for loans in the Loan Pool. The fair value reported equals amortized cost

Security Name	Coupon	Maturity Date	Par Value	Amortized Cost	Fair Value*
<i>Municipal Bond Commission</i>					
<i>U. S. Treasury Issues</i>					
U. S. Treasury Strip - Int	0.000	08/15/1998	\$ 91	\$ 90	\$ 90
U. S. Treasury Note	4.750	09/30/1998	207	206	207
U. S. Treasury Note	6.000	09/30/1998	45	45	45
State & Local Government	0.000	10/01/1998	2,946	2,946	2,946
State & Local Government	5.160	10/01/1998	1,219	1,219	1,219
State & Local Government	5.350	10/01/1998	34	34	34
State & Local Government	5.720	10/01/1998	69	69	69
U. S. Treasury Note	7.125	10/15/1998	162	163	163
U. S. Treasury Note	5.875	10/31/1998	453	462	454
State & Local Government	0.000	11/01/1998	408	408	408
State & Local Government	6.190	11/01/1998	9	9	9
U. S. Treasury Strip - Int	0.000	11/15/1998	1,188	1,153	1,165
U. S. Treasury Note	5.625	11/30/1998	12	12	12
State & Local Government	0.000	12/01/1998	80	80	80
State & Local Government	5.280	12/01/1998	264	264	264
U. S. Treasury Strip - Int	0.000	02/15/1999	2,037	1,928	1,970
U. S. Treasury Note	5.875	03/31/1999	1,087	1,085	1,090
U. S. Treasury Note	6.250	03/31/1999	12	12	12
State & Local Government	0.000	04/01/1999	897	897	897
State & Local Government	5.440	04/01/1999	22	23	23
State & Local Government	5.920	04/01/1999	39	39	39
U. S. Treasury Note	7.000	04/15/1999	658	670	665
U. S. Treasury Note	6.375	04/30/1999	3,341	3,518	3,365
U. S. Treasury Note	6.500	04/30/1999	11	11	11
State & Local Government	0.000	05/01/1999	596	596	596
State & Local Government	1.666	05/01/1999	2,405	2,405	2,405
State & Local Government	6.230	05/01/1999	1,105	1,105	1,105
U. S. Treasury Bond Receipts Coupon	0.000	05/15/1999	300	271	286
U. S. Treasury Strip - Int	0.000	05/15/1999	1,969	1,885	1,879
U. S. Treasury Note	9.125	05/15/1999	223	239	230
U. S. Treasury Note	6.750	05/31/1999	672	714	679
State & Local Government	0.000	06/01/1999	1,196	1,196	1,197
U. S. Treasury Strip - Int	0.000	08/15/1999	96	87	90
U. S. Treasury Note	5.750	09/30/1999	15	15	15
U. S. Treasury Note	7.125	09/30/1999	170	172	173
State & Local Government	0.000	10/01/1999	1,474	1,474	1,474
State & Local Government	0.691	10/01/1999	28	28	28
State & Local Government	5.600	10/01/1999	37	37	37
State & Local Government	6.030	10/01/1999	70	70	70
U. S. Treasury Note	7.500	10/31/1999	485	533	497
State & Local Government	0.000	11/01/1999	33	34	34
State & Local Government	5.450	11/01/1999	69	69	69
U. S. Treasury Strip - Int	0.000	11/15/1999	1,129	1,008	1,048
U. S. Treasury Note	7.875	11/15/1999	4	4	4
U. S. Treasury Note	7.750	11/30/1999	15	17	15
State & Local Government	0.000	12/01/1999	24	24	24
U. S. Treasury Strip - Prin	0.000	02/15/2000	1,145	1,038	1,048
U. S. Treasury Strip - Int	0.000	02/15/2000	1,528	1,323	1,399
U. S. Treasury Note	8.500	02/15/2000	10	10	10

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

**Investments in Securities**

**June 30, 1998**

(Dollars in Thousands)

Security Name	Coupon	Maturity Date	Par Value	Amortized Cost	Fair Value*
U. S. Treasury Note	6.875	03/31/2000	37	38	38
State & Local Government	0.000	04/01/2000	181	181	181
State & Local Government	2.052	04/01/2000	10	10	10
State & Local Government	4.401	04/01/2000	680	680	680
State & Local Government	5.500	04/01/2000	15	15	15
State & Local Government	5.670	04/01/2000	24	24	24
State & Local Government	6.110	04/01/2000	41	41	41
U. S. Treasury Note	6.750	04/30/2000	3,654	4,106	3,731
State & Local Government	4.589	05/01/2000	609	609	609
State & Local Government	5.520	05/01/2000	2,536	2,536	2,536
U. S. Treasury Strip - Int	0.000	05/15/2000	2,055	1,865	1,858
U. S. Treasury Note	8.875	05/15/2000	206	240	218
U. S. Treasury Note	6.250	05/31/2000	711	796	720
State & Local Government	0.000	06/01/2000	1,239	1,239	1,239
U. S. Treasury Strip - Prin	0.000	08/15/2000	131	115	117
U. S. Treasury Strip - Int	0.000	08/15/2000	80	67	71
U. S. Treasury Note	6.125	09/30/2000	26	26	26
State & Local Government	0.000	10/01/2000	366	366	366
State & Local Government	0.225	10/01/2000	24	24	24
State & Local Government	5.510	10/01/2000	29	29	29
State & Local Government	5.520	10/01/2000	16	16	16
State & Local Government	5.610	10/01/2000	22	22	22
State & Local Government	5.690	10/01/2000	39	40	40
State & Local Government	6.150	10/01/2000	77	77	77
U. S. Treasury Note	5.750	10/31/2000	529	600	532
State & Local Government	5.550	11/01/2000	64	64	64
State & Local Government	5.820	11/01/2000	23	23	23
U. S. Treasury Strip - Prin	0.000	11/15/2000	3,958	3,430	3,478
U. S. Treasury Strip - Int	0.000	11/15/2000	1,046	855	920
U. S. Treasury Note	5.625	11/30/2000	17	19	17
U. S. Treasury Strip - Int	0.000	02/15/2001	1,410	1,116	1,223
U. S. Treasury Note	7.750	02/15/2001	16	17	17
U. S. Treasury Note	6.375	03/31/2001	23	23	24
State & Local Government	0.000	04/01/2001	166	166	166
State & Local Government	5.510	04/01/2001	16	16	16
State & Local Government	5.520	04/01/2001	10	10	10
State & Local Government	5.620	04/01/2001	733	733	733
State & Local Government	5.710	04/01/2001	25	25	25
State & Local Government	6.180	04/01/2001	42	42	42
State & Local Government	6.420	04/01/2001	12	12	12
U. S. Treasury Note	6.250	04/30/2001	4,006	4,713	4,081
State & Local Government	5.550	05/01/2001	2,701	2,701	2,701
State & Local Government	5.860	05/01/2001	639	639	639
U. S. Treasury Strip - Int	0.000	05/15/2001	217	171	186
U. S. Treasury Bond	13.125	05/15/2001	536	731	642
U. S. Treasury Note	6.500	05/31/2001	747	889	766
State & Local Government	4.088	06/01/2001	1,273	1,273	1,273
U. S. Treasury Strip - Prin	0.000	08/15/2001	10	8	8

A - Adjustable rate security

\* - The fair value is not determined for loans in the Loan Pool. The fair value reported equals amortized cost

Security Name	Coupon	Maturity Date	Par Value	Amortized Cost	Fair Value*
U. S. Treasury Strip - Int	0.000	08/15/2001	77	60	65
U. S. Treasury Note	6.375	09/30/2001	18	18	18
State & Local Government	0.000	10/01/2001	106	106	106
State & Local Government	1.115	10/01/2001	25	25	25
State & Local Government	3.499	10/01/2001	17	17	17
State & Local Government	3.978	10/01/2001	33	34	34
State & Local Government	5.520	10/01/2001	17	17	17
State & Local Government	5.520	10/01/2001	31	31	31
State & Local Government	5.630	10/01/2001	18	18	18
State & Local Government	5.710	10/01/2001	1,827	1,827	1,827
State & Local Government	6.210	10/01/2001	2,766	2,766	2,766
State & Local Government	6.433	10/01/2001	3,506	3,506	3,506
State & Local Government	6.460	10/01/2001	1,264	1,264	1,264
State & Local Government	6.463	10/01/2001	3,072	3,072	3,072
U. S. Treasury Note	6.250	10/31/2001	560	677	572
State & Local Government	5.550	11/01/2001	59	59	59
State & Local Government	5.900	11/01/2001	17	17	17
U. S. Treasury Strip - Int	0.000	11/15/2001	377	290	314
U. S. Treasury Bond	15.750	11/15/2001	5	6	7
U. S. Treasury Note	5.875	11/30/2001	20	24	20
U. S. Treasury Strip - Int	0.000	02/15/2002	1,269	921	1,042
U. S. Treasury Bond	14.250	02/15/2002	18	22	23
U. S. Treasury Note	6.625	03/31/2002	14	14	15
State & Local Government	5.445	04/01/2002	1,586	1,586	1,586
State & Local Government	5.520	04/01/2002	39	40	40
State & Local Government	5.530	04/01/2002	17	17	17
State & Local Government	5.640	04/01/2002	793	793	793
U. S. Treasury Note	6.625	04/30/2002	4,366	5,472	4,526
State & Local Government	5.550	05/01/2002	2,881	2,881	2,881
State & Local Government	5.930	05/01/2002	677	677	677
U. S. Treasury Strip - Int	0.000	05/15/2002	251	182	203
U. S. Treasury Note	7.500	05/15/2002	563	727	601
U. S. Treasury Note	6.500	05/31/2002	790	991	816
State & Local Government	5.380	06/01/2002	1,342	1,342	1,342
U. S. Treasury Strip - Prin	0.000	08/15/2002	617	613	492
U. S. Treasury Strip - Int	0.000	08/15/2002	58	41	46
U. S. Treasury Note	5.875	09/30/2002	18	18	18
State & Local Government	0.000	10/01/2002	64	64	64
State & Local Government	5.530	10/01/2002	99	99	99
State & Local Government	5.540	10/01/2002	33	33	33
State & Local Government	5.650	10/01/2002	13	13	13
State & Local Government	5.560	11/01/2002	53	53	53
State & Local Government	5.970	11/01/2002	9	9	9
U. S. Treasury Strip - Int	0.000	11/15/2002	603	421	477
U. S. Treasury Bond	11.625	11/15/2002	23	35	28
U. S. Treasury Strip - Prin	0.000	02/15/2003	10	7	8
U. S. Treasury Strip - Int	0.000	02/15/2003	5,945	5,540	4,625
U. S. Treasury Note	6.250	02/15/2003	29	29	30
U. S. Treasury Bond	10.750	02/15/2003	162	156	196
State & Local Government	5.540	04/01/2003	41	41	41
State & Local Government	5.550	04/01/2003	17	17	17
State & Local Government	5.660	04/01/2003	893	863	863



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

**Investments in Securities**

**June 30, 1998**

(Dollars in Thousands)

Security Name	Coupon	Maturity Date	Par Value	Amortized Cost	Fair Value*
State & Local Government	5.560	05/01/2003	3,075	3,075	3,075
State & Local Government	6.010	05/01/2003	719	719	719
U. S. Treasury Strip - Int	0.000	05/15/2003	1,037	969	796
U. S. Treasury Bond	10.750	05/15/2003	613	932	747
State & Local Government	5.380	06/01/2003	1,427	1,427	1,427
U. S. Treasury Strip - Prin	0.000	08/15/2003	300	215	227
U. S. Treasury Strip - Int	0.000	08/15/2003	601	564	455
State & Local Government	0.000	10/01/2003	31	31	31
State & Local Government	5.560	10/01/2003	5,768	5,768	5,768
State & Local Government	5.570	10/01/2003	1,515	1,515	1,515
State & Local Government	5.680	10/01/2003	7	7	7
State & Local Government	5.560	11/01/2003	47	47	47
U. S. Treasury Strip - Int	0.000	11/15/2003	1,166	738	870
U. S. Treasury Bond	11.875	11/15/2003	5	6	6
U. S. Treasury Strip - Int	0.000	02/15/2004	6,151	5,698	4,531
U. S. Treasury Note	5.875	02/15/2004	30	30	31
State & Local Government	5.690	04/01/2004	957	957	957
State & Local Government	5.570	05/01/2004	3,278	3,278	3,278
U. S. Treasury Strip - Int	0.000	05/15/2004	143	89	104
U. S. Treasury Bond	12.375	05/15/2004	687	1,181	919
State & Local Government	5.400	06/01/2004	1,518	1,518	1,518
U. S. Treasury Strip - Int	0.000	08/15/2004	360	345	258
State & Local Government	5.580	11/01/2004	39	39	39
U. S. Treasury Strip - Int	0.000	11/15/2004	966	549	682
U. S. Treasury Bond	11.625	11/15/2004	6	7	8
U. S. Treasury Strip - Int	0.000	02/15/2005	5,364	5,324	3,734
State & Local Government	5.590	05/01/2005	3,495	3,495	3,495
U. S. Treasury Strip - Int	0.000	05/15/2005	114	66	78
U. S. Treasury Bond	12.000	05/15/2005	759	1,385	1,035
State & Local Government	5.430	06/01/2005	1,618	1,618	1,618
U. S. Treasury Strip - Prin	0.000	08/15/2005	178	172	120
U. S. Treasury Strip - Int	0.000	08/15/2005	440	286	298
State & Local Government	5.590	11/01/2005	29	29	29
U. S. Treasury Strip - Int	0.000	11/15/2005	12	7	8
U. S. Treasury Strip - Int	0.000	02/15/2006	5,610	5,600	3,685
State & Local Government	5.580	05/01/2006	3,725	3,725	3,725
U. S. Treasury Strip - Int	0.000	05/15/2006	114	61	74
U. S. Treasury Note	6.875	05/15/2006	834	1,285	903
U. S. Treasury Strip - Int	0.000	08/15/2006	25	13	16
State & Local Government	5.570	11/01/2006	16	16	16
U. S. Treasury Strip - Int	0.000	11/15/2006	9	4	6
U. S. Treasury Strip - Int	0.000	02/15/2007	15	7	9
State & Local Government	5.560	05/01/2007	3,971	3,971	3,971
U. S. Treasury Strip - Int	0.000	05/15/2007	57	30	35
U. S. Treasury Note	6.625	05/15/2007	894	1,420	960
U. S. Treasury Strip - Int	0.000	08/15/2007	25	12	15
U. S. Treasury Strip - Int	0.000	11/15/2007	8	4	5
U. S. Treasury Strip - Int	0.000	02/15/2008	10	5	6

A - Adjustable rate security

\* - The fair value is not determined for loans in the Loan Pool. The fair value reported equals amortized cost

Security Name	Coupon	Maturity Date	Par Value	Amortized Cost	Fair Value*
U. S. Treasury Strip - Int	0.000	05/15/2008	983	952	567
U. S. Treasury Strip - Int	0.000	08/15/2008	25	11	14
U. S. Treasury Strip - Int	0.000	11/15/2008	6	2	3
U. S. Treasury Strip - Int	0.000	02/15/2009	10	4	6
U. S. Treasury Strip - Int	0.000	05/15/2009	927	927	505
U. S. Treasury Strip - Int	0.000	08/15/2009	30	12	16
U. S. Treasury Strip - Int	0.000	02/15/2010	10	4	5
U. S. Treasury Strip - Int	0.000	05/15/2010	932	932	479
U. S. Treasury Strip - Int	0.000	08/15/2010	25	9	13
U. S. Treasury Strip - Int	0.000	02/15/2011	10	4	5
U. S. Treasury Strip - Int	0.000	05/15/2011	934	934	452
U. S. Treasury Strip - Int	0.000	08/15/2011	30	10	14
U. S. Treasury Strip - Int	0.000	02/15/2012	10	3	5
U. S. Treasury Strip - Int	0.000	05/15/2012	938	938	428
U. S. Treasury Strip - Int	0.000	08/15/2012	25	8	11
U. S. Treasury Strip - Int	0.000	02/15/2013	10	3	4
U. S. Treasury Strip - Int	0.000	05/15/2013	941	941	405
U. S. Treasury Strip - Int	0.000	08/15/2013	30	9	13
U. S. Treasury Strip - Int	0.000	02/15/2014	10	3	4
U. S. Treasury Strip - Int	0.000	05/15/2014	963	963	391
U. S. Treasury Strip - Int	0.000	08/15/2014	30	8	12
U. S. Treasury Strip - Int	0.000	02/15/2015	5	1	2
U. S. Treasury Strip - Int	0.000	05/15/2015	973	973	373
U. S. Treasury Strip - Int	0.000	08/15/2015	30	7	11
U. S. Treasury Strip - Int	0.000	02/15/2016	5	1	2
U. S. Treasury Bond	7.250	05/15/2016	980	2,250	1,148
U. S. Treasury Strip - Int	0.000	08/15/2016	35	8	12
U. S. Treasury Strip - Int	0.000	02/15/2017	5	1	2
U. S. Treasury Bond	8.750	05/15/2017	1,055	2,797	1,421
U. S. Treasury Strip - Int	0.000	08/15/2017	30	6	10
U. S. Treasury Strip - Int	0.000	02/15/2018	5	1	2
U. S. Treasury Bond	9.125	05/15/2018	1,138	3,202	1,593
U. S. Treasury Strip - Int	0.000	08/15/2018	35	7	11
U. S. Treasury Strip - Int	0.000	02/15/2019	5	1	2
U. S. Treasury Strip - Int	0.000	08/15/2019	35	6	10

Total U. S. Treasury Issues                      87.0%                      167,207                      172,863                      155,171

*U. S. Government Agency Issues*

Resolution Funding Corp	0.000	10/15/1999	173	164	161
Resolution Funding Corp	0.000	04/15/2000	708	656	642
Resolution Funding Corp	0.000	10/15/2000	155	140	137
Resolution Funding Corp	0.000	04/15/2001	739	654	634
Resolution Funding Corp	0.000	10/15/2001	135	117	113
Resolution Funding Corp	0.000	04/15/2002	774	651	629
Resolution Funding Corp	0.000	10/15/2002	112	92	89
Resolution Funding Corp	0.000	04/15/2003	807	641	621
Resolution Funding Corp	0.000	10/15/2003	88	68	66
Resolution Funding Corp	0.000	04/15/2004	848	635	615
Resolution Funding Corp	0.000	10/15/2004	61	44	43
Resolution Funding Corp	0.000	04/15/2005	891	632	610

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

**Investments in Securities**

**June 30, 1998**

(Dollars in Thousands)

Security Name	Coupon	Maturity Date	Par Value	Amortized Cost	Fair Value*
Resolution Funding Corp	0.000	10/15/2005	30	21	20
Resolution Funding Corp	0.000	04/15/2006	941	625	608
<b>Total U. S. Government Agency Issues</b>	<b>2.6%</b>		<b>6,462</b>	<b>5,140</b>	<b>4,988</b>
<i>Short-term Issues</i>					
U. S. Treasury Bill	0.000	08/27/1998	3,762	3,727	3,733
U. S. Treasury Bill	0.000	10/01/1998	340	335	336
U. S. Treasury Bill	0.000	11/27/1998	3,492	3,409	3,419
U. S. Treasury Bill	0.000	05/27/1999	1,949	1,900	1,900
U. S. Treasury Bill	0.000	11/26/1999	1,949	1,899	1,899
U. S. Treasury Bill	0.000	06/01/2000	1,949	1,899	1,899
U. S. Treasury Bill	0.000	11/30/2000	1,950	1,899	1,899
U. S. Treasury Bill	0.000	05/31/2001	1,950	1,900	1,900
U. S. Treasury Bill	0.000	11/29/2001	1,950	1,900	1,900
U. S. Treasury Bill	0.000	12/03/2001	1,949	1,899	1,899
<b>Total Short-term Issues</b>	<b>10.4%</b>		<b>21,240</b>	<b>20,767</b>	<b>20,784</b>
<b>Total Municipal Bond Commission</b>			<b>\$ 194,909</b>	<b>\$ 198,770</b>	<b>\$ 180,943</b>
<i>Lottery Defeasance</i>					
<i>U. S. Treasury Issues</i>					
Coupon Treasury Receipt	0.000	08/15/1998	\$ 130	\$ 129	\$ 129
U. S. Treasury Strip - Int	0.000	08/15/1998	307	303	305
U. S. Treasury Strip - Int	0.000	11/15/1998	389	376	382
Coupon Treasury Receipt	0.000	02/15/1999	362	340	350
U. S. Treasury Strip - Int	0.000	02/15/1999	63	60	61
Coupon Treasury Receipt	0.000	05/15/1999	175	160	167
Treasury Investment Growth	0.000	08/15/1999	130	119	122
U. S. Treasury Coupon Under Book	0.000	08/15/1999	280	250	263
U. S. Treasury Strip - Int	0.000	08/15/1999	27	24	25
U. S. Treasury Coupon Under Book	0.000	11/15/1999	365	320	339
U. S. Treasury Strip - Int	0.000	11/15/1999	25	22	23
Coupon Treasury Receipt	0.000	02/15/2000	362	308	331
U. S. Treasury Strip - Int	0.000	02/15/2000	63	54	58
U. S. Treasury Coupon Under Book	0.000	05/15/2000	175	145	158
Treasury Investment Growth	0.000	08/15/2000	130	110	116
U. S. Treasury Strip - Int	0.000	08/15/2000	307	249	274
U. S. Treasury Coupon Under Book	0.000	11/15/2000	222	175	195
U. S. Treasury Strip - Int	0.000	11/15/2000	167	136	147
U. S. Treasury Strip - Int	0.000	02/15/2001	425	328	369
U. S. Treasury Strip - Int	0.000	05/15/2001	175	131	150
Coupon Treasury Receipt	0.000	08/15/2001	130	101	110
U. S. Treasury Strip - Int	0.000	08/15/2001	307	225	259
Principal Treasury Receipt	0.000	11/15/2001	100	74	83

A - Adjustable rate security

\* - The fair value is not determined for loans in the Loan Pool. The fair value reported equals amortized cost

Security Name	Coupon	Maturity Date	Par Value	Amortized Cost	Fair Value*
U. S. Treasury Strip - Int	0.000	11/15/2001	289	208	241
U. S. Treasury Strip - Int	0.000	02/15/2002	425	297	349
U. S. Treasury Strip - Int	0.000	05/15/2002	175	119	142
Certificate Accrual Treasury	0.000	08/15/2002	130	93	104
U. S. Treasury Strip - Int	0.000	08/15/2002	307	204	245
Principal Treasury Receipt	0.000	11/15/2002	222	142	174
U. S. Treasury Strip - Int	0.000	11/15/2002	167	114	132
U. S. Treasury Strip - Int	0.000	02/15/2003	425	269	331
U. S. Treasury Strip - Int	0.000	05/15/2003	175	107	134
Principal Treasury Receipt	0.000	08/15/2003	130	86	97
U. S. Treasury Strip - Int	0.000	08/15/2003	307	185	232
Certificate Accrual Treasury	0.000	11/15/2003	142	89	106
U. S. Treasury Strip - Int	0.000	11/15/2003	247	145	184
U. S. Treasury Strip - Int	0.000	02/15/2004	425	244	313
U. S. Treasury Strip - Int	0.000	05/15/2004	175	97	127
Certificate Accrual Treasury	0.000	08/15/2004	15	8	11
Treasury Investment Growth	0.000	08/15/2004	130	79	93
U. S. Treasury Strip - Int	0.000	08/15/2004	292	159	209
U. S. Treasury Coupon Under Book	0.000	11/15/2004	222	116	156
U. S. Treasury Strip - Int	0.000	11/15/2004	167	96	118
U. S. Treasury Strip - Int	0.000	02/15/2005	425	221	296
U. S. Treasury Coupon Under Book	0.000	05/15/2005	175	87	120
Coupon Treasury Receipt	0.000	08/15/2005	130	73	88
U. S. Treasury Strip - Int	0.000	08/15/2005	307	152	208
U. S. Treasury Strip - Int	0.000	11/15/2005	289	141	193
U. S. Treasury Strip - Int	0.000	02/15/2006	90	44	59
Principal Treasury Receipt	0.000	05/15/2006	100	44	64
U. S. Treasury Coupon Under Book	0.000	05/15/2006	110	50	71
Treasury Investment Growth	0.000	08/15/2006	130	68	83
U. S. Treasury Strip - Int	0.000	08/15/2006	27	13	17
U. S. Treasury Strip - Int	0.000	11/15/2006	167	81	105
U. S. Treasury Strip - Int	0.000	02/15/2007	63	29	39
Treasury Investment Growth	0.000	08/15/2007	130	63	78
U. S. Treasury Strip - Int	0.000	08/15/2007	27	12	16
U. S. Treasury Strip - Int	0.000	11/15/2007	25	11	14
Coupon Treasury Receipt	0.000	08/15/2008	130	58	74
<b>Total U. S. Treasury Issues</b>	<b>100.0%</b>		<b>11,708</b>	<b>8,143</b>	<b>9,439</b>
<b>Total Lottery Defeasance</b>			<b>\$ 11,708</b>	<b>\$ 8,143</b>	<b>\$ 9,439</b>
<b>School Fund</b>					
<b>U. S. Treasury Issues</b>					
U. S. Treasury Bond	8.250	05/15/2005	\$ 216	\$ 222	\$ 226
<b>Total U. S. Treasury Issues</b>	<b>16.0%</b>		<b>216</b>	<b>222</b>	<b>226</b>

**Consolidated Fund**  
**West Virginia Investment Management Board**  
**Investments in Securities**

**June 30, 1998**  
(Dollars in Thousands)

<u>Security Name</u>	<u>Coupon</u>	<u>Maturity Date</u>	<u>Par Value</u>	<u>Amortized Cost</u>	<u>Fair Value*</u>
<i>Short-term Issues</i>					
Merrill Lynch Repurchase Agreement	5.900	07/01/1998	1,185	1,185	1,185
Total Short-term Issues	84.0%		1,185	1,185	1,185
<i>Total School Fund</i>			<u>\$ 1,401</u>	<u>\$ 1,407</u>	<u>\$ 1,411</u>
<i>EDA Insurance</i>					
<i>U. S. Treasury Issues</i>					
U. S. Treasury Bill	0.000	12/17/1998	\$ 460	\$ 449	\$ 449
Total Short-term Issues	100.0%		460	449	449
<i>Total EDA Insurance</i>			<u>\$ 460</u>	<u>\$ 449</u>	<u>\$ 449</u>

A - Adjustable rate security

\* - The fair value is not determined for loans in the Loan Pool. The fair value reported equals amortized cost

See accompanying notes to financial statements.

**THIS PAGE LEFT BLANK INTENTIONALLY**

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

**Statement of Operations**

**Year Ended June 30, 1998**

(Dollars in Thousands)

	Cash Liquidity Pool	Government Money Market Pool	Enhanced Yield Pool
<b>Investment income</b>			
Interest income	\$ 25,243	\$ 8,027	\$ 13,772
Net accretion (amortization)	8,988	(35)	1,603
	<u>34,231</u>	<u>7,992</u>	<u>15,375</u>
<b>Expenses</b>			
Investment advisor fees	(283)	(80)	(118)
Trustee fees	(9)	(2)	(3)
Custodian bank fees	(29)	(10)	(8)
Management fees	(468)	(104)	(178)
Fiduciary bond fees	(15)	(3)	(6)
Professional service fees	(36)	(8)	(13)
Loan servicer fees	-	-	-
	<u>(840)</u>	<u>(207)</u>	<u>(326)</u>
<b>Total expenses</b>	<u>(840)</u>	<u>(207)</u>	<u>(326)</u>
<b>Investment income, net</b>	33,391	7,785	15,049
<b>Realized and unrealized gain on investment securities</b>			
Net realized gain on investments	29	31	127
Net increase in the fair value of investments	-	-	1,994
<b>Net gain on investments</b>	<u>29</u>	<u>31</u>	<u>2,121</u>
<b>Net increase in net assets from operations</b>	<u>\$ 33,420</u>	<u>\$ 7,816</u>	<u>\$ 17,170</u>

*See accompanying notes to financial statements.*

<u>Loss Amortization Pool</u>	<u>Loan Pool</u>	<u>Municipal Bond Restricted Pool</u>	<u>Municipal Bond Commission</u>	<u>Lottery Defeasance</u>	<u>School Fund</u>	<u>EDA Insurance</u>
\$ -	\$ 10,601	\$ 6,492	\$ 3,619	\$ -	\$ 83	\$ -
5,496	-	(366)	609	800	(1)	24
<u>5,496</u>	<u>10,601</u>	<u>6,126</u>	<u>4,228</u>	<u>800</u>	<u>82</u>	<u>24</u>
-	-	(60)	-	-	-	-
-	(2)	(1)	-	-	-	-
-	(3)	(5)	-	(1)	-	-
-	(112)	(66)	(9)	(2)	-	-
-	(4)	(2)	-	-	-	-
-	(9)	(5)	-	-	-	-
-	(4)	-	-	-	-	-
<u>-</u>	<u>(134)</u>	<u>(139)</u>	<u>(9)</u>	<u>(3)</u>	<u>-</u>	<u>-</u>
5,496	10,467	5,987	4,219	797	82	24
-	-	137	-	-	-	-
10,875	-	633	-	173	-	-
<u>10,875</u>	<u>-</u>	<u>770</u>	<u>-</u>	<u>173</u>	<u>-</u>	<u>-</u>
<u>\$ 16,371</u>	<u>\$ 10,467</u>	<u>\$ 6,757</u>	<u>\$ 4,219</u>	<u>\$ 970</u>	<u>\$ 82</u>	<u>\$ 24</u>



**Consolidated Fund**  
**West Virginia Investment Management Board**  
**Statement of Changes in Net Assets**

**Year Ended June 30, 1998**

(Dollars in Thousands, Except Investment Unit Data)

	Cash Liquidity Pool	Government Money Market Pool	Enhanced Yield Pool
<b>Operations</b>			
Investment income, net	\$ 33,391	\$ 7,785	\$ 15,049
Net realized gain on investments	29	31	127
Net increase in the fair value of investments	-	-	1,994
Net increase in net assets from operations	<u>33,420</u>	<u>7,816</u>	<u>17,170</u>
<b>Distributions to participants from</b>			
Investment income, net	(33,393)	(7,785)	(14,879)
Net realized gains on investments	(29)	(31)	(96)
Total distributions	<u>(33,422)</u>	<u>(7,816)</u>	<u>(14,975)</u>
<b>Fund unit transactions</b>			
Proceeds from sale of units	3,535,815	137,905	63,464
Reinvestment of distributions	33,422	7,817	14,975
	<u>3,569,237</u>	<u>145,722</u>	<u>78,439</u>
Amount paid for repurchase of units	<u>(3,611,732)</u>	<u>(142,049)</u>	<u>(43,284)</u>
Net increase (decrease) in net assets from fund unit transactions	(42,495)	3,673	35,155
<b>Contributions</b>	-	-	-
<b>Withdrawals</b>	-	-	-
Increase (decrease) in net assets	<u>(42,497)</u>	<u>3,673</u>	<u>37,350</u>
Net assets, beginning of year	609,274	134,757	231,223
Cumulative effect of a change in accounting principle	-	-	-
Net assets, beginning of year as restated	<u>609,274</u>	<u>134,757</u>	<u>231,223</u>
Net assets, end of year	<u>\$ 566,777</u>	<u>\$ 138,430</u>	<u>\$ 268,573</u>
<b>Fund unit transactions</b>			
Units sold	3,535,815,514	137,905,245	624,120
Units issued from reinvestment of distributions	33,421,697	7,816,637	147,307
	<u>3,569,237,211</u>	<u>145,721,882</u>	<u>771,427</u>
Units repurchased	<u>(3,611,732,188)</u>	<u>(142,048,809)</u>	<u>(424,944)</u>
Net increase (decrease) in fund units	<u>(42,494,977)</u>	<u>3,673,073</u>	<u>346,483</u>

See accompanying notes to financial statements.

Loss Amortization Pool	Loan Pool	Municipal Bond Restricted Pool	Municipal Bond Commission	Lottery Defeasance	School Fund	EDA Insurance
\$ 5,496	\$ 10,467	\$ 5,987	\$ 4,219	\$ 797	\$ 82	\$ 24
-	-	137	-	-	-	-
10,875	-	633	-	173	-	-
<u>16,371</u>	<u>10,467</u>	<u>6,757</u>	<u>4,219</u>	<u>970</u>	<u>82</u>	<u>24</u>
-	(10,467)	-	-	-	-	-
-	(10,467)	-	-	-	-	-
-	-	-	-	-	-	-
-	10,467	-	-	-	-	-
-	10,467	-	-	-	-	-
-	(10,488)	-	-	-	-	-
-	(21)	-	-	-	-	-
-	-	290,733	159,609	3	361	-
-	-	(302,829)	(52,909)	(1,425)	(506)	(12)
<u>16,371</u>	<u>(21)</u>	<u>(5,339)</u>	<u>110,919</u>	<u>(452)</u>	<u>(63)</u>	<u>12</u>
76,786	168,021	97,965	75,294	8,768	1,472	449
-	-	(115)	-	1,123	4	-
<u>76,786</u>	<u>168,021</u>	<u>97,850</u>	<u>75,294</u>	<u>9,891</u>	<u>1,476</u>	<u>449</u>
<u>\$ 93,157</u>	<u>\$ 168,000</u>	<u>\$ 92,511</u>	<u>\$ 186,213</u>	<u>\$ 9,439</u>	<u>\$ 1,413</u>	<u>\$ 461</u>
-	-	-	-	-	-	-
-	10,467,082	-	-	-	-	-
-	10,467,082	-	-	-	-	-
-	(10,488,049)	-	-	-	-	-
-	(20,967)	-	-	-	-	-

**THIS PAGE LEFT BLANK INTENTIONALLY**

**Consolidated Fund**  
**West Virginia Investment Management Board**  
**Notes to Financial Statements**

**NOTE 1. DESCRIPTION OF THE ENTITY**

The West Virginia Investment Management Board (Investment Management Board) was organized on April 25, 1997, as a public corporation created by *West Virginia Code §12-6-1* to serve as the Trustee for the Indenture Trust to hold certain public pension funds and insurance funds (collectively referred to as Consolidated Pension Fund) and to provide prudent fiscal administration, investment, and management of the Consolidated Pension Fund and the state's operating funds (collectively referred to as Consolidated Fund). A Board of Trustees, consisting of thirteen members, governs the Investment Management Board. The Governor, the State Auditor and the State Treasurer are members of the Board of Trustees. The Governor appoints Trustees for a term of six years.

The accompanying financial statements reflect only the investment balances and transactions of the investment pools established for the investment of the Consolidated Fund.

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

**Cash Liquidity Pool** - This pool consists of the operating funds of the State, funds held in trust by State agencies, and funds from local governments who desire the opportunity to invest with the State. 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 restricts its investments to 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** - This pool is for 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. This pool is wholly owned by the Municipal Bond Commission and does not permit investment participation by any other entities.

**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 the distributions of earnings to participants in various Investment Management Board investment pools, principally the Unrestricted Pool (predecessor to the Cash Liquidity Pool), in excess of the true investment income experience of the pools, principally in 1987 and 1988.

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

The remaining portfolios, (Municipal Bond Commission, Lottery Defeasance, School Fund, and EDA Insurance), are maintained for individual State agencies with specific investment needs. Each agency has a 100 percent 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 has its own investment advisor(s) who makes investment decisions within the

parameters provided in the administrative regulations of the Investment Management Board. All investment decisions are then executed by the Investment Management Board.

## NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

**Basis of Accounting** - The Investment Management Board is the investment vehicle of the State and its component units, all of which are government entities. The Investment Management Board carries its investments at fair value, which is determined by a third party pricing service based on asset portfolio pricing models and other sources. The Cash Liquidity Pool and the Government Money Market Pool are categorized as money market pools and are carried at amortized cost which approximates fair value. Commissions on the purchases of securities by the Investment Management Board are generally an unidentified component of the security price quoted by the seller and are included in the investment cost or carrying value.

**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.

**Amortization** - Discounts and premiums on securities purchased are amortized over the life of the respective securities using the scientific method of amortization. This method maintains a constant book yield over the life of the security.

**Allowance for Loan Losses** - The allowance for loan losses is available to absorb future loan losses. The allowance is increased by provisions charged against operations and reduced by charge-offs (losses), net of recoveries. The provision is based on several factors including: analytical reviews of loan loss experience in relationship to outstanding loans; a continuing review of problem loans and overall portfolio quality, including analysis of the quality of the underlying collateral; and management's judgment on the impact of current and expected economic conditions on the portfolio.

**Expenses** - The Investment Management Board's Trustees adopt an annual budget and fee schedule for services to be provided to the Consolidated Fund and Consolidated Pension Fund and their respective investment pools. Each investment portfolio is charged for its direct investment-related cost and for its allocated share of other expenses. These other expenses are allocated by dividing the total between the Consolidated Pension Fund and the Consolidated Fund with the divided cost being further allocated to the investment portfolios within each of these fund groups based on asset size. Certain investment portfolios in the Consolidated Fund cannot be charged expenses or must be charged a reduced expense. These portfolios allocated cost are redistributed to other pools within the Consolidated Fund. The Investment Management Board pays all expenses.

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

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

**Distributions to Participants** - The net income of the Cash Liquidity Pool, Government Money Market Pool, and the 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 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.

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

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

### NOTE 3. LOANS

**Nonaccrual Loans** - In accordance with the Investment Management Board's rules and regulations, the following loans that are delinquent by sixty days or more have been placed in nonaccrual status:

	<u>Principal Balance</u>
New Small Development (WVHDF) – Robinson Development	\$183,593
Small Development (WVHDF) – Riverview Apartments	182,760
Sheltered Housing (WVHDF) – Cleo Triggs	28,339
Sheltered Housing (WVHDF) – Veronica Bowles	25,456
Sheltered Housing (WVHDF) – Ashton Moore	<u>17,797</u>
Total	<u>\$437,945</u>

**Impaired Loans** - Effective October 1, 1995, the Fife Street Apartments loan was restructured into two loans. These new loans carry the same interest rate as the original loan, but the payment terms have changed. Management has reservations regarding the ultimate collectibility of the restructured loans. Therefore, the Investment Management Board has adopted the accounting treatment required by Financial Accounting Standards Board Statement No. 114, "Accounting by Creditors for Impairment of a Loan." The allowance for loan loss on these loans will be 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. The June 30, 1998, financial statements include the following information:

Recorded investment in impaired loans	\$989,493
Reserve for uncollectible loan	<u>(590,000)</u>
Net carrying value	<u>\$399,493</u>

### 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 Investment Management Board or its agent in the Investment Management Board's name.

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

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

Investments at June 30, 1998, by security type and level of risk category as defined by Statement No. 3 of the Governmental Accounting Standards Board, are as follows:

<u>Security Type</u>	<u>Category 1</u> <u>(\$000's)</u>	<u>Category 2</u> <u>(\$000's)</u>	<u>Category 3</u> <u>(\$000's)</u>	<u>Carrying</u> <u>Value</u> <u>(\$000's)</u>	<u>Fair</u> <u>Value</u> <u>(\$000's)</u>
U.S. government and agencies obligations	\$773,541	\$ -	\$ -	\$773,541	\$755,751
Corporate bonds	108,207	-	-	108,207	108,198
Commercial paper	66,243	-	-	66,243	66,243
Repurchase agreements	414,642	-	-	414,642	414,642
Certificates of deposit	4,511	-	-	4,511	4,516
Total categorized	<u>\$1,367,144</u>	<u>\$ -</u>	<u>\$ -</u>	\$1,367,144	\$1,349,350
Uncategorized:					
Investments in loans and mortgages				155,229	155,229
Total Investments				<u>\$1,522,373</u>	<u>\$1,504,579</u>

**NOTE 5. ADOPTION OF GASB STATEMENT NO. 31, ACCOUNTING AND FINANCIAL REPORTING FOR CERTAIN INVESTMENTS AND FOR EXTERNAL INVESTMENT POOLS**

For the year ended June 30, 1998, the Investment Management Board implemented the provisions of GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools." This statement requires the Investment Management Board to change the carrying value from amortized cost to fair value for the assets of the Municipal Bond Restricted Pool, the Lottery Defeasance Account, and the School Fund Account. Accordingly, the beginning of period net assets on the statement of changes in net assets has been restated to fair value and the change in unrealized net appreciation or depreciation for the year ended June 30, 1998 is reported on the statement of operations. The Cash Liquidity Pool and Government Money Market Pool are not carried at market because they are money market funds. The loans receivable held in the Loan Pool and securities held in trust by the Municipal Bond Commission to defease debt issues are excluded from the application of GASB 31. The EDA Insurance Account holds only short-term securities and thus is allowed to be carried at amortized cost. The Enhanced Yield pool and the Loss Amortization Pool are carried at fair value and required no changes to comply with GASB 31.

**NOTE 6. INVESTMENT TRANSACTIONS**

Purchases and sales of investment securities (excluding short-term securities) were \$595,445,129 and \$589,516,230, respectively, for U.S. government obligations; purchases and sales of corporate securities were \$50,041,723 and \$21,744,172.

***West Virginia  
Investment Management Board***

---

***Audited Financial Statements***

***June 30, 1998***



West Virginia Investment Management Board

Audited Financial Statements

June 30, 1998

**Contents**

Independent Auditors' Report .....	1
Audited Financial Statements	
Statement of Financial Position .....	2
Statement of Revenues, Expenses and Changes in Retained Earnings.....	3
Statement of Cash Flows .....	4
Notes to Financial Statements.....	5

Independent Auditors' Report

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, 1998, and the related statements of revenues, expenses, and changes in retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the WVIMB's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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 WVIMB as of June 30, 1998, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

*KPMG Peat Marwick LLP*

September 18, 1998

# West Virginia Investment Management Board

## Statement of Financial Position

June 30, 1998

### Assets

#### Current assets:

Cash and cash equivalents	\$2,632,732
Administrative fees receivable	484,058
Prepaid expenses	123,467
Dividends receivable	10,888

**Total current assets** 3,251,145

#### Property & equipment

Equipment	907,879
Office furniture	97,572
Leasehold improvements	10,437
Less accumulated depreciation	(380,354)

**Property & equipment, net** 635,534

#### Other assets

300,959

**Total assets** \$4,187,638

### Liabilities and fund equity

#### Current liabilities:

Accounts payable and accrued expenses	\$1,057,588
---------------------------------------	-------------

#### Fund equity:

Contributed capital	2,452,053
Retained earnings	677,997

**Total fund equity** 3,130,050

**Total liabilities and fund equity** \$4,187,638

*See accompanying notes to financial statements.*

## West Virginia Investment Management Board

### Statement of Revenues, Expenses, and Changes in Retained Earnings

For the Year Ended June 30, 1998

<b>Revenues:</b>	
Investment service fees	\$5,470,501
Dividend income	122,911
Miscellaneous	1,540
<b>Total revenues</b>	<u>5,594,952</u>
<b>Expenses:</b>	
Advisor fees	(2,783,389)
Custodian fees	(171,292)
Trustee fees	(68,500)
Fiduciary bond expense	(114,626)
Professional service fees	(415,981)
Loan service fees	(4,214)
Administrative expenses	(1,704,446)
<b>Total expenses</b>	<u>(5,262,448)</u>
<b>Revenues in excess of expenses</b>	<b>332,504</b>
<b>Retained earnings at beginning of year</b>	<u>345,493</u>
<b>Retained earnings at end of year</b>	<u>\$677,997</u>

*See accompanying notes to financial statements.*

West Virginia Investment Management Board

Statement of Cash Flows

For the Year Ended June 30, 1998

<b>Cash flows from operating activities</b>	
Revenues in excess of expenses	\$ 332,504
Adjustments to reconcile revenues in excess of expenses to net cash provided by operating activities:	
Depreciation	327,852
Loss on disposal of equipment	1,739
Decrease in administrative fees receivable	61,763
Increase in prepaid expenses	(101,347)
Increase in dividends receivable	(3,303)
Increase in other assets	(299,388)
Increase in accounts payable and accrued expenses	254,716
<b>Net cash provided by operating activities</b>	<u>574,536</u>
<b>Cash flows from capital and related financing activities</b>	
Purchase of equipment	<u>(152,455)</u>
<b>Net cash used in capital and related financing activities</b>	<u>(152,455)</u>
<b>Increase in cash and cash equivalents</b>	422,081
Cash and cash equivalents at beginning of year	<u>2,210,651</u>
<b>Cash and cash equivalents at end of year</b>	<u><u>\$2,632,732</u></u>

*See accompanying notes to financial statements.*

# West Virginia Investment Management Board

## Notes to Financial Statements

June 30, 1998

### **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 Consolidated Pension Fund) and to provide prudent fiscal administration, investment, and management of the State's pension and operating funds (collectively referred to as Consolidated Fund). The WVIMB issues separate financial statements for the Consolidated Pension Fund and the Consolidated Fund which include the investment pools therein.

The West Virginia Trust Fund, Inc. and the West Virginia State Board of Investments formerly invested these funds. The 1997 West Virginia State Legislature passed Senate Bill 563 that was signed by the Governor and became effective April 25, 1997. This Bill dissolved the West Virginia Trust Fund, Inc. and the West Virginia State Board of Investments and transferred all investment responsibilities to the WVIMB.

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

### **Note 2. Significant Accounting Policies**

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

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

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

## West Virginia Investment Management Board

### Notes to Financial Statements (continued)

*Revenues and Expenses* - The WVIMB's Board of Trustees adopt an annual budget and fee schedule for services to be provided to the Consolidated Fund and Consolidated Pension Fund and their respective investment pools. Revenues of the WVIMB are derived from the allocation of fees to the funds and the related portfolios per the fee schedule. Each investment portfolio is charged for its direct investment related cost and for its allocated share of other expenses. These other expenses are allocated by dividing the total between the Consolidated Pension Fund and the Consolidated Fund with the divided cost being further allocated to the investment portfolios within each of these fund groups based on asset size. Certain investment portfolios in the Consolidated Fund cannot be charged expenses or must be charged a reduced expense. Such costs are redistributed to other pools within the Consolidated Fund based on asset size. 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.

*GASB Statement Number 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting"* - The WVIMB has elected to follow all FASB Statements and Interpretations, APB Opinions, and ARBs, except those that conflict with or contradict GASB pronouncements.

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

*Reclassification of Prior Year Statements* - Certain previously reported items in the financial statements have been reclassified to conform to the current year's classification.

#### **Note 3. Operating Leases**

The WVIMB leased office space for an initial one-year term from September 1, 1996 through August 31, 1997. The lease was extended through November 30, 1997. Monthly rent expense under this lease was \$12,893. Rent expense for the period July 1, 1997 to November 30, 1997 totaled \$64,463.

On October 6, 1997, the WVIMB entered into a long-term lease for office space for a term of five years. The lease is cancelable after the fourth year by paying the landlord a onetime payment of \$18,038. The lease commenced on November 15, 1997, and the monthly rent expense is \$9,702. Rent expense for the period November 15, 1997 to June 30, 1998 totaled \$72,979.

# West Virginia Investment Management Board

## Notes to Financial Statements (continued)

The following is a schedule by years of future minimum rental payments required under this lease:

Year ending June 30:

1999	\$116,424
2000	116,424
2001	116,424
2002	116,424
2003	43,659

### **Note 4. Employee Benefit Plan**

The WVIMB provides a money purchase pension plan covering all of its employees. An employee becomes eligible to participate in the plan on the earlier of the January 1 or July 1 coinciding with or next following the employees hire date. Contributions are 10% of each covered employees' compensation. Contributions for the period from July 1, 1997 to June 30, 1998 totaled \$60,428. The plan provides for a five year vesting schedule with vesting increasing 20% per year. All persons employed as of October 31, 1996, the Execution Date of the Plan, are 100% vested.

### **Note 5. Risk Categorization**

In accordance with GASB Statement Number 3, investments held by an entity are classified into three risk categories or if the investment is a pooled investment it is uncategorized. At June 30, 1998 all of the WVIMB's cash equivalents are invested in an institutional U S Government money market account and are in the unclassified risk category.

### **Note 6. Commitments and Contingencies**

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

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