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CENTURYTEL INC
Form 11-K
July 12, 2001

United States

Securities and Exchange Commission

Washington, D.C. 20549

Form 11-K

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934

For the fiscal year ended December 31, 2000

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934

Commission file number 1-7784

A. Full title of the plan and the address of the plan, if different from that
of the issuer named below:

CENTURYTEL SECURITY SYSTEMS, INC.
401 (k) PLAN AND TRUST

B. Name of issuer of the securities held pursuant to the plan and the address
of its principal executive office:

CENTURYTEL, INC.
100 CENTURYTEL DRIVE
MONROE, LA 71203

Independent Auditors' Report

The Board of Directors
CenturyTel, Inc.:

We have audited the accompanying statements of net assets available for benefits

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of CenturyTel Security Systems, Inc. 401 (k) Plan and Trust as of December 31, 2000 and September 30, 2000, and the related statement of changes in net assets available for benefits for the three month period ended December 31, 2000. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 net assets available for benefits of CenturyTel Security Systems, Inc. 401(k) Plan and Trust as of December 31, 2000 and September 30, 2000, and the changes in net assets available for benefits for the three month period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

KPMG LLP

/s/ KPMG LLP

Shreveport, Louisiana
June 29, 2001

CENTURYTEL SECURITY SYSTEMS, INC.
401 (k) PLAN AND TRUST
Statements of Net Assets Available for Benefits
December 31, 2000 and September 30, 2000

December 31, September 30,
2000 2000

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PLAN ASSETS		
Investments, at fair value	\$ 83,253	85,037
Contribution receivable - participants	1,629	927
Cash	-	2

NET ASSETS AVAILABLE FOR BENEFITS	\$ 84,882	85,966
=====		

See accompanying notes to financial statements.

CENTURYTEL SECURITY SYSTEMS, INC
401 (k) PLAN AND TRUST
Statement of Changes in Net Assets Available for Benefits
For the three month period ended December 31, 2000

Additions to net assets:		
Investment income (loss)		
Net depreciation in fair value of investments		\$ (15,211)
Dividends and interest		6,233

Net investment income (loss)		(8,978)

Contributions:		
Participants		10,411

Total additions		1,433

Deductions from net assets:		
Participant withdrawals		2,517

Net decrease		(1,084)

Net Assets available for benefits:		
Beginning of period		85,966

End of period		\$ 84,882
=====		

See accompanying notes to financial statements.

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CENTURYTEL SECURITY SYSTEMS, INC.
401 (k) PLAN AND TRUST
Notes to Financial Statements
December 31, 2000

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROVISIONS OF THE PLAN

Basis of Presentation

The CenturyTel Security Systems Inc., 401(k) Plan and Trust (the Plan) was established on June 1, 1997. The accompanying financial statements of the Plan have been prepared on the accrual basis of accounting and present the net assets available for benefits and changes in net assets available for benefits. The Plan has made estimates in preparing the accompanying financial statements in accordance with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates.

The assets of the Plan are invested by the Trustee in various investment programs (funds) which are described in Note 2.

The following description of the Plan provides only general information. Participants should refer to the Plan Document for a more complete description of the Plan's provisions.

Participation

Participation in the Plan is available to each employee of CenturyTel Security Systems, Inc. (the Company), other than those who are classified as temporary employees or employees covered under a collective bargaining agreement.

In order to participate in the Plan, an employee must execute a Salary Deferral Agreement with the Company. In the Salary Deferral Agreement, an employee agrees to a deferral of between one percent and sixteen percent of compensation. The percentage of compensation a participant elects to defer applies to the participant's base pay plus certain incentive compensation received, including certain cash bonuses, commissions, and lump sums granted in lieu of pay increases. The amount of compensation deferred by each participant is credited to an account (Elective Deferral Account) maintained for each participant by the Trustee. The Elective Deferral Account is self-directed.

The Board of Directors of the Company may, at its discretion, elect at the end of each year to contribute an additional amount to participants' accounts (Additional Match Account).

An employee is permitted to transfer to the Plan as a contribution his interest in another plan qualified under the Internal Revenue Code, as amended (the Code). Such contribution must qualify as a "rollover" contribution described in Section 402(c) or 408 (d)(3) of the Code. Such a rollover will be credited to a rollover account on behalf of the participant (the Rollover/Transfer Account).

The interest of a participant in his Elective Deferral Account, his Rollover/Transfer Account and his Additional Match Account is fully vested

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and non-forfeitable at all times.

Reports to Participants

All participants are furnished with quarterly statements which set forth the status of their accounts in the Plan.

Distributions

If the employment of a participant with the employer ceases because of death, retirement, disability, termination of employment or for any other reason, the participant's entire interest in the Plan may be distributed to him or to his beneficiary in a lump sum. If the participant dies without designating a beneficiary, his beneficiary shall be, in the order listed, (i) his spouse, (ii) his children, or (iii) his estate.

Withdrawals

A participant who is an employee and over age 59 1/2 may make withdrawals from his vested accounts prior to meeting normal distribution requirements. In addition, a hardship withdrawal may be made from a Elective Deferral Account or a Rollover/Transfer Account only as a result of financial hardship related to unreimbursable educational expenses, medical expenses which are not reimbursable by insurance, the need to pay for the funeral expenses of a family member, the purchase of a principal residence of the Participant, or the prevention of eviction or foreclosure from the Participant's principal residence. The determination of the existence of a financial hardship and the amount required to be distributed to meet the need created by the hardship shall be made uniformly and without discrimination at the sole discretion of the Plan Administrator.

Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to change, suspend or terminate the Plan subject to the provisions of the Employee Retirement Income Security Act of 1974.

Loans to Participants

The Plan has a provision whereby a participant can borrow from his Participant Contribution Account or Participant Rollover Account. The maximum loan is 50% of the account balance, up to \$50,000. The loans are repaid through payroll deductions and the interest rate is the prime rate published in the Wall Street Journal for the last business day of the previous quarter plus 1%. The loan repayment period may not exceed five years except for loans for the purchase of the Participant's principal residence which may be for any period not to exceed fifteen years.

Trustee

The Trustee of the Plan, as of December 31, 2000, was T. Rowe Price Trust Company (T. Rowe Price). The Board of Directors of the Company may remove the Trustee and appoint a successor trustee. The Company and the Trustee have entered into a Trust Agreement which provides for the establishment of a Trust for the purpose of holding and investing the contributions to the Trust pursuant to the provisions of the Plan.

Administration

The Company has appointed a committee to administer the Plan. The

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individuals who administer the Plan serve at the discretion of the Board of Directors of the Company and may be removed by the Board of Directors at any time. The administrative costs of the Plan are paid by the Company.

Investment Valuation and Income Recognition

Investments in CenturyTel Common Stock are valued at the closing market price on December 31, 2000. Other investments in the funds, which consist of shares of mutual funds, are valued by the Trustee based on the market value at year-end of the underlying assets of each fund. Purchases and sales of securities are recorded on a trade date basis. Interest income is recorded on the accrual basis.

Plan Amendment and Restatement

Effective September 1, 2000, the Plan was amended and restated. The amendment and restatement effectuated a change in the name of the Plan to the CenturyTel Security Systems, Inc. 401(k) Plan and Trust from the Delta Security Alarm Company, Inc. 401(k) Plan. Additionally, Vernon E. Henson was removed as trustee and replaced by T. Rowe Price Trust Company. The amendment and restatement also changed the Plan year to a calendar year effective October 1, 2000.

New Accounting Pronouncements

In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS No.133"). SFAS No. 133 requires that an entity recognize all derivatives and measure those instruments at fair value.

SFAS No. 133 is effective for fiscal years beginning after June 15, 2000. Pursuant to SFAS No. 137, the Plan is required to adopt SFAS No. 133 effective January 1, 2001. Management has determined that the impact of SFAS No. 133 on the Plan Financial statements would be immaterial.

(2) DESCRIPTION OF THE FUNDS

The following is a description of each of the funds which had outstanding balances and were available to Plan participants as of December 31, 2000:

- (a) Janus Overseas Fund - consists primarily of investments in foreign equity securities (\$22,291 and \$25,256 at December 31, 2000 and September 30, 2000, respectively).
- (b) Janus Fund - consists primarily of investments in U. S. and foreign equity securities (\$20,970 and \$24,155 at December 31, 2000 and September 30, 2000, respectively).
- (c) T. Rowe Price Equity Index 500 Fund - consists primarily of investments in the same stocks and in substantially the same percentages as the S & P 500 Index (\$24,521 and \$23,493 at December 31, 2000 and September 30, 2000, respectively).
- (d) T. Rowe Price Equity Income Fund - consists primarily of investments in U. S. and foreign common stocks (\$10,523 and \$9,610 at December 31, 2000 and September 30, 2000, respectively).
- (e) T. Rowe Price Summit Cash Reserves Fund - consists primarily of investments in various money market instruments (\$3,024 and \$2,339 at December 31, 2000 and September 30, 2000, respectively).
- (f) PIMCO Total Return Fund - consists primarily of investments in debt

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securities (\$254 and \$184 at December 31, 2000 and September 30, 2000, respectively).

- (g) CenturyTel Common Stock Fund - consists of shares of CenturyTel Common Stock (\$840 at December 31, 2000).
- (h) T. Rowe Price Mid-Cap Growth Fund - consists primarily of investments in common stocks of companies whose market capitalization falls within the range of companies in the S&P MidCap 400 Index (\$590 at December 31, 2000).
- (i) BGI LifePath 2010 Fund - consists primarily of investments in U. S. and foreign equity and debt securities and money market instruments and is managed for investors planning to retire (or begin to withdraw substantial portions of their investment) around the year 2010 (\$1 at December 31, 2000).
- (j) BGI LifePath 2020 Fund - consists primarily of investments in U. S. and foreign equity and debt securities and money market instruments and is managed for investors planning to retire (or begin to withdraw substantial portions of their investment) around the year 2020 (\$142 at December 31, 2000).
- (k) Morgan Stanley Dean Witter Small Company Growth Portfolio Fund - consists primarily of investments in equity securities of small companies (\$97 at December 31, 2000).

Investments in Janus Overseas Fund, Janus Fund, T. Rowe Price Equity Index 500 Fund, and T. Rowe Price Equity Income Fund were each greater than 5% of assets available for benefits at December 31, 2000.

A participant may instruct that his contribution be allocated among the various funds. A participant may change his investment allocation instructions and his contribution percentage at any time.

(3) INCOME TAXES

The Plan and related trust were designed to meet the necessary requirements of Internal Revenue Code Section 401(a) and, accordingly, the trust underlying the Plan is exempt from income taxation pursuant to Internal Revenue Code Section 501(a). A favorable determination letter from the Internal Revenue Service has not been obtained for the Plan as currently amended and restated. A request for such is to be filed. However, the Plan administrator believes that the Plan is designed and is currently being operated in compliance with the applicable provisions of the Internal Revenue Code.

(4) RELATED PARTY TRANSACTIONS

Certain Plan investments are shares of mutual funds managed by T. Rowe Price, Janus Capital Corporation (Janus), Barclays Global Fund Advisors (Barclays), Morgan Stanley Dean Witter Investment Management Inc. (Morgan Stanley) or Pacific Investment Management Company (PIMCO). T. Rowe Price is the Trustee as defined by the Plan. Therefore, T. Rowe Price, Janus, Barclays, Morgan Stanley and PIMCO qualify as parties-in-interest. Fees paid by the Company to T. Rowe Price for trustee, record keeping and other services amounted to \$3,025 for the three month period ended December 31, 2000.

(5) CONCENTRATION OF INVESTMENTS

Substantially all of the assets available for benefits were invested in

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mutual funds managed by T. Rowe Price, Janus, Barclays, Morgan Stanley or PIMCO. The remaining assest available for benefits were invested in CenturyTel Common Stock.

CENTURYTEL SECURITY SYSTEMS, INC.
401 (k) PLAN AND TRUST

Schedule H, Line 4i - Schedule of Assets (Held at End of Year)

December 31, 2000

Identity of issuer, borrower, lessor or similar party	Description of Investment	Current Value	Val S
Investment in CenturyTel Common Stock	24 shares	\$ 840	35
Investment in Mutual Funds for Qualified Employee Benefit Plans: Managed by Janus:			
Janus Overseas Fund	840 shares	22,291	(Note 1) 26
Janus Fund	630 shares	20,970	(Note 1) 33
Investment in Mutual Funds for Qualified Employee Benefit Plans: Managed by T. Rowe Price:			
Equity Income Fund	427 shares	10,523	(Note 1) 24
Equity Index 500 Fund	691 shares	24,521	(Note 1) 35
Mid-Cap Growth Fund	15 shares	590	39
Summit Cash Reserves Fund	3,024 shares	3,024	1
Investments in Mutual Funds for Qualified Employee Benefit Plans Managed by PIMCO:			
PIMCO Total Return Fund	24 shares	254	10
Investments in Mutual Funds for Qualified Employee Benefit Plans Managed by Barclays:			
LifePath 2010 Fund	.1 shares	1	12
LifePath 2020 Fund	9 shares	142	15
Investments in Mutual Funds for Qualified Employee Benefit Plans Managed by Morgan Stanley:			
Small Company Growth Portfolio Fund	9 shares	97	10
		\$ 83,253	

T. Rowe Price, Janus, PIMCO, Barclays and Morgan Stanley are considered parties-in-interest. Additionally, CenturyTel, Inc., as sponsor of the Plan, is considered a party-in-interest.

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- Notes: (1) These investments are greater than 5% of assets available for benefits.
- (2) Information on cost of investments is excluded as all investments are participant directed.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Retirement Committee has duly caused this annual report to be signed on its behalf by the undersigned thereunto duly authorized.

CenturyTel Security Systems, Inc.
401 (k) Plan and Trust

July 12, 2001

/s/R. Stewart Ewing, Jr.

R. Stewart Ewing, Jr.
Retirement Committee Member and
Executive Officer of Issuer of
Plan Securities