

STATE OF WEST VIRGINIA

AUDIT REPORT

OF

WEST VIRGINIA STATE BOARD OF INVESTMENTS

FOR THE PERIOD

JANUARY 1, 1985 - DECEMBER 31, 1985



OFFICE OF LEGISLATIVE AUDITOR

CAPITOL BUILDING

CHARLESTON 5, WEST VIRGINIA

WEST VIRGINIA STATE BOARD OF INVESTMENTS

FOR THE PERIOD

JANUARY 1, 1985 - DECEMBER 31, 1985

West Virginia



LEGISLATIVE AUDITOR

CHARLESTON

To the Legislature of West Virginia

In compliance with the West Virginia Code, Chapter 12, Article 6, Section 15, one thousand nine hundred thirty-one, as amended, transmitted herewith is a postaudit of the investment balances of the West Virginia State Board of Investments. This report covers the calendar year 1985.

Very truly yours,

Encil Bailey
Encil Bailey

WEST VIRGINIA STATE BOARD OF INVESTMENTS

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WEST VIRGINIA STATE BOARD OF INVESTMENTS

BOARD MEMBERS

Governor Arch A. Moore, Jr. Chairman
State Treasurer A. James Manchin Executive Secretary
State Auditor Glen B. Gainer, Jr. Member

WEST VIRGINIA STATE BOARD OF INVESTMENTS

GENERAL REMARKS

INTRODUCTION

An examination of the investment balances of the West Virginia State Board of Investments as of December 31, 1985 has been completed.

BACKGROUND

The requirements of corporations to be eligible for investments purchases by the Board are set out by the West Virginia Code, Chapter 12, Article 6, Section 9, as follows: "(g) Any bond, note, debenture, commercial paper or other evidence of indebtedness of any private corporation or association organized and operating in the United States: Provided, that any such security is, at the time of its acquisition, rated in one of the three highest rating grades by an agency which is nationally known in the field of rating corporate securities: Provided, however, that if any commercial paper and/or any such security will mature within one year from the date of its issuance, it shall, at the time of its acquisition, be rated in one of the two highest rating grades by such an agency: Provided further, that any such security not rated in one of the two highest rating grades by any such agency and commercial paper or other evidence of indebtedness of any private corporation or association shall be purchased only upon the written recommendation from an investment advisor that has over three hundred million dollars in other funds under its management."

West Virginia Code, Chapter 12, Article 6, Section 10, as amended, provides that:

(1) At no time shall more than seventy-five percent of the portfolio of either fund be invested in securities described in subdivision (g) of said section nine;

(2) At no time shall more than twenty percent of the portfolio of either fund be invested in securities described in said subdivision (g) which mature within one year from the date of issuance thereof;

(3) At no time shall more than three percent of the portfolio of either fund be invested in securities issued by a single private corporation or association.

Pursuant to authorization given by House Bill 1321, effective July 1, 1978, Administrative Rules and Regulations filed with the Secretary of State on October 13, 1978, and portfolio policy guidelines adopted by the Board of Investments, the State Treasurer's Office completed the conversion of state agency short-term investments to the Consolidated Fund (Short-Term Pools) on October 15, 1978 and all state retirement system funds to the Consolidated Pension Fund (Long-Term Pool) on March 17, 1979.

The Consolidated Fund is composed of sixteen "pools" which are identified in our workpapers. Pool 0100 contains investments from agencies which are unrestricted by type, i.e., not restricted by instrument. Pool 0140 contains investments from agencies which may only be government instruments. The remaining thirteen pools contain specific investments for individual agencies due to constitutional or bonding restrictions prohibiting commingling with Pools 0100 or 0140.

The Consolidated Pension Fund is composed of the following retirement systems:

- Judges' Retirement
- Department of Public Safety
- Workers' Compensation
- Pneumoconiosis Fund
- Public Employees' Retirement System
- Teachers' Retirement System

INVESTMENT POLICY

At a regular meeting of the West Virginia State Board of Investments on February 19, 1985, a new investment policy was adopted. The proposal was introduced by the Treasurer and seconded by the Governor. The proposal was approved with the Auditor opposing. The proposal as adopted contained three broad policy guidelines:

1. The Treasurer of State, as staff agency for the Board, shall administer the Consolidated Funds in accordance with the following guidelines for diversification of the portfolio according to the kind of investment instrument, the quality of investment instrument, and the maturity of investment instrument.
2. No investment may be made with a maturity date beyond ten (10) years, without approval of the majority of the Board, for those funds managed by and within the Treasurer of State's Office.
3. The Treasurer of State, as staff agency for the Board, shall be authorized to sell any investment within the Board's portfolio regardless of the maturity that he deems prudent and in the best interest of maintaining the financial integrity of the Consolidated Funds.

We noted that the policy guidelines pertained to the Consolidated Funds. We were informed by Assistant Treasurer of State for Investments that the Treasurer's staff follows in most instances the investment advice of the individual investment advisors for the long-term pension funds. However, during those periods when the Treasurer's staff managed those funds in 1985, when investment advisor's contracts were voided; the Treasurer's staff followed the investment strategy utilized for the Consolidated Funds.

General Investment Policies

1. Purpose

To invest and protect the assets of the Consolidated Funds for the benefit of the citizens of the State of West Virginia. To seek the highest investment return consistent with the fiduciary standards established under State and Federal Law, the regulations of the State of West Virginia and the guidelines of the Board of Investments.

2. Standard of Care

All investments are to be made with the exercise of that degree of judgment and care, under circumstances then prevailing, which people of experience, prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation but for investment, considering the probable safety of their capital as well as the probable income to be derived.

3. Diversification

To diversify the investment of the assets of the Fund so as to minimize the risk of large losses.

4. Permissible Investments

The Fund shall abide by Section 12.6.9 of the West Virginia Code with regard to permissible investments.

5. Social Responsibility

To the extent that investments are consistent with all other standards established by the Board of Investments, selection of investments should consider the interests of the people of the State of West Virginia.

6. Supervision

The sole responsibility in the supervision of the assets of the Fund shall be with the Board of Investments of the State of West Virginia.

7. Custody

The Board of Investments shall designate and maintain custodian arrangements in its sole discretion and no investment advisor shall maintain custody of the securities of the Fund.

8. Investment Advisors

The Board of Investments will select and maintain investment advisors who shall act in accordance with the terms and conditions specified by the Board of Investments Advisory Agreement.

Investment Objectives

1. Preservation of Capital

To preserve the capital investment in Funds.

2. Stability

To maintain a high level security in the Funds by minimizing risk and volatility insofar as possible within the rate of return objectives.

3. Liquidity

To maintain sufficient liquidity to provide for all anticipated withdrawals or transfers and to invest in issues with sufficient marketability to provide for unexpected withdrawals.

4. Turnover

To minimize transaction costs.

5. Rate of Return

- a. The Fund shall seek an investment return from income which should exceed the inflation rate by at least 3 percentage points, using the annual GNP deflator, measured over a three to five year period.
- b. The Fund shall seek a total investment return which exceeds the Shearson-Lehman Government Bond Index, measured over a one to three year period.
- c. The Fund shall seek total investment performance which would place it in the top 1/3 of comparable funds, measured over each one year period by SEI.

Investment Restrictions

1. West Virginia Code

The Fund shall abide by the quality restrictions of Sections 12.6.9 of the West Virginia Code.

2. Diversification

- a. Not more than 20% of the Fund's value at market may be invested in any single industry sector. (The utility industry shall be separated for the purpose of this restriction between telephone, electric, gas distribution and similar segments.)
- b. Not more than 3% of the Fund's value at market may be invested in the securities issued by a single private corporation or association.
- c. The Fund shall maintain a reasonable balance between the various classes of fixed income securities, without over concentration.

3. Quality

The Fund shall abide by the quality restrictions of Section 12.6.9 of the West Virginia Code.

4. Equity Investments

The Fund shall not invest in equity securities or equity equivalent securities.

The State Treasurer's Office administered the activities of the following funds in the following periods in calendar year 1985:

Public Employees' Retirement System	March 14, 1985 - December 31, 1985
Workers' Compensation Fund	March 14, 1985 - December 31, 1985
Judges' Retirement System	October 1, 1985 - December 31, 1985
Public Safety Retirement System	October 1, 1985 - December 31, 1985
Teachers' Retirement System	October 1, 1985 - December 31, 1985

INVESTMENT ACTIVITIES

The activities of the state long-term trust funds under the
aforementioned policy follows:

	<u>Judges</u>	<u>Public Safety</u>	<u>Workers' Compensation</u>
Rate of Return:			
1985	12.38%	12.01%	11.80%
1984	8.58%	2.30%	10.40%
Sales 1985:			
Number	20	16	169
Average Years Held	1.60	1.32	1.27
Average Years to Maturity from Sale Date	5.60	6.29	9.50
Average Rate of Return	8.150%	5.551%	4.566%
Average Approximate Yield at Maturity	11.207%	10.683%	10.612%
Par Value	\$13,121,777	\$26,500,000	\$2,740,438,884
Book Value	\$12,741,962	\$26,138,887	\$2,759,788,226
Sale Proceeds	\$13,079,708	\$26,664,876	\$2,765,398,648
Net Gain	\$337,746	\$525,989	\$5,610,422
Total Earned	\$1,764,697	\$3,592,931	\$105,564,877
Sale of Investments Held Less Than One Year:			
Number	10	11	107
% of Total	50.00%	68.75%	63.31%
Average Days Held	66	73	22
Average Years to Maturity from Sale Date	7.15	7.04	7.34
Average Rate of Return	3.817%	3.197%	1.151%
Average Approximate Yield at Maturity	10.753%	10.591%	10.278%
Par Value	\$10,000,000	\$21,500,000	\$2,437,008,884
Book Value	\$9,711,262	\$21,206,329	\$2,460,179,618
Sale Proceeds	\$9,915,783	\$21,577,501	\$2,471,521,061
Net Gain	\$204,521	\$371,172	\$11,341,443
Total Earned	\$432,586	\$1,005,111	\$21,535,656
% of Total	24.51%	27.97%	20.40%
Purchases 1985:			
Number	13	13	127
Average Years to Maturity	6.04	6.43	7.88
Approximate Yield at Maturity	10.393%	10.479%	10.377%
Total:			
Par Value	\$15,000,000	\$24,000,000	\$2,612,618,887
Purchase Price	\$14,693,525	\$23,694,172	\$2,576,375,618
Purchases Sold:			
Number	9	11	106
% of Total	69.23%	84.62%	83.46%
Average Days Held	66	73	22
Average Rate of Return	3.171%	3.197%	1.032%
Potential Average Rate of Return if Held to 12/31/85	5.464%	5.743%	4.983%
Par Value	\$9,500,000	\$21,000,000	\$2,433,600,000
Book Value	\$9,214,195	\$21,206,329	\$2,456,895,141
Sale Proceeds	\$9,396,408	\$21,577,501	\$2,468,059,334
Total Earned	\$384,761	\$1,005,111	\$21,042,774
Potential Earnings	\$521,797	\$1,292,050	\$119,531,709
(Over) Total Earned	(\$137,036)	(\$286,939)	(\$98,488,935)

<u>Pneumoconiosis</u>	<u>Public Employees'</u>	<u>Teachers'</u>
17.14%	13.56%	11.33%
10.81%	8.93%	1.75%
29	183	36
0.16	1.47	0.75
7.39	9.79	6.44
2.186%	5.382%	30.860%
10.464%	10.568%	10.313%
\$203,805,000	\$3,002,431,726	\$569,765,330
\$190,076,087	\$2,974,242,072	\$570,498,618
\$191,505,885	\$2,993,882,989	\$573,554,585
\$1,429,798	\$19,640,917	\$3,055,967
\$2,319,830	\$126,589,748	\$18,824,707
29	117	30
100.00%	63.93%	83.33%
58	47	69
7.39	7.77	6.67
2.186%	2.392%	1.593%
10.464%	10.415%	10.159%
\$203,805,000	\$2,695,814,301	\$544,265,330
\$190,076,087	\$2,679,266,920	\$545,377,280
\$191,505,885	\$2,697,422,361	\$547,667,553
\$1,429,798	\$18,155,441	\$2,290,273
\$2,319,830	\$41,931,041	\$10,328,627
100.00%	33.12%	54.87%
28	140	40
7.10	6.92	6.30
10.386%	10.071%	9.930%
\$185,800,000	\$3,178,350,000	\$543,546,875
\$183,188,111	\$3,136,554,107	\$543,378,269
24	106	29
85.71%	75.71%	72.50%
18	26	69
1.112%	1.171%	1.689%
5.197%	4.872%	4.779%
\$177,500,000	\$2,559,605,417	\$504,500,000
\$178,031,651	\$2,547,921,053	\$505,404,127
\$178,966,225	\$2,558,517,414	\$507,289,723
\$1,220,813	\$23,817,025	\$9,601,133
\$9,091,973	\$122,465,298	\$18,724,712
(\$7,871,160)	(\$98,648,273)	(\$9,123,579)

<u>Continued</u>	<u>Judges</u>	<u>Public Safety</u>	<u>Workers' Compensation</u>
Investments on Hand:			
December 31, 1985:			
Number	6	7	131
Average Years to Maturity	5.12	3.52	16.12
Approximate Yield at Maturity	9.751%	9.516%	9.359%
Total:			
Par Value	\$8,460,000	\$20,812,449	\$582,147,504
Book Value	\$8,434,491	\$20,733,394	\$511,226,871
Expected:			
Earnings at Maturity	\$3,051,749	\$4,437,873	\$476,839,859
Cash in 1986	\$630,375	\$4,458,641	\$124,111,543
December 31, 1984:			
Number	13	9	176
Average Years to Maturity	5.31	5.07	17.05
Approximate Yield at Maturity	11.375%	10.499%	10.522%
Total:			
Par Value	\$7,525,000	\$19,949,144	\$521,243,155
Book Value	\$7,506,712	\$19,830,085	\$504,527,548
Expected:			
Earnings at Maturity	\$3,365,561	\$6,934,455	\$718,128,331
Cash in 1985	\$1,107,413	\$1,250,793	\$52,635,716

<u>Pneumoconiosis</u>	<u>Public Employees'</u>	<u>Teachers'</u>
8	120	32
5.51	14.08	7.61
9.715%	8.981%	9.011%
\$20,727,500	\$701,273,526	\$239,064,123
\$19,075,263	\$658,151,995	\$235,654,858
\$4,139,861	\$438,541,467	\$152,094,595
\$3,316,250	\$60,997,013	\$56,184,432
8	166	22
8.53	16.01	10.34
10.233%	9.851%	10.510%
\$31,767,500	\$600,610,823	\$230,994,592
\$15,860,230	\$570,726,629	\$227,738,808
\$20,304,830	\$825,592,374	\$67,302,988
\$5,449,125	\$76,683,627	\$43,246,078

ITEMS OF NOTE

The rate of return increased over the prior year as follows: Judges 3.8%; Public Safety 9.71%; Workers' Compensation 1.402%; Pneumoconiosis 6.328%; Public Employees' 4.63%; and, Teachers' 9.578%. This averages to an overall increase of 5.908% over last year.

All trust funds experienced net gains during the year and represents a turnaround when compared to last year as follows: Judges \$619,031; Public Safety \$2,355,332; Workers' Compensation \$12,755,953; Pneumoconiosis \$2,088,265; Public Employees' \$36,257,991; and, Teachers' \$25,810,505. This totals a turnaround of \$79,787,077 over the prior year.

There was a total of 453 investments sold during the year and of that total 304 or 67% was held for less than a year. Of the total net gain of \$30,600,839 realized during the year, \$33,792,648 was from the 304 investments. The difference of \$3,191,809 between the two amounts represents losses realized in the 149 investments held over one year.

There were 361 purchases during the year totaling \$6,559,315,762 par value and \$6,477,883,802 purchase price resulting in a discount of \$81,431,960. Of the 361 purchases, 285 or 80% of these were sold. The earnings on the sale of these purchases totaled \$57,071,617. The potential earning on the same purchases totaled \$271,627,539 had the investments been held to December 31, 1985. The difference of \$214,555,922 may not have been realized because the sale of these purchases generated other purchases and sales.

The investments on hand at December 31, 1985 were over (under) the investments on hand at December 31, 1984 as follows: number of investments (90); average years to maturity (1.72); total par value \$160,284,889; total book value \$107,086,861; expected earnings at maturity (\$562,523,135); and, expected cash for 1986 \$69,325,502.

We noted the following changes in the amount of repurchase agreements on hand at December 31, 1985:

<u>Fund</u>	<u>1985</u>	<u>1984</u>	<u>(Over) Under 1985</u>
Judges	\$ 1,360,000	\$ 2,225,000	(\$ 865,000)
Public Safety	8,320,000	9,625,000	(1,305,000)
Workers' Compensation	79,740,000	11,300,000	68,440,000
Pneumoconiosis	9,390,000	1,925,000	7,465,000
Public Employees'	57,750,000	16,300,000	41,450,000
Teachers'	15,640,000	113,275,000	(97,635,000)
	<u>\$172,200,000</u>	<u>\$154,650,000</u>	<u>\$ 17,550,000</u>

This appears to account for the decrease in long-term investments at December 31, 1985. Also, the repurchase agreements largest amounts are in the funds which had the most activity during the year.

EVALUATION OF STATE BOARD OF INVESTMENTS

We obtained copies of the rating services' evaluation of the Consolidated Pension Funds's performance for the quarters ended March 31, 1985 and June 30, 1985 as prepared by SEI Funds Evaluation, Inc. We requested the rating service's reports for the quarters ended September 30, 1985 and December 31, 1985, in order to make a quarterly comparison of calendar year 1985. We were informed that rating service reports for those quarters were not yet available. We reviewed the comments of the rating service and noted the following observations:

<u>Fund</u>	<u>Rate of Return for Quarter Ended</u>	
	<u>6/30/85</u>	<u>3/31/85</u>
Judges	5.5%	1.7%
Public Safety	3.7%	2.7%
Workers' Compensation	7.9%	3.1%
Pneumoconiosis	6.3%	2.8%
Public Employees'	7.3%	3.3%
Teachers'	4.3%	2.0%

The rate of return was substantially higher in the second quarter for all funds.

The asset allocation was ranked against SEI's bond funds universe. The results reported by the rating service concerning asset allocation for the quarters ended March 31, 1985 and June 30, 1985 were as follows:

<u>Fund</u>	<u>Quarter Ended</u>	
	<u>6/30/85</u>	<u>3/31/85</u>
Judges:		
Bonds	68%	63%
Cash Equivalents	32%	37%
Public Safety:		
Bonds	81%	64%
Cash Equivalents	20%	36%
Workers' Compensation:		
Bonds	79%	88%
Cash Equivalents	16%	6%
Private Placements	6%	6%
Pneumoconiosis:		
Bonds	66%	69%
Cash Equivalents	20%	21%
Private Placements	14%	10%
Public Employees':		
Bonds	86%	99%
Cash Equivalents	13%	0%
Teachers':		
Bonds	85%	72%
Cash Equivalents	16%	29%

The rating service made the following statements relative to the asset allocation of the various funds:

Judges

For the quarter ended March 31, 1985, the maturity structure of marketable bonds helped performance. For the quarter ended June 30, 1985, the low commitment to bonds hurt performance and the high commitment to cash equivalents hurt performance.

Public Safety

For the quarter ended March 31, 1985, the maturity structure of marketable bonds helped performance. For the quarter ended June 30, 1985, the high commitment to cash equivalents hurt performance.

Workers' Compensation

For the quarter ended March 31, 1985, asset allocation had little effect on performance. For the quarter ended June 30, 1985, the low commitment to bonds hurt performance and the high commitment to cash equivalents hurt performance.

Pneumoconiosis

For the quarter ended June 30, 1985, the low commitment to bonds hurt performance and the high commitment to cash equivalents hurt performance.

Public Employees'

For the quarter ended June 30, 1985, the high commitment to cash equivalents hurt performance; the high quality hurt performance.

Teachers'

For the quarter ended June 30, 1985, the high commitment to cash equivalents hurt performance.

AMORTIZATION OF PREMIUM AND DISCOUNT

We noted in our review of transactions in the Consolidated Pension Funds that the amortization of premium related to Investment 30703 in Public Employees' was increasing the book value of the investment instead of decreasing the book value toward the par value of the investment at the maturity date.

Investment 30703 consisted of \$25,000,000 of United States Treasury Notes purchased on October 23, 1984 at a purchase price of \$25,148,437.50. On April 15, 1985, \$14,662.63 of premium was amortized, the book value increased to \$25,163,100.13. On October 15, 1985, \$16,325.26 of premium was amortized, the book value increased to \$25,179,425.39.

We discussed the apparent error with Data Processing personnel and learned the yield rate was greater than the face rate of interest on the purchase document. Apparently, the yield rate was overstated; investments purchased at a premium produce yield rates that are lower than the stated rate of interest of such investments.

Also, we noted the amortization of discount related to Investment 2790 in Workers' Compensation was decreasing the book value of the investment instead of increasing the book value toward the par value of the investment at the maturity date.

Investment 2790 consisted of \$1,000,000 of United States Treasury Notes purchased on September 8, 1981 at a purchase price of \$996,980. The investment was sold on May 14, 1985 at a sale price of \$1,090,625. The reported gain should have been smaller due to the fact that \$1,132.08 of discount was subtracted from the book value at the date of purchase to arrive at a book value on the date of sale of \$995,847.92. The reported gain related to this sale was \$94,777.08.

We recommend the apparent errors be corrected on Investment 30703 and Investment 2790. Also, we recommend that any adjustments to previously reported gains be reported in the current year.

AUDITORS' OPINION

The Honorable Encil Bailey
Legislative Auditor
State Capitol - West Wing
Charleston, West Virginia

Sir:

We have examined the schedules of investment balances of the West Virginia State Board of Investments for the year ended December 31, 1985. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the schedules referred to above present fairly the investment balances of the West Virginia State Board of Investments at December 31, 1985 in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Our examination was made for the purpose of forming an opinion on the schedules of investment balances taken as a whole. The supplemental information is presented for purposes of additional analysis and is not a required part of the basic schedules of investment balances. Such information has been subjected to the auditing procedures applied in the examination of the basic schedules of investment balances and, in our opinion, is fairly stated in all material respects in relation to the basic schedules of investment balances taken as a whole.

Respectfully submitted,



Thedford L. Shanklin, CPA, Director
Legislative Postaudit Division

January 31, 1986

Auditors: Michael E. Sizemore, Acting Supervisor
David M. Lonchar, Auditor-in-Charge
Lisa A. Ruble

WEST VIRGINIA STATE BOARD OF INVESTMENTS

SCHEDULE OF CONSOLIDATED PENSION FUND INVESTMENT BALANCES

BY RETIREMENT SYSTEM

<u>Agency No.</u>	<u>Name of Agency</u>	<u>As of December 31, 1985</u>	
		<u>Par Value</u>	<u>Current Book Value</u>
7615	Judges' Retirement	\$ 8,460,000.00	\$ 8,434,490.94
7620	Department of Public Safety	20,812,449.47	20,733,292.72
7625	Workers' Compensation	582,147,504.10	511,226,871.14
7630	Pneumoconiosis Fund	20,727,500.00	19,075,263.25
7635	Public Employees' Retirement System	701,273,526.26	658,151,995.40
7640	Teachers' Retirement	239,064,122.96	235,654,858.48
	Total Investment Balances	<u>\$1,572,485,102.79</u>	<u>\$1,453,276,771.93</u>

See Accompanying Note

As of December 31, 1984

<u>Par Value</u>	<u>Current Book Value</u>
\$ 7,525,000.00	\$ 7,506,712.29
19,949,143.59	19,830,084.66
521,243,155.44	504,527,548.23
31,767,500.00	15,860,230.04
600,610,823.36	570,726,629.26
<u>230,994,593.37</u>	<u>227,738,807.56</u>
<u>\$1,412,090,215.76</u>	<u>\$1,346,190,012.04</u>

WEST VIRGINIA STATE BOARD OF INVESTMENTS
 SCHEDULE OF CONSOLIDATED FUND INVESTMENT
 BALANCES BY POOL

<u>Description</u>	<u>Pool (Fund) Number</u>	<u>Account Number</u>	<u>As of December 31, 1985</u>	
			<u>Par Value</u>	<u>Current Book Value</u>
Consolidated Pool Unrestricted	100	7600-05	\$ 897,704,912.80	\$ 892,269,232.55
Consolidated Pension Pool	110	7645-12	507,148,343.80	451,999,495.05
Local Government Pension	115	7605-13	51,485,978.15	38,689,952.57
Highway Construction and Huntington Toll Bridge	120	6940-05	7,850,000.00	7,732,928.13
The School Fund	130	7440-05	998,000.00	1,003,188.44
Undistributed Restricted Pool	140	7610-05	607,244,667.50	542,741,412.86
Municipal Bond Commission (Huntington Toll Bridge)	150	7320-10A	1,005,000.00	993,221.88
Municipal Bond Commission (WVU Project II Escrow)	160	7320-10B	2,630,000.00	2,548,939.00
Municipal Bond Commission County Schools	162	7320-10E	8,898,200.00	9,129,126.88
Municipal Bond Commission (New Martinsville Toll Bridge)	164	7320-10F	300,000.00	56,655.00
Municipal Bond Commission (Escrow Account)	166	7320-10G	3,944,000.00	3,144,442.80
Municipal Bond Commission	170	7320-10C	13,895,000.00	12,860,432.12
Retirement System Operating System	3300	7649-13	234,310,468.75	210,141,818.04
WCF-HDF Loan Fund	4900	7645-34	54,633,612.06	54,633,612.06
WCF-OECD Loan Fund	5100	7645-23	9,833,905.26	9,833,905.26
Revenue Sharing	9700	9700-05	-0-	-0-
Total Investment Balances			<u>\$2,401,882,088.32</u>	<u>\$2,237,778,362.64</u>

See Accompanying Note

As of December 31, 1984

<u>Par Value</u>	<u>Current Book Value</u>
\$ 487,681,202.80	\$ 769,596,149.25
497,590,045.83	387,671,771.33
36,902,540.65	23,556,341.04
7,850,000.00	7,732,928.13
798,000.00	803,438.44
382,278,825.00	258,898,329.00
1,005,000.00	993,221.88
3,605,000.00	3,339,859.00
1,357,200.00	1,357,200.00
300,000.00	56,655.00
543,000.00	465,489.03
13,895,000.00	12,860,432.12
228,216,456.48	140,072,432.28
54,506,240.14	54,506,240.14
2,631,258.27	2,631,258.27
7,842,700.00	7,842,450.00
<u>\$1,727,002,469.17</u>	<u>\$1,672,384,194.91</u>

WEST VIRGINIA STATE BOARD OF INVESTMENTS

NOTE

Investments - Short-term investments are stated at cost. Long-term investments are stated at cost, less amortization of premiums plus accretions of discounts. Market value of the investments as of December 31, 1985 approximated as follows:

Consolidated Pension Fund	<u>\$1,304,982,000.00</u>
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Consolidated Fund	<u>\$1,011,883,000.00</u>
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SUPPLEMENTAL INFORMATION

WEST VIRGINIA STATE BOARD OF INVESTMENTS

SCHEDULE OF INVESTMENT TRANSACTIONS

JUDGES' RETIREMENT - 7615

	<u>Year Ended December 31, 1985</u>	
	<u>Par Value</u>	<u>Current Book Value</u>
Beginning Investment Balance	\$ 7,525,000.00	\$ 7,506,712.29
Add: Purchases	577,834,000.00	577,527,625.49
Less: Maturities	576,899,000.00	576,598,997.42
Add: Accretions - Gains	-0-	3,206.77
Less: Amortizations - Losses	-0-	4,056.19
Ending Investment Balance	<u>\$ 8,460,000.00</u>	<u>\$ 8,434,490.94</u>

Year Ended December 31, 1984

<u>Par Value</u>	<u>Current Book Value</u>
\$ 6,453,000.00	\$ 6,267,697.72
211,315,000.00	211,279,013.06
210,243,000.00	210,069,061.54
-0-	33,456.61
-0-	4,393.56
<u>\$ 7,525,000.00</u>	<u>\$ 7,506,712.29</u>

WEST VIRGINIA STATE BOARD OF INVESTMENTS

SCHEDULE OF INTEREST EARNINGS

JUDGES' RETIREMENT - 7615I

	<u>Year Ended December 31,</u>	
	<u>1985</u>	<u>1984</u>
Beginning Interest Balance	(\$ 7,132.15)	127,961.67
Accrued Interest	<u>1,007,024.48</u>	<u>534,641.21</u>
	999,892.33	662,602.88
Less: Service Fees	7,552.68	4,009.80
Less: Withdrawals	166,134.83	-0-
Less: Interest Reinvested	<u>555,145.90</u>	<u>665,725.23</u>
Ending Interest Balance	<u>\$ 271,058.92</u>	<u>(\$ 7,132.15)</u>

WEST VIRGINIA STATE BOARD OF INVESTMENTS

SCHEDULE OF INVESTMENT TRANSACTIONS

DEPARTMENT OF PUBLIC SAFETY - 7620

	<u>Year Ended December 31, 1985</u>	
	<u>Par Value</u>	<u>Current Book Value</u>
Beginning Investment Balance	\$ 19,949,143.59	\$ 19,830,084.66
Add: Purchases	1,461,714,000.00	1,461,397,625.50
Less: Maturities	1,460,850,694.12	1,460,489,494.76
Add: Accretions - Gains	-0-	18,013.20
Less: Amortizations - Losses	-0-	22,834.88
Ending Investment Balance	<u>\$ 20,812,449.47</u>	<u>\$ 20,733,393.72</u>

Year Ended December 31, 1984

<u>Par Value</u>	<u>Current Book Value</u>
\$ 20,991,279.34	\$ 20,163,527.77
576,152,000.00	576,072,529.36
577,194,135.75	576,416,369.52
-0-	41,866.58
-0-	31,469.53
<u>\$ 19,949,143.59</u>	<u>\$ 19,830,084.66</u>

WEST VIRGINIA STATE BOARD OF INVESTMENTS

SCHEDULE OF INTEREST EARNINGS

DEPARTMENT OF PUBLIC SAFETY - 76201

	<u>Year Ended December 31,</u>	
	<u>1985</u>	<u>1984</u>
Beginning Interest Balance	(\$ 202,698.61)	\$ 532,986.24
Accrued Interest	2,452,493.58	399,520.06
	<u>2,249,794.97</u>	<u>932,506.30</u>
Less: Service Fees	18,393.71	2,996.40
Less: Withdrawals	1,634,989.81	1,132,208.51
Less: Interest Reinvested	<u>-0-</u>	<u>-0-</u>
Ending Interest Balance	<u>\$ 596,411.45</u>	<u>(\$ 202,698.61)</u>

WEST VIRGINIA STATE BOARD OF INVESTMENTS

SCHEDULE OF INVESTMENT TRANSACTIONS

WORKERS' COMPENSATION - 7625

	<u>Year Ended December 31, 1985</u>	
	<u>Par Value</u>	<u>Current Book Value</u>
Beginning Investment Balance	\$ 521,243,155.44	\$ 504,527,548.23
Add: Purchases	12,820,888,308.75	12,718,984,677.14
Less: Maturities	12,759,983,960.09	12,713,429,476.31
Add: Accretions - Gains	-0-	1,527,204.09
Less: Amortizations - Losses	-0-	383,082.01
Ending Investment Balance	<u>\$ 582,147,504.10</u>	<u>\$ 511,226,871.14</u>

Year Ended December 31, 1984

<u>Par Value</u>	<u>Current Book Value</u>
\$ 532,194,512.24	\$ 506,166,850.67
2,434,732,370.82	2,436,365,824.88
2,945,683,727.62	2,438,936,427.33
-0-	1,031,215.50
-0-	99,915.49
<u>\$ 521,243,155.44</u>	<u>\$ 504,527,548.23</u>

WEST VIRGINIA STATE BOARD OF INVESTMENTS

SCHEDULE OF INTEREST EARNINGS

WORKERS' COMPENSATION - 7625I

	<u>Year Ended December 31,</u>	
	<u>1985</u>	<u>1984</u>
Beginning Interest Balance	\$10,990,739.53	\$10,536,994.33
Accrued Interest	<u>59,216,859.05</u>	<u>47,055,613.13</u>
	70,207,598.58	57,592,607.46
Less: Service Fees	441,126.45	352,917.10
Less: Withdrawals	55,676,030.62	27,710,892.66
Less: Interest Reinvested	<u>-0-</u>	<u>18,538,058.17</u>
Ending Interest Balance	<u><u>\$14,090,441.51</u></u>	<u><u>\$10,990,739.53</u></u>

WEST VIRGINIA STATE BOARD OF INVESTMENTS
 SCHEDULE OF INVESTMENT TRANSACTIONS
 PNEUMOCONIOSIS FUND - 7630

	<u>Year Ended December 31, 1985</u>	
	<u>Par Value</u>	<u>Current Book Value</u>
Beginning Investment Balance	\$ 31,767,500.00	\$ 15,860,230.04
Add: Purchases	956,716,000.00	948,521,744.16
Less: Maturities	967,756,000.00	945,444,771.35
Add: Accretions - Gains	-0-	144,105.79
Less: Amortizations - Losses	<u>-0-</u>	<u>6,045.39</u>
Ending Investment Balance	<u>\$ 20,727,500.00</u>	<u>\$ 19,075,263.25</u>

Year Ended December 31, 1984

<u>Par Value</u>	<u>Current Book Value</u>
\$ 9,430,000.00	\$ 8,792,611.72
403,260,685.44	291,136,795.91
380,923,185.44	284,081,296.91
-0-	16,613.22
-0-	4,493.90
<u>\$ 31,767,500.00</u>	<u>\$ 15,860,230.04</u>

WEST VIRGINIA STATE BOARD OF INVESTMENTS

SCHEDULE OF INTEREST EARNINGS

PNEUMOCONIOSIS FUND - 7630I

	<u>Year Ended December 31,</u>	
	<u>1985</u>	<u>1984</u>
Beginning Interest Balance	\$1,605,995.15	\$ 72,901.69
Accrued Interest	<u>3,206,069.24</u>	<u>2,148,272.53</u>
	4,812,064.39	2,221,174.22
Less: Service Fees	24,045.51	16,112.04
Less: Withdrawals	-0-	-0-
Less: Interest Reinvested	<u>4,125,923.44</u>	<u>599,067.03</u>
Ending Interest Balance	<u><u>\$ 662,095.44</u></u>	<u><u>\$1,605,995.15</u></u>

WEST VIRGINIA STATE BOARD OF INVESTMENTS
 SCHEDULE OF INVESTMENT TRANSACTIONS
 PUBLIC EMPLOYEES' RETIREMENT SYSTEM - 7635

	<u>Year Ended December 31, 1985</u>	
	<u>Par Value</u>	<u>Current Book Value</u>
Beginning Investment Balance	\$ 600,610,823.36	\$ 570,726,629.26
Add: Purchases	16,063,325,000.00	15,937,559,971.70
Less: Maturities	15,962,662,297.10	15,852,197,399.25
Add: Accretions - Gains	-0-	2,722,397.20
Less: Amortizations - Losses	-0-	659,603.51
Ending Investment Balance	<u>\$ 701,273,526.26</u>	<u>\$ 658,131,995.40</u>

Year Ended December 31, 1984

<u>Par Value</u>	<u>Current Book Value</u>
\$ 556,420,995.30	\$ 523,859,967.19
5,141,168,317.48	5,138,985,155.62
5,096,978,489.42	5,092,775,997.65
-0-	876,946.25
-0-	219,442.15
<u>\$ 600,610,823.36</u>	<u>\$ 570,726,629.26</u>

WEST VIRGINIA STATE BOARD OF INVESTMENTS
 SCHEDULE OF INTEREST EARNINGS
 PUBLIC EMPLOYEES' RETIREMENT SYSTEM - 7635I

	<u>Year Ended December 31,</u>	
	<u>1985</u>	<u>1984</u>
Beginning Interest Balance	\$ 16,873,396.57	\$ 12,349,111.14
Accrued Interest	<u>85,002,947.78</u>	<u>46,780,387.66</u>
	101,876,344.35	59,129,498.80
Less: Service Fees	637,522.11	350,852.91
Less: Withdrawals	-0-	-0-
Less: Interest Reinvested	<u>83,285,821.00</u>	<u>41,905,249.32</u>
Ending Interest Balance	<u><u>\$ 17,953,001.24</u></u>	<u><u>\$ 16,873,396.57</u></u>

WEST VIRGINIA STATE BOARD OF INVESTMENTS

SCHEDULE OF INVESTMENT TRANSACTIONS

TEACHERS' RETIREMENT SYSTEM - 7640

	<u>Year Ended December 31, 1985</u>	
	<u>Par Value</u>	<u>Current Book Value</u>
Beginning Investment Balance	\$ 230,994,592.37	\$ 227,738,807.56
Add: Purchases	16,441,075,875.00	16,429,222,372.08
Less: Maturities	16,433,006,344.41	16,421,751,639.54
Add: Accretions - Gains	-0-	553,988.75
Less: Amortizations - Losses	-0-	108,670.37
Ending Investment Balance	<u>\$ 239,064,122.96</u>	<u>\$ 235,654,858.48</u>

Year Ended December 31, 1984

<u>Par Value</u>	<u>Current Book Value</u>
\$ 225,282,075.44	\$ 213,514,779.69
7,700,816,085.15	7,698,493,047.67
7,695,103,568.22	7,684,891,890.55
-0-	653,578.94
-0-	30,708.19
<u>\$ 230,994,592.37</u>	<u>\$ 227,738,807.56</u>

WEST VIRGINIA STATE BOARD OF INVESTMENTS

SCHEDULE OF INTEREST EARNINGS

TEACHERS' RETIREMENT SYSTEM - 7640I

	<u>Year Ended December 31,</u>	
	<u>1985</u>	<u>1984</u>
Beginning Interest Balance	(\$ 1,923,647.91)	\$ 4,001,331.81
Accrued Interest	<u>25,921,664.41</u>	<u>1,967,732.29</u>
	23,998,016.50	5,969,064.10
Less: Service Fees	194,412.49	14,758.00
Less: Withdrawals	17,597,375.72	4,001,331.81
Less: Interest Reinvested	<u>-0-</u>	<u>3,876,622.20</u>
Ending Interest Balance	<u>\$ 6,206,228.29</u>	<u>(\$ 1,923,647.91)</u>

WEST VIRGINIA STATE BOARD OF INVESTMENTS

SCHEDULE OF INVESTMENT TRANSACTIONS

FUND 100 - CONSOLIDATED POOL UNRESTRICTED - 7600-05

	<u>Year Ended December 31, 1985</u>	
	<u>Par Value</u>	<u>Current Book Value</u>
Beginning Investment Balance	\$ 1,487,681,202.80	\$ 767,707,714.63
Add: Purchases	40,253,729,538.81	39,917,979,445.27
Less: Maturities	<u>40,843,705,828.87</u>	<u>39,793,417,927.35</u>
Ending Investment Balance	<u>\$ 897,704,912.80</u>	<u>\$ 892,269,232.55</u>

Year Ended December 31, 1984

<u>Par Value</u>	<u>Current Book Value</u>
\$ 615,448,987.96	\$ 601,040,989.19
11,416,690,145.83	10,462,352,578.11
<u>10,544,457,930.99</u>	<u>10,295,685,852.67</u>
<u>\$ 1,487,681,202.80</u>	<u>\$ 767,707,714.63</u>

WEST VIRGINIA STATE BOARD OF INVESTMENTS

SCHEDULE OF INTEREST EARNINGS

FUND 100 - CONSOLIDATED POOL UNRESTRICTED - 7600-05I

	<u>Year Ended December 31,</u>	
	<u>1985</u>	<u>1984</u>
Beginning Interest Balance	\$ 12,161,000.30	\$ 11,886,270.47
Interest Earned	<u>116,068,620.29</u>	<u>81,218,794.68</u>
	128,229,620.59	93,105,065.15
Less: Service Fees	870,514.65	583,460.89
Less: Withdrawals	<u>91,404,524.33</u>	<u>80,360,603.96</u>
Ending Interest Balance	<u>\$ 35,954,581.61</u>	<u>\$ 12,161,000.30</u>

WEST VIRGINIA STATE BOARD OF INVESTMENTS

SCHEDULE OF INVESTMENT TRANSACTIONS

FUND 110 - CONSOLIDATED PENSION POOL - 7645-12

	<u>Year Ended December 31, 1985</u>	
	<u>Par Value</u>	<u>Current Book Value</u>
Beginning Investment Balance	\$ 497,590,045.83	\$ 386,289,029.43
Add: Purchases	15,087,870,066.87	14,938,562,736.72
Less: Maturities	<u>15,078,311,768.90</u>	<u>14,812,852,271.10</u>
Ending Investment Balance	<u>\$ 507,148,343.80</u>	<u>\$ 451,999,495.05</u>

Year Ended December 31, 1984

<u>Par Value</u>	<u>Current Book Value</u>
\$ 301,546,000.00	\$ 290,265,374.46
6,150,370,886.47	5,795,318,288.27
<u>5,954,326,840.64</u>	<u>5,699,294,633.38</u>
<u>\$ 497,590,045.83</u>	<u>\$ 386,289,029.43</u>

WEST VIRGINIA STATE BOARD OF INVESTMENTS

SCHEDULE OF INTEREST EARNINGS

FUND 110 - CONSOLIDATED PENSION POOL - 7645-121

	<u>Year Ended December 31,</u>	
	<u>1985</u>	<u>1984</u>
Beginning Interest Balance	\$36,985,793.89	\$12,685,341.91
Interest Earned	60,814,421.03	41,522,168.42
	<u>97,800,214.92</u>	<u>54,207,510.33</u>
Less: Service Fees	456,108.16	305,674.62
Less: Withdrawals	81,655,168.79	16,916,041.82
Ending Interest Balance	<u>\$15,688,937.97</u>	<u>\$36,985,793.89</u>

WEST VIRGINIA STATE BOARD OF INVESTMENTS
 SCHEDULE OF INVESTMENT TRANSACTIONS
 FUND 115 - LOCAL GOVERNMENT PENSION - 7605-13

	<u>Year Ended December 31, 1985</u>	
	<u>Par Value</u>	<u>Current Book Value</u>
Beginning Investment Balance	\$ 36,902,540.65	\$ 23,504,231.66
Add: Purchases	2,074,811,654.66	2,066,492,127.07
Less: Maturities	<u>2,060,228,217.16</u>	<u>2,051,306,406.16</u>
Ending Investment Balance	<u>\$ 51,485,978.15</u>	<u>\$ 38,689,952.57</u>

Year Ended December 31, 1984

<u>Par Value</u>	<u>Current Book Value</u>
\$ 14,880,000.00	\$ 14,856,910.45
473,604,411.81	441,800,415.85
<u>451,581,871.16</u>	<u>433,153,094.64</u>
<u>\$ 36,902,540.65</u>	<u>\$ 23,504,231.66</u>

WEST VIRGINIA STATE BOARD OF INVESTMENTS

SCHEDULE OF INTEREST EARNINGS

FUND 115 - LOCAL GOVERNMENT PENSION - 7605-13I

	<u>Year Ended December 31,</u>	
	<u>1985</u>	<u>1984</u>
Beginning Interest Balance	\$ 373,326.81	\$ 282,259.04
Interest Earned	<u>5,911,495.79</u>	<u>2,942,104.42</u>
	6,284,822.60	3,224,363.46
Less: Service Fees	44,336.22	20,932.01
Less: Withdrawals	<u>5,622,098.95</u>	<u>2,830,104.64</u>
Ending Interest Balance	<u>\$ 618,387.43</u>	<u>\$ 373,326.81</u>

WEST VIRGINIA STATE BOARD OF INVESTMENTS

SCHEDULE OF INVESTMENT TRANSACTIONS

FUND 120 - HIGHWAY CONSTRUCTION AND HUNTINGTON TOLL BRIDGE - 6940-05

	<u>Year Ended December 31, 1985</u>	
	<u>Par Value</u>	<u>Current Book Value</u>
Beginning Investment Balance	\$7,850,000.00	\$8,832,928.13
Add: Purchases	-0-	-0-
Less: Maturities	-0-	-0-
Ending Investment Balance	<u>\$7,850,000.00</u>	<u>\$7,732,928.13</u>

Year Ended December 31, 1984

<u>Par Value</u>	<u>Current Book Value</u>
\$7,850,000.00	\$7,732,928.13
-0-	-0-
-0-	-0-
<u>\$7,850,000.00</u>	<u>\$7,732,928.13</u>

WEST VIRGINIA STATE BOARD OF INVESTMENTS

SCHEDULE OF INTEREST EARNINGS

FUND 120 - HIGHWAY CONSTRUCTION AND HUNTINGTON TOLL

BRIDGE - 6940-05

	<u>Year Ended December 31,</u>	
	<u>1985</u>	<u>1984</u>
Beginning Interest Balance	\$ -0-	\$ -0-
Interest Earned	<u>628,150.00</u>	<u>628,150.00</u>
	628,150.00	628,150.00
Less: Service Fees	4,711.13	4,711.13
Less: Withdrawals	<u>623,438.87</u>	<u>623,438.87</u>
Ending Interest Balance	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>

WEST VIRGINIA STATE BOARD OF INVESTMENTS
 SCHEDULE OF INVESTMENT TRANSACTIONS
 FUND 130 - THE SCHOOL FUND - 7440-05

	<u>Year Ended December 31, 1985</u>	
	<u>Par Value</u>	<u>Current Book Value</u>
Beginning Investment Balance	\$ 798,000.00	\$ 803,438.44
Add: Purchases	200,000.00	202,440.22
Less: Maturities	<u>-0-</u>	<u>2,690.22</u>
Ending Investment Balance	<u>\$ 998,000.00</u>	<u>\$1,003,188.44</u>

Year Ended December 31, 1984

<u>Par Value</u>	<u>Current Book Value</u>
\$1,003,000.00	\$1,004,592.82
-0-	-0-
<u>205,000.00</u>	<u>201,154.38</u>
<u>\$ 798,000.00</u>	<u>\$ 803,438.44</u>

WEST VIRGINIA STATE BOARD OF INVESTMENTS

SCHEDULE OF INTEREST EARNINGS

FUND 130 - THE SCHOOL FUND - 7440-05

	<u>Year Ended December 31,</u>	
	<u>1985</u>	<u>1984</u>
Beginning Interest Balance	\$ -0-	\$ -0-
Interest Earned	<u>80,514.95</u>	<u>86,008.14</u>
	80,514.95	86,008.14
Less: Service Fees	603.86	645.07
Less: Withdrawals	<u>79,911.09</u>	<u>85,363.07</u>
Ending Interest Balance	<u>\$ -0-</u>	<u>\$ -0-</u>

WEST VIRGINIA STATE BOARD OF INVESTMENTS

SCHEDULE OF INVESTMENT TRANSACTIONS

FUND 140 - UNDISTRIBUTED RESTRICTED POOL - 7610-05

	<u>Year Ended December 31, 1985</u>	
	<u>Par Value</u>	<u>Current Book Value</u>
Beginning Investment Balance	\$ 382,278,825.00	\$ 258,377,361.56
Add: Purchases	18,919,578,975.94	18,723,564,916.20
Less: Maturities	<u>18,694,613,133.44</u>	<u>18,739,200,864.90</u>
Ending Investment Balance	<u>\$ 607,244,667.50</u>	<u>\$ 542,741,412.86</u>

Year Ended December 31, 1984

<u>Par Value</u>	<u>Current Book Value</u>
\$ 232,356,030.00	\$ 225,842,667.08
4,796,356,388.41	4,611,208,590.67
<u>4,646,433,593.41</u>	<u>4,578,673,896.19</u>
<u>\$ 382,278,825.00</u>	<u>\$ 258,377,361.56</u>

WEST VIRGINIA STATE BOARD OF INVESTMENTS

SCHEDULE OF INTEREST EARNINGS

FUND 140 - UNDISTRIBUTED RESTRICTED POOL - 7610-05I

	<u>Year Ended December 31,</u>	
	<u>1985</u>	<u>1984</u>
Beginning Interest Balance	\$18,547,354.79	\$ 8,250,527.73
Interest Earned	47,198,300.28	26,830,989.61
	<u>65,745,655.07</u>	<u>35,081,517.34</u>
Less: Service Fees	353,987.25	197,924.78
Less: Withdrawals	23,403,787.89	16,336,237.77
Ending Interest Balance	<u>\$41,987,879.92</u>	<u>\$18,547,354.79</u>

WEST VIRGINIA STATE BOARD OF INVESTMENTS

SCHEDULE OF INVESTMENT TRANSACTIONS

FUND 150 - MUNICIPAL BOND COMMISSION (HUNTINGTON TOLL BRIDGE) - 7320-10A

	<u>Year Ended December 31, 1985</u>	
	<u>Par Value</u>	<u>Current Book Value</u>
Beginning Investment Balance	\$1,005,000.00	\$ 993,221.88
Add: Purchases	-0-	-0-
Less: Maturities	-0-	-0-
Ending Investment Balance	<u>\$1,005,000.00</u>	<u>\$ 993,221.88</u>

Year Ended December 31, 1984

<u>Par Value</u>	<u>Current Book Value</u>
\$1,005,000.00	\$ 993,221.88
-0-	-0-
-0-	-0-
<u>\$1,005,000.00</u>	<u>\$ 993,221.88</u>

WEST VIRGINIA STATE BOARD OF INVESTMENTS

SCHEDULE OF INTEREST EARNINGS

FUND 150 - MUNICIPAL BOND COMMISSION

(HUNTINGTON TOLL BRIDGE) - 7320-10A

	<u>Year Ended December 31,</u>	
	<u>1985</u>	<u>1984</u>
Beginning Interest Balance	\$ -0-	\$ -0-
Interest Earned	<u>82,512.50</u>	<u>82,512.50</u>
	82,512.50	82,512.50
Less: Service Fees	618.84	618.85
Less: Withdrawals	<u>81,893.66</u>	<u>81,893.65</u>
Ending Interest Balance	<u>\$ -0-</u>	<u>\$ -0-</u>

WEST VIRGINIA STATE BOARD OF INVESTMENTS
 SCHEDULE OF INVESTMENT TRANSACTIONS
 FUND 160 - MUNICIPAL BOND COMMISSION
 (WVU PROJECT II ESCROW) - 7320-10B

	<u>Year Ended December 31, 1985</u>	
	<u>Par Value</u>	<u>Current Book Value</u>
Beginning Investment Balance	\$3,605,000.00	\$3,339,859.00
Add: Purchases	-0-	-0-
Less: Maturities	<u>975,000.00</u>	<u>790,930.00</u>
Ending Investment Balance	<u>\$2,630,000.00</u>	<u>\$2,548,939.00</u>

Year Ended December 31, 1984

<u>Par Value</u>	<u>Current Book Value</u>
\$4,950,000.00	\$4,686,824.00
-0-	-0-
<u>1,345,000.00</u>	<u>1,346,965.00</u>
<u>\$3,605,000.00</u>	<u>\$3,339,859.00</u>

WEST VIRGINIA STATE BOARD OF INVESTMENTS

SCHEDULE OF INTEREST EARNINGS

FUND I60- MUNICIPAL BOND COMMISSION

(WVU PROJECT II ESCROW) - 7320-10B

	<u>Year Ended December 31,</u>	
	<u>1985</u>	<u>1984</u>
Beginning Interest Balance	\$ -0-	\$ -0-
Interest Earned	<u>381,573.75</u>	<u>271,266.26</u>
	<u>381,573.75</u>	<u>271,266.26</u>
Less: Service Fees	2,861.80	2,034.50
Less: Withdrawals	<u>378,711.95</u>	<u>269,231.76</u>
Ending Interest Balance	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>

WEST VIRGINIA STATE BOARD OF INVESTMENTS

SCHEDULE OF INVESTMENT TRANSACTIONS

FUND 162 - MUNICIPAL BOND COMMISSION COUNTY SCHOOLS - 7320-10E

	<u>Year Ended December 31, 1985</u>	
	<u>Par Value</u>	<u>Current Book Value</u>
Beginning Investment Balance	\$1,357,200.00	\$1,357,200.00
Add: Purchases	7,608,900.00	7,839,826.88
Less: Maturities	<u>67,900.00</u>	<u>67,900.00</u>
Ending Investment Balance	<u>\$8,898,200.00</u>	<u>\$9,129,126.88</u>

Year Ended December 31, 1984

<u>Par Value</u>	<u>Current Book Value</u>
\$1,357,200.00	\$1,357,200.00
-0-	-0-
-0-	-0-
<u>\$1,357,200.00</u>	<u>\$1,357,200.00</u>

WEST VIRGINIA STATE BOARD OF INVESTMENTS

SCHEDULE OF INTEREST EARNINGS

FUND 162 - MUNICIPAL BOND COMMISSION

COUNTY SCHOOLS - 7320-10E

	<u>Year Ended December 31,</u>	
	<u>1985</u>	<u>1984</u>
Beginning Interest Balance	\$ -0-	\$ -0-
Interest Earned	210,201.18	105,294.86
	<u>210,201.18</u>	<u>105,294.86</u>
Less: Service Fees	1,576.51	789.72
Less: Withdrawals	208,624.67	104,505.14
	<u>208,624.67</u>	<u>104,505.14</u>
Ending Interest Balance	<u>\$ -0-</u>	<u>\$ -0-</u>

WEST VIRGINIA BOARD OF INVESTMENTS
 SCHEDULE OF INVESTMENT TRANSACTIONS
 FUND 164 - MUNICIPAL BOND COMMISSION
 (NEW MARTINSVILLE TOLL BRIDGE) - 7320-10F

	<u>Year Ended December 31, 1985</u>	
	<u>Par Value</u>	<u>Current Book Value</u>
Beginning Investment Balance	\$300,000.00	\$ 56,655.00
Add: Purchases	-0-	-0-
Less: Maturities	<u>-0-</u>	<u>-0-</u>
Ending Investment Balance	<u>\$300,000.00</u>	<u>\$ 56,655.00</u>

Year Ended December 31, 1984

<u>Par Value</u>	<u>Current Book Value</u>
\$258,000.00	\$242,358.75
300,000.00	56,655.00
<u>258,000.00</u>	<u>242,358.75</u>
<u>\$300,000.00</u>	<u>\$ 56,655.00</u>

WEST VIRGINIA STATE BOARD OF INVESTMENTS

SCHEDULE OF INTEREST EARNINGS

FUND 164 - MUNICIPAL BOND COMMISSION

(NEW MARTINSVILLE TOLL BRIDGE) - 7320-10F

	Year Ended December 31,	
	<u>1985</u>	<u>1984</u>
Beginning Interest Balance	\$ -0-	\$ -0-
Interest Earned	-0-	34,346.25
	<u>-0-</u>	<u>34,346.25</u>
Less: Service Fees	-0-	257.60
Less: Withdrawals	-0-	34,088.65
	<u>-0-</u>	<u>34,088.65</u>
Ending Interest Balance	<u>\$ -0-</u>	<u>\$ -0-</u>

WEST VIRGINIA STATE BOARD OF INVESTMENTS

SCHEDULE OF INVESTMENT TRANSACTIONS

FUND 166 - MUNICIPAL BOND COMMISSION (ESCROW ACCOUNT) - 7320-10G

	<u>Year Ended December 31, 1985</u>	
	<u>Par Value</u>	<u>Current Book Value</u>
Beginning Investment Balance	\$ 542,000.00	\$ 459,915.15
Add: Purchases	3,451,000.00	2,735,138.97
Less: Maturities	<u>50,000.00</u>	<u>50,611.32</u>
Ending Investment Balance	<u>\$3,944,000.00</u>	<u>\$3,144,442.80</u>

Year Ended December 31, 1984

<u>Par Value</u>	<u>Current Book Value</u>
\$ 40,000.00	\$ 37,086.44
725,000.00	600,894.95
<u>222,000.00</u>	<u>178,066.24</u>
<u>\$ 543,000.00</u>	<u>\$ 459,915.15</u>

WEST VIRGINIA STATE BOARD OF INVESTMENTS

SCHEDULE OF INTEREST EARNINGS

FUND 166 - MUNICIPAL BOND COMMISSION (ESCROW ACCOUNT) - 7320-10G

	<u>Year Ended December 31,</u>	
	<u>1985</u>	<u>1984</u>
Beginning Interest Balance	\$ -0-	\$ -0-
Interest Earned	<u>48,925.08</u>	<u>13,497.85</u>
	48,925.08	13,497.85
Less: Service Fees	366.94	101.24
Less: Withdrawals	<u>48,558.14</u>	<u>13,396.61</u>
Ending Interest Balance	<u>\$ -0-</u>	<u>\$ -0-</u>

WEST VIRGINIA STATE BOARD OF INVESTMENTS
 SCHEDULE OF INVESTMENT TRANSACTIONS
 FUND 170 - MUNICIPAL BOND COMMISSION - 7320-10C

	<u>Year Ended December 31, 1985</u>	
	<u>Par Value</u>	<u>Current Book Value</u>
Beginning Investment Balance	\$13,895,000.00	\$12,860,432.12
Add: Purchases	-0-	-0-
Less: Maturities	-0-	-0-
Ending Investment Balance	<u>\$13,895,000.00</u>	<u>\$12,860,432.12</u>

Year Ended December 31, 1984

<u>Par Value</u>	<u>Current Book Value</u>
\$13,895,000.00	\$12,954,891.55
-0-	-0-
<u>-0-</u>	<u>94,459.43</u>
<u>\$13,895,000.00</u>	<u>\$12,860,432.12</u>

WEST VIRGINIA STATE BOARD OF INVESTMENTS

SCHEDULE OF INTEREST EARNINGS

FUND 170 - MUNICIPAL BOND COMMISSION - 7320-10C

	<u>Year Ended December 31,</u>	
	<u>1985</u>	<u>1984</u>
Beginning Interest Balance	\$ -0-	\$ -0-
Interest Earned	<u>1,735,287.50</u>	<u>1,640,828.07</u>
	1,735,287.50	1,640,828.07
Less: Service Fees	13,014.66	12,306.22
Less: Withdrawals	<u>1,722,272.84</u>	<u>1,628,521.85</u>
Ending Interest Balance	<u>\$ -0-</u>	<u>\$ -0-</u>

WEST VIRGINIA STATE BOARD OF INVESTMENTS

SCHEDULE OF INVESTMENT TRANSACTIONS

FUND 3300 - RETIREMENT SYSTEM OPERATING ACCOUNT - 7649-13

	<u>Year Ended December 31, 1985</u>	
	<u>Par Value</u>	<u>Current Book Value</u>
Beginning Investment Balance	\$ 228,216,456.48	\$ 139,865,802.45
Add: Purchases	7,163,808,115.74	7,162,477,119.81
Less: Maturities	<u>7,157,714,103.47</u>	<u>7,092,201,104.22</u>
Ending Investment Balance	<u>\$ 234,310,468.75</u>	<u>\$ 210,141,818.04</u>

Year Ended December 31, 1984

<u>Par Value</u>	<u>Current Book Value</u>
\$ 110,860,000.00	\$ 111,556,434.84
2,611,037,630.42	2,509,117,268.10
<u>2,493,681,173.94</u>	<u>2,480,807,900.49</u>
<u>\$ 228,216,456.48</u>	<u>\$ 139,865,802.45</u>

WEST VIRGINIA STATE BOARD OF INVESTMENTS

SCHEDULE OF INTEREST EARNINGS

FUND 3300 - RETIREMENT SYSTEM OPERATING ACCOUNT - 7649-13I

	<u>Year Ended December 31,</u>	
	<u>1985</u>	<u>1984</u>
Beginning Interest Balance	\$ 4,630,385.73	\$ 5,651,556.17
Interest Earned	<u>25,637,617.78</u>	<u>17,530,797.80</u>
	30,268,003.51	23,182,353.97
Less: Service Fees	192,282.13	125,004.94
Less: Withdrawals	<u>15,900,553.00</u>	<u>18,426,963.30</u>
Ending Interest Balance	<u>\$14,175,168.38</u>	<u>\$ 4,630,385.73</u>

WEST VIRGINIA STATE BOARD OF INVESTMENTS

SCHEDULE OF INVESTMENT TRANSACTIONS

FUND 4900 - WCF-HDF LOAN FUND - 7645-34

	<u>Year Ended December 31, 1985</u>	
	<u>Par Value</u>	<u>Current Book Value</u>
Beginning Investment Balance	\$ 54,506,240.14	\$ 54,506,240.14
Add: Purchases	2,179,764,331.37	2,179,764,331.37
Less: Maturities	<u>2,179,636,959.45</u>	<u>2,179,636,959.45</u>
Ending Investment Balance	<u>\$ 54,633,612.06</u>	<u>\$ 54,633,612.06</u>

Year Ended December 31, 1984

<u>Par Value</u>	<u>Current Book Value</u>
\$ -0-	\$ -0-
76,361,627.08	76,361,627.08
<u>21,855,386.94</u>	<u>21,855,386.94</u>
<u>\$ 54,506,240.14</u>	<u>\$ 54,506,240.14</u>

WEST VIRGINIA STATE BOARD OF INVESTMENTS

SCHEDULE OF INTEREST EARNINGS

FUND 4900 - WCF-HDF LOAN FUND - 7645-34

	<u>Year Ended December 31,</u>	
	<u>1985</u>	<u>1984</u>
Beginning Interest Balance	\$ -0-	\$ -0-
Interest Earned	<u>5,895,236.45</u>	<u>2,249,520.19</u>
	5,895,236.45	2,249,520.19
Less: Service Fees	44,214.27	16,871.41
Less: Withdrawals	<u>5,851,022.18</u>	<u>2,232,648.78</u>
Ending Interest Balance	<u>\$ -0-</u>	<u>\$ -0-</u>

WEST VIRGINIA STATE BOARD OF INVESTMENTS
 SCHEDULE OF INVESTMENT TRANSACTIONS
 FUND 5100 - WCF-OECD LOAN FUND - 7645-23

	<u>Year Ended December 31, 1985</u>	
	<u>Par Value</u>	<u>Current Book Value</u>
Beginning Investment Balance	\$2,631,258.27	\$2,631,258.27
Add: Purchases	7,250,000.00	7,250,000.00
Less: Maturities	<u>47,353.01</u>	<u>47,353.01</u>
Ending Investment Balance	<u>\$9,833,905.26</u>	<u>\$9,833,905.26</u>

Year Ended December 31, 1984

<u>Par Value</u>	<u>Current Book Value</u>
\$2,678,217.10	\$2,678,217.10
-0-	-0-
<u>46,958.83</u>	<u>46,958.83</u>
<u>\$2,631,258.27</u>	<u>\$2,631,258.27</u>

WEST VIRGINIA STATE BOARD OF INVESTMENTS

SCHEDULE OF INTEREST EARNINGS

FUND 5100 - WCF-OECD LOAN FUND - 7645-23

	<u>Year Ended December 31,</u>	
	<u>1985</u>	<u>1984</u>
Beginning Interest Balance	\$ -0-	\$ -0-
Interest Earned	<u>250,700.08</u>	<u>883,513.22</u>
	250,700.08	883,513.22
Less: Service Fees	1,880.25	6,626.35
Less: Withdrawals	<u>248,819.83</u>	<u>876,886.87</u>
Ending Interest Balance	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>

WEST VIRGINIA STATE BOARD OF INVESTMENTS
 SCHEDULE OF INVESTMENT TRANSACTIONS
 FUND 9700 - REVENUE SHARING - 9700-05

	<u>Year Ended December 31, 1985</u>	
	<u>Par Value</u>	<u>Current Book Value</u>
Beginning Investment Balance	\$ 7,842,700.00	\$ 7,842,450.00
Add: Purchases	867,785,442.34	867,766,267.14
Less: Maturities	<u>875,628,142.34</u>	<u>875,608,717.14</u>
Ending Investment Balance	<u>\$ -0-</u>	<u>\$ -0-</u>

Year Ended December 31, 1984

<u>Par Value</u>	<u>Current Book Value</u>
\$ 9,790,000.00	\$ 9,990,542.52
308,151,442.30	308,449,981.04
<u>310,098,742.30</u>	<u>310,598,073.56</u>
<u>\$ 7,842,700.00</u>	<u>\$ 7,842,450.00</u>

WEST VIRGINIA STATE BOARD OF INVESTMENTS

SCHEDULE OF INTEREST EARNINGS

FUND 9700 - REVENUE SHARING - 9700-05

	Year Ended December 31,	
	<u>1985</u>	<u>1984</u>
Beginning Interest Balance	\$ -0-	\$ -0-
Interest Earned	<u>738,798.70</u>	<u>1,169,713.44</u>
	738,798.70	1,169,713.44
Less: Service Fees	5,540.99	8,772.86
Less: Withdrawals	<u>733,257.71</u>	<u>1,160,940.58</u>
Ending Interest Balance	<u>\$ -0-</u>	<u>\$ -0-</u>

STATE OF WEST VIRGINIA

OFFICE OF LEGISLATIVE AUDITOR, TO WIT:

I, Encil Bailey, Legislative Auditor, do hereby certify that the report of audit appended hereto was made under my direction and supervision, under the provisions of the West Virginia Code, Chapter 12, Article 6, Section 15, as amended, and that the same is a true and correct copy of said report.

Given under my hand this 31st day of January, 1986.



Encil Bailey, Legislative Auditor

Copies forwarded to each member of the Legislature,
each member of the Board and the Attorney General.