STATE OF CONNECTICUT

2001

ANNUAL REPORT OF THE TREASURER

For the fiscal year ended June 30, 2001

STATE OF CONNECTICUT
Office of the State Treasurer

The State Motto "Qui Transtulit Sustinet," (He Who Transplanted Still Sustains), has been associated with the various versions of the state seal from the creation of the Saybrook Colony Seal.

STATE OF CONNECTICUT

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For the fiscal year ended June 30, 2001

ANNUAL REPORT OF THE TREASURER
TABLE OF CONTENTS

Introduction

TREASURER'S LETTER TO THE GOVERNOR 7

TREASURY OVERVIEW 10

Division Operations

PENSION FUND MANAGEMENT DIVISION

Letter from the Chairman of the Investment Advisory Council 13
Investment Advisory Council 14
Division Overview 15
The Year in Review 17
Total Fund Performance 17
2001 Division Performance and Management Initiatives 19
Proxy Voting 19
Asset Recovery 20
Combined Investment Funds-Total Return Analysis (%) 21
Cash Reserve Account 24
Mutual Equity Fund 28
International Stock Fund 31
Real Estate Fund 35
Mutual Fixed Income Fund 40
Commercial Mortgage Fund 45
Private Investment Fund 49

DEBT MANAGEMENT DIVISION

Division Overview 54
The Year in Review 56

CASH MANAGEMENT DIVISION

Division Overview 58
The Year in Review 59
Short-Term Investment Fund 61

UNCLAIMED PROPERTY DIVISION

Division Overview 64
The Year in Review 64

SECOND INJURY FUND DIVISION

Division Overview 66
The Year in Review 67

CONNECTICUT HIGHER EDUCATION TRUST

Description of the Trust 69
The Year in Review 70
CHET Advisory Committee 70

TABLE OF CONTENTS

Financial Statements

CERTIFICATION BY AUDITORS OF PUBLIC ACCOUNTS
AND STATE COMPTROLLER F-1

MANAGEMENT'S REPORT F-5

COMBINED INVESTMENT FUNDS

Statement of Net Assets F-6
Statement of Operations F-7
Statements of Changes in Net Assets F-8
Notes to Financial Statements F-10
Financial Highlights F-21

SHORT-TERM INVESTMENT FUND

Statement of Net Assets F-22
Statements of Changes in Net Assets F-23
Notes to Financial Statements F-24
List of Investments F-28
Independent Accountants' Report-Schedules of Rates of Return F-31
Schedule of Annual Rates of Return F-32
Schedule of Quarterly Rates of Return F-33
Notes to Schedules of Rates of Return F-34

CIVIL LIST PENSION AND TRUST FUNDS

Schedule of Cash and Investments, Balances and Activity F-36

NON-CIVIL LIST TRUST FUNDS

Statement of Condition (at Fair Value) F-37
Statement of Revenues and Expenditures F-37
Statement of Changes in Fund Balance F-37
Statement of Cash Flows F-38
Statement of Condition (at Cost) F-39
Notes to the Financial Statements F-40

SECOND INJURY FUND

Combining Balance Sheet F-41
Statement of Revenues and Expenditures F-42
Statement of Changes in Fund Balance F-42
Notes to Financial Statements F-43

CONNECTICUT HIGHER EDUCATION TRUST

Statement of Financial Condition F-47
Statement of Operations F-48
Statement of Changes in Program Equity F-49
Notes to Financial Statements F-50
Independent Auditors Report F-52

TAX EXEMPT PROCEEDS FUND, INC.

Statement of Net Assets F-53
Statement of Operations F-58
Statement of Changes in Net Assets F-59
Notes to Financial Statements F-60
Independent Auditor's Report F-62

TABLE OF CONTENTS

Supplemental Information

PENSION FUNDS MANAGEMENT DIVISION

Combined Investment Funds Total Net Asset Value by Pension Plans and Trusts S-1
Combined Investment Funds Statement of Investment Activity by Pension Plan S-2
Combined Investment Funds Statement of Investment Activity by Trust S-4
Combined Investment Funds Summary of Operations S-7
Combined Investment Funds Pension and Trust Funds Balances S-7
Combined Investment Funds Investment Summary S-8
Combined Investment Funds Top Ten Holdings by Fund S-10
Schedule of Expenses in Excess of $5,000 .... S-12
Combined Investment Funds List of Investment Advisors and Net Assets Under Management S-14
Combined Investment Funds Schedule of Brokerage Commissions S-17
Glossary of Investment Terms S-20
Understanding Investment Performance S-24

DEBT MANAGEMENT DIVISION

Changes in Debt Outstanding S-26
Retirement Schedule of In-Substance Defeased Debt Outstanding S-27
Schedule of Expenses in Excess of $5,000 .... S-28

CASH MANAGEMENT DIVISION

Cash Management Division Activity Statement S-29
Civil List Funds Summary Schedule of Cash Receipts and Disbursements S-30
Civil List Funds Summary Schedule of Cash and Investments S-31
Civil List Funds Interest Credit Program S-32
Schedule of Expenses in Excess of $5,000 .... S-35

UNCLAIMED PROPERTY DIVISION

Schedule of Expenses in Excess of $5,000 .... S-36
Five Year Selected Financial Information S-37
Summary of Gross Receipts S-37

EXECUTIVE OFFICE

Ex-Officio Responsibilities of the State Treasurer S-38
Total Administration Expenditures S-40
Schedule of Expenses in Excess of $5,000 .... S-41

SECOND INJURY FUND DIVISION

Schedule of Expenses in Excess of $5,000 .... S-42

Statutory Appendix

DEBT MANAGEMENT DIVISION

Schedule of Debt Outstanding O-1
Schedule of Authorized and Issued Debt Outstanding O-7

CASH MANAGEMENT DIVISION

Civil List Funds Schedule of Investments O-12
Civil List Funds General Fund Agency Deposits O-17
Securities Held in Trust for Policyholders O-21
Unemployment Compensation Fund O-24

October 12, 2001

The Honorable John G. Rowland
Governor of Connecticut

The Honorable Members of the Connecticut General Assembly

The People of Connecticut

I am pleased to provide the **2001 State of Connecticut Annual Report of the Treasurer**, a comprehensive financial review prepared in accordance with the Connecticut General Statutes.

The tragic events of September 11, 2001 have dramatically affected the lives of every individual and institution in our nation. The people of the Connecticut Treasury honor the memory of our fallen fellow Americans, share in the anguish of families whose loved ones have not returned home, salute the courage of all those giving of themselves to help and affirm the resolve of our great nation to meet the challenges ahead.

The ultimate reverberations of that day, to both our people and financial markets, are still unfolding, but one month removed some facts are known. In the week following the terrorist attack, the stock market lost $1.384 trillion, its worst single-week performance since the Great Depression. During that period, however, the Connecticut Retirement Plans and Trust Funds (CRPTF) declined 4.06 % in asset value. One month later, there has been considerable rebound both in the market and in Connecticut's pension fund, with the CRPTF having regained much of the initial decline.

This report for the fiscal year ended June 30, 2001 contains quantitative data and explanatory comments on operations regarding Connecticut's Retirement Plans and Trust Funds, Short-Term Investment Fund and Connecticut Higher Education Trust, which have been prepared in a manner consistent with the requirements of law and generally accepted accounting principles.

As State Treasurer, I am responsible for the prudent management and investment of Connecticut's retirement and trust funds, the largest funds managed by the Office of Treasurer. At year's end, the CRPTF was valued at $20.6 billion. The Pension and Trust Funds performance exceeded 86% of other public funds with assets greater than $1 billion, as reported by Trust Universe Comparison Service (TUCS). That is among the best fiscal year performances of the CRPTF in the past decade, relative to our peers. Given the general slowdown in world economies and the effect it has had on financial markets for the period ended June 30, 2001, this performance – an overall decline of 3.68% net of fees — is most respectable.

In light of current market conditions, I must again bring attention to the need for the Connecticut General Assembly to increase the annual state pension contribution to 100 percent of actuarial recommendations for what is required to keep the pension fund solvent in the long term. No single issue facing our pension system - and the fundamental integrity of future state budgets - is more important than fully funding the state's annual pension contributions. The days of relying on investment income to make up for contribution shortfalls are over. Continuing to limit the state contributions to anything less than full annual funding may well force the state to contribute more and end up with less.

I am pleased to report that during this year the Treasurer's Office recaptured $125.2 million in pension fund assets from Triumph Capital, a private equity investment firm which received pension fund assets during the administration of former State Treasurer Paul Silvester. In conjunction with the Civil Division of the Office of United States Attorney for Connecticut, my administration was successful in obtaining the return of those assets — the first money returned to the State since the Silvester scandal unfolded.

We have also moved forward with implementation of the Treasury Reform Law, advanced by my office in the wake of the Silvester scandal, as well as our asset recovery litigation effort and a reinvigorated corporate governance program, each aimed at bolstering the pension fund bottom line. The Investment Advisory Council has continued to provide practical oversight necessary for the diligent investment practices of the Fund, consistent with the Treasury Reform Law and state statutes. I remain grateful for the insight and commitment to the State of Connecticut by the IAC members, and their diligence working for the best interests of the State and its pension beneficiaries.

This report also highlights the activities and transactions in the administration of the Treasury's cash management, debt management, and unclaimed property functions, as well as the Second Injury Fund and Connecticut Higher Education Trust. Some highlights in those areas:

As a result of management reforms and tighter fiscal controls instituted by my administration, the Second Injury Fund is in the best fiscal condition in its history. Rates charged to Connecticut businesses for assessments paid to the Fund were reduced beginning October 1, 2001. The annual impact of the rate change is a savings of $4,000,000 for Connecticut businesses. The new assessment rate of 9.5% for insured employers is the lowest rate in 14 years, while the new 13.7% assessment rate for self-insured employers is the lowest rate in seven years. The Fund achieved rating upgrades from all three rating agencies during the year, reflecting recognition of the Fund's strengthened long-term financial structure.

Among the notable achievements of our Debt Management Division was the sale of $194 million in Bradley International Airport Revenue bonds to fund the airport's major terminal expansion and improvement program. The transaction also refinanced old, high-coupon bonds and created a new financing structure designed to provide greater financial flexibility for the airport. The Division also issued $904.6 million in General Obligation bonds, the largest General Obligation bond sale in the State's history. $504.6 million of the issuance will refund $514.6 million of previously issued bonds, thereby reducing the State's debt service costs - and the cost to taxpayers. The true interest cost was 4.50%, one of the lowest rates on any of the State's bond issues in the past 20 years. These two transactions and others managed by the division in FY2001 will produce savings of $345 million to taxpayers, airport users and utility customers over the next 15 years.

The Treasury's Short-Term Investment Fund (STIF) added 85 local government accounts during the year with $90 million in assets, an increase of 20% from the previous year, reflecting continued confidence in the fund as a solid investment vehicle for Connecticut communities. STIF reached a record level of $5.3 billion in assets in April 2001, and STIF's average size for the year increased by 19%, from $3.6 billion during fiscal year 2000 to $4.3 billion. The total annual return of 6.11% in STIF exceeded its primary benchmark by 37 basis points, resulting in $16 million in additional interest income for Connecticut governments and their taxpayers.

After a comprehensive 10-month outreach campaign, nearly $10 million was returned to rightful owners and heirs by the Treasury's Unclaimed Property Division during the fiscal year, the highest one-year total in the 65-year history of the State's unclaimed property program. The intensified effort to return assets was greatly aided by the increased use of the Internet. For the first time, the Treasurer's Office accepted on-line inquiries for unclaimed assets and tripled the size of the State's on-line Internet database of unclaimed property names to 500,000. More than 117,000 inquiries were received during the campaign with 60% received on-line. My administration also stepped up efforts to have unclaimed property turned over to the State from businesses across Connecticut, and during the fiscal year a total of $39,522,597 was turned over, an increase of $2.3 million from the previous year.

My administration has continued our efforts to make CHET, Connecticut's College Savings Program, more accessible, affordable and flexible for Connecticut families. Building on previous changes reducing the contribution needed to open an account and the fees charged to account owners, this year we introduced two new investment options for account owners, offering varying degrees of risk. The response has been outstanding. Total account owner assets under management almost doubled during the fiscal year from $56,626,000 to $93,713,000, an increase of 65%. By the end of the fiscal year, the number of CHET accounts had jumped from 7,680 to 13,393, an increase of 74%.

Finally, the preparation of this annual report involves the dedicated effort of every employee of the Office of the Treasurer who works diligently throughout the year to protect the future financial security of all Connecticut residents. I acknowledge their work with sincere gratitude, and trust that this Report will prove both informative and useful. For the first time in state history, this Annual Report is being prepared in a CD-ROM format. Proudly, Connecticut is among the first states in the nation to offer an Annual Report utilizing this technology. Additionally, we will continue to offer the Report on our website, at www.state.ct.us/ott. The availability of this data in these formats is indicative of our continuing commitment to the citizens of our State and the public interest.

Sincerely,

Denise L. Nappier

Denise L. Nappier
Treasurer

cc: Steven W. Hart, Chairman
Investment Advisory Council

2001 TREASURY OVERVIEW

Mission Statement

To serve as the premier State Treasurer's Office in the nation through effective management of public resources, high standards of professionalism and integrity, and expansion of opportunity for the citizens and businesses of Connecticut.

Duties of the Treasury

The duties and authority of the Office of the Treasurer are set out in Article Four, Section 22 of the Connecticut Constitution and in Title 3 of the Connecticut General Statutes. In general, the Treasurer is responsible for the safe custody of the property and money belonging to the State.

The Treasurer receives all money belonging to the State, makes disbursements as directed by Statute, and manages, borrows, and invests all funds for the State.

More than $17 billion in State revenue is received into the Treasury each year which covers the State's disbursements. The Treasurer is also responsible for prudently investing the more than $20 billion in State pension and trust fund assets and more than $4 billion in State and local short-term investments. The Treasurer maintains an accurate account of all funds through sophisticated security measures and procedures.

Boards, Committees, and Commissions

By law, the Treasurer is a member of the following:

- State Bond Commission
- Banking Commission
- Connecticut Lottery Corporation Board of Directors
- Council of Fiscal Officers
- Information and Telecommunication Systems Executive Steering Committee
- Connecticut Development Authority
- Connecticut Health and Educational Facilities Authority Board of Directors
- Waterbury Financial Planning and Assistance Board
- Investment Advisory Council
- Finance Advisory Committee
- Connecticut Higher Education Trust Advisory Committee
- The Standardization Committee
- The Private Activity Bond Commission
- Connecticut Housing Finance Authority
- Connecticut Higher Education Supplemental Loan Authority Board of Directors

Additional information on responsibilities of each is provided on Supplemental pages S37 and S38.

Office of the State Treasurer Organization

The Office of the Treasurer consists of an executive office and five divisions, which are as follows:

The Executive Office has responsibility for policy-setting, investor and corporate relations, legal and legislative affairs, public education and information, business and information services, and special projects. The Executive Office ensures that the Treasury adheres to the highest order of public values, fiscal prudence and ethics in the conduct of the public's business.

The Pension Funds Management Division, under the direction of an Assistant Treasurer, manages the State's six multi-billion dollar pension funds and eight State trust funds with a combined market value portfolio in excess of $20 billion ranging in investment diversity from domestic and international stocks to fixed income, real estate and private investment equity. Clients include more than 160,000 teachers, State and municipal employees, as well as academic programs, grants, and initiatives throughout the State. The Teachers' Retirement Fund is the Treasury's largest pension fund under management containing $11.2 billion, followed by the State Employees' Retirement Fund containing $7.8 billion and the Municipal Employees' Retirement Fund with $1.3 billion. The Pension Funds Management Division also serves as staff to the Investment Advisory Council.

The Cash Management Division, under the direction of an Assistant Treasurer, has responsibility for cash accounting and reporting, cash positioning and forecasting, bank and fund reconciliation, bank administration and check processing. Over 3 million banking transactions are accounted for and reconciled annually. The division maintains accountability over the State's approximately $145 billion internal and external cash flows through the Treasury's 25 bank accounts annually. The Division prudently and productively manages clients' cash, including that of State agencies and authorities, and 244 municipal and local government entities utilizing the Short-Term Investment Fund, which had a market value of $4.6 billion as of June 30.

The Debt Management Division, under the direction of an Assistant Treasurer, administers the State's bond and debt financing program, including the sale of State bonds. Monitoring the bond markets and the financing structures and economic trends that affect interest rates are critical requirements for favorable bond issuances. The Division issues bonds to finance State capital projects, manages debt service payments and cash flow borrowing, provides information and data to private credit rating agencies, and administers the Clean Water and Drinking Water loan programs. Over $11 billion of State debt was outstanding as of June 30.

The Second Injury Fund Division, under the direction of an Assistant Treasurer, is a workers' compensation insurance program for qualified injured workers. The Second Injury Fund adjudicates qualifying workers' compensation claims fairly an in accordance with applicable law and insurance industry standards and best practices. Where possible, the Second Injury Fund seeks to help injured workers return to gainful employment or will seek settlement of claims, which will ultimately reduce the burden of Second Injury Fund liabilities on Connecticut taxpayers and businesses.

The Unclaimed Property Division, under the direction of an Assistant Treasurer, collects and safeguards all financial assets left unclaimed by owners for a specific period of time, generally three to five years. Unclaimed assets include, but are not limited to: savings and checking accounts; uncashed checks; deposits; stocks, bonds or mutual fund shares; travelers checks or money orders; life insurance policies; and safe deposit box contents. The Division publicizes the names of rightful owners in an attempt to return unclaimed property to them.

2001 Annual Report Year at a Glance

COMBINED INVESTMENT FUNDS, JUNE 30

Market Value of Assets Under Management	$ 21,204,840,747
Net Assets Under Management	$ 20,593,209,101
Total Investment Returns for the Fiscal Year	$ (787,043,018)
Total Management Fees for the Fiscal Year	$ 99,961,432
Total Number of Advisors	70
Decrease in Total Advisors from Prior Year	1
One-Year Total Return	(3.68)%
Five-Year Compounded Annual Total Return	10.99%
Ten-Year Compounded Annual Total Return	10.58%

2001 TREASURY OVERVIEW

DEBT MANAGEMENT, JUNE 30

Total Debt Outstanding	$	11,673,511,116
General Obligation Debt included above	$	6,816,606,145
Total New Debt Issued During the Fiscal Year	$	2,287,828,696
General Obligation Debt Issued included above	$	1,498,578,696
Total Debt Retired and Defeased During the Fiscal Year	$	1,748,842,310
General Obligation Debt Retired and Defeased included above	$	1,111,627,310
Total Debt Service Paid on Outstanding Debt During the Fiscal Year	$	1,645,478,219
Total Interest Paid on Outstanding Debt included above	$	615,235,909

CASH MANAGEMENT, JUNE 30

Total Cash Inflows:	$	72,712,235,531
Total Cash Outflows:	$	72,686,787,037
Number of State Bank Accounts at June 30, 2001		484
Number of State Bank Accounts at June 30, 2000		502

SHORT-TERM INVESTMENT FUND, JUNE 30

Market Value of Assets Under Management	$	4,560,538,005
One-Year Total Return		6.11%
Five-Year Compounded Annual Total Return		5.79%
Ten-Year Compounded Annual Total Return		5.38%
Weighted Average Maturity		29.0 days
Number of Participant Accounts		897

SECOND INJURY FUND, JUNE 30

Number of Claims Settled During the Fiscal Year		323
Total Cost of Claims Settled	$	25,584,975
Second Injury Fund Unfunded Liability (expressed as reserves)	$	577,750,000
Number of Claims Outstanding		4,671

UNCLAIMED PROPERTY, JUNE 30

Dollar Value of Gross Unclaimed Property Receipts	$	40,265,111
Dollar Value of Claims Paid	$	9,838,935
Number of Property Claims Paid		13,835

CONNECTICUT HIGHER EDUCATION TRUST, JUNE 30

Number of Participants		13,393
Net Asset Value	$	93,713,270

2001 investment advisory council

October 15, 2001

Honorable John G. Rowland
Governor
State of Connecticut
Hartford, Connecticut

Dear Governor Rowland:

As Chairman of the Investment Advisory Council (IAC), I am pleased to present this report on the performance of the State of Connecticut Retirement Plans and Trust Funds (CRPTF) for the fiscal year ended June 30, 2001.

After six consecutive years of multiple billion dollar earnings, the CRPTF's fiscal 2001 performance reflected general financial market conditions and produced a net total return of –3.68 percent resulting in a decline in assets from $21.9 billion at June 30, 2000 to $20.6 billion at June 30, 2001. However, the CRPTF still outperformed 86 percent of the other public funds in the Trust Universe Comparison Service (TUCS), its peer group for Public Funds with assets greater than $1 billion dollars for the fiscal year ending June 30, 2001.

For the fiscal year, the strong relative performance of the CRPTF was largely attributable to the Mutual Equity Fund (MEF) and International Stock Fund (ISF). In addition, the Real Estate Fund (REF), Private Investment Fund (PIF), and Cash Reserve Account (CRA) outperformed their benchmarks. Offsetting these strong results were the Mutual Fixed Income Fund (MFIF) and Commercial Mortgage Fund (CMF), which both produced below benchmark returns.

The equity markets experienced a difficult year, with declines in both domestic and international markets. The Russell 3000, the benchmark for the Mutual Equity Fund, declined 13.93%. The Mutual Equity Fund, however, bested the index by 438 basis points, benefiting from its small cap value bias and underweighting to technology. The benchmark for the International Stock Fund (a blend of developed and emerging markets indices) dropped by 19.80%. The two developed markets managers for this fund turned in exceptional performance for the year, and as a result the ISF outperformed its benchmark by 651 basis points. With the MEF and ISF comprising nearly half of the total fund's assets as of June 30, 2001, their strong relative performance had a significant impact on overall results.

The largest detractor to the fine relative performance of the CRPTF for fiscal 2001 was the Mutual Fixed Income Fund, which suffered for its over-allocation to weak convertible markets and under-representation to the booming emerging debt sector. As a result, this fund, representing nearly 32% of total CRPTF assets, lagged its benchmark by 123 basis points.

The portfolio has a long-term commitment to the less liquid sectors of the markets, as evidenced by the roughly 15% that is invested in the Private Investment and Real Estate Funds. While performance in a single year is not indicative of ultimate expectations for these funds, it is still important to view these funds against appropriate benchmarks. These two funds outperformed their respective benchmarks by 768 and 257 basis points, respectively, producing overall returns of –6.25% and +14.45%.

During the fiscal year the legislature instituted significant reform with the passage of An Act Concerning Powers And Duties Of The Treasurer and The Investment Advisory Council (Public Act No. 00-43). The Office of the Treasurer and the IAC have been actively working to implement the new reforms.

Much progress has been made during the last six years in terms of improving the investment performance of the CRPTF and structurally we are well positioned for above average performance.

However, the IAC is united in stressing that the legislature recognizes the need to address the significant systemic underfunding of the pension plans. The latest actuarial reports indicate that the largest plan, the Teachers' Retirement Plan, was 81.4 percent funded, followed by the State Employees' Retirement Plan, which was 62.5 percent funded, and the State Judges Plan, at 67.94 percent funded. The total amount of this under-funding is approximately $6.5 billion. Internal analysis has shown that performance of the investment assets alone will not make up the difference and eventually the state (taxpayers) will have to fund this deficit. We would urge the legislature to fully fund what the actuaries recommend for contributions to the plans annually and provide additional funding over and above the recommended annual contribution when available dollars exist in the state budget.

As the Chairman of the Investment Advisory Council, I am gratified to be amongst fellow committee members whose care and attentiveness to the IAC's mission demonstrates an unwavering commitment to those whom they represent. It is with this sense of duty and solemn pledge to maintain our commitment to more than 160,000 pension beneficiaries that I submit this brief summary on behalf of the Investment Advisory Council.

Sincerely,

Steven W. Hart

Steven W. Hart
Chairman, Investment Advisory Council

INVESTMENT ADVISORY COUNCIL

The Investment Advisory Council (IAC) consists of The State Treasurer and Secretary of the Office of Policy and Management (as ex-officio members of the council), five public members all of whom shall be experienced in matters relating to investments appointed by the Governor and legislative leadership, and three representatives of the teachers' unions and two representatives of the state employees' unions (CGS Sec. 3-13b).

As enacted in Public Act 00-43, the IAC annually reviews the Investment Policy (IPS) Statement recommended by the Treasurer which includes an outline of the standards governing investment of trust funds by the Treasurer. The IPS includes, with respect to each trust fund, (A) investment objectives; (B) asset allocation policy and risk tolerance; (C) asset class definitions, including specific types of permissible investments within each asset class and any specific limitations or other considerations governing the investment of any funds; (D) investment manager guidelines; (E) investment performance evaluation guidelines; (F) guidelines for the selection and termination of providers of investment related services who shall include, but not be limited to, investment advisors, external money managers, investment consultants, custodians, broker-dealers, legal counsel, and similar investment industry professionals; and (G) proxy voting guidelines. The Treasurer shall thereafter adopt the IPS, including any such changes recommended by the IAC the Treasurer deems appropriate, with the approval of a majority of the members appointed to the IAC.

All trust fund investments by the State Treasurer shall be reviewed by the Investment Advisory Council along with all information regarding such investments provided to the council which the Treasurer deems relevant to the council's review and such other information as may be requested by the council. The IAC shall also review the report provided by the Treasurer at each regularly scheduled meeting of the IAC as to the status of the trust funds and any significant changes which may have occurred or which may be pending with regard to the funds. The council shall promptly notify the Auditors of Public Accounts and the Comptroller of any unauthorized, illegal, irregular or unsafe handling or expenditure of trust funds or breakdowns in the safekeeping of trust funds or contemplated action to do the same within their knowledge.

At the close of the fiscal year, the IAC shall make a complete examination of the security investments of the State and determine as of June thirtieth, the value of such investments in the custody of the Treasurer and report thereon to the Governor, the General Assembly and beneficiaries of trust fund assets administered, held or invested by the Treasurer (CGS Sec. 3-13b(c)(2)).

Council members who contributed their time and knowledge to the IAC during fiscal 2001 include:

STEVEN W. HART, Chairman, as appointed by the Governor, President, Hart Capital LLC

CLARE H. BARNETT, (Representative of State Teachers' unions) Teacher and Social Studies Chair, Danbury school system

REGINALD U. MARTIN, Managing Partner, Insurance Planning Associates

GEORGE H. MASON, Retired Business Educator.

JEFFREY H. MOCKLER, (Representative of State Employees' unions), Staff Representative, AFSCME Council 4

DENISE L. NAPPIER, Treasurer, State of Connecticut (Ex-officio member) and council secretary.

SHARON M. PALMER, (Representative of State Teachers' unions) First Vice President, CT Federation of Educational and Professional Employees

HENRY E. PARKER, Former Treasurer, State of Connecticut 1975-1986, Former Senior Vice President, Atalanta/Sosnoff Capital Corporation (Retired January 1998)

CLARENCE L. ROBERTS, JR., Former Assistant Treasurer, Unilever United States, Inc. (Retired 1994)

MARC S. RYAN, Secretary, State Office of Policy and Management (Ex-officio member)

ROSALYN B. SCHOONMAKER, (Representative of State Teachers' unions) Retired teacher and retirement counselor

CAROL M. THOMAS, (Representative of State Employees' unions) State Department of Mental Retardation

Division Overview

Introduction

As principal fiduciary for six State pension and eight trust funds, the Treasurer is responsible for prudently managing approximately $20.6 billion of investment assets on behalf of the more than 160,000 teachers, State and municipal employees as well as trust funds financing academic programs, grants, and initiatives throughout the State. The Pension Funds Management Division is responsible for the day to day operations associated with Connecticut's Retirement Plans and Trust Funds.

Prudent investment management not only affects the retirement security of the beneficiaries, but the size of the State budget as well. Funding of the pension benefit liability is dependent on investment returns, State (taxpayer) contributions and the contribution requirements of retirement plan members. If investment returns fall below the actuarial target return, more tax dollars may need to be contributed to ensure full payment of benefits. When pension investment returns exceed the target return, excess returns are applied against the unfunded liability.

As shown in Figure 1-1, over the last ten years pension and trust assets have grown from $8.9 billion to $20.6 billion, or 131%. The Teachers' Retirement Fund (TERF), with $11.2 billion under management at June 30, 2001, is the largest participating fund, followed by the State Employees' Retirement Fund (SERF) and the Municipal Employees' Retirement Fund (MERF) with $7.8 billion and $1.3 billion, respectively. During the fiscal year ended June 30, 2001, total annual investment returns, comprising interest income, dividends, securities lending income, and net realized and unrealized capital gains, net of Fund operating expenses, were negative $0.8 billion. (See figure 1-2.)

Organization/Staff Review

Under the supervision of an Assistant Treasurer, the Division executes and manages the investment programs of the pension and trust funds. The ten-member professional staff are responsible for: analyzing plan liabilities; recommending asset allocation policy; recommending, monitoring, and reporting on the investment advisors retained to invest the State's pension and trust assets. In addition, PFM reviews the custodian accounting of plan assets to ensure that earnings are properly determined and properly distributed to each plan and trust in accordance with their pre-determined share. Through reports, analysis, and presentations to the Treasurer and the Investment Advisory Council, PFM staff detail investment performance of the pension funds and trust assets. The Division's operations are conducted through three units: Alternative Investments, Accounting and Control, and Performance and Analysis. State Street Bank and Trust, as the custodian of record for the CRPTF retains physical custody of, safeguards, and provides record keeping services for plan assets under the supervision of PFM staff.

Operating Expenses

The Division allocates all operating overhead directly to the earnings of the pension and trust fund assets under management. It is therefore incumbent upon the Division to manage assets in a cost-effective manner consistent with maximizing long-term returns.

Fund Management

The Treasurer employs external advisors to invest each Fund. Advisors are selected based on asset class expertise, investment performance and style and are expected to comply with the parameters, guidelines, and restrictions set forth in the Policy.

As of June 30, 2001, 70 external advisors were employed by the Treasury to invest the pension and trust assets, a decrease of one advisor from June 30, 2000. (See figure 1-5.)

Investment Policy

It is an immutable principle of pension fund management that the decision on how fund assets are allocated represents as much as 90% of the returns. In January, 2001, the Investment Advisory Council re-endorsed the asset allocation plan, which governs Fund investments today. The Asset Allocation Plan's main objective is to maximize investment returns over the long term at an acceptable level of risk, primarily through asset diversification. Risk, in this context, is defined as volatility of investment returns. (See the Understanding Investment Performance discussion in the Supplemental Section.)

Diversification across asset classes is a critical component in structuring portfolios to maximize return at a given level of risk. Likewise, asset allocation is used to minimize risk while seeking a specific level of return. In selecting an asset allocation strategy, there is a careful examination of the expected risk/return tradeoffs, correlation of investment returns, and diversification benefits of the available asset classes (i.e., those not restricted by statute) under different economic scenarios.

As shown in Figure 1-3, the number and complexity of asset classes comprising the Investment Policy have fluctuated during the last ten years. New asset classes have been introduced to diversify the pension and trust assets while changing economic environments have required different allocation strategies. As of June 30, 2001, multiple asset classes were included in the Investment Policy, including U.S. Equity, International Equity, U.S. Fixed Income, Equity Real Estate, and Alternative Investments.

At fiscal year-end, domestic and international equities comprised the largest asset allocation, at 51%. Equities have an established record of maximizing investment returns over the long term. Fixed income and alternative investments were also included to allow the Fund both to leverage portfolio returns during highly inflationary or deflationary environments and to mitigate the effects of volatility in the stock market.

To realize the allocations set forth in the Asset Allocation Plan, the Division operates seven Combined Investment Funds ("CIF" or the "Funds") as a series of mutual funds in which the pension and trust funds may invest through the purchase of ownership interests. Each Fund is designed to replicate one or more of the six asset classes outlined in the Policy.

Domestic Equity

Management of the equity portfolio uses both a pure indexing and enhanced indexing strategy. Enhanced indexing involves identifying, through market analysis and research, those securities in the index which are most likely to under-perform, and discarding them from the portfolio. This is achieved while maintaining industry weightings consistent with the overall index. The goal of enhanced indexing is to generate a return slightly in excess of the selected index. Indexing is a particularly appropriate strategy for the "large-cap" segment of the equity markets, which is defined as the securities of the largest capitalized public companies, typically comprising the major market indices. Moreover, significant research demonstrates that the U.S. equity markets, particularly the large-cap segment, are widely considered the world's most "efficient" markets, and therefore are the most difficult to "beat" with active investment management.

Within the "small- and mid-cap" sections of the equity markets, active management continues to allow pension funds the opportunity to receive enhance returns. Small- and mid-cap securities are issued by companies that are much smaller and not as closely monitored, researched or analyzed as the larger capitalization companies. Consequently, the small-cap segment of the U.S. equity market is less "efficient." Certain active investment advisors are therefore more likely to outperform the markets over the long term, while earning an acceptable level of return per unit of risk. The Fund measures its performance against the Russell 3000 Index.

As currently structured, the domestic equity portfolio replicates the approximate capitalization of the market as a whole with 73.7% of the Fund invested in large-cap stocks and 26.3% in small/mid-cap stocks. Approximately 83% of the entire domestic equity portfolio adheres to an indexing or enhanced indexing strategy.

International Equity

During fiscal year 2000, the structure of the International Stock Fund (ISF) was revised to reflect the long-term performance objectives of this asset class. It was determined that the Fund would consist of a series of externally managed equity portfolios which, in aggregate, are structured to achieve long-term performance consistent with non-U.S. equity markets and add diversification of the total portfolio. The

ISF's hybrid benchmark is 83% of the Morgan Stanley Extended Index-ex U.S.-half-hedged and 17% of the Morgan Stanley Emerging Markets Free Index.

The ISF performance objective is to outperform the hybrid benchmark net of management fees by 100 basis points per annum over rolling five-year time periods.

Fixed Income

The Mutual Fixed Income Fund serves as an investment tool for the Pension and Trust Funds with the goal of reducing volatility in Fund returns under various economic scenarios. During periods of low inflation, fixed income investments may enhance the overall performance of the Pension and Trust Funds, while in times of moderate inflation and high nominal interest rates, these investments may contribute investment returns. The Fund measures its performance against the Lehman Brothers Aggregate Index, widely considered to be a surrogate for the performance of the U.S. bond market.

The current fixed income structure includes convertible bonds and high yield bonds as security classes. Convertible bonds allow bondholders to exchange bonds for a specified number of shares of common stock in a firm. This gives holders of the bonds an option to share in the price appreciation of the company's stock and is an effective diversification tool for the fixed income portfolio. The high yield asset class allows the fund to take advantage of attractive yields of securities of companies with the potential for improving credit quality.

Real Estate and Private Equity Investments

The portion of the Policy governing the structure of the alternative investment portfolios, comprising investments in real estate and private equity, is under review. The strategic asset allocation that was established for the real estate asset class was 5%, and 11% for private equity. The Treasury engaged a private equity consultant to assist in establishing the Private Investment Fund policies, including; portfolio review, Fund structure, guidelines, and implementation strategy for the overall portfolio. The Treasury is in the process of reviewing and selecting a real estate consultant to assist with the Real Estate Fund policies. These policies will be incorporated in the overall division Investment Policy Statement (IPS) and set forth the investing of alternative asset classes into the future. It is anticipated that as these markets evolve through future economic cycles, the policies and procedures within the IPS will adjust to these movements.

Securities Lending

The Treasury maintains a securities lending program for the Combined Investment Funds designed to enhance investment returns. This program involves the lending of securities to broker/dealers secured by collateral valued slightly in excess of the market value of the loaned securities. Typically, the loaned securities are used by broker/dealers as collateral for repurchase agreements and other structured investment products, as well as to cover short sales, customer defaults, dividend recapture, and arbitrage trades. To mitigate the risks of securities lending transactions, the master custodian carefully monitors the credit ratings of each counter-party and overall collateral level. Collateral held is marked-to-market on a daily basis to ensure adequate coverage.

State Street Bank and Trust Company, the current master custodian for the Funds, is responsible for marketing the program, lending the securities, and obtaining adequate collateral. For the year ended June 30, 2001, securities with a market value of approximately $1.54 billion had been loaned against collateral of approximately $1.61 billion. Income generated by securities lending totaled $9.6 million for the fiscal year.

The Year in Review

Total Fund Performance

During the fiscal year ended June 30, 2001, the State of Connecticut Retirement Plans and Trust Funds (CRPTF) achieved a gross annual total return of negative 3.64% (negative 3.68%, net of all expenses), outperforming the total fund benchmark (defined below) return of negative 8.02% by 438 basis points.

Total CRPTF net assets declined from $21.9 billion to $20.6 billion, or $1.3 billion, due primarily to unrealized capital losses.

For the fiscal year, the CRPTF's strong relative performance to the total fund benchmark was largely attributable to the Mutual Equity Fund (MEF) and International Stock Fund (ISF). In addition, the Real Estate Fund (REF), Private Investment Fund (PIF), and Cash Reserve Account (CRA) also outperformed their benchmarks. Offsetting these results was the Mutual Fixed Income Fund (MFIF) which produced below benchmark returns, as did the Commercial Mortgage Fund (CMF).

Both domestic and international markets declined significantly in fiscal year 2001, however, the MEF and ISF, which together represent nearly half of the total fund's assets as of June 30, 2001, produced excellent returns relative to their benchmarks, and this performance had a significant impact on overall results. Fiscal year 2001 was clearly the year for a value orientation. While the Russell 3000, the benchmark for the Mutual Equity Fund, declined 13.93%, the Russell 2500 Value Index surged ahead 25.15%. Benefiting from its value tilt, industry selection (particularly its under weighting to technology) and strong stock selection, the Mutual Equity Fund, outperformed its index by 438 basis points.

CRPTF's International Stock Fund, propelled by a value bias and strong stock selection, outperformed its benchmark by 663 basis points. In particular, the fund's two developed markets managers turned in exceptional performance for the year, with each exceeding its benchmark by more than 16%. The International Stock Fund benchmark is comprised of 83% MSCI EAFE Extended 50% Hedged Index, and 17% MSCI Emerging Markets Free Index, and for fiscal 2001 this index posted a decline of 19.8%.

The Mutual Fixed Income Fund suffered from its over-allocation to weak convertible markets, underrepresentation to the booming emerging debt sector and some poorly timed industry decisions and credit selections. As a result, this fund, representing nearly 30% of total CRPTF assets, lagged its benchmark by 121 basis points with a return of 8.05%. The Mutual Fixed Income benchmark, consisting of 73% Lehman Brothers Aggregate Index (LBA), 17% Salomon High Yield Market Index, and 10% JPM Emerging Markets Bond Index, posted a return of 9.26% for fiscal 2001. This strong showing was largely attributable to the LBA and the JPM Emerging Markets Bond Index, which proved to be difficult benchmarks to beat with returns of 11.23% and 15.62%, respectively.

The Private Investment and Real Estate Funds outperformed their respective benchmarks by 768 and 257 basis points, respectively, producing overall net returns of -6.25% and +14.45%. The private equity markets, in particular, suffered a downturn in fiscal 2001, although not as steep as that of the public equity markets. Because these investment classes are illiquid and highly structured, short-term performance is not always indicative of long-term expectations from the asset class, with the ultimate returns evident only upon realization of all investment gains.

While volatility in investment returns is expected in the short-term, the Treasurer's long-term performance with respect to managing the Pension and Trust assets is most important. The CRPTF generated compounded gross and (net) annual total returns of 6.42%, (6.38%), 11.02% (10.99%), and 10.63% (10.58%) over the last three-, five-, and ten-year periods, respectively. The Funds continued to be well diversified given the long-term risk/return objectives, while adhering to established investment guidelines.

The overall return of the CRPTF is measured against the total fund benchmark, a hybrid benchmark customized to reflect the CRPTF's asset allocation and performance objectives. This benchmark is comprised of 36% Russell 3000 Index; 18% International Stock Fund benchmark; 29% Mutual Fixed Income benchmark; 5% NCREIF Property Index; 11% Connecticut Private Equity/Venture Capital Index; and 1% Donoghue Money Fund Average. The International Stock Fund benchmark is comprised of 83% MSCI EAFE Extended 50% Hedged Index, and 17% MSCI Emerging Markets Free Index. The Mutual Fixed Income benchmark consists of 73% Lehman Brothers Aggregate Index, 17% Salomon High Yield Market Index, and 10% JPM Emerging Markets Bond Index. The Connecticut Private Equity/Venture Capital Index is made up of 50% Cambridge Associates Private Equity Index and 50% Cambridge Associates Venture Capital Index.

In addition to the total fund benchmark, the CRPTF is historically measured against the actuarially determined assumed rate of return of 8.5%. The actuarially determined assumed rate of return includes normal pension costs and past service amortization payments as well as payments necessary to reduce the unfunded liabilities. While this measure is a key element in assessing the long-term performance of the funds, because it is static (i.e., it does not change from year to year with the financial markets in which the funds are invested), it becomes less appropriate when viewed in shorter time horizons (i.e., less than 5 years). Rather, it serves as a principal driver of the fund's overall asset allocation, setting the long term targeted return for the funds that will be needed to ultimately pay the pensions and other liabilities.

2001 Division Performance and Management Initiatives

The PFM staff completed an asset liability study of the retirement plans during fiscal year 2000 resulting in several portfolio enhancement initiatives. In addition, the asset allocation policy set-forth in the prior fiscal year was re-affirmed, assuring that retirement assets were being invested in the most optimal manner given the pension liabilities and investment market conditions. Also, a minimum and maximum percentage range was added to the over-all policy asset class target weights, enabling the portfolios to take advantage of market opportunities when appropriate.

Following the asset liability study completed above, a request for proposal (RFP) was solicited and received an overwhelming response from top-tier investment advisor prospects regarding a review of the International Stock Fund. This resulted in a new strategic allocation to international equities that created a more diversified portfolio and will allow for more opportunities to enhance stock portfolio returns while reducing risk. Going forward the international portfolio will consist of seven investment mandates where previously there were three. The seven mandates are; Passive large-Cap EAFE, Active Small-Cap EAFE, Active Risk Controlled EAFE, Active Core EAFE, Active Specialist EAFE, Active Emerging Markets, and Currency Overlay.

The Division retained the services of a private equity consultant to assist in establishing policy and procedures regarding the Private Investment Fund assets. This has resulted in establishing new Fund guidelines, enhanced monitoring and review procedure for the portfolio, and the establishment of due-diligence procedures in the selection of private equity advisors.

During the fiscal year the Real Estate Fund issued a request for proposal (RFP) seeking the services of a real estate consultant to assist in the formulation of Funds guidelines consistent with the overall Investment Policy Statement. In addition, the consultant will assist in establishing policies and procedures regarding monitoring, reviewing, and the selection of advisors for this portfolio.

In response to the Treasurer's mandate to protect and ensure safekeeping of the State of Connecticut Retirement Plans and Trust Fund (CRPTF) assets, an organizational review inclusive of policy, procedures, and staffing needs, as well as current allocations will be conducted during fiscal year 2002. An RFP for a consultant specializing in organizational development will be issued. Currently, the Treasurer has retained two senior investment professionals, as consultants to assist PFM management with these initiatives. Other significant areas of concentration involving consultants in conjunction with PFM staff are ongoing. They include; the Treasurer's Investment Policy Statement, the Mutual Fixed Income Structure Review, Mutual Equity Fund Structure Review, and a review of the master custodian agreement, pursuant to the current custodial services contract, which expires at the end of fiscal year 2002.

Proxy Voting

During the past two years, the Treasury has developed comprehensive proxy voting policies for both domestic and global proxy voting. These policies were endorsed by the state's Investment Advisory Council (IAC), and now serve as the policy framework for shareholder decisions. Connecticut law requires the Treasurer to consider the economic, social, and environmental impact of investment decisions. In addition, state law prohibits investment in companies doing business in Northern Ireland that have not implemented the MacBride Principles of fair employment. Similar statutory prohibitions exist for investing in companies conducting business with Iran counter to U.S. foreign policy.

The corporate governance program marks Connecticut's re-emergence – for the first time in five years — as an active, responsible institutional investor, with the most comprehensive series of proxy voting policies in the state's history.

Connecticut's shareholder activism includes both exercising proxy voting responsibility and taking steps such as filing shareholder resolutions and supporting resolutions filed by other shareholders.

Companies were identified based on below par total shareholder return (over a 3 year period) and identification of generally acknowledged weak policies or activities in specific areas of corporate governance.

The shareholder activism program during 2001 included four critical areas:

Independence of the Board of Directors: The state pension fund's proxy voting policies call for a majority of the board to consist of independent directors and key board committees such as the audit, compensation and nominating committees to consist completely of outside, independent directors.

Executive Compensation: The policies support compensating executives at a reasonable rate and that executive compensation should be tied to performance.

Global Working Conditions: The policies support vendor and supplier compliance with international labor standards and core human rights.

Board Diversity: The proxy voting policies support board diversity as a key factor in deciding whether to support the election of board members. Board diversity ensures that members who serve on boards are drawn from the broadest pool of talent and expertise.

Among the program's noteworthy successes during the year was one company's agreement to add two new independent board members that will increase the number of outside independent members. On the issue of executive compensation, a company agreed to adopt a new board policy to limit the repricing of stock options and another company agreed to provide for 25% of new stock options to be tied to performance. Another success was agreements reached with three companies to implement the MacBride Principles for fair employment in workplaces of Northern Ireland companies. In addition, two companies agreed with the Office of the Treasurer to take actions on global labor standards.

As principal fiduciary of the fund, Treasurer Nappier approaches shareholder ownership as a prudent long-term investor. Through shareholder advocacy, the pension fund seeks to ensure that companies in which the pension fund invests adopt corporate governance reforms and corporate citizenship practices consistent with the fund's proxy voting guidelines and in accordance with Connecticut law. The Nappier initiative also includes providing input to regulatory agencies on policy matters related to corporate governance and meetings with leading Connecticut companies that are important to the vitality of state's economy and in which the state pension fund is a shareholder.

Copies of the Connecticut pension fund's proxy voting policies are available for review and downloading at the State Treasurer's web site: http://www.state.ct.us/ott/proxyvoting.htm

Asset Recovery

At the direction of Treasurer Nappier, the Connecticut Treasury continues to employ various means of recovery of assets lost due to the misdeeds or bad acts of others.

Securities Litigation

The Office has taken over the responsibility for making claims in connection with the settlement or judicial resolution of class action litigation. This goal in stepping up this activity is to ensure that the Connecticut Retirement Plans and Trust Funds receives a fair share of compensation available to investors in companies that experienced loss of shareholder value due to negligence, fraud or other bad acts of the company or its managers.

The Office is actively participating as lead and co-lead plaintiff, respectively, in two national class action law suits alleging misconduct against Waste Management and the Campbell Soup Co. In both matters, the Office successfully negotiated lower than standard legal fees, which will result in increased net recovery for class participants. Each of these matters is progressing appropriately in the judicial system.

Believing that institutional investors are best equipped to manage and obtain the best results from class action securities litigation, Treasurer Nappier and her staff have participated in a number of forums to encourage the active participation of other institutional investors as lead plaintiffs in such litigation.

Recapture of Assets

In October 2000, the United States Attorney, upon complaint from the Office of the Treasurer, filed a civil action against Triumph Capital Group and certain of its principals and affiliates in order to protect assets invested with Triumph-Connecticut II Limited Partnership. Departure of personnel with the expertise to manager the collateralized debt obligation assets of the limited partnership, coupled with uncertainty surrounding the indictment of the company and certain of its principals, raised serious concerns. The US Attorney sought and obtained a Temporary Restraining Order against Triumph and a receiver was appointed for the assets of the limited partnership. The civil action was resolved in the best interest of the Connecticut Retirement Plans and Trust Funds in May 2001, with the recapture of $125.2 million of temporary investments. Additionally, the Treasurer has engaged a consultant to monitor of the existing $68 million CBO investment of the limited partnership.

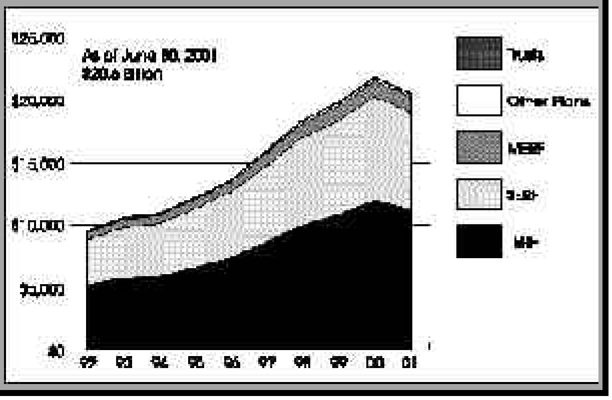
Combined Investment Funds Total Return Analysis (%)

	Fiscal Years Ending June 30,					Annualized		
Asset Class (% of Total Fund at 6/30/01)	**2001**	**2000**	**1999**	**1998**	**1997**	**3 Years**	**5 Years**	**10 Years**
Total Fund (100.0%)								
Combined Investment Funds	**(3.68)%**	**13.13%**	**10.49%**	**17.19%**	**19.35%**	**6.38%**	**10.99%**	**10.58%**
CRPTF Total Fund Benchmark	**(7.71)**	**19.41**	**15.95**	**20.09**	**20.03**	**8.51**	**12.99**	**N/A**
50/50 Blend (50% S&P - 50% LB Aggregate)	(2.19)	6.22	13.22	20.26	20.90	5.56	11.33	11.67
S&P 500	(14.83)	7.30	22.74	30.21	34.56	3.89	14.48	15.10
LB Aggregate	11.23	4.56	3.13	10.54	8.16	6.25	7.48	7.87
U.S. Stocks (38.5%)								
Mutual Equity Fund (38.5%)	(9.55)	10.03	19.38	28.40	30.74	5.91	14.81	14.78
Russell 3000 Index	(13.93)	9.60	20.10	28.81	30.58	4.25	13.76	14.97
International Stocks (12.1%)								
International Stock Fund (12.1%)	(13.29)	20.13	6.77	1.52	15.67	3.61	5.49	7.72
International Stock Fund Hybrid Benchmark	(19.80)	20.77	7.62	6.10	12.84	1.39	4.53	7.23
Real Estate (2.3%)								
Real Estate Fund	14.45	9.18	9.96	25.63	10.69	11.17	13.82	3.47
Russell NCREIF(1 Qtr. Lag)	11.88	11.10	14.32	15.48	10.21	12.51	12.72	6.92
U.S. Fixed Income (32.5%)								
Mutual Fixed Income Fund (32.0%)	8.03	5.77	2.64	10.52	10.62	5.45	7.47	8.62
Fixed Income Fund Hybrid Benchmark	9.26	5.66	3.13	10.54	8.16	5.99	7.32	7.79
Commercial Mortgage Fund (0.5%)	10.88	8.26	6.10	17.71	9.82	8.40	10.49	9.01
Lehman Aggregate Bond Index	11.23	4.56	3.13	10.54	8.16	6.25	7.48	7.87
Alternative Assets (12.7%)								
Private Investment Fund (12.7%)	(6.25)	53.86	(0.81)	18.55	5.68	12.68	12.39	13.34
Russell 3000 Index	(13.93)	9.60	20.10	28.81	30.58	4.25	13.76	14.97
Cash (1.9%)								
Cash Reserve Account (1.9%)	6.35	5.96	5.46	5.86	5.70	5.93	5.87	5.47
IBC Rated Index	5.74	5.58	5.03	5.49	5.27	5.45	5.42	4.86

PENSION FUNDS MANAGEMENT DIVISION

Figure 1-1

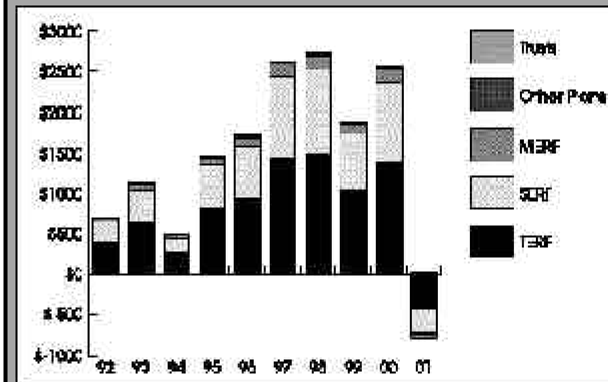
PENSION AND TRUST FUNDS
Growth in Assets ($ in millions)



TERF - Teachers' Retirement Fund
SERF - State Employees Retirement Fund
MERF - Connecticut Municipal Employees' Retirement Fund

Figure 1-2

PENSION AND TRUST FUNDS
Investment Returns ($ in millions)



TERF - Teachers' Retirement Fund
SERF - State Employees Retirement Fund
MERF - Connecticut Municipal Employees' Retirement Fund

Figure 1-3

PENSION AND TRUST FUNDS
Asset Class Diversification

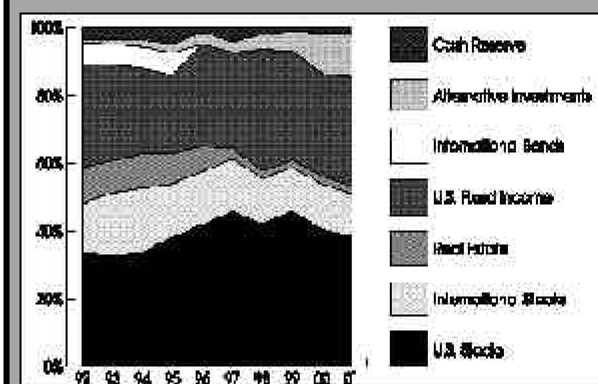


Figure 1-4

PENSION AND TRUST FUNDS ASSET ALLOCATION
Actual vs. Policy at June 30, 2001

	Actual	Target Policy	Lower Range	Upper Range
U.S. EQUITY	**38.5%**	**36.0%**	**29.0%**	**43.0%**
Mutual Equity Fund (MEF)	38.5%			
INTERNATIONAL EQUITY	**12.1%**	**18.0%**	**14.0%**	**22.0%**
International Stock Fund (ISF)	12.1%			
EQUITY COMMERCIAL REAL ESTATE	**2.3%**	**5.0%**	**4.0%**	**6.0%**
Real Estate Fund (REF)	2.3%			
U.S. FIXED INCOME	**34.4%**	**30.0%**	**26.0%**	**34.0%**
Mutual Fixed Income Fund (MFIF)	32.0%			
Commercial Mortgage Fund (CMF)	0.5%			
Cash Reserve Account (CRA)	1.9%			
ALTERNATIVE INVESTMENTS	**12.7%**	**11.0%**	**6.0%**	**11.0%**
Venture Capital Fund (VCF)	12.7%			
TOTAL	**100.0%**			

(1) MFIF's advisors are allowed to invest in non U.S. fixed income assets on an opportunistic basis.

Figure 1-5

PENSION AND TRUST FUNDS
Advisor Breakdown

Fund	June 30, 2001	June 30, 2000
MEF	10	10
ISF	6	6
PIF	35	35
MFIF	10	11
CMF	1	1
REF	7	7
CRA	1	1
Total (1)	70	71

(1) Actual total advisors was 66 and 65, respectively when factoring in advisors across multiple funds.

Figure 1-6

PENSION AND TRUST FUNDS
Periods ending June 30, 2001

	1 YR	3 YRS	5 YRS	10 YRS
Compounded, Annual Total Return (%)				
CRTPF	**-3.68**	**6.38**	**10.99**	**10.58**
CRTPF Total Fund Benchmark	-7.71	8.51	12.99	N/A
50/50 Blend	-2.19	5.56	11.33	11.67
Cumulative Total Return (%)				
CIF	**-3.68**	**20.40**	**68.40**	**173.29**
CRTPF Total Fund Benchmark	-7.71	27.77	84.16	N/A
50/50 Blend	-2.19	17.63	71.03	201.68

Figure 1-7

PENSION AND TRUST FUNDS
Annual Total Return

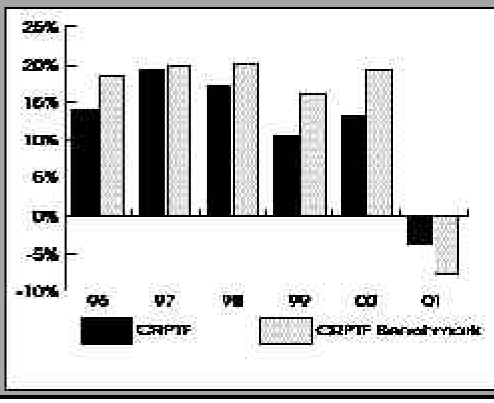


Figure 1-8

PENSION AND TRUST FUNDS
Annualized Standard Deviation

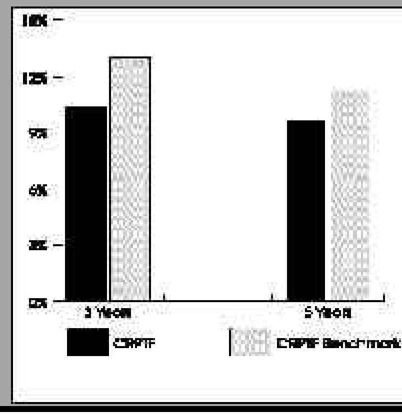


Figure 1-9

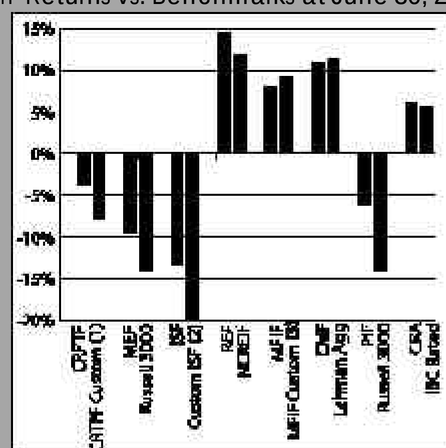
PENSION AND TRUST FUNDS
TUCS Ranking for Periods ending June 30, 2001

	1 YR	3 YRS	5 YRS	10 YRS
Public Funds >$1 Billion				
Percentile Return				
5th	-1.08	6.92	11.83	12.35
25th	-3.90	5.86	11.06	11.75
50th	-6.10	4.82	10.41	11.32
75th	-7.98	4.42	9.43	10.95
95th	-8.97	3.12	8.53	10.05
CT Pension and Trust Funds				
Percentile Return[1]	-3.41	6.66	11.27	10.89
Public Funds Ranking	14	9	12	75
Total Master Trusts Ranking	39	29	44	81

Source: State Street Bank
(1) Gross Return

Figure 1-10

PENSION AND TRUST FUNDS
CRPTF Returns vs. Benchmarks at June 30, 2001



(1) Total Fund Benchmark: Inception through 9/30/999: 40% Russell 3000, 15% MSCI EAFE Net, 30% LB Aggregate, 11% CA Private Equity/Venture Capital Index, 4% NCREIF Property Index. 10/1/99 to date: 36% Russell 3000, 18% Int'l Stock Benchmark, 29% Mutual Fixed Income Benchmark, 5% CT Real Estate Fund, 11% CT Private Equity/Venture Capital Index, 1% Donoghue Money Fund Average.

(2) International Stock Fund Benchmark: 83% MSCI EAFE Extended 50% Hedged and 17% MSCI Emerging Market Free.

(3) Mutual Fixed Income Benchmark: 73% Lehman Aggreagte, 17% Salomon High Yield Market Index and 10% J.P. Morgan Emerging Markets Bond Index.

2001 cash reserve account

Fund Facts at June 30, 2001

Investment Strategy/Goals: To serve as a cash managment tool for the pension and trust funds by investing in high quality, liquid money market securities.

Performance Objective: An annual total return in excess of the index.

Benchmark: IBC Index

Date of Inception: September 1, 1987

Total Net Assets: $1,356,939,397

Number of Advisors: 1external

Management Fees: $261,204

Operating Expenses: $160,359

Expense Ratio: 0.03%

Performance Summary

For the fiscal year ended June 30, 2001, the Cash Reserve Account (CRA) generated a return of 6.35% outperforming the benchmark IBC Rated Index of 5.74% by 61 basis points. The Fund's return also outperformed the 90 day Treasury Bill return of 5.64% by 71basis points. (See Figure 2-9.)

For the trailing three, five and ten-year periods, as shown in Figure 2-9, CRA's compounded annual total return was 5.93%, 5.87% and 5.47%, respectively, net of all expenses. The returns exceeded those of the IBC Index for all time periods.

Description of the Fund

The Cash Reserve Account (CRA) is a money-market pool investing in high-quality liquid money market securities. It serves as a cash management tool for the pension and trust funds and Combined Investment Funds, and is considered a separate asset class offering protection against inflation.

CRA uses the basic strategy of buying on market weakness. When interest rates rise, CRA takes advantage by investing at higher yields through an extension in average maturity for the fund. Conversely CRA increases exposure to floating rate securities which perform well in a declining rate environment. To ensure sufficient liquidity to fund unexpected plan withdrawals, CRA maintains an adequate amount of investments in extremely short assets. CRA continually analyzes expectations for future interest rate movements and changes in the shape of the yield curve to ensure the most prudent and effective short-term money management for its clients. Due to the short-term nature of CRA, it is considered to be low-risk. Consequently, returns realized by CRA may be lower than those realized by funds with fixed income investments maturing over a longer time horizon.

CRA's performance objective is to exceed the IBC First Tier Institutions Only Rated Money Fund Report Index, an average of rated institutional money market mutual funds that invest primarily in first-tier (securities rated A1, P1) taxable securities. (See Figure 2-7.)

During the fiscal year, CRA assets under management fell $177 million or 12% to $1.357 billion on June 30, 2001 from $1.534 billion on June 30, 2000.

Portfolio Characteristics & Strategy

A decline in capital spending, erosion in profits, weakness abroad, and the continuing weakness in equity markets led the Fed to lower the funds rate by 250 basis points during the first half of 2001. The LIBOR curve remained inverted and yields continued to decrease across the curve. There was a significant supply of new issue-asset backed securities during the last quarter. The CRA Fund took advantage of the positive carry floating rate securities versus fixed rate securities. The Fund continued to invest in the asset-backed securities, as this was an attractive sector. While the curve remained inverted, the CRA Fund held up to 45% of the assets in overnight repurchase agreements. As the market conditions change we will look for opportunities to extend. The Fund's average maturity, as shown in Figure 2-3, was 65 days at year-end June 30, 2001 compared to the IBC Index of 47 days. The distribution of investments by maturity at June 30, 2001, was as follows: Overnight (35%); 2-90 days (51%); over 90 days (14%). The Fund's three largest security weightings at fiscal year-end included adjustable and fixed rate asset-backed securities (40%); Repurchase Agreements (35%); and Floating Rate Assets (11%). (See Figure 2-6.)

Economic Review

The year began with the Federal Reserve Board opting to leave rates unchanged at the June 28, 2000 meeting but still maintaining a tightening bias going forward. While it seemed that the Federal Reserve Board had achieved its goal of slowing via higher interest rates, several other uncertainties had manifested themselves in the economic outlook. A global oil and natural gas shortage threatened to undermine the economic expansion by hurting both corporate bottom lines and consumer spending. The possibility of heightened inflation due to unsustainable economic growth became the primary economic concern. As the year progressed it became evident that the economy was slowing at a faster than anticipated pace. The economic news was confirmed by corporate earnings shortfalls and warnings about future growth. The volatility in stocks due to earnings shortfalls and the presidential election uncertainty led to an increase of buying in the investment grade fixed income market. This flight to quality led to decreased yields across all maturity sectors. The markets outlook was confirmed as the Federal Open Market Committee ("FOMC") changed its bias from "tightening" to "easing". The FOMC cited concerns about eroding consumer confidence, shortfalls in sales and earnings, financial stress in some sectors of the corporate bond market, and deterioration in private wealth due to the volatile stock market. Yields across the LIBOR curve decreased as the markets anticipated an ease by the FOMC during the first half of 2001. The Federal Reserve surprised the market with an inter-meeting move of January 3rd and lowered the overnight funds rate by 50 basis points. The text that accompanied the initial move cited 'further weakening of sales and production, lower consumer confidence, tight conditions in some segments of the financial markets and higher energy prices sapping household and business purchasing power'. On January 31, the FOMC eased another 50 basis points. As expected, LIBOR yields decreased , due to the Fed's cut of 100 basis points, as well as anticipated future actions. While economic releases were mixed during the month of March, much of the data indicated that the economy continues to slow. This prompted the Fed to again lower the funds rate by 50 basis points at the March 20th FOMC meeting for a total of 150 basis points for the first quarter of 2001. The LIBOR curve remained inverted and yields decreased throughout the first quarter, as one-month decreased by 148 basis points and three-month LIBOR decreased by 152 basis points. After two rate cuts in January, the Fed eased another 50 basis points in April and another 50 basis points at the May 15th FOMC meeting. Again the reasons cited included a decline in capital spending, erosion of profits, weakness abroad, and the continuing weakness in the equity markets. The Fed eased an additional 25 basis points at the June 27th FOMC meeting, bringing the total amount of easing to 275 basis points this year.

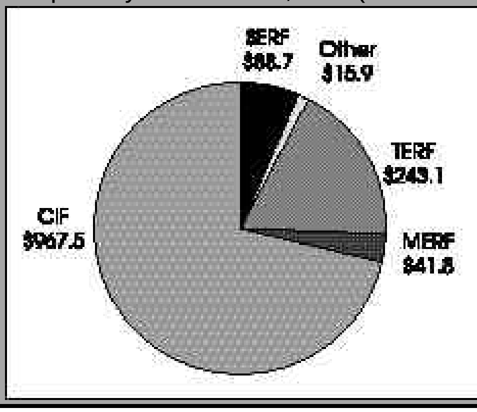
Risk Profile

Due to the short-term nature of CRA, it is generally considered to be low-risk. Consequently, returns realized by CRA maybe significantly lower than those realized by funds with fixed income investments maturing over a longer time horizon. Similarly, the investments' short time horizon, along with the quality of the issuing entities, mitigates traditional concerns over interest rate, default and currency exchange risk.

Based on returns over the last five years, the Fund exhibited a higher degree of risk relative to the IBC Index, as evidenced by its relative volatility of 1.00. (See Figure 2-2.) Its standard deviation of .17 suggests comparatively low overall volatility, while its beta of .88 indicates a high overall correlation to returns achieved by the Index. In the aggregate, CRA achieved a positive annual alpha, or return in excess of that predicted by returns of its bechmark of .45.

Figure 2-1

CASH RESERVE ACCOUNT
Ownership Analysis at June 30, 2001 ($ in millions)



TERF - Teachers' Retirement Fund
SERF - State Employees Retirement Fund
MERF - Connecticut Municipal Employees' Retirement Fund
CIF - Combined Investment Funds

Figure 2-2

CASH RESERVE ACCOUNT
Risk Profile at June 30, 2001

Relative Volatility	1.00
Standard Deviation	0.17
R^2	0.87
Beta	0.88
Alpha	0.45

(1) Based upon returns over the last five years.

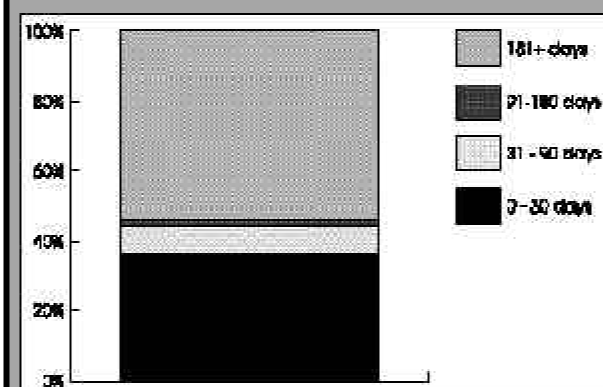
Figure 2-3

CASH RESERVE ACCOUNT
Quarterly Weighted Average Maturity

Quarter End	CRA	IBC Index
6/30/01	65 days	47 days
3/31/01	71 days	41 days
12/31/00	91 days	41 days
9/30/00	85 days	44 days
6/30/00	81 days	52 days

Figure 2-4

CASH RESERVE ACCOUNT
Security Maturity(1) Analysis at June 30, 2001



(1) Or Interest Rate Reset Period.

Figure 2-5

CASH RESERVE ACCOUNT
Distribution by Yield (1) at June 30,2001

Yield	
3.00% - 4.00%	17.0%
4.01% - 5.00%	64.0%
5.01% - 6.00%	7.9%
6.01% - 7.00%	8.7%
7.26+%	2.4%
TOTAL	100.0%

(1) Represents yield to maturity.

Figure 2-6

CASH RESERVE ACCOUNT
Distribution by Security Type at June 30, 2001

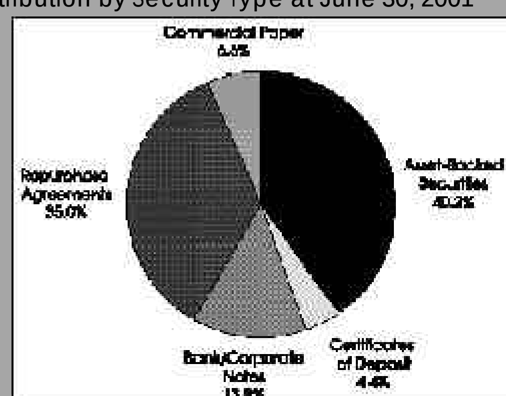


Figure 2-7

CASH RESERVE ACCOUNT
Comprehensive Profile

Date	Number of Issues	Yield (1)	Average Maturity	Average Quality
2001	90	6.35%	65 days	A-1+/AA+
2000	109	5.96%	81 days	A-1+/AA+
1999	102	5.46%	67 days	A-1+/AA+
1998	81	5.86%	60 days	A-1+/AA+
1997	53	5.70%	71 days	A-1+/ AA+
1996	46	5.90%	50 days	A-1+/ AAA
1995	48	5.83%	32 days	TBW-1/ AAA

(1) Represents annual total return of the Fund for year ended June 30.

Figure 2-8

CASH RESERVE ACCOUNT
Quarterly Yield(1) Analysis

Quarter End	CRA	IBC Index
06/30/01	4.81%	4.32%
03/31/01	6.06%	5.68%
12/31/00	6.82%	6.48%
09/30/00	6.82%	6.49%
06/30/00	6.59%	5.86%

(1) An annualized historical yield based on the preceding month's level of income earned by the Fund.

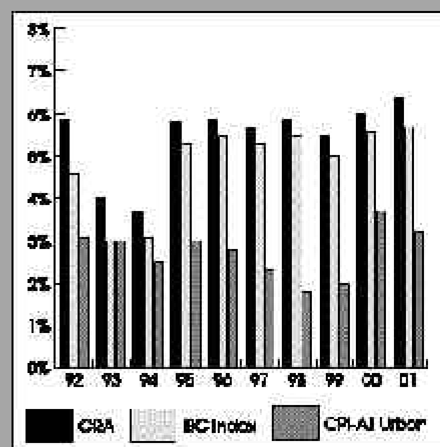
Figure 2-9

CASH RESERVE ACCOUNT
Periods ending June 30, 2001

	1 YR	3 YRS	5 YRS	10 YRS
Compounded, Annual Total Return (%)				
CRA	6.35	5.93	5.87	5.47
IBC/Donoghue	5.74	5.45	5.42	4.86
CPI-Urban	3.24	2.98	2.58	2.73
Salomon 90-Day CD	6.20	5.85	5.81	5.25
Salomon 90-Day T-Bill	5.64	5.22	5.23	4.80
Cumulative Total Return (%)				
CRA	6.35	18.85	32.99	70.30
IBC/Donoghue	5.74	17.24	30.19	60.64
CPI-Urban	3.24	9.21	13.60	30.89
Salomon 90-Day CD	6.20	18.61	32.60	66.81
Salomon 91-Day T-Bill	5.64	16.48	29.03	59.85

Figure 2-10

CASH RESERVE ACCOUNT
Annual Total Return



(1) Or Interest Rate Reset Period.

2001 mutual equity fund

Fund Facts at June 30, 2001

Investment Strategy/Goals: To participate in the growth of the U. S. economy through the ownership of domestic equity securities.

Performance Objective: An annual total return which is one percentage point greater than that of the Russell 3000 after expenses.

Benchmark: Russell 3000 Index	**Date of Inception:** July 1, 1972
Total Net Assets: $7,930,606,519	**Number of Advisors:** 10 external
Management Fees: $31,104,059	**Operating Expenses:** $952,864
Expense Ratio: 0.38%	**Turnover:** 53.7%

Performance Summary

For the fiscal year ended June 30, 2001, the Mutual Equity Fund (MEF) generated a negative return of 9.55%, net of fees, which was better than the benchmark Russell 3000 index negative return of 13.93% by 438 basis points. The Fund's performance was driven primarily by advantageous stock selection and industry allocations by the managers during the year.

During this same period, MEF's net assets declined from $8.853 billion to approximately $7.931 billion, a decrease of $922 million. Of this net total change, approximately ($840) million was due to unrealized capital losses partly offset by net investment income including realized gains, in addition to $82 million in net cash outflows to participating pension plans and trusts.

While volatility in investment returns is expected in the short-term, the Fund's long-term performance is most important. As Figure 3-4 below illustrates, MEF has generated compounded annual total returns, net of all expenses, of 5.91%, 14.81%, and 14.78% over the last three, five, and ten-year periods, respectively. The Fund returns out-performed the Russell 3000 for the three and five-years periods by 166, 105, basis points, respectively, but under-performed the benchmark by 19 basis points for the ten-year time period.

The MEF's cumulative total returns for the three, five, and ten year periods ending June 30, 2001, were 18.81%, 99.45%, and 296.86%, respectively.

Description of the Fund

The Mutual Equity Fund (MEF) is an externally managed fund investing in domestic equity securities. It serves as an investment vehicle for the Pension and Trust Funds with the goal of earning prudent returns while participating in the growth of the U.S. economy.

MEF's performance objective is an annual total return, net of management fees and Division operating expenses, which exceeds that of the Russell 3000 Index by 100 basis points per annum. The Russell 3000 Index is a broad stock market index of the securities from the largest 3,000 publicly traded U.S. companies.

At the close of the fiscal year, MEF consisted of 10 externally managed equity portfolios structured to approximate the composition of the Russell 3000 Index. Five advisors actively managed approximately 17% of the portfolio in small to mid-capitalization stocks. Two advisors invested a total of 9% of the portfolio in small to mid-capitalization stocks using an enhanced indexing strategy. Three advisors in large capitalization stocks (of which 51% was invested using enhanced indexing strategies and 23% was invested using a passive strategy) managed the balance of the portfolio, or approximately 74%. At fiscal year end, approximately $6.5 billion, or 83%, of the Fund's net assets were invested in indexed or enhanced index portfolios.

Portfolio Characteristics

At fiscal year-end, MEF was 99.0% invested, primarily in domestic stocks, reflecting the Fund's policy that it be fully invested. The largest industry weighting at June 30, 2001 was financials (17.3%), followed by information technology (17.2%) and health care (14.8%). (See figure 3-3.)

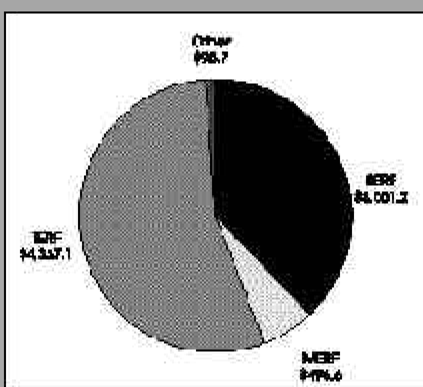
The MEF's ten largest holdings, aggregating to 19.3% of Fund investments, included a variety of blue chip companies. (See figure 3-9.)

Risk Profile

Based on returns over the last five years, the Fund has exhibited a similar degree of risk as that of its benchmark, the Russell 3000 Index. With a realized tracking error of 1.3%, the MEF's returns have almost equal volatility to those of the Index and reflect a strong degree of correlation, 0.99, to those of the Index. MEF's annual alpha during the period, or return relative to that achieved by the benchmark, was a positive 1.06. (See figure 3-2.)

Figure 3-1

MUTUAL EQUITY FUND
Ownership Analysis at June 30, 2001 ($ in millions)



TERF - Teachers' Retirement Fund
SERF - State Employees Retirement Fund
MERF - Connecticut Municipal Employees' Retirement Fund

Figure 3-2

MUTUAL EQUITY FUND (1)
Risk Profile at June 30, 2001

Relative Volatility	0.98
Standard Deviation	17.18
R^2	0.99
Beta	0.98
Alpha	1.06

(1) Based upon returns over the last five years.

Figure 3-3

MUTUAL EQUITY FUND
Fiscal 2001Industrial Sector vs. Index (%)
Based on Investments in Securities,at Value (1)

	% of Net Assets at 6/30/2001	
	MEF	**Russell 3000**
Energy	7.6	5.6
Materials	3.0	2.5
Industrials	10.9	10.7
Consumer Discretionary	13.2	12.5
Consumer Staples	6.7	7.4
Health Care	14.8	14.4
Financials	17.3	19.2
Information Technology	17.2	17.2
Telecommunication Services	5.1	6.0
Utilities	4.2	4.5
	100.0	100.0

(1) Excludes the Cash Reserve Account.

Figure 3-4

MUTUAL EQUITY FUND
Periods ending June 30, 2001

	1 YR	3 YRS	5 YRS	10 YRS
Compounded, Annual Total Return (%)				
MEF	-9.55	5.91	14.81	14.78
Russell 3000	-13.93	4.25	13.76	14.97
Cumulative Total Return (%)				
MEF	-9.55	18.81	99.45	296.86
Russell 3000	-13.93	13.29	90.54	303.38

Figure 3-5

MUTUAL EQUITY FUND
Annual Total Return

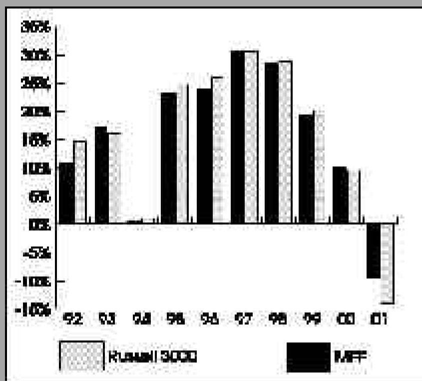


Figure 3-6

MUTUAL EQUITY FUND
Components of Total Return ($ in millions)

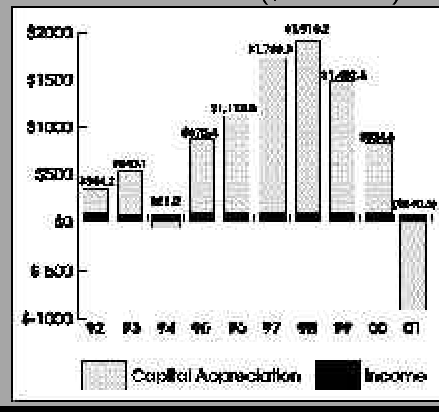


Figure 3-7

MUTUAL EQUITY FUND
Comprehensive Profile for the Fiscal Years ending June 30,

	2001		2000		1999		1998		1997	
	MEF	Russell	MEF	Russell	MEF	Russell	MEF	Russell	MEF	Russell
# of Issues	2,333	3,000	2,325	3,000	2,370	3,000	1,568	3,000	2,397	3,000
Cap ($ Bil)	$87.7	$94.9	$118.2	$121.3	$85.4	$86.6	$54.0	$56.0	$37.4	$39.5
P/E	24.1x	26.3x	26.8x	30.2x	31.4x	32.9x	28.3x	26.9x	23.2x	22.3x
Div Yield	1.20%	1.30%	1.10%	1.10%	1.20%	1.20%	1.30%	1.30%	1.50%	1.60%
ROE	20.0%	20.9%	19.4%	20.5%	20.2%	20.4%	20.2%	20.6%	19.4%	20.0%
P/B	5.3x	5.5x	9.8x	10.7x	7.5x	7.8x	7.6x	7.9x	5.9x	5.9x
Cash & Equiv.	1.3%	0.0%	0.9%	0.0%	1.1%	0.0%	1.4%	0.0%	2.2%	0.0%

Figure 3-8

MUTUAL EQUITY FUND
Investment Advisors at June 30, 2001

Investment Advisor	Net Asset Value	% of Fund
Large Cap	**$5,840,907,591**	**73.7%**
(Enhanced/Risk Controlled)		
J.P. Morgan Investment Mgmt., Inc.	2,112,103,660	26.6
BGI Barclays Global Investors, N.A.	1,907,254,884	24.1
(Index Passive)		
State Street Global Advisors	1,821,549,047	23.0
Small/Mid Cap	***$1,377,227,844***	***17.4%***
(Active Management)		
Brown Capital Management, Inc.	380,679,270	4.8
Value Quest Ltd.	290,623,570	3.7
Cowen Asset Management	308,622,451	3.9
Dresdner RCM Global Investors LLC	244,152,137	3.1
Alliance Capital	153,150,416	1.9
Small/Mid Cap	**$ 708,755,870**	**8.9%**
(Enhanced/Risk Controlled)		
The Travelers Investment Mgmt. Co.	333,240,012	4.2
AXA Rosenberg Investment Mgmt.	375,515,858	4.7
Other (1)	**$ 3,715,214**	**0.0%**

(1) Other represents funds earmarked for distribution to participants, reinvestment, and expenses.

Figure 3-9

MUTUAL EQUITY FUND
Ten Largest Holdings at June 30, 2001

Security Name	Sector	Market Value	%
General Electric	Technology	$263,857,913	3.32%
Microsoft	Technology	197,838,030	2.49%
Citigroup Inc.	Finance	182,191,369	2.29%
Exxon Mobil Corp.	Energy	161,374,233	2.03%
Pfizer	Health Care	156,126,915	1.96%
AOL Time Warner	Telecomms	130,855,357	1.65%
Johnson & Johnson	Health Care	112,725,772	1.42%
Wal Mart Stores Inc.	Non-Durables	111,825,200	1.41%
Amer. Int. Group	Finance	109,165,046	1.37%
Intel Corp.	Technology	106,075,710	1.33%
Total		**$1,532,035,545**	**19.27%**

2001 international stock fund

Fund Facts at June 30, 2001

Investment Strategy/Goals: To participate in the growth of the global economy through the ownership of foreign equity securities.

Performance Objective: An annual total return which is one percentage point greater than the MSCI-EAFE index after expenses.

Benchmark: ISF Hybrid Benchmark (83% Morgan-Stanley Europe Australasia Far East Extended (MSCI-EAFE), 50% Hedged and 17% MSCI Emerging Market Free)

Date of Inception: January 1, 1988

Total Net Assets: $2,502,829,921

Number of Advisors: 6 external

Management Fees: $10,124,114

Operating Expenses: $719,775

Expense Ratio: 0.40%

Turnover: 43.4%

Performance Summary

For the fiscal year ended June 30, 2001, the International Stock Fund (ISF) generated a negative return of 13.29%, net of fees, but performed better than the hybrid benchmark index negative return of 19.80% by 651 basis points.

During fiscal year 2001, ISF net assets decreased from $2.930 billion to approximately $2.503 billion, a decrease of $427 million. This included realized and unrealized net capital losses of $433 million and $43 million due to net cash outflows to participating pension plans and trusts partly offset by net investment income of $49 million.

The Fund has out-performed relative to its benchmark over the last three, five and ten year periods, as illustrated in Figure 4-4 below. The three and five-year results were above those of the index by 222 and 96 basis points, respectively. For the trailing ten-year period, ISF's compounded annual total return was above the hybrid index by 49 basis points.

Description of the Fund

The International Stock Fund is an externally managed fund which invests in foreign equity securities. It serves as an investment tool for the Pension and Trust Funds, with the goal of participating in the growth of international economies. It is used to reduce short-term volatility in the Pension and Trust Funds returns by providing an additional layer of asset and currency diversification. In environments where the value of the U.S. dollar is declining relative to other currencies, international stocks are expected to enhance total Pension and Trust Funds returns.

Established in 1988, ISF's performance objective was an annual total return, net of management fees and Division operating expenses, which exceeds that of the Hybrid Benchmark, a measure of the returns of developed, non-U.S. stock markets, by 100 basis points. During the structure review in fiscal year 2000, the objective was changed to reflect the Fund's strategic exposure to emerging markets, as well as an exposure to stocks of smaller companies in the developed markets. The new objective is for the return of the Fund (net of fees) to exceed the return of a hybrid index comprising 83% of the MSCI EAFE Extended (50% Hedged) and 17% of the Morgan Stanley Capital International Emerging Market Free Index (MSCI EMF) by 100 basis points.

At the end of fiscal year 2001, the Fund had six external advisors, selected on the basis of expected future performance and investment style, although one advisor managed both an emerging market and a core portfolio. (See figure 4-8.) Based on the Fund's holdings, as of June 30, 2001, approximately 66% of the portfolio was managed by four advisors in countries comprising the MSCI EAFE, 13% was actively managed by two advisors within the emerging markets, and 21% was allocated to one advisor for passive management against the European portion of the MSCI EAFE Index.

The Office of the Treasurer issued a Request For Proposal (RFP) for Fund managers, as part of its continuing implementation of the Asset Allocation policy and strategy for the International Stock Fund. Over fifty advisors were interviewed for five Fund mandates established during the structure review process completed at the end of fiscal 2000.

Portfolio Composition

At fiscal year-end, ISF was 95.7% invested in international securities. The United Kingdom equity securities were the largest percentage of Fund assets, at 15.5%. Japan accounted for 14.5% and German securities, 11.5% of investments. The Fund's allocation to non-EAFE countries, including the emerging markets, stood at 13.2% of investment in securities at the end of fiscal year 2001. These geographic concentrations differed from those comprising the Hybrid index, reflecting the Fund's allocation to active management strategies. (See figure 4-7.)

The ISF was well diversified at year-end, holding more than 2,300 securities in the portfolio. The ISF's ten largest holdings, not including cash, included a variety of companies located throughout Europe and the Far East. The Fund's largest investment, comprising 1.2% of investment securities, was Vodafone Airtouch of the United Kingdom. (See figure 4-9.)

In the aggregate, these ten holdings accounted for 10.1% of the Fund's investments at June 30, 2001.

Risk Profile

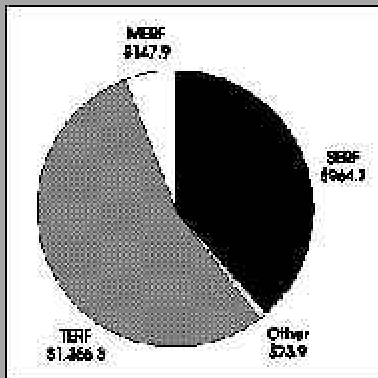
Given ISF's investment policies and objectives, the Fund is exposed to several forms of risk. These include, but are not limited to, political and economic risk, currency exchange risk, market risk, and individual company credit risk. Effective February 1, 1998, the three developed market managers were given 100% hedged benchmarks, and the benchmark for the three core managers was changed to a 100% hedged benchmark from an unhedged benchmark. This was the result of an analysis which determined that although the historical long-term effects of currency returns sum to zero, the short-term effects could be dramatic given the market volatility. As part of the implementation of the current Asset Allocation Plan, it was decided that the most efficient and cost effective method of mitigating this short-term volatility was to change the benchmark to a completely hedged one.

The Treasurer determined that 100% hedging may reduce some of the potential short-term benefits of currency movements as well as increase the risk of the international investments, and that a 50% hedge ratio would provide the greatest reduction in portfolio risk over time. It has also been decided to implement the currency hedging strategy by hiring a dedicated currency overlay manager, who would ensure that the Fund's foreign currency exposure is always 50% hedged. The outstanding RFP includes this currency mandate, and once all of the new managers are in place, hedging will not be part of any of the equity managers' mandates.

Based on returns over the last five years, the Fund's risk profile is similar to that of the Hybrid benchmark. The Fund's active risk relative to its benchmark over the five-year period ending June 30, 2001 has been 1.05%, while its high R^2 of 0.87 demonstrates a relatively strong overall correlation. In the aggregate, ISF's annual alpha over the five-year period, or return in excess of that predicted by the benchmark, was 0.96. (See Figure 4-2.)

Figure 4-1

INTERNATIONAL STOCK FUND
Ownership Analysis at June 30, 2001 ($ in millions)



TERF - Teachers' Retirement Fund
SERF - State Employees Retirement Fund
MERF - Connecticut Municipal Employees' Retirement Fund

Figure 4-2

INTERNATIONAL STOCK FUND
Risk Profile at June 30, 2001

Relative Volatility	1.05
Standard Deviation	16.11
R^2	0.87
Beta	0.98
Alpha	0.96

(1) Based upon returns over the last five years.

Figure 4-3

INTERNATIONAL STOCK FUND
Comprehensive Profile at June 30, 2001

	ISF	ISF Hybrid Benchmark
Number of Issues	2,329	2,515
European Allocation (%)	60.2	56.8
Pacific Allocation (%)	21.3	26.3
Other (%)	18.5	16.9
Annual Total Return (%)	-13.29	-19.80

Figure 4-4

INTERNATIONAL STOCK FUND
Periods ending June 30, 2001

	1 YR	3 YRS	5 YRS	10 YRS
Compounded, Annual Total Return (%)				
ISF	-13.29	3.61	5.49	7.72
ISF Hybrid Benchmark	-19.80	1.39	4.53	7.23
Cumulative Total Return (%)				
ISF	-13.29	11.21	30.61	110.33
ISF Hybrid Benchmark	-19.80	4.23	24.80	100.96

Figure 4-5

INTERNATIONAL STOCK FUND
Annual Total Return

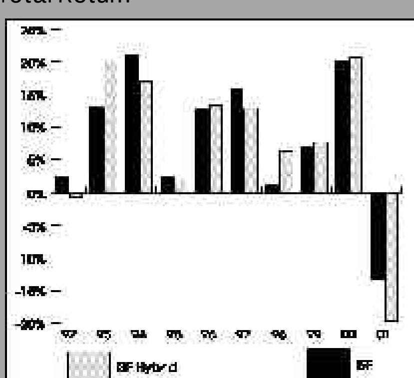


Figure 4-6

INTERNATIONAL STOCK FUND
Components of Total Return ($ in millions)

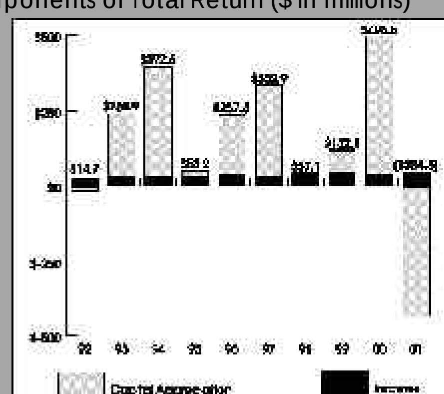


Figure 4-7

INTERNATIONAL STOCK FUND
Diversification by Benchmark Country with Return (%) at June 30, 2001 (1)

	ISF			ISF Hybrid Benchmark		
	% of Net Assets 6/30/00	% of Net Assets 6/30/01	Total Return	% of Net Assets 6/30/00	% of Net Assets 6/30/01	Total Return
Japan	16.9	14.5	-8.7	23.2	21.1	-30.0
United Kingdom	14.8	15.5	-7.7	16.4	18.1	-15.7
Germany	10.6	11.5	-14.8	7.0	7.0	-24.0
France	8.8	8.0	-17.5	9.2	9.0	-27.1
Italy	5.9	5.9	-20.0	3.7	3.8	-26.5
Switzerland	3.0	3.5	1.8	4.5	5.4	-15.8
Netherlands	3.2	3.9	-24.0	4.2	4.4	-20.9
Spain	3.4	3.4	-25.4	2.3	2.3	-20.8
Hong Kong	3.0	3.7	-10.6	1.7	1.7	-19.6
Sweden	2.2	1.7	-20.8	2.7	2.0	-46.6
Australia	1.7	1.8	4.4	2.3	2.7	-9.5
Finland	1.3	1.2	-37.0	2.5	1.5	-52.4
Belgium	1.1	1.1	-19.6	0.6	0.8	-17.8
Singapore	0.8	0.9	-13.7	0.8	0.7	-25.9
Denmark	0.5	0.8	-3.0	0.6	0.8	-11.9
Ireland	0.5	0.6	-17.2	0.3	0.7	14.9
Norway	1.3	2.0	-7.3	0.3	0.4	-8.5
Malaysia	0.9	0.3	-29.9	1.1	1.0	-29.3
Austria	0.6	0.6	-2.4	0.2	0.2	-7.0
New Zealand	0.5	0.4	-16.4	0.1	0.1	-17.7
Portugal	0.5	0.5	-31.7	0.4	0.4	-31.8
Other	18.5	18.2		15.9	15.9	
Total	**100.0**	**100.0**		**100.0**	**100.0**	

(1) Includes Cash Reserve Account and cash equivalents at each country level.

Figure 4-8

INTERNATIONAL STOCK FUND
Investment Advisors at June 30, 2001

Investment Advisor	Net Asset Value	% of Fund
EAFE - Europe	**$527,894,231**	**21.1%**
Enhanced Passive		
State Street Global Advisors	527,894,231	21.1%
Core Management	**$1,638,674,580**	**65.5%**
Active		
Morgan Stanley Asset Management	675,230,774	27.0%
Grantham, Mayo, Van Otterloo & Co.	616,304,760	24.6%
Smith Barney Capital Management	196,974,764	7.9%
DSI International Management	150,164,282	6.0%
Emerging	**$321,705,422**	**12.8%**
Active		
Morgan Stanley Asset Management	188,684,160	7.5%
Pictet International Management	133,021,262	5.3%
Other (1)	**$14,555,688**	**0.6%**

(1) Other represents funds earmarked for distribution to participants, reinvestment, and expenses.

Figure 4-9

INTERNATIONAL STOCK FUND
Ten Largest Holdings at June 30, 2001

Security Name	Country	Market Value	%
Vodafone Airtouch ORD USD .10	United Kingdom	30,158,308	1.22%
Glaxosmithkline ORD GBP .25	United Kingdom	29,930,454	1.21%
Total FINA Elf Eur 10	Spain	27,709,792	1.12%
Deutsche Telekom ORD NPV	Germany	26,738,722	1.08%
ENI EUR1	Italy	26,721,585	1.08%
Aventis SA Eur 3.82	France	25,892,439	1.05%
Telefonica SA Eur 1	Spain	21,830,774	0.89%
BP Amoco ORD USD 0.25	United Kingdom	20,621,279	0.84%
Nestle SA CHF1	Switzerland	19,883,668	0.81%
AXA Eur 2.29	France	18,933,418	0.77%
TOTAL		**$248,420,439**	**10.07%**

2001 real estate fund

Fund Facts at June 30, 2001

Investment Strategy/Goals: To hedge against inflation, reduce volatility of returns, and provide a long-term rate of return similar to equity investments by investing in equity commercial real estate.

Performance Objective: An annual total return which is one percentage point greater than the index.

Benchmark: National Council of Real Estate Investment Fiduciaries Index (NCREIF) 1quarter lag.

Date of Inception: July 1, 1982

Total Net Assets: $475,989,371

Number of Advisors: 7 external

Management Fees (1): $956,396

Operating Expenses: $124,646

Expense Ratio: 0.22%

Capitalized Expenses: $5,138,533

(1) See note 1 to the Financial Statements for a discussion of similar fees incurred at the investment level.

Performance Summary

For the fiscal year ended June 30, 2001, the Real Estate Fund (REF) generated a total return of 14.5%, which exceeded the National Council of Real Estate Investment Fiduciaries Index (NCREIF), 11.9%, by 260 basis points. This performance is primarily attributable to the value enhancements experienced in a specific separate account assets and the strengthening operations in the Fund's opportunistic investments.

During the fiscal year, the value of REF's portfolio declined from $510 million to $476 million. The $34 million decrease was primarily due to distributions to unit holders totaling roughly $101 million. This amount was comprised of income distributions of $43 million and redemptions of unit holder interests of $58 million. These distributions were offset by funds generated by operations of $67 million. Funds from operations were comprised of net investment income of $8 million, realized gains of $36 million and unrealized appreciation of $23 million.

For the trailing three, five and ten-year periods, REF's compounded annual total return was 11.2%, 13.8%, and 3.5%, respectively, net of all expenses. (See figure 5-8.) For the five-year period, the REF return exceeded the NCREIF index by 110 basis points. This was primarily due to a stronger rebound in property valuations than that experienced by the benchmark. The REF returns under performed the benchmark in the three and ten year periods by 130 and 340 basis points, respectively. Principal reasons for the three-year underperformance was the "J curve" effect of the four opportunity fund investments. Such funds were recently invested in and are at a point where significant investment returns are just beginning to be evident. These returns are not yet enough to overcome the negative impact of fees and other investment expenses incurred to date. Reasons for underperformance in the ten-year category include adverse asset selection and asset sales in a weak domestic real estate market in the early and mid 1990's. Management fees, operating expenses and significant write-downs taken in the mid 1990's have also contributed to the Fund's below-benchmark performance over this time period.

Description of the Fund

The Real Estate Fund is an externally managed fund that invests in real estate properties and mortgages. It serves as a long-term investment tool for the pension funds and is designed to dampen volatility of overall returns through diversification and to provide long-term rates of return similar to the Mutual Equity Fund. Over the short-term, REF is expected to provide a real rate of return above the rate of inflation during most economic conditions. In periods of rising inflation, REF is expected to add substantially to the performance of the pension funds.

REF's performance objective is an annual total return, net of management fees and operating expenses, which exceeds that of the NCREIF index by 100 basis points, or one percentage point, per annum.

Portfolio Activity

The Connecticut Retirement Plans and Trust Funds (CRPTF) is currently in the process of evaluating the real estate market in advance of the commitment of additional investment resources. During the fiscal year, the CRPTF's 5% allocation to this asset class was reaffirmed. As a result, a search was begun for a real estate investment consultant. Completion of this search is expected prior to calendar year end 2001. Such real estate investment consultant will assist the Treasurer and staff in the development and implementation of a renewed real estate investment program.

During the fiscal year, the REF continued its existing investment strategies. With regard to commitments to opportunistic commingled funds, three of the four funds, accounting for $250 million of commitments, were fully funded by fiscal year end. REF funded $29 million associated with the four commitments to such funds. These commitments total $350 million. Distributions received from these funds totaled $34 million, versus $2 million in the prior years, indicative of the more mature nature of these investments.

The Fund also continued its program of opportunistically selling separate account investments that were acquired in the late eighties and early nineties. During the fiscal year, one such asset sale was executed which totaled almost $69 million in proceeds. The gain realized on this sale was roughly $20 million. REF continues to position the remaining single-asset investments for sale. The focus during this process is on maximizing returns.

No new funding commitments were made to real estate investment ventures.

The portfolio has benefited from healthy real estate markets and consistently strong investor interest in this asset class for the first half of the fiscal year. Market value increases were recognized on many investments. For this portion of the reporting period, real estate property market conditions paralleled the favorable conditions in the overall economy, with moderate new construction and solid demand growth across most markets. Starting in calendar year 2001, however, economic conditions in the U.S. began to deteriorate. Foremost in this slow down was the “tech wreck”, as the difficulty in the technology and telecommunications industries has been termed. This circumstance, which has been most evident in its impact on the equity markets, has begun to impact national real estate markets as well. In addition, a general slow down in economic activity is also evident. In response, vacancy rates are rising in virtually all segments of the real estate market. In addition, rental rates are beginning to weaken from historically high levels. Favorable interest rate policies pursued by the Federal Reserve Board are helping to moderate the impact of these negative market fundamentals on real estate asset values. It is anticipated that the lack of overbuilding in most property types and geographic areas will help to avoid a period of significant value correction in this asset class.

Portfolio Characteristics

Real Estate investment is a complex and intensive asset management process. REF's investments are restricted by policy to the purchase of shares in group annuities, limited partnerships, group trusts, corporations, and other indirect ownership structures managed by professional commercial real estate investment firms. At June 30, 2001, the portfolio consisted of 10 externally managed portfolios, with 24% of the Fund's net assets invested in real estate separate accounts, 4% invested in commingled funds, 71% invested in opportunity funds and 1% invested in cash and other net assets.

The Fund's ten largest holdings, aggregating 98.7% of REF investments. (See figure 5-12.)

As currently structured, office properties constitute the single largest component of REF's portfolio at 37%, with industrial 5%, retail 13%, apartments 7%, and hotel 15% comprising 77% of the Fund. The “other” category, which accounts for 23% of net assets, includes senior living, mixed-use, land, timberland, storage facilities and cash and other monetary assets. (See figure 5-7.)

The portfolio is reasonably well diversified geographically with 35% of its assets invested in the East, 16% in the West, 23% in the South, and 7% in the Midwest. The remaining 19% comprise “other” and include investments distributed nationally across the U.S. (8%), and internationally (10%), while cash and other net assets account for the remainder (1%). (See figure 5-6.)

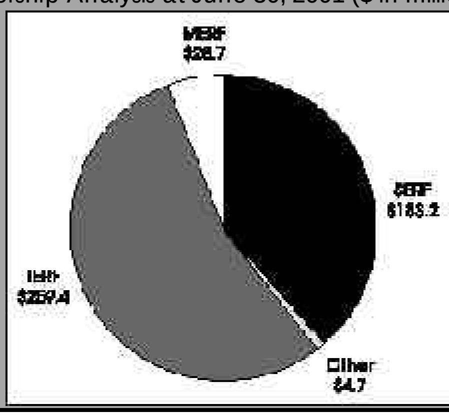
Risk Profile

Given REF's investments policy and objectives, the Fund is exposed to several forms of risk. These include risks attendant to alternative investments, such as management, operations, market, and liquidity risk, but also include geographic, financing, and construction risks specific to real estate investments.

As shown below, based on returns over the last five years, the Fund has exhibited substantially more volatility than its benchmark. The Fund's statistics are consistent with its extraordinarily low R^2 of 0.02, which signifies almost no correlation between Fund returns and those of the benchmark, and its beta of –0.19, which indicates little sensitivity to overall fluctuations in the benchmark. In the aggregate, the Fund's monthly alpha, or return relative to that achieved by the benchmark, was a reasonably strong 1.11 over the five-year time period. (See figure 5-2.)

Figure 5-1

REAL ESTATE FUND
Ownership Analysis at June 30, 2001 ($ in millions)



TERF - Teachers' Retirement Fund
SERF - State Employees Retirement Fund
MERF - Connecticut Municipal Employees' Retirement Fund

Figure 5-2

REAL ESTATE FUND
Risk Profile at June 30, 2001

Relative Volatility	1.34
Standard Deviation	6.93
R^2	0.02
Beta	-0.19
Alpha	1.11

(1) Based upon returns over the last five years.

Figure 5-3

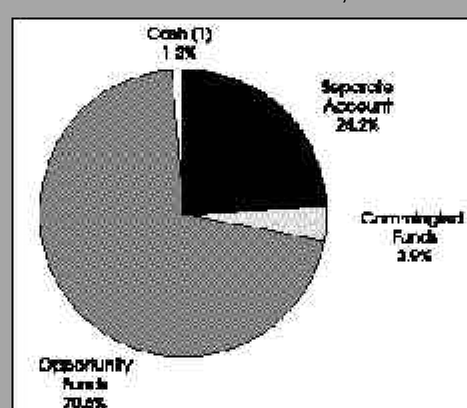
REAL ESTATE FUND
Investments Analysis (1)

At	No. of REF Investments	REF Book Value	REF Market Value
6/30/01	10	403,106,638	471,662,581
6/30/00	11	434,881,420	478,966,334
6/30/99	14	395,221,763	380,769,286
6/30/98	20	407,989,996	379,124,673
6/30/97	24	540,133,490	475,213,540
6/30/96	41	1,111,459,897	924,414,185
6/30/95	51	1,185,277,530	1,055,418,296
6/30/94	46	1,362,061,563	1,031,355,740
6/30/93	46	1,325,161,790	993,261,272

(1) Number of investments in annuities, partnerships, corporations, and trusts, excluding the Cash Reserve Account.

Figure 5-4

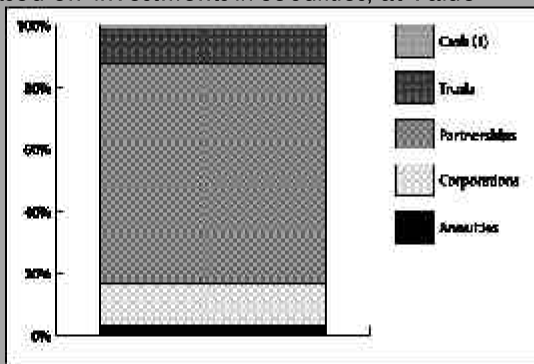
REAL ESTATE FUND
Distribution by Investment Type at June 30, 2001
Based on Investments in Securities, at Value



(1) Cash Reserve Account and other monetary assets.

Figure 5-5

REAL ESTATE FUND
Distribution by Investment Type at June 30, 2001
Based on Investments in Securities, at Value



(1) Cash Reserve Account.

Figure 5-6

REAL ESTATE FUND
Distribution by Geographic Location at June 30, 2001
Based on Investments in Securities, at Value

	REF	NCREIF	Variance
East	35.0%	28.0%	7.0%
Midwest	7.0%	16.0%	-9.0%
South	23.0%	21.0%	2.0%
West	16.0%	35.0%	-19.0%
Cash and Other Assets[1]	19.0%	0.0%	19.0%
	100.0%	100.0%	

(1) Includes national (8%) and non-U.S. (10%) and cash and monetary assets (1%).

Figure 5-7

REAL ESTATE FUND
Diversification by Property Type at June 30, 2001
Based on Investments in Securities, at Value

	REF	NCREIF	Variance
Apartment	7.0%	19.0%	-12.0%
Industrial	5.0%	17.0%	-12.0%
Office	37.0%	41.0%	-4.0%
Retail	13.0%	22.0%	-9.0%
Hotel	15.0%	1.0%	14.0%
Cash and Other Assets[1]	23.0%	0.0%	23.0%
	100.0%	100.0%	

(1) Other includes senior living, mixed use, land, timberland, storage facilities, and cash and other assets.

Figure 5-8

REAL ESTATE FUND
Periods ending June 30, 2001

	1 YR	3 YRS	5 YRS	10 YRS
Compounded, Annual Total Return (%)				
REF	14.45	11.17	13.82	3.47
NCREIF Property	11.88	12.51	12.72	6.92
Cumulative Total Return (%)				
REF	14.45	37.40	91.06	40.59
NCREIF Property	11.88	42.43	81.98	95.25

Figure 5-9

REAL ESTATE FUND
Annual Total Return

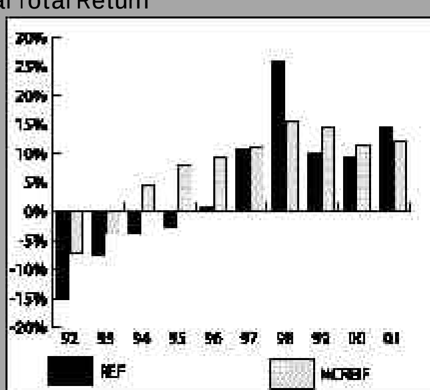


Figure 5-10

REAL ESTATE FUND
Components of Total Return ($ in millions)

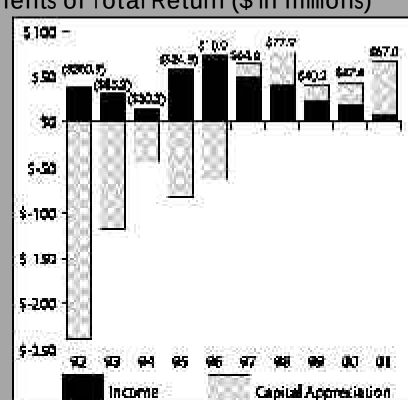


Figure 5-11

REAL ESTATE FUND
Investment Advisors at June 30, 2001

Investment Advisor	Net Asset Value	% of Fund
Aldrich, Eastman, & Waltch, L.P.	$151,920,738	31.9%
Apollo Real Estate	84,491,403	17.8%
Walton Street Real Estate Fund II L.P.	94,446,436	19.8%
Tishman	51,827,403	10.9%
CIGNA Investment Management	14,895,312	3.1%
Wachovia Bank of Georgia, N.A.	15,091,104	3.2%
Westport Senior Living.	57,119,104	12.0%
Other (1)	6,197,871	1.3%

(1) Other represents funds earmarked for distribution to participants, reinvestment, and expenses.

Figure 5-12

REAL ESTATE FUND
Ten Largest Holdings at June 30, 2001

Property Name	Type	Market Value	%
AEW Partners III	Various	100,216,998	21.05%
Walton Street RE II LP Fd 2	Various	94,446,436	19.84%
Apollo Real Est Invest Fd III	Various	84,491,403	17.75%
Westport Senior Living Inv	Sr Living	57,119,104	12.00%
Tishman Goodwin Center	Mixed	51,827,403	10.89%
Union Station LTD LP	Mixed	33,180,833	6.97%
AEW 221 Trust	Various	18,522,907	3.89%
Worcester Center	Mixed	14,895,312	3.13%
Wachovia Timbid Dublin	Timber	13,581,994	2.85%
Wachovia Timbid Balls	Timber	1,509,111	0.32%
TOTAL		**$469,791,501**	**98.69%**

2001 mutual fixed income fund

Fund Facts at June 30, 2001

Investment Strategy/Goals: To provide diversification in different economic environments.

Performance Objective: An annual total return which is 0.5 percentage points greater than that of the index.

Benchmark: 73% LB Aggregate, 17% Salomon High Yield Market Index and 10% JPM Emerging Markets Bond Index.

Date of Inception: July 1, 1972

Total Net Assets: $6,585,787,456

Number of Advisors: 10 external

Management Fees [1]: $11,209,908

Operating Expenses: $1,662,250

Expense Ratio: 0.20%

Turnover: 351.0%

(1) See note 1 to the Financial Statements for a discussion of similar fees incurred at the investment level.

Performance Summary

For the fiscal year ended June 30, 2001, the Mutual Fixed Income Fund (MFIF) generated a total return of 8.03%, under-performing the hybrid benchmark, of 9.26%, and the Lehman Aggregate Index (LB Aggregate), of 11.23%.

Principal reasons for the Fund's performance was due to an under-weighting to emerging market debt which fared well, as well as an allocation to convertibles, which posted double digit declines as the equity markets tumbled.

Comparative returns from other indexes include: The Salomon High Yield Market Index negative 1.2%, and JP Morgan Emerging Markets Bond Index positive 12.9% (JP EMBI+).

During the fiscal year, the Fund increased $90 million, from $6.496 billion to $6.586 billion. Of this total, approximately $467 million resulted from net investment income and $47 million from realized and unrealized gains which were partly offset by $424 million of net cash outflows to participating Pension and Trust Funds.

For the trailing three, five and ten-year periods, MFIF's compounded annual total return was 5.45%, 7.47% and 8.62%, respectively, net of all expenses. These returns exceeded those of the Fund's benchmark for ten year period, but were behind the index for the three and five-year periods. Principal reasons for this long-term success included effective management of the Fund's duration in response to changing market interest rates and strong security analysis, which enabled advisors to identify undervalued credits offering comparatively higher yields. (See figure 6-8.)

The cumulative total returns for the three, five, and ten-year periods ending June 30, 2001, were 17.27%, 43.38% and 128.65% respectively.

Description of the Fund

The Mutual Fixed Income Fund is an externally managed fund investing primarily in domestic fixed income securities. The Fund serves as an investment tool for the Pension and Trust Funds with the goal of reducing volatility in returns under various economic scenarios. Fixed income securities represent fixed, variable, and zero coupon bonds issued by the federal and state governments, foreign governments, domestic and international corporations, and municipalities. During periods of low inflation, fixed income investments may enhance the overall performance of the Pension and Trust Funds, while in times of moderate inflation and high nominal interest rates, these investments may contribute satisfactory investment returns.

As a consequence of the restructuring of the liquid portfolios in fiscal year 1996, including the termination of the International Bond Fund, MFIF's mandate was expanded to include investments in international fixed income securities. Investments in these types of securities are permitted when, in the opinion of the Fund's advisors, there is opportunity to increase return with no, or nominal, increase in relative risk. MFIF's mandate was also expanded to include both convertible and high-yield bonds. Convertible bonds allow bondholders to exchange a company's bond for a specified number of shares of common stock in the company, giving holders of the bonds an option to share in the price appreciation of the company's stock.

At June 30, 2001, ten advisors managed investments in the Fund. The Fund's investments were allocated to six advisors investing 81% of the portfolio in core/core-plus strategies, one advisor with 5% in a convertible bond mandate, and four advisors actively investing 13% of the portfolio in domestic high yield products. A few managers were allowed to expand their investment opportunity set to include below investment grade bonds and/or international bonds; these mandates have been classified as core-plus strategies. (Note that one advisor manages both a convertible and high yield portfolio.) (See figure 6-11.)

Since inception, the MFIF's objective has been an annual return, net of management fees and operating expenses, of 50 basis points in excess of the LB Aggregate, which is widely considered to be parallel to the performance of the U.S. bond market.

During fiscal year 2000, another performance measurement benchmark for the MFIF was added to reflect the Fund's strategic allocation to other fixed income markets, such as high yield securities and emerging market debt. The new benchmark is a hybrid comprising 73% LB Aggregate, 17% Salomon High Yield Market Index, and 10% JP EMBI+, and the Fund's goal is to exceed the return of the hybrid index by 50 basis points annually. It is expected that during the next fiscal year when the structure review and guidelines of this asset class are completed, this hybrid benchmark will become the primary benchmark for MFIF.

Portfolio Characteristics

MFIF continues to be well diversified across the spectrum of available fixed income securities. The Fund maintained a strong concentration in corporate securities, comprising approximately 28.9% of the Fund's investment securities at fiscal year-end. Government securities were above the benchmark at 43.1% of the Fund, compared to 36.2% for the benchmark. Sector concentrations differed from those comprising the LB Aggregate, reflecting the collective allocations of the Fund's active investment advisors. The Fund's average quality rating was AA-3, as judged by Moody's Investor Services, supported by its 51.5% concentration in mortgage-backed, U.S. Treasury, and Agency securities. Relative to the Index, MFIF held a greater degree of below investment grade securities including emerging market debt. (See figure 6-4.)

At fiscal year end, 89.5% of Fund investments were in fixed income securities with the balance held in cash.

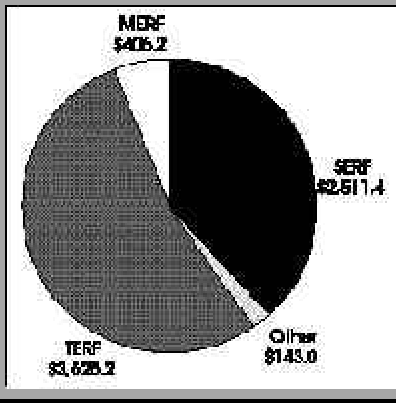
Risk Profile

Given MFIF's investment policies and objectives, the Fund is exposed to several forms of risk. These include, but are not limited to, purchasing power risk, default risk, reinvestment risk, and market risk. In addition, the Fund is occasionally exposed to political and economic risk and currency risk resulting from investments in international fixed income securities.

In fixed income investing, returns are extremely sensitive to changes in market interest rates. As such, the longer the time to maturity of a fixed income investment (and the resultant increase in time during which interest rates may change), the greater the level of risk assumed. To measure the degree of MFIF's price sensitivity to changes in market interest rates, the Fund's duration, or the weighted average time period over which cash flows are received by the investor, is monitored. At June 30, 2001, the Fund's duration was at 5.3 years versus 4.8 years for the LB Aggregate index. While often viewed as an indicator of risk, duration can, if managed effectively, contribute significantly to total Fund returns. (See figure 6-3.)

Figure 6-1

MUTUAL FIXED INCOME FUND
Ownership Analysis at June 30, 2001 ($ in millions)



TERF - Teachers' Retirement Fund
SERF - State Employees Retirement Fund
MERF - Connecticut Municipal Employees' Retirement Fund

Figure 6-2

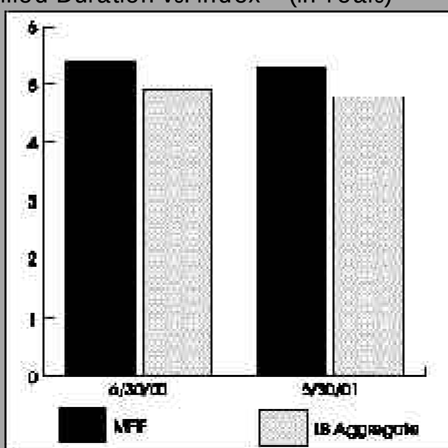
MUTUAL FIXED INCOME FUND (1)
Risk Profile at June 30, 2001

Relative Volatility	1.14
Standard Deviation	3.60
R^2	0.51
Beta	0.83
Alpha	0.00

(1) Based upon returns over the last five years.

Figure 6-3

MUTUAL FIXED INCOME FUND
Modified Duration vs. Index (1) (in Years)



(1) Computed without the effect of Cash and other Net Assets.

Figure 6-4

MUTUAL FIXED INCOME FUND
Distribution by Sector at June 30, 2001
Based on Investments in Securities, at Value

	MFIF	LB Aggregate	Variance
Treasury	16.6%	25.8%	-9.2%
Agency	26.5%	10.4%	16.1%
Corporate	28.9%	21.8%	7.1%
Mortgage-Backed	8.4%	35.5%	-27.1%
Asset-Backed	2.7%	1.9%	0.8%
Other[1]	16.9%	4.6%	12.3%
TOTAL	**100.0%**	**100.0%**	

(1) Other category includes non fixed-income securities such as common and preferred stock and convertible securities, cash and other assets.

Figure 6-5

MUTUAL FIXED INCOME FUND
Distribution by Quality Rating at June 30, 2001
Based on Investments in Securities, at Value

Aaa	47.2%
Aa	3.1%
A	7.0%
Baa	8.5%
Less than Baa	11.8%
Not Rated (1)	12.0%
Cash(2)	10.3%
Total	**100.0%**

(1) Represents securities for which ratings are unavailable.
(2) Represents monies invested in the Cash Reserve Account.

Figure 6-6

MUTUAL FIXED INCOME FUND
Distribution by Coupon at June 30, 2001
Based on Investments in Securities, at Value

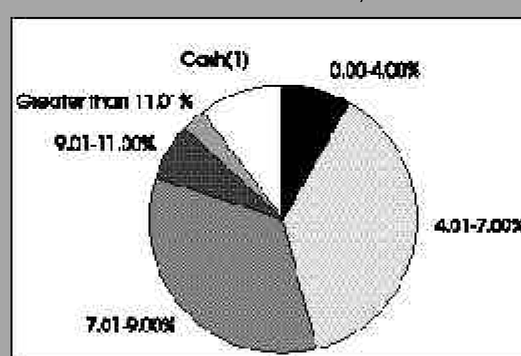


Figure 6-7

MUTUAL FIXED INCOME FUND
Macauley Duration Distribution at June 30, 2001
Based on Investments in Securities, at Value

0-3 Years	22.5%
3-5 Years	32.2%
5-7 Years	15.2%
7-10 Years	6.3%
10+ Years	11.4%
Unknown(1)	2.1%
Cash(2)	10.3%
Total	100.0%

(1) Represents securities for which the Macaulay Duration could not be calculated by the custodian.
(2) Represents monies invested in the Cash Reserve Account.

Figure 6-8

MUTUAL FIXED INCOME FUND
Periods ending June 30, 2001

	1 YR	3 YRS	5 YRS	10 YRS
Compounded, Annual Total Return (%)				
MFIF	8.03	5.45	7.47	8.62
Lehman Agg	11.23	6.25	7.48	7.87
Cumulative Total Return (%)				
MFIF	8.03	17.27	43.38	128.65
Lehman Agg	11.23	19.94	43.41	113.26

Figure 6-9

MUTUAL FIXED INCOME FUND
Annual Total Return

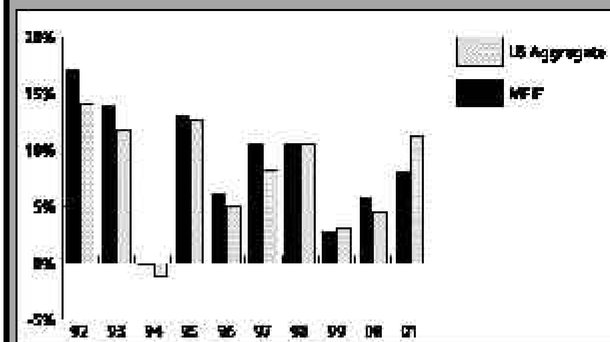


Figure 6-10

MUTUAL FIXED INCOME FUND
Components of Total Return ($ in millions)

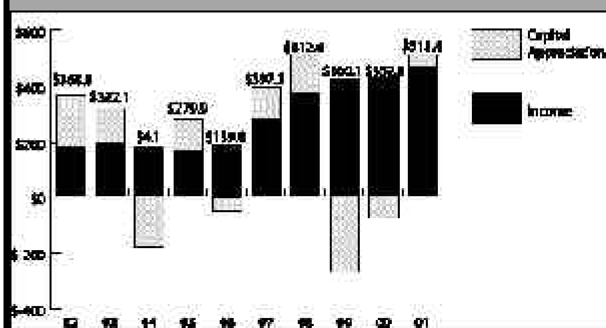


Figure 6-11

MUTUAL FIXED INCOME FUND
Investment Advisors at June 30, 2001

Investment Advisor	**Net Asset Value**	**% of Fund**
Core	**$5,318,156,309**	**80.8%**
State Street Global Advisors	1,422,665,067	21.6%
BlackRock Financial Mgmt Inc.	1,150,318,565	17.5%
Western Asset Mgmt. Co.	772,871,949	11.8%
Wellington	1,022,240,077	15.5%
J.P. Morgan Investment Mgmt	639,531,447	9.7%
Phoenix	310,529,204	4.7%
Convertibles	**$311,076,867**	**4.7%**
Oaktree Capital Mgmt., L.L.C.	311,076,867	4.7%
High Yield	**$864,231,329**	**13.1%**
Loomis Sayles & Co., Inc.	316,178,017	4.8%
W.R. Huff Asset Management	266,218,202	4.0%
Oaktree Capital Mgmt., L.L.C.	220,651,745	3.4%
Triumph II LP	61,183,365	0.9%
Other (1)	**$92,322,951**	**1.4%**

(1) Other represents funds earmarked for distribution to participants, reinvestment, and expenses.

Figure 6-12

MUTUAL FIXED INCOME FUND
Ten Largest Holdings at June 30, 2001

Security Name	**Maturity**	**Market Value**	**%**
GNMA-TBA	12/15/2031	134,116,536	1.86%
FHLMC-TBA	12/31/2031	102,993,651	1.42%
FNMA-TBA	12/01/2031	67,737,770	0.94%
FNMA-TBA	12/31/2031	64,260,250	0.89%
U.S. Treasury Bonds	02/15/2020	63,531,434	0.88%
Triumph Conn II LP	NA	61,136,400	0.85%
FNMA-TBA	12/31/2031	49,988,750	0.69%
FHLMC-TBA	12/31/2031	49,816,767	0.69%
FNMA	02/15/2006	48,980,608	0.68%
GNMA-TBA	12/31/2031	46,200,750	0.64%
TOTAL		**$688,762,916**	**9.54%**

Figure 6-13

MUTUAL FIXED INCOME FUND
Comprehensive Profile for the Fiscal Years ending June 30,

	2001		2000		1999		1998		1997	
	MFIF	LB Agg	MFIF	LB Agg	MFIF	LB Agg	MFIF	LB Agg	MFIF	LB Agg
Number of Issues	3,633	6,414	3,226	5,974	2,689	5,381	2,086	6,860	1,631	6,055
Average Coupon	6.90%	6.90%	7.00%	7.00%	6.60%	6.90%	7.00%	7.20%	7.18%	7.34%
Yield Maturity	7.60%	6.20%	8.20%	7.20%	7.60%	6.50%	6.80%	6.10%	7.50%	6.87%
Average Maturity	9.70	8.30	9.70	8.50	10.30	8.90	9.70	7.90	8.40	8.09
Modified Duration (2)	5.30	4.80	5.40	4.90	6.20	5.10	5.70	4.60	5.06	4.62
Average Quality	AA-3	AA-1	AA-3	AAA	A1	AAA	A1	AAA	A1	AA1
Cash (1)	10.3%	0.0%	13.0%	0.0%	13.1%	0.0%	10.1%	0.0%	12.9%	0.0%

(1) Includes funds invested in the Cash Reserve Fund.
(2) Compounded without the effect of Cash and Other Net Assets.

Figure 6-14

MUTUAL FIXED INCOME FUND
Quarterly Current Yield (1) vs. Indicies (%)

	6/30/01	3/31/01	12/31/00	9/30/00	6/30/00
MFIF	**6.27**	**6.26**	**6.30**	**6.23**	**6.41**
Leh Agg	6.63	6.61	6.74	6.90	6.68
Salomon 91 Day T-Bill	3.65	4.28	5.89	6.20	4.64
Lehman Treasury	6.16	6.13	6.24	6.49	6.35
Lehman Agency	5.93	5.97	6.17	6.35	5.96
Lehman Mortgage	6.82	6.84	6.91	7.03	6.91
Lehman Corporate	7.12	7.12	7.34	7.44	7.15
Lehman Asset Backed	6.17	6.40	6.53	6.68	6.21

(1) Current Yield represents annual coupon interest divided by the market value of securities.

2001 commercial mortgage fund

Fund Facts at June 30, 2001

Investment Strategy/Goals: To achieve yields in excess of those available on domestic fixed income securities by investing in mortgages on income producing property or in commercial mortgage backed securities (CMBS).

Performance Objective: An annual total return which is one percentage point greater than that of the Lehman Aggregate Index after expenses.

Benchmark: Lehman Aggregate Index

Date of Inception: November 2, 1987

Total Net Assets: $101,179,496

Number of Advisors: 1external

Management Fees: $566,633

Operating Expenses: $16,020

Expense Ratio: 0.42%

Performance Summary

For the fiscal year ended June 30, 2001, the Commercial Mortgage Fund (CMF) generated a return of 10.88%, net of management fees and operating expenses, under performing the Lehman Aggregate Index of 11.23% by 35 basis points. The Fund's unfavorable performance is attributable to its shorter duration than the benchmark in a period of declining interest rates.

During the fiscal year, CMF assets declined from $176 million to $ 101 million, a decrease of $75 million due to cash outflows to the Fund's unit holders resulting from loan prepayments and normal loan amortization. The $13 million of income generated was included in the $75 million pay out to unit holders in the form of income distributions.

For the trailing three, five, and ten-year periods, CMF's total compounded annual portfolio return was 8.40%, 10.49% and 9.01%, respectively, net of all expenses. These results exceeded the index over the three, five, and ten-year periods by 215 basis points, 301 basis points and 114 basis points, respectively. (See figure 7-7.)

Description of the Fund

CMF is an externally managed fund that holds mortgages on income-producing commercial property. Established in 1987, it serves as a fixed income investment tool for the pension plans with the goal of realizing yields in excess of those available from traditional domestic fixed income securities, while accepting slightly greater credit risk.

CMF's investment assets consist of an externally managed portfolio of commercial real estate mortgage loans and interests in Yankee Mac mortgage-backed securities, created pursuant to a Connecticut State Treasury residential mortgage program.

The Fund's performance objective is an annual total return, net of management fees and operating expenses, which exceeds that of LB Aggregate Index by 100 basis points.

Mortgage Market

During the fiscal year, the rate of U.S. economic growth decelerated substantially. A recession has been avoided primarily due to aggressive easing by the Federal Reserve Bank. The Fed has reduced the Federal Funds Rate six times for a total of 250 basis points. These actions have translated into a decrease in the Ten Year Treasury yield of roughly 60 basis points. The corresponding decrease in mortgage rates has helped moderate a decline in real estate values such as those that serve as collateral for CMF loans. With inflation (3.2%), increasing unemployment, continued sluggish economic activity in the U.S. and abroad, it appears that Fed easing will continue.

The fear of recession and reduced levels of economic growth have led to rising loan default rates. Such increased default rates, following a period of historic lows, are still well below levels that significantly impact spreads on commercial debt. Should the economy continue to slip, however, it is anticipated that these spreads will rise. To date, the segments that have experienced the most significant spread increases have been hotel and industrial property mortgages, two sectors that are most sensitive to an economic slowdown. As a result of the foregoing factors, declining interest rates and relatively stable spreads, valuations of existing commercial mortgage loans generally increased during the fiscal year. Portfolios with longer durations were rewarded more than those with shorter durations, other things held equal.

Portfolio Characteristics

During fiscal year 2001, the Fund did not close any new commercial mortgage loan investments. Three portfolio loans were paid off during the fiscal year. The loans payoffs resulted in the receipt of prepayment penalties totaling $2.3 million.

Consistent with its goal of broad diversification, the largest portion of the Fund's net assets, 31%, was invested in residential sector at fiscal year-end, followed by a 25% investment in retail properties and 24% in the hotel sector. (See figure 7-4.) The Fund continues to be reasonably well diversified across geographic regions with 41% of investments located in the Northeast, 18% in the Mideast, 16% in the East North Central, 13% in the Mountain, 8% in the Pacific. The concentration in the Northeast increased during the year as prepayments and scheduled amortization disproportionately reduced the Fund's exposure to the Pacific and Southeast regions. (See figure 7-5.)

The CMF's ten largest holdings, aggregating to 95.5% of Fund investments. (See figure 7-11.)

The portfolio is healthy from a credit risk standpoint. CMF had no delinquent or non-performing loans at fiscal year end. Over the next 12 months, one of the Fund's investments, valued at $18 million is scheduled to mature.

Risk Profile

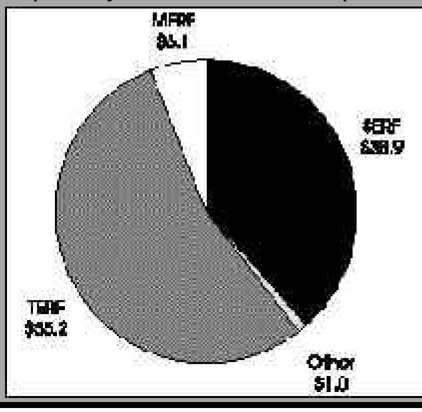
Given CMF's investment policies and objectives, the Fund is exposed to several forms of risk. These include risks specific to fixed income investing, such as purchasing power risk, market risk, and default risk. Moreover, falling interest rates subject commercial mortgages to the risk of prepayment, thereby shortening investors' assumed time horizon and exposing them to reinvestment risk. However, yield maintenance-based prepayment penalties, which are included in the majority of the Fund's commercial mortgage investments, help minimize this risk.

To measure the Fund's price sensitivity to changes in market interest rates, the Fund's duration, or weighted average time period over which cash flows are received by the investor, is monitored. At June 30, 2001, the Fund's duration was 3.4 years versus 4.8 years for the LB Aggregate Index. Therefore, the Fund is less sensitive to interest rate changes than the LB Aggregate Index.

Based on returns over the last five years, the Fund's risk profile is similar to that of the LB Aggregate Index. With a relative volatility of 1.76, its returns are slightly more volatile than the index; however, its returns show very little correlation to those achieved by the benchmark. While the Fund's beta of 0.25 signifies low sensitivity to movements in the index as a whole, CMF's five-year monthly alpha at June 30, 2001, or return in excess of that predicted by returns in the overall market, was 3.01. (See figure 7-2.)

Figure 7-1

COMMERCIAL MORTGAGE FUND
Ownership Analysis at June 30, 2001 ($ in millions)



TERF - Teachers' Retirement Fund
SERF - State Employees Retirement Fund
MERF - Connecticut Municipal Employees' Retirement Fund

Figure 7-2

COMMERCIAL MORTGAGE FUND
Risk Profile at June 30, 2001

Relative Volatility	1.76
Standard Deviation	5.65
R^2	0.02
Beta	0.25
Alpha	3.01

(1) Based upon returns over the last five years.

Figure 7-3

COMMERCIAL MORTGAGE FUND
Quarterly Current (1) Yield Analysis

	CMF	LB Aggregate
06/30/01	9.32%	6.63%
03/31/01	9.32%	6.61%
12/31/00	9.42%	6.74%
09/30/00	9.48%	6.90%
06/30/00	9.48%	6.68%

(1) Current Yield represents annual coupon interest divided by the market value of securities.

Figure 7-4

COMMERCIAL MORTGAGE FUND
Distribution by Property Type at June 30, 2001
Based on Investments in Securities, at Value

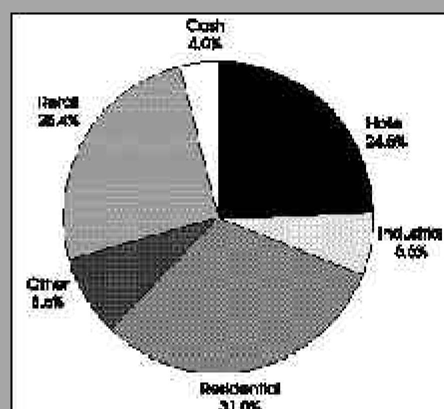


Figure 7-5

COMMERCIAL MORTGAGE FUND
Distribution by Location at June 30, 2001
Based on Investments in Securities, at Value

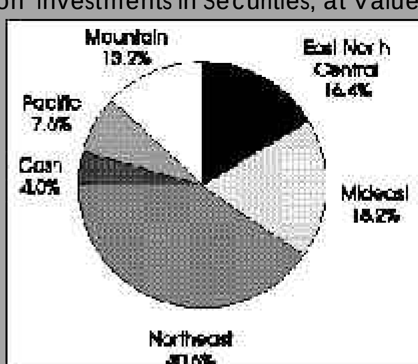


Figure 7-6

COMMERCIAL MORTGAGE FUND
Maturity Analysis
Dollar Value ($ in millions)/Number of Loans

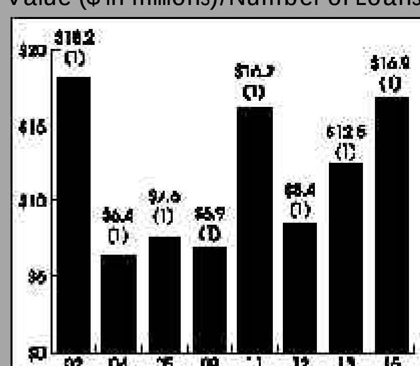


Figure 7-7

COMMERCIAL MORTGAGE FUND
Periods ending June 30, 2001

	1 YR	3 YRS	5 YRS	10 YRS
Compounded, Annual Total Return (%)				
CMF	10.88	8.40	10.49	9.01
Lehman Agg	11.23	6.25	7.48	7.87
Cumulative Total Return (%)				
CMF	10.88	27.36	64.64	136.85
Lehman Agg	11.23	19.94	43.41	113.26

(1) Cash Reserve Account.

Figure 7-8

COMMERCIAL MORTGAGE FUND
Annual Total Return

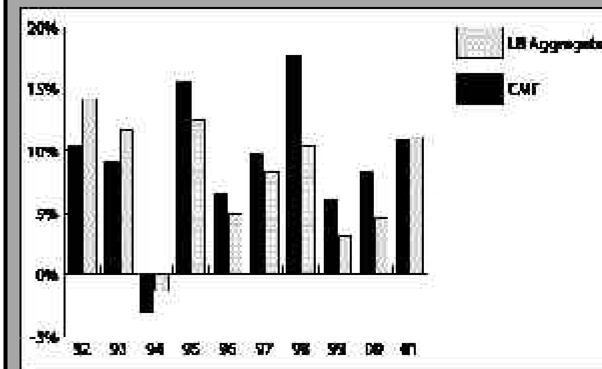


Figure 7-9

COMMERCIAL MORTGAGE FUND
Components of Total Return ($ in millions)

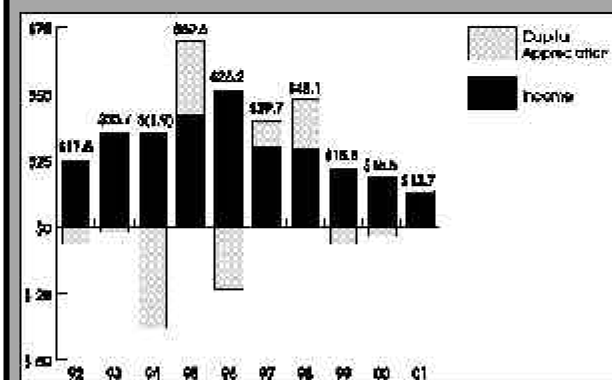


Figure 7-10

COMMERCIAL MORTGAGE FUND
Investment Advisors at June 30, 2001

Investment Advisor	Net Asset Value	% of Fund
Aldrich, Eastman Waltch	$95,216,139	94.1%
Other (1)	5,963,357	5.9%

(1) Other also includes residential mortgage-backed securities for the Commercial Mortgage Fund.

Figure 7-11

COMMERCIAL MORTGAGE FUND
Ten Largest Holdings at June 30, 2001

Property Name	Property Type	Market Value	%
SASCO	Other	39,304,044	39.02%
57 Park Plaza	Hotel	16,769,255	16.65%
Greenhill Apts.	Residential	16,219,388	16.10%
Sheraton Denver West	Hotel	7,574,316	7.52%
North Haven Crossing	Retail	6,961,370	6.91%
Bidderman	Industrial	6,387,838	6.34%
1992LB M1 Class B	Residential	1,571,916	1.56%
Yankee Mac E 10.50%	Residential	833,220	0.83%
Yankee Mac F 12.981%	Residential	333,329	0.33%
Yankee Mac G 9.85%	Residential	231,295	0.23%
		$96,185,971	**95.49%**

2001 private investment fund

Fund Facts at June 30, 2001

Investment Strategy/Goals: To participate in the fastest growing segments of the domestic and international economies, including emerging industries and technologies, by investing in private equity partnerships.

Performance Objective: To outperform the Russell 3000 Index by 500 basis points at the end of ten years.

Benchmark: 50% Cambridge Associates Private Equity Index and 50% Cambridge Associates Venture Capital Index.

Date of Inception: July 1, 1987

Total Net Assets: $2,607,354,456

Number of Advisors: 35 external

Expensed Management Fees [(1)]: $6,826,815

Operating Expenses: $2,907,145

Expense Ratio: 0.38%

Capitalized Netted Fees: $37,488,271

(1) See Note 1 to the Financial Statements for a discussion of similar fees incurred at the investment level.

Performance Summary

For the fiscal year ended June 30, 2001, the Private Investment Fund (PIF) generated a negative return of 6.25%. Fiscal year 2001 was a difficult period for the private equity industry. While the investment pace and returns declined across the board during the year, the venture capital segment of the market was hit the hardest. The public markets, via initial public offerings (IPO's), were the primary drivers of venture capital performance in the last couple of years, but not in 2001. The buyout segment of the market also suffered during fiscal year 2001, with the sluggish economy and a restrictive lending market combining to slow down this segment. As a result of these factors, portfolio company valuations have declined.

During fiscal year 2001, PIF's assets increased from $2.565 billion to $2.607 billion, an increase of $42 million. The increase was due to $222 million of net cash inflow from participating pension plans and trusts partly offset by $180 million of realized and unrealized capital losses net of investment income.

The Fund outperformed the assigned benchmark, which had a negative return of 13.93% for the fiscal year. While staff monitors and evaluates short-term performance, the Fund has a long-term perspective in evaluating performance, in that it measures the performance over a 10-year time period. This long-term perspective reflects the illiquid nature of the Fund's underlying partnership holdings that require a meaningful length of time to progress through specific developmental periods. As an additional check on long-term performance, Figure 8-5 shows PIF's cumulative total return over the three, five and ten-year periods. These returns are consistent with those achieved on an annualized basis over the same time periods.

In reporting values for PIF, private market valuations are often imprecise. Accordingly, the PIF advisors adopt a conservative valuation policy, carrying the investments at cost unless and until there is concrete evidence to write the values up, or reasonable doubt, which indicates that they should be written down. One cause for a write-up would be a successful initial public offering of stock in a private company where the value is determined in an arms-length, public transaction. Likewise, consistently missing important milestones in a company's business plan signifying a reversal in the company's fortunes is considered a reason to write-down the value of an investment. These determinations are made on an on-going basis.

PIF's earliest committed capital is now ten years old and should continue to provide the Fund with positive cash flow from these investments.

Description of the Fund

The Private Investment Fund (PIF) is an externally managed fund which invests in venture capital, corporate buyout, mezzanine, fund of funds, and international financing opportunities. It serves as a long-term investment tool for the Pension and Trust Funds, with the goal of participating in the fastest growing segments of domestic and international economies, including emerging industries and technologies. PIF also invests in selected opportunities in mature industries.

At fiscal year-end, thirty-five advisors were responsible for investing the PIF's $3.2 billion in committed capital in the outlined strategic investment areas.

The strategic focus of the PIF is divided among four specific areas: fifteen partnerships focus on corporate buyout strategies, ten on venture capital strategies, six on mezzanine debt strategies, and five on international strategies. Five advisors each managed two separate partnerships for the Fund.

Four of the limited partnerships are in "fund of funds" arrangements whereby advisors are responsible for investor's committed capital across a number of selected private equity limited partnerships, which subsequently invest in underlying companies.

This Fund structure allows for experienced industry professionals to manage PIF's assets while allowing the Fund to realize the benefits of a diversified private market portfolio. The performance objective of the Fund is to outperform, net of management fees and Division operating expenses over a ten-year period, the Russell 3000 Index by 500 basis points, or five percentage points, per annum.

Portfolio Characteristics

The Private Investment Fund consists of private equity investments, which include five primary areas of strategic focus: venture capital, corporate buyout, mezzanine debt, fund of funds, and international private equity strategies.

Corporate Buyout focused investments can be defined as controlling or majority investments in private equity or equity-like securities of more established companies on the basis of the company's asset values and/or cash flow. Corporate buyout investors usually target two types of companies: special situations and turnaround opportunities.

Fund of Funds investments are investment funds which may have multiple areas of strategic focus. These funds invest in multiple partnerships that invest in underlying companies.

Venture Capital focused investments can be narrowly defined as investments in the private equity or equity-like securities of developing companies in need of growth or expansion capital. These investments can range from early-stage financing, where the principals have little more than a marketable idea, to expansion financing, where a company has a marketable product but requires additional capital to bring the product to market.

Mezzanine Debt focused investments can be defined as investments in securities located between equity and senior debt in the company's capital structure. Mezzanine debt investments offer higher current income than senior debt securities and often offer equity participation features that may take the form of warrants, convertibility features, or common stock.

International Private Equity focused investments can be defined as controlling or majority investments in private equity or equity-like securities in companies located outside the continental United States. International Private Equity investment opportunities often offer more attractive return/risk characteristics as a result of the above average rates of growth available in select international economies.

In order to protect the Fund from various risks associated with this asset class, the PIF is diversified by investment type, strategic focus, industry type and geographic region. This strategy allows for experienced industry professionals to manage a portion of PIF's assets while realizing additional benefits from broad market diversification.

Through June 30, 2001, the PIF had aggregate capital commitments in the amount of $3.2 billion to 41 partnerships of which approximately 81 percent, or $2.6 billion has been "drawn down" for investment purposes while the balance of approximately $0.6 billion or 19 percent is committed but uninvested. (See Figure 8-6.)

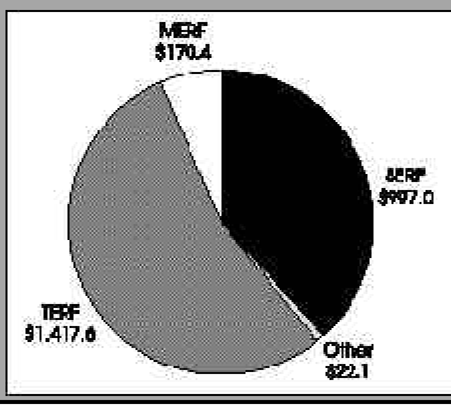
Risk Profile

Given PIF's investment policy and objectives, the Fund is exposed to several forms of risk. These include, but are not limited to, risks attendant with alternative investments, such as management, operations, and product risk, as well as overall liquidity risk. Assuming these risks as part of a prudent, total portfolio strategy enables the Private Investment Fund to participate in the possibility of substantial long-term investment returns.

Due to the Fund's focus on alternative investments, PIF's risk profile relative to its benchmark is very difficult to evaluate. Its relative volatility of 0.79 indicates comparable volatility to the Russell 3000 Index: However, the Fund's risk profile is more complex given the valuation judgments and liquidity constraints placed on it due to its alternative investment strategy. In the aggregate, the Fund shows almost zero correlation with returns achieved by the benchmark, and has returned an annual alpha, or return relative to that predicted by its benchmark, of negative 1.37. (See Figure 8-2.)

Figure 8-1

PRIVATE INVESTMENT FUND
Ownership Analysis at June 30, 2001 ($ in millions)



TERF - Teachers' Retirement Fund
SERF - State Employees Retirement Fund
MERF - Connecticut Municipal Employees' Retirement Fund

Figure 8-2

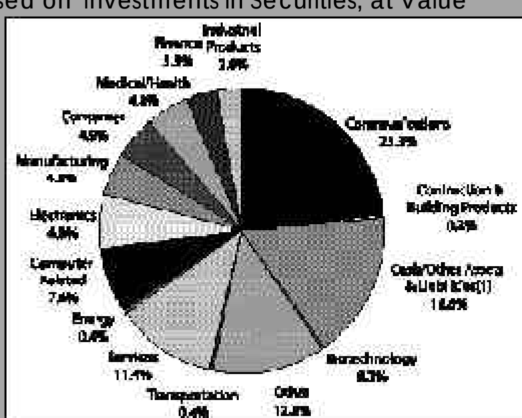
PRIVATE INVESTMENT FUND (1)
Risk Profile at June 30, 2001

Relative Volatility	0.79
Standard Deviation	13.79
R^2	0.02
Beta	-0.11
Alpha	-1.37

(1) Based upon returns over the last five years.

Figure 8-3

PRIVATE INVESTMENT FUND
Distribution by Industry at June 30, 2001
Based on Investments in Securities, at Value



(1) Includes Cash Reserve Account and cash and other assets at the partnership level.

Figure 8-4

PRIVATE INVESTMENT FUND
Distribution by Geographic Location at June 30, 2001
Based on Investments in Securities, at Value

Region	%
International	21.8%
Cash/Other Assets & Liabilities (1)	16.6%
Mid-Atlantic	14.9%
Southeast	11.6%
Southwest	9.4%
West Coast	9.0%
MidWest	7.7%
Northeast	6.9%
Unclassified (2)	2.1%
TOTAL	100.0%

(1) Includes the Cash Reserve Account and cash and other assets at the partnership level.
(2) Unclassified represents fund of funds investments where region information could not be obtained.

Figure 8-5

PRIVATE INVESTMENT FUND
Periods ending June 30, 2001

	1 YR	3 YRS	5 YRS	10 YRS
Compounded, Annual Total Return (%)				
PIF	-6.25	12.68	12.39	13.34
Russell 3000	-13.93	4.25	13.76	14.97
Cumulative Total Return (%)				
PIF	-6.25	43.08	79.30	249.81
Russell 3000	-13.93	13.29	90.54	303.38

Figure 8-6

PRIVATE INVESTMENT FUND
Distributed by Committed and Invested Capital
As of June 30, 2001 ($ in millions)

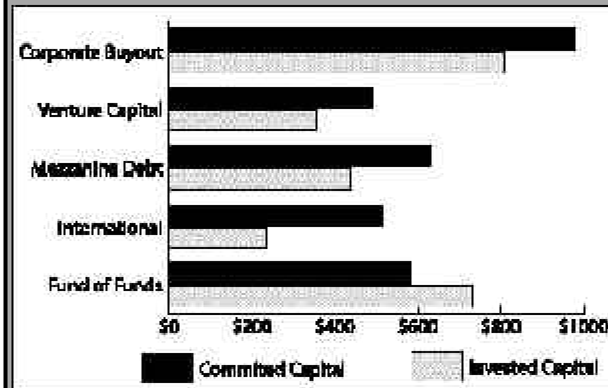


Figure 8-7

PRIVATE INVESTMENT FUND
Annual Total Return

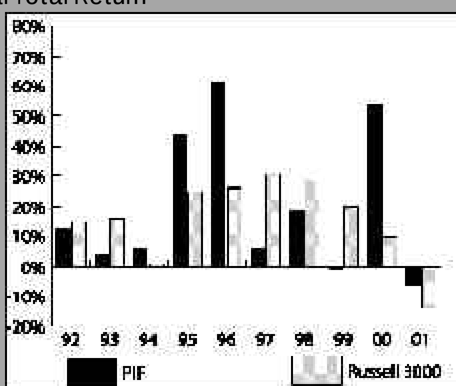


Figure 8-8

PRIVATE INVESTMENT FUND
Components of Total Return ($ in millions)

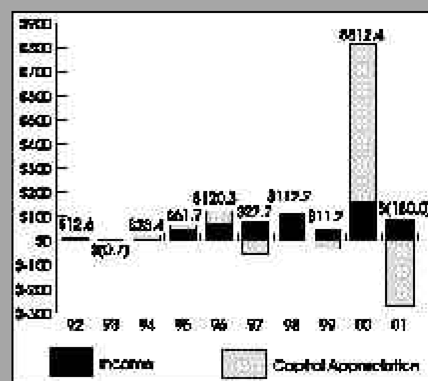


Figure 8-8

PRIVATE INVESTMENT FUND
Ten Largest Holdings at June 30, 2001

Company	Industry	Market Value	%
XO Communications, Inc.	Communications	94,920,970	3.64%
Integrated Defense Technologies	Electronics	86,898,250	3.34%
Citadel Communications Corporation	Communications	69,443,545	2.67%
Clear Channel Communications	Communications	53,999,449	2.07%
Rossi American Hardwoods	Industrial Products	34,490,018	1.32%
McLeod USA	Communications	31,453,549	1.21%
BC Components Holdings B.V.	Electronics	31,141,017	1.20%
TRAK Communications, Inc.	Communications	27,807,440	1.07%
Raytheon Aerospace Company	Services	26,606,817	1.02%
LIN Holdings Corporation	Communications	23,448,508	0.90%
		$480,209,563	**18.44%**

Figure 8-9

PRIVATE INVESTMENT FUND
New Investments Made in Fiscal Year 2001(1) (in Excess of $3 Million)

Description	Industry	Cost	Investment Type	Inv. Date
Citadel Communications Corp.	Communications	$69,443,545	Mezzanine/Buyout	June-01
Raytheon Aerospace Company	Services	26,606,817	Buyout	June-01
Service Partners Holdings, L.L.C.	Construction/BldgProducts	4,389,533	Mezzanine Debt	October-00
Velocita Communications, Inc.	Communications	3,624,288	Mezzanine Debt	August-00
Total:		$104,064,183		

(1) These holdings represent underlying portfolio companies that were invested in by the Fund during fiscal year 2001 through one or more of its partnerships. The investments listed in this chart each had a cost basis in excess of $3.0 million at June 30, 2001. Additional investments of less than $3.0 million were made in 563 companies totaling $45.1 million.

PRIVATE INVESTMENT FUND
Investment Advisors at June 30, 2001

Investment Advisor	Net Asset Value	% of Fund
Corporate Buyout	**$809,428,829**	**31.0%**
Hicks, Muse Tate & Furst Equity Fund III	116,784,462	4.5%
SCP Private Equity Partners	55,974,458	2.1%
DLJ Merchant Banking Fund II	45,334,974	1.7%
Conning Insurance Capital Fund V	31,270,025	1.2%
Veritas Capital Fund	173,935,370	6.7%
Thomas H. Lee Equity Fund IV	75,212,252	2.9%
KKR 1996 Fund	43,816,879	1.7%
Greenwich Street Capital Partners II	42,840,017	1.6%
Welsh Carson Anderson & Stowe VIII	40,641,465	1.6%
Wellspring Capital Partners II	28,787,667	1.1%
Blackstone Capital Partners III	19,796,117	0.8%
Thayer Equity Investors IV	32,722,262	1.2%
Kelso Investment Associates VI	17,840,548	0.7%
Green Equity Investors III	16,435,135	0.6%
Forstmann Little Equity Fund VI (4)	68,037,198	2.6%
Venture Capital	**$355,783,297**	**13.7%**
Crescendo World Fund	125,825,557	4.8%
Pioneer Ventures Associates	44,385,920	1.7%
Crescendo Venture Fund III	37,120,011	1.4%
Connecticut Futures Fund	14,662,177	0.6%
CT Financial Development Fund	15,702,654	0.6%
Keystone Ventures V	22,414,150	0.9%
Shawmut Equity Partners	36,537,531	1.4%
Grotech Partners V	35,002,053	1.3%
Connecticut Greene Ventures	3,822,896	0.2%
Triumph Capital Investors II	7,215,024	0.3%
RFE Investment Partners VI	13,095,324	0.5%
Mezzanine	**$437,465,485**	**16.8%**
Welsh Carson Anderson & Stowe III	86,801,892	3.3%
Triumph Capital Partners III	92,701,727	3.6%
Triumph CT Partners	44,790,435	1.7%
GarMark Partners	50,800,271	2.0%
SW Pelham Fund	32,391,299	1.2%
Forstmann Little MBO VII (4)	129,979,861	5.0%
International	**$234,137,656**	**9.0%**
Compass European Partners	68,782,401	2.6%
Carlyle European Fund	41,609,828	1.6%
Gilbert Global Equity Fund	68,424,148	2.6%
AIG Global Emerging Markets Fund	32,952,141	1.3%
Carlyle Asia Partners	22,369,138	0.9%
Fund of Funds	**$730,675,977**	**28.0%**
Crossroads Constitution Fund	558,320,888	21.4%
Goldman Sachs Private Equity Fund	61,254,063	2.4%
Landmark Private Equity Fund VIII	89,835,107	3.4%
Lexington Capital Partners II	21,265,919	0.8%
Other (1)	**$39,863,212**	**1.5%**

1) Other represents funds earmarked for distribution to participants, reinvestment, and expenses.

2001 debt management division

Division Overview

The Debt Management Division is responsible for the cost-effective issuance and management of the State of Connecticut's bonded debt. The State's strategic investment in roads, bridges, airports, higher education, clean water and economic development are the foundation of Connecticut's physical and social infrastructure. The Division uses the latest financial instruments available in the public financing market when issuing new debt. The Debt Management Division consists of twelve professionals under the direction of the Assistant Treasurer.

The Division maintains close relationships with institutional and retail investors who have shown confidence in the State's economy by purchasing bonds and notes at the lowest interest rates in recent history. The continuing improvement in the State's credit rating is critical to obtaining low rates in the future. Debt Management staff are in continual contact and actively participate in rating presentations with Fitch Investors Service, Moody's Investor Services and Standard and Poor's Ratings Group, the three major rating agencies.

Over the last several Legislative sessions, the Division staff has been involved in the drafting of new laws with the Governor's Office and legislators and has provided financial advice on new legislative initiatives. This has resulted in the design of new bonding programs that have been well received in the financial markets, while maintaining exemption from Federal and State taxes where appropriate. Specific examples include electric deregulation, Second Injury, unemployment, school construction, open space, and economic development in Bridgeport, Hartford, New Haven and Bradley International Airport.

The Division also manages all public financing programs for the State and coordinates the issuance of bonds with State quasi-public authorities, including the Connecticut Development Authority, the Connecticut Health and Education Facilities Authority, the Connecticut Housing Finance Authority, the Connecticut Resource Recovery Authority, and the Connecticut Higher Education Supplemental Loan Authority.

The active public financing programs for the State include:

	Amount Outstanding June 30, 2001
GENERAL OBLIGATION BONDS General Obligation bonds are paid out of the revenues of the State General Fund and are supported by the full faith and credit of the State of Connecticut. General Obligation bonds are issued for construction of State buildings, grants and loans for housing, local school construction, economic development, community care facilities, State parks and open space.	$6,816,606,145
GENERAL FUND APPROPRIATION DEBT The State has committed to pay interest and principal on these bonds by appropriation from the State's General fund. This debt consists of the following programs: The University of Connecticut pays UCONN 2000 bonds from a debt service commitment appropriated from the State General Fund. Established under P.A. 95-230, up to $962 million of Debt Service Commitment bonds will be issued under a ten-year $1.25 billion capital program to rebuild and refurbish the University of Connecticut. ($542,177,146) Connecticut Health and Educational Facilities Authority special obligation bonds for a child care facilities program were assumed by the State and the State has committed to pay interest and principal on these bonds by appropriation from the State's General Fund. ($41,205,000) Other appropriation debt includes CDA Tax Incremental Financing and CDA lease revenue financing for a State facility, ($41,415,000) and a Certificate of Participation issue for the CT Juvenile Training School Energy Center Project ($19,165,000)	$643,962,146
SPECIAL TAX OBLIGATION BONDS Transportation related bonds are paid out of revenues pledged in the State Transportation Fund. Special Tax Obligation bonds are issued for the State's portion of highway and bridge construction, maintenance and capital needs of mass transit systems, state pier and general aviation airports. Additional security for the bonds is provided by a debt service reserve fund which totalled $364.5 million on June 30, 2001.	$3,061,532,825
CLEAN WATER FUND REVENUE BONDS Clean Water Fund bonds are paid out of resources secured by loan repayments from Connecticut municipalities and a debt service reserve fund of $312 million as of June 30, 2001. The reserve fund is funded with State General Obligation Bonds and Federal Capitalization Grants.	$624,965,000

DEBT MANAGEMENT DIVISION

The Clean Water Fund is the State's water pollution control revolving fund. The revenue bonds provide below market loans to Connecticut municipalities for planning, design and construction of water quality improvement projects. A subsidy is provided from earnings on the reserve fund and from State general obligation subsidy bonds. The State also provides grants and some loans for the program through its general obligation bond program.

SECOND INJURY FUND REVENUE BONDS Second Injury revenue bonds were issued to reduce long-term liabilities of the fund by settling claims on a one-time lump sum basis and will be repaid by special assessments on workers compensation insurers and self-insured employers.	$204,850,000
BRADLEY INTERNATIONAL AIRPORT REVENUE BONDS The airport revenue bonds are payable solely from gross operating revenues from the operation of Bradley International Airport and proceeds are used for capital improvements at the airport.	$267,795,000
BRADLEY PARKING GARAGE REVENUE BONDS Parking garage bonds are payable from garage parking revenues and by a guarantee from the project developer/lessee. The bonds financed the design and construction of a new parking garage at Bradley International Airport with approximately 3,450 parking spaces on five levels.	$53,800,000
Total debt outstanding at June 30, 2001	$11,673,511,116

The Debt Management Division managed the sale of approximately $1.8 billion in bonds issued to fund state programs and capital projects, including the UCONN 2000 program and $0.5 billion in General Obligation and Bradley International Airport Refunding bonds. The following table summarizes the bonds issued during the last fiscal year:

Bond Type	Par Amount	True Interest Cost (1)	Average Life (Years)	Issue Date
NEW MONEY ISSUES:				
GENERAL OBLIGATION				
2000 Series A(Taxable)	$ 80,000,000	6.55%	2.5	December 1, 2000
2000 Series C	400,000,000	4.79%	9.1	December 15, 2000
2001 Series A(3)	100,000,000	Variable	18.5	February 15, 2001
2001 CWF Series	10,398,696	4.80%	12.5	June 1, 2001
2001 CWF Series	3,605,000	4.65%	10.7	June 12, 2001
2001 Series B	400,000,000	4.65%	10.5	June 15, 2001
GENERAL FUND APPROPRIATION				
UCONN 2001 Series A	100,000,000	4.54%	10.5	March 15, 2001
Juvenile Training Center COPS	19,165,000	5.12%	18.9	February 15, 2001
SPECIAL TAX OBLIGATION				
2001 Series A	125,000,000	5.04%	8.2	July 15, 2000
2001 Series 1(3)	100,000,000	Variable	17.3	September 15, 2001
REVENUE BONDS				
Bradley Airport 2001 A	194,000,000	5.15%	19.1	March 1, 2001
Clean Water 2001 Series A	100,000,000	4.80%	12.5	June 1, 2001
Second Injury Fund 2000 A	124,100,000	5.10%	8.8	October 1, 2000
Subtotal New Money Issues	$1,756,268,696			
OTHER NEW DEBT ISSUES:				
CHEFA Day Care Bonds(2)	$ 3,940,000			September 1, 2000
CHEFA Day Care Bonds(2)	3,865,000			April 1, 2001
Subtotal Other Debt Issues	$ 7,805,000			
REFUNDING BONDS:				
Bradley Refunding 2001 Series B	$ 19,180,000	4.42%	10.3	March 1, 2001
General Obligation 2001 Series A	$504,575,000	4.38%	9.9	June 15, 2001
Subtotal Refunding Issues	$ 523,755,000			
TOTAL	**$2,287,828,696**			

(1) An industry defined term representing a composite overall present-value based interest rate on all maturities in a bond issue.

(2) On July 1, 1999, the Treasurer's Office assumed the responsibility for the CHEFA Childcare debt service appropriation per Public Act 97-259. The bonds are issued by the Connecticut Health and Education Facilities Authority.

(3) The interest rates on the variable rate issues are reset on a weekly basis therefore it is not possible to determine the true interest cost.

The Year in Review

Highlights of the Division's accomplishments and important initiatives in fiscal year 2001 include:

- Conducted the largest General Obligation bond sale in State history including both new funding and refinancing of existing debt at a debt service savings of $23 million. Used an innovative CPI index structure to achieve a lower interest cost on one bond maturity. Also achieved an upgraded General Obligation credit rating from Moody's Investors Service from Aa3 to Aa2.
- Worked with the Connecticut Light & Power Company to issue $1.44 billion of AAA-rated electric Rate Reduction Bonds which was sold at one of the lowest interest rates of any such issue in the nation and will save CL&P ratepayers $274 million over the next ten years. In addition, actions initiated by the Treasurer's Office related to the structuring of the issue and setting the level of transaction costs will save ratepayers an additional $51 million.
- Completed a $100 million Clean Water Fund Revenue bond issue including the first bonds to fund the Drinking Water Loan Program. The bond sale also achieved the highest level of retail sales and the lowest interest cost of any bond sale under this program to date.
- Worked with the Second Injury Fund management to issue $124 million of bonds to fund stipulations and stabilize the assessment on Connecticut businesses. The program also earned simultaneous credit rating upgrades from all three rating agencies based on the improved financial performance and management of the Fund.
- Managed the sale of $194 million of Bradley Airport Revenue Bonds to fund the airport's major terminal expansion and improvement program and $19 million of refunding bonds to refinance existing airport debt at a $2.4 million savings. Both series of bonds were issued pursuant to a new more flexible bond indenture designed to provide greater financial flexibility for the management of the airport for years to come.
- Structured and issued $19 million of Certificates of Participation backed by state lease payments to finance a fuel cell energy plant at the State's new Connecticut Juvenile Training Facility. This project, the largest single installation of grid-connected fuel cells in the country, produces electricity, heat and hot water with low emissions. The involvement of the Treasurer's Office in structuring the financing saved taxpayers about $5 million over the financing method initially offered by the project developer.
- Diversified the State's debt portfolios and reduced interest cost by issuing two series of variable rate demand bonds; $100 million of Special Tax Obligation bonds and $100 million of General Obligation Bonds
- Cash defeased all remaining Connecticut Unemployment Revenue Bonds that were issued in 1993 to fund a shortfall in the State's Unemployment Trust Account with the federal government. Issuing these tax-exempt bonds to fund the State's liability saved Connecticut employers $72.8 million in lower state assessments over the last eight years.
- Working with the communications unit, redesigned the annual reports for the Clean Water and Drinking Water Funds, developed a mailing to update an extensive investor and vendor mailing list, and created local radio segments to inform the public of several upcoming bond sales.
- Began implementation of an electronic scanning program for more efficient storage and retrieval of critical documents; increased the use of Internet posting and distribution of bond offering documents; successfully obtained a major tax refund from the federal government; and developed a new bond issue database.
- The Division's Deputy Assistant Treasurer was appointed to the position of Assistant Treasurer establishing strong and experienced leadership for the Division.

Figure 9-1

DEBT MANAGEMENT
General Obligation Debt Service vs. Total Debt Service
Fiscal years ended June 30, ($ in millions)

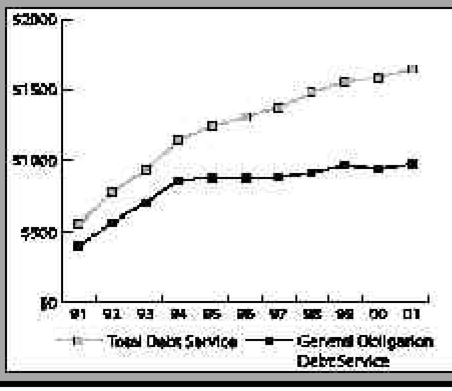


Figure 9-2

DEBT MANAGEMENT
Total Debt Outstanding ($ in millions) at June 30, 2001

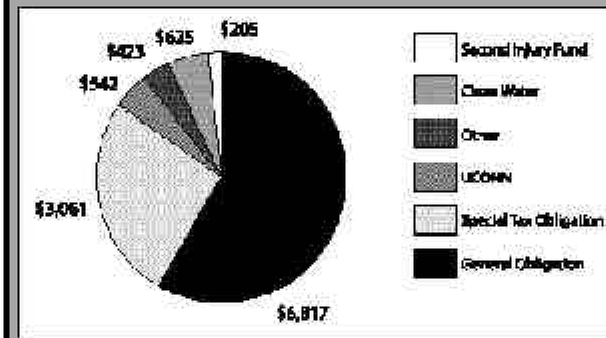
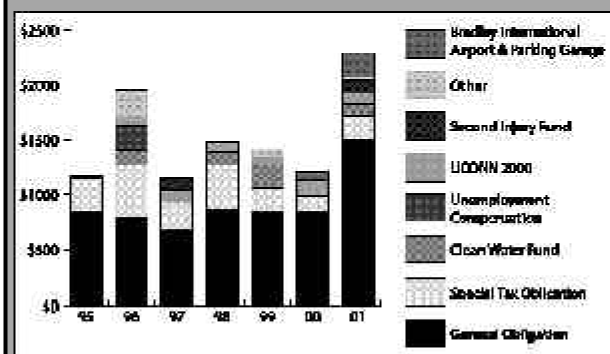


Figure 9-3

DEBT MANAGEMENT
Bond Issuance ($ in millions) at June 30, 2001



Division Overview

The Cash Management Division is responsible for managing the State's cash movements, banking relationships, Short-Term Investment Fund (STIF) and Community Reinvestment Initiative (CRI). Under the administration of an Assistant Treasurer, the 22 employees of the Division are organized into four Treasury units.

The Cash Management Division is responsible for:

- Maintaining maximum investment balances by ensuring more timely deposits, controlling disbursements, minimizing banking costs and balances, and providing accurate cash forecasts;
- Earning the highest current income level in STIF consistent with the safety of principal and the provision of liquidity;
- Providing responsive services to STIF investors;
- Prudently investing more stable fund balances for longer periods and higher yields, including banks that meet standards for financial strength and community support;
- Protecting State deposits through well controlled internal operations and use of high quality banks;
- Improving operating efficiency by more use of electronic data communication and processing; and
- Providing State agencies technical assistance with banking issues.

Bank Control and Reconciliation

The Bank Control and Reconciliation unit maintains accountability of the State's $145 billion annual internal and external cash flow. The unit records and tracks the flow of funds through 25 Treasury bank accounts and by authorizing the release of State payroll, retirement and vendor checks. More than three million transactions are accounted for and reconciled annually. The unit also processes stop payments and check reissues.

Cash Control

The Cash Control unit, on a daily basis, forecasts available cash, funds disbursement accounts, concentrates cash from depository banks, sweeps available cash into short-term investment vehicles to maximize investment balances, and executes electronic transfers. The unit also prepares annual cash flow projections for various State and bond rating agencies, and monitors actual cash receipts and disbursements. During fiscal year 2001, the unit controlled movement of over $30 billion between banks and investment vehicles.

Short-Term Investments

The Short-Term Investments unit invests STIF assets, monitors custodian activity, and prepares quarterly and annual performance reports on the Fund. During fiscal year 2001, the unit invested an average of $4.3 billion in short-term money market instruments. As of June 30, 2001, the unit administered 897 STIF accounts for 60 State agencies and authorities and 244 municipalities and local entities. In addition, the unit manages the Grant Express program that enables municipalities to deposit certain grant payments directly into their STIF accounts. The unit also provides market data used in negotiating CRI investment interest rates.

Client Services

The Client Services unit works with State agencies to speed the deposit of funds and identify mechanisms to reduce banking costs. The unit also reviews State agencies' requests to open new bank accounts, maintains records of the State's bank accounts held by individual banks, manages CRI records, and reviews bank invoices and compensation. The Client Services unit also manages the insurance collateral program in conjunction with the Department of Insurance, which requires companies writing insurance policies in the State to deposit securities and funds totaling a fixed percentage of the policies' value. At June 30, 2001, approximately $501 million in securities was pledged to the program and $53 million was deposited in STIF.

The Year in Review

Highlights of the Division's accomplishments and important initiatives in fiscal year 2001 include:

- Expanded with the State Comptroller's Office a system for making electronic payments to municipalities and vendors, which totaled $560 million during the year;
- Continued to consolidate separate State agency checking accounts;
- Continued the Treasurer's Community Reinvestment Initiative (CRI) in which State funds are invested for up to one year in financially qualified banks that have an outstanding Community Reinvestment Act (CRA) rating or that are participating in Connecticut Development Authority programs;
- Rolled out the Treasury's electronic data system for transmitting bank data to State agencies in order to improve the efficiency and accuracy of their reporting of bank deposits to the Treasury. The new system now covers 17 percent of deposit transactions, up from three percent a year ago;
- Continued to hold annual STIF meetings, with the sixth annual meeting attended by 76 investors;
- Doubled participation in the Clean Water Fund Express, in which participating towns have Clean Water Program payments deducted from their STIF accounts by the program trustee, and Debt Service Express, in which participating towns have debt service payments deducted from their STIF accounts by their bond paying agent, programs;
- Assisted two state agencies in implementing systems to process payments over the Internet;
- Issued Requests for Proposals for a variety of banking services that annually cost the State over $600,000;
- Increased State employee participation in direct deposit of payroll to 70 %;
- Expanded, with the State Comptroller and Department of Administrative Services, procurement cards for small purchases to include 68 State agencies;
- Implemented upgrades to the paid vendor check archive system allowing for retrieval of additional information on checks presented for payment;
- Expanded the use of the automated system for reconciliation of bank deposit transactions to include all major Treasury depository accounts;
- Implemented improvements to the outstanding check files for the vendor and payroll bank accounts to include additional payee information for use in identifying owners of uncashed checks;
- Streamlined the state's banking network by consolidating four concentration accounts into one account; and
- Upgraded system for transferring funds from remote bank accounts to improve security and reduce costs.

2001 Division Performance

As a result of these initiatives, the Cash Management Division successfully realized many achievements throughout the 2001 fiscal year including:

- Total annual return of 6.11 percent in STIF. This exceeded its primary benchmark by 37 basis points, resulting in $16 million in additional interest income for Connecticut governments and their taxpayers. (For a detailed discussion of STIF performance, please see the STIF Performance discussion which follows.);
- Total annual return of 6.27 percent in CRI investments which exceeded STIF's benchmark by 53 basis points, resulting in $238,000 in additional interest income for the State;
- STIF's Comprehensive Annual Financial Report (CAFR) was awarded the Certificate of Achievement for Excellence in Financial Reporting for 2000 by the Government Finance Officers Association (GFOA);
- STIF's credit rating of AAAm was reaffirmed by Standard & Poor's (S&P), the leading rating agency of

money market funds and local government investment pools. This rating by S&P signifies that safety of invested principal is excellent and a superior capacity to maintain a $1 per share net asset value exists at all times;

- The addition of 85 local government STIF accounts with $90 million of assets, an increase of 20% from 2000;
- Total STIF assets reached a record level of $5.3 billion in April 2001. STIF's average size for the year increased by 19 percent, from $3.6 billion in fiscal year 2000 to $4.3 billion;
- Closed 18 State bank accounts bringing total number of closed accounts to 387 over the past nine years, thereby reducing servicing and transfer fees and unproductive balances;
- The recapture of more than $250,000 in annualized bank overcharges;
- Expansion of Grant Express program, in which certain State grants are deposited directly into municipal STIF accounts. Since the inception of this program, $7.0 billion has been deposited into municipal STIF accounts, thereby accelerating the availability of municipal funds;
- Increased electronic reporting of agency bank deposits to 93%.

Figure 10-1

CASH MANAGEMENT
Agency Deposit Data Reported Electronically

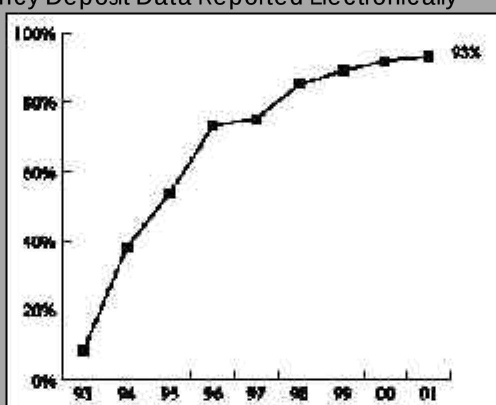
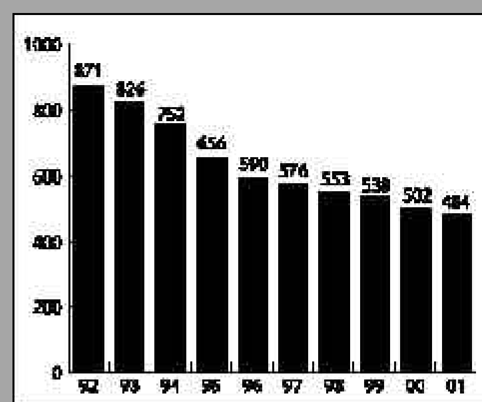


Figure 10-2

CASH MANAGEMENT
Number of Bank Accounts



Description of the Fund

The Treasurer's Short-Term Investment Fund ("STIF" or the "Fund") is an AAAm rated investment pool of high-quality, short-term money market instruments managed by the Treasurer's Cash Management Division. Created in 1972, it serves as an investment vehicle for the operating cash of the State Treasury, State agencies and authorities, municipalities, and other political subdivisions of the State. (See figure 11-1.) STIF's objective is to provide as high a level of current income as is consistent with, first, the safety of principal and, second, the provision of liquidity to meet participants' daily cash flow requirements. During the 2001 fiscal year, STIF's portfolio averaged $4.3 billion.

STIF employs the basic strategy of buying on market weakness. For example, when interest rates rise, STIF is in the market taking advantage of higher yields. To ensure sufficient liquidity to fund unexpected participant withdrawals, STIF closely monitors its "average maturity," based upon time to maturity or interest rate reset date of all securities in the portfolio. (See figure 11-2.) Over the long-term, STIF continually analyzes expectations of future interest rate movements and changes in the shape of the yield curve to ensure the most prudent and effective short-term money management for its clients. Ongoing credit analysis enables STIF to enhance its yield by identifying high-quality credits in undervalued sectors of the economy.

STIF pays interest monthly based on the daily earnings of the Fund less Fund expenses and an allocation to the Fund's Designated Surplus Reserve. The daily reserve allocations equal one-tenth of one percent of the Fund's daily balances divided by the number of days in the year, until the reserve totals one percent of the Fund's daily balance. This reserve, currently just under $37.7 million, contributes significantly to STIF's low risk profile.

To help the Fund and its customers evaluate performance; STIF compares its returns to a set of three indices. The first index is the IBC First Tier Institutions-Only Rated Money Fund Report Index ("IBC Index"). This index represents an average of institutional money market mutual funds rated AAA or AA that invest primarily in first-tier (securities rated A-1, P-1) taxable securities. While STIF's investment policy allows for somewhat greater flexibility than these SEC-registered funds, the IBC Index is the most appropriate benchmark against which to judge STIF's performance.

STIF's yields are also compared to the Federal Reserve three-month T-Bill rate and the Federal Reserve three-month CD rate. The former index is used to measure STIF's effectiveness in achieving yields in excess of a "risk-free" investment. The latter is shown for the benefit of STIF investors, many of whom invest in bank certificates of deposit. In viewing these indices, it is important to keep in mind that yields of the CD index will exceed those of the T-Bill index due to a CD's slightly higher risk profile and comparatively lower liquidity. Furthermore, indices are "unmanaged" and are not affected by management fees or operating expenses. (See figure 11-3.)

Among the Fund's several achievements during the 2001 fiscal year was the continuation of an AAAm rating by Standard & Poor's in December 2000. This rating is S&P's highest for money market funds and investment pools and signifies its conclusion that the Fund's safety of investors' principal is excellent and that superior capacity exists to maintain a $1 per share net asset value at all times. (See figure 11-4.)

Risk Profile

STIF is considered extremely low risk for several reasons. First, its portfolio is comprised of high-quality, highly liquid securities which insulate the Fund from default and liquidity risk. Second, its relatively short average maturity reduces the Fund's price sensitivity to changes in market interest rates. Third, STIF has a strong degree of asset diversification by security type and issuer, as required by its investment policy, strengthening its overall risk profile. And finally, STIF's reserve, which totals approximately one percent of Fund assets is available to protect against security defaults or the erosion of security values due to dramatic and unforeseen market changes. While this reserve has never been drawn upon during STIF's 29-year history, this added layer of security preserves the Fund's low risk profile. As the chosen short-term investment vehicle for the operating cash of the State, STIF has the ultimate confidence of the State government.

While STIF is managed diligently to protect against losses from credit and market changes, the Fund is not insured or guaranteed by any government. Therefore, the maintenance of capital cannot be fully assured.

Portfolio Composition

Throughout the year, STIF closely monitored the activities of the Federal Reserve and other economic indicators, adjusting the Fund's portfolio and characteristics as required. At the beginning of the fiscal year, STIF's weighted average maturity equaled 30 days. During the year the funds average maturity ranged from 9 to 41 days as market rates fluctuated. At the end of the 2001 fiscal year, the average maturity was 29 days, since there was little incentive to extend as the yield curve flattened.

STIF's assets continued to be well diversified across the spectrum of available short-term securities throughout the year. The Fund ended the year with an 85 percent concentration in investments rated A-1+ or AAA (the highest ratings of Standard & Poor's) or overnight repurchase agreements. Sixty-six percent of the Fund was invested in securities with maturities, or interest rate reset dates for adjustable rate securities, of less than 30 days, versus the 85 percent at the previous year-end. The Fund's three largest security weightings included securities-backed commercial paper (37.6 percent), fully-supported commercial paper (21.3 percent) and bank notes (9 percent), respectively. (See figure 11-5.)

Performance Summary

For the one-year period ended June 30, 2001, STIF reported an annual total return of 6.11 percent, net of operating expenses and allocations to Fund reserves. Annual total return measures the total investment income a participant would earn with monthly compounding at the Fund's monthly net earned rate during the year. This figure exceeded that achieved by its benchmark, the IBC index, which equals 5.74 percent, by 37 basis points, as well as three-month T-Bills, which yielded 5.26 percent and three-month CDs, which yielded 5.64 percent. Principal reasons for STIF's strong performance include low overall expenses, its effective security selection and fluctuating average life in response to the changing interest rate environment.

Over the long-term, STIF has performed exceptionally well. For the trailing three-, five-, seven-, and ten-year periods, STIF's compounded annual total return was 5.83 percent, 5.79 percent, 5.79 percent, and 5.38 percent, net of operating expenses and contributions to reserves, exceeding returns of each of its benchmarks for all time periods. Viewed on a dollar-for-dollar basis, had one invested $10 million in STIF ten years ago, that investment would have been worth $16.9 million at June 30, 2001, versus $16.1 million for a hypothetical investment in the IBC Index. (See figure 11-6.)

Beyond management's effective security selection, STIF's extremely low cost structure contributed significantly to these returns. While STIF's operating expenses stand at three basis points, or 0.03 percent of average net assets, the average rated institutional money market mutual fund charges its investors approximately 39 basis points. Reducing costs is the most prudent and safest way to increase yield. Thus, STIF has a risk-free advantage, shared by all its investors, of 26 basis points after deducting 3 basis points of operating expenses and the 10 basis points annual allocation to Fund's Designated Surplus Reserve.

During the fiscal year, STIF assets under management grew from $3.7 billion to $4.6 billion, an increase of approximately $900 million. The principal reason for this growth was an overall increase in State cash balances of nearly $500 million and just over $400 million of new investment in the Fund from its municipal and local customers.

Figure 11-1

SHORT-TERM INVESTMENT FUND
Ownership Analysis at June 30, 2001 ($ in millions)

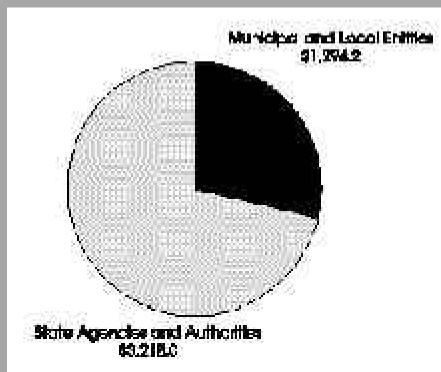
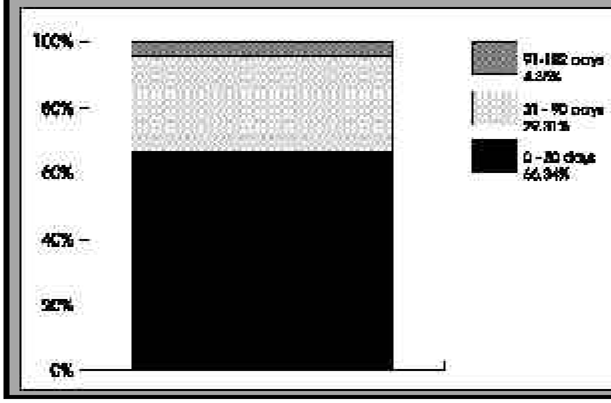


Figure 11-2

SHORT-TERM INVESTMENT FUND
Maturity Analysis



TERF - Teachers' Retirement Fund
SERF - State Employees Retirement Fund
MERF - Connecticut Municipal Employees' Retirement Fund

Figure 11-3

SHORT-TERM INVESTMENT FUND
Quarterly Yield vs. Benchmark

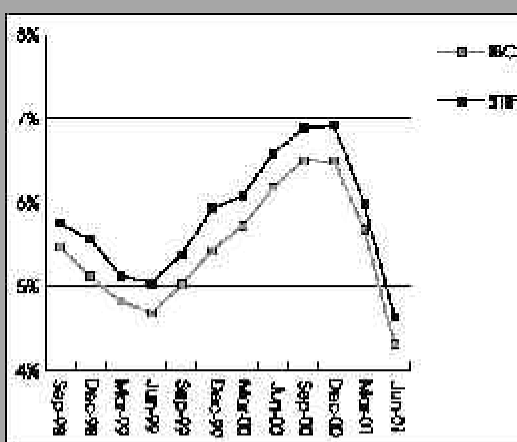


Figure 11-4

SHORT-TERM INVESTMENT FUND
Distribution by Quality Rating at June 30, 2001
Based on Investments in Securities, at Value

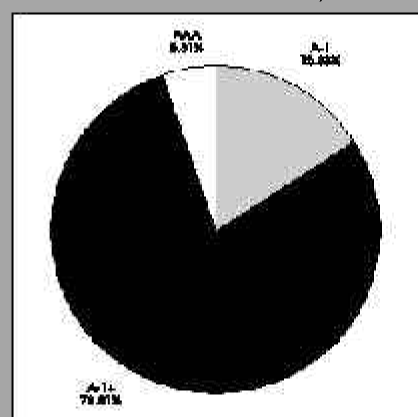


Figure 11-5

SHORT-TERM INVESTMENT FUND
Distribution by Security Type at June 30, 2001

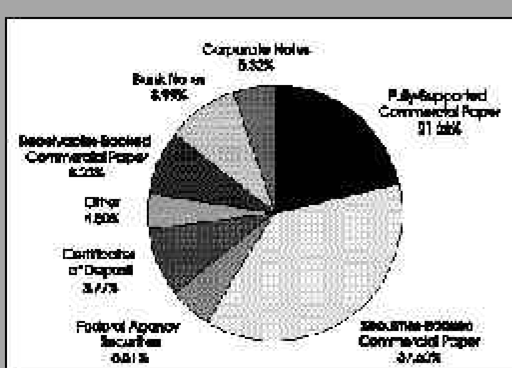


Figure 11-6

SHORT-TERM INVESTMENT FUND
Period ending June 30, 2001

	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs
Compounded Annual Total Return (%)					
STIF	6.11	5.83	5.79	5.79	5.38
IBC Index*	5.74	5.45	5.42	5.41	4.86
Fed. Three-Month T-Bill	5.26	5.07	5.11	5.18	4.72
Fed. Three-Month CD	5.64	5.59	5.61	5.59	5.07
Cumulative Total Return (%)					
STIF	6.11	18.53	32.53	48.30	68.94
IBC Index*	5.74	17.26	30.22	44.61	60.68
Fed. Three-Month T-Bill	5.26	16.00	28.30	42.39	58.57
Fed. Three-Month CD	5.64	17.72	31.35	46.33	63.99

Division Overview

Public Service

Unclaimed Property Division

The primary mission of the Division is to locate rightful owners or heirs of unclaimed property in accordance with state law and return those assets. Another core responsibility is to ensure that holders of unclaimed property comply with their statutory obligation to report abandoned property to the State. All Division goals support the principal mission of unclaimed property as a consumer protection service, safeguarding the financial assets of Connecticut citizens until such time as they may claim their property.

In fiscal year 2001, the Unclaimed Property Division collected $40 million. Unclaimed financial assets are received from banks, insurance companies and businesses, which are required to relinquish this property to the State Treasurer following a loss of contact with the owner of record, generally three to five years.

Organization

Under the administration of an Assistant Treasurer, the 27 employees of the Division of Unclaimed Property are organized into three units consisting of Holder Reporting and Database Management, Claims/ Securities Processing and Field Examination/Auditing.

Holder Reporting and Database Management maintains the unclaimed property owner and holder database. This unit records all property received for the current year reporting cycle and maintains all holder data for property which has not been claimed in previous reporting years.

Claims/Securities Processing reunites owners with their unclaimed property held in the State Treasurer's custody. Claims staff respond to inquiries, research claims, download claim forms for owner filing, and complete the claims processing and approval process. All property types are returned through the Claims/ Securities Processing, including stocks and mutual funds.

Field Examination and Auditing, consisting of six staff auditors, is responsible for general ledger examinations of the records of banks, insurance companies, hospitals, universities, and other business entities to determine whether all unclaimed property is being reported.

Auditing works closely with two contract vendors who deliver abandoned property held by companies in other states belonging to Connecticut residents.

The Year in Review

During fiscal year 2001, the Division achieved significant outreach, returning $9.8 million and adding 500,000 names to its internet database. Two major outreach initiatives contributed to this achievement. First, the Division published its newly revised biannual list of owner names, as mandated by Connecticut State law. The newly revised list expanded outreach opportunity by providing 51,670 new owner names, Frequently Asked Questions published for the first time in both English and Spanish language, and a designated telephone number providing assistance to Spanish-speaking citizens. The Division further extended outreach by establishing a designated web site, www.nameitandclaimit.org, which provides owners with unlimited access to the Treasurer's unclaimed property list. The effectiveness of the web site is demonstrated by the 117,000 inquiries, 60% of which were delivered via e-mail.

The *Holder Outreach* program, a marketing campaign targeted to businesses and organizations both incorporated and/or doing business within the State, promotes compliance with the statutory obligation to *report and remit* unclaimed property to the State Treasurer's Office by the annual March 31st deadline. A completely revised *Holder Reporting Manual* provides complete instructions and forms for reporting and remitting property and is available in print and online (www.state.ct.us/ott). Building on its holder outreach goals, the Division implemented new marketing strategies to increase holder education by identifying new holder markets, establishing working relationships with other state agencies and professional business organizations, and developing workshops to promote greater compliance with Unclaimed Property reporting laws.

UNCLAIMED PROPERTY DIVISION

During fiscal year 2001, the Division:

- Paid $9.8 million in claims and issued 11,605 checks to claimants, a 4% increase in amounts paid and a 160% increase in the number of checks issued to claimants over fiscal year 2000.
- Received $35.4 million in unclaimed property receipts voluntarily reported by holders;
- Collected $1.9 million as a result of the UCPD compliance examinations of holders; and
- Increased the owner database by 121,229 records.

To complete owner stock records, during fiscal year 2001, the Unclaimed Property Division undertook a major initiative to update its owner database, beginning with all historical corporate actions since 1985. Phase I of the corporate action update project was 98% completed by fiscal year end. Phase II is targeted to be completed during fiscal year 2002. The update assures that all claimants receive full credit for all accruals on their securities, thus expediting operations that previously relied on manual processing. When completed, the update will streamline internal securities processing for all future claims.

DIVISION OVERVIEW

The Second Injury Fund ("the Fund") pays lost wages and medical benefits to qualified injured workers as a state-run workers compensation insurance program.

The Second Injury Fund has a staff of 51 employees who work under the supervision of an Assistant Treasurer. It is organized into four areas:

Organization

Administrative Services. The Assistant Treasurer maintains general oversight over the division units as well as administrative support functions such as the Return-to-Work program, Medical Case Management, the management team and clerical support.

Attorneys and support staff in the Office of the Attorney General, who represent the Fund before the State's Workers' Compensation Commission, also fall within administrative services. In addition, the Fund works closely with the Workers' Compensation Commission, the Chief State's Attorney's office and other state agencies in the fulfillment of its mission.

Claims. The claims unit is responsible for adjudicating approximately 4,671open claims. These include "second injury" claims, widow and dependent benefit claims, uninsured employer claims and permanent total disability claims. The unit also processes reimbursement to employers for concurrent employment claims and actively negotiates stipulated settlements of these claims.

A*ccounting*. The accounting unit, provides all aspects of service inherent in an accounting operation, processes the benefit payroll, oversees the collection of assessments and performs desk and site audits of insurance companies and self-insured employers.

Investigations. The investigations unit conducts investigations for asset searches, fraudulent receipt of benefits, gathers data for collection of receivables, assists in the litigation process and monitors employer compliance with workers' compensation insurance coverage.

Description of the Second Injury Fund

The Fund was established by the State of Connecticut to discourage discrimination against veterans and encourage the assimilation of workers with a pre-existing injury into the workforce. The Fund's responsibilities were expanded over the years through judicial and legislative reform resulting in annual claim growth in excess of 20% for the period 1970 to 1995. After 55 years, it had become the largest disburser of workers' compensation benefits in the State. The cost of Second Injury Fund operations, which are financed by assessments on Connecticut employers, reached a dollar value high of $146.5 million in 1996.

Prior to July 1, 1995, the Fund provided relief to employers where a worker, who already had a pre-existing injury or conditions, was hurt on the job and that second injury was made "materially and substantially" worse by the first injury. Such employers transferred liability for these workers' compensation claims to the Fund after 104 weeks, if certain criteria were met under the Connecticut Workers' Compensation Act (thus the term "Second Injury Fund").

In 1995 the Connecticut General Assembly closed the Fund to new "second injury" claims sustained on or after July 1, 1995. However, the Fund will continue to be liable for payment of claims which involve an uninsured or bankrupt employer and, on a pro rata basis, be liable for reimbursement claims to employers of any worker who had more than one employer at the time of the injury.

In addition, the Fund will continue to be liable and make payments with respect to:

- Dependent death benefits for any employee who was injured on or after January 1, 1974 and who died not later than November 1, 1991;
- Dependent death benefits for any employee who was injured before January 1952 and who died

after October 1991;

- Reimbursement to insurers and self-insured employers for cost of living adjustments paid to totally disabled employees with injuries occurring prior to October 1969;
- Reimbursement to insurers and self-insured employers for adjustments they paid to totally disabled employees suffering a relapse from an injury occurring prior to October 1969 after returning to work;
- Reimbursement to insurers and self-insured employers for cost of living adjustments paid to totally incapacitated employees who received a total incapacity award prior to October 1953; and
- Second injury claims transferred to the Fund prior to July 1999.

Assessments

Insured employers pay a surcharge on their workers' compensation insurance policies based on annual standard premium. The assessment for self-insured employers is a flat rate based on workers' compensation loss costs for medical and indemnity benefits incurred in the prior calendar year. The Treasurer establishes the assessment rate on or before May 1st of each year.

Despite its statutory closure to "second injury" claims, the Fund will continue to assess Connecticut employers and their insurers for its on going responsibilities (as previously noted). Although levying assessments will continue to be necessary to pay off principal and interest payments on bonds and commercial paper issued for full and final settlements, no future bond issues are anticipated at this time.

The Year in Review

- As a result of an alternative financing structure, the Fund anticipates a savings of $604.5 million over the life of the debt. The alternative financing program utilizes commercial paper to a greater degree with less reliance on long-term borrowing. Under the previous administrations' plan, debt service payments would have reached a high of $96 million by 2011. Under Treasurer Nappier's plan, debt service payments will not exceed $27 million per year, and will be paid off in 15 years. These reforms produced a financially stronger Second Injury Fund.
- Moody's Investors Service, Fitch Investors Service and Standard & Poors (S&P), the standard-bearers of credit rating agencies, upgraded the Second Injury Fund's ratings based on tighter financial controls which strengthened its long-term financial structure. On October 9, 2000, the State Treasurer's Office issued $124.1 million in fixed-rate bonds with maturities ranging from 2003 to 2015 and used the proceeds to pay off $111.3 million in commercial paper (BANS).
- The estimated future unfunded liability (expressed as reserves), as of June 30, 2001 is $577,750,000, a net reduction of 31.1% from June 30, 2000. Unfunded liability (expressed as reserves) is based on an estimate of expenses over the life of a claim as calculated by internal staff.

2001 Division Performance

- As a result of a formalized Second Injury Fund assessment audit program ordered by the Treasurer, the Fund realized a one-time increase of $15.8 million in additional assessment revenue and interest payments during fiscal year 2001. The goal of the program is to ensure more accurate reporting in the future which has the effect of expanding the assessment base.
- Since 1995, open active claims have dropped from 5,700 to 4,671. During fiscal year 2001, active payroll cases have been reduced to 503.
- During fiscal year 2001, the Fund utilized $20 million in excess reserves to pay off commercial paper further reducing long-term debt requirements. Outstanding commercial paper at June 30, 2001 was $43.7 million. In July and August 2001, another $26.6 million in excess reserves was utilized to pay off commercial paper presently with an outstanding balance of $17.1 million.

SECOND INJURY FUND

- During fiscal year 2001, 323 claims were settled at a cost of $25,584,975. Since January 1, 1995 a total of 5,519 settlements have been negotiated at a cost of $412.1 million. The reserve value for these claims was $1.562 billion.
- Combined indemnity, medical and stipulated settlement payments of $52.4 million was $21.1 million (or 28.7%) below projected amounts. This outstanding financial achievement was the result of vigorous case management and disciplined settlement strategies.
- As a result of aggressively pursuing collections on uninsured employer cases, receipts for fiscal year 2001 increased by 55% over last fiscal year. The assignment of two dedicated staff members to collection efforts has generated recoveries in the amount of $504,003. Total recoveries received for fiscal year 2001 is $769,484.
- Savings to the Fund on medical expenditures, achieved by reviewing medical bills during fiscal year 2001, totaled approximately $200,000.
- The Fund has worked cooperatively with the Workers' Compensation Commission and the Treasury Data Processing Unit on a program that now provides Fund investigators with access to research information on insurance coverage, which has significantly increased the efficiency of the unit.

connecticut higher education trust

Description of the Trust

The Connecticut Higher Education Trust ("CHET" or "Trust") is a Qualified State Tuition Program pursuant to Section 529 of the Internal Revenue Code, which was unanimously approved by the Connecticut General Assembly in Public Act No. 97-224 (the "Act") and signed into law by the Governor in July 1997. The program began operating on January 1, 1998. While the Trust is considered an instrumentality of the State, the assets of the Trust do not constitute property of the State, and the Trust shall not be construed to be a department, institution or agency of the State.

CHET is a trust, available for families to save and invest for higher education expenses, that is privately managed under the supervision of the State Treasurer. Current Internal Revenue Service regulations provide that total contributions to an individual account may not exceed the amount determined by actuarial estimates as is necessary to pay tuition, required fees, and room and board expenses of the designated beneficiary for five years of undergraduate enrollment at the highest cost institution allowed by the program. While money is invested in CHET, there are no federal or state taxes on earnings. Amounts may be withdrawn to pay for tuition, room and board, fees, books, supplies, and equipment required by the beneficiary for enrollment or attendance at any eligible public or private educational institution. Until January 1, 2002 the earnings portion of qualified withdrawals from the Trust for higher education expenses are federally taxed at the beneficiary's federal tax rate. Beginning January 1, 2002 any earnings withdrawn for qualified education expenses will be exempt from federal income taxes.[1] The State of Connecticut does not tax the earnings when withdrawals are used for qualified higher education expenses. Earnings withdrawn for non-qualified expenses incur a penalty of 10%.

CHET consists of twelve individual Trust Funds ("Funds"). Ten of the Funds that comprise the "Managed Allocation Option" are open-ended, unitized portfolios consisting of investments in various mutual funds and trusts. The units of the Funds are directly owned by the participants. Each Fund represents a different asset allocation based on the age of the child ("beneficiary") for whom the account has been established. As the beneficiary grows older and approaches college age, each Fund's assets will be moved from more aggressive to more conservative investments in accordance with the Trust's investment policy.

The other two Funds are for the "High Equity Option" and the "Principal Plus Interest Option." The first of these is invested 70% in a domestic equity mutual fund, 10% in an international mutual fund, and 20% in a bond fund. The latter is invested in a Guaranteed Funding Agreement, which provides for preservation of principal, paying a minimum rate of interest, with the opportunity for additional interest.

During fiscal year 2000, the Trust changed program managers from Collegiate Capital Group (CCG) to TIAA-CREF Tuition Financing, Inc. (TFI). This change was accompanied by program enhancements, including:

- Fees charged to participants were reduced from 1.55% of assets to 0.79% of assets. The $15 annual administrative fee was eliminated.
- The minimum amount required for opening an account was reduced from $500 to $25 ($15 if automatic payroll deduction is used).
- The number of Funds was increased from five to ten. Assets were moved from five mutual funds managed by four different asset managers, to four TIAA-CREF institutional mutual funds.
- New program disclosure documentation was written and sent to all CHET participants. This new documentation provided CHET participants with more detailed information about the program and all of its components.

1) This provision of the 2001 Federal Tax Reduction Act is scheduled to expire on December 31, 2010. Congress may or may not extend these benefits beyond this date.

In fiscal year 2000 the number of CHET accounts grew from 7,680 to 13,393, an increase of 5,713 or 74%. During that time, total assets of account holders grew from $56,626,000 to $93,713,000, an increase of $37,086,000 or 65%.

The Year in Review

During fiscal year 2001 the program was further enhanced by:

- The addition of two new investment options – the High Equity Option and the Principal Plus Interest Option. These were made available to account owners in March 2001.
- In May 2001, the U.S. Congress passed, and the President signed, the Tax Reduction Act. This Act exempts earnings (withdrawn after January 1, 2002) from federal income taxes. The Act also made several other advantageous changes to college savings plan legislation.

CHET Advisory Committee

There is a statutorily established CHET Advisory Committee, which meets annually. The Committee met on December 11, 2000.

There is established a Connecticut Higher Education Trust Advisory Committee which shall consist of the State Treasurer, the Commissioner of Higher Education, the Secretary of the Office of Policy and Management and the co-chairpersons and ranking members of the joint standing committees of the General Assembly having cognizance of matters relating to education and finance, revenue and bonding, or their designees, and one student financial aid officer and one finance officer at a public institution of higher education in the state, each appointed by the Board of Governors of Higher Education, and one student financial aid officer and one finance officer at an independent institution of higher education in the state, each appointed by the Connecticut Conference of Independent Colleges.

The statutory members of the CHET Advisory Committee are:

DENISE L. NAPPIER, State Treasurer

MARC S. RYAN, Secretary Office of Policy and Management

VALERIE F. LEWIS, Commissioner, Department of Higher Education

SEN. THOMAS GAFFEY, Senate Chairman, Education Committee

REP CAMERON C. STAPLES, House Chairman, Education Committee

SEN. THOMAS HERLIHY, Senate Ranking Member, Education Committee

REP. ROBERT W. HEAGNEY, House Ranking Member, Education Committee

SEN. MARTIN M. LOONEY, Senate Chairman, Finance, Revenue and Bonding Committee

REP. ANNE B. MCDONALD, House Chairman, Finance, Revenue and Bonding Committee

SEN. WILLIAM H. NICKERSON, Senate Ranking Member, Finance, Revenue and Bonding Committee

REP. RICHARD BELDEN, House Ranking Member, Finance, Revenue and Bonding Committee

MARGARET WOLF, Director of Financial Aid, Capitol Community College

FRANK RESNICK, Chief Financial Officer, Central Connecticut State University

WILLIAM LUCAS, Vice President Finance, Fairfield University

JULIE SAVINO, Dean of Student Financial Assistance, Sacred Heart University

STATE OF CONNECTICUT

AUDITORS OF PUBLIC ACCOUNTS
STATE CAPITOL
210 CAPITOL AVENUE
HARTFORD, CONNECTICUT 06106-1559

KEVIN P. JOHNSTON

ROBERT G. JAEKLE

CERTIFICATION BY AUDITORS OF PUBLIC ACCOUNTS AND STATE COMPTROLLER

We have audited the accompanying statement of net assets of the Combined Investment Funds, as of June 30, 2001, the related statement of operations for the fiscal year then ended and the statement of changes in net assets for the fiscal years ended June 30, 2001, and 2000. We have audited the accompanying statement of net assets of the Short Term Investment Fund as of June 30, 2001 and the statements of changes in net assets for the fiscal years ended June 30, 2001, and 2000. We have audited the balance sheet of the Second Injury Fund and the statements of condition of the other Non-Civil List Trust Funds as of June 30, 2001, together with the related statements of revenue and expenditures and statements of changes in fund balance for each and the statement of cash flows for the other Non-Civil List Trust Funds, for the fiscal year ended June 30, 2001. We have also examined the schedules of Civil List Funds investments, and debt outstanding, as of June 30, 2001, and changes in debt outstanding during the fiscal year ended June 30, 2001. These financial statements and schedules are the responsibility of the management of the State Treasury. Our responsibility is to express an opinion on the financial statements and schedules based on our audit.

We did not audit the accompanying financial statements of the Tax Exempt Proceeds Fund or the Connecticut Higher Education Trust. These financial statements were audited by other auditors whose reports thereon have been included with the accompanying financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and schedules are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement and schedules.

Our procedures included confirmation of securities owned as of June 30, 2001, by correspondence with the custodians. 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 Combined Investment Funds, Short Term Investment Fund, Second Injury Fund and other Non-Civil List Trust Funds as of June 30, 2001, and the results of their operations, the changes in net assets for the Combined Investment Funds and the Short Term Investment Fund, changes in fund balance for the Second Injury Fund and other Non-Civil List Trust Funds and cash flows for the other Non-Civil List Trust Funds for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the schedules referred to above present fairly, in all material respects the investments of the Civil List Funds as of June 30, 2001, and the balance of bonds outstanding as of June 30, 2001, and bonds issued, retired and refunded, and bond interest payments made during the year ended on that date, all in accordance with the modified cash basis of accounting, a comprehensive basis of accounting other that accounting principles generally accepted in the United States of America.

As explained in Note 1B to the financial statements of the Combined Investment Funds, the State Treasurer's policy is to present investments at fair value. The fair value of most of the assets of the Real Estate Fund, the Commercial Mortgage Fund and the Private Investment Fund and the limited partnership investment of the Mutual Fixed Income Fund are estimated by investment advisors in the absence of readily ascertainable market values, and reviewed and adjusted, when appropriate, by the State Treasurer. The fair value of most of the assets of the Real Estate Fund and the Private Investment Fund and the limited partnership investment of the Mutual Fixed Income Fund are presented at the cash adjusted fair values, which utilize the investment advisors' March 31, 2001, quarter ending estimated values adjusted for cash flows of the Funds during the subsequent quarter that affect the value at the Funds' level. Adjustments are made for underlying investments that experienced significant changes in value during the quarter, if deemed appropriate. We have reviewed the investment advisors' values, the relevant cash flows and the procedures used by the State Treasurer in reviewing the estimated values and have read underlying documentation and, in the circumstances, we believe the procedures to be reasonable and the documentation appropriate. However, because of the inherent uncertainty of valuation, those estimated values may differ significantly from the values that would have been used had a ready market for the investments existed, and the differences could be material.

Our audit was made for the purpose of forming an opinion on the financial statements of the Combined Investment Funds taken as a whole. The Combined Investment Funds Total Net Asset Value by Pension plans and Trust Funds and the Statements of Investment Activity by Pension Plan and by Trust Fund, contained within the Supplemental Information Section of this document, are presented for purposes of additional analysis and are not a required part of the financial statement of the Combined Investment Funds. Such information has been subjected to the auditing procedures applied in the audit of the financial statements of the Combined Investment Funds and, in our opinion, is fairly present in all material respects in relation to the financial statements of the Combined Investment Funds taken as a whole. The introduction section, supplemental information section and the statutory appendix have not been audited excepted as specifically noted in this auditor's opinion.

At the present time, separate auditors' reports are being prepared by the Auditors of Public Accounts covering the State-Wide operations of the State Treasury and the Investment Advisory Council. These auditors' reports, consisting of comments, recommendations, and certifications, will be maintained on file in the office of the Auditors of Public Accounts.

This particular certification is issued by the Auditors of Public Accounts and the State Comptroller in accordance with Section 2-90 of the General Statutes.

Kevin P. Johnston
Auditor of Public

Robert G. Jaekle
Auditor of Public Accounts

Nancy Wyman
State Comptroller

October 15, 2001
State Capitol
Hartford, Connecticut

MANAGEMENT'S REPORT

October 15, 2001

The Honorable John G. Rowland
Governor of Connecticut

The Honorable Denise L. Nappier
Treasurer of Connecticut

The Honorable Members of the Connecticut General Assembly

The People of Connecticut

This report was prepared by the Office of the Treasurer, which is responsible for the accuracy of the data, the completeness and fairness of the presentation and all disclosures. We present the financial statements and data as being accurate in all material respects and prepared in conformity with generally accepted accounting principles and such financial statements are audited annually by the State of Connecticut Auditors of Public Accounts.

To carry out this responsibility, the Office of the Treasurer maintains financial policies, procedures, accounting systems and internal controls that management believes provide reasonable, but not absolute, assurance that accurate financial records are maintained and investments and other assets are safeguarded.

It is our belief that the contents of this Annual Report make evident the State of Connecticut Office of the Treasurer support of the safe custody and conscientious stewardship of the State's property and money including Trusts and Custodial accounts held by the State Treasurer. In addition, the Treasury Department has sought to maximize earnings on the assets held by the State Treasurer within the boundaries of prudent investment guidelines authorized by Article Four, Section 22 of the Connecticut Constitution and in Title 3 of the Connecticut General Statutes, thereby stabilizing taxpayer costs and securing the safety of benefit commitments established under various General Statutes regarding the State retirement systems and other retirement systems administered by the State.

The State of Connecticut also issues a Comprehensive Annual Financial Report (the "CAFR") available from the State Comptroller's Office. The material presented herein is intended to expand on, but not to conflict with, the State's CAFR.

In management's opinion, the internal control structure of the State Treasury is adequate to ensure that the financial information in this report presents fairly the financial condition and results of operations of the funds that follow.

Sincerely,

Howard G. Rifkin
Deputy Treasurer

COMBINED INVESTMENT FUNDS

STATEMENT OF NET ASSETS
JUNE 30, 2001

	CASH RESERVE FUND	MUTUAL EQUITY FUND	FIXED INCOME FUND	INTER-NATIONAL STOCK FUND	REAL ESTATE FUND	COMMERCIAL MORTGAGE FUND	PRIVATE INVESTMENT FUND	ELIMI-NATION ENTRY	TOTAL
ASSETS									
Investments in Securities, at Fair Value									
Cash Reserve Fund	$ -	$ 81,783,426	$ 755,163,332	$ 106,926,726	$ 4,348,792	$ 4,046,731	$ 15,208,508	$ (967,477,518)	$ -
Cash Equivalents	625,313,718	-	40,943,832	2,793,667	-	-	-	-	669,051,217
Asset Backed Securities	469,683,808	-	191,776,461	-	-	-	-	-	661,460,269
Government Securities	-	-	1,199,917,344	-	-	-	-	-	1,199,917,344
Government Agency Securities	6,000,000	-	1,912,571,109	-	-	-	-	-	1,918,571,109
Mortgage Backed Securities	59,890,783	-	607,744,283	-	-	1,892,543	-	-	669,527,609
Corporate Debt	197,935,986	-	2,088,530,729	1,389,137	-	-	-	-	2,287,855,852
Convertible Securities	-	-	230,544,446	334,782	-	-	-	-	230,879,228
Common Stock	-	7,812,857,077	7,738,424	2,305,149,206	66,918,508	93,216,212	18,875,522	-	10,304,754,949
Preferred Stock	-	505,000	69,448,238	47,817,151	-	-	-	-	117,770,389
Real Estate Investment Trust	-	54,629,978	713,874	-	-	-	-	-	55,343,852
Mutual Fund	-	-	52,518,176	2,247,119	-	-	-	-	54,765,295
Limited Liability Corporation	-	-	-	-	-	-	65,907,679	-	65,907,679
Trusts	-	-	-	-	53,574,820	1,571,916	-	-	55,146,736
Limited Partnerships	-	-	61,136,400	-	336,273,941	-	2,501,583,566	-	2,898,993,907
Partnerships	-	-	-	-	-	-	-	-	-
Annuities	-	-	-	-	14,895,312	-	-	-	14,895,312
Total Investments in Securities, at Fair Value	1,358,824,295	7,949,775,481	7,218,746,648	2,466,657,788	476,011,373	100,727,402	2,601,575,275	(967,477,518)	21,204,840,747
Cash	-	-	1,380,908	10,921,655	-	-	778,124	-	13,080,687
Receivables									
Foreign Exchange Contracts	-	-	55,029,078	1,929,111,150	-	-	-	-	1,984,140,228
Interest Receivable	3,824,677	312,698	88,937,672	369,999	18,639	14,903	323,827	(4,142,234)	89,660,181
Dividends Receivable	-	6,115,242	322,897	2,832,478	-	396,538	-	-	9,667,155
Due from Brokers	-	98,427,120	452,145,283	28,607,321	-	-	2,137,771	-	581,317,495
Management Fee Receivable	-	-	-	-	-	-	-	-	-
Foreign Taxes	-	5,506	127,584	1,275,366	-	-	-	-	1,408,456
Securities Lending Receivable	-	90,863	239,503	453,545	-	-	-	-	783,911
Reserve for Doubtful Receivables	-	-	(2,456,257)	(308,318)	-	-	-	-	(2,764,575)
Total Receivables	3,824,677	104,951,429	594,345,760	1,962,341,541	18,639	411,441	2,461,598	(4,142,234)	2,664,212,851
Invested Securities Lending Collateral	-	191,877,938	723,201,221	568,635,353	-	-	-	-	1,483,714,512
Other Funds on Deposit	-	-	-	-	-	31,257	-	-	31,257
Prepaid Expenses	-	-	-	-	-	11,587	2,841,313	-	2,852,900
Total Assets	1,362,648,972	8,246,604,848	8,537,674,537	5,008,556,337	476,030,012	101,181,687	2,607,656,310	(971,619,752)	25,368,732,954
LIABILITIES									
Payables									
Foreign Exchange Contracts	-	-	53,500,408	1,897,194,984	-	-	-	-	1,950,695,392
Due to Brokers	-	95,776,513	1,169,858,881	35,589,786	-	-	-	-	1,301,225,180
Income Distribution	5,555,279	-	-	-	-	-	-	(4,074,948)	1,480,331
Other Payable	32,090	1,599,472	-	-	-	-	-	(32,090)	1,599,472
Total Payables	5,587,369	97,375,985	1,223,359,289	1,932,784,770	-	-	-	(4,107,038)	3,255,000,375
Securities Lending Collateral	-	191,877,938	723,201,221	568,635,353	-	-	-	-	1,483,714,512
Accrued Expenses	122,206	26,744,406	5,326,571	4,306,293	40,641	2,191	301,854	(35,196)	36,808,966
Total Liabilities	5,709,575	315,998,329	1,951,887,081	2,505,726,416	40,641	2,191	301,854	(4,142,234)	4,775,523,853
NET ASSETS	$ 1,356,939,397	$ 7,930,606,519	$ 6,585,787,456	$ 2,502,829,921	$ 475,989,371	$ 101,179,496	$ 2,607,354,456	$ (967,477,518)	$ 20,593,209,101
Units Outstanding	1,356,939,397	9,736,955	60,014,211	10,784,603	7,518,161	1,387,757	25,080,622		
Net Asset Value and Redemption Price per Unit	$ 1.00	$ 814.49	$ 109.74	$ 232.07	$ 63.31	$ 72.91	$ 103.96		

The accompanying notes are an integral part of these financial statements.

COMBINED INVESTMENT FUNDS

STATEMENT OF OPERATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	CASH RESERVE FUND	MUTUAL EQUITY FUND	FIXED INCOME FUND	INTER-NATIONAL STOCK FUND	REAL ESTATE FUND	COMMERCIAL MORTGAGE FUND	PRIVATE INVESTMENT FUND	ELIMI-NATION ENTRY	TOTAL
Investment Income									
Dividends	$ -	$96,361,782	$ 14,269,443	$48,317,876	$ 7,673,988	$12,846,985	$ 91,907,536	$ -	$ 271,377,610
Interest	88,319,179	4,983,085	462,375,676	7,041,785	887,554	504,960	5,297,869	(64,832,584)	504,577,524
Other Income	237,518	1,301,724	-	213,106	269,167	-	-	(174,355)	1,847,160
Securities Lending	-	19,427,073	46,880,764	31,986,942	-	-	-	-	98,294,779
Total Income	88,556,697	122,073,664	523,525,883	87,559,709	8,830,709	13,351,945	97,205,405	(65,006,939)	876,097,073
Expenses									
Investment Advisory Fees	261,204	31,104,059	11,209,908	10,124,114	956,396	566,633	6,826,815	(191,742)	60,857,387
Salary and Fringe Benefits	77,412	504,620	360,736	156,678	87,533	10,126	239,200	(56,826)	1,379,479
Custody and Transfer Agent Fees	64,860	173,117	136,586	494,418	26,419	3,504	227,830	(47,612)	1,079,122
Professional Fees	18,087	275,127	428,336	68,678	10,694	2,390	1,097,660	(13,277)	1,887,695
Security Lending Fees	-	1,010,461	1,072,219	1,361,264	-	-	-	-	3,443,944
Security Lending Rebates	-	15,546,083	42,997,047	26,822,626	-	-	-	-	85,365,756
Investment Expenses	-	-	736,592	1	-	-	1,342,455	-	2,079,048
Total Expenses	421,563	48,613,467	56,941,424	39,027,779	1,081,042	582,653	9,733,960	(309,457)	156,092,431
Net Investment Income	88,135,134	73,460,197	466,584,459	48,531,930	7,749,667	12,769,292	87,471,445	(64,697,482)	720,004,642
Net Realized Gain/(Loss)	200,666	83,842,914	8,240,097	113,173,444	35,995,018	(28,840)	28,054,714	(147,303)	269,330,710
Net Change in Unrealized Gain/(Loss) on Investments and Foreign Currency	-	(997,651,131)	38,580,121	(546,029,635)	23,254,617	981,730	(295,514,072)	-	(1,776,378,370)
Net Increase (Decrease) in Net Assets Resulting from Operations	$88,335,800	$(840,348,020)	$513,404,677	$(384,324,261)	$66,999,302	$13,722,182	$(179,987,913)	$(64,844,785)	$(787,043,018)

The accompanying notes are an integral part of these financial statements.

COMBINED INVESTMENT FUNDS

STATEMENT OF CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	CASH RESERVE FUND	MUTUAL EQUITY FUND	FIXED INCOME FUND	INTER-NATIONAL STOCK FUND	REAL ESTATE FUND	COMMERCIAL MORTGAGE FUND	PRIVATE INVESTMENT FUND	ELIMI-NATION ENTRY	TOTAL
Net Increase in Net Assets Resulting from Operations	$ 88,335,800	$(840,348,020)	$513,404,677	$(384,324,261)	$66,999,302	$13,722,182	$(179,987,913)	$ (64,844,785)	$(787,043,018)
Distributions to Unit Owners:									
Income Distributed	(88,335,800)	(81,602,103)	(431,756,402)	(42,812,109)	(43,132,934)	(13,391,609)	(98,444,813)	64,844,785	(734,630,985)
Returns of Capital	-	-	-	-	-	-	-	-	-
Total Distributions	(88,335,800)	(81,602,103)	(431,756,402)	(42,812,109)	(43,132,934)	(13,391,609)	(98,444,813)	64,844,785	(734,630,985)
Unit Transactions									
Purchase of Units by Participants	3,090,780,803	-	8,000,000	-	14,000,000	-	328,000,000	(2,092,708,260)	1,348,072,543
Redemption of Units by Participants	(3,267,454,543)	-	-	-	(72,000,000)	(75,210,500)	(7,000,000)	2,274,251,606	(1,147,413,437)
Net Increase (Decrease) in Net Assets Resulting from Unit Transactions	(176,673,740)	-	8,000,000	-	(58,000,000)	(75,210,500)	321,000,000	181,543,346	200,659,106
Total Increase (Decrease) in Net Assets	(176,673,740)	(921,950,123)	89,648,275	(427,136,370)	(34,133,632)	(74,879,927)	42,567,274	181,543,346	(1,321,014,897)
Net Assets- Beginning of Period	1,533,613,137	8,852,556,642	6,496,139,181	2,929,966,291	510,123,003	176,059,423	2,564,787,182	(1,149,020,861)	21,914,223,998
Net Assets- End of Period	$1,356,939,397	$7,930,606,519	$6,585,787,456	$2,502,829,921	$475,989,371	$101,179,496	$2,607,354,456	$(967,477,518)	$20,593,209,101
Other Information:									
Units									
Purchased	3,090,780,803	-	73,846	-	226,715	-	2,835,894		
Redeemed	(3,267,454,543)	-	-	-	(1,132,573)	(1,018,517)	(56,763)		
Net Increase (Decrease)	(176,673,740)	-	73,846	-	(905,858)	(1,018,517)	2,779,131		

The accompanying notes are an integral part of these financial statements

COMBINED INVESTMENT FUNDS

STATEMENT OF CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

	CASH RESERVE FUND	MUTUAL EQUITY FUND	FIXED INCOME FUND	INTER-NATIONAL STOCK FUND	REAL ESTATE FUND	COMMERCIAL MORTGAGE FUND	PRIVATE INVESTMENT FUND	ELIMI-NATION ENTRY	TOTAL
Net Increase in Net Assets Resulting from Operations	**$ 86,283,973**	**$824,583,064**	**$352,800,391**	**$495,476,519**	**$ 42,378,258**	**$ 15,532,281**	**$812,429,797**	**$ (63,766,789)**	**$ 2,565,717,498**
Distributions to Unit Owners:									
Income Distributed	(86,283,973)	(96,128,150)	(394,172,680)	(34,388,207)	(32,632,888)	(20,350,724)	(158,887,290)	63,766,789	(759,077,123)
Unit Transactions									
Purchase of Units by Participants	3,471,415,552	-	601,000,000	-	97,000,000	-	725,000,000	(2,457,704,784)	2,436,710,768
Redemption of Units by Participants	(3,311,065,052)	(1,000,000,000)	(233,000,000)	(400,000)	(25,000,000)	(56,000,000)	-	2,475,378,423	(2,150,086,629)
Net Inc. (Dec.) in Net Assets Resulting from Unit Transactions	**160,350,500**	**(1,000,000,000)**	**368,000,000**	**(400,000)**	**72,000,000**	**(56,000,000)**	**725,000,000**	**17,673,639**	**286,624,139**
Total Inc. (Dec.) in Net Assets	**160,350,500**	**(271,545,086)**	**326,627,711**	**460,688,312**	**81,745,370**	**(60,818,443)**	**1,378,542,507**	**17,673,639**	**2,093,264,514**
Net Assets- Beginning of Period	**1,373,262,637**	**9,124,101,728**	**6,169,511,470**	**2,469,277,979**	**428,377,633**	**236,877,866**	**1,186,244,675**	**(1,166,694,500)**	**19,820,959,484**
Net Assets- End of Period	**$1,533,613,137**	**$8,852,556,642**	**$6,496,139,181**	**$2,929,966,291**	**$510,123,003**	**$176,059,423**	**$2,564,787,182**	**$(1,149,020,861)**	**$21,914,223,998**
Change in Units Outstanding:									
Purchased	3,471,415,552	-	5,549,908	-	1,641,244	-	7,729,045		
Redeemed	(3,311,065,052)	(1,183,953)	(2,140,771)	(1,748)	(419,738)	(753,330)	-		
Net Increase (Decrease)	160,350,500	(1,183,953)	3,409,137	(1,748)	1,221,506	(753,330)	7,729,045		

The accompanying notes are an integral part of these financial statements

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Combined Investment Funds (the "Funds") are separate legally defined funds which have been created by the Treasurer of the State of Connecticut (the "Treasurer") under the authority of the Connecticut General Statutes (CGS) Section 3-31b. The Funds are open-end, unitized portfolios consisting of the Cash Reserve Fund, Mutual Equity Fund, Mutual Fixed Income Fund, International Stock Fund, Real Estate Fund, Commercial Mortgage Fund and the Private Investment Fund. The Funds were established to provide a means for investing pension and other trust fund assets entrusted to the Treasurer in a variety of investment classes. The units of the Funds are owned by these pension and trust funds. For financial reporting purposes of the State of Connecticut, the Funds are considered to be internal investment pools and are not reported in the State's combined financial statements. Instead, each fund type's investment in the fund is reported as "equity in combined investment funds" in the State's combined balance sheet.

The Treasurer, as sole fiduciary of the Funds, is authorized to invest in a broad range of fixed income and equity securities, as well as real estate properties, mortgages and private equity. This authority is restricted only by statute. Such limitations include prohibitions against investment in companies doing business in Iran and those doing business in Northern Ireland, but who have failed to implement the MacBride Principles (CGS Section 3–13h). Other legislation restricts the maximum aggregate investment in equity securities to 60% of the fair value of the Trust Funds.

The Funds of the Treasurer are proprietary in nature; the activities in these funds are similar to those found in the private sector where the determination of net income is necessary or useful to sound financial administration. The generally accepted accounting principles ("GAAP") used for such funds are generally those applicable to similar businesses in the private sector. In accordance with Government Accounting Standards Board ("GASB") Statement No. 20, the Treasurer has elected to apply all GASB pronouncements, as well as all Financial Accounting Standards Board Statements, Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins, except those that conflict with GASB pronouncements. The Funds are not subject to regulatory oversight and are not registered with the Securities and Exchange Commission as an investment company.

The following is a summary of significant accounting policies consistently followed by the Funds in the preparation of their financial statements.

A. NEW PRONOUNCEMENTS

There were no relevant new pronouncements for the fiscal year ended June 30, 2001.

B. SECURITY VALUATION

Investments are stated at fair value for each of the Funds as described below. For the Commercial Mortgage Fund, the investments listed on the Statement of Net Assets, other than the amounts invested in the Cash Reserve Fund, are shown at fair values provided to the Fund by the investment advisor, and adjusted, when appropriate, by the Treasurer's staff. For the Real Estate and Private Investment Funds and one limited partnership in the Mutual Fixed Income Fund, substantially all of the investments, other than those in the Cash Reserve Fund, are shown at values that are estimated by the Treasurer's staff. Such estimations utilize the investment advisors' prior quarter end estimated fair value, plus or minus the appropriate related cash flows as described later in this section. The Treasurer's staff reviews the valuations for all investments in these alternative asset classes (Commercial Mortgage, Real Estate, and Private Investment Funds) to see that they are reasonable and consistent. Due to the inherent uncertainty of valuation, those estimated values may differ significantly from the values that would have been used had a ready market for the securities existed and the differences could be material.

Cash Reserve Fund

Investments are valued at amortized cost which approximates fair value. Repurchase Agreements held are collateralized at 102 percent of the securities' value. Such transactions are only entered into with primary government securities dealers who report directly to the Federal Reserve Bank of New York. The collateral is evaluated daily to ensure its fair value exceeds the current fair value of the repurchase agreements including accrued interest.

Mutual Equity Fund

Securities traded on securities exchanges are valued at the last reported sales price on the last business day of the fiscal year. Corporate bonds and certain over-the-counter stocks are valued at the mean of bid and asked prices as furnished by broker-dealers.

Mutual Fixed Income Fund

Investments are valued based on quoted market prices when available. For securities that have no quoted market value, fair value is estimated based on yields currently available on comparable securities of issuers with similar credit ratings.

An investment with a market value of $61,136,400 and a cost value of $49,737,937 is held through a limited partnership. The fair value of the underlying securities is based on quoted market prices when available. When quoted market prices are not available, the underlying securities are valued by the General Partner at the fair value as determined in good faith under consistently applied procedures.

When-issued securities held are fully collateralized by U.S Government securities and such collateral is in the possession of the Fund's custodian. The collateral is evaluated daily to ensure its market value exceeds the current market value of the instruments including accrued interest.

The Mutual Fixed Income Fund invests in Mortgage Backed Securities (MBSs) and Asset Backed Securities (ABSs), which are included in the Statement of Net Assets. These are bonds issued by a special purpose trust that collects payments on an underlying collateral pool of mortgage or other loans and remits payments to bondholders. The bonds are structured in a series of classes or tranches, each with a different coupon rate and stated maturity date. Interest payments to the bondholders are made in accordance with the trust indentures and amounts received from borrowers in excess of interest payments and expenses are used to amortize the principal on the bonds. Such principal payments are made to retire the tranches of bonds in order of their stated maturity. Because mortgage prepayments are largely dependent on market interest rates, the ultimate maturity date of the bonds is unpredictable and is sensitive to changes in market interest rates, but is generally prior to the stated maturity date. At June 30, 2001, the Fund held MBSs of $607,744,283 and ABSs of $191,776,461.

Interest-only stripped mortgage backed securities (IOs), a specialized type of Collateralized Mortgage Obligation (CMO), are included as Mortgaged Backed Securities on the statement of Net Assets. The cash flow on these investments is derived from the interest payments on the underlying mortgage loans. Prepayments on the underlying loans curtail these interest payments, reducing the value of the IOs and, as such, these instruments are extremely sensitive to changes in interest rates, which encourage or discourage such prepayments. At June 30, 2001 the Fund's holdings had a fair value of $7.4 million and a cost of $9.5 million. The valuations were provided by the custodian.

Investments in non-U.S. fixed income securities are utilized on an opportunistic basis. Certain advisors within the Mutual Fixed Income Fund are authorized to invest in global fixed income securities.

International Stock Fund

Investments in securities listed on security exchanges are valued at the last reported sales price on the last business day of the fiscal year; securities traded in the over-the-counter market and listed securities for which no sale was reported on that date are valued at the mean of the last reported bid and asked prices.

Certain cash held in non-U.S. dollar denominated trading accounts is non-interest bearing.

Real Estate Fund

Investments in securities not listed on security exchanges and investments in trusts, limited partnerships, and annuities, which comprise substantially all of the Fund's investments, are carried at the cash adjusted fair value. The cash adjusted fair value utilizes the prior calendar quarter end fair value as estimated by the investment advisor, (i) plus cash flows relating to capitalized expenses and principal contributions disbursed from and (ii) minus amounts received by the Real Estate Fund, to estimate the current fair value. The Treasurer's staff reviews the prior quarter estimated fair values provided by the investment advisors for reasonableness. In those instances where an advisor's value appears to be overstated, this estimated fair value is adjusted accordingly. Additionally, the staff monitors the estimated cash adjusted fair values against the estimated values subsequently reported by the investment advisors. In the event of significant total Fund-level differences between the cash adjusted estimates and the investment advisors' estimated values, adjustments to the reported cash adjusted fair values are made to prevent overstatement. At June 30, 2001, the estimated investment values provided by the investment advisors, net of the adjustments noted above, exceeded cash adjusted fair values reported on the Statement of Net Assets by approximately $2.4 million. Consistent with the cash adjusted fair value presentation this increase will be considered for the next quarter's adjustment.

Commercial Mortgage Fund

This Fund invests in commercial mortgage loans and mortgage backed securities generally through indirect ownership vehicles such as trusts and corporations. The value of the Fund's interest in these entities is based on the fair value of the underlying commercial loan portfolio or securities held. Fair value for the mortgage portfolio is computed by discounting the expected cash flows of the loans at a rate commensurate with the risk inherent in the loans. The discount rate is determined using the yield on U.S. Treasury securities of comparable remaining maturities plus an appropriate market spread for credit and liquidity risk. The Fund does not record fair values in excess of amounts at which the borrower could settle the obligation, giving effect to any prepayment premiums. In the event that the fair value of the loan collateral, based on an appraisal, is less than the outstanding principal balance, the collateral value is used as fair value. These calculations are performed by the investment advisor and reviewed by Treasury personnel.

The Fund has one commercial mortgage backed security. This security is included on the Statement of Net Assets under Trusts. The Mortgage Backed Securities on the Statement of Net Assets consist of certificates of beneficial interest in a collateralized mortgage obligation (CMO) created pursuant to a securitization of a residential mortgage pool.

Private Investment Fund

The Private Investment Fund is comprised of investments in various limited partnerships and limited liability companies. The general partner or managing member is the investment advisor and is compensated on a fee basis for management services in addition to its participation in partnership profits and losses. These investments are carried at their cash adjusted fair values. The cash adjusted fair value utilizes the prior quarter fair value as estimated by the investment advisor, (i) plus cash flows relating to capitalized expenses and principal contributions disbursed from and (ii) minus amounts received by the Private Investment Fund, to estimate the current fair value. The Treasurer's staff reviews the prior quarter estimated fair values provided by the investment advisors for reasonableness. In those instances where an advisor's value appears to be overstated, the estimated fair value is adjusted accordingly. Additionally, the staff monitors the estimated cash adjusted fair values against the estimated values subsequently reported by the investment advisors. In the event of significant total Fund-level differences between the cash adjusted estimates and the investment advisors' estimated values, adjustments of reported cash adjusted values are made to prevent overstatement. At June 30, 2001, the estimated investment values provided by the investment advisors, net of the adjustments noted above, exceeded the cash adjusted fair value reported on the Statement of Net Assets by approximately $24 million. Consistent with the cash adjusted fair value presentation this increase will be considered for the next quarter's adjustment.

Fair values of the underlying investments are generally represented by cost unless there has been an additional arms-length indication of value, such as a public offering or a new investment by a third party.

C. INVESTMENT TRANSACTIONS AND RELATED INCOME

Investment transactions are accounted for on a trade date basis. Dividend income is recognized as earned on the ex-dividend date. Interest income is recorded on the accrual basis as earned. Realized gains and losses are computed on the basis of the average cost of investments sold. Such amounts are calculated independent of and are presented separately from the Net Change in Unrealized Gains and Losses on the Statement of Operations and the Statement of Changes in Net Assets. Realized gains and losses on investments held more than one fiscal year and sold in the current year were included as a change in the fair value of investments reported in the prior year(s) and the current year. Unrealized gains and losses represent the difference between the fair value and the cost of investments. The increase (decrease) in such difference is accounted for as a change in unrealized gain (loss). In the Funds' cost basis records, premiums are amortized using the straight-line method which approximates the interest method.

Dividends earned by the Private Investment, Real Estate, Commercial Mortgage Funds and one limited partnership in the Mutual Fixed Income Fund relate to investments that are not listed on security exchanges. Such dividends are recognized as income when received, generally net of advisory fees.

D. FOREIGN CURRENCY TRANSLATION

The value of investments, assets and liabilities denominated in currencies other than U.S. dollars are translated into U.S. dollars based upon appropriate fiscal year end foreign exchange rates. Purchases and sales of foreign investments and income and expenses are converted into U.S. dollars based on currency exchange rates prevailing on the respective dates of such transactions. The Funds do not isolate that portion of the results of operations arising from changes in the exchange rates from that portion arising from changes in the market prices of securities.

E. SHARE TRANSACTIONS AND PRICING

All unit prices are determined at the end of each month based on the net asset value of each fund divided by the number of units outstanding. Purchases and redemptions of units are based on the prior month end price and are generally processed on the first business day of the month.

F. EXPENSES

Expenses of the funds are recognized on the accrual basis and are deducted in calculating net investment income and net asset value on a monthly basis. Fees and expenses of the Real Estate Fund are generally recognized when paid, by netting them against dividends received. Each of the funds bears its direct expenses, such as investment advisory fees, and, in addition, each of the funds is allocated a portion of the overhead expenses of the Pension Funds Management Division of the Office of the State Treasurer, which services the funds. These expenses include salary and fringe benefit costs and other administrative expenses. Certain of these costs are allocated among the Funds based on relative net asset values. Other costs are charged directly based on the specific duties of personnel.

G. DISTRIBUTIONS

Net investment income earned by the Combined Investment Funds is distributed monthly to the unit owners of the funds, generally in the following month.

H. DERIVATIVE FINANCIAL INSTRUMENTS

GASB Technical Bulletin Number 94-1 states that derivatives are generally defined as contracts whose value depends on, or derives from, the value of an underlying asset, reference rate, or index. For the fiscal year ended June 30, 2001, the funds maintained positions in a variety of such securities. The Cash Reserve Fund held adjustable rate and asset backed securities. The Mutual Fixed Income Fund held CMOs, including IOs, and other asset backed securities, indexed Treasury securities and option contracts. The International Stock and Mutual Fixed Income Funds were invested in foreign exchange contracts and the Commercial Mortgage Fund held CMOs and CMO residuals. The specific nature of these investments is discussed more fully in the accounting policy note for each respective fund, where appropriate. These financial instruments are utilized for trading and other purposes. Those that are used for other than trading purposes are foreign exchange contracts, which can be used to facilitate trade settlements, and may serve as foreign currency hedges. The credit exposure resulting from such contracts is limited to the recorded fair value of the contracts on the Statement of Net Assets.

The remaining such securities are utilized for trading purposes and are intended to enhance investment returns. All positions are reported at fair value and changes in fair value are reflected in income as they occur. The funds' credit exposure resulting from such investments is limited to the recorded fair value of the derivative financial instruments.

The Mutual Fixed Income and International Stock Funds also utilize derivatives indirectly through participation in mutual funds and a limited partnership. These mutual funds may hold derivatives from time to time. Such derivatives may be used for hedging, investment and risk management purposes. These transactions subject the investor to credit and market risk.

I. COMBINATION/ELIMINATION ENTRY

The financial statements depict a full presentation of each of the Combined Investment Funds. However, one of these funds, the Cash Reserve Fund, is owned both directly by the pension plans and trust funds which have accounts in the Fund, and also indirectly because each of the other Combined Investment Funds has an account with the Cash Reserve Fund. As a result, elimination entries are presented for the purpose of netting out balances and transactions relating to the ownership of the Cash Reserve Fund by the other Combined Investment Funds. The combined presentation totals to the overall net assets owned by the pension plans and trust funds.

J. FEES AND REALIZED GAINS

Investment advisory fees incurred for the Private Investment Fund are generally charged to the entity in which the Fund has been invested. In such cases, these amounts are either capitalized in the cost basis of the investment and become a component of unrealized gain (loss) or are netted against the corresponding income generated. Certain other fees are incurred directly by the Funds. These amounts are expensed and are reflected as Investment Advisory Fees on the Statement of Operations. The appropriate treatment is determined depending on the terms of the investment agreement. Capitalized fees are not separately presented on the Statement of Operations. These fees are borne by the partners in their respective shares. The following is a listing of the Fund's total fees for the fiscal year ended June 30, 2001:

	Netted	Capitalized	Expensed	Total
Private Investment Fund	$ 18,238,355	$ 19,249,916	$ 6,826,815	$ 44,315,086

In addition, realized gains and losses are not reported at the level of the Fund's investment since these relate to realized gains and losses on the underlying securities held by the Funds' investment vehicles. The following is the Fund's share of such realized gains for the fiscal year ended June 30, 2001:

Private Investment Fund	$ 68,251,608

Past practice of partnerships was to distribute realized gains on a consistent basis. Not included in the above realized gain, for the fiscal year ended June 30, 2001, is approximately $177 million which has not been distributed by one of the general partners. Since inception $379 million has not been distributed.

Periodically the Private Investment Fund may receive stock distributions in lieu of cash. These securities are included as common stock on the Statement of Net Assets. When one of these individual securities is sold the realized gain or loss is presented on the Statement of Operations. Realized gains for such transactions for the fiscal year ended June 30, 2001 were $28,054,714

The Mutual Fixed Income Fund includes an investment in a mutual fund and a limited partnership interest. Fees incurred are deducted from the operations of the fund and are not separately presented on the Statement of Operations. The corresponding fees incurred for the fiscal year ended June 30, 2001 totaled $1.2 million.

Investment advisory fees incurred for certain investments in the Real Estate Fund are generally charged to the entity in which the Fund has been invested. In such cases, these amounts are either capitalized in the cost basis of the investment and become a component of unrealized gain (loss) or are netted against the corresponding income generated. Certain other fees are incurred directly by the Funds. These amounts are expensed and are reflected as Investment Advisory Fees on the Statement of Operations. The appropriate treatment is determined depending on the terms of the investment agreement. Capitalized fees are not separately presented on the Statement of Operations. These fees are borne by the partners in their respective shares. The following is a listing of the Fund's total fees for the fiscal year ended June 30, 2001:

	Netted	Capitalized	Expensed	Total
Real Estate Fund	$ 452,626	$ 4,685,907	$ 956,396	$ 6,094,929

Additionally, the Real Estate Fund incurred disposition fees of $935,550 on investments sold with a Net Asset Value of $67,148,687. Such amounts are netted against the proceeds realized upon the disposition. These amounts are reflected in the Realized Gain on the Statement of Operations.

Investment advisory fees for the Cash Reserve, Mutual Equity, Mutual Fixed Income (except as noted above) and International Stock Funds are estimated monthly based on periodic reviews of asset values and performance results. Accordingly, the amounts listed as Investment Advisory Fees on the Statement of Operations represent estimates of annual management fee expenses.

K. RECLASSIFICATIONS

Certain prior year amounts have been reclassified to conform to the current year presentation.

L. RELATED PARTY AND OTHER TRANSACTIONS

There were no related party transactions during the fiscal year. Additionally, there were no “soft dollar” transactions. Soft dollar transactions result from arrangements whereby firms doing business with organizations such as the Treasury arrange for third parties to provide other services in lieu of cash payment. These arrangements tend to obscure the true cost of operations and can result in potential overpayment for services. Such transactions have been prohibited by the Treasurer.

Investment Transactions between Funds - In June 2001, an interest in a Limited Partnership in the Mutual Fixed Income Fund with a cost value of $10,573,958 and fair value, as determined by the investment manager and reviewed by staff, of $7,215,028 was transferred to the Private Investment Fund in return for cash proceeds. The cost of this investment as recorded in the Private Investment Fund is $7,215,028. The fair value as of June 30, 2001 is $7,215,024.

M. ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2: CASH, INVESTMENTS AND SECURITIES LENDING

Investments in the alternative asset classes generally utilize investment vehicles such as annuity contracts, common stocks, limited partnerships and trusts to comply with investment guidelines against direct ownership of such investment assets.

The investments of the Cash Reserve, Mutual Equity, Mutual Fixed Income and the International Stock Funds were securities registered under the State Street Bank and Trust Co. nominee name Pondwave & Co. and held by a designated agency of the Pension Plans and Trust Funds of the State of Connecticut, or bearer and held by a designated agency of the Pension Plans and Trust Funds of the State of Connecticut. Investments, as defined by GASB Statement No. 3, are categorized to give an indication of the credit risk assumed by the Treasurer at year-end. Category 1 includes investments which are insured or registered or for which securities are held by the Treasurer or its agent in the Treasurer’s name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty’s trust department or agent in the Treasurer’s name. Category 3 includes uninsured or unregistered investments for which the securities are held by the counterparty’s trust department or agent, but not in the Treasurer’s name. All registered securities, as noted above, are classified under GASB risk category 1, except as follows:

Amounts listed as Due to Brokers are for securities purchased which are held by broker-dealers and not classified as to credit risk. Amounts listed as Due from Brokers are for securities sold and would have been classified under category 1 of credit risk if they were included in Investments in Securities, at Fair Value on the Statement of Net Assets.

Investments of cash collateral received under securities lending arrangements are registered in the master custodian's name and are invested in a fund maintained by the master custodian exclusively for the Funds. Accordingly, these investments are classified under GASB risk category 3. In circumstances where securities or letters of credit are received as collateral under securities lending arrangements, the collateral is held by the master custodian in a commingled pool in the master custodian's name, as trustee. When "tri-party" collateral is received, the collateral consists of cash, letters of credit or securities but is held in a commingled pool by a third party master custodian in the Funds' master custodian's name. The collateral received is unable to be pledged or sold without borrower default. The underlying securities are classified under GASB risk category 3.

Private Investment Fund

Investments in the form of limited partnership and limited liability corporation interests are not evidenced by securities existing in physical or book entry form and therefore are not classified as to credit risk.

Commercial Mortgage Fund

At June 30, 2001, investments with a cost of $85,603,815 and a fair value of $93,216,212 in the form of common stock certificates are classified as category 1. Other Funds on Deposit represent portfolio level net assets consisting of escrow accounts. These are maintained by the portfolio manager and are not classified, as they are not investments.

Investments in the form of trusts are not evidenced by securities existing in physical or book entry form and are not classified as to credit risks as defined in GASB Statement No. 3.

The composition of the Fund's investment portfolio by the underlying assets in which the investee corporations and trusts are invested in are as follows at June 30, 2001:

Investment	Fair Value	Cost
Cash Reserve	$ 4,046,731	$ 4,046,731
Commercial Mortgage loans	93,216,212	85,603,815
CMO's	3,464,459	3,142,608
Total	$ 100,727,402	$ 92,793,154

Real Estate Fund

Certain investments in the form of common stock certificates with a cost of $32,562,540 and a fair value of $66,918,508 are classified under risk category 1.

The remaining investments, which comprise the substantial majority of the Fund's investments, are in the form of trusts, annuities and limited partnerships and are not evidenced by securities existing in physical or book entry form and are therefore not classified as to credit risk.

Summary of Credit Risk Categories

Breakdown by investment type of the GASB 3 credit risk categories is as follows:

	Carrying Amount (Fair Value)			
Investment Type	Category 1	Category 2	Category 3	Total
Cash Equivalents	$ 669,051,217			$ 669,051,217
Asset Backed	661,460,269			661,460,269
Government	843,174,117		$ 18,565,576	861,739,693
Agency	773,915,832		29,684,860	803,600,692
Mortgage Backed	663,290,404			663,290,404
Corporate Debt	2,321,479,721			2,321,479,721
Convertible	239,575,667			239,575,667
U.S. Corporate Stock	7,758,084,659		55,192,855	7,813,277,514
International Equity	1,746,199,855		5,225,609	1,751,425,464
Preferred Stock	117,573,784			117,573,784
Collateral Securities held by Investment Pool under Securities Lending Arrangements:				

Cash Equivalents			180,522,916	180,522,916
Corporate Debt			1,303,255,202	1,303,255,202
SUBTOTAL	$15,793,805,525	$ -	$1,592,447,018	17,386,252,543

Investments not categorized because they are not evidenced by securities that exist in physical or book entry form:

Real Estate Investment Trusts	55,179,386
Mutual Funds	54,701,395
Limited Liability Corporation	65,907,679
Trusts	55,146,736
Limited Partnerships	2,898,993,907
Annuities	14,895,312
Investments held by broker-dealers under securities loans:	
U.S.Government and Agency	541,763,739
U.S. Corporate Stock	209,793,688
International Equity	527,310,866
Domestic Fixed	151,423,583
International Fixed	5,204,575
Total Investments	$21,966,573,409

Cash balances included on the Statement of Net Assets of $13,080,687 are fully insured by the FDIC and are, therefore, classified as Category 1.

Cash Equivalents listed on the breakdown by investment type under Category 1 consist of corporate debt. Cash Equivalents reported under Category 3 consist of certificates of deposit of $15,004,455 and time deposits of $165,518,461.

Securities Lending

Certain of the Combined Investment Funds engage in securities lending transactions to provide incremental returns to the Funds. The Funds are permitted to enter into securities lending transactions pursuant to Section 3-13d of the Connecticut General Statutes. The Funds' master custodian is authorized to lend available securities to authorized broker-dealers and banks subject to a form loan agreement.

During the period ended June 30, 2001, the master custodian lent, at the direction of the Funds, securities and received cash (in both U.S. and foreign currency), U.S. government securities, sovereign debt rated A or better, convertible bonds, and irrevocable bank letters of credit as collateral. The master custodian did not have the ability to pledge or sell collateral securities delivered therefore absent a borrower default. Borrowers were required to deliver collateral for each loan equal to: (i) in the case of loaned securities denominated in United States dollars or whose primary trading market was located in the United States or sovereign debt issued by foreign governments, 102% of the market value of the loaned securities; and (ii) in the case of loaned securities not denominated in United States dollars or whose primary trading market was not located in the United States, 105% of the market value of the loaned securities.

The Funds did not impose any restrictions during the fiscal year on the amount of the loans that the master custodian made on its behalf and the master custodian indemnified the Funds by agreeing to purchase replacement securities, or return the cash collateral thereof in the event any borrower failed to return the loaned securities or pay distributions thereon. There were no such failures by any borrowers to return loaned securities or pay distributions thereon during the fiscal year. Moreover, there were no losses during the fiscal year resulting from a default of the borrowers of the master custodian. During the fiscal year, the Funds and the borrowers maintained the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested in an individual account known as the State of Connecticut Collateral Investment Trust. On June 30, 2001, the Funds had no credit risk exposure to borrowers. The value of collateral held and the market value of securities on loan for the Funds as of June 30, 2001 were $1,609,578,451 and $1,544,165,351, respectively.

Under ordinary circumstances, the average effective duration of the security lending operations will be managed such that it will not exceed 120 days, or fall below 1 day. Under such ordinary circumstances, the net duration, as defined by the duration of assets less the duration of liabilities, will not exceed 45 days. In the event that the average effective duration does exceed 120 days, or the net duration does exceed 45 days for any 3-

day period, the Trustee shall, (i) notify the Funds within 5 business days and (ii) take appropriate action as is reasonable to return an average effective duration below 120 days or a net duration below 45 days. The average effective duration is calculated using the weighted average effective duration of holdings. The average effective duration of the security lending program at June 30, 2001 was 38 days.

The average effective duration is managed to be within 45 days due to the inability to monitor the weighted average duration of liabilities. The weighted average duration of liabilities is assumed to remain at 1 day.

The fair value of collateral held and the fair value of securities on loan are as follows for the Funds as of June 30, 2001:

Fund	Fair Value of Collateral	Fair Value of Securities Lent
Mutual Equity	$ 262,789,774	$ 244,336,156
International Stock	576,381,319	551,427,790
Mutual Fixed Income	775,099,085	748,401,405
Total	$ 1,614,270,178	$ 1,544,165,351

Investments made using the cash collateral received from security loans were included in the Statement of Net Assets. The fair value of these amounts is as follows:

Fund	Cash Equivalents	Corporate Debt	Total Investments
Mutual Equity	$ 23,345,707	$ 168,540,457	$ 191,886,164
International Stock	69,185,622	499,474,107	568,659,729
Mutual Fixed Income	87,991,586	635,240,638	723,232,224
Total	$ 180,522,915	$ 1,303,255,202	$ 1,483,778,117

These amounts are categorized in the Summary of Credit Risk Categories as Category 3 in that they are invested in a pool which is maintained solely on behalf of the Funds, but whose investments are held in the master custodian's name. The above total amounts were included on the Statement of Net Assets in "Invested Securities Lending Collateral".

NOTE 3: PURCHASES AND SALES OF INVESTMENT SECURITIES

For the period ended June 30, 2001, the aggregate cost of purchases and proceeds from sales of investment securities (excluding all U.S. Government securities and short-term securities) were as follows:

Fund	Purchases	Sales
Mutual Equity	$ 4,464,479,643	$ 4,479,861,502
Mutual Fixed Income	22,401,947,405	22,207,881,752
International Stock	1,282,325,136	1,134,883,406
Real Estate	36,582,916	67,892,786
Commercial Mortgage	-	52,021,160
Private Investment	502,968,839	93,817,752

The above amounts include the effect of cost adjustments processed during the year.

NOTE 4: UNREALIZED APPRECIATION AND DEPRECIATION ON INVESTMENTS AND FOREIGN EXCHANGE CONTRACTS

At June 30, 2001, the gross appreciation of investment securities and foreign currency in which there was an excess of fair value over cost, the gross depreciation of investment securities and foreign currency in which there was an excess of cost over fair value and the resulting net appreciation (depreciation) by fund were as follows:

Fund	Gross Appreciation	Gross Depreciation	Net Appreciation (Depreciation)
Mutual Equity	$ 1,928,939,001	$ 628,783,044	$ 1,300,155,957
Mutual Fixed Income	126,372,989	270,642,392	(144,269,403)
International Stock	329,912,813	312,966,911	16,945,902
Real Estate	99,249,285	30,693,342	68,555,943

Commercial Mortgage	7,934,248	-	7,934,248
Private Investment	579,301,913	192,874,645	386,427,268

NOTE 5: FOREIGN EXCHANGE CONTRACTS

From time to time the International Stock, Mutual Fixed Income, and Private Investment Funds utilize foreign currency contracts to facilitate transactions in foreign securities and to manage the Funds' currency exposure. Contracts to buy are used to acquire exposure to foreign currencies, while contracts to sell are used to hedge the Funds' investments against currency fluctuations. Also, a contract to buy or sell can offset a previous contract. Losses may arise from changes in the value of the foreign currency or failure of the counterparties to perform under the contracts' terms.

The U. S. dollar value of forward foreign currency contracts is determined using forward currency exchange rates supplied by a quotation service.

Investing in forward currency contracts may increase the volatility of the Funds' performance. Price movements of currency contracts are influenced by, among other things, international trade, fiscal, monetary, and exchange control programs and policies; national and international political and economic events; and changes in worldwide interest rates. Governments from time to time intervene in the currency markets with the specific intent of influencing currency prices. Such intervention may cause certain currency prices to move rapidly. Additionally, the currency markets may be particularly sensitive to interest rate fluctuations.

At June 30, 2001, the Funds had recorded unrealized gains (losses) from open forward currency contracts as follows:

International Stock Fund:

Foreign Currency	Value	Unrealized Gain/(Loss)
Contracts to Buy:		
Australian Dollar	$ 3,667,141	$ (29,169)
Danish Krone	2,879,532	41,294
Euro Currency	197,716,939	(580,865)
Hong Kong Dollar	6,228,074	1,127
Indonesian Rupiah	150,189	(1,457)
Japanese Yen	40,200,874	(337,663)
New Zealand Dollar	311,801	(7,293)
Norwegian Krone	2,244,883	(6,975)
Pound Sterling	18,449,013	(86,930)
Singapore Dollar	523,178	(954)
South African Rand	412,089	(361)
Swedish Krona	13,132,160	(194,864)
Swiss Franc	6,474,495	(70,948)
	292,390,368	(1,275,058)
Contracts to Sell:		
Australian Dollar	40,820,533	119,887
Brazlian Real	15,585	63
Czech Krona	83,889	871
Danish Krone	17,500,117	537,780
Euro Currency	656,075,096	19,151,866
Hong Kong Dollar	19,494,388	(1,503)
Japanese Yen	482,278,549	7,934,168
Mexican Peso	9,340,000	(580,401)
New Zealand Dollar	2,946,871	49,145
Norwegian Krone	9,826,034	178,408
Pound Sterling	279,531,861	2,943,193
Singapore Dollar	12,450,341	36,416
Swedish Krona	38,434,070	1,068,522
Swiss Franc	69,198,506	1,752,809
	1,637,995,840	33,191,224
Total	$ 1,930,386,208	$ 31,916,166

Financial Statement Amounts:

	Receivable	Payable	Net
Amount In US Dollars	$ 1,930,386,208	$ 1,930,386,208	$ -
Unrealized Gain (Loss)	(1,275,058)	33,191,224	31,916,166
Net	$ 1,929,111,150	$ 1,897,194,984	$31,916,166

Mutual Fixed Income Fund:

Foreign Currency **Contracts to Buy:**	Value	Unrealized Gain/(Loss)
Canadian Dollar	$ 15,373,400	$ (47,012)
Euro Currency	36,336,617	1,404,708
New Zealand Dollar	3,319,061	170,974
Total	$ 55,029,078	$ 1,528,670

Financial Statement Amounts:

	Receivable	Payable	Net
Amount In US Dollars	$ 55,029,078	$ 55,029,078	$ -
Unrealized Gain (Loss)	-	1,528,670	1,528,670
Net	$ 55,029,078	$ 53,500,408	$ 1,528,670

The net unrealized gain has been included in the Statement of Operations as a component of Net Change in Unrealized Gain (Loss) on Investments.

NOTE 6: COMMITMENTS

In accordance with the terms of the individual investment agreements, the Private Investment Fund and the Real Estate Fund have outstanding commitments to make additional investments. These commitments will be fulfilled as suitable investment opportunities become available. Unfunded commitments at June 30, 2001, were as follows:

Fund	Total Commitment	Cumulative Amounts Funded	Unfunded Commitment
Real Estate	$ 365,000,000	$ 323,816,054	$ 41,183,946
Private Investment	3,191,051,466	2,573,229,657	617,821,809

NOTE 7: COST BASIS OF INVESTMENTS.

The aggregate cost values of investments in the Funds are as follows at June 30, 2001:

	CASH RESERVE FUND	MUTUAL EQUITY FUND	MUTUAL FIXED INCOME FUND	INTERNATIONAL STOCK FUND	REAL ESTATE FUND	COMMERCIAL MORTGAGE FUND	PRIVATE INVESTMENT FUND
Investments, at Cost							
Cash Reserve Fund	$ -	$ 81,783,426	$ 755,163,332	$ 106,926,726	$ 4,348,792	$ 4,046,731	$15,208,508
Cash Equivalents	625,313,715	-	40,943,832	2,796,584	-	-	-
Asset Backed Securities	469,683,808	-	188,636,451	-	-	-	-
Government Securities	-	-	1,198,694,518	-	-	-	-
Government Agency Securities	6,000,000	-	1,905,339,880	-	-	-	-
Mortgage Backed Securities	59,890,783	-	600,914,868	-	-	1,892,543	-
Corporate Debt	197,935,986	-	2,243,084,392	1,976,197	-	-	-
Convertible Securities	-	-	234,409,348	335,819	-	-	-
Common Stock	-	6,518,407,440	13,154,500	2,282,754,783	32,562,540	85,603,815	14,193,645
Preferred Stock	-	256,260	75,469,726	51,954,209	-	-	-
Real Estate Investment Trust	-	49,172,398	1,502,763	-	-	-	-
Mutual Fund	-	-	56,012,704	2,967,568	-	-	-
Limited Liability Corporation	-	-	-	-	-	-	66,995,175
Trusts	-	-	-	-	34,566,655	1,250,065	-
Limited Partnerships	-	-	49,737,937	-	294,937,606	-	2,118,750,679
Partnerships	-	-	-	-	-	-	-
Annuities	-	-	-	-	41,039,837	-	-
Total Investments, at Cost	$ 1,358,824,292	$ 6,649,619,524	$ 7,363,064,251	$ 2,449,711,886	$ 407,455,430	$ 92,793,154	$ 2,215,148,007

COMBINED INVESTMENT FUNDS

SUPPLEMENTAL SCHEDULE OF FINANCIAL HIGHLIGHTS

	MUTUAL EQUITY FISCAL YEAR ENDED JUNE 30,					PRIVATE INVESTMENT FISCAL YEAR ENDED JUNE 30,				
	2001	2000	1999	1998	1997	2001	2000	1999	1998	1997
PER SHARE DATA										
Net Asset Value- Beginning of Period	$909.17	$835.47	$708.74	$558.77	$434.79	$115.01	$81.40	$87.28	$86.79	$102.98
INCOME FROM INVESTMENT OPERATIONS										
Net Investment Income (Loss)	7.54	8.87	8.46	8.84	8.32	3.66	18.12	4.23	11.84	17.96
Net Gains or (Losses) on Securities										
(Both Realized and Unrealized)	(93.84)	74.23	127.32	148.87	123.88	(10.59)	24.17	(5.30)	4.29	(14.09)
Total from Investment Operations	(86.30)	83.10	135.78	157.71	132.20	(6.93)	42.29	(1.07)	16.13	3.87
LESS DISTRIBUTIONS										
Dividends from Net Investment Income	(8.38)	(9.40)	(9.05)	(7.74)	(8.22)	(4.12)	(8.68)	(4.81)	(15.64)	(20.06)
Net Asset Value - End of Period	$814.49	$909.17	$835.47	$708.74	$558.77	$103.96	$115.01	$81.40	$87.28	$86.79
TOTAL RETURN	**-9.55%**	**10.03%**	**19.38%**	**28.40%**	**30.74%**	**-6.25%**	**53.86%**	**-0.81%**	**18.55%**	**5.68%**
RATIOS										
Net Assets - End of Period ($000,000 Omitted)	$7,931	$8,853	$9,124	$7,736	$7,340	$2,607	$2,565	$1,186	$795	$542
Ratio of Expenses to Average Net Assets										
(excl. sec. lending fees & rebates)	0.38%	0.22%	0.27%	0.17%	0.13%	0.38%	0.48%	1.21%	0.55%	0.06%
Ratio of Expenses to Average Net Assets	0.58%	0.43%	0.57%	0.56%	0.63%	na	na	na	na	na
Ratio of Net Investment Income										
(Loss) to Average Net Assets	0.88%	1.01%	1.10%	1.42%	1.74%	3.38%	17.91%	5.28%	14.25%	17.65%

	INTERNATIONAL STOCK FISCAL YEAR ENDED JUNE 30,					MUTUAL FIXED INCOME FISCAL YEAR ENDED JUNE 30,				
	2001	2000	1999	1998	1997	2001	2000	1999	1998	1997
PER SHARE DATA										
Net Asset Value- Beginning of Period	$271.68	$228.93	$217.03	$216.52	$189.26	$108.38	$109.13	$113.15	$108.04	$104.20
INCOME FROM INVESTMENT OPERATIONS										
Net Investment Income (Loss)	4.50	3.26	5.29	3.54	2.78	7.81	8.01	6.79	8.65	7.47
Net Gains or (Losses) on Securities										
(Both Realized and Unrealized)	(40.14)	42.68	9.34	(0.17)	26.76	0.75	(1.44)	(4.44)	3.21	3.26
Total from Investment Operations	(35.64)	45.94	14.63	3.37	29.54	8.56	6.57	2.35	11.86	10.73
LESS DISTRIBUTIONS										
Dividends from Net Investment Income	(3.97)	(3.19)	(2.73)	(2.86)	(2.28)	(7.20)	(7.32)	(6.37)	(6.75)	(6.89)
Distributions from Capital Gains	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Asset Value - End of Period	$232.07	$271.68	$228.93	$217.03	$ 216.52	$109.74	$108.38	$109.13	$113.15	$108.04
TOTAL RETURN	**-13.29%**	**20.13%**	**6.77%**	**1.52%**	**15.67%**	**8.03%**	**5.77%**	**2.64%**	**10.52%**	**10.62%**
RATIOS										
Net Assets - End of Period ($000,000 Omitted)	$2,503	$2,930	$2,469	$2,438	$2,440	$6,586	$6,496	$6,170	$6,302	$4,250
Ratio of Expenses to Average Net Assets										
(excl. sec. lending fees & rebates)	0.40%	0.36%	0.24%	0.52%	0.65%	0.20%	0.16%	0.17%	0.16%	0.23%
Ratio of Expenses to Average Net Assets	1.44%	1.46%	1.27%	1.71%	1.62%	0.87%	0.71%	0.69%	0.61%	0.67%
Ratio of Net Investment Income										
(Loss) to Average Net Assets	1.79%	1.30%	1.98%	1.69%	1.45%	7.13%	6.79%	6.83%	7.09%	7.06%

	COMMERCIAL MORTGAGE FISCAL YEAR ENDED JUNE 30,					REAL ESTATE FISCAL YEAR ENDED JUNE 30,				
	2001	2000	1999	1998	1997	2001	2000	1999	1998	1997
PER SHARE DATA										
Net Asset Value- Beginning of Period	$73.17	$74.97	$77.12	$72.87	$71.67	$60.56	$59.48	$58.53	$54.06	$51.91
INCOME FROM INVESTMENT OPERATIONS										
Net Investment Income (Loss)	6.89	6.98	6.24	8.33	6.70	0.99	2.34	1.71	6.33	3.58
Net Gains or (Losses) on Securities										
(Both Realized and Unrealized)	0.52	(1.29)	(1.78)	5.01	0.66	7.54	3.00	0.03	8.60	1.62
Total from Investment Operations	7.41	5.69	4.46	13.34	7.36	8.53	5.34	1.74	14.93	5.20
LESS DISTRIBUTIONS										
Dividends from Net Investment Income	(7.67)	(7.49)	(6.61)	(9.09)	(6.16)	(5.78)	(4.26)	(0.79)	(10.46)	(3.05)
Net Asset Value - End of Period	$72.91	$73.17	$74.97	$77.12	$72.87	$63.31	$60.56	$59.48	$58.53	$54.06
TOTAL RETURN	**10.88%**	**8.26%**	**6.10%**	**17.71%**	**9.82%**	**14.45%**	**9.18%**	**9.96%**	**25.63%**	**10.69%**
RATIOS										
Net Assets - End of Period ($000,000 Omitted)	$101	$176	$237	$275	$328	$476	$510	$428	$417	$488
Ratio of Expenses to Average Net Assets										
(excl. sec. lending fees & rebates)	0.42%	0.39%	0.35%	0.32%	0.44%	32.00%	0.17%	0.42%	0.70%	0.70%
Ratio of Expenses to Average Net Assets	na	na	na	na	na	na	na	na	na	na
Ratio of Net Investment Income										
(Loss) to Average Net Assets	9.21%	9.22%	8.64%	9.43%	8.91%	2.26%	3.95%	6.65%	6.75%	5.86%

Source: Amounts were derived from custodial records.

SHORT-TERM INVESTMENT FUND

STATEMENT OF NET ASSETS
JUNE 30, 2001

	June 30, 2001
ASSETS	
Investment in Securities, at Amortized Cost (Note 8)	$ 4,558,496,679
Accrued Interest and Other Receivables	6,906,773
Prepaid Assets	50,090
TOTAL ASSETS	4,565,453,542
LIABILITIES	
Distribution Payable	14,741,778
Payable to Transfer Agent (Note 6)	577,176
Interest Payable	8,058
Other Liabilities	13,022
TOTAL LIABILITIES	15,340,034
NET ASSETS	$ 4,550,113,508
NET ASSETS CONSIST OF:	
Participant Units Outstanding($1.00 Par)	$ 4,512,477,061
Designated Surplus Reserve (Note 2)	37,636,447
TOTAL NET ASSETS	$ 4,550,113,508
Participant Net Asset Value, Offering Price and Redemption Price per share ($4,512,477,061 in Net Assets divided by 4,512,477,061 shares)	$ 1.00

See accompanying Notes to the Financial Statements.

SHORT-TERM INVESTMENT FUND

STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2001 AND JUNE 30, 2000

	For the Year Ended June 30, 2001	2000
Operations		
Interest Income	$ 255,114,298	$ 213,761,049
Interest Expense on Reverse Repurchase Agreements	(65,611)	-
Operating Expenses	(934,013)	(951,648)
Net Investment Income	254,114,674	212,809,401
Net Realized Gains	249,860	493,776
Net Increase in Net Assets Resulting from Operations	254,364,534	213,303,177
Distribution to Participants (Notes 2 & 7)		
Distributions to Participants	(250,388,829)	(210,142,470)
Total Distributions Paid and Payable	(250,388,829)	(210,142,470)
Share Transactions at Net Asset Value of $1.00 per Share		
Purchase of Units	12,278,364,281	10,664,235,963
Redemption of Units	(11,415,815,952)	(10,615,616,297)
Net Increase in Net Assets and Shares Resulting from Share Transactions	862,548,329	48,619,666
Total Increase in Net Assets	866,524,034	51,780,373
Net Assets		
Beginning of Year	3,683,589,474	3,631,809,101
End of Year	$ 4,550,113,508	$ 3,683,589,474

See accompanying Notes to the Financial Statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1: Introduction and Basis of Presentation

The Short-Term Investment Fund ("STIF" or the "Fund") is a money market investment pool managed by the Treasurer of the State of Connecticut. Sec. 3-27 of the Connecticut General Statutes (CGS) created STIF. Pursuant to CGS 3-27a - 3-27f, the State, municipal entities, and political subdivisions of the State are eligible to invest in the Fund. The State Treasurer is authorized to invest monies of STIF in United States government and agency obligations, certificates of deposit, commercial paper, corporate bonds, saving accounts, bankers' acceptances, repurchase agreements, asset-backed securities, and student loans. STIF is authorized to issue an unlimited number of units.

For State of Connecticut financial reporting purposes, STIF is considered to be a mixed investment pool – a pool having external and internal portions. The internal portion (i.e., the portion that belongs to participants that are part of the State's financial reporting entity) is not displayed in the State's combined financial statements. Instead, each fund type's investment in STIF is reported as "cash equivalents" in the combined balance sheet. The external portion (i.e., the portion that belongs to participants which are not part of the State's financial reporting entity) is recorded in an investment trust fund in the combined financial statements.

The Fund is considered a "2a7-like" pool and, as such, reports its investments at amortized cost (which approximates fair value). A 2a7-like pool is not necessarily registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940 that allows money market mutual funds to use amortized cost to report net assets.

Related Party Transactions.

STIF had no related party transactions during the fiscal year with the State of Connecticut and it's component units including leasing arrangements, the performance of administrative services and the execution of securities transactions.

Note 2: Summary of Significant Accounting Policies:

Financial Reporting Entity.

The Fund is a proprietary fund type. A proprietary fund is used to account for governmental activities that are similar to those found in the private sector where the determination of net income is necessary or useful to sound financial administration. The generally accepted accounting principles ("GAAP") used for proprietary funds are generally those applicable to similar businesses in the private sector. The Fund uses the accrual basis of accounting.

In accordance with Government Accounting Standards Board ("GASB") Statement Number 20 "Accounting and Financial Reporting for Proprietary Funds and other Governmental Entities that use Proprietary Fund Accounting", the Treasurer has elected to apply all GASB pronouncements as well as all Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions and Accounting Research Bulletins (ARB's), except those that conflict with GASB pronouncements. During fiscal year 1998, the Fund adopted the financial statement presentation and disclosure requirements of GASB 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools".

Security Valuation of Financial Instruments.

The assets of the Fund are carried at amortized cost (which approximates fair value). All premiums and discounts on securities are amortized or accreted on a straight line basis.

Security Transactions.

Purchases and sales of investments are recorded on a trade date basis. Gains and losses on investments are realized at the time of the sales and are calculated on the basis of an identified block or blocks of securities having an identified amortized cost. Bond cost is determined by identified lot.

Interest Income.

Interest income, which includes amortization of premiums and accretion of discounts, is accrued as earned.

Expenses.

Operating and interest expenses of STIF are accrued as incurred.

Fiscal Year.

The fiscal year of STIF ends on June 30. Prior to fiscal year 1997, STIF's fiscal year ended on May 31.

Distributions to Participants.

Distributions to participants are earned on units outstanding from date of purchase to date of redemption. Income is calculated daily based upon the actual earnings of the Fund net of administrative expenses and, if applicable, an allocation to the Designated Surplus Reserve. Distributions are paid monthly within two business days of the end of the month, and are based upon actual number of days in a year. Shares are sold and redeemed at a constant $1.00 net asset value per share, which is consistent with the per share net asset value of the Fund, excluding the Designated Surplus Reserve. Prior to December 1, 1996 distributions were based upon the actual number of days in the year at an interest rate established by the Treasurer on or before the first date of the month ("the guaranteed rate"). The interest distributions earned by participants were distributed within fifteen business days after the close of the periods ending on the last day of August and November.

Earnings Subject to Special Distribution.

In December 1996, a special distribution was paid to participants based upon net earnings of STIF less previously distributed quarterly payments and an allocation to the Designated Surplus Reserve. This special distribution was paid out in proportion to the total interest paid on the guaranteed rates since June 1, 1996. Following this special distribution, the method for computing distributions to participants after November 30, 1996 was changed, thereby eliminating future special distributions.

Designated Surplus Reserve.

While STIF is managed prudently to protect against losses from credit and market changes, the Fund is not insured or guaranteed by any government. Therefore, the maintenance of capital cannot be fully assured. In order to provide some protection to the shareholders of STIF from potential credit and market risks, the Treasurer has designated that a portion of each day's net earnings be transferred to the Designated Surplus Reserve (Reserve). Such amounts are restricted in nature and are not available for distribution to shareholders. In December 1996, a transfer was made to the Designated Surplus Reserve at the annualized rate of 0.1 percent of the average month-end investment balances for June through November 1996. Beginning December 1, 1996, the amount transferred daily to the Designated Surplus Reserve is equal to 0.1 percent of end of day investment balance divided by the actual number of days in the year. No transfer is to be made if the reserve account is equal to or greater than 1.0 percent of the daily investment balance. If net losses significant to the aggregate portfolio are realized, the Treasurer is authorized to transfer funds from the Reserve to Participant Units Outstanding.

As of June 30, 2001, the balance in the Designated Surplus Reserve was $37,636,446, an increase of $3,975,705 from the June 30, 2000 balance of $33,660,741.

Estimates.

The preparation of the financial statements in conformity with (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities in the financial statements as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounting Pronouncements.

In June 1998, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities," which establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. As issued, SFAS No. 133 was effective for fiscal years beginning after June 15, 1999. It requires that an entity recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. STIF does not designate a derivative as a hedging instrument and recognizes gains in the earnings period of change.

Although the effective implementation date of SFAS No. 133 was deferred by SFAS No. 137 until fiscal years beginning after June 15, 2000, and was again amended in June 2000 by the FASB issuing SFAS No. 138, STIF continues to meet the compliance requirement.

NOTE 3: INVESTMENT RISK CLASSIFICATION

STIF's investment practice is to invest all cash balances; as such, there was no uninvested cash at June 30, 2001. All certificates of deposit within the portfolio are considered negotiable instruments. The certificates of deposit and all other securities of STIF are registered under the State Street Bank nominee name, Pond, Tide & Co., for the State of Connecticut nominee name, Conn. STIF & Co., and held by a designated agent of the State.

All investments of STIF are classified in category 1 of the custodial credit risk defined by GASB Statement No. 3 "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements". Classification in category 1 means that the exposure of deposits or investments to potential custodial credit risk is low.

Category 1 includes investments which are insured or registered or for which the Treasurer or his agent in the Treasurer's name holds securities.

NOTE 4: CUSTODIAN

State Street Bank was appointed as custodian for STIF effective February 1, 1996. STIF pays fees to the custodian for transactions and accounting services at a fixed annual rate of $43,000.

NOTE 5: ADMINISTRATION

STIF is managed and administered by employees of the State of Connecticut Treasury. Salaries and fringe benefit costs as well as operating expenses are charged directly to the Fund.

NOTE 6: RECEIVABLE FROM OR PAYABLE TO TRANSFER AGENT

In an effort to invest all cash balances each day, estimates of participant purchase and sale activity are made. Occasionally, the timing of cash movements by participants may not exactly match the net activity of purchases and sales, resulting in a difference between investments held in securities relative to participants' net account value. As of June 30, 2001, STIF recorded a liability of $577,176, payable to the transfer agent, for investments purchased which did not match actual movements of cash by participants into the Fund.

NOTE 7: DISTRIBUTIONS TO PARTICIPANTS

The components of the distributions to participants are as follows for the income earned during the twelve months ended June 30:

Distributions:	2001	2000
July	$ 21,068,172	$ 15,369,550
August	25,325,394	18,626,337
September	24,965,829	18,327,219
October	24,109,511	17,962,446
November	20,453,180	16,080,280
December	19,429,983	16,350,536
January	22,627,719	17,113,994
February	20,656,552	18,204,877
March	20,629,174	18,276,157
April	18,723,246	17,371,981
May	17,658,291	18,674,115
June (Payable at June 30)	14,741,778	17,784,978
Total Distribution Paid & Payable	**$250,388,829**	**$210,142,470**

NOTE 8: INVESTMENTS IN SECURITIES

The following is a summary of investments in securities, at amortized cost and fair value as of June 30, 2001:

Investment	Amortized Cost	Fair Value
Securities-Backed Commercial Paper	$1,714,097,782	$1,714,848,555
Fully Supported Commercial Paper	969,851,020	970,335,068
Bank Notes	409,706,637	410,110,511
Certificates of Deposit	400,001,815	400,001,815
Receivable-Backed Commercial Paper	375,158,558	375,158,558
Corporate Notes	242,680,752	242,680,752
Federal Agency Securities	241,931,212	242,333,840
Multi-Backed Commercial Paper	187,306,547	187,306,547
Bankers Acceptances	9,839,667	9,839,670
Loan-Backed Commercial Paper	7,922,368	7,922,368
Liquidity Management Control System	321	321
TOTAL	$4,558,496,679	$4,560,538,005

Repurchase agreements are agreements to purchase securities from an entity for a specified amount of cash and to resell the securities to the entity at an agreed upon price and time. They are used to enhance returns with minimal risk on overnight cash deposits of the Fund. Such transactions are only entered into with primary government securities dealers who report directly to the Federal Reserve Bank of New York and commercial banks that meet certain quality standards. All repurchase agreements are collateralized at between 100 percent and 102 percent of the securities' value.

GASB Technical Bulletin Number 94-1 "Disclosures about Derivatives and Similar Debt and Investment Transactions" states that derivatives are generally defined as contracts whose value depends on, or derives from, the value of an underlying asset, reference rate, or index. At June 30, 2001, STIF held adjustable-rate federal agency, and bank notes whose interest rates vary directly with short-term money market indices and are reset daily, weekly, monthly, quarterly or semi-annually. According to GASB Technical Bulletin Number 94-1, these securities are derivatives. Such securities allow the Fund to earn higher interest rates as market rates increase, thereby increasing fund yields and protecting against the erosion of market values from rising interest rates. The adjustable-rate federal agency securities are rated AAA by a nationally-recognized credit rating agency. The bank notes are rated either A-1+ or A-1. All of the adjustable rate securities have similar exposures to credit and legal risks as fixed-rate securities from the same issuers.

NOTE 9: CREDIT RATING OF THE FUND

Throughout the year ended June 30, 2001, STIF was rated AAAm, its highest rating, by Standard and Poor's Corporation ("S&P"). In December 2000, following a review of the portfolio and STIF's investment policies, management and procedures, S&P reaffirmed STIF's AAAm rating. In order to maintain an AAAm rating, STIF adheres to the following guidelines:

- Weekly portfolio and market value calculations;
- Maintenance of credit quality standards for portfolio securities with at least 75% of such securities rated A-1+ or invested in overnight repurchase agreements with dealers or banks rated A-1;
- Ensuring adequate portfolio diversification standards with no more than 5% of the portfolio invested in an individual security and no more than 10% invested in an individual issuer, excluding one and two day repurchase agreements and U.S. government agency securities; and
- A limit on the overall portfolio weighted average maturity, (currently no more than 60 days).

It is the Treasurer's intention to take any and all such actions as are needed from time to time to maintain the AAAm rating.

SHORT-TERM INVESTMENT FUND

LIST OF INVESTMENTS AT JUNE 30, 2001

Par Value	Security (Coupon, Maturity or Reset Date)	Yield %	Amortized Cost	Fair Value	Asset ID	Quality Rating
BANKERS' ACCEPTANCES (0.22% of total investments)						
$10,000,000	First Union 3.70, 12/4/01	3.76	$9,839,667	$9,839,670	32099S004	A-1
$10,000,000	**TOTAL**		**$9,839,667**	**$9,839,670**		
CERTIFICATES OF DEPOSIT (8.77% of total investments)						
$50,000,000	CitiBank 4.23, 8/1/01	4.23	$50,000,000	$50,000,000	17303W008	A-1+
50,000,000	CitiBank 4.24, 8/2/01	4.24	50,000,000	50,000,000	17303W008	A-1+
50,000,000	CitiBank 4.00, 8/15/01	4.00	50,000,000	50,000,000	17303W008	A-1+
50,000,000	CitiBank 3.94, 8/21/01	3.94	50,000,000	50,000,000	17303W008	A-1+
50,000,000	Commerzbank 4.03, 8/15/01	4.03	50,000,000	50,000,000	20259V008	A-1+
50,000,000	Commerzbank 4.03, 8/15/01	4.03	50,000,000	50,000,000	20259V008	A-1+
100,000,000	Union Bank of Switzerland 4.015, 8/14/01	3.98	100,001,815	100,001,815	90261E005	A-1+
$400,000,000	**TOTAL**		**$400,001,815**	**$400,001,815**		
BANK NOTES (8.99% of total investments)						
$50,000,000	Banc One 4.12, 5/10/04	4.05	$50,000,000	$50,094,000	06423EMD4	A-1
50,000,000	BankAmerica 4.03, 9/6/01	3.85	50,000,000	50,016,000	06050TCE0	A-1+
25,000,000	Fleet Bank 4.25, 8/10/01	3.85	25,000,000	25,011,000	33901MHB1	A-1
25,000,000	Fleet Bank 4.32, 9/27/01	4.01	25,000,000	25,019,250	33901MJV5	A-1
3,755,000	Fleet Bank 3.90, 7/31/02	3.83	3,753,225	3,757,779	33901MMV1	A-1
10,000,000	Fleet Bank 4.59, 8/2/02	4.39	10,000,000	10,026,100	33901MEP3	A-1
15,000,000	Fleet Bank 4.59, 8/2/02	4.39	15,000,000	15,039,150	33901MEP3	A-1
50,000,000	National City Bank 4.02, 11/7/02	3.97	49,987,263	50,032,000	634902FP0	A-1
25,000,000	National City Bank 4.02, 11/7/02	3.97	24,996,777	25,023,000	634902FU9	A-1
50,000,000	National City Bank 4.02, 11/7/02	3.97	49,993,555	50,046,000	634902FU9	A-1
50,000,000	National City Bank 4.00, 1/13/03	3.97	49,985,492	50,022,000	634906AM3	A-1
50,000,000	National City Bank 4.00, 1/13/03	3.97	49,989,118	50,022,000	634906AM3	A-1
6,000,000	NationsBank 4.34, 7/27/01	4.34	6,001,207	6,002,232	63858JEC9	A-1+
$409,755,000	**TOTAL**		**$409,706,637**	**$410,110,511**		
FULLY-SUPPORTED COMMERCIAL PAPER (21.28% of total investments)						
$50,000,000	Ariesone Metafolio Corp 4.03, 7/5/01	4.03	$49,977,611	$49,977,611	04037L003	A-1
50,000,000	Ariesone Metafolio Corp 4.03, 7/5/01	4.03	49,977,611	49,977,611	04037L003	A-1
34,606,000	Ariesone Metafolio Corp 4.03, 7/5/01	4.03	34,590,504	34,590,504	04037L003	A-1
50,000,000	CXC Inc 4.28, 7/9/01	4.28	49,952,444	49,952,444	12672L006	A-1+
13,400,000	CXC Inc 4.28, 7/9/01	4.28	13,387,255	13,387,255	12672L006	A-1+
51,000,000	CXC Inc 4.27, 7/11/01	4.28	50,939,508	50,939,508	12672L006	A-1+
75,000,000	CXC Inc 4.25, 7/17/01	4.26	74,858,333	74,858,333	12672L006	A-1+
1,750,000	CXC Inc 4.02, 8/27/01	4.05	1,738,861	1,738,861	12672L006	A-1+
10,000,000	Enterprise Funding 3.99, 7/31/01	4.00	9,966,750	9,966,750	29371J009	A-1+
25,000,000	Enterprise Funding 3.68, 9/28/01	3.71	24,772,556	24,772,550	29371J009	A-1+
35,000,000	Exelsior Inc 4.00, 7/9/01	4.00	34,968,889	34,968,889	30161T009	A-1+
65,000,000	Exelsior Inc 4.00, 7/10/01	4.00	64,935,000	64,935,000	30161T009	A-1+
408,000	Exelsior Inc 5.03, 7/11/01	5.04	407,430	407,430	30161T009	A-1+
1,500,000	Forrestal Funding 3.75, 8/24/01	3.77	1,491,563	1,491,563	34599W006	A-1+
5,787,000	Intrepid Funding 3.75, 8/24/01	3.77	5,754,448	5,754,448	4611W3009	A-1+
20,000,000	KittyHawk Funding 4.29, 7/2/01	4.29	19,997,617	19,997,617	49833M002	A-1+
50,000,000	KittyHawk Funding 4.05, 7/13/01	4.06	49,932,500	49,932,500	49833M002	A-1+
20,041,000	KittyHawk Funding 4.05, 7/13/01	4.06	20,013,945	20,013,945	49833M002	A-1+
22,352,000	KittyHawk Funding 3.72, 10/19/01	3.76	22,097,932	22,097,925	49833M002	A-1+
50,000,000	KZH-KMS Corp 4.02, 7/12/01	4.02	49,938,583	49,938,583	4827U3603	A-1+
50,000,000	KZH-KMS Corp 4.02, 7/12/01	4.02	49,938,583	49,938,583	4827U3603	A-1+
28,632,000	KZH-KMS Corp 4.02, 7/12/01	4.02	28,596,830	28,596,830	4827U3603	A-1+
25,088,000	Old Slip Funding 4.02, 7/2/01	4.02	25,085,199	25,085,199	68028T002	A-1+
25,205,000	Old Slip Funding 3.70, 9/28/01	3.73	24,974,444	24,974,450	68028T002	A-1+
50,000,000	Steamboat Funding 3.83, 7/10/01	3.83	49,952,125	49,952,125	85788L003	A-1+
28,399,000	Steamboat Funding 3.83, 7/10/01	3.83	28,371,808	28,371,808	85788L003	A-1+
50,000,000	Steamboat Funding 3.75, 7/19/01	3.76	49,906,250	49,906,250	85788L003	A-1+
35,635,000	Steamboat Funding 3.75, 7/19/01	3.76	35,568,184	35,568,184	85788L003	A-1+
48,405,000	Tulip Funding 3.70, 11/8/01	3.75	47,758,255	48,242,311	89929T008	A-1+
$972,208,000	**TOTAL**		**$969,851,020**	**$970,335,068**		
LOAN-BACKED COMMERCIAL PAPER (0.17% of total investments)						
$307,000	Sweetwater Capital 5.00, 7/23/01	5.02	$306,062	$306,062	87047N002	A-1+
7,348,000	Sweetwater Capital 4.27, 7/26/01	4.28	7,326,211	7,326,211	87047N002	A-1+

SHORT-TERM INVESTMENT FUND

LIST OF INVESTMENTS AT JUNE 30, 2001 (Continued)

Par Value	Security (Coupon, Maturity or Reset Date)	Yield %	Amortized Cost	Fair Value	Asset ID	Quality Rating
292,000	Sweetwater Capital 4.35, 8/24/01	4.38	290,095	290,095	87047N002	A-1+
$7,947,000	**TOTAL**		**$7,922,368**	**$7,922,368**		
MULTI-BACKED COMMERCIAL PAPER (4.11% of total investments)						
$6,352,000	Amstel Funding 4.02, 7/3/01	4.02	$6,350,581	$6,350,581	03218R003	A-1+
50,000,000	Amstel Funding 4.00, 7/10/01	4.00	49,950,000	49,950,000	03218R003	A-1+
25,000,000	Amstel Funding 4.00, 7/10/01	4.00	24,975,000	24,975,000	03218R003	A-1+
50,000,000	Amstel Funding 4.02, 8/16/01	4.04	49,743,167	49,743,167	03218R003	A-1+
20,221,000	Best Funding 4.21, 8/7/01	4.23	20,133,505	20,133,505	08652L008	A-1+
29,526,000	Tasman Funding 4.07, 7/6/01	4.07	29,509,310	29,509,310	87651T006	A-1+
6,651,000	Tasman Funding 4.07, 7/9/01	4.07	6,644,985	6,644,985	87651T006	A-1+
$187,750,000	**TOTAL**		**$187,306,547**	**$187,306,547**		
RECEIVABLE-BACKED COMMERCIAL PAPER (8.23% of total investments)						
$58,713,000	ABSC Capital Corp 4.01, 7/9/01	4.01	$58,660,680	$58,660,680	0007T2000	A-1+
22,792,000	ABSC Capital Corp 4.02, 7/9/01	4.02	22,771,639	22,771,639	0007T2000	A-1+
35,000,000	ABSC Capital Corp 3.99, 7/12/01	3.99	34,957,329	34,957,329	0007T2000	A-1+
75,000,000	ABSC Capital Corp 4.72, 7/12/01	4.73	74,891,833	74,891,833	0007T2000	A-1+
30,000,000	ABSC Capital Corp 4.72, 7/12/01	4.73	29,956,733	29,956,733	0007T2000	A-1+
27,019,000	ABSC Capital Corp 4.73, 7/12/01	4.74	26,979,950	26,979,950	0007T2000	A-1+
35,000,000	ABSC Capital Corp 3.74, 8/9/01	3.76	34,858,192	34,858,192	0007T2000	A-1+
50,000,000	Black Forest 4.05, 7/3/01	4.05	49,988,750	49,988,750	09203L000	A-1
4,462,000	Eagle Funding 4.27, 7/27/01	4.28	4,448,240	4,448,240	27003K006	A-1
34,000,000	Mont Blanc Capital Corp 4.00, 7/13/01	4.01	33,954,667	33,954,667	6117P5008	A-1+
3,700,000	Windmill Funding 4.00, 7/24/01	4.01	3,690,544	3,690,544	97342J002	A-1+
$375,686,000	**TOTAL**		**$375,158,558**	**$375,158,558**		
SECURITIES-BACKED COMMERCIAL PAPER (37.60% of total investments)						
$3,356,000	Bavaria Finance Funding 4.31, 7/9/01	4.31	$3,352,786	$3,352,786	0717K2003	A-1
10,340,000	Certain Funding Corp 4.27, 7/25/01	4.28	10,310,565	10,310,565	15687L002	A-1+
7,500,000	Certain Funding Corp 4.28, 7/25/01	4.29	7,478,600	7,478,600	15687L002	A-1+
2,195,000	Certain Funding Corp 4.10, 7/26/01	4.11	2,188,750	2,188,750	15687L002	A-1+
6,735,000	Certain Funding Corp 4.28, 7/26/01	4.29	6,714,982	6,714,982	15687L002	A-1+
2,540,000	Certain Funding Corp 4.10, 7/30/01	4.11	2,531,611	2,531,611	15687L002	A-1+
9,000,000	Certain Funding Corp 4.22, 8/1/01	4.24	8,967,295	8,967,295	15687L002	A-1+
4,000,000	Certain Funding Corp 4.22, 8/1/01	4.24	3,985,464	3,985,464	15687L002	A-1+
13,413,000	Declaration Funding 4.03, 7/13/01	4.04	13,394,982	13,394,982	24357M001	A-1
50,000,000	Declaration Funding 4.03, 7/13/01	4.04	49,932,833	49,932,833	24357M001	A-1
50,000,000	Declaration Funding 4.03, 7/13/01	4.04	49,932,833	49,932,833	24357M001	A-1
33,457,000	Declaration Funding 3.90, 9/19/01	3.93	33,167,039	33,167,028	24357M001	A-1
22,000,000	Declaration Funding 3.67, 10/18/01	3.71	21,755,537	21,755,558	24357M001	A-1
25,000,000	Moriarty LTD 3.67, 10/22/01	3.71	24,712,007	24,712,000	61761U005	A-1+
35,000,000	Perry Funding 4.04, 7/24/01	4.05	34,909,661	34,909,661	7146K2008	A-1+
10,000,000	Sunflower Funding 4.01, 7/12/01	4.01	9,987,747	9,987,747	8673P2005	A-1+
10,000,000	Sunflower Funding 4.00, 7/13/01	4.01	9,986,667	9,986,667	8673P2005	A-1+
22,000,000	Trainer Wortham 4.36, 7/11/01	4.37	21,973,356	21,973,356	89288L000	A-1+
38,000,000	Trainer Wortham 4.36, 7/12/01	4.37	37,949,376	37,949,376	89288L000	A-1+
19,000,000	Trainer Wortham 4.02, 8/3/01	4.03	18,929,985	18,929,985	89288L000	A-1+
40,000,000	Trainer Wortham 4.03, 8/10/01	4.05	39,820,889	39,820,889	89288L000	A-1+
20,000,000	Trainer Wortham 3.99, 8/23/01	4.01	19,882,517	19,882,517	89288L000	A-1+
9,018,000	Westway Funding I 4.035, 7/19/01	4.04	8,999,806	8,999,806	96168U000	A-1+
54,369,000	Westway Funding I 4.27, 7/26/01	4.28	54,207,781	54,207,781	96168U000	A-1+
45,600,000	Westway Funding I 4.28, 7/26/01	4.29	45,464,467	45,464,467	96168U000	A-1+
32,830,000	Westway Funding I 4.22, 8/9/01	4.24	32,679,912	32,679,912	96168U000	A-1+
4,500,000	Westway Funding I 3.85, 9/13/01	3.93	4,464,388	4,463,973	96168U000	A-1+
4,500,000	Westway Funding I 3.895, 9/13/01	3.93	4,463,971	4,463,973	96168U000	A-1+
50,000,000	Westway Funding I 3.66, 10/18/01	3.70	49,445,917	49,945,950	96168U000	A-1+
23,000,000	Westway Funding I 3.66, 10/18/01	3.70	22,745,122	22,975,137	96168U000	A-1+
10,695,000	Westway Funding II 4.035, 7/16/01	4.04	10,677,019	10,677,019	96169L009	A-1+
50,000,000	Westway Funding II 4.035, 7/16/01	4.04	49,915,938	49,915,938	96169L009	A-1+
13,863,000	Westway Funding II 4.27, 7/26/01	4.28	13,821,892	13,821,892	96169L009	A-1+
36,500,000	Westway Funding II 4.28, 7/26/01	4.29	36,391,514	36,391,514	96169L009	A-1+
2,650,000	Westway Funding II 4.22, 8/9/01	4.24	2,637,885	2,637,885	96169L009	A-1+
46,953,000	Westway Funding III 4.035, 7/18/01	4.04	46,863,535	46,863,535	9616W2005	A-1+
50,000,000	Westway Funding III 4.035, 7/18/01	4.04	49,904,729	49,904,729	9616W2005	A-1+

SHORT-TERM INVESTMENT FUND

LIST OF INVESTMENTS AT JUNE 30, 2001 (Continued)

Par Value	Security (Coupon, Maturity or Reset Date)	Yield %	Amortized Cost	Fair Value	Asset ID	Quality Rating
70,000,000	Westway Funding III 4.27, 7/26/01	4.28	69,792,431	69,792,431	9616W2005	A-1+
14,052,000	Westway Funding III 4.28, 7/26/01	4.29	14,010,234	14,010,234	9616W2005	A-1+
12,393,000	Westway Funding III 4.22, 8/9/01	4.24	12,336,343	12,336,343	9616W2005	A-1+
12,034,000	Westway Funding III 3.94, 8/28/01	3.97	11,957,611	11,957,611	9616W2005	A-1+
75,983,000	Westway Funding III 3.84, 9/10/01	3.87	75,407,555	75,407,581	9616W2005	A-1+
23,500,000	Westway Funding III 3.85, 9/13/01	3.88	23,314,024	23,314,045	9616W2005	A-1+
28,423,000	Westway Funding III 3.895, 9/19/01	3.59	28,176,983	28,198,089	9616W2005	A-1+
60,556,000	Westway Funding IV 4.00, 7/13/01	4.01	60,475,259	60,475,259	9616R3009	A-1+
50,000,000	Westway Funding IV 4.035, 7/19/01	4.04	49,899,125	49,899,125	9616R3009	A-1+
23,609,000	Westway Funding IV 4.035, 7/19/01	4.04	23,561,369	23,561,369	9616R3009	A-1+
2,755,000	Westway Funding IV 4.27, 7/25/01	4.28	2,747,157	2,747,157	9616R3009	A-1+
25,320,000	Westway Funding IV 4.22, 8/9/01	4.24	25,204,245	25,204,245	9616R3009	A-1+
50,000,000	Westway Funding IV 4.22, 8/9/01	4.24	49,771,417	49,771,417	9616R3009	A-1+
50,000,000	Westway Funding IV 4.22, 8/9/01	4.24	49,771,417	49,771,417	9616R3009	A-1+
10,000,000	Westway Funding IV 3.75, 8/10/01	3.77	9,958,333	9,958,333	9616R3009	A-1+
9,553,000	Westway Funding IV 3.74, 8/28/01	3.76	9,495,438	9,495,438	9616R3009	A-1+
19,944,000	Westway Funding IV 3.85, 9/13/01	3.88	19,786,165	19,786,163	9616R3009	A-1+
48,100,000	Westway Funding V 4.035, 7/17/01	4.04	48,013,741	48,013,741	9616X3002	A-1+
50,000,000	Westway Funding V 4.035, 7/17/01	4.04	49,910,333	49,910,333	9616X3002	A-1+
50,000,000	Westway Funding V 4.035, 7/17/01	4.04	49,910,333	49,910,333	9616X3002	A-1+
98,807,000	Westway Funding V 4.27, 7/25/01	4.28	98,525,729	98,525,729	9616X3002	A-1+
7,000,000	Westway Funding V 4.28, 7/26/01	4.29	6,979,194	6,979,194	9616X3002	A-1+
13,274,000	Westway Funding V 4.22, 8/9/01	4.24	13,213,316	13,213,316	9616X3002	A-1+
15,000,000	Westway Funding V 3.75, 8/10/01	3.77	14,937,500	14,937,500	9616X3002	A-1+
32,676,000	Westway Funding V 3.895, 9/19/01	3.93	32,393,171	32,393,157	9616X3002	A-1+
$1,720,993,000	**TOTAL**		**$1,714,097,782**	**$1,714,848,556**		
FEDERAL AGENCY SECURITIES (5.31% of total investments)						
$22,000,000	Sallie Mae 3.95, 10/24/01	3.75	$21,997,501	$22,011,440	86387SAA8	AAA
50,000,000	Sallie Mae 3.96, 10/10/02	3.85	49,982,004	50,066,000	86387R7G1	AAA
50,000,000	Sallie Mae 3.97, 10/18/02	3.85	49,981,696	50,075,000	86387R7J5	AAA
50,000,000	Sallie Mae 3.97, 10/18/02	3.85	49,981,696	50,075,000	86387R7J5	AAA
50,000,000	Sallie Mae 3.97, 3/28/03	3.88	49,991,654	50,076,000	86387SBF6	AAA
20,000,000	Sallie Mae 3.97, 3/28/03	3.88	19,996,661	20,030,400	86387SBF6	AAA
$242,000,000	**TOTAL**		**$241,931,212**	**$242,333,840**		
CORPORATE NOTES (5.32% of total investments)						
$22,170,000	Centex Home Mortgage 4.50, 7/2/01	4.50	$22,167,229	$22,167,229	1523AS008	A-1+
25,000,000	Centex Home Mortgage 4.50, 7/2/01	4.50	24,996,875	24,996,875	1523AS008	A-1+
6,680,000	Harwood Street Funding 4.50, 7/2/01	4.50	6,679,165	6,679,165	41801EO01	A-1+
30,000,000	Principal Residential Mortgage 4.30, 8/21/01	4.33	29,817,250	29,817,250	74253V001	A-1+
50,000,000	Principal Residential Mortgage 4.30, 8/21/01	4.33	49,695,417	49,695,417	74253V001	A-1+
50,000,000	Principal Residential Mortgage 4.30, 8/21/01	4.33	49,695,417	49,695,417	74253V001	A-1+
60,000,000	Principal Residential Mortgage 4.36, 8/21/01	4.39	59,629,400	59,629,400	74253V005	A-1+
$243,850,000	**TOTAL**		**$242,680,752**	**$242,680,752**		
LIQUIDITY MANAGEMENT CONTROL SYSTEM (0.00% of total investments)						
$321	LMCS		$321	$321	536991003	A-1
$321	**TOTAL**		**$321**	**$321**		
$4,570,189,321	**TOTAL INVESTMENT IN SECURITIES**		**$4,558,496,679**	**$4,560,538,005**		

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INDEPENDENT ACCOUNTANTS' REPORT

Treasurer of the State of Connecticut
Hartford, Connecticut

We have examined the accompanying Schedules of Rates of Return for the Connecticut State Treasurer's Short-Term Investment Fund (the "Schedules") appearing on pages F-32 to F-35 of the State of Connecticut Fiscal Year 2001 Annual Report of the Treasurer managed by the Treasurer of the State of Connecticut for each of the quarterly and annual investment periods from July 1, 1992 through June 30, 2001. The Schedules are the responsibility of the Connecticut State Treasurer's Short-Term Investment Fund's management. Our responsibility is to express an opinion on the Schedules based on our examinations.

Our examinations were conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining on a test basis, evidence supporting the Schedules and performing such other procedures as we considered necessary in the circumstances (for a Level II verification as defined under the AIMR-PPS). We believe that our examinations provide a reasonable basis for our opinion.

In our opinion, such Schedules present fairly the rates of return for the composite of the Connecticut State Treasurer's Short-Term Investment Fund managed by the Treasurer of the State of Connecticut for each of the quarterly and annual investment periods from July 1, 1992 to June 30, 2001, in all material respects, in accordance with the measurement and disclosure criteria set forth in Notes 2 and 3 to the Schedules.

We did not examine the rates of return for the Connecticut State Treasurer's Short-Term Investment Fund for each of the quarterly and annual investment period from July 1, 1991 to June 30, 1992, which are included in the Schedules and, accordingly, we express no opinion or any other form of assurance on them.

Deloitte + Touche LLP

September 24, 2001

Deloitte
Touche
Tohmatsu

SHORT-TERM INVESTMENT FUND

SCHEDULE OF ANNUAL RATES OF RETURN

	Year Ended June 30,									
	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992*
STIF Total Rate of Return (%)	6.11	6.01	5.37	5.82	5.66	5.95	5.62	3.63	3.95	5.74
IBC First Tier Institutions-Only Money Fund Report Index (%) (1)	5.74	5.58	5.04	5.49	5.27	5.44	5.31	3.08	3.03	4.62
Total Assets in STIF, End of Period ($ - Millions)	4,565	3.701	3,646	3,190	2,527	2,014	1,495	1,830	1,787	1,835
Percent of Firm Assets	71	71	71	70	73	68	58	67	66	73
Number of Participant Accounts in Composite, End of Year	897	800	782	654	644	590	563	510	424	390

* Rates of return for fiscal years ended June 30, 1992 have not been examined by Deloitte & Touche LLP.

(1)Represents IBC First Tier Institutions-Only Money Fund Report Index prior to December 31, 1995 and IBC First Tier Institutions-Only Rated Money Fund Report Index for the period January 1, 1996 through June 30, 2001. These Index rates have been taken from published sources and have not been examined by Deloitte & Touche LLP.

See Notes to Schedules of Rates of Return.

SHORT-TERM INVESTMENT FUND

SCHEDULE OF QUARTERLY RATES OF RETURN

FISCAL YEAR	Rate of Return(%)	IBC First Tier Institutions-Only Rated Money Fund Report Index(%)(1)
2001		
Sep-00	1.69	1.58
Dec-00	1.70	1.58
Mar-01	1.45	1.39
Jun-01	1.14	1.06
YEAR	**6.11**	**5.74**
2000		
Sep-99	1.33	1.23
Dec-99	1.46	1.33
Mar-00	1.48	1.40
Jun-00	1.60	1.51
YEAR	**6.01**	**5.58**
1999		
Sep-98	1.42	1.34
Dec-98	1.37	1.26
Mar-99	1.24	1.19
Jun-99	1.23	1.16
YEAR	**5.37**	**5.04**
1998		
Sep-97	1.43	1.34
Dec-97	1.45	1.36
Mar-98	1.41	1.35
Jun-98	1.40	1.34
YEAR	**5.82**	**5.49**
1997		
Sep-96	1.40	1.28
Dec-96	1.36	1.28
Mar-97	1.37	1.28
Jun-97	1.40	1.33
YEAR	**5.66**	**5.27**

FISCAL YEAR	Rate of Return(%)	IBC First Tier Institutions-Only Rated Money Fund Report Index(%)(1)
1996		
Sep-95	1.54	1.40
Dec-95	1.54	1.38
Mar-96	1.42	1.29
Jun-96(2)	1.33	1.26
YEAR	**5.95**	**5.44**
1995		
Sep-94	1.16	1.07
Dec-94	1.31	1.25
Mar-95	1.58	1.43
Jun-95(2)	1.46	1.46
YEAR	**5.62**	**5.31**
1994		
Sep-93	0.86	0.71
Dec-93	0.90	0.72
Mar-94	0.95	0.74
Jun-94(2)	0.87	0.88
YEAR	**3.63**	**3.08**
1993		
Sep-92	1.09	0.81
Dec-92	0.97	0.75
Mar-93	0.96	0.73
Jun-93(2)	0.87	0.70
YEAR	**3.95**	**3.03**
1992*		
Sep-91	1.62	1.37
Dec-91	1.60	1.23
Mar-92	1.23	1.01
Jun-92(2)	1.17	0.93
YEAR	**5.74**	**4.62**

* Rates of return for the fiscal year ended June 30, 1992 have not been examined by Deloitte & Touche LLP.

(1) Represents IBC First Tier Institutions-Only Money Fund Report Index prior to December 31, 1995 and IBC First Tier Institutions-Only Rated Money Fund Report Index for the period January 1, 1996 through June 30, 2001. These Index rates have been taken from published sources and have not been examined by Deloitte & Touche LLP.

(2) Includes the annual allocation to the Designated Surplus Reserve (See Note 4).

See the accompanying Notes to the Schedules of Rates of Return.

NOTES TO SCHEDULES OF RATES OF RETURN FOR THE 10 YEAR INVESTMENT PERIOD JULY 1, 1991 THROUGH JUNE 30, 2001

NOTE 1: ORGANIZATION

The Connecticut State Treasury Short-Term Investment Fund ("STIF" or the "Fund") was created by Sec. 3-27 of the Connecticut General Statutes as an investment vehicle restricted for use by the State, State agencies and authorities, State municipalities and other political subdivisions of the State only. STIF is a fully discretionary money market investment pool managed by the Connecticut State Treasury ("Treasury") as a single composite. STIF's objective is to provide as high a level of current income as is consistent with safety of principal and liquidity to meet participants' daily cash flow requirements. During the 2001 fiscal year, STIF's portfolio averaged $4.3 billion.

NOTE 2: PERFORMANCE RESULTS

STIF has prepared and presented this report in compliance with the Performance Presentation Standards of the Association for Investment Management and Research (AIMR-PPS) for the period July 1, 1991 through June 30, 2001. AIMR has not been involved with the preparation or review of this report. The performance presentation for the period July 1, 1992 through June 30, 2001 has been subject to a Level II verification in accordance with AIMR standards by an independent public accounting firm whose report is included herein. The performance presentation for all other periods presented is not included within the scope of the independent accountants' report. For the purposes of compliance with AIMR performance presentation standards, the Treasury has defined the "Firm" as the funds under the control of the State Treasurer, State agencies and State authorities for which the Treasury has direct investment management responsibilities.

Results are net of all operating expenses, and as STIF is managed by employees of the Treasury, no advisory fees are paid.

NOTE 3: CALCULATION OF RATES OF RETURN

STIF uses a time-weighted linked rate of return formula to calculate rates of return. This method is in accordance with the acceptable methods set forth by the Association for Investment Management and Research. Other methods may produce different results and the results for individual participants and different periods may vary. The current rates of return may not be indicative of future rates of return.

The time-weighted linked rate of return formula used by STIF is as follows: After December 1, 1996 monthly returns were calculated by taking the sum of daily income earned on an accrual basis, after deduction for all operating expenses and a transfer to the Designated Surplus Reserve, divided by the average daily participant balance for the month. From July through November 1996, monthly income earned on an accrual basis, after deduction for all operating expenses, was divided by the average daily participant balance for the month multiplied by the actual number of days in the year divided by the actual number of days in the month. In addition, income reported in November was reduced by a transfer to the Designated Surplus Reserve which impacted November's monthly return. The monthly returns for the entire quarter and fiscal year were linked to calculate the respective rates of return.

Prior to July 1, 1996, the same methodology as described for July through November 1996 was used with the exception of the transfer to the Designated Surplus Reserve, which affected May returns. Prior to fiscal year ended June 30, 1995, 360 days rather than actual days in the year was used. Each of the monthly composite rates of returns were then linked to compute the quarterly rate of return and the quarterly rates of return were linked to calculate the annual rate of return.

The changes, as described above, had no significant impact on the quarterly and annual rates of return reported herein.

The rates of return presented herein are those earned by the Fund during the periods presented as described above. Actual distributions to participants through November 30, 1996 were made on a quarterly basis based upon specific guaranteed rates as periodically determined by the Treasury. Any excess earnings over the previously distributed amounts and the required allocation to the Designated Surplus Reserve were distributed as a special distribution (See Earnings Subject to Special Distribution in STIF Notes to Financial Statements).

NOTES TO SCHEDULES OF RATES OF RETURN (Continued)
FOR THE 10 YEAR INVESTMENT PERIOD JULY 1, 1991 THROUGH JUNE 30, 2001

NOTE 4: DESIGNATED SURPLUS RESERVE

In order to provide some protection to the shareholders of STIF from potential credit and market risks, the Treasurer has designated that a portion of each day's net earnings be transferred to the Designated Surplus Reserve (Reserve). Such amounts are restricted in nature and are not available for current distribution to shareholders. In December 1996, a transfer was made to the Designated Surplus Reserve at the annualized rate of 0.1 percent of the average month-end investment balances for June through November 1996. Beginning December 1, 1996, the amount transferred daily to the Designated Surplus Reserve is equal to 0.1 percent of end of day investment balance divided by the actual number of days in the year. As of June 30, 2001, the balance in the Designated Surplus Reserve was $37,636,446, an increase of $3,975,705 from the June 30, 2000 balance of $33,660,741.

No transfer is to be made if the reserve account is equal to or greater than 1.0 percent of the daily investment balance. If net losses significant to the aggregate portfolio are realized, the Treasurer is authorized to transfer funds from the Reserve to Participant Units Outstanding. There have been no charges against this reserve during the 29 year history of the Fund.

NOTE 5: ADDITIONAL DISCLOSURES

These results solely reflect the performance of STIF. The Fund's principal investment officer has been the portfolio manager since 1983 encompassing the entire investment period presented.

Benchmark information presented in the Schedules of Rates of Return was obtained from published sources which are believed to be reliable. Such information is supplemental and is not covered by the independent accountants' report.

STIF does not make significant use of leverage. The only leverage employed by the Fund is the occasional use of reverse repurchase agreements. These agreements, which are limited by policy to no more than 5 percent of total Fund assets, are used only to meet temporary liquidity requirements of the Fund.

STIF had accounted for security purchases and sales on a settlement date basis for periods prior to February 1, 1996. Since that date, the Fund has accounted for all security purchases and sales on a trade date basis. Because the Fund purchases short term investments whose market values do not fluctuate significantly and since all investments are accounted for on an amortized cost basis, the difference between the trade and settlement date bases has no significant impact on the performance reported herein.

CIVIL LIST PENSION AND TRUST FUNDS

SCHEDULE OF CASH AND INVESTMENTS, BALANCES AND ACTIVITY (at Fair Value)
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	Teachers' Retirement	State Employees' Retirement	Municipal Employees' Retirement	Probate Court Retirement	Judges' Retirement	State's Attorneys' Retirement	Soldiers Sailors & Marines Fund	Arts Endowment Fund	Police & Firemen's Survivor's Fund
Cash and Investment Balances at June 30, 2001:									
Cash	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Income Receivable	922,496	343,774	155,333	9,796	21,084	332	337	3,848	17,103
Interest in Investment Funds	11,203,966,581	7,785,125,999	1,297,727,524	66,678,879	135,740,148	732,869	57,510,479	13,713,123	17,771,114
Total Cash and Investments	$11,204,889,077	$7,785,469,773	$1,297,882,857	$66,688,675	$135,761,232	$733,201	$57,510,816	$13,716,971	$17,788,217
Schedule of Activity:									
Cash and Investments at July 1, 2000	$11,941,603,603	$8,285,387,069	$1,373,369,230	$70,772,386	$141,227,033	$903,259	$57,517,331	$12,443,734	$18,080,369
Shares Purchased (Excluding Cash Reserve Fund)	190,899,548	133,414,295	15,302,588	503,098	8,867,820	162	-	1,000,000	12,488
Shares Redeemed (Excluding Cash Reserve Fund)	(80,259,728)	(56,603,383)	(8,864,128)	(512,198)	(7,846,275)	(835)	-	-	(123,952)
Net Purchase and Redemptions of Cash Reserve Fund	(14,668,535)	3,116,087	12,715,658	607,780	2,397,585	(119,243)	7	132,857	612,805
Net Investment Income	399,305,587	276,494,999	46,387,984	2,441,270	4,934,841	29,167	3,464,603	880,765	727,944
Realized Gain (Loss) from Sale of Investments	(3,335,159)	(2,140,298)	(283,330)	(21,694)	1,884,731	28	-	-	1,872
Change in Unrealized Gain/(Loss) on Investment Funds	(828,892,326)	(577,599,050)	(94,364,772)	(4,659,438)	(10,773,738)	(48,946)	(6,577)	141,366	(791,723)
Increase (Decrease) in Receivables - Net (1)	(458,328)	(104,949)	7,611	(1,258)	4,075	(1,224)	55	(986)	(3,642)
Distributions	(399,305,587)	(276,494,999)	(46,387,984)	(2,441,270)	(4,934,841)	(29,167)	(3,464,603)	(880,765)	(727,944)
Cash and Investments at June 30, 2001	$11,204,889,077	$7,785,469,773	$1,297,882,857	$66,688,675	$135,761,232	$733,201	$57,510,816	$13,716,971	$17,788,217

See Notes to Civil and Non-Civil List Trust Fund Financial Statements.

(1) Reflects timing differences in the recognition of income by the Plans.

NON-CIVIL LIST TRUST FUNDS

FINANCIAL STATEMENTS
JUNE 30, 2001

	SCHOOL FUND	AGRICUL-TURAL COLLEGE FUND	IDA EATON COTTON FUND	ANDREW C. CLARK FUND	HOPEMEAD STATE PARK TRUST FUND	MISC. AGENCY TRUST FUNDS
STATEMENT OF CONDITION, at Market						
ASSETS						
Cash & Cash Equivalents	$ -	$ -	$ -	$ -	$ -	$53,523,366
Interest & Dividends Receivable	2,341	162	456	179	3,090	-
Investments in Combined Investment Funds, at Fair Value	8,947,649	590,862	2,009,223	945,226	1,749,425	-
Total Assets	$8,949,990	$591,024	$2,009,679	$945,405	$1,752,515	$53,523,366
LIABILITIES & FUND BALANCE						
Due to Other Funds	$ 109,545	$ 21,198	$71,933	$34,540	$ -	$ -
Fund Balance	8,840,445	569,826	1,937,746	910,865	1,752,515	53,523,366
Total Liabilities & Fund Balance	$8,949,990	$591,024	$2,009,679	$945,405	$1,752,515	$53,523,366

See Notes to Civil and Non-Civil List Trust Fund Financial Statements.

STATEMENT OF REVENUE AND EXPENDITURES

	SCHOOL FUND	AGRICUL-TURAL COLLEGE FUND	IDA EATON COTTON FUND	ANDREW C. CLARK FUND	HOPEMEAD STATE PARK TRUST FUND
REVENUE					
Net Investment Income	$325,573	$21,198	$71,933	$34,540	$71,548
Realized Gain on Investments	-	-	-	-	-
Change in Unrealized Gain (Loss) on Investments	(514,110)	(32,346)	(110,217)	(51,255)	(77,026)
Increase (Decrease) in Cash Reserve Fund Income Receivables - (1)	(1,035)	(66)	(182)	(65)	(973)
Total Revenue	$(189,572)	$(11,214)	$(38,467)	$(16,779)	$(6,450)
EXPENDITURES	$ -	$ -	$ -	$ -	$ -
Excess of Revenue over Expenditures	$(189,572)	$(11,214)	$(38,467)	$(16,779)	$(6,450)

(1) Reflects timing differences in the recognition of income by the Plans and Trusts.

See Notes to Civil and Non-Civil List Trust Fund Financial Statements.

STATEMENT OF CHANGES IN FUND BALANCE

	SCHOOL FUND	AGRICUL-TURAL COLLEGE FUND	IDA EATON COTTON FUND	ANDREW C. CLARK FUND	HOPEMEAD STATE PARK TRUST FUND	MISC. AGENCY TRUST FUNDS
Fund Balance at July 1, 2000	$9,355,446	$602,228	$2,048,113	$962,167	$1,758,966	$49,953,878
Excess of Revenue over Expenditures	(189,572)	(11,214)	(38,467)	(16,779)	(6,450)	-
Net Cash Transactions	-	-	-	-	-	478,863
Transfer from Other Funds	32,274	-	-	-	-	3,090,625
Transfer to Other Funds	(361,013)	(20,236)	(68,936)	(32,274)	-	-
(Increase)/Decrease in Due to Other Funds	3,307	(953)	(2,963)	(2,252)	-	-
Fund Balance at June 30, 2001	$8,840,443	$569,825	$1,937,748	$910,861	$1,752,516	$53,523,366

See Notes to Civil and Non-Civil List Trust Fund Financial Statements.

NON-CIVIL LIST TRUST FUNDS

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	SCHOOL FUND	AGRICUL-TURAL COLLEGE FUND	IDA EATON COTTON FUND	ANDREW C. CLARK FUND	HOPEMEAD STATE PARK TRUST FUND
Cash Flows from Operating Activities:					
Excess of Revenues over Expenditures	$(189,572)	$(11,214)	$(38,467)	$(16,779)	$(6,450)
Realized Gain on Investments	-	-	-	-	-
Change in Unrealized (Gain) Loss on Investments	514,110	32,346	110,217	51,255	77,026
(Increase) Decrease in Cash Reserve Fund Income Receivables	1,035	66	182	65	973
Net Cash Provided by Operations	325,573	21,198	71,933	34,540	71,548
Cash Flows from Non Capital Financing Activities:					
Operating Transfers - Out to Other Funds	(361,013)	(20,236)	(68,936)	(32,274)	-
Operating Transfers - In from Other Funds	32,274	-	-	-	-
Net cash used for Financing Activities	(328,739)	(20,236)	(68,936)	(32,274)	-
Cash Flows from Investing Activities:					
Net Purchase and Redemptions of Cash Reserve Fund	3,166	(961)	(2,994)	(2,266)	(71,548)
Purchase of Investments	-	-	-	-	-
Proceeds from Sale of Investment	-	-	-	-	-
Net Cash Provided by (Used for) Investing Activities	3,166	(961)	(2,994)	(2,266)	(71,548)
Net Increase (Decrease) In Cash	-	-	-	-	-
Cash June 30, 2000	-	-	-	-	-
Cash June 30, 2001	$ -	$ -	$ -	$ -	$ -

See Notes to Civil and Non-Civil List Trust Fund Financial Statements.

NON-CIVIL LIST TRUST FUNDS

STATEMENT OF CONDITION, AT COST
JUNE 30, 2001

	SCHOOL FUND	AGRICUL-TURAL COLLEGE FUND	IDA EATON COTTON FUND	ANDREW C. CLARK FUND	HOPEMEAD STATE PARK TRUST FUND	MISC. AGENCY TRUST FUNDS
ASSETS						
Cash & Cash Equivalents	$ -	$ -	$ -	$ -	$ -	$53,523,366
Interest & Dividends Receivable	2,341	162	456	179	3,090	-
Investments in Combined Investment Funds	4,860,907	330,209	1,111,691	546,942	1,156,872	-
Total Assets	$4,863,248	$330,371	$1,112,147	$547,121	$1,159,962	$53,523,366
LIABILITIES						
Due to Other Funds	$ 109,545	$ 21,198	$ 71,933	$ 34,540	$ -	$ -
Fund Balance	4,753,704	309,173	1,040,214	512,581	1,159,962	53,523,366
Total Liabilities & Fund Balance	$4,863,248	$330,371	$1,112,147	$547,121	$1,159,962	$53,523,366

See Notes to Civil and Non-Civil List Trust Fund Financial Statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Civil List and Non-Civil list trust funds (the "trust funds") are entrusted to the Treasurer for investment purposes. Civil List trust funds are mandated by the State Legislature and are administered by the Office of the State Comptroller. Accordingly, the presentation of the Civil List funds in the Treasurer's Annual Report (see Civil List trust funds cash and investments schedules in the Supplemental Information section of these documents) is intended to present only the cash and investments under the Treasurer's care and does not depict a full financial statement presentation. The Non-Civil List Trust funds are not administered by the Office of the Comptroller. Accordingly, the financial statements presented for the Non-Civil List funds are designed to provide a full set of financial statements for the trusts' investment assets and provide the necessary detail for the respective Boards that administer these trust funds.

Significant account policies of the trust funds are as follows:

Basis of Presentation: The foregoing Non-Civil List trust fund financial statements represent the financial position, results of operations and cash flows of the investment trust assets of the funds in accordance with generally accepted accounting principles. These financial statements present all of the financial statements of the Non-Civil List funds except for the Second Injury Fund which, due to the unique nature of its operation, is presented separately in this Annual Report. The financial statements do not include a Statement of Revenue and Expenditures for the Miscellaneous Agency and Trust Funds because agency funds do not report operations. These statements were prepared on the fair value basis. A Statement of Condition on a cost basis is also presented for informational purposes.

Valuation of Combined Investment Fund Shares: All unit prices are determined at the end of each month based on the fair value of the applicable investment fund.

Expenses: The Non-Civil List trust funds are not charged with any expenses for administration of the trust funds. Investment expenses of the Combined Investment Funds are deducted in calculating net investment income.

Distribution of Net Investment Income: Net investment income earned by the Combined Investment Funds is generally distributed in the following month. Net investment income is comprised of dividends and interest less investment expense.

Purchases and Redemptions of Units: Purchases and redemptions of units are generally processed on the first day of the month based on the prior month end price. Purchases represent cash that has been allocated to a particular investment fund in accordance with directions from the Treasurer's office. Redemptions represent the return of principal back to the plan. In the case of certain funds, a portion of the redemption can also include a distribution of income.

NOTE 2. STATEMENT OF CASH FLOWS

A statement of cash flows is presented for the non-expendable Non-Civil List trust funds. This presentation is in accordance with Governmental Accounting Standards Board (GASB) Statement No. 9. No such statement of cash flows is presented for the Miscellaneous Agency and Trust Funds as none is required.

NOTE 3. MISCELLANEOUS AGENCY AND TRUST FUND TRANSFERS

These transactions comprise principal and income transfers to trustees as well as transfers and expenditure payments made on their behalf. Certain of these transfers are made to the General Fund and other Civil List funds as well as various state agencies.

SECOND INJURY FUND

COMBINING BALANCE SHEET
EXPENDABLE TRUST FUND and RELATED PORTION OF LONG-TERM DEBT ACCOUNT GROUP
JUNE 30, 2001

		Second Injury Fund	Long-Term Debt Account Group
ASSETS			
Cash and Cash Equivalents		$24,603,767	
Trustee Accounts		72,855,888	
Accounts Receivable:			
Non Compliance	$30,035,793		
Assessments	12,416,802		
Appeal Benefits	1,578,170		
Other Receivables	1,462,315	45,493,080	
Less: Allowance for Uncollectible Accounts		(35,562,293)	
Net Assessments and Accounts Receivable		9,930,787	
Prepaid Expenses		18,620	
Interest Receivable		312,967	
Other:			
Amount available in Second Injury Fund			$70,351,780
Amount to be provided for debt service and associated costs			178,198,220
TOTAL ASSETS		**$107,722,029**	**$248,550,000**
LIABILITIES			
Deferred Revenue		$8,359,575	
Settlements Payable		1,869,501	
Accrued Interest Payable		6,878,279	
Injured Worker Benefits Payable		1,670,508	
Other Accounts Payable		2,457,660	
Bonds Payable			$204,850,000
Bond Anticipation Notes (BANs) Payable			43,700,000
TOTAL LIABILITIES		**21,235,523**	**248,550,000**
FUND BALANCE			
Reserve for Fund Activities		73,409,043	0
Unreserved		13,077,463	0
TOTAL FUND BALANCE		**86,486,506**	0
TOTAL LIABILITIES AND FUND BALANCE		**$107,722,029**	**$248,550,000**

See accompanying Notes to the Financial Statements.

SECOND INJURY FUND

STATEMENT OF REVENUES AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

REVENUES	**FY 2001**
Assessments	$96,802,844
Fund Recoveries	769,484
Interest Income	5,484,802
Other Income	3,571,969
TOTAL REVENUES	**106,629,099**
EXPENDITURES	
Injured Worker Benefits:	
Settlements	25,584,975
Indemnity	21,155,382
Medical	5,774,641
Total Injured Worker Benefits	52,514,998
Administrative Expenses	8,516,458
Interest Expense	12,642,208
Bond and BAN Expense	1,343,788
TOTAL EXPENDITURES	**75,017,452**
EXCESS OF REVENUE OVER EXPENDITURES	**31,611,647**
OTHER FINANCING SOURCES (USES)	
Proceeds from Issuance of Bonds and BANs	144,100,000
Retirement of Bonds and BANs	(136,630,000)
TOTAL OTHER FINANCING SOURCES (USES)	**7,470,000**
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	**$39,081,647**

See accompanying Notes to the Financial Statements.

SECOND INJURY FUND
STATEMENT OF CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

FUND BALANCE AT JUNE 30, 2000	**$47,404,859**
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	**39,081,647**
FUND BALANCE AT JUNE 30, 2001	**$86,486,506**

See accompanying Notes to the Financial Statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1: INTRODUCTION AND BASIS OF PRESENTATION:

The Second Injury Fund ("SIF" or the "Fund") is an extension of the Workers' Compensation Act managed by the Treasurer of the State of Connecticut and operates under Chapter 568, of the Connecticut General Statutes (C.G.S.). The Fund is used to pay injured workers whose injuries are made more severe because of a preexisting condition, and in cases where an injured worker subsequently undergoes an incapacitating relapse. SIF is responsible for the payment of compensation, medical expenses, dependency benefits, and cost-of-living adjustments to eligible and qualified injured workers in Connecticut.

In addition, SIF provides to Connecticut workers, benefits if their employers are uninsured or fail to pay benefits and for "concurrent employment" benefits for those eligible injured workers who had two or more jobs at the time of injury.

For State of Connecticut financial reporting purposes, SIF is an Expendable Trust Fund and is grouped with Fiduciary Funds, which are used to account for assets held by the State in a trustee capacity or as an agent for individuals, private organizations, other government units, and other funds.

Also, for State of Connecticut financial reporting purposes, SIF Special Assessment Revenue Bonds (Note 3) and Bond Anticipation Notes (Note 4) are included under State of Connecticut Account Groups as General Long-Term Debt Account Group that includes all long-term obligations that are to be financed from government funds.

Accordingly, these financial statements do not intend to present the financial position and result of operations of the Fiduciary Funds or the Expendable Trust Funds of the State (other than the SIF) in conformity with generally accepted accounting principles.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Fund is an expendable trust fund. Expendable trust funds are accounted for using a current financial resources measurement focus and a modified accrual basis of accounting. Under the current financial resources measurement focus, only current assets and liabilities are normally included in the balance sheet. Fund balance represents a measure of "available spendable resources". Under the modified accrual basis of accounting, revenues are recorded when they are susceptible to accrual (i.e., both measurable and available). The word "available" means that the revenue is collectible within the current period or soon enough thereafter to pay current period liabilities. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as expenditures when due.

The accompanying financial statements of SIF have been prepared in conformity with generally accepted accounting principles as prescribed in pronouncements of the Governmental Accounting Standards Board (GASB).

Cash and Cash Equivalents

Cash and Cash Equivalents consist of funds in bank checking accounts and deposits held by the State General Fund in the Treasury Business Office account. Cash equivalents include investments in the State of Connecticut Short-Term Investment Fund (STIF).

Funds Held by Trustee

Consist of funds in various accounts held by the United States Trust Company of New York in conjunction with the Indenture of Trust dated October 1, 1996 covering 1996 and 2000 Series A Special Assessment Second Injury Fund Revenue Bonds (See Note 3). During the fiscal year, these accounts included an Operating Reserve Account, Redemption Sub-Subaccount, Debt Service Reserve Sub-Subaccount, Special Pledged Account, Cost of Issuance Account, Principal Sub-Sub-Sub account and Interest Sub-Sub-Sub account.

Accounts Receivable for Assessments

Assessment receivables are recorded inclusive of interest due, and result from amounts billed in accordance with the following statute:

NOTES TO FINANCIAL STATEMENTS (Continued)

C.G.S. 31-354 Assessments: This statute states that SIF's primary source of revenue is from the levying of assessments against self-insured and insured Connecticut employers. Insurance carriers who insure Connecticut employers are responsible to collect the assessments from employers and submit the revenue to SIF. (See Note 5).

Other Accounts Receivable

Other receivables are recorded inclusive of interest due, and result from amounts paid in accordance with the following statutes:

C.G.S. 31-301 Appeal Cases: This statute provides for the payment of indemnity (lost wages) and medical benefits to an injured worker while their claims are under appeal. Upon a decision in the appeal, the injured worker (in cases of denial of compensation) or insurer (in cases of award of compensation) must reimburse the SIF for monies expended during the appeal process. This statute was repealed with passage of P.A. 95-277 for appeals filed on injuries occurring after July 1, 1995. During fiscal year 2001, there were no benefits paid for appeals cases.

C.G.S. 31-355 Non Compliance: This statute mandates that SIF pay indemnity and medical benefits for injured workers whose employers fail to or are unable to pay the compensation, the most common examples of which are employers that did not carry worker's compensation insurance or are bankrupt.

Appeal Cases and Non Compliance transactions are recorded as injured worker benefits when paid by the Fund. Concurrently, the Fund seeks recovery of the amounts paid from the party statutorily responsible and a receivable is established. Recoveries are recorded as revenue when cash is received.

The Fund records other receivables for penalties and citations and certain other payments made under other statutes where the Fund has a right to seek reimbursement. Revenue is recorded for these receivables when cash is received.

Allowance for Uncollectible Accounts

The allowance for uncollectible assessment receivable accounts represents those amounts not available to fund current liabilities.

The Allowance for Uncollectible Accounts is detailed as follows:

- Non Compliance	$ 30,035,793
- Appeal	1,578,170
- Assessments	2,636,260
- Other	1,312,070
Total	$ 35,562,293

Prepaid Expenses

Prepaid expenses represent funds drawn by the Attorney General's Office from SIF funds for which expenditures have not yet been reported.

Settlements

Settlements are negotiated agreements of future liability charged to injured worker benefits when checks are issued. An accrual is made for settlements committed as of the balance sheet date and paid within sixty days thereafter. (See Note 6)

Injured Worker Benefits Payable

Injured worker benefits payable represents indemnity and medical payments charged to injured worker benefits when checks are issued. An accrual is made for injured worker benefits incurred as of the balance sheet date and paid within sixty days thereafter.

NOTE 3: SPECIAL ASSESSMENT REVENUE BONDS

The Second Injury Fund Special Assessment Revenue Bonds were issued in an effort to reduce long-term liabilities by settling injured worker claims on a one-time lump sum basis (referred to as "Settlement.) The bonds will be payable entirely from SIF future assessment revenue and the State of Connecticut has no contingent obligation either directly or indirectly for the payment of such bonds. Issuance costs are reported as expenditures of the period in which incurred.

Bonds were issued on November 7, 1996 for $100 million and October 1, 2000 for $124.1 million. The outstanding maturities of the combined bond issues mature on January 1st of each year through 2015 and bear fixed interest rates ranging from 4.50% to 6.00%. On January 1, 2001, $5,330,000 of bonds was retired. At June 30, 2001, amounts needed to pay principal and the respective interest rates payable on those combined bond issue amounts were as follows:

January 1,	Principal	Interest Rate
2002	$ 5,595,000	5.00%
2003	13,070,000	4.75% - 5.50%
2004	13,705,000	4.50% - 5.00%
2005	14,345,000	4.50% - 5.50%
2006	15,050,000	5.00% - 6.00%
2007-2015	143,085,000	4.625% - 5.25%
	$204,850,000	

The Trustee for these bonds is United States Trust Company of New York who holds the accounts as required by the bond indenture. Assessment income is wired to the Trustee each month as received. Quarterly, the Trustee wires operating funds to the Second Injury Fund based on the operating fund budget.

At June 30, 2001, the Trustee Accounts included the following:

Debt Service Reserve Sub-Subaccount	$22,410,000
Principal Sub-Sub-Sub account	4,196,250
Interest Sub-Sub-Sub account	9,368,790
Redemption Sub-Sub account	34,376,740
Amount Available for Debt Service	70,351,780
Operating Reserve Account	2,504,108
Total Trustee Accounts	$72,855,888

NOTE 4: BOND ANTICIPATION NOTES (BANs)

The Bond Indenture allows for periodic issuance of subordinated Bond Anticipation Notes (BANs) in the form of commercial paper, and SIF has entered into a Revolving Credit Agreement that ensures that the BANs can be financed on a long-term basis. BANs in the amount of $155 million were outstanding at June 30, 2000 with an additional $20 million issued during the year. The State replaced $111.3 million of these BANs with long-term bonds issued on October 1, 2000 and redeemed $ 20 million using assessment revenue from the redemption account. Interest expense is accrued on the outstanding BANs to June 30, 2001 if the maturity date of the BAN is within sixty days after year-end. Issuance costs are reported as expenditures of the period in which incurred. The following table details the activity during the fiscal year:

Balance as of June 30, 2000	$ 155,000,000	
New issues	20,000,000	
Sub-total		$175,000,000
Rollovers	527,900,000	
Maturities	(659,200,000)	
Net Retirements		(131,300,000)
Balance as of June 30, 2001		$ 43,700,000

The following table provides information regarding the outstanding BANs at June 30, 2001:

Issue Date	Amount	Interest Rate	Maturity Date
June 07, 2001	$ 1,000,000	2.75%	July 09, 2001
May 03, 2001	3,300,000	2.90%	July 19, 2001
June 07, 2001	600,000	2.70%	July 19, 2001
June 07, 2001	3,000,000	2.50%	August 03, 2001
June 20, 2001	5,000,000	2.45%	August 03, 2001
June 20, 2001	5,000,000	2.45%	August 06, 2001
May 07, 2001	3,000,000	2.90%	August 07, 2001
May 08, 2001	6,500,000	2.85%	August 07, 2001
May 14, 2001	5,600,000	2.80%	August 07, 2001
May 25, 2001	7,600,000	2.70%	August 07, 2001
May 21, 2001	3,100,000	2.70%	August 14, 2001
	$43,700,000		

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5: ASSESSMENTS

The assessment method for carriers paying on behalf of insured employers is on an actual premium basis. The premium surcharge, which is paid by insured employers through their worker's compensation insurance carrier within 45 days of the close of a quarter, is the premium surcharge rate multiplied by the employer's standard premium on all policies with an effective date for that quarter. The premium surcharge is set yearly based on the Fund's budgetary needs prior to the start of the fiscal year. During the fiscal year ended June 30, 2001, quarterly assessments were received from insured employers as follows:

Assessment Date	Amount	Assessment Rate	Annualized Period Covered
08/15/00	$15,606,850	10.0%	04/01/00 - 06/30/00
11/15/00	17,613,586	10.0%	07/01/00 - 09/30/00
02/15/01	13,729,858	10.0%	10/01/00 - 12/31/00
05/15/01	21,842,615	10.0%	01/01/01 - 03/31/01
	$68,792,909		

The Fund implemented GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions", early for reporting purposes which affected recording of insurance company assessment revenue. An asset (assessment receivable) is recognized in the period in which the assessment was imposed on policy-holders and the revenue (assessment revenue) of $8,359,575 under the modified accrual basis of accounting has been deferred.

The Fund has started a formal auditing program to examine the assessment information provided by the insurance companies and self-insured employers. Audits of insurance companies and self-insured employers conducted in the fiscal year 2001 resulted in additional assessment revenue plus interest totaling $15,766,399.

The annual insured employers assessment rate for the fiscal year ending June 30, 2001 was 10.0%.

The method of assessment for self-insured employers is a quarterly billing based on the previous year's paid losses.

During the fiscal year ended June 30, 2001, self-insured employers were assessed in the following quarterly amounts:

Assessment Date	Amount	Assessment Rate	Annualized Period Covered
07/01/00	$4,242,443	14.5%	07/01/00 - 09/30/00
10/01/00	4,076,466	14.5%	10/01/00 - 12/31/00
01/01/01	4,735,369	14.5%	01/01/01 - 03/31/01
04/01/01	2,921,207	14.5%	04/01/01 - 06/31/01
	$15,975,485		

The annual assessment rate for self-insured employers for the fiscal year ending June 30, 2001 was 14.5%.

NOTE 6: SETTLEMENTS

Some settlement negotiations include agreements to pay the settlement in a future period. At June 30, 2001, negotiations were at various stages of completion for settlements valued at $2,665,580. A total of $1,869,501 of those settlements was paid to injured workers during the months of July and August 2001. Accordingly, an accrual was made to reflect this liability at June 30, 2001.

NOTE 7: FUTURE CLAIMS AND ASSESSMENTS

Injured worker benefits are paid as presented, and there is no reserve account maintained for future injured worker claim liabilities. Similarly, there is no accrual of assessments not yet made which will ultimately fund such obligations as they arise.

NOTE 8: SUBSEQUENT EVENTS

Starting October 1, 2001, the assessment rates will be reduced from 14.5% to 13.7% for self-insured employers and from 10% to 9.5% for insured employers.

As of October 2, 2001, the balance of outstanding commercial paper was $9.9 million. Using assessment revenue from the redemption account, $26.6 million was redeemed in August 2001 and $7.2 million was re-deemed on October 2, 2001.

CONNECTICUT HIGHER EDUCATION TRUST

STATEMENT OF FINANCIAL CONDITION

	June 30, 2001	June 30, 2000
ASSETS		
Investments, at value (cost: $99,718,757 and $56,793,999)	$93,827,210	$56,862,927
Cash	497,951	32,777
Dividends and interest receivable	218,074	156,085
Due from transfer agent	143,281	79,624
Receivable from former Program Manager	-	33,179
TOTAL ASSETS	$94,686,516	$57,164,592
LIABILITIES		
Due to custodian	$ -	$ 12,386
Accrued management fee	231,296	27,912
Payable for investments purchased	523,518	225,148
TOTAL LIABILITIES	754,814	265,446
PROGRAM EQUITY	93,931,702	56,899,146
TOTAL LIABILITIES AND PROGRAM EQUITY	$94,686,516	$57,164,592

See notes to financial statements.

CONNECTICUT HIGHER EDUCATION TRUST

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED JUNE 30,

INVESTMENT INCOME	2001	2000
Income:		
Interest	$8,575	$ 27,530
Dividends	3,544,747	1,378,716
TOTAL INCOME	**3,553,322**	**1,406,246**
Expenses—Note 3:		
Management fee	411,860	497,866
Administration fee	-	59,186
Other expenses of the Trust	77,750	-
TOTAL EXPENSES	**489,610**	**557,052**
Less expenses waived by the advisor	-	(117,960)
NET EXPENSES	**489,610**	**439,092**
NET INVESTMENT INCOME	**3,063,712**	**967,154**
REALIZED AND UNREALIZED GAIN ON INVESTMENTS—Note 4		
Net realized gain (loss) on investments	(83,852)	4,662,159
Net change in unrealized appreciation on investments	(5,960,475)	(2,374,721)
NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS	**(6,044,327)**	**2,287,438**
OTHER INCOME		
Penalty fees on non-qualified withdrawals	2,993	1,270
NET INCREASE (DECREASE) IN PROGRAM EQUITY RESULTING FROM OPERATIONS	**$(2,977,622)**	**$3,255,862**

See notes to financial statements.

CONNECTICUT HIGHER EDUCATION TRUST

STATEMENT OF CHANGES IN PROGRAM EQUITY
FOR THE YEAR ENDED JUNE 30,

	2001	2000
FROM OPERATIONS		
Net investment income	$3,063,712	$ 967,154
Net realized gain on investments	(83,852)	4,662,159
Net change in unrealized appreciation on investments	(5,960,475)	(2,374,721)
Penalty fees on non-qualified withdrawals	2,993	1,270
NET INCREASE IN PROGRAM EQUITY RESULTING FROM OPERATIONS	**(2,977,622)**	**3,255,862**
FROM ACCOUNT OWNER TRANSACTIONS		
Subscriptions	42,053,586	26,394,768
Redemptions	(2,043,408)	(4,048,941)
NET INCREASE IN PROGRAM EQUITY RESULTING FROM ACCOUNT OWNER TRANSACTIONS	**40,010,178**	**22,345,827**
OTHER TRANSACTIONS—NOTES 3 AND 5		
Excess escrow payment from Program Manager	-	95,497
Management and administration fees returned by former Program Manager	-	105,021
Other fees returned by former Program Manager	-	63,353
NET INCREASE IN PROGRAM EQUITY RESULTING FROM OTHER TRANSACTIONS	-	263,871
NET INCREASE IN PROGRAM EQUITY	**37,032,556**	**25,865,560**
PROGRAM EQUITY:		
Beginning of year	56,899,146	31,033,586
End of year	$93,931,702	$56,899,146

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1—ORGANIZATION

The Connecticut Higher Education Trust Program (the "Program") was formed on July 1, 1997 by Connecticut law, to help people save for the costs of education after high school. The Program is administered by the Treasurer of the State of Connecticut, as trustee of the Connecticut Higher Education Trust (the "Trust"). The Trustee has the authority to enter into contracts for program management services, adopt regulations for the administration of the Program and establish investment policies for the Program. TIAA-CREF Tuition Financing, Inc. ("TFI"), an indirect subsidiary of Teachers Insurance and Annuity Association of America ("TIAA"), and the Trustee have entered into a Management Agreement under which TFI serves as Program Manager. The Program is operated in a manner such that it is exempt from registration as an investment company under the Investment Company Act of 1940. Prior to December 17, 1999, Collegiate Capital Group, Inc. was the Program Manager.

An individual participating in the Program establishes an Account in the name of a Beneficiary. Contributions can be made among three investment options: the Managed Allocation Option, the High Equity Option, and the Principal Plus Interest Option. Contributions in the Managed Allocation Option are allocated among ten age bands, based on the age of the beneficiary. Each age band invests in varying percentages in the Equity Index, International Equity, Bond and Money Market Funds of the TIAA-CREF Institutional Mutual Funds. The High Equity Option invests in varying percentages in the Growth & Income, International Equity and Bond Funds of the TIAA-CREF Institutional Mutual Funds. All allocation percentages are determined by the Treasurer and are subject to change. The Principal Plus Interest Option invests in the Money Market Fund of the TIAA-CREF Institutional Mutual Funds. Effective July 1, 2001, the Principal Plus Interest Option will invest in a guaranteed funding agreement issued by TIAA-CREF Life Insurance Company, a subsidiary of TIAA, which offers a guarantee to the Trust of principal and a minimum rate of return.

Teachers Advisors, Inc. ("Advisors"), an affiliate of TFI, is registered with the Securities and Exchange Commission ("Commission") as an investment adviser and provides investment advisory services to the TIAA-CREF Institutional Mutual Funds. Teachers Personal Investors Services, Inc. ("TPIS"), an affiliate of TFI, and TIAA-CREF Individual & Institutional Services, Inc. ("Services"), also an affiliate of TFI, both of which are registered with the Commission as broker-dealers and are members of the National Association of Securities Dealers, Inc., provide the telephone counseling, marketing and information services required of TFI.

NOTE 2—SIGNIFICANT ACCOUNTING POLICIES

The preparation of financial statements may require management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income, expenses and related disclosures. Actual results may differ from those estimates. The following is a summary of the significant accounting policies consistently followed by the Trust, which are in conformity with accounting principles generally accepted in the United States.

Valuation of Investments: The market value of the investments in the mutual funds and the guaranteed funding agreement are based on the respective net asset values as of the close of business on the valuation date.

Accounting for Investments: Securities transactions are accounted for as of the date the securities are purchased or sold (trade date). Interest income is recorded as earned. Dividend income is recorded on the ex-dividend date. Realized gains and losses are based upon the specific identification method.

Penalty Fees: Penalty fees on non-qualified withdrawals are retained by the Program in an administrative account and may be applied to the payment or reimbursement of the direct and indirect expenses of the Program.

Federal Income Tax: No provision for federal income tax has been made. The Program is established to be a qualified state tuition program under Section 529 of the Internal Revenue Code, which is exempt from federal and state income tax, and does not expect to have any unrelated business income subject to tax.

NOTE 3—MANAGEMENT AGREEMENTS

For its services as Program Manager, TFI is paid an annual fee of approximately 0.57% of the average daily net assets of the Program. In addition, Advisors is paid a fee for the investment management services it provides to the TIAA-CREF Institutional Mutual Funds, inclusive of the Program's investment included therein. Total management fees paid to TFI directly from the Program for the period March 13, 2000 to June 30, 2000 were $90,925 and the investment management fees paid to Advisors from Program investments in the TIAA-CREF Institutional Mutual Funds for the same period were $29,285. In addition, TFI received investment management fees of $111,407 and administration fees of $19,822 from the Program subsequent to its appointment as Program Manager and prior to the reorganization of the Program into the age bands. Telephone counseling, marketing and information services required of TFI are provided by TPIS and Services in accordance with a Distribution Agreement between TFI, TPIS and Services.

For its services as Program Manager, TFI is paid an annual fee of 0.57% of the average daily net assets of the Program plus the specific investment management fees for the underlying investments in the TIAA-CREF Institutional Mutual Funds not to exceed 0.79% of the average daily net assets. No fee will be charged on the Principal Plus Interest Option once the investment is moved to the funding agreement issued by TIAA-CREF Life Insurance Company. Total fees earned by TFI for the year ended June 30, 2001 were $549,048, which includes $411,860 due directly from the Program and $137,188 due on Program investments in the TIAA-CREF Institutional Mutual Funds. Telephone counseling, marketing and information services required of TFI are provided by TPIS and Services in accordance with a Distribution Agreement among TFI, TPIS and Services.

During the year ended June 30, 2001, $77,750 was withdrawn from the administrative account for reimbursement of expenses of the Trust.

NOTE 4—INVESTMENTS

At June 30, 2001, net unrealized depreciation of portfolio investments was $5,891,547, consisting of gross unrealized appreciation of $995,565 and gross unrealized depreciation of $6,887,112.

Purchases and sales of portfolio securities, for the year ended June 30, 2001 were $44,568,559 and $6,721,298, respectively.

As of June 30, 2001, the Program's investments consist of the following:

	COST	VALUE
TIAA-CREF Institutional Mutual Funds:		
International Equity Fund	$11,185,851	$ 8,200,655
Growth & Income Fund	1,535,717	1,507,891
Equity Index Fund	41,782,033	37,907,943
Bond Fund	38,634,508	39,630,073
Money Market Fund	6,371,762	6,371,762
TIAA-CREF Mutual Funds:		
Money Market Fund*	208,886	208,886
	$99,718,757	$93,827,210

*Represents the assets of the administrative account.

NOTE 5—REORGANIZATION AND NEW PROGRAM MANAGER

At December 17, 1999, TFI replaced Collegiate Capital Group, Inc. as Program Manager. In addition, at March 13, 2000, the Program was reorganized into ten age bands. Prior to the reorganization, all investments of the Program were liquidated and the net cash was allocated among the ten age bands as described in Note 1.

As required by the Escrow Agreement entered into by TFI, Collegiate Capital and the Program, on December 17, 1999, TFI made a payment of $1,087,000 to an escrow account to cover various unpaid liabilities of Collegiate Capital relating to the Program. Upon payment of these liabilities, $95,497 remained and was remitted to the Program.

In addition, Collegiate Capital returned to the Program certain fees totaling $63,353, representing fees received from the professional money managers that managed the Program assets prior to March 13, 2000.

REPORT OF INDEPENDENT AUDITORS

To the Account Owners and Trustee of Connecticut Higher Education Trust Program:

We have audited the accompanying statements of financial condition of the Connecticut Higher Education Trust Program (the "Program") as of June 30, 2001 and 2000, and the related statements of operations and changes in program equity for the years then ended. These financial statements are the responsibility of the Program'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. 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. Our procedures included confirmation of securities owned as of June 30, 2001, by correspondence with the custodian. 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 Connecticut Higher Education Trust Program at June 30, 2001 and 2000, and the results of its operations and changes in its program equity for the years then ended, in conformity with accounting principles generally accepted in the United States.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Supplemental Information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our 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.

Ernst & Young LLP

August 13, 2001

TAX EXEMPT PROCEEDS FUND, INC.

STATEMENT OF NET ASSETS
JUNE 30, 2001

Face Amount		Maturity Date	Yield		Value (Note 1)	Ratings (a) Moody's	Standard & Poor's
Put Bonds (b) (8.99%)							
$ 8,000,000	Connecticut State Special Assessment Unemployment Compensation Advance Fund RB - Series 1993C Insured by FGIC	07/01/01	4.35%	$	8,000,000	VMIG-1	A1+
2,000,000	Intermountain Power Agency (Utah Power Supply) - Series F Insured by AMBAC Indemnity Corp.	09/17/01	3.10		2,000,000	VMIG-1	A1+
5,000,000	Vermont Educational & Health Building Finance Agency (Middlebury College)	11/01/01	4.40		5,000,000		A1+
3,655,000	Vermont Educational & Health Building Finance Agency (Middlebury College)	05/01/02	3.05		3,655,000		A1+
$18,655,000	**Total Put Bonds**			**$**	**18,655,000**		
Tax Exempt Commercial Paper (16.19%)							
$ 1,000,000	Commonwealth of Massachusetts - Series E	07/09/01	3.00%	$	1,000,000	P1	A1+
1,700,000	Delaware County, PA IDA IDRD (Philadelphia Electric Company) LOC Toronto Dominion Bank	08/23/01	3.05		1,700,000	P1	A1+
5,296,000	Harris County, TX - Series C	07/12/01	3.25		5,296,000	P1	A1+
4,000,000	Maryland HEFA (Johns Hopkins University) - Series A	09/07/01	2.65		4,000,000	P1	A1+
3,000,000	Nebraska Public Power - Series A LOC Commerzbank A.G./Bank of Nova Scotia/ Toronto Dominion Bank	08/09/01	3.10		3,000,000	P1	A1
2,600,000	Omaha, NE Public Power District	07/09/01	2.85		2,600,000	P1	A1+
3,000,000	San Antonio, TX (Water System) - Series 1995	07/13/01	2.85		3,000,000	P1	A1
5,000,000	San Antonio, TX (Water System) - Series 1995	07/13/01	2.70		5,000,000	P1	A1
3,000,000	State of Wisconsin GO - Series 2000A	07/10/01	3.35		3,000,000	P1	A1+
3,000,000	State of Wisconsin GO - Series B	08/13/01	3.10		3,000,000	P1	A1+
2,000,000	York County, PA IDA PCRB (Philadelphia Electric Co.) LOC Toronto Dominion Bank	07/06/01	2.75		2,000,000	P1	A1+
$33,596,000	**Total Tax Exempt Commercial Paper**			**$**	**33,596,000**		
Tax Exempt General Obligation Notes & Bonds (10.26%)							
$ 1,900,000	California HEFA Student Loan Variable Note Guaranteed by Student Loan Marketing Association	04/01/02	3.15%	$	1,900,000	VMIG-1	
3,000,000	Massachusetts State BAN	09/06/01	4.30		3,003,694	MIG-1	
1,500,000	Michigan Municipal Bond Authority RB - Series 2000B-1	07/02/01	4.29		1,500,026		SP-1+
3,000,000	State of Oregon Housing & Community Services Mortgage RB	11/28/01	4.40		3,000,000	MIG-1	
3,000,000	State of Texas TRAN	08/31/01	4.21		3,004,708	MIG-1	SP-1+
3,000,000	Texas Association of School Board TAN - Series A	08/31/01	4.28		3,002,024	MIG-1	
1,310,000	Town of Easton, MA BAN	06/21/02	2.65		1,317,433	MIG-1	
3,000,000	University of Cincinnati General Receipts BAN - Series AK1	12/21/01	4.14		3,003,398	MIG-1	SP-1+
1,550,000	University of Cincinnati General Receipts BAN - Series AK1	02/28/02	3.29		1,553,947	MIG-1	SP-1+
$21,260,000	**Total Tax Exempt General Obligation Notes & Bonds**			**$**	**21,285,230**		

See accompanying Notes to the Financial Statements.

STATEMENT OF NET ASSETS (Continued)
JUNE 30, 2001

Face Amount		Maturity Date	Yield	Value (Note 1)	Ratings (a) Moody's	Standard & Poor's
Variable Rate Demand Instruments (c) (63.97%)						
$ 1,260,000	Bloomington, IL Normal Airport Authority - Series 1995A	01/01/13	2.75%	$ 1,260,000	VMIG-1	
2,300,000	Burke County, GA PCRB (Georgia Power Company Plant)	09/01/26	3.30	2,300,000	VMIG-1	A1
3,650,000	City & County of Denver, CO Refunding MHRB (Cottonwood Creek Project) LOC General Electric Capital Corporation	04/15/14	3.20	3,650,000		A1+
2,000,000	Columbia, AL IDRB PCRB (Alabama Power Company Project) - Series A	11/01/21	3.30	2,000,000	VMIG-1	A1+
5,000,000	Connecticut Special Tax Second Lien Transportation Infrastructure LOC Commerzbank A.G.	12/01/10	2.40	5,000,000	P1	A1+
4,000,000	Connecticut State HEFA RB (Bradley Health Care Issue) LOC Fleet Bank	07/01/29	2.15	4,000,000	VMIG-1	
2,775,000	Cuyahoga County, OH HRB (Cleveland Clinic) - Series 1997C	01/01/16	2.80	2,775,000	VMIG-1	A1+
400,000	Dekalb County, GA Development Authority IDRB (Pet Inc. Project) (d) LOC BNP Paribas	02/01/02	2.80	400,000		
600,000	Dekalb County, GA Development Authority IDRB (Pet Inc. Project) LOC Credit Suisse First Boston	02/01/04	2.80	600,000	P1	
6,450,000	Dekalb County, GA Housing Authority LOC Bank of Montreal	12/01/07	2.70	6,450,000		A1+
700,000	Delaware Valley, PA Regional Finance Authority Local Government RB LOC Credit Suisse First Boston	12/01/18	2.65	700,000	VMIG-1	A1+
1,150,000	Delta County, MI EDC (Mead Escanaba Environmental Improvement) - Series D LOC Credit Suisse First Boston	12/01/23	3.30	1,150,000	P1	
2,100,000	Emmaus, PA General Authority Local Government (Pool Project) - Series 1989 F-15 GIC Goldman Sachs Group L.P.	03/01/24	2.80	2,100,000		A1
10,000,000	Emmaus, PA General Authority Local Government (Pool Project) - Series C16 GIC Goldman Sachs Group L.P.	03/01/24	2.80	10,000,000		A1+
4,300,000	Emmaus, PA General Authority Local Government (Pool Project) - Series F15 LOC KBC Bank	03/01/24	2.80	4,300,000		A1
1,895,000	Fayetteville, AK Public Facilities Board (Butterfield Trial) LOC Dresdner Bank, A.G.	09/01/27	3.50	1,895,000	VMIG-1	
4,000,000	Fulton County, GA Housing Authority MHRB (Greenhouse Holcomb Project) Collateralized by Federal National Mortgage Association	04/01/30	2.70	4,000,000		A1+
2,200,000	Greyston RB Certificate (Variable Senior Certificates of Beneficial Ownership) LOC Credit Suisse First Boston	05/01/28	2.88	2,200,000	VMIG-1	A1+
5,000,000	Harris County, TX Health Facility Development Authority (Texas Children's Hospital) Insured by MBIA Insurance Corp.	10/01/29	2.75	5,000,000	VMIG-1	A1+

See accompanying Notes to the Financial Statements.

STATEMENT OF NET ASSETS (Continued)
JUNE 30, 2001

Face Amount		Maturity Date	Yield	Value (Note 1)	Ratings (a) Moody's	Standard & Poor's
Variable Rate Demand Instruments (c) (Continued)						
$ 3,200,000	Harris County, TX IDRB (Baytank Houston Inc. Project) LOC Rabobank Nederland	02/01/20	2.65%	$ 3,200,000		A1+
1,000,000	Harris County, TX HDFC Hospital RB (Memorial Hospital Systems)	12/01/26	3.30	1,000,000	VMIG-1	A1+
1,000,000	Houston County, GA (Middle Georgia Community Action) (d) LOC Columbus Bank & Trust Company	01/01/31	2.83	1,000,000		
3,600,000	Illinois Development Finance Authority RB (Glenwood School For Boys) LOC Harris Trust & Savings Bank	02/01/33	2.65	3,600,000		A1+
3,300,000	Illinois Educational Facilities Authority RB (Chicago Children's Museum) - Series 1994 LOC National Bank of Detroit	02/01/28	2.70	3,300,000	VMIG-1	A1+
3,000,000	Illinois Educational Facilities Authority RB (Chicago Children's Museum) - Series 1994 LOC Harris Trust & Savings Bank	12/01/30	2.65	3,000,000	VMIG-1	A1+
2,570,000	Illinois HEFA RB (Rush-Presbyterian St. Luke's) LOC Northern Trust Bank	11/15/06	2.70	2,570,000	VMIG-1	A1+
2,300,000	Indiana HEFA (Rehabilitation Hospital of Indiana) LOC National Bank of Detroit	11/01/20	2.70	2,300,000	VMIG-1	
720,000	Iowa Higher Educational Loan Authority RB (Private College Facility - Warburg) LOC Allied Irish Bank	03/01/30	3.55	720,000	VMIG-1	
1,000,000	Irvine, CA Improvement Assessment District #87-8 LOC KBC Bank	09/02/24	3.10	1,000,000	VMIG-1	A1
1,955,000	Kentucky EDFA (Pooled Hospital Loan Program) Insured by Capital Reinsurance	08/01/18	2.85	1,955,000		A1+
7,700,000	Lancaster County, NE Hospital Authority #1s (Immanuel Health - Williamsburg) LOC LaSalle National Bank	07/01/30	3.35	7,700,000		A1+
695,000	Lancaster, PA Higher Education Authority RB (Franklin & Marshall College) LOC Chase Manhattan Bank, N.A.	04/15/27	2.78	695,000	VMIG-1	A1
700,000	Lincoln County, WY PCRB (Exxon Corporation) - Series 1985	08/01/15	3.25	700,000		A1+
6,680,000	Lisle, IL MHRB Collateralized by Federal National Mortgage Association	09/15/26	2.70	6,680,000		A1+
1,400,000	Mankato, MN RB (Bethany Lutheran College) - Series B LOC Wells Fargo Bank, N.A.	11/01/15	3.55	1,400,000		A1+
3,500,000	Massachusetts State HEFA (Capital Asset Program) - Series C Insured by MBIA Insurance Corp.	07/01/05	3.30	3,500,000	VMIG-1	A1+
2,000,000	Michigan State Strategic Fund (Detroit Symphony) - Series A LOC ABN AMRO Bank, N.A.	06/01/31	3.50	2,000,000		A1+
2,000,000	Missouri Development Financial Board RB (Saint Louis Convention Center Project) LOC Firstar Bank	12/01/20	3.60	2,000,000		A1

See accompanying Notes to the Financial Statements.

STATEMENT OF NET ASSETS (Continued)
JUNE 30, 2001

Face Amount		Maturity Date	Yield	Value (Note 1)	Ratings (a) Moody's	Standard & Poor's
Variable Rate Demand Instruments (c) (Continued)						
2,560,000	Missouri HEFA (Washington University)	09/01/10	2.65	2,560,000	VMIG-1	A1+
980,000	Missouri State HEFA (St. Francis Medical Center) LOC Dexia CLF	06/01/26	3.50	980,000		A1+
4,420,000	Montgomery County, MD Housing Opportunities Commission MHRB (Oakwood-Gainesburg) Guaranteed by Federal Home Loan Mortgage Corporation	11/01/07	2.70	4,420,000		A1+
5,015,000	New York State Dormitory Authority RB (Oxford University Press Inc.) LOC Landesbank Hessen	07/01/23	3.20	5,015,000	VMIG-1	
1,000,000	North Carolina Medical Care Commission HRB (Pooled Financing Equipment) LOC Bank of America	10/01/20	3.30	1,000,000	VMIG-1	
1,400,000	Ohio State Air Quality Development Authority (Cincinnati Gas & Electric Company Project) LOC Barclays Bank PLC	09/01/30	3.20	1,400,000	VMIG-1	A1+
1,800,000	Pennsylvania State Turnpike Commission	06/01/28	3.30	1,800,000	VMIG-1	A1+
1,100,000	Philadelphia, PA Water & Waste RB Insured by AMBAC Indemnity Corp.	08/01/27	2.60	1,100,000	VMIG-1	A1+
2,000,000	Pitkin County, CO IDRB (Aspen Skiing Co. Project) - Series A LOC First National Bank of Chicago	04/01/16	3.30	2,000,000		A1+
800,000	Reading, PA (York County General Authority) Insured by AMBAC Indemnity Corp.	09/01/26	2.65	800,000		A1+
3,600,000	Salt Lake County, UT PCRB (Service Station Holdings Project)	08/01/07	3.30	3,600,000	P1	A1+
$132,775,000	**Total Variable Rate Demand Instruments**			**$ 132,775,000**		
	Total Investments (99.41%) (Cost $206,311,230†)			**206,311,230**		
	Cash And Other Assets In Excess Of Liabilities (0.59%) (Note 4)			**1,229,507**		
	Net Assets (100.00%), 207,561,347 Shares Outstanding (Note 3)			**$ 207,540,737**		
	Net Asset Value, offering and redemption price per share			**$ 1.00**		

† Aggregate cost for Federal income tax purposes is identical.

See accompanying Notes to the Financial Statements.

STATEMENT OF NET ASSETS (Continued)
JUNE 30, 2001

FOOTNOTES:

(a) Unless the variable rate demand instruments are assigned their own ratings, the ratings are those of the holding company of the bank whose letter of credit guarantees the issue or the insurance company who insures the issue. All letters of credit and insurance are irrevocable and direct pay covering both principal and interest. Certain issuers have either a line of credit, a liquidity facility, a standby purchase agreement or some other financing mechanism to ensure the remarketing of the securities. This is not a guarantee and does not serve to insure or collateralize the issue. Ratings have not been audited by Deloitte & Touche LLP.
(b) Maturity date indicated is the next put date.
(c) Securities payable on demand at par including accrued interest (usually with seven days notice) and where indicated are unconditionally secured as to principal and interest by a bank letter of credit. The interest rates are adjustable and are based on bank prime rates or other interest rate adjustment indices. The rate shown is the rate in effect at the date of this statement.
(d) Securities that are not rated have been determined by the Fund's Board of Directors to be of comparable quality to those rated securities in which the Fund invests.

KEY:

BAN	=	Bond Anticipation Note	IDA	=	Industrial Development Authority
EDC	=	Educational Development Corporation	IDRB	=	Industrial Development Revenue Bond
EDFA	=	Economic Development Finance Authority	LOC	=	Letter of Credit
FGIC	=	Financial Guarantee Insurance Company	MHRB	=	Multifamily Housing Revenue Bond
GO	=	General Obligations	PCRB	=	Pollution Control Revenue Bond
HEFA	=	Health and Education Facilities Authority	RB	=	Revenue Bond
HDFC	=	Housing Development Finance Corporation	TAN	=	Tax Anticipation Note
HRB	=	Hospital Revenue Bond	TRAN	=	Tax and Revenue Anticipation Note

See accompanying Notes to the Financial Statements.

TAX EXEMPT PROCEEDS FUND, INC.

STATEMENT OF OPERATIONS
JUNE 30, 2001

INVESTMENT INCOME

Interest income	$ 8,266,679
Expenses (Note 2)	(857,720)
Net investment income	7,408,959

REALIZED GAIN (LOSS) ON INVESTMENTS

Net realized gain (loss) on investments	-0-
Net increase in net assets from operations	$ 7,408,959

See accompanying Notes to the Financial Statements.

TAX EXEMPT PROCEEDS FUND, INC.

STATEMENT OF CHANGES IN NET ASSETS
JUNE 30, 2001 and 2000

	Year Ended June 30, 2001	Year Ended June 30, 2000
INCREASE (DECREASE) IN NET ASSETS		
Operations:		
Net investment income	$ 7,408,959	$ 6,813,845
Net realized gain (loss) on investments	-0-	(15,960)
Net increase in net assets from operations	7,408,959	6,797,885
Dividends to shareholders from net investment income	(7,408,959)	(6,813,845)
Net increase (decrease) from capital share transactions (Note 3)	(629,801)	18,650,674
Total increase (decrease) in net assets	(629,801)	18,634,714
Net assets:		
Beginning of year	208,170,538	189,535,824
End of year	$ 207,540,737	$ 208,170,538

See accompanying Notes to the Financial Statements.

1. Summary of Accounting Policies

Tax Exempt Proceeds Fund, Inc. is a no-load, diversified, open-end management investment company registered under the Investment Company Act of 1940. This Fund is a short term, tax exempt money market fund. The Fund's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America for investment companies as follows:

Page 9

a) Valuation of Securities -

Investments are valued at amortized cost. Under this valuation method, a portfolio instrument is valued at cost and any discount or premium is amortized on a constant basis to the maturity of the instrument. The maturity of variable rate demand instruments is deemed to be the longer of the period required before the Fund is entitled to receive payment of the principal amount through demand or the period remaining until the next interest rate adjustment.

b) Federal Income Taxes -

It is the Fund's policy to comply with the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute all of its tax exempt and taxable income, if any, to its shareholders. Therefore, no provision for federal income tax is required.

c) Dividends and Distributions -

Dividends from investment income (excluding capital gains and losses, if any, and amortization of market discount) are declared daily and paid monthly. Distributions of net capital gains, if any, realized on sales of investments are made after the close of the Fund's fiscal year, as declared by the Fund's Board of Directors.

d) Use of Estimates -

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates.

e) General -

Securities transactions are recorded on a trade date basis. Interest income is accrued as earned. Realized gains and losses from securities transactions are recorded on the identified cost basis.

2. Investment Management Fees and Other Transactions with Affiliates

Under the Investment Management Contract, the Fund pays an investment management fee to Reich & Tang Asset Management, LLC (the "Manager") at the annual rate of .40 of 1% per annum of the Fund's average daily net assets up to $250 million; .35 of 1% per annum of the average daily net assets between $250 million and $500 million; and .30 of 1% per annum of the average daily net assets over $500 million. The Management Contract also provides that the Manager will bear the cost of all other expenses of the Fund. Therefore, the fee payable under the Management Contract will be the only expense of the Fund.

Pursuant to a Distribution Plan adopted under Securities and Exchange Commission Rule 12b-1, the Fund and the Manager have entered into a Distribution Agreement. The Fund's Board of Directors has adopted the plan in case certain expenses of the Fund are deemed to constitute indirect payments by the Fund for distribution expenses.

3. Capital Stock

At June 30, 2001, 20,000,000,000 shares of $.001 par value stock were authorized and paid in capital amounted to $207,561,347. Transactions in capital stock, all at $1.00 per share, were as follows:

	Year Ended June 30, 2001	Year Ended June 30, 2000
Sold	$ 407,206,363	$ 695,818,387
Issued on reinvestment of dividends	1,602,394	1,772,803
Redeemed	(409,438,558)	(678,940,516)
Net increase (decrease)	$ (629,801)	$ 18,650,674

4. Liabilities

At June 30, 2001, the Fund had the following liabilities:

Accrued management fee	$ 4,407
Dividends payable	362,975
Total liabilities	$ 367,382

5. Sales of Securities

Accumulated undistributed realized losses at June 30, 2001 amounted to $20,276. This amount represents tax basis capital losses which may be carried forward to offset future gains. Such losses expire through June 30, 2008.

6. Financial Highlights

	Year Ended June 30,				
	2001	2000	1999	1998	1997
Per Share Operating Performance:					
(for a share outstanding throughout the year)					
Net asset value, beginning of year	$1.00	$1.00	$1.00	$1.00	$1.00
Income from investment operations:					
Net investment income	0.034	0.033	0.029	0.033	0.032
Less distributions:					
Dividends from net investment income	(0.034)	(0.033)	(0.029)	(0.033)	(0.032)
Net asset value, end of year	$1.00	$1.00	$1.00	$1.00	$1.00
Total Return	3.50%	3.30%	2.92%	3.31%	3.23%
Ratios/Supplemental Data					
Net assets, end of year (000)	$207,541	$208,171	$189,536	$192,016	$199,050
Ratios to average net assets:					
Expenses	0.40%	0.40%	0.40%	0.40%	0.40%
Net investment income	3.45%	3.29%	2.89%	3.26%	3.18%

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Shareholders of
Tax Exempt Proceeds Fund, Inc.

We have audited the accompanying statement of net assets of Tax Exempt Proceeds Fund, Inc. (the "Fund") as of June 30, 2001 and the related statements of operations for the year then ended and of changes in net assets and the financial highlights for each of the years in the two year period then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits. The financial highlights for each of the years in the three year period ended June 30, 1999 were audited by other auditors whose report, dated July 23, 1999, expressed an unqualified opinion on those financial highlights.

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 and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of June 30, 2001, by correspondence with the Fund's custodian. 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~~s~~ a reasonable basis for our opinion.

In our opinion, such financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Tax Exempt Proceeds Fund, Inc. as of June 30, 2001, the results of its operations for the year then ended, changes in its net assets, and its financial highlights for each of the two years then ended in conformity with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

Deloitte & Touche LLP
New York, New York
July 27, 2001

PENSION FUNDS MANAGEMENT DIVISION

COMBINED INVESTMENT FUNDS
TOTAL NET ASSET VALUE BY PENSION PLANS AND TRUST FUNDS
JUNE 30, 2001

Retirement Funds	**Net Asset Value**
Teachers' Retirement Fund	$11,203,966,581
State Employees Retirement Fund	7,785,125,999
Connecticut Municipal Employees' Retirement Fund	1,297,727,524
State Judges Retirement Fund	135,740,148
The Probate Court Retirement Fund	66,678,879
State's Attorney Retirement Fund	732,869
Non-retirement Trust Funds	
Soldiers, Sailors and Marines Fund	57,510,479
Police and Firemen' Survivors' Benefit Fund	17,771,114
Connecticut Arts Endowment Fund	13,713,123
School Fund	8,947,649
The Ida Eaton Cotton Fund	2,009,223
Hopemead Fund	1,749,425
Andrew C. Clark Fund	945,226
Agricultural College Fund	590,862
TOTAL	$20,593,209,101

COMBINED INVESTMENT FUNDS
STATEMENT OF INVESTMENT ACTIVITY BY PENSION PLAN
FOR THE FISCAL YEAR ENDING JUNE 30, 2001

	CASH RESERVE FUND	MUTUAL EQUITY FUND	MUTUAL FIXED INCOME FUND	INTER-NATIONAL STOCK FUND	REAL ESTATE FUND	COMMERCIAL MORTGAGE FUND	PRIVATE INVESTMENT FUND	TOTALS
Teachers' Retirement Fund								
Book Value at June 30, 2000	$257,734,037	$ 989,170,649	$3,295,279,194	$ 740,984,430	$312,932,338	$98,223,055	$1,039,142,560	$ 6,733,466,263
Market Value at June 30, 2000	$257,734,037	$4,841,310,316	$3,481,472,652	$1,599,525,873	$277,988,900	$96,031,923	$1,386,159,078	$11,940,222,779
Shares Purchased	629,652,409	-	-	-	7,629,228	-	183,270,320	820,551,957
Shares Redeemed	(644,320,944)	-	-	-	(39,236,029)	(41,023,699)	-	(724,580,672)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	-	-	-	(2,783,424)	(551,734)	-	(3,335,159)
Net Investment Income Earned	15,989,632	44,626,780	231,223,094	23,371,967	23,505,069	7,304,474	53,284,571	399,305,587
Net Investment Income Distributed	(15,989,632)	(44,626,780)	(231,223,094)	(23,371,967)	(23,505,069)	(7,304,474)	(53,284,571)	(399,305,587)
Changes in Market Value of Fund Shares	-	(504,198,597)	43,702,151	(233,182,094)	15,789,278	732,043	(151,735,108)	(828,892,326)
Market Value at June 30, 2001	$243,065,502	$4,337,111,719	$3,525,174,803	$1,366,343,779	$259,387,953	$55,188,533	$1,417,694,290	$11,203,966,581
Book Value at June 30, 2001	243,065,502	989,170,649	3,295,279,194	740,984,430	278,542,113	56,647,622	1,222,412,880	6,826,102,390
Shares Outstanding	243,065,502	5,324,972	32,123,810	5,887,525	4,096,983	756,954	13,637,062	304,892,809
Market Value per Share	$ 1.00	$ 814.49	$ 109.74	$ 232.07	$ 63.31	$ 72.91	$ 103.96	
State Employees' Retirement Fund								
Book Value at June 30, 2000	$ 85,561,731	$ 702,395,453	$2,331,134,361	$ 522,189,936	$ 220,582,489	$ 68,806,346	$ 731,191,801	$ 4,661,862,117
Market Value at June 30, 2000	$ 85,561,731	$3,350,136,085	$2,480,241,222	$ 1,129,319,968	$ 196,337,927	$ 67,632,427	$ 975,708,984	$ 8,284,938,346
Shares Purchased	302,045,862	-	-	-	5,388,369	-	128,025,926	435,460,157
Shares Redeemed	(298,929,775)	-	-	-	(27,711,612)	(28,891,771)	-	(355,533,158)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	-	-	-	(1,908,015)	(232,283)	-	(2,140,298)
Net Investment Income Earned	5,144,347	30,881,266	164,725,994	16,501,407	16,601,154	5,144,326	37,496,505	276,494,999
Net Investment Income Distributed	(5,144,347)	(30,881,266)	(164,725,994)	(16,501,407)	(16,601,154)	(5,144,326)	(37,496,505)	(276,494,999)
Changes in Market Value of Fund Shares	-	(348,900,154)	31,133,916	(164,634,533)	11,093,785	359,270	(106,651,334)	(577,599,050)
Market Value at June 30, 2001	$ 88,677,818	$3,001,235,931	$2,511,375,139	$ 964,685,436	$183,200,454	$ 38,867,643	$ 997,083,576	$ 7,785,125,999
Book Value at June 30, 2001	88,677,818	702,395,453	2,331,134,361	522,189,936	196,351,231	39,682,292	859,217,727	4,739,648,818
Shares Outstanding	88,677,818	3,684,825	22,885,372	4,156,794	2,893,616	533,100	9,591,130	132,422,656
Market Value per Share	$ 1.00	$ 814.49	$ 109.74	$ 232.07	$ 63.31	$ 72.91	$ 103.96	
Municipal Employees' Retirement Fund								
Book Value at June 30, 2000	$ 29,089,326	$ 113,692,994	$ 378,892,934	$ 80,092,276	$ 34,387,673	$10,701,564	$ 131,755,933	$ 778,612,700
Market Value at June 30, 2000	$ 29,089,326	$ 554,325,785	$ 401,171,095	$ 173,198,323	$ 30,738,870	$10,593,856	$ 174,104,252	$ 1,373,221,508
Shares Purchased	49,954,319	-	-	-	843,609	-	14,458,980	65,256,908
Shares Redeemed	(37,238,661)	-	-	-	(4,338,559)	(4,525,570)	-	(46,102,790)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	-	-	-	(279,187)	(4,144)	-	(283,330)
Net Investment Income Earned	2,050,163	5,109,727	26,643,903	2,530,741	2,599,096	805,800	6,648,554	46,387,984
Net Investment Income Distributed	(2,050,163)	(5,109,727)	(26,643,903)	(2,530,741)	(2,599,096)	(805,800)	(6,648,554)	(46,387,984)
Changes in Market Value of Fund Shares	-	(57,730,297)	5,035,812	(25,249,199)	1,717,320	24,033	(18,162,441)	(94,364,772)
Market Value at June 30, 2001	$ 41,804,984	$ 496,595,488	$ 406,206,907	$ 147,949,124	$ 28,682,053	$ 6,088,177	$ 170,400,790	$ 1,297,727,524
Book Value at June 30, 2001	41,804,984	113,692,994	378,892,934	80,092,276	30,613,537	6,171,851	146,214,913	797,483,488
Shares Outstanding	41,804,984	609,705	3,701,636	637,507	453,028	83,504	1,639,117	48,929,480
Market Value per Share	$ 1.00	$ 814.49	$ 109.74	$ 232.07	$ 63.31	$ 72.91	$ 103.96	

PENSION FUNDS MANAGEMENT DIVISION

COMBINED INVESTMENT FUNDS

STATEMENT OF INVESTMENT ACTIVITY BY PENSION PLAN (Continued)

FOR THE FISCAL YEAR ENDING JUNE 30, 2001

	CASH RESERVE FUND	MUTUAL EQUITY FUND	MUTUAL FIXED INCOME FUND	INTER-NATIONAL STOCK FUND	REAL ESTATE FUND	COMMERCIAL MORTGAGE FUND	PRIVATE INVESTMENT FUND	TOTALS
Probate Court Retirement Fund								
Book Value at June 30, 2000	$ 1,938,168	$ 5,608,744	$ 20,779,729	$ 4,984,897	$ 1,975,587	$ 634,603	$ 3,742,230	$ 39,663,958
Market Value at June 30, 2000	$ 1,938,168	$ 28,207,998	$ 22,389,806	$ 10,820,448	$ 1,758,900	$ 617,860	$ 5,028,152	$ 70,761,332
Shares Purchased	3,683,603	-	-	-	48,272	-	454,826	4,186,701
Shares Redeemed	(3,075,823)	-	-	-	(248,255)	(263,943)	-	(3,588,021)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	-	-	-	(17,025)	(4,669)	-	(21,694)
Net Investment Income Earned	147,991	260,019	1,487,025	158,106	148,721	46,997	192,411	2,441,270
Net Investment Income Distributed	(147,991)	(260,019)	(1,487,025)	(158,106)	(148,721)	(46,997)	(192,411)	(2,441,270)
Changes in Market Value of Fund Shares	-	(2,937,724)	281,054	(1,577,427)	99,317	5,830	(530,489)	(4,659,438)
Market Value at June 30, 2001	$ 2,545,948	$ 25,270,274	$ 22,670,860	$ 9,243,021	$ 1,641,208	$ 355,078	$ 4,952,489	$ 66,678,879
Book Value at June 30, 2001	2,545,948	5,608,744	20,779,729	4,984,897	1,758,578	365,992	4,197,055	40,240,943
Shares Outstanding	2,545,948	31,026	206,592	39,828	25,923	4,870	47,639	2,901,826
Market Value per Share	$ 1.00	$ 814.49	$ 109.74	$ 232.07	$ 63.31	$ 72.91	$ 103.96	
Judges' Retirement Fund								
Book Value at June 30, 2000	$ 3,387,516	$ 12,521,422	$ 35,923,026	$ 7,984,311	$ 3,237,790	$ 1,051,697	$ 18,123,559	$ 82,229,322
Market Value at June 30, 2000	$ 3,387,516	$ 55,286,030	$ 37,767,090	$ 17,101,680	$ 2,837,444	$ 1,043,547	$ 23,786,716	$ 141,210,024
Shares Purchased	5,193,787	-	7,000,000	-	77,872	-	1,789,948	14,061,607
Shares Redeemed	(2,796,202)	-	-	-	(400,484)	(445,791)	(7,000,000)	(10,642,477)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	-	-	-	(34,217)	635	1,918,313	1,884,731
Net Investment Income Earned	245,002	509,622	2,788,264	249,888	239,917	79,376	822,772	4,934,841
Net Investment Income Distributed	(245,002)	(509,622)	(2,788,264)	(249,888)	(239,917)	(79,376)	(822,772)	(4,934,841)
Changes in Market Value of Fund Shares	-	(5,757,767)	580,521	(2,493,118)	166,968	1,327	(3,271,668)	(10,773,738)
Market Value at June 30, 2001	$ 5,785,101	$ 49,528,263	$ 45,347,611	$ 14,608,562	$ 2,647,583	$ 599,717	$ 17,223,310	$ 135,740,148
Book Value at June 30, 2001	5,785,101	12,521,422	42,923,026	7,984,311	2,880,962	606,540	14,831,820	87,533,183
Shares Outstanding	5,785,101	60,809	413,239	62,948	41,818	8,226	165,674	6,537,814
Market Value per Share	$ 1.00	$ 814.49	$ 109.74	$ 232.07	$ 63.31	$ 72.91	$ 103.96	
State's Attorneys' Retirement Fund								
Book Value at June 30, 2000	$ 216,383	$ 92,347	$ 157,239	$ -	$ 6,006	$ -	$ -	$ 471,976
Market Value at June 30, 2000	$ 216,383	$ 494,645	$ 184,760	$ -	$ 5,916	$ -	$ -	$ 901,703
Shares Purchased	45,620	-	-	-	162	-	-	45,782
Shares Redeemed	(164,863)	-	-	-	(835)	-	-	(165,698)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	-	-	-	28	-	-	28
Net Investment Income Earned	11,834	4,562	12,270	-	501	-	-	29,167
Net Investment Income Distributed	(11,834)	(4,562)	(12,270)	-	(501)	-	-	(29,167)
Changes in Market Value of Fund Shares	-	(51,515)	2,320	-	249	-	-	(48,946)
Market Value at June 30, 2001	$ 97,140	$ 443,131	$ 187,080	$ -	$ 5,520	$ -	$ -	$ 732,869
Book Value at June 30, 2001	97,140	92,347	157,239	-	5,361	-	-	$ 352,088
Shares Outstanding	97,140	544	1,705	-	87	-	-	99,476
Market Value per Share	$ 1.00	$ 814.49	$ 109.74	$ -	$ 63.31	$ -	$ -	

PENSION FUNDS MANAGEMENT DIVISION

COMBINED INVESTMENT FUNDS
STATEMENT OF INVESTMENT ACTIVITY BY TRUST
FOR THE FISCAL YEAR ENDING JUNE 30, 2001

	CASH RESERVE FUND	MUTUAL EQUITY FUND	MUTUAL FIXED INCOME FUND	INTER-NATIONAL STOCK FUND	REAL ESTATE FUND	COMMERCIAL MORTGAGE FUND	PRIVATE INVESTMENT FUND	TOTALS
Soldiers' Sailors' & Marines' Fund								
Book Value at June 30, 2000	$ 60,018	$ 1,095,686	$ 49,098,734	$ -	$ -	$ -	$ -	$ 50,254,438
Market Value at June 30, 2000	$ 60,018	$ 6,236,802	$ 51,220,230	$ -	$ -	$ -	$ -	$ 57,517,049
Shares Purchased	3,165,952	-	-	-	-	-	-	3,165,952
Shares Redeemed	(3,165,945)	-	-	-	-	-	-	(3,165,945)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	-	-	-	-	-	-	-
Net Investment Income Earned	5,304	57,490	3,401,809	-	-	-	-	3,464,603
Net Investment Income Distributed	(5,304)	(57,490)	(3,401,809)	-	-	-	-	(3,464,603)
Changes in Market Value of Fund Shares	-	(649,532)	642,956	-	-	-	-	(6,577)
Market Value at June 30, 2001	$ 60,024	$ 5,587,270	$ 51,863,186	$ -	$ -	$ -	$ -	$ 57,510,479
Book Value at June 30, 2001	60,024	1,095,686	49,098,734	-	-	-	-	$ 50,254,445
Shares Outstanding	60,024	6,860	472,613	-	-	-	-	539,497
Market Value per Share	$ 1.00	$ 814.49	$ 109.74	$ -	-	$ -	$ -	$ -
Endowment for the Arts								
Book Value at June 30, 2000	$ 957,692	$ -	$ 11,472,429	$ -	$ -	$ -	$ -	$ 12,430,122
Market Value at June 30, 2000	$ 957,692	$ -	$ 11,481,208	$ -	$ -	$ -	$ -	$ 12,438,900
Shares Purchased	2,934,516	-	1,000,000	-	-	-	-	3,934,516
Shares Redeemed	(2,801,659)	-	-	-	-	-	-	(2,801,659)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	-	-	-	-	-	-	-
Net Investment Income Earned	84,898	-	795,867	-	-	-	-	880,765
Net Investment Income Distributed	(84,898)	-	(795,867)	-	-	-	-	(880,765)
Changes in Market Value of Fund Shares	-	-	141,366	-	-	-	-	141,366
Market Value at June 30, 2001	$ 1,090,549	$ -	$ 12,622,574	$ -	$ -	$ -	$ -	$ 13,713,123
Book Value at June 30, 2001	1,090,549	-	12,472,429	-	-	-	-	$ 13,562,978
Shares Outstanding	1,090,549	-	115,026	-	-	-	-	1,205,575
Market Value per Share	$ 1.00	$ -	$ 109.74	$ -	-	$ -	$ -	$ -
Agricultural College Fund								
Book Value at June 30, 2000	$ 43,977	$ 58,359	$ 226,912	$ -	$ -	$ -	$ -	$ 329,247
Market Value at June 30, 2000	$ 43,977	$ 339,380	$ 238,890	$ -	$ -	$ -	$ -	$ 622,247
Shares Purchased	21,198	-	-	-	-	-	-	21,198
Shares Redeemed	(20,237)	-	-	-	-	-	-	(20,236)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	-	-	-	-	-	-	-
Net Investment Income Earned	2,205	3,128	15,865	-	-	-	-	21,199
Net Investment Income Distributed	(2,205)	(3,128)	(15,865)	-	-	-	-	(21,199)
Changes in Market Value of Fund Shares	-	(35,345)	2,999	-	-	-	-	(32,346)
Market Value at June 30, 2001	$ 44,938	$ 304,035	$ 241,889	$ -	$ -	$ -	$ -	$ 590,862
Book Value at June 30, 2001	44,938	58,359	226,912	-	-	-	-	330,209
Shares Outstanding	44,938	373	2,204	-	-	-	-	47,516
Market Value per Share	$ 1.00	$ 814.49	$ 109.74	$ -	-	$ -	$ -	$ -

PENSION FUNDS MANAGEMENT DIVISION

COMBINED INVESTMENT FUNDS
STATEMENT OF INVESTMENT ACTIVITY BY TRUST (Continued)
FOR THE FISCAL YEAR ENDING JUNE 30, 2001

	CASH RESERVE FUND	MUTUAL EQUITY FUND	MUTUAL FIXED INCOME FUND	INTER-NATIONAL STOCK FUND	REAL ESTATE FUND	COMMERCIAL MORTGAGE FUND	PRIVATE INVESTMENT FUND	TOTALS
Ida Eaton Cotton Fund								
Book Value at June 30, 2000	$ 123,920	$ 201,429	$ 783,347	$ -	$ -	$ -	$ -	$ 1,108,696
Market Value at June 30, 2000	$ 123,920	$ 1,158,800	$ 833,726	$ -	$ -	$ -	$ -	$ 2,116,446
Shares Purchased	71,933	-	-	-	-	-	-	71,933
Shares Redeemed	(68,939)	-	-	-	-	-	-	(68,936)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	-	-	-	-	-	-	-
Net Investment Income Earned	5,880	10,680	55,373	-	-	-	-	71,932
Net Investment Income Distributed	(5,880)	(10,680)	(55,373)	-	-	-	-	(71,932)
Changes in Market Value of Fund Shares	-	(120,683)	10,466	-	-	-	-	(110,218)
Market Value at June 30, 2001	$ 126,914	$ 1,038,117	$ 844,191	$ -	$ -	$ -	$ -	$ 2,009,223
Book Value at June 30, 2001	126,914	201,429	783,347	-	-	-	-	$ 1,111,691
Shares Outstanding	126,914	1,275	7,693	-	-	-	-	135,881
Market Value per Share	$ 1.00	$ 814.49	$ 109.74	$ -	-	$ -	$ -	$ -
Andrew Clark Fund								
Book Value at June 30, 2000	$ 47,872	$ 94,573	$ 402,231	$ -	$ -	$ -	$ -	$ 544,676
Market Value at June 30, 2000	$ 47,872	$ 541,003	$ 405,339	$ -	$ -	$ -	$ -	$ 994,214
Shares Purchased	34,540	-	-	-	-	-	-	34,540
Shares Redeemed	(32,274)	-	-	-	-	-	-	(32,274)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	-	-	-	-	-	-	-
Net Investment Income Earned	2,632	4,986	26,922	-	-	-	-	34,544
Net Investment Income Distributed	(2,632)	(4,986)	(26,922)	-	-	-	-	(34,544)
Changes in Market Value of Fund Shares	-	(56,343)	5,088	-	-	-	-	(51,255)
Market Value at June 30, 2001	$ 50,139	$ 484,660	$ 410,427	$ -	$ -	$ -	$ -	$ 945,226
Book Value at June 30, 2001	50,139	94,573	402,231	-	-	-	-	$ 546,943
Shares Outstanding	50,139	595	3,740	-	-	-	-	54,474
Market Value per Share	$ 1.00	$ 814.49	$ 109.74	$ -	-	$ -	$ -	$ -
School Fund								
Book Value at June 30, 2000	$ 651,488	$ 930,831	$ 3,281,754	$ -	$ -	$ -	$ -	$ 4,864,073
Market Value at June 30, 2000	$ 651,488	$ 5,353,511	$ 3,459,925	$ -	$ -	$ -	$ -	$ 9,464,923
Shares Purchased	357,847	-	-	-	-	-	-	357,847
Shares Redeemed	(361,013)	-	-	-	-	-	-	(361,013)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	-	-	-	-	-	-	-
Net Investment Income Earned	46,434	49,347	229,792	-	-	-	-	325,576
Net Investment Income Distributed	(46,434)	(49,347)	(229,792)	-	-	-	-	(325,576)
Changes in Market Value of Fund Shares	-	(557,542)	43,432	-	-	-	-	(514,110)
Market Value at June 30, 2001	$ 648,322	$ 4,795,970	$ 3,503,357	$ -	$ -	$ -	$ -	$ 8,947,649
Book Value at June 30, 2001	$ 648,322	$ 930,831	$ 3,281,754	$ -	$ -	$ -	$ -	$ 4,860,907
Shares Outstanding	648,322	5,888	31,925	-	-	-	-	686,135
Market Value per Share	$ 1.00	$ 814.49	$ 109.74	$ -	$ -	$ -	$ -	$ -

COMBINED INVESTMENT FUNDS
STATEMENT OF INVESTMENT ACTIVITY BY TRUST (Continued)
FOR THE FISCAL YEAR ENDING JUNE 30, 2001

	CASH RESERVE FUND	MUTUAL EQUITY FUND	MUTUAL FIXED INCOME FUND	INTER-NATIONAL STOCK FUND	REAL ESTATE FUND	COMMERCIAL MORTGAGE FUND	PRIVATE INVESTMENT FUND	TOTALS
Hopemead Fund								
Book Value at June 30, 2000	$ 763,825	$ 134,254	$ 187,244	$ -	$ -	$ -	$ -	$ 1,085,324
Market Value at June 30, 2000	$ 763,825	$ 766,652	$ 224,425	$ -	$ -	$ -	$ -	$ 1,754,903
Shares Purchased	71,548	-	-	-	-	-	-	71,548
Shares Redeemed	-	-	-	-	-	-	-	-
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	-	-	-	-	-	-	-
Net Investment Income Earned	49,573	7,069	14,906	-	-	-	-	71,548
Net Investment Income Distributed	(49,573)	(7,069)	(14,906)	-	-	-	-	(71,548)
Changes in Market Value of Fund Shares	-	(79,843)	2,817	-	-	-	-	(77,026)
Market Value at June 30, 2001	$ 835,373	$ 686,809	$ 227,242	$ -	$ -	$ -	$ -	$ 1,749,425
Book Value at June 30, 2001	$ 835,373	$ 134,254	$ 187,244	$ -	$ -	$ -	$ -	$ 1,156,872
Shares Outstanding	835,373	843	2,071	-	-	-	-	838,287
Market Value per Share	$ 1.00	$ 814.49	$ 109.74	$ -	$ -	$ -	$ -	$ -
Police & Fireman's Survivors' Benefit Fund								
Book Value at June 30, 2000	$ 4,016,321	$ 6,859,157	$ 5,134,231	$ -	$ 444,557	$ 147,176	$ -	$ 16,601,442
Market Value at June 30, 2000	$ 4,016,321	$ 8,399,634	$ 5,048,812	$ -	$ 455,047	$ 139,810	$ -	$ 18,059,624
Shares Purchased	839,407	-	-	-	12,488	-	-	851,896
Shares Redeemed	(226,602)	-	-	-	(64,226)	(59,725)	-	(350,554)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	-	-	-	4,442	(2,570)	-	1,872
Net Investment Income Earned	266,087	77,427	335,318	-	38,476	10,636	-	727,944
Net Investment Income Distributed	(266,087)	(77,427)	(335,318)	-	(38,476)	(10,636)	-	(727,944)
Changes in Market Value of Fund Shares	-	(874,780)	63,377	-	16,848	2,833	-	(791,723)
Market Value at June 30, 2001	$ 4,629,127	$ 7,524,854	$ 5,112,189	$ -	$ 424,598	$ 80,348	$ -	$ 17,771,114
Book Value at June 30, 2001	$ 4,629,127	$ 6,859,157	$ 5,134,231	$ -	$ 397,261	$ 84,881	$ -	$ 17,104,656
Shares Outstanding	4,629,127	9,239	46,586	-	6,706	1,102	-	4,692,760
Market Value per Share	$ 1.00	$ 814.49	$ 109.74	$ -	$ 63.31	$ 72.91	$ -	$ -

COMBINED INVESTMENT FUNDS
SUMMARY OF OPERATIONS (Dollars in Thousands)
FISCAL YEARS ENDING JUNE 30

	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992
Investment Income (1)	$787,287	$1,002,774	$731,983	$734,928	$648,136	$621,540	$510,890	$453,150	$462,742	$438,572
Expenses (1)	67,282	50,552	54,417	40,817	38,316	36,558	36,623	45,682	44,137	32,180
Net Investment Income	720,005	952,222	677,566	694,111	609,820	584,982	474,267	407,468	418,605	406,392
Realized Gains/(Losses)	269,330	1,522,994	673,802	1,350,408	277,293	1,240,686	(7,954)	539,865	387,899	433,240
Change in Unrealized Gains/(Losses)	(1,776,378)	90,500	530,276	681,413	1,727,651	(103,966)	998,758	(473,565)	357,989	(143,362)
Total	**$ (787,043)**	**$ 2,565,716**	**$1,881,644**	**$2,725,932**	**$2,614,764**	**$1,721,702**	**$1,465,070**	**$473,768**	**$1,164,493**	**$696,270**

(1) Securities lending income and expenses are shown net in the Investment Income line above for all periods presented.

Source: Amounts were derived from Custodial Records.

COMBINED INVESTMENT FUNDS
PENSION AND TRUST FUNDS
BALANCES (1) IN COMBINED INVESTMENT FUNDS (Dollars in Thousands)
AT JUNE 30, 2001

Fund Name	Teachers' Retirement Fund		State Employees' Retirement Fund		Municipal Employees' Retirement Fund		Judges Retirement Fund		Probate Court Retirement Fund		State's Attorneys' Retirement Fund		Trust Funds	
CRA	$ 243,066	2.17%	$88,678	1.14%	$41,805	3.22%	$5,785	4.26%	$2,546	3.82%	$97	13.25%	$7,485	7.25%
MEF	4,337,112	38.71%	3,001,236	38.55%	496,595	38.27%	49,528	36.49%	25,270	37.90%	443	60.47%	20,422	19.78%
ISF	1,366,344	12.20%	964,685	12.39%	147,949	11.40%	14,609	10.76%	9,243	13.86%	-	0.00%	-	0.00%
REF	259,388	2.32%	183,200	2.35%	28,682	2.21%	2,648	1.95%	1,641	2.46%	6	0.75%	425	0.41%
MFIF	3,525,175	31.46%	2,511,375	32.26%	406,207	31.30%	45,348	33.41%	22,671	34.00%	187	25.53%	74,825	72.48%
CMF	55,189	0.49%	38,868	0.50%	6,088	0.47%	600	0.44%	355	0.53%	-	0.00%	80	0.08%
PIF	1,417,694	12.65%	997,084	12.81%	170,401	13.13%	17,223	12.69%	4,952	7.43%	-	0.00%	-	0.00%
Total	$ 11,203,967	100.00%	$7,785,126	100.00%	$1,297,728	100.00%	$135,740	100.00%	$66,679	100.00%	$733	100.00%	$103,237	100.00%

(1) Based on Net Asset Value

Source: Amounts were dervied from custodial records.

COMBINED INVESTMENT FUNDS

INVESTMENT SUMMARY AT JUNE 30, 2001 (1)

Cash Reserve Account (2)

	Book Value	Market Value	% of Total Fund MV	Rate of Return
2001	$391,346,777	$391,346,777	1.85%	6.35%
2000	378,683,486	378,683,486	1.67%	5.96%
1999	227,101,012	227,101,012	1.11%	5.46%
1998	409,767,394	409,767,394	2.17%	5.86%
1997	640,227,925	640,227,925	3.57%	5.70%
1996	217,728,153	217,728,153	1.57%	5.90%
1995	594,092,737	594,092,737	4.80%	5.83%
1994	400,801,402	400,801,402	3.66%	3.70%
1993	360,298,297	360,298,297	3.39%	4.02%
1992	320,988,105	320,988,105	3.41%	5.89%

Mutual Equity Fund

	Book Value	Market Value	% of Total Fund MV	Rate of Return
2001	$6,649,619,519	$7,949,775,481	37.49%	(9.55)%
2000	6,578,261,062	8,876,068,150	39.08%	10.03%
1999	6,321,181,834	9,137,539,233	44.77%	19.38%
1998	5,597,631,659	7,735,628,862	41.04%	28.40%
1997	5,740,662,847	8,072,686,952	44.95%	30.74%
1996	5,473,247,153	5,722,251,986	41.19%	23.98%
1995	3,626,292,305	4,666,476,576	37.71%	23.20%
1994	3,281,944,393	3,666,548,982	33.48%	0.52%
1993	2,684,910,855	3,568,316,032	33.61%	17.10%
1992	2,529,490,941	3,171,585,397	33.72%	10.67%

International Stock Fund

	Book Value	Market Value	% of Total Fund MV	Rate of Return
2001	$2,449,711,883	$2,466,657,788	11.63%	(13.29)%
2000	2,315,776,890	2,928,693,346	12.89%	20.13%
1999	1,937,731,869	2,436,960,573	11.94%	6.77%
1998	1,988,516,841	2,394,774,756	12.71%	1.52%
1997	2,056,745,949	2,988,188,715	16.64%	15.67%
1996	2,013,932,947	2,080,961,453	14.98%	12.58%
1995	1,629,499,154	1,881,836,637	15.21%	2.27%
1994	1,681,401,549	2,047,505,365	18.70%	20.97%
1993	1,790,846,646	1,948,549,126	18.36%	13.20%
1992	1,436,422,448	1,360,522,434	14.46%	2.11%

Real Estate Fund

	Book Value	Market Value	% of Total Fund MV	Rate of Return
2001	$407,455,431	$476,011,373	2.24%	14.45%
2000	464,709,616	510,010,943	2.25%	9.18%
1999	442,674,319	428,221,842	2.10%	9.96%
1998	445,482,545	416,617,227	2.21%	25.63%
1997	553,333,465	488,413,514	2.72%	10.69%
1996	1,172,793,083	985,747,371	7.09%	0.83%
1995	1,198,474,807	1,068,615,573	8.63%	(2.78%)
1994	1,455,508,818	1,100,002,995	10.05%	(3.95%)
1993	1,348,453,216	978,014,999	9.21%	(7.68%)
1992	1,237,086,506	985,482,361	10.48%	(15.36%)

Mutual Fixed Income Fund

	Book Value	Market Value	% of Total Fund MV	Rate of Return
2001	$ 7,363,064,249	$7,218,746,648	34.04%	8.03%
2000	7,463,463,748	7,282,002,823	32.06%	5.77%
1999	6,943,741,512	6,762,463,935	33.13%	2.64%
1998	6,798,694,018	6,826,179,406	36.22%	10.52%
1997	4,612,052,907	4,902,597,809	27.30%	10.62%
1996	3,946,699,249	3,961,751,213	28.51%	5.97%
1995	2,493,278,232	2,576,238,602	20.82%	13.00%
1994	2,395,459,874	2,333,628,878	21.31%	(0.07%)
1993	2,396,492,799	2,492,239,958	23.48%	13.84%
1992	2,312,419,702	2,429,003,128	25.83%	17.07%

International Bond Fund (3)

	Book Value	Market Value	% of Total Fund MV	Rate of Return
2001	—	—	—	—
2000	—	—	—	—
1999	—	—	—	—
1998	—	—	—	—
1997	—	—	—	—
1996	—	—	—	—
1995	$695,139,207	$749,095,597	6.05%	19.10%
1994	624,328,836	657,973,564	6.01%	7.27%
1993	574,207,418	600,603,560	5.66%	11.11%
1992	531,177,878	579,853,055	6.17%	27.01%

Commercial Mortgage Fund

	Book Value	Market Value	% of Total Fund MV	Rate of Return
2001	$92,793,153	$100,727,402	0.47%	10.88%
2000	168,263,689	175,216,208	0.77%	8.26%
1999	231,513,066	235,232,350	1.15%	6.10%
1998	262,476,294	271,419,535	1.44%	17.71%
1997	343,534,264	324,002,103	1.80%	9.82%
1996	467,004,415	442,659,307	3.19%	6.46%
1995	464,667,416	455,820,517	3.68%	15.46%
1994	481,528,231	439,917,392	4.02%	(2.90%)
1993	484,589,826	483,295,439	4.55%	9.05%
1992	356,687,815	349,504,144	3.72%	10.54%

Residential Mortgage Fund (4)

	Book Value	Market Value	% of Total Fund MV	Rate of Return
2001	—	—	—	—
2000	—	—	—	—
1999	—	—	—	—
1998	—	—	—	—
1997	—	—	—	—
1996	—	—	—	—
1995	$50,630,376	$48,602,786	0.39%	11.54%
1994	73,484,931	67,780,499	0.62%	(2.38%)
1993	25,055,151	25,530,507	0.24%	1.55%
1992	79,163,570	79,804,310	0.85%	9.30%

COMBINED INVESTMENT FUNDS
INVESTMENT SUMMARY AT JUNE 30, 2001 (Continued)

Private Investment Fund (5)

	Book Value	Market Value	% of Total Fund MV	Rate of Return
2001	$2,217,285,786	$2,603,713,046	12.28%	6.25%
2000	1,879,100,932	2,561,042,272	11.28%	53.86%
1999	1,138,252,584	1,182,905,063	5.80%	(0.81%)
1998	715,880,779	794,324,372	4.21%	18.55%
1997	496,527,964	542,174,959	3.02%	5.68%
1996	198,233,821	302,481,786	2.18%	43.78%
1995	167,316,010	222,837,361	1.80%	25.39%
1994	164,964,030	169,773,008	1.55%	5.20%
1993	135,432,242	134,922,131	1.27%	3.15%
1992	110,123,666	114,773,181	1.22%	2.65%

Connecticut Programs Fund

	Book Value	Market Value	% of Total Fund MV	Rate of Return
2001	—	—	—%	—%
2000	—	—	—%	—%
1999	—	—	—%	—%
1998	—	—	—%	—%
1997	—	—	—%	—%
1996	$172,656,335	$179,638,107	1.29%	14.24%
1995	122,511,963	112,633,665	0.91%	(5.86%
1994	87,711,051	66,076,102	0.60%	3.38%
1993	40,927,545	19,576,472	0.18%	(1.75%)
1992	31,113,182	10,774,932	0.11%	(48.51%)

Mutual Mortgage Fund(6)

	Book Value	Market Value	% of Total Fund MV	Rate of Return
2001	—	—	—	—
2000	—	—	—	—
1999	—	—	—	—
1998	—	—	—	—
1997	—	—	—	—
1996	—	—	—	—
1995	—	—	—	—
1994	—	—	—	—
1993	$3,899,616	$3,903,265	0.04%	26.92%
1992	3,780,230	3,269,669	0.03%	8.88%

Total Fund

	Book Value	Market Value	% of Total Fund MV	Rate of Return
2001	$19,571,276,798	$21,206,978,515	100.00%	(3.68)%
2000	19,248,259,423	22,711,717,228	100.00%	13.13%
1999	17,242,196,196	20,410,424,008	100.00%	10.49%
1998	16,218,449,530	18,848,711,553	100.00%	17.19%
1997	14,443,085,321	17,958,291,977	100.00%	19.35%
1996	13,662,295,156	13,893,219,375	100.00%	14.14%
1995	11,041,902,207	12,376,250,052	100.00%	13.48%
1994	10,647,133,115	10,950,008,187	100.00%	3.74%
1993	9,845,113,611	10,615,249,786	100.00%	11.81%
1992	8,948,454,043	9,405,560,716	100.00%	8.07%

(1) All rates of return are net of management fees and division operating expenses.
(2) The market value of CRA for the periods presented represents the market value of the pension and trust balances in CRA only (excluding receivables and payables); the CRA balances of the other combined investment funds are shown in the market value of each fund.
(3) The International Bond Fund merged with The Mutual Fixed Income Fund in March 1996.
(4) Residential Mortgage Fund was merged with the Commercial Mortgage Fund in November 1995.
(5) The Connecticut Programs Fund merged with Venture Capital Fund In December 1996. In fiscal year 1999, the Venture Capital Fund was renamed as the Private Investment Fund.
(6) In May 1994, the operations of the Mutual Mortgage Fund were discontinued; the assets were sold and shares were redeemed by the Retirement Funds.

COMBINED INVESTMENT FUNDS
TOP TEN HOLDINGS BY FUND AT JUNE 30, 2001

MUTUAL EQUITY FUND

Security Name	Industry Sector	Market Value	% of MEF Net Assets
General Electric	Technology	263,857,913	3.32%
Microsoft	Technology	197,838,030	2.49%
CitiGroup Inc.	Finance	182,191,369	2.29%
Exxon Mobil Corp.	Energy	161,374,233	2.03%
Pfizer Inc.	Health Care	156,126,915	1.96%
AOL Time Warner Inc.	Telecommunications	130,855,357	1.65%
Johnson & Johnson	Health Care	112,725,772	1.42%
Wal Mart Stores Inc.	Consumer Non-Durables	111,825,200	1.41%
American Int'l Group Inc.	Finance	109,165,046	1.37%
Intel Corp.	Technology	106,075,710	1.33%
TOTAL		**$1,532,035,545**	**19.27%**

INTERNATIONAL STOCK FUND

Security Name	Country	Market Value	% of ISF Net Assets
Vodafone Airtouch ORD USD .10	United Kingdom	30,158,308	1.22%
Glaxosmithkline ORD GBP .25	United Kingdom	29,930,454	1.21%
Total FINA Elf Eur 10	Spain	27,709,792	1.12%
Deutsche Telekom ORD NPV	Germany	26,738,722	1.08%
ENI EUR1	Italy	26,721,585	1.08%
Aventis SA Eur 3.82	France	25,892,439	1.05%
Telefonica SA Eur 1	Spain	21,830,774	0.89%
BP Amoco ORD USD 0.25	United Kingdom	20,621,279	0.84%
Nestle SA CHF1	Switzerland	19,883,668	0.81%
AXA Eur 2.29	France	18,933,418	0.77%
TOTAL		**$248,420,439**	**10.07%**

REAL ESTATE FUND

Property Name	Location	Property Type	Market Value	% of REF Net Assets
AEW Partners III	Various	Various	$ 100,216,998	21.05%
Walton Street RE II LP Fd 2	Various	Various	94,446,436	19.84%
Apollo Real Est Invest Fd III	Various	Various	84,491,403	17.75%
Westport Senior Living Inv	Various	Senior Living	57,119,104	12.00%
Tishman Goodwin Center	Hartford, CT	Mixed Use	51,827,403	10.89%
Union Station LTD LP	Washington, DC	Mixed Use	33,180,833	6.97%
AEW 221 Trust	Various	Various	18,522,907	3.89%
Worcester Center	Worchester, MA	Retail/Office	14,895,312	3.13%
Wachovia Timbid Dublin	Various	Timber	13,581,994	2.85%
Wachovia Timbid Balls	Various	Timber	1,509,111	0.32%
TOTAL			**$469,791,501**	**98.69%**

COMBINED INVESTMENT FUNDS

TOP TEN HOLDINGS BY FUND AT JUNE 30, 2001 (Continued)

MUTUAL FIXED INCOME FUND

Security Name	Coupon	Maturity	Security Type	Market Value	% of MFIF Net Assets
GNMA-TBA	6.50%	12/15/2031	U.S. Govt. Agency	134,116,536	1.86%
FHLMC-TBA	6.50%	12/31/2031	U.S. Govt. Agency	102,993,651	1.42%
FNMA-TBA	6.50%	12/01/2031	U.S. Govt. Agency	67,737,770	0.94%
FNMA-TBA	6.50%	12/31/2031	U.S. Govt. Agency	64,260,250	0.89%
U.S. Treasury Bonds	8.50%	02/15/2020	U.S. Govt. Agency	63,531,434	0.88%
Triumph Conn II LP	NA	NA	NA	61,136,400	0.85%
FNMA-TBA	6.00%	12/31/2031	U.S. Govt. Agency	49,988,750	0.69%
FHLMC-TBA	7.50%	12/31/2031	U.S. Govt. Agency	49,816,767	0.69%
FNMA	5.50%	02/15/2006	U.S. Govt. Agency	48,980,608	0.68%
GNMA-TBA	7.00%	12/31/2031	U.S. Govt. Agency	46,200,750	0.64%
TOTAL				**$688,762,916**	9.54%

COMMERCIAL MORTGAGE FUND

Property Name	Location	Property Type		Market Value	% of CMF Net Assets
SASCO	Various	Other	$	39,304,044	39.02%
57 Park Plaza	Boston, MA	Hotel		16,769,255	16.65%
Greenhill Apts.	Detroit, MI	Residential		16,219,388	16.10%
Sheraton Denver West	Lakewood, CO	Hotel		7,574,316	7.52%
North Haven Crossing	No. Haven, CT	Retail		6,961,370	6.91%
Biderman	Secaucus, NJ	Warehouse		6,387,838	6.34%
1992LB M1 Class B	Various	Residential		1,571,916	1.56%
Yankee Mac E 10.50%	Various	Residential		833,220	0.83%
Yankee Mac F 12.981%	Various	Residential		333,329	0.33%
Yankee Mac G 9.85%	Various	Residential		231,295	0.23%
TOTAL			**$**	**96,185,971**	**95.49%**

PRIVATE INVESTMENT FUND

Date of Purchase	Company	Industry		Market Value	Percent of PIF Net Assets
01/20/00	XO Communications, Inc.	Communications	$	94,920,970	3.64%
11/01/98	Integrated Defense Technologies	Electronics		86,898,250	3.34%
06/26/01	Citadel Communications Corp.	Communications		69,443,545	2.67%
10/16/96	Clear Channel Communications	Communications		53,999,449	2.07%
12/27/96	Rossi American Hardwoods	Industrial Products		34,490,018	1.32%
09/15/99	McLeod USA	Communications		31,453,549	1.21%
01/07/99	BC Components Holdings B.V.	Electronics		31,141,017	1.20%
09/30/00	TRAK Communications, Inc.	Communications		27,807,440	1.07%
06/28/01	Raytheon Aerospace Company	Services		26,606,817	1.02%
05/02/98	LIN Holdings Corporation	Communications		23,448,508	0.90%
TOTAL			**$**	**480,209,563**	**18.44%**

PENSION FUNDS MANAGEMENT DIVISION

SCHEDULE OF EXPENSES IN EXCESS OF $5,000 (1)

FISCAL YEAR ENDED JUNE 30, 2001(1)

Name of Firm	Description of Services	Contract Date	Aggregate Comp. Paid in FY 2001	Status at June 30, 2001
INVESTMENT ADVISORY SERVICES				
Equity Advisory Services				
AXA Rosenberg Institutional Equity Management	Equity Advisor	Mar-96	$ 2,820,096	Active
BGI Barclay's Global Investors	Equity Advisor	Mar-96	11,373,864	Active
Brown Capital Management	Equity Advisor	Mar-96	2,690,100	Active
Cowen Asset Management	Equity Advisor	Mar-96	510,193	Active
Dresdner RCM Capital Management, LP	Equity Advisor	Mar-96	2,554,926	Active
J. P. Morgan Investment Management	Equity Advisor	Mar-96	695,103	Active
State Street Global Advisors	Equity Advisor	Mar-96	213,097	Active
Travelers Investment Management	Equity Advisor	Mar-96	334,000	Active
ValueQuest Ltd.	Equity Advisor	Mar-96	489,868	Active
Total Equity Advisor Compensation			**$21,681,247**	
Fixed Income Investment Advisory Services				
Blackrock Financial Management	Fixed Income Advisor	Mar-96	$1,455,319	Active
J. P. Morgan Investment Management	Fixed Income Advisor	Mar-96	1,006,786	Active
Loomis Sayles & Co., Inc.	Fixed Income Advisor	Mar-96	485,885	Active
Mitchell Hutchins Institutional Inv.	Fixed Income Advisor	Nov-97	433,022	Active
Oaktree Capital Management	Fixed Income Advisor	Mar-96	2,731,678	Active
Phoenix Investment Counsel	Fixed Income Advisor	Nov-97	531,553	Active
State Street Global Advisors	Fixed Income Advisor	Mar-96	544,200	Active
W. R. Huff Asset Management	Fixed Income Advisor	Mar-96	394,261	Active
Wellington Asset Management	Fixed Income Advisor	Nov-97	877,447	Active
Western Asset Management	Fixed Income Advisor	Nov-97	1,098,081	Active
Total Fixed Income Advisor Compensation			**$9,558,232**	
Cash Reserve Account Advisory Services				
State Street Global Advisors	Cash Reserve Account Advisor	Mar-96	$287,159	Active
Total International Equity Advisor Compensation			**$287,159**	
International Equity Investment Advisory Services				
DSI International Management	International Equity Advisor	Mar-96	$ 190,729	Active
Grantham, Mayo, Van Otterloo & Co.	International Equity Advisor	Mar-96	1,789,666	Active
Morgan Stanley Asset Management	International Equity Advisor	Mar-96	1,541,202	Active
Pictet International Management	International Equity Advisor	Mar-96	507,752	Active
Salomon Smith Barney Capital Management	International Equity Advisor	Mar-96	1,026,401	Active
State Street Global Advisors	International Equity Advisor	Mar-96	596,450	Active
Total International Equity Advisor Compensation			**$5,652,200**	
Real Estate Investment Advisory Services (2)				
AEW Capital Management, LP	Real Estate Advisor	Aug-87	$ 142,277	Active
AEW Partners III, LP	Real Estate Advisor	Mar-98	2,651,532	Active
Apollo Real Estate Investment Fund III	Real Estate Advisor	May-98	933,662	Active
Wachovia Bank of Georgia, N.A.	Real Estate Advisor	Mar-94	148,362	Active
Westport Senior Living Fund	Real Estate Advisor	Sep-98	1,800,000	Active
Total Real Estate Advisor Compensation			**$5,675,833**	
Commercial Mortgage Investment Advisory Services				
AEW Capital Management, LP	Commercial Mortgage Advisor	Aug-87	$566,633	Active
Total Commercial Mortgage Advisor Compensation			**$566,333**	
Private Investment Advisory Services (2)				
AIG Global Emerging Mkts Fund LP	Private Investment Advisor	Dec-97	$2,496,557	Active
Blackstone Management Partners	Private Investment Advisor	Jul-97	287,977	Active
Carlyle Asia Partners	Private Investment Advisor	Dec-98	898,690	Active
Carlyle Europe Partners	Private Investment Advisor	Dec-97	1,435,628	Active
Compass European Partners LP	Private Investment Advisor	Dec-97	1,816,411	Active
Crescendo World Fund LLC	Private Investment Advisor	Aug-97	400,000	Active
CT Greene Venture LP	Private Investment Advisor	Jan-93	375,000	Active
DLJ Merchant Banking Fund II	Private Investment Advisor	Nov-96	850,758	Active

SCHEDULE OF EXPENSES IN EXCESS OF $5,000 (1) (Continued)
FISCAL YEAR ENDED JUNE 30, 2001

Name of Firm	Description of Services	Contract Date	Aggregate Comp. Paid in FY 2001	Status at June 30, 2001
Forstmann Little & Company	Private Investment Advisor	Apr-97	2,650,000	Active
Garmark Partners LP	Private Investment Advisor	Apr-98	726,059	Active
Gilbert Global Equity Partners LP	Private Investment Advisor	Oct-97	2,250,000	Active
Goldman Sachs Private Equity Fund LP	Private Investment Advisor	May-97	1,000,000	Active
Green Equity III LP	Private Investment Advisor	Sep-98	84,989	Active
Greenwich Street Capital Partners	Private Investment Advisor	Oct-98	784,121	Active
Kelso Investment Associates VI LP	Private Investment Advisor	Feb-98	576,523	Active
KKR 1996 Fund LP	Private Investment Advisor	Jul-97	427,373	Active
Pioneer Venture Associates LP	Private Investment Advisor	Jan-98	148,115	Active
SCP Private Equity Fund LP	Private Investment Advisor	Sep-97	1,063,009	Active
Shawmut Capital Partners LP	Private Investment Advisor	Jun-97	1,312,500	Active
SW Pelham Fund LP	Private Investment Advisor	Jun-98	750,000	Active
Thayer Equity Investors IV LP	Private Investment Advisor	Nov-98	805,946	Active
Triumph Connecticut LP	Private Investment Advisor	Feb-93	253,238	Active
Triumph Partners III LP	Private Investment Advisor	Jul-97	2,829,409	Active
Veritas Capital Fund LP	Private Investment Advisor	Mar-97	1,362,162	Active
Wellspring Capital Partners LP	Private Investment Advisor	Jan-98	1,000,000	Active
Woodside Capital Management LLC	Private Investment Advisor	Oct-00	291,767	Terminated
Total Venture Capital Advisor Compensation			**$26,876,232**	
TOTAL COMPENSATION TO INVESTMENT ADVISORS			**$70,297,236**	
CUSTODY SERVICES				
State Street Bank & Trust	Custody of Fund Assets	Jan-96	$950,955	Active
TOTAL CUSTODY SERVICES COMPENSATION			**$950,955**	
CONSULTING SERVICES				
Horton International Maryland	Consultant - Pension Funds	Dec-99	$22,101	Terminated
Pamela J. Bartol	Consultant - Pension Funds	Feb-00	40,865	Active
Robert Morgan	Consultant - Pension Funds	Jul-00-	16,401	Terminated
Rogers Casey Consulting Inc.	Consultant - Pension Funds	Jul-95	157,500	Active
Sovereign Financial Services, Inc.	Consultant - Pension Funds	Apr-00	997,751	Active
Susan B. Sweeney	Consultant - Pension Funds	Jan-01	91,172	Active
Thomson Proxy Services Inc.	Consultant - Pension Funds	Nov-99	75,250	Active
TOTAL CONSULTING SERVICES COMPENSATION			**$1,401,040**	
MISCELLANEOUS SERVICES				
Bloomberg LP	Subscription	N/A	$21,389	Active
Colonial Van & Storage, Inc.	Freight Carrier	N/A	13,243	Terminated
Computers Plus Center, Inc.	Computer Equipment	N/A	30,732	Terminated
Council of Institutional Investors	Dues	N/A	25,000	Active
Interfaith Center on Corporate Responsibility	Subscription	N/A	6,000	Active
Investor Responsibility Research Corporation	Subscription	N/A	14,700	Active
Target Temps LLC	Temporary Services	N/A	9,525	Terminated
Xerox Corporation	Copier Maintenance	N/A	8,817	Active
TOTAL MISCELLANEOUS SERVICES COMPENSATION			**$129,406**	
GRAND TOTAL			**$72,778,637**	

(1) Expenses are presented on a cash basis.

(2) Alternative Investment Management fees for the Private Investment Fund and the Real Estate Fund include capitalized fees and expensed fees. Capitalized fees are part of the cost of the investment and become a component of unrealized gain(loss). Capitalized fees are disclosed in Note 1 of the Combined Investment Funds Financial Statements. Expensed fees which are not part of the cost of the investment are recorded in the Statement of Operations.

PENSION FUNDS MANAGEMENT DIVISION

COMBINED INVESTMENT FUNDS
LIST OF INVESTMENT ADVISORS AND NET ASSETS UNDER MANAGMENT
JUNE 30, 2001

Name of Fund	Investment Strategy		Net Assets Under Management	Percent of Fund Total
CASH RESERVE ACCOUNT (CRA)				
State Street Global Advisors	Active	$	1,356,939,397	100.0%
SUBTOTAL CRA		**$**	**1,356,939,397**	**100.0%**
MUTUAL EQUITY FUND (MEF)				
Large Cap		**$**	**5,840,907,591**	**73.7%**
State Street Global Advisors	Passive - Indexed		1,821,549,047	23.0%
J.P. Morgan Investment Management, Inc.	Passive - Enhanced		2,112,103,660	26.6%
BGI Barclays Global Investors, N.A.	Passive - Enhanced		1,907,254,884	24.1%
Small/Mid Cap		**$**	**708,755,870**	**8.9%**
The Travelers Investment Management Co.	Passive-Enhanced		333,240,012	4.2%
AXA Rosenberg Investment Management	Passive-Enhanced		375,515,858	4.7%
Small/Mid Cap		**$**	**1,377,227,844**	**17.4%**
Brown Capital Management, Inc.	Active		380,679,270	4.8%
ValueQuest Ltd.	Active		290,623,570	3.7%
Cowen Asset Management	Active		308,622,451	3.9%
Dresdner RCM Global Investors LLC	Active		244,152,137	3.1%
Alliance Capital	Active		153,150,416	1.9%
Other (1)		**$**	**3,715,214**	**0.0%**
SUBTOTAL MEF		**$**	**7,930,606,519**	**100.0%**
INTERNATIONAL STOCK FUND (ISF)				
EAFE - Europe		**$**	**527,894,231**	**21.1%**
State Street Global Advisors	Passive - Enhanced		527,894,231	21.1%
Core		**$**	**1,638,674,580**	**65.5%**
Morgan Stanley Asset Management	Active		675,230,774	27.0%
Grantham, Mayo, Van Otterloo & Co.	Active		616,304,760	24.6%
Smith Barney Capital Management	Active		196,974,764	7.9%
DSI International Management	Active		150,164,282	6.0%
Emerging		**$**	**321,705,422**	**12.8%**
Morgan Stanley Asset Management	Active		188,684,160	7.5%
Pictet International Management	Active		133,021,262	5.3%
Other (1)		**$**	**14,555,688**	**0.6%**
SUBTOTAL ISF		**$**	**2,502,829,921**	**100.0%**
REAL ESTATE FUND (REF)				
Aldrich, Eastman, & Waltch, L.P.	Active		$151,920,738	31.9%
Apollo Real Estate	Active		84,491,403	17.8%
Walton Street Real Estate Fund II L.P.	Active		94,446,436	19.8%
Tishman	Active		51,827,403	10.9%
CIGNA Investment Management	Active		14,895,312	3.1%
Wachovia Bank of Georgia, N.A.	Active		15,091,104	3.2%
Westport Senior Living.	Active		57,119,104	12.0%
Other (1)	Active		**6,197,871**	**1.3%**
SUBTOTAL REF		**$**	**475,989,371**	**100.0%**
MUTUAL FIXED INCOME FUND (MFIF)				
Core		**$**	**5,318,156,309**	**80.8%**
State Street Global Advisors	Passive-Enhanced		1,422,665,067	21.6%
BlackRock Financial Management, Inc.	Active		1,150,318,565	17.5%
Western Asset Management Co.	Active		772,871,949	11.8%
Wellington	Active		1,022,240,077	15.5%
J.P. Morgan Investment Management Inc.	Active		639,531,447	9.7%
Phoenix	Active		310,529,204	4.7%
Convertibles		**$**	**311,076,867**	**4.7%**

COMBINED INVESTMENT FUNDS
LIST OF INVESTMENT ADVISORS AND NET ASSETS UNDER MANAGMENT (Continued)
JUNE 30, 2001

Name of Fund	Investment Strategy		Net Assets Under Management	Percent of Fund Total
Oaktree Capital Management, L.L.C.	Active		311,076,867	4.7%
High Yield		**$**	**864,231,329**	**13.1%**
Loomis Sayles & Co., Inc.	Active		316,178,017	4.8%
W.R. Huff Asset Management	Active		266,218,202	4.0%
Oaktree Capital Management, L.L.C.	Active		220,651,745	3.4%
Triumph II LP	Active		61,183,365	0.9%
Other [(1)]		**$**	**92,322,951**	**1.4%**
SUBTOTAL MFIF		**$**	**6,585,787,456**	**100.0%**
COMMERCIAL MORTGAGE FUND (CMF)				
Aldrich, Eastman Waltch	Active	$	95,216,139	94.1%
Other [(2)]			**5,963,357**	**5.9%**
SUBTOTAL CMF		**$**	**101,179,496**	**100.0%**
PRIVATE INVESTMENT FUND (PIF)				
Corporate Buyout			**$809,428,829**	**31.0%**
Hicks, Muse Tate & Furst Equity Fund III	Active		116,784,462	4.5%
SCP Private Equity Partners	Active		55,974,458	2.1%
DLJ Merchant Banking Fund II	Active		45,334,974	1.7%
Conning Insurance Capital Fund V	Active		31,270,025	1.2%
Veritas Capital Fund	Active		173,935,370	6.7%
Thomas H. Lee Equity Fund IV	Active		75,212,252	2.9%
KKR 1996 Fund	Active		43,816,879	1.7%
Greenwich Street Capital Partners II	Active		42,840,017	1.6%
Welsh Carson Anderson & Stowe VIII	Active		40,641,465	1.6%
Wellspring Capital Partners II	Active		28,787,667	1.1%
Blackstone Capital Partners III	Active		19,796,117	0.8%
Thayer Equity Investors IV	Active		32,722,262	1.2%
Kelso Investment Associates VI	Active		17,840,548	0.7%
Green Equity Investors III	Active		16,435,135	0.6%
Forstmann Little Equity Fund VI [(4)]	Active		68,037,198	2.6%
Venture Capital			**$355,783,297**	**13.7%**
Crescendo World Fund	Active		125,825,557	4.8%
Pioneer Ventures Associates	Active		44,385,920	1.7%
Crescendo III	Active		37,120,011	1.4%
Connecticut Futures Fund	Active		14,662,177	0.6%
CT Financial Development Fund	Active		15,702,654	0.6%
Keystone Ventures V	Active		22,414,150	0.9%
Shawmut Equity Partners	Active		36,537,531	1.4%
Grotech Partners V	Active		35,002,053	1.3%
Connecticut Greene Ventures	Active		3,822,896	0.2%
RFE Investment Partners VI	Active		13,095,324	0.5%
Triumph Capital Investors II	Active		7,215,024	0.3%
Mezzanine			**$437,465,485**	**16.8%**
Welsh Carson Anderson & Stowe Capital Part III	Active		86,801,892	3.3%
Triumph Capital Partners III	Active		92,701,727	3.6%
Triumph CT Partners	Active		44,790,435	1.7%
GarMark Partners	Active		50,800,271	2.0%
SW Pelham Fund	Active		32,391,299	1.2%
Forstmann Little MBO VII [(4)]	Active		129,979,861	5.0%
International			**$234,137,656**	**9.0%**
Compass European Partners	Active		68,782,401	2.6%
Carlyle Europe Partners	Active		41,609,828	1.6%
Gilbert Global Equity Fund	Active		68,424,148	2.6%
AIG Global Emerging Markets Fund	Active		32,952,141	1.3%
Carlyle Asia Partners	Active		22,369,138	0.9%

COMBINED INVESTMENT FUNDS

LIST OF INVESTMENT ADVISORS AND NET ASSETS UNDER MANAGMENT (Continued)

JUNE 30, 2001

Name of Fund	Investment Strategy	Net Assets Under Management	Percent of Fund Total
Fund of Funds		**$730,675,977**	**28.0%**
Crossroads Constitution Fund	Active	558,320,888	21.4%
Goldman Sachs Private Equity Fund	Active	61,254,063	2.4%
Landmark Private Equity Fund VIII	Active	89,835,107	3.4%
Lexington Capital Partners II	Active	21,265,919	0.8%
Other [1]		**39,863,212**	**1.5%**
SUBTOTAL PIF		**$ 2,607,354,456**	**100.0%**
TOTAL		**$ 21,560,686,616**	
Adjustments [3]		(967,477,518)	
GRAND TOTAL		**$ 20,593,209,098**	

(1) Other represents moneys earmarked for distribution to participants, reinvestment, and expenses as well as terminated advisor balances and $22,138,169 in marketable securities.
(2) Other also includes residential mortgage-backed securities for the Commercial Mortgage Fund.
(3) Represents Elimination Entry to the Financial Statements to account for investment of Combined Investment Funds in CRA.

PENSION FUNDS MANAGEMENT DIVISION

COMBINED INVESTMENT FUNDS SCHEDULE OF BROKERAGE COMMISSIONS

FOR THE FISCAL YEAR ENDED JUNE 30, 2001

Broker Name	$ Commission	Shares/ Par Value	Avg Comm
A B WATLEY INC	480.00	39,400.00	0.012
ABEL NOSER CORPORATION	1,760.00	36,100.00	0.049
ABG	436.62	16,700.00	0.026
ABG SECURITIES	26,053.65	672,680.00	0.039
ABN AMRO	14,626.95	1,332,400.00	0.011
ABN AMRO ASIA LTD	1,494.27	728,500.00	0.002
ABN AMRO BANK N.V. (CHICAGO)	6,765.31	270,399.00	0.025
ABN AMRO CHICAGO CORP	432.60	200,000.00	0.002
ABN AMRO CHICAGO CORPORATION	67,032.12	2,152,469.00	0.031
ABN AMRO EQUITIES (UK) LTD	15,841.55	2,504,677.00	0.006
ABN AMRO HOARE GOVETT ASIA LTD	150.51	34,000.00	0.004
ABN AMRO SECURITIES (USA) INC	4,948.36	126,470.00	0.039
ABN AMRO SECURITIES LLC	33,392.20	816,100.00	0.041
ABN AMRO SECURITIES UK LTD	2,223.13	81,400.00	0.027
ACCIONES Y VALORES DE MEXICO	2,158.36	301,800.00	0.007
ADVEST,INC	1,437.00	47,900.00	0.030
AHORRO CORPORATION FINANCIERA S.A. A.V.B	28,349.20	529,650.00	0.054
ALBERT FRIED & COMPANY	40.00	2,000.00	0.020
ALLEN & COMPANY INCORPORATED	675.00	26,100.00	0.026
ALPHA BROKERAGE AE	3,208.98	32,870.00	0.098
ANDERSON STRUDWICK NY	100.00	2,000.00	0.050
ARCHIPELAGO BCC CAPITAL CLEAR	6,846.32	342,316.00	0.020
ARNHOLD AND S BLEICHROEDER,INC	9,576.88	2,046,701.00	0.005
AROS MAIZELS	23,132.43	432,200.00	0.054
AROS SEC	13,437.89	361,000.00	0.037
AROS SECURITIES OY	505.65	21,100.00	0.024
ASIA SECURITIES INC.	149.21	90,000.00	0.002
AUERBACH GRAYSON	10,961.13	69,288.00	0.158
AUTRANET,INC.	93,197.44	1,908,770.00	0.049
B TRADE SERVICES	279.00	9,300.00	0.030
BAINS SECURITIES LTD MELBOURNE	251.52	30,000.00	0.008
BAIRD PATRICK	3.00	100.00	0.030
BANC AMERICA SECURITY LLC MONTGOMERY DIV	211,360.90	7,504,337.00	0.028
BANCO BBA	501.92	24,750.00	0.020
BANCO BBACREDITANSTALT S.A.	13,736.95	167,878,200.00	0.000
BANCO BILBAO VISCAYA	109.79	19,200.00	0.006
BANCO BILBAO VIZCAYA	5,890.93	139,300.00	0.042
BANCO BILBAO VIZCAYA ARGENTARI	495.85	45,900.00	0.011
BANCO ICATU	880.80	14,680.00	0.060
BANCO ICATU S.A.	2,716.77	42,528,447.00	0.000
BANCO PACTUAL S.A.	57.86	3,311,000.00	0.000
BANCO SANTANDER CENTRAL HISPANO	808.64	77,200.00	0.010
BANCO SANTANDER DE NEGOCIOS	426.88	41,000.00	0.010
BANK AM BELLEVUE	352.46	1,352.00	0.261
BANK JULIUS BAER	360.17	2,548.00	0.141
BANK OF AMERICA, N.A. LONDON	11,267.58	267,273.00	0.042
BANK OF NEW YORK/ DLJ INT SVC	234.00	3,900.00	0.060
BANK OF TOKYO MITSUBISHI LTD, TOKYO	3,639.90	390,000.00	0.009
BANK OF TOKYO-MITSUBISHI AUSTRALIA	1,547.02	185,000.00	0.008
BANQUE PARIBAS	97.83	1,600.00	0.061
BARNARD JACOBS MELLET (USA) LLC	6,012.07	226,700.00	0.027
BARNARD JACOBS MELLET EDIN	6,879.07	464,800.00	0.015
BARNARD JACOBS MELLETT AND CO (PTY)	7,559.76	549,660.00	0.014
BEAL M R + COMPANY	1,758.00	58,600.00	0.030
BEAR STEARNS + CO INC	67,635.98	2,380,237.00	0.028
BEAR STEARNS ASIA LTD	2,040.97	3,868,900.00	0.001
BEAR STEARNS CO	7,135.77	58,991,000.00	0.000
BEAR STEARNS NY	40.31	16,400,000.00	0.000
BEAR STEARNS SECURITIES CORP	86,339.60	42,709,952.00	0.002
BENDER MENKUL DEGERLER A.S.	1,472.03	19,257,002.00	0.000
BENDER SECS ISTANBUL	14,602.96	388,824,000.00	0.000
BENDER SECURITIES	3,375.69	185,849,000.00	0.000
BEREAN CAPITAL, INC. 2	3,355.00	67,100.00	0.050
BERNSTEINSANFORD C + CO INC	26,546.00	450,700.00	0.059
BHF SECURITIES CORPORATION	1,466.52	46,280.00	0.032
BLAIR,WILLIAM, AND COMPANY	31,080.50	1,435,150.00	0.022
BNP PARIBAS	40.66	12,500.00	0.003
BNP PARIBUS SECURITIES CORP	51.00	1,700.00	0.030
BNP PEREGRINE SECURITIES	540.25	158,000.00	0.003
BNP PRIMEPEREGRINE	9,337.43	9,236,636.00	0.001
BNP SECURITIES (U.S.A.), INC	78.00	2,600.00	0.030
BNY ESI SECURITIES COMPANY	5,510.00	111,850.00	0.049
BNY/ABN AMRO (UK) LTD	5,039.00	102,700.00	0.049
BNY/DLJ INTERNATIONAL SEC	2,580.00	44,290.00	0.058
BNY/ING BARING	4,570.00	205,401.00	0.022
BOSTON INSTITUTIONAL SERVICES	7,320.00	122,000.00	0.060
BRIDGE TRADING	55,298.55	1,331,091.00	0.042
BRIMBERG & CO	770.00	15,400.00	0.050
BROADCORTCAPITAL (THRU ML)	1,688.00	46,000.00	0.037
BROWN BROTHERS HARRIMAN & CO	2,990.00	127,400.00	0.023
BT ALEX BROWN INCORPORATED	594.00	10,800.00	0.055
B-TRADE SERVICES LLC	63,633.67	2,764,182.00	0.023
BUCKINGHAM RESEARCH GROUP	11,198.50	271,000.00	0.041
C.L.KING & ASSOCIATES	16,529.00	527,000.00	0.031
CAIB SECURITIES	528.26	23,180.00	0.023
CAIS INC CHEUVREUX DIV NY	5,155.53	65,000.00	0.079
CANTOR FITZGERALD + CO.	77,427.70	3,179,412.00	0.024
CAPITAL INSTITUTIONAL SERVICES	12,280.00	245,600.00	0.050
CAZENOVE	3,913.81	150,000.00	0.026
CAZENOVE + CO	48,090.58	2,899,921.00	0.017
CAZENOVE + CO.	936.10	5,000.00	0.187
CAZENOVE ASIA LIMITED	1,561.03	1,051,000.00	0.001
CAZENOVE INCORPORATED	14,588.18	1,497,432.00	0.010
CAZENOVE SECURITIES LTD	2,573.59	64,800.00	0.040
CDC LABOUCHERE SECURITIES SERVICES	1,245.61	30,100.00	0.041
CHARLES SCHWAB & CO., INC.	7,434.50	667,700.00	0.011
CHEUVREUX	2,187.22	50,800.00	0.043
CHEUVREUXDE VIRIEU	16,287.74	231,931.00	0.070
CHEUVREUXDE VIRIEUX, PARIS	1,476.42	15,090.00	0.098
CHEVREUX DE VIRIEU NORDIC AB	4,659.83	26,958.00	0.173
CHEVREUX DE VIRIEU NORDIC LDN	4,149.31	35,416.00	0.117
CHINA SECURITIES CO LTD	1,108.36	194,494.00	0.006
CIBC WOODGUNDY	517.51	15,400.00	0.034
CIBC WORLD MARKETS	1,411.37	41,800.00	0.034
CIBC WORLD MARKETS CORP	61,466.10	1,956,174.00	0.031
CIBC WORLMARKETS CORP	178.27	5,300.00	0.034
CITIBANK	494.70	390,000.00	0.001
CITIBANK,N.A.	83.40	1,390.00	0.060
COLLINS STERWART CI LTD	183.02	36,000.00	0.005
COLLINS STEWART	4,460.17	384,400.00	0.012
COLLINS STEWART & CO	232.07	9,400.00	0.025
COLLINS STEWART + CO	2,887.26	300,000.00	0.010
COMMERZ BANK	2,260.12	200,000.00	0.011
COMMERZBANK	1,273.49	225,700.00	0.006
COMMERZBANK AG	5,894.81	150,000.00	0.039
CONNING +CO.	8,120.00	197,200.00	0.041
CORRESPONDENT SERVICES, INC	6,556.20	210,500.00	0.031
COSBY SECURITIES	55.69	3,000.00	0.019
COWEN & CO LONDON	13,590.46	385,646.00	0.035
CREDIT AGRICOLE INDOSUEZ CHEUVREUX	12,273.48	60,808.00	0.202
CREDIT AGRICOLE SECURITIES	1,450.78	2,300.00	0.631
CREDIT ANSTALT	2,413.64	18,343.00	0.132
CREDIT LYONAIS SECS	2,215.61	790,493.00	0.003
CREDIT LYONNAIS	28,571.82	6,779,672.00	0.004
CREDIT LYONNAIS S.A.	32.70	5,000.00	0.007
CREDIT LYONNAIS SECS	56,383.97	69,352,134.00	0.001
CREDIT LYONNAIS SECURITIES (ASIA)	121.08	1,096,000.00	0.000
CREDIT LYONNAIS SECURITIES (USA)	256.73	3,500.00	0.073
CREDIT LYONNAIS SECURITIES (USA) INC	1,054.38	36,388,550.00	0.000
CREDIT SUISSE FIRST BOSTON	21,717.70	35,882,630.00	0.001
CREDIT SUISSE FIRST BOSTON EQUITIES (EUR	6,791.64	209,668.00	0.032
CREDIT SUISSE FIRST BOSTON LONDON	70,919.15	341,655,447.00	0.000
CREDIT SUISSE FIRST BOSTON TOK	1,272.66	36,000.00	0.035
CREDITANSTALT BANKVEREIN LONDON	1,651.04	10,828.00	0.152
CREDITANSTALT INTL	1,020.14	9,020.00	0.113
CREDITANSTALT SECURITIES	2,849.64	32,284.00	0.088
CROSBY CAPITAL MARKETS LTD	390.28	242,000.00	0.002
CROSBY SECURITIES INC	5,613.17	709,157.00	0.008
CROSBY SECURITIES LIMITED (HONG KONG)	544.83	412,000.00	0.001
CRUTTENDEN + CO	585.00	11,700.00	0.050
CS FIRST BOSTON (HONG KONG) LIMITED	33,142.73	8,598,663.00	0.004
CS FIRST BOSTON CORPORATION	517,909.78	17,882,951.00	0.029
CSFB	5,307.82	1,661,380.00	0.003
D.A. DAVIDSON + CO., INC.(CLR.THRU 443)	2,117.50	42,350.00	0.050
DAIN RAUCHSER INC	34,922.70	1,648,207.00	0.021
DAIN RAUSCHER INC	420.00	96,700.00	0.004
DAIWA	4,994.83	388,076.00	0.013
DAIWA SECURITIES	7,940.98	286,870.00	0.028
DAIWA SECURITIES CO LTD	2,364.02	1,049,097.00	0.002
DAIWA SECURITIES COMPANY LTD	820.48	33,000.00	0.025
DB CLEARING SERVICES	109,203.30	5,127,520.00	0.021
DEMIR YATIRIM MENKUL DEGERLER (ISTANBUL)	364.05	21,828,000.00	0.000
DEMIRBANK	51.66	377,000.00	0.000
DEN DANSKE BANK	809.54	10,600.00	0.076
DEUTSCH BK-DUSELDORF	1,148.33	44,000.00	0.026
DEUTSCHE ALEX BROWN LONDON	6,363.81	86,500.00	0.074
DEUTSCHE ASIA AND PARTNERS SECURITIES	19,564.21	2,738,840.00	0.007
DEUTSCHE BANC ALEX BROWN INC	39,660.06	3,698,649.00	0.011
DEUTSCHE BANK	1,068.95	2,052,570.00	0.001
DEUTSCHE BANK A.G.	1,819.06	1,934,100.00	0.001
DEUTSCHE BANK AG LONDON	128,899.55	203,707,293.00	0.001
DEUTSCHE BANK LONDON	426.11	16,100.00	0.026
DEUTSCHE BANK S.A.	319.77	1,700,000.00	0.000
DEUTSCHE BANK SECS	5,622.44	235,700.00	0.024
DEUTSCHE BANK SECURITIES	9,617.55	4,005,754.00	0.002
DEUTSCHE BANK SECURITIES INC	50,026.66	11,527,614.00	0.004
DEUTSCHE MG/CJL PRIME BROKERS/CNS	846.00	14,100.00	0.060
DEUTSCHE MORGAN GRENFELL	4,398.46	1,829,400.00	0.002
DEUTSCHE MORGAN GRENFELL GLOBAL	1,741.97	1,478,200.00	0.001
DEVELETOGLOU ATHENS	1,645.42	32,000.00	0.051
DIVIDEND REINVEST	426.66	78,132.00	0.005
DLJ INTERNATIONAL SECURITIES	227.75	61,000.00	0.004

COMBINED INVESTMENT FUNDS SCHEDULE OF BROKERAGE COMMISSIONS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

Broker Name	$ Commission	Shares/ Par Value	Avg Comm
DONALDSON, LUFKIN + JENRETTE SECS	24,156.32	3,965,544.00	0.006
DONALDSON,LUFKIN AND JENRETTE ASIA	1,329.55	214,000.00	0.006
DONALDSONLUFKIN + JENRETTE SEC CORP	13,410.29	541,230.00	0.025
DONALDSONLUFKIN AND JENRETTE INTL	3,214.44	1,553,329.00	0.002
DOWLING &PARTNERS SECURITIES, LLC.	2,697.00	89,900.00	0.030
DRESDNER	1,828.74	66,500.00	0.027
DRESDNER BANK - KLEINWORT BENSON	4,048.24	292,600.00	0.014
DRESDNER BANK AG FRANKFURT	8,892.67	232,436.00	0.038
DRESDNER BANK AG TOKYO BRANCH	293.52	92,000.00	0.003
DRESDNER BANK EMM	1,444.83	98,300.00	0.015
DRESDNER KLEINWORT BENSON	28,270.35	1,264,351.00	0.022
DRESDNER KLEINWORT BENSON ASIA LTD	11,570.82	20,713,211.00	0.001
DRESDNER KLEINWORT BENSON NORTH AMERICA	5,566.00	183,448.00	0.030
DRESDNER KLEINWORT BENSON SECS LTD	5,920.94	76,000.00	0.078
DRESDNER KLEINWORT BENSONS	35,788.67	2,012,517.00	0.018
DRESDNER SECURITIES (USA) INC.	26,957.00	661,800.00	0.041
EDWARDS AG & SONS INC	4,049.00	79,400.00	0.051
EGYPTIAN FINANCIAL GROUP	4,902.02	59,742.00	0.082
ENGELMANSECURITIES	2,280.00	45,600.00	0.050
ENSKILDA SEC.-LONDON	183.42	1,900.00	0.097
ENSKILDA SECS	344.69	5,400.00	0.064
ENSKILDA SECURITIES	16,556.34	378,600.00	0.044
EW BALDERSON INCORPORATED	784.77	191,300.00	0.004
EXANE GENEVE	5,110.18	44,350.00	0.115
EXANE INC	1,086.46	8,730.00	0.124
EXANE S.A.	35,104.47	246,191.00	0.143
FACTSET DATA SYSTEMS (THRU BEAR STEARNS)	91,053.75	1,821,075.00	0.050
FACTSET DATA SYSTIMES INC	1,505.00	30,100.00	0.050
FECHTOR, DETWILER + CO., INC.	2,445.00	48,900.00	0.050
FERRIS, BAKER WATTS, INC	681.00	22,700.00	0.030
FIDELITY CAPITAL MARKETS	31,409.60	738,100.00	0.043
FIRST ALBANY CORP.	36,342.90	1,062,300.00	0.034
FIRST ANALYSIS SECURITIES CORP	5,675.00	113,500.00	0.050
FIRST OPTIONS OF CHICAGO	4,947.00	164,900.00	0.030
FIRST SECURITY VAN KASPER + CO	1,390.00	27,800.00	0.050
FIRST TENNESSEE SECURITIES CORP	1,026.00	34,200.00	0.030
FIRST UNION CAPITAL MARKETS	34,576.00	1,559,099.00	0.022
FLEETBOSTON ROBERTSON STEPHENS INC	82,507.05	3,985,373.00	0.021
FORTIS BANK	548.40	3,400.00	0.161
FOX PITT KELTON INC	44,267.89	1,056,300.00	0.042
FOX-PITT KELTON LTD	8,699.50	217,792.00	0.040
FRANK RUSSELL	14,865.00	297,300.00	0.050
FREIMARK BLAIR + COMPANY, INC.	912.50	28,250.00	0.032
FRIEDMAN BILLINGS + RAMSEY	2,847.00	71,500.00	0.040
FRIEND, L.H., WEINRESS + FRANKSON	10,025.00	200,500.00	0.050
FROST SECUITIES	2,315.00	40,300.00	0.057
GARANITIA	4,810.03	158,868,000.00	0.000
GARANTI MENKUL DEGERLER	9,442.53	242,000,000.00	0.000
GARANTIA INC	69.09	300,000.00	0.000
GARANTIA SA	3,905.44	25,225,300.00	0.000
GARDNER RICH + CO	3,120.00	62,400.00	0.050
GERARD KLAUER MATTISON + CO	8,678.00	478,400.00	0.018
GLAZER C.L. + COMPANY	13,808.75	276,175.00	0.050
GLOBAL SECURITIES INC. (ISTANBUL)	6,321.84	232,952,666.00	0.000
GOLDIS PITTSBURG INST SER INC	2,040.00	40,800.00	0.050
GOLDMAN SACHS (SINGAPORE) PTE	35,059.47	8,552,670.00	0.004
GOLDMAN SACHS + CO	234,649.73	312,088,510.00	0.001
GOLDMAN SACHS EMM	63.14	4,200.00	0.015
GOLDMAN SACHS INTERNATIONAL LONDON	73,203.59	2,419,455.00	0.030
GOLDMAN SACHS INTL LTD	4,196.00	129,620.00	0.032
GOODBODY STOCKBROKERS	634.63	37,937.00	0.017
GOODMORNING SEC	8,753.85	398,365.00	0.022
GORDON HASKETT	2,688.00	89,600.00	0.030
GREEN STREET ADVISORS INCORPORATED	237.50	4,750.00	0.050
GRUNTAL +CO.	1,175.00	23,500.00	0.050
GUZMAN + CO	5,726.00	176,800.00	0.032
HEFLIN + CO., LLC	77,729.00	1,791,190.00	0.043
HENDERSONCROSTHWAIT INSTL BROK LTD	1,659.30	147,200.00	0.011
HENDERSONCROSTHWAITE	479.53	44,000.00	0.011
HOARE GOVETT SECURITIES LIMITED	7,815.99	2,660,330.00	0.003
HOARE GOVETT SECURITIES LTD	32,792.11	3,676,157.00	0.009
HOENIG + COMPANY INC	2,676.00	71,400.00	0.037
HOWARD WEIL DIVISION LEGG MASON	8,469.50	160,600.00	0.053
HSBC	11,059.88	1,328,995.00	0.008
HSBC INVESTMENT BANK PLC	73,699.46	4,219,654.00	0.017
HSBC JAMES CAPEL	887.67	11,000.00	0.081
HSBC JAMES CAPEL LIMITED	14,383.53	1,855,923.00	0.008
HSBC SECURITIES (JAMES CAPEL)	8,106.22	353,851.00	0.023
HSBC SECURITIES INC	14,229.77	1,230,864.00	0.012
HYUNDAI SECURITIES CO. LTD.	1,856.93	15,854.00	0.117
IKTISAT BANKASI TURK T.A.S.	5,858.19	194,543,964.00	0.000
INDOSUEZ WI CARR SECURITIES LIMITED	31,377.18	6,633,990.00	0.005
INDUSTRIAL BANK OF JAPAN	1,449.26	38,000.00	0.038
ING BANK	483.03	60,000.00	0.008
ING BARING FURMAN SELZ LLC	221.42	16,000.00	0.014
ING BARING LLC	32,893.86	798,800.00	0.041

Broker Name	$ Commission	Shares/ Par Value	Avg Comm
ING BARING SECURITIES	90,591.27	141,321,584.00	0.001
ING BARING SECURITIES (SINGAPORE)	24,453.11	4,237,300.00	0.006
ING BARING SECURITIES LTD	498.58	169,350.00	0.003
ING BARINGS LLC	2,038.44	153,300.00	0.013
ING BARINGS SEC LTD	27,101.57	38,155,450.00	0.001
INGALLS +SNYDER	750.00	15,000.00	0.050
INSTINET	213,982.48	12,801,790.00	0.017
INSTINET CLEARING SERVICES, INC	6,438.50	627,027.00	0.010
INSTINET INVESTMENT SERVICES LIMITED	8,024.65	163,165.00	0.049
INSTINET PACIFIC LIMITED	3,368.38	1,210,038.00	0.003
INSTINET U.K. LTD	11,824.96	2,599,817.00	0.005
INTERMOBILIARE SECURITIES SIM SPA	3,156.40	336,304.00	0.009
INTERMONTE SEC SIM SPA	16,332.79	983,243.00	0.017
INTERSTATE SEC CORP	60.00	1,200.00	0.050
INVEMED ASSOCS. (THRU BEAR STEARNS)	100.00	2,000.00	0.050
INVESTEC BANK LTD	124.74	5,920.00	0.021
INVESTEC BANK(UK)LTD	1,039.46	10,500.00	0.099
INVESTEC EQUITIES JOHANNESBURG	4,787.17	277,640.00	0.017
INVESTEC ERNST + CO	63.00	25,200.00	0.003
INVESTEC SECURITIES LTD	201.20	40,580.00	0.005
INVESTMENT TECHNOLOGY GROUP INC.	762,878.18	42,677,270.00	0.018
ISI GROUPINC	46,673.00	1,159,100.00	0.040
IVESTEC SECURITIES	274.00	23,600.00	0.012
J B WERE + SON LIMITED	2,775.57	771,000.00	0.004
J B WERE AND SON	749.20	323,113.00	0.002
J B WERE AND SON INC.	3,275.56	783,536.00	0.004
J CHEUVREAUX	2,388.03	86,900.00	0.027
JACKSON PARTNERS + ASSOCIATES INC	25,427.40	976,132.00	0.026
JAMES CAPEL + CO	424.95	5,640.00	0.075
JANNEY MONTGOMERY, SCOTT	6,740.00	115,000.00	0.059
JARDINE FLEMING INTL SEC LTD	890.82	130,500.00	0.007
JARDINE FLEMING SECS	17,708.43	4,781,220.00	0.004
JARDINE FLEMING SECURITIES LIMITED	33,839.86	10,720,140.00	0.003
JARDINE FLEMING SECURITIES LTD	30,952.97	38,638,540.00	0.001
JARDINE FLEMING SECURITIES LTD SINGAPORE	963.30	8,939,000.00	0.000
JARDINE FLEMING TAIWAN LTD	1,656.61	274,000.00	0.006
JARDINE FLEMING UNIT TRUST MANAGERS	2,151.59	20,400.00	0.105
JB WERE AND SON (NZ) LTD	4,777.26	680,794.00	0.007
JEFFERIES+ CO	77,873.20	2,803,520.00	0.028
JOHNSON RICE + CO	905.00	18,100.00	0.050
JONES + ASSOCIATES	23,756.75	944,575.00	0.025
JOSEPHTHAL LYON + ROSS	8,690.00	173,800.00	0.050
JP MORGAN	1,604.81	93,000.00	0.017
JP MORGAN(REPO)	950.15	18,000.00	0.053
JP MORGANSECURITIES LIMITED	45,240.69	4,466,285.00	0.010
JPP EURO SEC	8,631.35	47,280.00	0.183
JPP EURO SECURITIES	9,664.71	50,745.00	0.190
JULIUS BAER FRANCE	4,272.42	205,800.00	0.021
JULIUS BAER ITALIA	4,022.38	223,000.00	0.018
JULIUS BAER SECURITIES	37,643.12	1,498,077.00	0.025
JULIUS BAER/BANK JULIUS BAER	2,445.28	88,085.00	0.028
K + N KENANGA SDN BHD	701.61	70,000.00	0.010
KEEFE BRUYETTE + WOODS INC	21,967.00	659,200.00	0.033
KLEINWORTBENSON LIMITED	407.16	422,841.00	0.001
KLEINWORTBENSON SECS	8,159.94	1,028,100.00	0.008
KLEINWORTBENSON SECURITIES LIMITED	20,773.83	8,405,318.00	0.002
KNIGHT SECURITIES	981.50	1,840,006.00	0.001
KOKUSAI SECURITIES CO., LTD	1,295.71	54,200.00	0.024
LADENBURGTHALMAN + CO	880.00	17,600.00	0.050
LATINVESTSECURITIES	2,459.07	40,574,368.00	0.000
LATINVESTSECURITIES BBV	1,654.00	30,250.00	0.055
LAZARD FRERES & CO.	74,694.84	2,087,300.00	0.036
LEGG MASON WOOD WALKER INC	28,018.00	662,000.00	0.042
LEHMAN BROTHERS INC	755.37	134,620.00	0.006
LEHMAN BROS INC.	377,902.73	13,248,783.00	0.029
LEHMAN BROTHERS	555.25	29,000.00	0.019
LEHMAN BROTHERS ASIA LTD	6,981.75	6,449,000.00	0.001
LEHMAN BROTHERS BANKHAUS AG	276.44	26.00	10.632
LEHMAN BROTHERS EMM	17.05	1,800.00	0.009
LEHMAN BROTHERS INTERNATIONAL (EUROPE)	79,548.46	2,333,987.00	0.034
LEWCO SECS AGENT FOR BNY CLEARING SERV	5,656.50	221,600.00	0.026
LEWCO SECURITIES AGENT/CHASE H&Q	6,575.10	698,000.00	0.009
LEWCO SECURITIES CORP	301.48	22,400.00	0.013
LIQUIDNETINC	526.00	26,300.00	0.020
LOOP CAPITAL MARKETS INC	11,533.55	230,671.00	0.050
LYNCH JONES AND RYAN INC	14,743.00	649,400.00	0.023
MACQUARI EQUITIES (USA) INC	1,730.71	99,200.00	0.017
MACQUARIEEQUITIES LIMITED (SYDNEY)	960.55	42,053.00	0.023
MACQUARIEEQUITIES LTD	2,348.98	99,200.00	0.024
MACQUARIEEQUITIES U S A	664.14	42,053.00	0.016
MCDONALD INVESTMENTS INC.	3,642.00	121,400.00	0.030
MCMAHAN SECURITIES CO, LP	2,292.00	76,400.00	0.030
MERRIL LYNCH PEIRCE FENNER + SMITH	252.69	3,000.00	0.084
MERRILL LYNCH	11,616.85	11,570,460.00	0.001
MERRILL LYNCH FAR EAST LTD	36,806.39	7,896,530.00	0.005
MERRILL LYNCH INTERNATIONAL	112,261.80	415,625,921.00	0.000

PENSION FUNDS MANAGEMENT DIVISION

COMBINED INVESTMENT FUNDS SCHEDULE OF BROKERAGE COMMISSIONS (Continued)

FOR THE FISCAL YEAR ENDED JUNE 30, 2001

Broker Name	$ Commission	Shares/ Par Value	Avg Comm
MERRILL LYNCH INTERNATIONAL BK LTD	2,252.92	269,900.00	0.008
MERRILL LYNCH PIERCE FENNER + SMITH	422,320.73	18,183,315.00	0.023
MERRILL LYNCH PIERCE FENNER + SMITH INC	238.97	416,000.00	0.001
MERRION	4,303.89	106,000.00	0.041
MIDWEST RESEARCH MAXXUS GROUP	3,872.00	95,000.00	0.041
MORGAN (J.P.) SECURITIES INC., SL	4,901.91	135,000.00	0.036
MORGAN GRENFELL	68.48	263,000.00	0.000
MORGAN GRENFELL AND CO LIMITED	10,144.87	1,401,569.00	0.007
MORGAN GRENFELL AND CO. LIMITED	836.92	3,432,500.00	0.000
MORGAN GRENFELL INV FUND MANAGERS	65.60	255,000.00	0.000
MORGAN GUARANTY TRUST COMPANY NEW YORK	3,552.37	32,222,329.00	0.000
MORGAN GUARANTY TRUST COMPANY (UK)	41,683.54	929,182.00	0.045
MORGAN KEEGAN & CO INC	4,371.00	84,900.00	0.051
MORGAN STANLEY	1,390.41	78,700.00	0.018
MORGAN STANLEY AND CO, INC	298,016.53	24,944,071.00	0.012
MORGAN STANLEY AND CO. INTERNATIONAL	1,126.65	4,161,000.00	0.000
MORGAN STANLEY DEAN WITTER ASIA TAIWAN	134.44	20,000.00	0.007
MORGAN,J.P.,SECURITIES INC	93,302.03	3,900,504.00	0.024
MURIEL F SIEBERT AND CO INC	642.00	21,400.00	0.030
NATIONAL SECURITIES CORP	142.55	66,000.00	0.002
NCB STOCKBROKERS	567.97	57,700.00	0.010
ND DEVLETOGLOU SECURITIES SA	5,318.22	61,830.00	0.086
NEEDHAM +COMPANY	13,531.20	732,500.00	0.018
NESBIT BURNS EMM	1,609.22	61,000.00	0.026
NESBITT BURNS	8,785.92	279,900.00	0.031
NESBITT BURNS SECURITIES INC	7,429.99	349,762.00	0.021
NEUBERGER+ BERMAN	21,251.20	532,380.00	0.040
NIKKO SALOMON SMITH BARNEY	385.32	70,000.00	0.006
NOMURA INTERNATIONAL (HONG KONG) LTD	8,683.29	3,461,930.00	0.003
NOMURA INTERNATIONAL PLC	3,093.67	191,700.00	0.016
NOMURA INTERNATIONAL, PLC	1,600.60	22,000.00	0.073
NOMURA SECURITIES CO., LTD.	3,907.16	300,000.00	0.013
NOMURA SECURITIES INTL INC	15,764.85	449,227.00	0.035
NORDIC INVESTMENT BANK	578.63	80,000.00	0.007
NORDIC PARTNERS INC NY, NY	1,649.69	97,500.00	0.017
NUTMEG SECURITIES	15,004.00	316,000.00	0.047
O NEIL, WILLIAM AND CO. INC/BCC CLRG	10,340.00	206,800.00	0.050
ORD MINNETT	26,225.52	5,934,602.00	0.004
ORD MINNETT LIMITED	196.98	148,591.00	0.001
ORD MINNETT LTD	10,452.71	3,097,658.00	0.003
OSCAR GRUSS AND SONS	696.00	23,200.00	0.030
OTA LTD PARTNERSHIP	10,340.90	286,000.00	0.036
PACIFIC CREST SECURITIES	3,273.50	92,000.00	0.036
PACIFIC SECS INC	2,513.00	50,260.00	0.050
PAINE WEBBER INCORPORATED	43,824.60	1,022,145.00	0.043
PARETO FONDS	13,912.75	400,300.00	0.035
PAULSEN, DOWLING SECURITIES INC.	2,685.00	89,500.00	0.030
PICTET AND CIE	3,261.32	800.00	4.077
PICTET ETCIE LONDON	878.72	33,050.00	0.027
PICTET OVERSEAS INC	170.96	1,150.00	0.149
PINATTON SOCIETE DE BOURSE SA	183.24	3,033.00	0.060
PIPER JAFFRAY INC	18,296.10	1,641,850.00	0.011
PRUDENTIAL SECURITIES INCORPORATED	46,941.30	1,836,860.00	0.026
PULSE TRADING LLC	609.50	30,475.00	0.020
PUTNAM LOVELL SECURITIES INC	10,535.00	279,400.00	0.038
QUANTITATIVE ANALYSIS(THRU BEAR STEARNS)	28,864.80	481,080.00	0.060
RABO SECURITIES NV	3,857.80	200,400.00	0.019
RAYMOND JAMES AND ASSOCIATES INC	24,128.80	911,500.00	0.026
RBC DOMINION SECURITIES	672.80	47,500.00	0.014
RBC DOMINION SECURITIES INC.	450.31	14,000.00	0.032
ROBB, PECK, MCCOOEY CLEARING CORPORATION	19,080.00	381,600.00	0.050
ROBBINS	2,700.00	90,000.00	0.030
ROBERT FLEMING	27,370.87	13,653,800.00	0.002
ROBERT FLEMING & CO. LTD	17,047.57	125,395,812.00	0.000
ROBERT FLEMING + CO LIMITED LONDON	264.60	176,400.00	0.002
ROBERT FLEMING INC. BANK OF NEW YORK	2,828.78	1,764,000.00	0.002
ROBERT FLEMING SECURITIES LIMITED	8,680.59	5,875,400.00	0.001
ROBERT FLEMMING SECS INC	3,645.85	1,173,000.00	0.003
ROBERT W BAIRD & CO., INCORPORATED	8,030.50	455,600.00	0.018
ROBINSON HUMPHREY	31,681.10	853,900.00	0.037
ROCHDALE SEC CORP.(CLS THRU 443)	84,298.72	1,785,416.00	0.047
RUSSELL FRANK SECURITIES INC	245.00	4,900.00	0.050
SALOMAN BROS	8,830.09	238,904.00	0.037
SALOMAN BROTHERS INC.	1,913.74	229,900.00	0.008
SALOMON BROS HONG KONG	27,788.60	4,961,340.00	0.006
SALOMON BROS INC	2,983.11	405,245.00	0.007
SALOMON BROTHERS	21.11	6,300.00	0.003
SALOMON BROTHERS INC, NY	8,701.62	16,551,820.00	0.001
SALOMON BROTHERS INTERNATIONAL	78,209.55	115,392,660.00	0.001
SALOMON BROTHERS NY	280.68	81,735.00	0.003
SALOMON SMITH BARNEY	26,047.69	3,875,713.00	0.007
SALOMON SMITH BARNEY INC	431,111.55	18,438,971.00	0.023
SALOMON SMITH BARNEY INC SEG ACCT FBO	110.52	5,100.00	0.022
SAMSUNG SECURITIES CO LTD	9,546.76	413,127.00	0.023
SANTANDERINVESTMENT SECURITIES INC	688.24	7,840.00	0.088
SBC WARBURG LONDON	1,454.52	381,089.00	0.004

Broker Name	$ Commission	Shares/ Par Value	Avg Comm
SBS FINANCIAL	7,982.63	321,153.00	0.025
SCHRODER + CO	2,500.00	50,000.00	0.050
SCHRODER + CO INC	2,525.69	115,825.00	0.022
SCHRODER + CO.	2,530.79	51,000.00	0.050
SCHRODER SECS INTL	736.77	3,059.00	0.241
SCHRODER SECURITIES LONDON	88.32	4,600.00	0.019
SCHRODER SECURITIES LTD	405.56	10,210.00	0.040
SCOTIA CAPITAL MARKETS (USA) INC	2,415.00	48,300.00	0.050
SCOTIA MCLEOD	446.28	13,400.00	0.033
SCOTT + STRINGFELLOW	1,803.00	32,100.00	0.056
SG COWEN SECURITIES CORP	107,719.02	4,062,100.00	0.027
SG SECS CENTRAL CLEARING REG CORP	414.32	36,300.00	0.011
SG SECURITIES (LONDON)LTD	911.74	36,500.00	0.025
SG SECURITIES (SINGAPORE) PTE LTD	391.18	36,000.00	0.011
SG SECURITIES HK	2,857.08	499,400.00	0.006
SG SECURITIES SINGAPORE PTE LTD	2,349.57	20,420.00	0.115
SIEBERT BRANFORD SHANK AND CO	5,943.00	198,100.00	0.030
SIGMA SECS, ATHENS	601.98	36,900.00	0.016
SIGMA SECURITIES S.A.	1,338.57	50,000.00	0.027
SILVIS BARNARD JACOS	1,473.36	145,130.00	0.010
SK INTERNATIONAL SECURITIES	920.00	18,400.00	0.050
SKANDINAVISKA ENSKILDA BANKEN LONDON	1,263.06	28,800.00	0.044
SMITH BARNEY SHEARSON INC	47.46	30.00	1.582
SOCGEN CROSBY SECS	52.51	3,040.00	0.017
SOCIETE GENERALE	11,478.21	92,824,931.00	0.000
SOCIETE GENERALE SECURITIES	5,396.60	195,030.00	0.028
SOCIETE GENERALE SECURITIES CORP	5,437.08	441,500.00	0.012
SOUNDVIEWTECHNOLOGY GROUP INC	18,788.00	927,500.00	0.020
SOUTHWESTSECURITIES	780.00	19,500.00	0.040
SOUTHWESTSECURITIES, INC.	345.00	6,900.00	0.050
SPEAR, LEEDS & KELLOGG	38,590.00	781,700.00	0.049
SPEAR, LEEDS & KELLOGG CAPITAL MARKETS	22,157.60	1,629,818.00	0.014
STANDARD + POORS SECURITIES INC	65,710.15	1,319,988.00	0.050
STANDARD BANK	160.09	22,500.00	0.007
STANDARD BANK OF SOUTH AFRICA LTD	1,850.29	73,800.00	0.025
STANDARD NEW YORK	2,864.98	167,400.00	0.017
STANDARD SECURITIES CORP	326.05	26,800.00	0.012
STATE STREET BROKERAGE SERVICES	8,751.34	412,497.00	0.021
STEPHENS,INC.	1,800.00	30,000.00	0.060
STERNE, AGEE & LEACH, INC.	720.00	14,400.00	0.050
STURDIVANT + CO	760.00	15,200.00	0.050
SUNTRUST EQUITABLE SECURITIES CORP	1,956.00	84,500.00	0.023
SUTRO ANDCOMPANY INC.	2,352.00	78,400.00	0.030
THOMAS WEISEL PARTNERS	26,473.50	1,896,300.00	0.014
TORONTO DOMINION	491.00	15,000.00	0.033
TORONTO DOMINION BANK, THE	245.66	7,500.00	0.033
TROSTER SINGER STEVENS ROTHCHILD CORP	13,303.50	994,094.00	0.013
U.S. CLEARING CORPORATION	4,628.50	147,400.00	0.031
UBS AG	29,695.67	1,301,950,000.00	0.000
UBS AG (FORMERLY SWISS BANK CO) ZURICH	6,577.88	9,800,476.00	0.001
UBS AG LONDON	109,281.89	76,738,100.00	0.001
UBS BUNTING WARBURG INC., TORO	235.52	9,100.00	0.026
UBS SECURITIES INC.	540.62	155,000.00	0.003
UBS WARBURG	10,668.85	513,600.00	0.021
UBS WARBURG (HONG KONG) LIMITED	46,914.09	10,770,996.00	0.004
UBS WARBURG ASIA LIMITED	7.68	200.00	0.038
UBS WARBURG LLC	227,789.88	14,179,552.00	0.016
UTENDAHL CAPITAL PARTNERS	5,799.00	193,300.00	0.030
VICKER BALLAS	669.79	17,000.00	0.039
VONTOBEL SECURITIES	3,747.26	28,200.00	0.133
W I CARR	907.73	1,404,000.00	0.001
W I CARR (FAR EAST) LONDON	3,741.42	242,240.00	0.015
W R HAMBRECHT + CO LLC	6,795.00	216,000.00	0.031
W.I. CARR	4,794.39	389,060.00	0.012
W.I. CARR(AMERICA) LIMITED	7,108.26	249,200.00	0.029
W.I.CARR,OVERSEAS	2,946.58	26,060.00	0.113
WACHOVIA SECURITIES INS	24,374.00	526,400.00	0.046
WARBG UBSWARBURG LLC	2,489.78	80,200.00	0.031
WARBURG DILLON READ	1,012.37	31,100.00	0.033
WARBURG DILLON REED	203.18	69,900.00	0.003
WARBURG FORMERLY S G WARBURG SECS	3,820.96	35,928,843.00	0.000
WARBURG SECURITIES	136.50	26,800.00	0.005
WASSERSTEIN PERELLA COMPANY	7,379.40	239,500.00	0.031
WEDBUSH MORGAN SECURITIES, INC.	6,769.00	165,500.00	0.041
WEEDEN + CO.	72,522.35	1,776,717.00	0.041
WESTLB SECS PACIFIC LTDTOKYO	1,254.31	57,000.00	0.022
WI CARR	6,933.49	3,654,800.00	0.002
WILLIAMS CAPITAL GROUP(THE)	26,811.20	1,111,928.00	0.024
WILLIAMS DE BROE	2,358.93	188,970.00	0.012
WIT SOUNDVIEW CORP	1,650.00	129,000.00	0.013
WM SMITH SECURITIES INC	260.00	6,000.00	0.043
WOOD + COSRO	2,222.24	26,721.00	0.083
WOOD COMPANY SECS	3,169.48	49,551.00	0.064
WOOD COMPANY SECURITIES	2,368.02	30,000.00	0.079
ZANNEX SECURITIES	6,533.67	261,779.00	0.025
TOTAL	**9,495,729.84**		

GLOSSARY OF INVESTMENT TERMS

Agency Securities - Securities issued by U.S. Government agencies, such as the Federal Home Loan Bank. These securities have high credit ratings but are not backed by the full faith and credit of the U.S. Government.

Alpha - A measurement of the difference between the actual performance of a fund and its expected performance given the overall return of the market and the fund's beta. Positive alpha indicates successful management of risk while a negative alpha suggests unsuccessful management.

Asset - Anything owned that has value; any interest in property, tangible or intangible, that can be used for payment of debts.

Asset Backed Security- Financial instruments collateralized by one or more types of assets including real property, mortgages, and receivables.

Banker's Acceptance (BA) - A high-quality, short-term negotiable discount note, drawn on and accepted by banks which are obligated to pay the face amount at maturity.

Basis Point (bp) - The smallest measure used in quoting yields or returns. One basis point is 0.01% of yield, 100 basis points equals 1%. A yield that changed from 8.75% to 9.50% increased by 75 basis points.

Benchmark - A standard unit used as the basis of comparison; a universal unit that is identified with sufficient detail so that other similar classifications can be compared as being above, below, or comparable to the benchmark.

Beta - A measure of the volatility associated with the price movement of a stock in relation to the price movement of the overall stock market or benchmark.

Book Value (BV) - The value of individual assets, calculated as actual cost less allowances for any depreciation. Book value may be more or less than current market value.

Capital Gain(Loss) - Also known as capital appreciation(depreciation), capital gain(loss) measures the increase(decrease) in value of an asset over time.

Certificates of Deposit (CDs) - A debt instrument issued by banks, usually paying interest, with maturities ranging from seven days to several years.

Coefficient of Determination (R^2) - A statistic which indicates the amount of variability in a dependent variable, such as Fund returns, which may be explained by an independent variable, such as market returns, in a regression model. The coefficient of determination is denoted R^2 and ranges from 0 to 1.0. If the statistic measures 0, the independent variable offers no explanation of the dependent variable. If the statistic measures 1.0, the independent variable fully explains the dependent variable.

Collateral - Property offered as security, usually as an inducement to another party, to lend money or extend credit.

Collateralized Mortgage Obligation (CMO) - A generic term for a security backed by real estate mortgages. CMO payment obligations are covered by interest and/or principal payments from a pool of mortgages.

Commercial Paper - Short-term obligations with maturities ranging from 1 to 270 days. They are issued by banks, corporations, and other borrowers to investors with temporarily idle cash.

Compounded Annual Total Return - Compounded annual total return measures the implicit annual percentage change in value of an investment, assuming reinvestment of dividends, interest, and realized capital gains, including those attributable to currency fluctuations. In effect, compounded annual total return "smoothes" fluctuations in long-term investment returns to derive an implied year-to-year annual return.

Consumer Price Index (CPI) - A measure of change in consumer prices, as determined by a monthly survey of the U.S. Bureau of Labor Statistics. Components of the CPI include housing costs, food, transportation, electricity, etc.

Cumulative Rate of Return - A measure of the total return earned for a particular time period. This calculation measures the absolute percentage change in value of an investment over a specified period, assuming reinvestment of dividends, interest income, and realized capital gains. For example, if a $100 investment grew to $120 in a two-year period, the cumulative rate of return would be 20%.

Current Yield - The relationship between the stated annual interest or dividend rate and the market price of a security. In calculating current yield, only income payments are considered; no consideration is given to capital gain/loss or interest on interest.

Derivative - Derivatives are generally defined as contracts whose value depends on, or derives from, the value of an underlying asset, reference rate, or index. For example, an option is a derivative instrument because its value derives from an underlying stock, stock index, or future.

Discount Rate - The interest rate that the Federal Reserve charges banks for loans, using government securities or eligible paper as collateral.

Diversification - The spreading of risk by putting assets in several different securities or categories of investments.

Duration - A measure of the average time to receipt of all bond cash flows. Duration is used to determine the percentage change in price of a fixed income security for a given change in the security's yield to maturity. Duration is stated in terms of time periods, generally years. (See Modified and Macaulay duration).

Equity - The ownership interest possessed by shareholders in a corporation.

ERISA (Employee Retirement Income Security Act) - The 1974 law governing the operation of most private pension and benefit plans. The law eased pension eligibility rules, set up the Pension Benefit Guarantee Corporation, and established guidelines for the management of pension funds.

Expense Ratio - The amount, expressed as a percentage of total investment, that shareholders pay for mutual fund operating expenses and management fees.

GLOSSARY OF INVESTMENT TERMS (Continued)

Fair Value - The amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Federal Funds Rate - The interest rate charged by banks with excess reserves at a Federal Reserve district bank to banks needing overnight loans to meet reserve requirements. The federal funds rate is one of the most sensitive indicators of the direction of interest rates since it is set daily by the market.

Federal Reserve Board - The governing body of the Federal Reserve System (12 regional Federal banks monitoring the commercial and savings banks in their regions). The board establishes FRS policies on such key matters as reserve requirements and other regulations, sets the discount rate, and tightens or loosens the availability of credit in the economy.

Fiduciary - A person, company, or association holding assets in trust for a beneficiary. The fiduciary is charged with the responsibility to invest the money prudently for the beneficiary's benefit.

Floating Rate Note - A fixed principal instrument which has a long or even indefinite life and whose yield is periodically reset relative to a reference index rate to reflect changes in short- or intermediate-term interest rates.

Gross Domestic Product - Total final value of goods and services produced in the United States over a particular period or time, usually one year. The GDP growth rate is the primary indicator of the health of the economy.

Hedge - An investment in assets which serves to reduce the overall risk of a portfolio, usually at the expense of potential reward.

IBC Index (Formerly Donoghue's) - An index which represents an average of the returns of institutional money market mutual funds that invest primarily in first-tier (securities rated A-1, P-1) taxable securities.

Index - A benchmark used in executing investment strategy which is viewed as an independent representation of market performance. An index implicitly assumes cost-free transactions; some assume reinvestment of income. Example: S&P 500 index.

Index Fund - A fund whose portfolio attempts to replicate that of a broadbased index such as the S&P 500 so as to match its performance.

Inflation - A measure of the rise in price of goods and services, as happens when spending increases relative to the supply of goods on the market, i.e. too much money chasing too few goods.

Investment Income - The equity dividends, bond interest, and/or cash interest paid on an investment.

J-Curve - An economic theory stating that a policy designed to have one effect will initially have the opposite effect. With regard to closed end commingled fund investments, this generally refers to the impact on returns of contributions made in the early portion of a fund's existence. Invested capital is used to pay fees and organizational costs as well as to make investments in non-income producing enterprises. Such uses negatively impact returns in early periods but are expected to generate increasing income and valuations in the late periods as the previously non-income producing entities start producing income and the relative size of fees and other costs diminish relative to the value of invested capital.

JP Morgan Emerging Markets Bond Indes Plus (EMBI+) - An index which tracks total returns for traded external debt instruments in the emerging markets. The instruments include external-currency-denominated Brady bonds, loans and Eurobonds, as well as U.S. dollar local markets intruments. The EMBI+ expands upon Morgan's original Emerging Markets Bond Index, which was introduced in 1992 and covers only Brady bonds.

LB Aggregate Index - An index made up of Government, Corporate, Mortgage Backed, and Asset Backed securities, all rated investment grade. Returns are market value weighted inclusive of interest. Issues must have at least one year to maturity and an outstanding par value of at least $100 million.

Letter of Credit - An instrument or document issued by a bank, guaranteeing the payment of a customer's drafts up to a stated amount for a specified period. It substitutes the bank's credit for the buyer's and eliminates the seller's risk.

Liability - The claim on the assets of a company or individual - excluding ownership equity. The obligation to make a payment to another.

Leverage - The use of borrowed funds to increase purchasing power and, ideally, to increase profitability of an investment transaction or business.

Macaulay Duration - The present value weighted time to maturity of the cash flows of a fixed payment instrument or of the implicit cash flows of a derivative based on such an instrument.

Market Value - The price at which buyers and sellers trade similar items in an open marketplace. Stocks are considered liquid and are therefore valued at a market price. Real estate is illiquid and valued on an appraised basis.

Master Custodian - An entity, usually a bank, used for safekeeping of securities and other assets. Responsible for other functions including accounting, performance measurement and securities lending.

Maturity Date - The date on which the principal amount of a bond or other debt instrument becomes payable or due.

Mezzanine Debt - Subordinated debt.

Modified Duration - A measurement of the change in the value of an instrument in response to a change in interest rates. It is the primary basis for comparing the effect of interest rate changes on prices of fixed income securities.

Money Market Fund - An open-ended mutual fund that invests in commercial paper, bankers' acceptances, repurchase agreements, government securities, certificates of deposit, and other highly liquid and safe securities and pays money market rates of interest. The fund's net asset value remains a constant $1 per share - only the interest rate goes up or down.

Moody's (Moody's Investors Service) - A financial services company which is one of the best known bond rating agencies in the country. Moody's investment grade ratings are assigned to certain municipal short-term debt securities, classified as MIG-1, 2, 3, and 4 to signify best, high, favorable, and adequate quality, respectively. All four are investment grade or bank quality.

GLOSSARY OF INVESTMENT TERMS (Continued)

MSCI-EAFE - Morgan Stanley Europe Australasia Far East foreign equity index. An arithmetic value weighted average of the performance of over 900 securities on the stock exchanges of 19 countries on three continents. The index is calculated on a total return basis, which includes reinvestment of dividends net of withholding taxes.

Net Asset Value (NAV) - The total assets minus liabilities, including any valuation gains or losses on investments or currencies, and any accrued income or expense. NAV is similar to Shareholders' Equity.

NCREIF (National Council of Real Estate Investment Fiduciaries) - An index consisting of investment-grade, non-agricultural, income-producing properties: apartments, hotels, offices, and warehouses. Its return includes appreciation, realized capital gains, and income. It is computed by adding the income return and capital appreciation return generated by the properties in the index, on a quarterly basis.

Par Value - The stated or face value of a stock or bond. It has little significance for common stocks, however, for bonds it specifies the payment amount at maturity.

Pension Fund - A fund set up by a corporation, labor union, governmental entity, or other organization to pay the pension benefits of retired workers.

Percentile - A description of the percentage of the total universe in which portfolio performance is ranked.

Price/Book (P/B) - A ratio showing the price of a stock divided by its book value. The P/B measures the multiple at which the market is capitalizing the net asset value per share of a company at any given time.

Price/Earnings (P/E) - A ratio showing the price of a stock divided by its earnings per share. The P/E measures the multiple at which the market is capitalizing the earnings per share of a company at any given time.

Present Value - The current value of a future cash flow or series of cash flows discounted at an appropriate interest rate or rates. For example, at a 12% interest rate, the receipt of one dollar a year from now has a present value of $0.89286.

Principal - Face value of an obligation, such as a bond or a loan, that must be repaid at maturity.

Prudent Person Rule - The standard adopted by some states to guide those fiduciaries with responsibility for investing money of others. Such fiduciaries must act as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investment.

Realized Gain (Loss) - A gain (loss) that has occurred financially. The difference between the principal amount received and the cost basis of an asset realized at sale.

Relative Volatility - A ratio of the standard deviation of the Fund to the standard deviation of its selected benchmark. A relative volatility greater than 1.0 suggests comparatively more volatility in Fund returns than those of the benchmark.

Repurchase Agreements ("Repos") - An agreement to purchase securities from an entity for a specified amount of cash and to resell the securities to the entity at an agreed upon price and time. Repos are widely used as a money market instrument.

Reverse Repurchase Agreements ("Reverse Repos") - An agreement to sell securities to an entity for a specified amount of cash and to repurchase the securities from the entity at an agreed upon price and time.

Return on Equity (ROE) - The net income for the accounting period after payment of preferred stock dividends and before payment of common stock dividends of a company divided by the common stock equity at the beginning of the accounting period.

Risk Adjusted Return - A modified (usually reduced) return which accounts for the cost of a specific investment exposure as well as the aggregate risk of such exposure.

Russell 3000 - An equity index comprised of the securities of the 3,000 largest public U.S. companies as determined by total market capitalization. This index represents approximately 98% of the U.S. equity market. The largest security has a market capitalization of approximately $85 billion; the smallest is approximately $90 million.

Salomon Brothers Broad Investment-Grade Bond Index (SBIG) - A market value-weighted index composed of over 4,000 individually priced securities with a quality rating of at least BBB. Each issue has a minimum maturity of one year with an outstanding par amount of at least $25 million.

Salomon Brothers World Government Bond Index Non-U.S. (SWGBI) - An unhedged index measuring government issues of 12 major industrialized countries.

Securities Lending - A carefully collateralized process of loaning portfolio positions to custodians, dealers, and short sellers who must make physical delivery of positions. Securities lending can reduce custody costs or enhance annual returns by a full percentage point or more in certain market environments.

Soft Dollars - The value of research or other services that brokerage houses and other service entities provide to a client "free of charge" in exchange for the client's business.

S&P 500 (Standard & Poor's) - The composite price average of 425 industrial stocks, 50 utility stocks, and 25 railroad stocks.

S&P Ratings -

AAA - Debt having the highest rating assigned by Standard & Poor's. It has the highest capacity to pay interest and its ability to repay principal is extremely strong.

AA - Debt having a very strong capacity to pay interest and repay principal. AA rated debt differs from the higher rated issues by only a small degree.

A - Debt which has a strong capacity to pay interest and repay principal although it is somewhat more susceptible to the adverse effects of change in circumstances and economic conditions than debt in higher rated categories.

GLOSSARY OF INVESTMENT TERMS (Continued)

BBB - Debt regarded as having an adequate capacity to pay interest and repay principal. BBB is the lowest rating assignable to investment grade securities. Although debt rated BBB normally exhibits adequate protection parameters, adverse economic conditions or changing circumstances are more likely to lead to weakened capacity to pay interest and repay principal for debt in this category than in higher rated categories.

BB, B, CCC, and CC - These ratings are regarded, on balance, as predominantly speculative with respect to capacity to pay interest and repay principal in accordance to the terms of the obligation.

C - These ratings are reserved for income bonds on which no interest is being paid.

D - These ratings are for debt which is in default. No interest or repayment of principal is being paid.

Standard Deviation - A statistical measure showing the deviation of an individual value in a probability distributed from the mean (average) of the distribution. The greater the degree of dispersion from the mean rate of return, the higher the standard deviation; therefore, the higher the risk.

Thomson Bank Watch - Rating agency for banks. Thomson's ratings on short-term securities span from TBW-1 through TBW-4. Long-term investments are rated A through E.

Treasury Bill (T-Bill) - Short-term, highly liquid government securities issued at a discount from the face value and returning the face amount at maturity.

Treasury Bond or Note - Debt obligations of the Federal government that make semiannual coupon payments and are sold at or near par value in denominations of $1,000 or more.

Trust - A fiduciary relationship in which a person, called a trustee, holds title to property for the benefit of another person, called a beneficiary.

TUCS - Trust Universe Comparison Service. TUCS is based upon a pooling of quarterly trust accounting data from participating banks and other organizations that provide custody for trust assets.

Turnover - Security purchases or sales divided by the fiscal year's beginning and ending market values for a given portfolio.

Unrealized Gain (Loss) - A profit (loss) that has not been realized through the sale of a security. The gain (loss) is realized when a security or futures contract is actually sold or settled.

Variable Rate Note - Floating rate notes with a coupon rate adjusted at set intervals, such as daily, weekly, or monthly, based on different interest rate indices, such as LIBOR, Fed Funds, and Treasury Bills.

Volatility - A statistical measure of the tendency of a market price or yield to vary over time. Volatility is said to be high if the price, yield, or return typically changes dramatically in a short period of time.

Yield - The return on an investor's capital investment.

Yield Curve - A graph showing the term structure of interest rates by plotting the yields of all bonds of the same quality with maturities ranging from the shortest to the longest possible. The Y-axis represents the interest rate and the X-axis represents time, generally with a normal curve that is convex in shape.

Zero Coupon Bond - A bond paying no interest that sells at a discount and returns principal only at maturity.

UNDERSTANDING INVESTMENT PERFORMANCE

Introduction

This section discusses the Treasury's approach to measuring performance, including risk and return of the Retirement Plans and Trust Funds (CRPTF).

Understanding Performance

To measure success in achieving the primary objective of the Asset Allocation Plan, the Fund's performance is evaluated in two principal areas: risk and return. The results of these reviews, coupled with information on portfolio characteristics, are used to monitor and improve the performance of the Fund's external investment advisors.

To bring accountability and perspective to Fund performance and measurements of risk and return, The Connecticut Retirement Plans and Trust Funds are compared to those of similarly structured peer groups and indices. These comparisons enable plan participants, the Treasurer and the Investment Advisory Council, to determine whether and by how much Fund returns exceeded or fell short of the benchmarks. Each Fund's benchmark is selected on the basis of portfolio composition, investment style, and objectives.

Comparative performance is reviewed over both the near-term and the long-term for two reasons. First, pension management is, by its very nature, a long-term process. While both young and old employees comprise the pool of plan beneficiaries, the average age of plan participants is relatively low and requires that plan assets be managed for the long term. Second, as experience has shown, results attained in the short term are not necessarily an indicator of results to be achieved over the long term. Performance must be viewed in a broader context.

Overall performance is measured by calculating monthly returns and linking them to provide one-, three-, five- and ten-year histories of overall investment performance. Short-term performance is measured by total return over one-month, quarter-end, and trailing one-year time periods. Risk is also measured over both short- and the long-term periods.

RISK

The measurement of risk is a critical component in investment management. It is the basis for both strategic decision-making and investment evaluation. As an investment tool, investors assume risk to enhance portfolio returns. These enhancements, viewed as returns in excess of those available on "risk-free" investments, such as Treasury Bills, vary in magnitude according to the degree of risk assumed. Many investors focus on the negative aspects of risk and in doing so forego substantial upside potential, which can significantly enhance long-term returns. Thus, while risk can never be completely eliminated from a portfolio, the prudent management of risk can maximize investment returns at acceptable levels of risk.

Risk can take several forms and include: market risk, the risk of fluctuations in the overall market for securities; company risk, the risk of investing in any single company's stock or bonds; currency-exchange risk, the risk that a foreign country's currency may appreciate or depreciate relative to the U.S. dollar, thus impacting the value of foreign investments; and political risk, risk incurred through investing in foreign countries with volatile economies and political systems.

With respect to fixed income investments, investors also assume: reinvestment risk, the risk that cash flows received from a security will be reinvested at lower rates due to declining interest rates; credit or default risk, the risk that the issuer of a fixed income security may fail to make principal and interest payments on the security; interest rate risk, the risk that prices of fixed coupon bonds will decline in the event of rising market interest rates; and inflation or purchasing power risk, the risk that the real value of a security and its cash flows may be reduced by inflation. The level of risk incurred in fixed income investing increases as the investment time horizon is lengthened. This is demonstrated by the comparatively higher yields available on "long bonds," or bonds maturing in 20 to 30 years, versus those available on short-term fixed income securities.

In the alternative investment category, risks are significantly greater than those of publicly traded investments. Assessment of progress is more tenuous and valuation judgments are more complex. The investor

UNDERSTANDING INVESTMENT PERFORMANCE (Continued)

assumes not only management, product, market, and operations risk, similar to equity investing, but also assumes liquidity risk, the risk that one's investment cannot be immediately liquidated at other than substantially discounted value.

VOLATILITY

To measure the effects of risk on the portfolio, the volatility of returns is calculated over time. Volatility, viewed as deviation of returns from an average of these returns over time, is measured statistically by standard deviation. Standard deviation is one of the most widely accepted and descriptive risk measures used by investment professionals today. Funds with high standard deviations are considered riskier than those with low standard deviations.

To evaluate the significance of the Funds' standard deviation, each Fund's relative volatility, or the ratio of the Fund's standard deviation to that of the benchmark is calculated. A relative volatility greater than 1.0 indicates that the Fund is more volatile than the benchmark while a measure less than 1.0 indicates less volatility. A relative volatility of 1.0 signifies an equal degree of volatility between the Fund and the benchmark.

As an extension of standard deviation, each Fund's beta, or a measure of the relative price fluctuation of the Fund to its benchmark, is also calculated. The measurement of beta allows one to evaluate the sensitivity of Fund returns to given movements in the market and/or its benchmark. A beta greater than 1.0 compared to the selected market benchmark signifies greater price sensitivity while a beta less than 1.0 indicates less sensitivity.

To measure the degree of correlation between Fund returns and the benchmark, the Division calculates the coefficient of determination, or R^2. This calculation, which is used in conjunction with beta, allows one to evaluate how much of the volatility in Fund returns is explained by returns in the selected market benchmark. An R^2 of 1.0 indicates that Fund returns are perfectly explained by returns of the benchmark, while a value less than 1.0 indicates that the returns of the benchmark explain only a portion of the fund return.

Finally, to evaluate how well each of the above measures actually predicted returns of the Fund, a calculation is performed on the Fund's alpha. This calculation measures the absolute difference between the Fund's monthly return and that predicted by its beta. Used together, these measures provide a comprehensive view of a Fund's relative risk profile.

RETURN

The Pension and Trust Funds are managed for maximum return with minimal risk. Return, viewed in this context, includes realized and unrealized gains in the market value of a security, including those attributable to currency fluctuations, as well as income distributed from a security such as dividends and interest. Return is measured through two calculations: compounded annual total return and cumulative total return.

Compounded Annual Total Return - This return measure evaluates performance over the short and long-term. Compounded annual total return measures the implicit annual percentage change in value of an investment, assuming reinvestment of dividends, interest, and realized and unrealized capital gains, including those attributable to currency fluctuations. In effect, compounded annual total return "smoothes" fluctuations in long-term investment returns to derive an implied year-to-year annual return.

Cumulative Total Return - This calculation measures the absolute percentage change in value of an investment over a specified period, assuming reinvestment of dividends, interest income, and realized capital gains. While this calculation does not "smooth" year-to-year fluctuations in long-term returns to derive implied annual performance, cumulative total return allows one to see on an absolute basis the percentage increase in the total Fund's value over a specified time. Viewed graphically, cumulative total return shows one what a $10 million investment in the CRPTF a set number of years ago would be worth today.

DEBT MANAGEMENT DIVISION

CHANGES IN DEBT OUTSTANDING*

FOR THE FISCAL YEAR ENDED JUNE 30, 2001

Bond Finance Type	Outstanding June 30, 2000	FY 2001 Issued	FY 2001 Retired	FY 2001 Refunded or Defeased	Outstanding June 30, 2001	FY 2001 Interest Paid
General Obligation - Tax Supported[(1)]	$ 6,255,966,084	$ 1,498,578,696	$ 577,717,919	$ 504,282,222	$ 6,672,544,639	$ 362,730,985
General Obligation - Revenue Supported	131,908,099	-	9,819,391	10,297,778	111,790,930	7,165,061
General Obligation - Transportation	41,780,576	-	9,510,000	-	32,270,576	2,040,161
Special Tax Obligation	3,022,162,825	225,000,000	185,630,000	-	3,061,532,825	162,809,459
Bradley International Airport	77,970,000	213,180,000	3,735,000	19,620,000	267,795,000	5,182,021
Clean Water Fund	549,880,000	100,000,000	24,915,000	-	624,965,000	27,812,437
Unemployment Compensation[(2)]	368,985,000	-	185,065,000	183,920,000	-	13,631,603
UCONN 2000[(3)]	468,717,146	100,000,000	26,540,000	-	542,177,146	21,849,118
CT Juvenile Training School Energy Center Project	-	19,165,000	-	-	19,165,000	302,432
CDA Increment Financing[(4)]	35,340,000	-	1,285,000	-	34,055,000	1,933,301
CDA Governmental Lease Revenue[(5)]	7,775,000	-	415,000	-	7,360,000	495,748
Second Injury Fund Bonds[(6)]	86,080,000	124,100,000	5,330,000		204,850,000	4,539,870
CHEFA Childcare Facilities Program[(7)]	34,160,000	7,805,000	280,000	480,000	41,205,000	1,919,445
Bradley International Parking Operations[(8)]	53,800,000	-	-	-	53,800,000	2,824,268
Total	**$11,134,524,730**	**$ 2,287,828,696**	**$1,030,242,310**	**$ 718,600,000**	**$11,673,511,116**	**$ 615,235,909**

(1) Debt outstanding at June 30, 2001 includes $30,375,000 in Certificates of Participation for the Middletown courthouse which is not debt of the State. However, the State is obligated to pay a base rent under a lease for the courthouse, subject to the annual appropriation of funds or the availablility of other funds therefore. The base rent is appropriated as debt service. The Certificates of Participation are included on the Treasurer's Debt Management System for control purposes.

(2) The bonds were defeased on 6/21/01. $169,700,000 were redeemed on 7/1/2001, the remaining $14,220,000 will be called on 11/15/2001.

(3) UCONN 2000 Bonds in a total amount of $962 Million are authorized over a ten year period to be paid by the University of Connecticut from a State Debt Service commitment. As each series is issued, the debt service is validly appropriated from the State General Fund.

(4) The Connecticut Development Authority has issued tax increment bonds for certain economic development projects. The debt service on the bonds is deemed appropriated from the State's General Fund.

(5) The Connecticut Development Authority has issued its lease revenue bonds for the New Britain Government Center. The State is obligated to pay base rent subject to the annual appropriation of funds. These payments are budgeted in the Treasurer's debt service budget as lease payments.

(6) $43.7 Million in Second Injury Fund Commercial Paper is outstanding as of June 30, 2001. This short term commercial paper will re refinanced with additional Second Injury Bonds or retired with assessment revenues.

(7) On July 1, 1999, the Treasurer's Office assumed the responsibility for the CHEFA Childcare debt service appropriation per Public Act 97-259.

(8) Includes Bradley International Airport Special Obligation Parking Revenue Bonds, 2000 Series A $47,665,000 and 2000 Series B $6,135,000.

* For a detailed listing of debt oustanding for the fiscal year ended June 30, 2001, please see Statutory Appendix.

DEBT MANAGEMENT DIVISION

RETIREMENT SCHEDULE OF IN-SUBSTANCE DEFEASED DEBT OUTSTANDING (1)

JUNE 30, 2001

Date Escrow Established	Amount of Principal Outstanding	Last Call Date on Refunded Debt	Market Value of Escrow	Investment Profile of Escrow Account
BOND TYPE: GENERAL OBLIGATION				
10/20/93	$ 93,000,000	03/15/02	$ 96,068,781	State and Local Government Series Bonds
11/26/96	26,500,000	03/15/02	28,618,765	State and Local Government Series Bonds
09/30/97	119,285,000	08/15/04	123,871,004	State and Local Government Series Bonds
02/19/98	143,360,000	08/15/04	151,231,530	State and Local Government Series Bonds
08/27/98	28,740,000	12/15/01	30,110,677	State and Local Government Series Bonds
11/05/99	18,425,595	06/01/13	20,516,161	U.S. Treasury Notes
12/29/99	107,385,000	03/15/06	107,954,866	State and Local Government Series Bonds
06/28/01	514,580,000	11/01/06	543,289,202	State and Local Government Series Bonds
SUBTOTAL	**$ 1,051,275,595**		**$ 1,101,660,986**	
BOND TYPE: SPECIAL TRANSPORTATION FUND				
03/01/93	$ 63,895,000	06/01/03	$ 65,116,681	State and Local Government Series Bonds
09/01/93	26,180,000	06/01/03	27,039,287	State and Local Government Series Bonds
09/01/95	22,985,000	06/01/03	23,614,672	State and Local Government Series Bonds
10/01/96	79,670,000	10/01/01	81,613,197	State and Local Government Series Bonds
09/25/97	47,340,000	06/01/03	49,107,015	State and Local Government Series Bonds
11/15/97	54,960,000	09/01/02	58,491,833	State and Local Government Series Bonds
04/15/98	195,180,000	10/01/04	203,601,093	State and Local Government Series Bonds
12/01/99	75,540,362	06/01/08	87,736,173	State and Local Government Series Bonds
SUBTOTAL	**$ 565,750,362**		**$ 596,319,951**	
BOND TYPE: CLEAN WATER FUND				
05/25/99	66,955,000	06/01/04	$ 69,873,630	State and Local Government Series Bonds
SUBTOTAL	**$ 66,955,000**		**$ 69,873,630**	
BOND TYPE: CHEFA NURSING HOMES				
01/05/99	$ 57,595,000	11/01/04	$ 63,834,718	U.S. Treasury Notes
SUBTOTAL	**$ 57,595,000**		**$ 63,834,718**	
BOND TYPE: UNEMPLOYMENT				
06/21/01	$ 183,920,000	11/15/01	$ 182,181,731	U.S. Treasury Notes & SLGS
SUBTOTAL	**$ 183,920,000**		**$ 182,181,731**	
BOND TYPE: BRADLEY INTERNATIONAL AIRPORT				
03/27/01	$ 16,600,000	10/01/04	$ 18,250,168	State and Local Government Series Bonds
SUBTOTAL	**$ 16,600,000**		**$ 18,250,168**	
TOTAL	**$ 1,942,095,957**		**$ 2,032,121,184**	

(1) Represents bonds which have been refunded with proceeds of other bond issues and bonds which have been defeased using budget surplus. Although the State is still legally responsible for principal and interest payments on the refunded bonds, the refunded bonds are not carried as a liability of the State since they have been "in-substance" defeased. Investments adequate to meet all payments have been irrevocably deposited in escrow accounts with an independent agent for the sole purpose of satisfying principal and interest. The adequacy of each escrow account to meet debt service payments has been verified by an independent accounting firm.

DEBT MANAGEMENT DIVISION

SCHEDULE OF EXPENSES IN EXCESS OF $5,000 (1)

FISCAL YEAR ENDED JUNE 30, 2001

Name of Firm	Description of Services	Aggregate Compensation Paid in FY 2001	Status as of 06/30/01
A.G Edwards	Management Fee	$ 10,000	Active
Advest	Management Fee	55,000	Active
Bayerische	Letter of Credit	66,521	Active
Bear Stearns	Management Fee	300,000	Active
Bloomberg LP	Subscription	14,700	Active
Carmody & Torrance	Bond Counsel	21,306	Expired
Commerzbank	Letter of Credit	221,672	Active
Credit Agricole	Liquidity Fee	432,323	Active
Day Berry & Howard	Bond Counsel	186,952	Active
Dexia Public Finance Bank	Letter of Credit	108,393	Active
DiSanto Bertoline & Co., P.C.	Auditor-Clean Water Fund	15,987	Active
FGIC	Liquidity Fee/Bond Insurance	1,680,456	Active
First Albany Corp.	Management Fee	100,000	Active
First Union	Management Fee	5,000	Active
Fitch Investors Service	Rating Agency	161,000	N/A
Fleet Securities	Management Fee	15,000	Active
Goldman Sachs & Co.	Remarketing/Management Fees	219,515	Active
Hawkins Delafield & Wood	Bond Counsel	369,192	Active
Internal Revenue Service	Rebate Payments	4,284,837	N/A
Imagemaster Financial Publishers	Financial Printer	82,599	Active
J.P. Morgan Securities	Remarketing Fee	157,948	Active
Lamont Financial Services	Financial Advisor	151,596	Active
Landesbank Hessen- Thuringen	Letter of Credit	12,054	Active
Lehman Brothers	Management Fee	296,428	Active
Levy & Droney	Bond Counsel	123,279	Active
Lewis & Munday	Bond Counsel	181,029	Active
Moody's Investors Service	Rating Agency	267,820	N/A
Morgan Stanley Dean Witter	Management Fee	150,000	Active
M.R Beal	Management Fee	5,000	Active
New England Solution Systems	Computer Equipment(Scanner)	7,161	N/A
N/W Capital	Financial Advisor	15,200	Expired
P.G. Corbin & Co.	Financial Advisor	80,644	Active
Public Financial Management	Financial Advisor	233,750	Active
Pullman & Comley	Bond Counsel	48,654	Active
Shipman & Goodwin	Bond Counsel	63,092	Active
Simone, Scillia, Larrow & Dowling	Auditor-Infrastructure Fund	58,000	Active
Salomon Smith Barney	Remarketing-1993C UCAF	47,975	Active
Squire, Sanders & Dempsey	Bond Counsel	55,517	Active
Standard & Poor's Service	Rating Agency	287,800	N/A
State Street Bank	Trustee Fees	399,361	Active
The Sterling Printery	Financial Printer	7,866	N/A
U.S. Trust	Admin/Trustee Fee	7,300	Active
UBS Paine Webber	Management Fee	75,000	Active
Updike Kelly & Spellacy	Bond Counsel	297,370	Active
TOTAL		**$11,370,297**	

(1) Expenses are presented on a cash basis. Debt Management expenses are comprised of payments to vendors made through the Treasury Business Office, fees netted at bond closings, and fees and expenses paid by trustees.

CASH MANAGEMENT DIVISION

ACTIVITY STATEMENT [1]

FISCAL YEAR ENDED JUNE 30, 2001

Description	Total
INFLOWS	
Receipts:	
Deposits	$17,327,537,298.54 [2]
Bad Checks	(10,960,548.99) [3]
Receipts initiated by OSC	63,990,822.62 [4]
Total Receipts	17,380,567,572.17
Transfers:	
CD Sell	5,023,235.79 [12]
Income/Cash Transfers	2,530,562,197.46 [5]
Investment - Sells	7,306,687,570.39 [6]
Total Transfers	9,842,273,003.64
Other Inflows:	
Internal Bank Transfers	29,536,917,460.52 [7]
Interbank Transfers	15,952,335,945.11 [8]
Transfers from Small Banks	141,550.00 [9]
Total Other Inflows	45,489,394,955.63
Total Inflows	72,712,235,531.44
OUTFLOWS	
Disbursements:	
Vendor	12,908,408,641.49 [10]
Payroll	5,494,025,251.96 [11]
Disbursements initiated by OTT	371,121,125.17 [4]
Total Disbursements	18,773,555,018.62
Transfers:	
CD Purchases	7,778,669.73 [12]
Income/Cash Transfers	438,106,757.92 [5]
Investments - Buys	7,977,951,635.47 [6]
Total Transfers	8,423,837,063.12
Other Outflows:	
Internal Bank Transfers	29,536,917,460.52 [7]
Interbank Transfers	15,952,335,945.11 [8]
Transfers from Small Banks	141,550.00 [9]
Total Other Outflows	45,489,394,955.63
TOTAL OUTFLOWS	72,686,787,037.37

(1) Detail information on Grant Transfer and Service Transfer activity is no longer recorded by the Treasurer. These transactions affected individual fund balances, but had no effect on net cash balances. As a result, this activity is not included in this schedule.
(2) Deposits - revenue received from taxes, licenses, lottery fees, and federal grants.
(3) Bad Checks - checks issued with insufficient funds in the originator's bank account.
(4) Receipts initiated by the Office of the Comptroller. Disbursements initiated by the Office of the Treasurer. Both transactions affect appropriations.
(5) Income Earned/Cash Transfers - income earned from short and long-term investments, transfers of cash from one fund to the other due to closing of the fund or combining funds.
(6) Investments Sells/Buys - investments activity.
(7) Internal Bank Transfers - transfers of money from concentration accounts to a zero balance sub account with the same depository institution to provide funds to cover authorized disbursements.
(8) Interbank Transfers - transfers of state moneys between banks to invest excess cash or to cover authorized disbursements.
(9) Transfers from Small Banks - movement of money from the State's secondary accounts to the State's depository.
(10) Vendor - expenditures for goods and services provided to the State by vendors.
(11) Payroll - expenditures for the State's personnel payroll.
(12) CD Purchases/Sells - Certificates of Deposit purchased with Connecticut banks under the Treasurer's Community Reinvestment Initiative.

CASH MANAGEMENT DIVISION

CIVIL LIST FUNDS

SUMMARY SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS [1]

FISCAL YEAR ENDED JUNE 30, 2001

Fund Name	Adjusted Cash Balance July 1, 2000 [2]	FY 2001 Treasury Receipts [3]	FY 2001 Treasury Disbursements	Transfers	Transfers ST & GT Recorded by OTC but not OTT [4]	Other Net Adjustments [5]	Adjusted Cash Balance June 30, 2001
General Fund	$(1,128,099,632.95)	$13,752,416,800.31	$12,753,457,539.13	$ (7,911,809.10)	$(1,062,640,234.99)	$16,264,367.71	$(1,183,428,048.15)
Special Revenue Funds	984,952,853.28	2,106,397,199.65	2,753,603,114.34	21,319,347.87	568,468,901.04	(3,670,845.85)	923,864,341.65
Debt Service Funds	805,911.99	4,907,230.72	0.00	(5,169,762.28)	(349.16)	0.00	543,031.27
Capital Project Funds	(152,672,709.34)	392,493,707.76	987,473,900.54	809,090,126.31	(58,792,595.28)	0.00	2,644,628.91
Internal Service Funds	(1,482,922.84)	24,768,857.32	101,586,165.04	264,107.07	67,001,621.92	0.00	(11,034,501.57)
Enterprise Service Funds	6,319,428.32	213,936,816.46	261,692,134.08	63,154,077.67	(22,426,322.64)	(1,815,180.88)	(2,523,315.15)
Fiduciary Funds	45,213,346.46	885,646,959.95	1,915,742,165.49	537,689,852.98	503,042,647.11	0.00	55,850,641.01
TOTAL FUNDS	**$(244,963,725.08)**	**$17,380,567,572.17**	**$18,773,555,018.62**	**$1,418,435,940.52**	**$ (5,346,332.00)**	**$10,778,340.98**	**$ (214,083,222.03)**

(1) Detailed information on activity within each individual fund (formerly provided in the Statutory Appendix) can be obtained from the Comptroller's Annual Report.
(2) The July 1, 2000, Adjusted Cash Balance for the General Fund has been restated to reflect a correction to the Comptroller's Annual Report. Comptroller's records were changed to reflect $5,349,464.00 in cash that was held by a state agency at year-end.
(3) Figures do not reflect any adjustments made by the Comptroller to the agency's deposit information.
(4) Represents Service and Grant Transfers recorded by the Comptroller in order to move cash between funds, subsequent to the initial receipt of the money. As these transfers do not effect the cash total, they were not recorded in the Treasurer's records.
(5) Other Net Adjustments have been included to bring the Treasurer's cash balance presentation into conformance with the Comptroller's cash balance presentation.

These adjustments include the following:
- Cash received by agencies on June 30, 2000, and June 30, 2001, but not deposited in a bank.
- Cash held in agency checking accounts or recorded as zero-balance account disbursement prior to the issuance of checks.
- Petty cash balance.

CASH MANAGEMENT DIVISION

CIVIL LIST FUNDS

SUMMARY SCHEDULE OF CASH AND INVESTMENTS (1)

FISCAL YEAR ENDED JUNE 30, 2001

Description	Total All Funds	General Fund	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Internal Service Funds	Enterprise Funds	Fiduciary Funds
General Investments								
Cash [3]	$(214,083,222.03)	$(1,183,428,048.15)	$923,864,341.65	$543,031.27	$2,644,628.91	$ (11,034,501.57)	$ (2,523,315.15)	$55,850,641.01
STIF	2,331,418,208.44	1,360,601,813.60	307,108,099.51	351,737,740.46	153,120,835.94	0.00	117,274,283.32	41,575,435.61
TEPF	114,590,927.89	1,254,026.27	54,228,168.66	0.00	30,317,991.26	0.00	28,790,741.70	0.00
Investments with Treasurer as Trustee								
Short-Term	548,308,645.11	50,459,971.33	0.00	0.00	0.00	0.00	110,092,480.18	387,756,193.60
Long-Term	20,191,210,519.46	0.00	0.00	0.00	0.00	0.00	0.00	20,191,210,519.46
Investments with Others as Trustee								
Short-Term	945,599,662.38	0.00	34,538,495.58	75,632,421.12	0.00	0.00	101,759,246.72	733,669,498.96
Long-Term	771,924,864.75	0.00	0.00	256,560,213.10	0.00	0.00	515,364,651.65	0.00
Total	**$24,688,969,606.00**	**$228,887,763.05**	**$1,319,739,105.40**	**$684,473,405.95**	**$186,083,456.11**	**$(11,034,501.57)**	**$870,758,088.42**	**$21,410,062,288.64**

Reconcilation Between Treasurer & Comptroller [2]

Office of the Comptroller	
Cash and STIF June 30, 2001 (Annual Statutory Report)	$ 2,262,759,967.26
Investment with the State Treasurer	160,552,451.51
STIF classified as Cash and Invest with Trustee Fund #1400	1,614,775.23
Difference in Local Bridge Revolving Fund (6303)	7,020.40
STIF classified as Long Term Investments Fund #2025	278,646,191.25
Cash and invest with Trustee Fund #6300	74,797,214.76
Cash and invest with Trustee Fund #6310	1,856,776.36
Difference in Clean Water Fund (6866)	(0.60)
Difference in STIF balance Fund #3000	0.01
Total	**$2,780,234,396.18**
Office of the Treasurer	
Cash	$ (214,083,222.03)
STIF	2,331,418,208.44
TEPF	114,590,927.89
Difference in Clean Water Fund (6866)	(163.23)
STIF/Investments with Treasurer as Trustee	548,308,645.11
Total	**$ 2,780,234,396.18**

(1) For a detailed listing of the Civil List Investments for the Fiscal Year Ending June 30, 2001, please see Statutory Appendix.
(2) Reconciliation of Cash Equivalents Per Comptroller's Books to Cash and General Investments and Short-Term Investments with Treasurer as Trustee Per Treasury Books.
(3) The cash figures were obtained from the Comptroller's records, as the Treasurer maintains information on the total fund balance.

CASH MANAGEMENT DIVISION

CIVIL LIST FUNDS
INTEREST CREDIT PROGRAM (1)
FISCAL YEAR ENDED JUNE 30, 2001

Fund	Participant	Agency	SID	Interest Earned During the Year	June 30, 2001 Fund Balance
0000	**General Fund**				
	INVESTMENT FUND	1201	300	$766,671.10	$5,100,119.52
	SECOND INJURY	1201	302	53,652.63	1,305,927.09
	LOCAL EMERGENCY RELIEF ACCT.	1310	360	2,531.79	4,643.54
	JUVENILE JUSTICE FY 2000 ACCOUNTABILITY INCENTIVE	1310	400	102,702.71	2,968,679.77
	LOCAL LAW ENFORCEMENT BLOCK GRANT	1310	407	341.98	6,019.91
	FY99 JUV ACCT INCENTIVE BLOCK GRANTS PROG	1310	457	176,217.66	1,533,389.57
	WARNER OIL SETTLEMENT	1310	484	1,055.79	18,297.69
	FY98 JUV ACCT INCENTIVE BLOCK GRANTS PROG	1310	495	96,563.13	84,461.89
	EXXON OVERCHARGE	1310	496	70,856.25	1,221,687.98
	DIAMOND SHAMROCK OVERCHARGE	1310	497	2,493.84	41,810.07
	STRIPPER WELL OVERCHARGE	1310	498	168,859.15	2,748,369.26
	ENHANCED 911 TELECOMMUNICATIONS FUND	2000	371	804,638.51	11,128,126.77
	COOPERATIVE/COMMUNITY POLICING PROGRAM	2000	426	5,159.31	129,901.89
	COMMUNITY POLICING PROGRAM	2000	450	1,887.99	108.74
	FEDERAL ASSET FORFEITURE	2000	498	30,062.84	589,987.22
	NUCLEAR SAFETY EMERG. PREPAREDNESS	2201	370	1,392.25	6,820.05
	COUNCIL ON SOIL AND WATER	3192	402	52.87	0.00
	JOB INCENTIVE ACCT.	3500	361	10,701.62	228,843.73
	MRD ESCROW ACCT.	3500	364	137,185.00	2,387,363.06
	MRS ESCROW ACCT.	3500	365	742.78	14,388.30
	RESEARCH IN PLANT SCIENCE	3601	307	19,469.59	316,209.51
	ADMINISTRATION OF GRANTS	3601	309	23,869.76	382,645.26
	LIONS CLUB WORKSHOP FUND	7101	300	278.57	4,827.19
	FAUCHTSWANGER FUND	7101	301	393.23	6,814.93
	FRAUENHOFER FUND	7101	302	932.19	16,155.75
	MISCELLANEOUS GRANTS	7101	304	1,036.86	16,307.01
	SARA BROWN FUND	7101	306	15,268.09	263,240.32
	CHARLES PRECOURT MEMORIAL FUND	7101	307	198.91	3,103.53
	ANN COROTEAU MEMORIAL FUND	7101	308	405.91	7,475.46
	CONN STATE LIBRARY ACCOUNT	7104	305	5,365.42	91,052.82
	CT LIBRARY & MUSEUM FUND	7104	306	125,320.07	2,118,563.31
	HISTORIC DOCUMENTS PRESERVATION ACCOUNT	7104	361	24,294.88	1,223,694.64
	PRIVATE OCCUPATIONAL STUDENT PROTECTION FUND	7250	360	209,422.99	3,553,353.33
	BOARD FOR STATE ACADEMIC AWARD	7401	370	124,536.17	880,719.74
	MEMORIAL FUND	8005	300	1,728.09	32,831.11
	CORRECTIONAL GENERAL WELFARE FUND	8005	360	169,970.69	2,777,485.49
	CHILDREN'S WELFARE FUND	8102	310	1,663.60	25,709.25
	RICHARD A. FORESTER MEMORIAL FUND	8103	305	594.03	10,296.42
	CHILDREN'S TRUST FUND	8129	329	19,169.01	364,481.65
	LAW LIBRARY-DONATED COPIER RECEIPTS	9001	333	11,359.06	183,274.37
	DERBY COURTHOUSE MAINTENANCE RESERVE	9001	370	65,080.08	1,158,648.53
	MERIDEN COURTHOUSE MAINTENANCE RESERVE	9001	371	60,569.18	1,091,605.88
	CRIMINAL VIOLENCE VICTIMS ESCROW ACCT.	9001	373	116.31	2,015.84
	CLIENT SECURITY FUND	9001	374	213,515.29	4,983,552.26
Total				$3,528,327.19	$49,033,009.65
1104	**Insurance Fund**				
	INSURANCE FUND	2403		384,581.34	7,515,973.12
Total				$384,581.34	$7,515,973.12
1108	**Workers Compensation**				
	ADMINISTRATION FUND	2904		990,058.13	13,389,244.32
Total				$990,058.13	$13,389,244.32

CASH MANAGEMENT DIVISION

CIVIL LIST FUNDS
INTEREST CREDIT PROGRAM (1) (Continued)
FISCAL YEAR ENDED JUNE 30, 2001

Fund	Participant	Agency	SID	Interest Earned During the Year	June 30, 2001 Fund Balance
1139	**Criminal Injuries Compensation Fund**				
	VICTIM SERVICES	9001		54,344.72	1,282,179.55
Total				$54,344.72	$1,282,179.55
1161	**University of Connecticut Operating Fund**				
	OPERATING FUND	7301		4,497,547.74	67,978,208.12
	OPERATING FUND DISBURSEMENT ACCOUNT	7301		383,135.25	3,607,390.31
Total				$4,880,682.99	$71,585,598.43
1162	**University Health Center Operating Fund**				
	OPERATING FUND	7302		316,902.59	18,641,051.41
	STUDENT SCHOLARSHIP AND LOANS	7302	400	192,429.54	3,474,844.50
	OPERATING FUND DISBURSEMENT ACCOUNT	7302		383,135.25	6,151,011.71
Total				$892,467.37	$28,266,907.62
1163	**State University Operating Fund**				
	STATE UNIVERSITIES (PARENT ACCOUNT)	7800		2,190.23	0.00
	BOARD OF STATE UNIVERSITY	7801		417,316.95	10,094,509.26
	CENTRAL CT STATE UNIVERSITY	7802		2,110,946.69	26,022,090.82
	WESTERN CT STATE UNIVERSITY	7803		630,685.06	6,514,508.68
	SOUTHERN CT STATE UNIVERSITY	7804		1,337,034.63	15,541,968.08
	EASTERN CT STATE UNIVERSITY	7805		741,336.74	8,201,163.49
	OPERATING FUND DISBURSEMENT ACCOUNT	7800		133,241.39	1,274,122.69
Total				$5,372,751.69	$67,648,363.02
1164	**Regional Community/Technical Colleges Operating Fund (Tuition Account)**				
	BOARD FOR REGIONAL COMM-TECH COLLEGE	7701		571,796.96	10,885,257.64
	MANCHESTER COMM-TECH COLLEGE	7702		303,741.83	4,202,583.77
	NORTHWESTERN COMM-TECH COLLEGE	7703		90,993.01	1,034,511.71
	NORWALK COMM-TECH COLLEGE	7704		256,948.16	3,680,335.56
	HOUSATONIC COMM-TECH COLLEGE	7705		330,629.98	4,487,384.89
	MIDDLESEX COMM-TECH COLLEGE	7706		117,237.08	1,605,680.06
	CAPITAL COMM-TECH COLLEGE	7707		305,119.98	4,710,525.73
	NAUGATUCK COMM-TECH COLLEGE	7708		136,288.77	1,326,130.50
	GATEWAY COMM-TECH COLLEGE	7709		109,369.49	844,558.59
	TUNXIS COMM-TECH COLLEGE	7710		307,617.53	4,667,138.89
	THREE RIVERS COMM-TECH COLLEGE	7711		81,390.96	1,087,046.37
	QUINBAUG VALLEY COMM-TECH COLLEGE	7712		68,199.99	1,320,933.60
	ASNUNTUCK COMM-TECH COLLEGE	7713		83,580.28	1,411,921.31
Total				$2,762,914.02	$41,264,008.62
1171	**University of Connecticut Research Foundation**				
	RESEARCH	7301		401,337.03	11,739,667.11
Total				$401,337.03	$11,739,667.11
1177	**Environmental Quality Fund**				
	MUNICIPAL SOLID WASTE RECYCLING	3100	155	182,567.15	2,707,456.90
Total				$182,567.15	$2,707,456.90
1181	**Conservation Fund**				
	MIGRATORY BIRD CONSERVATION	3100	182	19,678.36	378,013.51
Total				$19,678.36	$378,013.51

CASH MANAGEMENT DIVISION

CIVIL LIST FUNDS
INTEREST CREDIT PROGRAM (1) (Continued)
FISCAL YEAR ENDED JUNE 30, 2001

Fund	Participant	Agency	SID	Interest Earned During the Year	June 30, 2001 Fund Balance
1401	**Employment Security - Administration**				
	PENALTY & INTEREST	2620	141	371,767.70	8,660,424.97
	TITLE XII EXCESS FUNDS	2620	302	348,326.29	4,894,187.82
Total				$720,093.99	$13,554,612.79
1507	**Tobacco Settlement Fund**				
	TOBACCO SETTLEMENT	1310		38,534.32	1,408,074.42
Total				38,534.32	1,408,074.42
4003	**Correction Industries**				
	CORRECTIONAL COMMISSARIES	8020	123	250,713.04	4,497,188.95
Total				$250,713.04	$4,497,188.95
6300	**Bradley International Airport Operations**				
	BRADLEY ENTERPRISE FUND	5000		628,740.64	11,086,606.44
Total				$628,740.64	$11,086,606.44
7212	**New Home Construction Guaranty Fund**				
	NEW HOME CONSTRUCTION GUARANTY	2500		47,495.54	872,670.58
Total				$47,495.54	$872,670.58
7220	**Tobacco and Health Trust Fund**				
	TOBACCO HEALTH TRUST	1310		709,864.79	40,668,024.40
Total				$709,864.79	$40,668,024.40
7306	**Various Treasurer's Trust Funds**				
	FITCH HOME FOR SOLDIERS	1312	100	731.77	11,583.91
	POSTHUMOUS FITCH	1312	200	1,451.82	22,982.20
	R. GRAEME SMITH	2000	100	313.44	5,430.83
	IRWIN H. LEPOW	4090	100	2,122.23	36,884.23
	JOHN H. KING	9001	100	10,444.68	180,972.67
	WHITE FUND	9001	200	191.77	3,322.81
Total				$15,255.71	$261,176.65
Grand Total				**$21,880,408.02**	**$367,158,776.08**

(1) Interest is earned at the monthly simple interest rate of the Treasurer's Short-Term Investment Fund. Interest is calculated on the average monthly balance of each fund or account, and credited to the fund or account on a quarterly basis.

CASH MANAGEMENT DIVISION

SCHEDULE OF EXPENSES IN EXCESS OF $5,000 (1)

FISCAL YEAR ENDED JUNE 30, 2001

Name of Firm	Description of Services	Contract Date	Aggregate Compensation Paid in FY 2001	Status As of 6/30/01
Fleet Bank	Banking Services	Various	$ 2,372,416 (2)	Active
People's Bank	Banking Services	Mar-97	207,487 (2)	Active
State Street Bank & Trust	Banking Services	Jan-01	205,180 (2)	Active
Webster Bank	Banking Services	Jun-98	178,857 (2)	Active
First Union Bank	Banking Services	Feb-97	58,103 (2)	Active
Standard & Poors	Subscription & Rating	N/A	34,800	Active
State Street Bank & Trust	STIF Custodian Fees	Aug-99	31,826	Active
Bloomberg L P	Subscription	N/A	18,555	Active
Computers Plus Centers Inc.	Computer Equipment	N/A	15,655	Terminated
Moodys Investors Services	Subscription & Research	N/A	12,500	Active
Telerate Incorporated	Financial Information	N/A	12,150	Active
Deloitte & Touche LLP	AIMR Attestation Services	Sep-99	8,500	Active
Fitch Investors Service	Rating Agency	N/A	6,850	Active
Xerox Corporation	Photocopier Lease	N/A	6,208	Active
TOTAL			**$ 3,169,087**	

(1) Expenses are presented on a cash basis.
(2) Includes compensation realized through bank balances and fees.

UNCLAIMED PROPERTY DIVISION

SCHEDULE OF EXPENSES IN EXCESS OF $5,000 (1)

FISCAL YEAR ENDED JUNE 30, 2001

Name of Firm	Description of Services	Contract Date	Aggregate Compensation Paid in FY 2001	Status
ACS Unclaimed Property Clearing House	Securities Services & Claims Processing	Mar-01	$ 518,491	Active
State Street Bank and Trust Co.	Securities Services & Claims Processing	Nov-93	336,250	Active
State Street Bank and Trust Co.	Identification & Collection of Property	Aug-94	501,982	Active
National Abandoned Property Processing Corporation	Identification & Collection of Property	Dec-91	240,532	Active
ADECCO North America LLC	Temporary Services	N/A	33,931	Terminated
Connecticut Post	Publication of Unclaimed Property List	N/A	10,895	Terminated
Corporate Express	Office Supplies	Oct-95	6,722	Active
DataPrep Incorporated	Data Entry Services	N/A	7,469	Active
Metro Networks Communication	Unclaimed Property Advertising Campaign	N/A	15,000	Terminated
New Haven Register	Publication of Unclaimed Property List	N/A	18,576	Terminated
The Advocate	Publication of Unclaimed Property List	N/A	7,347	Terminated
The Day	Publication of Unclaimed Property List	N/A	7,000	Terminated
The Hartford Courant	Printing & Publication of Unclaimed Property List	N/A	223,741	Terminated
The News Times Division of Ottoway	Publication of Unclaimed Property List	N/A	5,920	Terminated
The Sterling Printery, Inc.	Publication of Unclaimed Property Holder Manual	N/A	6,918	Terminated
Waterbury Republican American	Publication of Unclaimed Property List	N/A	9,624	Terminated
Xerox Corporation	Photocopier Lease	N/A	15,182	Active
TOTAL			**$ 1,965,580**	

(1) Expenses are presented on a cash basis.

UNCLAIMED PROPERTY DIVISION

FIVE YEAR SELECTED FINANCIAL INFORMATION

	Fiscal Year Ended June 30,				
	2001	2000	1999	1998	1997
Receipts (Net of fees)	$39,522,597	$37,102,017	$47,270,291	$31,066,409	$26,257,013
Fees netted from proceeds (1)	742,514	619,508	1,191,231	1,036,619	600,888
Gross Receipts	**40,265,111**	**37,721,525**	**48,461,522**	**32,103,028**	**26,857,901**
Claims paid	9,838,935	9,475,207	8,951,783	8,777,191	4,896,505
Administrative Expenses:					
Salaries&Fringe benefits	1,900,906	1,691,026	1,212,850	1,095,209	975,593
Data processing & hardware	883,587	600,610	395,016	234,990	289,608
All other	313,763	148,606	428,420	284,758	200,819
Fees netted from proceeds (1)	742,514	619,508	1,191,231	1,036,619	600,888
Total Disbursements	**13,679,705**	**12,534,957**	**12,179,300**	**11,428,767**	**6,963,413**
Excess of Receipts over Disbursements (2)	**$26,585,406**	**$25,186,568**	**$36,282,222**	**$20,674,261**	**$19,894,488**
Approximate Market Value of Securities at Fiscal Year End:					
Stocks and bonds (3)	$53,362,736	$49,569,572	$50,139,146	$42,858,000	$35,019,000
Mutual funds (3)	13,373,611	14,420,453	12,567,907	10,755,734	8,356,000
Total Securities Inventory	**$66,736,347**	**$63,990,025**	**$62,707,053**	**$53,613,743**	**$43,375,000**
Securities liquidated	**$ 0**	**$ 67,860**	**$ 9,092,811**	**$ 0**	**$ 0**
Number of checks paid	**11,605**	**4,466**	**6,941**	**7,666**	**2,862**

(1) Fees include amounts for recovery of securities and related amounts, participation in out-of-state audits, appraisal of safe deposit box contents, and the auction of safe deposit box contents.

(2) Excess of receipts over disbursements is remitted to the General Fund, however, amounts collected remain liabilities of the State until returned to their rightful owners.

(3) The amounts disclosed above as "receipts" and "claims paid" represent actual cash flows and do not include the value of the marketable securities received by the Unclaimed Property Division, nor the value of securities returned to owners. However, the amounts disclosed above as fiscal year end market values of securities and mutual funds help provide a general indication of the relative net activity in such assets over time. Receipts, net of fees, include the proceeds from securities liquidated in a given year.

Summary of Gross Receipts
Fiscal Year Ended June 30, 2001

Financial institutions	$10,214,502
Other corporations	12,768,996
Insurance companies	10,243,121
Governmental agencies and public authorities	3,174,113
Dividends on securities held	771,776
Estates	121,784
Proceeds from court settlement	420,000
Securities tendered	1,010,844
Interest penalty assessments	725,742
Sale of property lists, copying and other charges	1,650
Reciprocal exchange program with other states	812,583
Total Gross Receipts	**$40,265,111**

EX-OFFICIO DUTIES OF THE STATE TREASURER
BOARDS, COMMITTEES AND COMMISSIONS

STATE BOND COMMISSION

As authorized by the General Assembly, all projects and grants funded from State bonds, as well as the issuance of the bonds, must be authorized by the State Bond Commission. The members of the Commission include the Governor, Treasurer, Comptroller, Attorney General, Secretary of the Office of Policy and Management (OPM), Commissioner of Public Works, and the Co-Chairs and Ranking Members of the State Legislature's Joint Committee on Finance, Revenue and Bonding.

INVESTMENT ADVISORY COUNCIL

The Investment Advisory Council advises on investment policy and guidelines, and also reviews the assets and performance of the pension funds. Additionally, the Council makes recommendations to the Treasurer on the hiring of outside investment advisors and on the appointments of principal investment staff. The Investment Advisory Council consists of the Treasurer, the Secretary of OPM and ten appointees of the Governor and State Legislature.

BANKING COMMISSION

The Banking Commission approves all applications for the creation of state banks or trust companies. As part of this process, the Commission holds public hearings on applications prior to granting approval. The Commission members are the Treasurer, Comptroller and Banking Commissioner.

FINANCE ADVISORY COMMITTEE

The Finance Advisory Committee approves budget transfers recommended by the Governor and has other such powers over the State budget when the General Assembly is not in session. The Committee members are the Governor, Lieutenant Governor, Treasurer, Comptroller, two State Senators who are members of the Legislature's Appropriations Committee and three State Representatives who are members of the Legislature's Appropriations Committee.

CONNECTICUT LOTTERY CORPORATION BOARD OF DIRECTORS

The Connecticut Lottery Corporation manages the State lottery and is responsible to introduce new lottery games and maximize the efficiency of operations in order to provide a greater return to the general fund. The thirteen member Board of Directors includes the Treasurer, the Secretary of OPM, as well as appointees by the Governor and State Legislature.

CONNECTICUT HIGHER EDUCATION TRUST(CHET) ADVISORY COMMITTEE

This committee advises the Treasurer on policies concerning CHET. The Connecticut Higher Education Trust allows families to make tax deferred investments for higher education costs. The Commissioner of Higher Education, the Secretary of OPM, the Co-Chairs (or their designees) of the Legislature's Education Committee, the Co-Chairs (or their designees) of the Legislature's Finance, Revenue and Bonding Committees, and four representatives of private higher education and the public serve with the Treasurer on this board.

COUNCIL OF FISCAL OFFICERS

The purpose of the Council of Fiscal Officers is to provide a forum for discussion and participation in the development of State financial policies, practices and systems. Membership is open to all State officials or employees, elected or appointed, classified or unclassified, serving in a fiscal management position. The Treasurer is one of four permanent members of the Executive Board.

THE STANDARDIZATION COMMITTEE

The standardization committee approves or grants waivers to existing purchasing regulations when it is in the best interests of the State to do so. The members of this committee include the Treasurer, Comptroller, Commissioner of Administrative Services, Commissioner of Transportation, Commissioner of Public Works, Commissioner of Social Services, and the Secretary of OPM.

EX-OFFICIO DUTIES OF THE STATE TREASURER (Continued)
BOARDS, COMMITTEES AND COMMISSIONS

INFORMATION AND TELECOMMUNICATION SYSTEMS (IT) EXECUTIVE STEERING COMMITTEE

The IT Executive Steering Committee directs the planning, development, implementation and maintenance of State information and telecommunication systems. The Committee consists of the Treasurer, Comptroller, Secretary of OPM, Commissioner of Administrative Services, and the Chief Information Officer.

THE PRIVATE ACTIVITY BOND COMMISSION

The Governor, Treasurer, Secretary of OPM, Chairpersons and Ranking Members of the Legislature's Finance Committee, Planning & Development Committee, and Commerce Committee are members of the Private Activity Bond Commission. The 1986 Federal tax act limited the amount of tax exempt bonds any state could issue for certain private activity. The Limit is currently $50 per capita per year and is distributed by statute. The Commission has the authority to reallocate the available cap amounts when the General Assembly is not in session.

CONNECTICUT DEVELOPMENT AUTHORITY (CDA)

The Connecticut Development Authority administers programs that support the State's economic development efforts. CDA has two basic types of loan programs: direct loans and loan guarantees (of bank loans). The Board membership includes the Treasurer, Commissioner of Economic Development, Secretary of OPM, four members appointed by the Governor, and four members appointed by legislative leaders.

CONNECTICUT HOUSING FINANCE AUTHORITY (CHFA)

CHFA was created to increase the supply of, and encourage and assist in the purchase, development and construction of, housing for low and moderate-income families and persons throughout the State. It provides mortgages for single family homeowners at below market rates, mortgages for multi-family developers, and construction financing. The members of the board include the Treasurer, Commissioner of Housing, Secretary of OPM, Banking Commissioner, and six members appointed by the Governor.

CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY (CHEFA) BOARD OF DIRECTORS

CHEFA is a conduit bond issuer for hospitals, nursing homes, private universities, private secondary schools and day care facilities. The board members include the Treasurer, Secretary of OPM, and eight members appointed by the Governor.

CONNECTICUT HIGHER EDUCATION SUPPLEMENTAL LOAN AUTHORITY (CHESLA) BOARD OF DIRECTORS

CHESLA finances supplemental student loans and issues bonds every two years. The Board consists of eight members including the Treasurer, Commissioner of Higher Education, Secretary of OPM, and five additional members appointed by the Governor.

WATERBURY FINANCIAL PLANNING AND ASSISTANCE BOARD

Special Act 01-01 created the Waterbury Financial Planning and Assistance Board. The board members include the Treasurer, the Secretary of OPM, the Mayor of Waterbury, and four members appointed by the Governor. The Board is responsible for reviewing the financial affairs of the city of Waterbury, all in order to achieve or maintain access to public credit markets, to fund the city's accumulated deficits and to restore financial stability to the city of Waterbury.

EXECUTIVE OFFICE

TOTAL ADMINISTRATION EXPENDITURES
FISCAL YEARS ENDED JUNE 30,

Fiscal Years Ended June 30,

	2001	%	2000	%	1999	%	1998	%	1997	%
GENERAL FUND										
Personal Services	$2,970,332	4.78%	$2,916,411	4.69%	$2,531,740	4.51%	$2,349,347	4.25%	$2,453,744	7.53%
Other Expenses	400,249	0.64%	407,325	0.65%	407,548	0.73%	530,802	0.96%	391,641	1.20%
Capital Equipment	5,000	0.01%	-	0.00%	4,700	0.01%	1,000	0.00%	9,869	0.03%
TOTAL	**3,375,581**	**5.23%**	**3,323,736**	**5.34%**	**2,943,988**	**5.24%**	**2,881,149**	**5.22%**	**2,855,254**	**8.77%**
PENSION FUNDS										
Personal Services	$ 1,435,232	2.31%	$,344,697	2.16%	$1,414,580	2.52%	$2,048,114	3.71%	$1,901,780	5.84%
Other Expenses	47,641,305	76.59%	46,437,634	74.66%	40,572,960	72.20%	40,475,836	73.27%	16,812,917	51.62%
Capital Equipment	28,971	0.05%	18,856	0.03%	13,171	0.02%	12,973	0.02%	102,216	0.31%
TOTAL	**49,105,508**	**76.15%**	**47,801,187**	**76.85%**	**42,000,711**	**74.74%**	**42,536,923**	**77.00%**	**18,816,913**	**57.77%**
SECOND INJURY FUND										
Personal Services	$5,813,536	9.35%	$5,983,086	9.62%	$5,992,293	10.66%	$5,562,373	10.07%	$5,545,222	17.02%
Other Expenses	1,444,644	2.32%	1,106,723	1.78%	1,880,142	3.35%	1,955,067	3.54%	2,617,619	8.04%
Capital Equipment	9,321	0.01%	41,380	0.07%	26,200	0.05%	96,583	0.17%	94,540	0.29%
TOTAL	**7,267,501**	**11.27%**	**7,131,189**	**11.47%**	**7,898,635**	**14.06%**	**7,614,023**	**13.78%**	**8,257,381**	**25.35%**
UNCLAIMED PROPERTY FUND										
Personal Services	$1,900,906	3.06%	$1,691,026	2.72%	$1,212,850	2.16%	$1,095,209	1.98%	$975,593	3.00%
Other Expenses	1,193,757	1.92%	739,246	1.19%	792,410	1.41%	490,103	0.89%	477,730	1.47%
Capital Equipment	3,593	0.01%	9,970	0.02%	31,027	0.06%	29,645	0.05%	12,697	0.04%
TOTAL	**3,098,256**	**4.80%**	**2,440,242**	**3.92%**	**2,036,287**	**3.62%**	**1,614,957**	**2.92%**	**1,466,020**	**4.50%**
SHORT-TERM INVESTMENT FUND										
Personal Services	$667,846	1.07%	$698,605	1.12%	$607,104	1.08%	(1)	0.00%	(1)	0.00%
Other Expenses	188,240	0.30%	214,230	0.34%	187,442	0.33%	(1)	0.00%	(1)	0.00%
Capital Equipment	6,550	0.01%	2,584	0.00%	2,674	0.00%	(1)	0.00%	(1)	0.00%
TOTAL	**862,636**	**1.34%**	**915,419**	**1.47%**	**797,220**	**1.42%**	**0**	**0.00%**	**0**	**0.00%**
Other Financing Sources (2)	**$779,096**	**1.21%**	**$587,334**	**0.94%**	**$516,589**	**0.92%**	**$596,690**	**1.08%**	**$1,175,715**	**3.61%**
TOTAL AGENCY	**$64,488,578**	**100.00%**	**$62,199,107**	**100.00%**	**$56,193,430**	**100.00%**	**$55,243,742**	**100.00%**	**$32,571,283**	**100.00%**

(1) Short-Term Investment Fund was included as part of the Pension Funds.
(2) Other Financing Sources include: Unemployment Compensation Special Assesment Fund; Clean Water Fund; Special Transportation Fund; Bonds Cost of Issuance Fund; and the Capital Equipment Fund.

EXECUTIVE DIVISION

SCHEDULE OF EXPENSES IN EXCESS OF $5,000 (1)
FISCAL YEAR ENDED JUNE 30, 2001

Name of Firm	Description of Services	Contract Date	Aggregate Compensation Paid in FY 2001	Status
Bloomberg	Subscription	N/A	22,797	Active
ASAP Software Express	EDP Software	N/A	5,207	Terminated
BankOne NA	Purchasing Card Expenditures	N/A	13,728	Active
Bloomberg	Subscription	N/A	19,440	Active
C. Robert Morgan	Consulting Services	Jul-00	15,082	Terminated
Christine Palm	Consulting Services	Sep-00	56,550	Terminated
Corporate Express	Office Supplies	Oct-95	10,261	Active
Interfaith Center on Corp. Governance	Subscription	N/A	6,000	Active
New England Solutions Systems	EDP Equipment	N/A	8,487	Terminated
University of Connecticut	Subscription	N/A	6,938	Active
Xerox Corporation	Copier Lease and Maintenance	N/A	26,097	Active
TOTAL			$ 190,507	

(1) Expenses are presented on a cash basis.

SECOND INJURY FUND

SCHEDULE OF EXPENSES IN EXCESS OF $5,000 (1)

FISCAL YEAR ENDED JUNE 30, 2001

Name of Firm	Description of Services	Contract Date	Aggregate Compensation Paid in FY 2001	Status As of 6/30/01
ADECCO	Temporary Services	N/A	$ 8,232	Active
ASAP Software Express, Inc.	Computer Software	N/A	6,770	Terminated
Automatic Data Processing	Check Processing	Apr-90	25,785	Active
Beneficial Investigation	Surveillance Services	Sep-96	161,236	Active
Brown, Paindiris & Scott	Legal Services	Feb-97	28,570	Active
CareSys Incorporated	Med. Bill Auditing & Payment	Jun-97	22,426	Active
Comp Works Inc.	Provider Bill Audit Services	Mar-00	127,594	Terminated
Concentra Managed Care	IME/Case Mgmt./Job Placement	Sep-96	65,737	Active
Corporate Express	Office Supplies	Oct-95	13,509	Active
Corvel Corporation	IME/Case Mgmt./Job Placement	Jan-01	26,458	Active
Deloitte & Touche LLP	Assessment Audit & Implementation	Nov-99	368,561	Active
Duhamel & Schoolcraft	Legal Services	Dec-97	6,896	Active
Hawkins, Delafield & Wood	Legal Services	Feb-97	8,375	Active
Imagemaster Financial Publishing	Financial Printer	N/A	7,654	Active
Intracorp	Job Placement/Case Mgmt. Services	Sep-96	8,105	Active
Jeremy Booty	Legal Services	Feb-97	11,662	Active
New England Solutions Systems	Computer Equipment	N/A	7,789	Terminated
Nextel Communications	Telephone/Radio Service	Jul-99	6,173	Active
O'Brien, Tanski, Tanzer & Young	Legal Services	Feb-97	19,258	Active
Security Services of Connecticut	Surveillance Services	Jan-01	48,659	Active
Sheffield Associates	Computer Software	N/A	9,395	Terminated
Standard & Poors	Bond Analytical Services	N/A	16,000	Active
The Paris Group	Independent Medical Examinations	Sep-96	36,977	Terminated
Xerox Corporation	Photocopier Lease	N/A	35,998	Active
TOTAL			**$ 1,077,819**	

(1) Expenses are presented on a cash basis. This schedule only includes services that were retained directly by the Fund and does not include medical services ordered by Workers Compensation Commissioners, claimants or their treating physicians.

DEBT MANAGEMENT DIVISION

SCHEDULE OF DEBT OUTSTANDING [1]

JUNE 30, 2001

BOND TYPE: GENERAL OBLIGATION - TAX SUPPORTED

Issue Date	Outstanding June 30, 2000	FY 2001 Issued	FY 2001 Retired	FY 2001 Refunded or Defeased	Outstanding June 30, 2001	Low Rate (%)	High Rate (%)	Next Maturity Date	Last Maturity Date	Interest Accreted Through FY 2001 [2]	Interest Paid During FY 2001
12/22/88	$ 52,085,872	$ -	$ 4,246,617	$ -	$ 47,839,255	7.323	7.525	12/01/01	12/01/08	$71,770,409	$ 5,712,383
05/11/89	67,119,923	-	5,028,042	-	62,091,881	7.325	7.416	07/01/01	07/01/08	87,739,157	6,135,958
08/01/89	9,420,000	-	9,420,000	-	-				08/01/00	-	296,730
11/14/89	57,963,635	-	8,033,400	-	49,930,235	6.888	7.017	11/01/01	11/01/09	61,006,437	8,786,600
03/15/90	9,090,000	-	9,090,000	-	-				03/15/01	-	609,030
05/15/90	52,840,694	-	6,063,316	-	46,777,378	7.187	7.318	05/15/02	05/15/10	56,671,637	7,073,684
07/15/90	19,085,000	-	-	-	19,085,000	6.600	6.600	07/15/01	07/15/01	-	1,259,610
09/15/90	16,770,000	-	16,770,000	-	-				09/15/00	-	578,565
11/01/90	5,580,000	-	5,580,000	-	-				11/15/00	-	184,837
11/20/90	46,154,797	-	8,170,647	-	37,984,150	7.086	7.378	11/15/01	11/15/10	43,107,511	8,078,353
12/01/90	200,000	-	200,000	-	-				01/01/01	-	18,000
01/01/91	16,206,839	-	1,605,622	-	14,601,217	6.753	6.753	07/01/01	01/01/11	-	1,067,769
03/01/91	10,000,000	-	10,000,000	-	-				03/01/01	-	987,500
05/16/91	41,274,763	-	7,827,193	-	33,447,570	6.632	7.026	05/15/02	05/15/11	32,959,537	7,080,807
11/15/91	5,000,000	-	-	-	5,000,000	5.950	6.050	11/15/01	11/15/02	-	300,000
12/01/91	10,980,000	-	5,490,000	-	5,490,000	8.000	8.000	02/01/02	02/01/02	-	878,400
12/12/91	35,012,327	-	3,192,914	-	31,819,413	6.214	6.727	12/15/01	12/15/11	26,709,923	2,304,086
01/21/92	18,622,518	-	1,933,351	-	16,689,167	6.034	6.034	08/01/01	02/01/12	-	1,103,453
03/15/92	42,756,292	-	21,390,000	-	21,366,292	6.100	6.100	03/15/02	03/15/02	-	2,586,744
05/01/92	77,220,000	-	38,610,000	-	38,610,000	6.000	6.050	11/15/01	11/15/04	-	3,470,737
05/01/92	6,000,000	-	3,000,000	-	3,000,000	6.000	6.000	05/15/02	05/15/02	-	360,000
05/14/92	34,228,933	-	3,797,153	-	30,431,780	6.354	6.795	05/15/02	05/15/12	24,550,498	2,814,847
09/01/92	106,250,000	-	2,795,000	-	103,455,000	5.400	5.900	03/15/02	03/15/09	-	6,031,980
10/15/92	53,255,000	-	9,380,000	13,875,000	30,000,000	5.800	5.800	11/15/01	11/15/03	-	2,848,395
11/15/92	34,475,000	-	11,495,000	-	22,980,000	7.300	7.400	12/15/01	12/15/02	-	2,102,850
11/17/92	35,466,973	-	4,128,125	-	31,338,848	5.771	6.402	11/15/01	11/15/12	21,295,591	2,312,875
02/01/93	331,550,000	-	22,175,000	-	309,375,000	4.750	5.600	11/15/01	11/15/10	-	16,777,554
03/15/93	102,860,000	-	8,675,000	-	94,185,00	4.900	5.500	03/15/02	03/15/12	-	5,387,563
03/15/93	89,960,000	-	10,905,000	-	79,055,000	4.800	5.500	09/15/01	09/15/10	-	4,331,761
05/01/93	34,655,000	-	4,335,000	4,330,000	25,990,000	4.700	6.750	05/01/02	05/01/07	-	1,773,937
05/19/93	44,888,727	-	4,077,891	-	40,810,836	5.293	5.953	06/15/02	06/15/12	23,463,578	2,105,109
06/15/93	24,000,000	-	6,000,000	-	18,000,000	6.100	6.250	07/01/01	07/01/03	-	1,290,000
07/01/93	120,150,000	-	9,260,000	46,300,000	64,590,000	4.600	5.000	08/01/01	08/01/07	-	5,660,630
10/01/93	241,605,000	-	2,680,000	-	238,925,000	4.300	6.000	03/15/02	03/15/12	-	11,658,620
10/15/93	41,800,000	-	3,800,000	7,600,000	30,400,000	4.400	4.900	12/01/01	12/01/08	-	1,862,950
11/16/93	40,763,846	-	6,552,511	-	34,211,335	4.598	5.383	12/01/01	12/01/12	15,711,218	2,420,489
01/01/94	28,400,000	-	7,100,000	-	21,300,000	6.000	7.000	01/15/02	01/15/04	-	1,753,700
03/15/94	146,865,000	-	12,195,000	34,660,903	100,009,097	5.200	5.650	03/15/02	03/15/12	-	7,865,252
05/01/94	42,080,000	-	3,820,000	16,250,000	22,010,000	5.200	5.500	05/01/02	05/01/08	-	2,274,410
05/26/94	51,306,632	-	8,313,746	-	42,992,886	5.756	6.414	06/01/02	06/01/13	22,937,760	3,989,254

SCHEDULE OF DEBT OUTSTANDING [1] (Continued)

JUNE 30, 2001

Issue Date	Outstanding June 30, 2000	FY 2001 Issued	FY 2001 Retired	FY 2001 Refunded or Defeased	Outstanding June 30, 2001	Low Rate (%)	High Rate (%)	Next Maturity Date	Last Maturity Date	Interest Accreted Through FY 2001 [2]	Interest Paid During FY 2001
06/01/94	1,764,000	-	858,000	-	906,000	5.490	5.490	12/01/01	06/01/02	-	85,232
08/15/94	93,195,000	-	10,270,000	15,050,221	67,874,779	5.375	5.800	08/15/01	08/15/08	-	4,847,240
11/01/94	28,425,000	-	4,060,000	8,110,000	16,255,000	5.400	5.900	12/01/01	12/01/06	-	1,498,435
11/22/94	51,340,064	-	5,446,957	-	45,893,107	5.507	6.398	12/15/01	12/15/13	21,602,162	2,064,043
12/01/94	41,300,000	-	8,260,000	-	33,040,000	8.350	8.400	12/01/01	12/01/04	-	3,109,890
03/15/95	174,401,609	-	19,385,609	54,722,964	100,293,036	5.300	7.000	03/15/02	03/15/07	-	9,829,862
03/15/95	51,615,000	-	9,905,000	-	41,710,000	5.300	7.000	03/15/02	03/15/05	-	2,720,350
10/01/95	334,110,000	-	21,505,000	143,503,134	169,101,866	4.500	6.000	10/01/01	10/01/08	-	17,025,660
03/28/96	6,822,499	-	427,188	-	6,395,311	5.030	5.030	11/01/01	05/01/18	-	337,812
04/15/96	238,220,000	-	16,000,000	94,730,000	127,490,000	5.000	6.250	05/15/02	05/15/09	-	13,055,969
04/15/96	50,385,000	-	11,595,000	-	38,790,000	4.500	6.000	10/15/01	10/15/02	-	2,358,562
08/15/96	87,720,000	-	10,760,000	26,400,000	50,560,000	5.000	6.500	08/15/01	08/15/16	-	4,293,837
11/01/96	70,105,000	-	410,000	-	69,695,000	4.400	6.000	11/01/01	11/01/04	-	3,679,727
11/01/96	77,500,000	-	-	38,750,000	38,750,000	5.000	6.500	11/01/07	11/01/11	-	4,179,187
12/01/96	54,250,000	-	7,750,000	-	46,500,000	4.750	5.000	12/01/01	12/01/06	-	2,470,313
03/01/97	113,000,000	-	-	-	113,000,000	4.625	6.000	03/01/04	03/01/17	-	5,940,540
05/14/97	99,235,000	-	-	-	99,235,000	6.000	6.000	05/15/05	05/15/14	-	3,627,008
08/01/97	224,462,415	-	12,470,000	-	211,992,415	4.250	5.500	08/01/01	08/01/17	-	11,110,506
09/01/97	18,222,726	-	749,637	-	17,473,089	5.081	5.081	03/01/02	03/01/20	-	925,897
09/15/97	124,970,000	-	530,000	-	124,440,000	4.150	5.500	12/01/01	12/01/12	-	6,471,792
09/30/97	4,635,000	-	290,000	-	4,345,000	5.081	5.081	03/01/02	03/01/20	-	235,504
02/01/98	146,165,000	-	325,000	-	145,840,000	3.950	5.250	03/15/02	03/15/15	-	7,592,611
03/15/98	187,825,000	-	6,000,000	-	181,825,000	4.000	5.500	03/15/02	03/15/18	-	9,244,913
03/15/98	79,000,000	-	13,000,000	-	66,000,000	5.970	6.170	03/15/02	03/15/06	-	4,771,600
07/15/98	88,945,000	-	16,500,000	-	72,445,000	5.850	6.140	08/01/01	08/01/08	-	4,760,416
07/30/98	70,000,000	-	10,000,000	-	60,000,000	5.850	6.120	11/01/01	11/01/06	-	3,868,500
08/01/98	32,090,000	-	1,715,000	-	30,375,000 [3]	4.000	4.750	12/15/01	12/15/13	-	1,408,926
10/15/98	199,445,000	-	25,000,000	-	174,445,000	`3.500	5.250	10/15/01	10/15/18	-	8,135,298
12/15/98	150,000,000	-	-	-	150,000,000	3.400	5.250	12/15/01	12/15/18	-	6,466,050
05/01/99	18,000,000	-	-	-	18,000,000	4.633	4.633	09/01/01	09/01/22	-	833,940
05/06/99	4,875,000	-	120,000	-	4,755,000	4.633	4.633	09/01/01	09/01/22	-	223,079
06/15/99	285,000,000	-	15,000,000	-	270,000,000	4.500	5.250	06/15/02	06/15/19	-	14,156,250
11/01/99	245,000,000	-	12,250,000	-	232,750,000	4.100	5.875	11/01/01	11/01/19	-	12,527,718
04/15/00	150,000,000	-	7,500,000	-	142,500,000	4.625	6.000	04/15/02	04/15/20	-	7,868,853
06/15/00	450,000,000	-	22,500,000	-	427,500,000	4.500	5.875	06/15/02	06/15/20	-	23,613,094
12/01/00	-	80,000,000	-	-	80,000,000	6.450	6.500	12/01/01	12/01/04	-	2,585,000
12/15/00	-	400,000,000	-	-	400,000,000	4.200	5.500	12/15/01	12/15/16	-	9,785,648
02/22/01	-	100,000,000	-	-	100,000,000	5.000	5.000	02/15/17	02/15/20	-	886,301
06/01/01	-	10,398,696	-	-	10,398,696	4.652	4.652	10/01/03	10/01/22	-	-
06/12/01	-	3,605,000	-	-	3,605,000	4.650	4.650	04/01/02	10/01/22	-	-
06/15/01	-	504,575,000	-	-	504,575,000	4.400	5.500	12/15/04	12/15/16	-	-
06/15/01	-	380,000,000	-	-	380,000,000	3.000	5.375	06/15/02	06/15/21	-	-

DEBT MANAGEMENT DIVISION

SCHEDULE OF DEBT OUTSTANDING [1] (Continued)

JUNE 30, 2001

Issue Date	Outstanding June 30, 2000	FY 2001 Issued	FY 2001 Retired	FY 2001 Refunded or Defeased	Outstanding June 30, 2001	Low Rate (%)	High Rate (%)	Next Maturity Date	Last Maturity Date	Interest Accreted Through FY 2001 [2]	Interest Paid During FY 2001
06/15/01	-	20,000,000	-	-	20,000,000	4.330	4.330	06/15/12	06/15/12	-	-
SUBTOTAL	**$6,255,966,084**	**$1,498,578,696**	**$577,717,919**	**$504,282,222**	**$6,672,544,639**					**$509,525,417**	**$362,730,985**
BOND TYPE: GENERAL OBLIGATION - REVENUE SUPPORTED											
07/01/72	$ 80,000,000	$ -	$ -	$ -	$ 80,000,000	5.250	5.250	07/01/02	07/01/02	$ -	$ 4,200,000
07/15/90	30,000	-	15,000	-	15,000	6.600	6.600	07/15/01	07/15/01	-	1,477
12/01/90	4,900,000	-	4,900,000	-	-				01/01/01	-	441,000
03/15/92	3,723,708	-	1,860,000	-	1,863,708	6.100	6.100	03/15/02	03/15/02	-	225,286
03/15/93	6,325,000	-	525,000	-	5,800,000	4.900	5.500	03/15/02	03/15/12	-	331,328
03/15/94	6,435,000	-	635,000	1,919,097	3,880,903	5.200	5.500	03/15/02	03/15/10	-	340,733
08/15/94	3,005,000	-	330,000	669,779	2,005,221	5.375	5.800	08/15/01	08/15/08	-	156,335
03/15/95	9,489,391	-	1,059,391	4,212,036	4,217,964	5.300	7.000	03/15/02	03/15/07	-	534,822
10/01/95	8,000,000	-	495,000	3,496,866	4,008,134	4.500	6.000	10/01/01	10/01/08	-	408,335
03/01/97	10,000,000	-	-	-	10,000,000	4.625	6.000	03/01/04	03/01/17	-	525,745
SUBTOTAL	**$ 131,908,099**	**$ -**	**$ 9,819,391**	**$10,297,778**	**$ 111,790,930**					**$ -**	**$ 7,165,061**
BOND TYPE: GENERAL OBLIGATION - TRANSPORTATION											
12/22/88	$ 343,991	$ -	$ -	$ -	$ 343,991	7.513	7.525	12/01/06	12/01/08	$ 522,657	$ -
11/15/91	26,230,000	-	8,980,000	-	17,250,000	5.950	6.050	11/15/01	11/15/02	-	1,297,545
03/15/95	114,000	-	-	-	114,000	5.300	5.300	03/15/05	03/15/05	-	6,042
08/01/97	9,537,585	-	530,000	-	9,007,585	4.250	5.500	08/01/01	08/01/17	-	465,069
10/15/98	5,555,000	-	-	-	5,555,000	4.500	5.250	10/15/12	10/15/13	-	271,505
SUBTOTAL	**$ 41,780,576**	**$ -**	**$ 9,510,000**	**$ -**	**$ 32,270,576**					**$ 522,657**	**$ 2,040,161**
BOND TYPE: GENERAL FUND APPROPRIATION - UCONN 2000 [4]											
01/01/96	$ 63,045,000	$ -	$ 4,505,000	$ -	$ 58,540,000	4.100	5.500	02/01/02	02/01/16	$ -	$ 2,974,302
02/21/96	4,369,715	-	-	-	4,369,715	5.050	5.100	02/01/10	02/01/11	1,345,942	-
04/01/97	97,500,000	-	6,500,000	-	91,000,000	4.650	5.375	04/01/02	04/01/17	-	4,928,625
04/24/97	7,392,431	-	-	-	7,392,431	5.200	5.300	04/01/08	04/01/09	1,788,923	-
06/01/98	89,560,000	-	4,980,000	-	84,580,000	3.950	5.250	06/01/02	06/01/18	-	4,135,798
03/01/99	76,000,000	-	4,000,000	-	72,000,000	3.500	4.850	04/01/02	04/01/19	-	3,164,500
03/01/00	130,850,000	-	6,555,000	-	124,295,000	4.500	5.750	03/01/02	03/01/20	-	6,645,893
03/15/01	-	100,000,000	-	-	100,000,000	0.000	5.375	04/01/02	04/01/21	-	-
SUBTOTAL	**$ 468,717,146**	**$ 100,000,000**	**$26,540,000**	**$ -**	**$ 542,177,146**					**$ 3,134,865**	**$21,849,118**
BOND TYPE: SPECIAL TAX OBLIGATION											
06/15/88	$ 3,417,825	$ -	$ -	$ -	$ 3,417,825	7.750	7.750	06/01/07	06/01/08	$ 5,795,552	$ -
05/15/90	56,160,000	-	12,175,000	-	43,985,000	7.125	7.125	06/01/09	06/01/10	-	4,107,931

DEBT MANAGEMENT DIVISION

SCHEDULE OF DEBT OUTSTANDING [1] (Continued)

JUNE 30, 2001

Issue Date	Outstanding June 30, 2000	FY 2001 Issued	FY 2001 Retired	FY 2001 Refunded or Defeased	Outstanding June 30, 2001	Low Rate (%)	High Rate (%)	Next Maturity Date	Last Maturity Date	Interest Accreted Through FY 2001 [2]	Interest Paid During FY 2001
12/19/90	180,100,000	-	11,600,000	-	168,500,000	6.171	6.171	12/01/01	12/01/10	-	9,352,283
09/15/91	77,655,000	-	-	-	77,655,000	6.500	6.500	10/01/10	10/01/12	-	5,047,575
01/01/92	64,045,000	-	10,730,000	-	53,315,000	5.800	6.100	02/15/02	02/15/05	-	3,793,080
09/01/92	178,790,000	-	11,155,000	-	167,635,000	5.500	6.150	09/01/01	09/01/12	-	10,303,640
03/01/93	532,330,000	-	5,470,000	-	526,860,000	4.750	5.400	09/01/01	09/01/10	-	27,352,204
09/01/93	213,695,000	-	35,840,000	-	177,855,000	4.100	4.600	10/01/01	10/01/06	-	8,362,215
09/15/93	141,325,000	-	7,510,000	-	133,815,000	4.400	5.000	10/01/01	10/01/13	-	6,549,912
03/01/94	59,200,000	-	6,290,000	-	52,910,000	5.000	5.500	04/01/02	04/01/08	-	3,075,895
09/15/94	64,550,000	-	7,685,000	-	56,865,000	5.500	5.800	10/01/01	10/01/07	-	3,402,807
05/15/95	107,350,000	-	4,790,000	-	102,560,000	5.100	5.600	06/01/02	06/01/15	-	5,753,915
09/01/95	103,855,000	-	26,500,000	-	77,355,000	4.400	6.250	10/01/01	10/01/05	-	4,910,632
09/01/95	120,190,000	-	6,670,000	-	113,520,000	4.400	5.625	10/01/01	10/01/15	-	5,935,169
06/01/96	127,150,000	-	5,510,000	-	121,640,000	4.800	6.000	06/01/02	06/01/16	-	6,993,745
10/01/96	79,680,000	-	60,000	-	79,620,000	4.500	6.000	10/01/01	10/01/09	-	4,774,855
10/01/96	139,010,000	-	5,330,000	-	133,680,000	4.600	6.000	10/01/01	10/01/16	-	7,396,160
10/15/97	64,750,000	-	8,960,000	-	55,790,000	4.100	5.500	11/01/01	11/01/07	-	3,147,355
10/15/97	143,655,000	-	5,040,000	-	138,615,000	4.100	6.000	11/01/01	11/01/17	-	7,109,137
04/15/98	197,245,000	-	270,000	-	196,975,000	4.250	5.500	10/01/01	10/01/14	-	10,686,713
09/15/98	218,010,000	-	8,205,000	-	209,805,000	4.000	5.500	11/01/01	11/01/18	-	10,394,908
11/15/99	150,000,000	-	5,840,000	-	144,160,000	4.100	6.000	12/01/01	12/01/19	-	7,811,659
07/15/00	-	125,000,000	-	-	125,000,000	4.375	5.625	09/01/01	09/01/14	-	3,993,287
09/15/00	-	100,000,000	-	-	100,000,000	6.000	6.000	09/01/13	09/01/20	-	2,554,382
SUBTOTAL	**$3,022,162,825**	**$ 225,000,000**	**$185,630,000**	**$ -**	**$3,061,532,825**					**$ 5,795,552**	**$162,809,459**
BOND TYPE: CLEAN WATER FUND											
01/01/91	$ 16,640,000	$ -	$ 5,490,000	$ -	$ 11,150,000	6.600	7.000	07/01/01	01/01/11	$ -	$ 1,022,639
01/01/92	30,275,000	-	5,395,000	-	24,880,000	5.500	6.125	08/01/01	02/01/12	-	1,647,758
01/01/93	39,120,000	-	2,620,000	-	36,500,000	5.200	6.000	10/01/01	10/01/12	-	2,193,788
06/01/94	36,235,000	-	3,270,000	-	32,965,000	4.900	6.500	12/01/01	06/01/16	-	2,039,316
03/01/96	71,000,000	-	3,315,000	-	67,685,000	4.500	5.875	11/01/01	05/01/18	-	3,653,538
03/15/96	47,115,000	-	485,000	-	46,630,000	4.500	5.600	07/01/01	01/01/11	-	2,433,395
09/01/97	105,500,000	-	4,340,000	-	101,160,000	4.350	6.000	03/01/02	03/01/20	-	5,412,117
04/15/99	125,000,000	-	-	-	125,000,000	4.000	5.125	09/01/01	09/01/22	-	5,738,414
05/01/99	78,995,000	-	-	-	78,995,000	3.450	5.250	07/15/01	07/15/16	-	3,671,472
06/01/01	-	100,000,000	-	-	100,000,000	4.000	5.500	10/01/03	10/01/22	-	-
SUBTOTAL	**$ 549,880,000**	**$ 100,000,000**	**$24,915,000**	**$ -**	**$ 624,965,000**					**$ -**	**$27,812,437**
BOND TYPE: BRADLEY INTERNATIONAL AIRPORT											
07/15/89	$ 3,160,000	$ -	$ 140,000	$ 3,020,000	$ -	-	-	-	-	$ -	$ 281,962
09/30/92	74,810,000	-	3,595,000	16,600,000	54,615,000	7.350	7.650	10/01/01	10/01/11	-	4,900,059

SCHEDULE OF DEBT OUTSTANDING* (Continued)
JUNE 30, 2001

Issue Date	Outstanding June 30, 2000	FY 2001 Issued	FY 2001 Retired	FY 2001 Refunded or Defeased	Outstanding June 30, 2001	Low Rate (%)	High Rate (%)	Next Maturity Date	Last Maturity Date	Interest Accreted Through FY 2001 [2]	Interest Paid During FY 2001
03/01/01	-	194,000,000	-	-	194,000,000	3.500	5.250	10/01/02	10/01/31	-	-
03/01/01	-	19,180,000	-	-	19,180,000	3.250	4.300	10/01/02	10/01/12	-	-
SUBTOTAL	**$ 77,970,000**	**$ 213,180,000**	**$ 3,735,000**	**$19,620,000**	**$ 267,795,000**					**$ -**	**$ 5,182,021**
BOND TYPE: BRADLEY INTERNATIONAL PARKING OPERATIONS [5]											
03/15/00	$ 47,665,000	$ -	$ -	$ -	$ 47,665,000	6.125	6.600	07/01/07	07/01/24	$ -	$ 2,456,168
04/01/00	6,135,000	-	-	-	6,135,000	8.000	8.000	07/01/04	07/01/06	-	368,100
SUBTOTAL	**$ 53,800,000**	**$ -**	**$ -**	**$ -**	**$ 53,800,000**					**$ -**	**$ 2,824,268**
BOND TYPE: UNEMPLOYMENT COMPENSATION [6]											
07/15/93	$ 25,000,000	$ -	$25,000,000	$ -	$ -	-	-	-	11/15/00	$ -	$ 575,000
09/23/93	204,500,000	-	34,800,000	169,700,000	-	-	-	-	07/01/00	-	7,147,025
05/15/96	139,485,000	-	125,265,000	14,220,000	-	-	-	-	05/15/01	-	5,909,578
SUBTOTAL	**$ 368,985,000**	**$ -**	**$185,065,000**	**$ 183,920,000**	**$ -**					**$ -**	**$13,631,603**
BOND TYPE: CT JUVENILE TRAINING SCHOOL ENERGY CENTER PROJECT											
02/15/01	$ -	$ 19,165,000	$ -	$ -	$ 19,165,000	3.350	5.250	12/15/02	12/15/30	$ -	$ 302,432
SUBTOTAL	**$ -**	**$ 19,165,000**	**$ -**	**$ -**	**$ 19,165,000**					**$ -**	**$ 302,432**
BOND TYPE: CDA GOVERNMENTAL LEASE REVENUE [7]											
12/15/94	$ 7,775,000	$ -	$ 415,000	$ -	$ 7,360,000	5.850	6.600	06/15/02	06/15/14	$ -	$ 495,748
SUBTOTAL	**$ 7,775,000**	**$ -**	**$ 415,000**	**$ -**	**$ 7,360,000**					**$ -**	**$ 495,748**
BOND TYPE: CDA INCREMENT FINANCING [8]											
10/01/94	$ 9,195,000	$ -	$ 160,000	$ -	$ 9,035,000	5.450	6.375	10/15/01	10/15/24	$ -	$ 574,576
10/15/94	1,015,000	-	125,000	-	890,000	5.350	6.000	10/15/01	10/15/06	-	53,751
12/01/95	8,605,000	-	360,000	-	8,245,000	4.550	5.550	12/15/01	12/15/15	-	445,270
01/01/97	16,525,000	-	640,000	-	15,885,000	4.500	5.500	05/01/02	05/01/17	-	859,704
SUBTOTAL	**$ 35,340,000**	**$ -**	**$ 1,285,000**	**$ -**	**$ 34,055,000**					**$ -**	**$ 1,933,301**
BOND TYPE: CHEFA CHILDCARE FACILITIES PROGRAM [9]											
04/15/98	$ 5,375,000	$ -	$ -	$ -	$ 5,375,000	6.750	6.750	07/01/04	07/01/28	$ -	$ 362,812
04/15/98	350,000	-	75,000	-	275,000	9.500	9.500	07/01/01	07/01/03	-	29,688
11/01/98	9,570,000	-	100,000	300,000	9,170,000	3.650	5.000	07/01/01	07/01/28	-	443,590
11/01/98	175,000	-	105,000	-	70,000	5.350	5.350	07/01/01	07/01/01	-	6,554
09/01/99	18,690,000	-	-	180,000	18,510,000	4.100	5.625	07/01/01	07/01/29	-	989,685

SCHEDULE OF DEBT OUTSTANDING* (Continued)
JUNE 30, 2001

Issue Date	Outstanding June 30, 2000	FY 2001 Issued	FY 2001 Retired	FY 2001 Refunded or Defeased	Outstanding June 30, 2001	Low Rate (%)	High Rate (%)	Next Maturity Date	Last Maturity Date	Interest Accreted Through FY 2001 [2]	Interest Paid During FY 2001
08/01/00	-	3,940,000	-	-	3,940,000	4.400	5.500	07/01/02	07/01/30	-	87,116
04/01/01	-	3,865,000	-	-	3,865,000	4.000	5.000	07/01/03	07/01/31	-	-
SUBTOTAL	**$ 34,160,000**	**$ 7,805,000**	**$ 280,000**	**$ 480,000**	**$ 41,205,000**					**$ -**	**$ 1,919,445**
BOND TYPE: SECOND INJURY FUND BONDS [10]											
10/01/96	$ 86,080,000	$ -	$ 5,330,000	$ -	$ 80,750,000	5.000	6.000	01/01/02	01/01/12	$ -	$ 4,539,870
10/01/00	-	124,100,000		-	124,100,000	4.500	5.250	01/01/03	01/01/15	-	-
SUBTOTAL	**$ 86,080,000**	**$ 124,100,000**	**$ 5,330,000**	**$ -**	**$ 204,850,000**					**$ -**	**$ 4,539,870**
TOTAL	**$11,134,524,730**	**$2,287,828,696**	**$1,030,242,310**	**$718,600,000**	**$11,673,511,116**					**$518,978,491**	**$615,235,909**

(1) Includes all outstanding debt issued by the State of Connecticut as of June 30, 2001. All debt is authorized by the General Assembly and the State Bond Commission prior to issuance.
(2) Includes interest accreted on Capital Appreciation Bonds (CABs) only. Interest on CABs accretes over the life of the bond and is paid at maturity. This amount is not included in the column shown as outstanding June 30, 2001.
(3) Debt outstanding at June 30, 2001 includes $30,375,000 in Certificates of Participation for the Middletown Courthouse, which is not debt of the State. However, the State is obligated to pay a base rent under a lease for the courthouse, subject to the annual appropriation of funds or the availability of other funds. The base rent is appropriated as debt service. The Certificates of Participation are included on the Treasurer's Debt Management system for control purposes.
(4) UCONN 2000 Bonds in a total amount of $962 million are authorized over a ten year period to be paid by the University of Connecticut from a State Debt Service commitment. As each series is issued, the debt service is validly appropriated from the State General Fund.
(5) Includes Bradley International Airport Special Obligation Parking Revenue Bonds, 2000 Series A $47,665,000 and 2000 Series B $6,135,000.
(6) The bonds were defeased on June 30, 2001. $169,700,000 were redeemed on July 1, 2001; the remaining $14,220,000 will be called on November 11, 2001.
(7) The Connecticut Development Authority has issued its lease revenue bonds for the New Britain Government Center. The State is obligated to pay base rent subject to the annual appropriation of funds. These payments are budgeted in the Treasurer's debt service budget as lease payments.
(8) The Connecticut Development Authority has issued tax increment bonds for certain economic development projects. The debt service on the bonds is deemed appropriated from the State's General Fund.
(9) On July 1, 1999, the Treasurer's Office assumed the responsibility for the CHEFA Childcare debt service appropriation per Public Act 97-259.
(10) $43.7 Million in Second Injury Fund Commercial Paper is outstanding as of June 30, 2001. This short term commercial paper will be refinanced with additional Second Injury Fund Bonds, or retired with assessment revenues.

DEBT MANAGEMENT DIVISION

SCHEDULE OF AUTHORIZED AND ISSUED DEBT OUTSTANDING (1)

JUNE 30, 2001

Fund No.	Name	Inception to Date Amount Authorized	Inception to Date Amount Issued (11)	Outstanding June 30, 2001	Interest Accreted Through Fiscal Year 2001(2)	Outstanding Incl. Accreted Interest June 30, 2001
	BOND TYPE: GENERAL OBLIGATION-TAX SUPPORTED					
1116	MODERATE RENTAL HOUSING REHAB.	$42,000,000	$42,000,000	$19,234,968	$27,196,910	$46,431,878
1501	ECONOMIC DEVELOPMENT FUND	141,430,000	109,430,000	4,110,000		4,110,000
1502	ECONOMIC DEVELOPMENT ASSISTANCE	586,800,000	435,789,165	227,077,040		227,077,040
1504	ECONOMIC STABILIZATION FUND	128,000,000	86,462,706	59,442,706		59,442,706
1800	HOUSING BONDS	455,977,506	398,065,535	136,506,819	27,161,521	163,668,340
1824	GRANTS FOR VO-EDUCATION EQUIPMENT	14,820,000	14,820,000	1,200,000		1,200,000
1836	HOUSING IMPROVEMENTS	30,000,000	30,000,000	979,693		979,693
1841	HOUSING IMPROVEMENTS	11,000,000	11,000,000	2,080,199	2,922,931	5,003,130
1842	VOCATIONAL EDUCATION EQUIPMENT	300,000	300,000	13,721		13,721
1843	CHILD CARE FACILITIES	7,775,000	4,924,409	1,798,381		1,798,381
1851	HOUSING IMPROVEMENTS	12,496,103	12,496,103	1,514,120		1,514,120
1853	HOUSING FOR HOMELESS PERSONS	3,500,000	3,500,000	3,500,000	4,191,807	7,691,807
1861	HOUSING IMPROVEMENTS	35,661,594	35,661,594	9,453,485	13,372,430	22,825,915
1862	GRANTS TO LOCAL GOVT. & OTHERS	28,470,000	28,470,000	60,000	71,860	131,860
1865	HOUSING SITE DEVELOPMENT	3,000,000	3,000,000	3,000,000	3,750,536	6,750,536
1870	LOCAL CAPITAL IMPROVEMENT FUND	410,000,000	327,500,000	217,649,074	10,307,786	227,956,860
1871	HOUSING IMPROVEMENTS	209,500,000	209,500,000	14,493,531	20,556,575	35,050,106
1872	CAPITAL EQUIPMENT PURCHASE FUND	207,940,000	180,940,000	70,247,863		70,247,863
1873	GRANTS TO LOCAL GOVTS. & OTHERS	906,220,612	645,717,652	363,259,678	38,692,121	401,951,799
1874	ECONOMIC DEVELOPMENT & OTHER GRANTS	104,193,324	101,193,948	45,567,039	28,684,728	74,251,767
1877	SHELLFISH FUND	1,300,000	1,300,000	1,200,000	1,821,790	3,021,790
1878	COMMUNITY HSG LAND BANK & TRUST	1,000,000	1,000,000	1,000,000	1,004,886	2,004,886
1879	HOUSING HOMELESS PERSONS	8,100,000	5,926,260	3,362,667		3,362,667
1951	BOND EXEMPTION ACQUISITION FUND	35,500,000	33,260,000	10,260,000		10,260,000
1961	SPECIAL CONTAMINATED PROP REM & INS FUND	5,000,000	250,000	250,000		250,000
1971	HARTFORD REDEVELOPMENT	474,000,000	162,150,000	162,150,000		162,150,000
3001	GENERAL STATE PURPOSE	343,756,700	35,000,000	35,000,000		35,000,000
3051	RENTAL HOUSING FOR THE ELDERLY	145,600,000	145,600,000	10,300,000	15,257,040	25,557,040
3080	ELIMINATION OF WATER POLLUTION	398,000,000	397,965,862	14,669,047	4,887,099	19,556,146
3081	CAPITAL IMPROVEMENTS	248,048,985	248,048,985	4,100,000	5,800,275	9,900,275
3086	CAPITAL IMPROVEMENTS	226,962,623	226,608,688			
3089	SCHOOL CONSTRUCTION	1,647,257,000	1,608,439,500	346,387,456	65,367,102	411,754,558
3090	MAGNET SCHOOLS	1,168,868,969	763,659,694	742,944,725		742,944,725
3094	CAPITAL IMPROVEMENTS	53,621,491	52,929,178	250,868		250,868
3731	CAPITAL IMPROVEMENTS	42,898,779	41,000,000			
3732	CAPITAL IMPROVEMENTS	4,216,000	4,216,000	4,216,000	6,309,864	10,525,864
3741	CAPITAL IMPROVEMENTS	144,627,189	144,485,339			
3753	EMER.MUNICIPAL P-WORKS EMPLOYMENT	4,253,348	4,253,349	16,707		16,707
3771	CAPITAL IMPROVEMENTS	80,529,711	80,124,323	6,601,700	9,983,181	16,584,881
3775	CONGREGATE HOUSING FOR ELDERLY	21,000,000	21,000,000	9,455,258	9,537,156	18,992,414

SCHEDULE OF AUTHORIZED AND ISSUED DEBT OUTSTANDING [1] (Continued)

JUNE 30, 2001

Fund No.	Name	Inception to Date: Amount Authorized	Inception to Date: Amount Issued [11]	Outstanding June 30, 2001	Interest Accreted Through Fiscal Year 2001[2]	Outstanding Incl. Accreted Interest June 30, 2001
3781	CAPITAL IMPROVEMENTS	90,246,303	85,746,729	400,000		400,000
3783	AGRICULTURAL LAND PRESERVATION	83,750,000	78,498,716	10,679,657		10,679,657
3791	CAPITAL IMPROVEMENTS	40,802,535	39,677,932	6,335,442	9,636,451	15,971,893
3792	NEIGHBORHOOD REHABILITATION	7,500,000	7,500,000	225,000		225,000
3795	GRANTS FOR URBAN ACTION	669,695,902	417,485,447	342,216,736	16,617,848	358,834,584
3801	CAPITAL IMPROVEMENTS	72,605,784	72,070,000			
3804	ELDERLY HOUSING PROJECT	3,000,000	3,000,000	150,000	150,989	300,989
3811	CAPITAL IMPROVEMENTS	77,337,530	75,100,000			
3831	CAPITAL IMPROVEMENTS	88,295,310	86,802,041			
3835	HOUSING DEVELOPMENT CORPS	11,000,000	10,965,000			
3841	CAPITAL IMPROVEMENTS	117,260,158	114,613,828	1,625,100	475,291	2,100,391
3851	CAPITAL IMPROVEMENTS	116,686,668	113,336,252	38,949		38,949
3861	CAPITAL IMPROVEMENTS	119,859,926	110,699,245	6,043,477	7,402,143	13,445,620
3864	CONSOLIDATED FIRE TRAINING SCHOOL FACILITY	1,000,000	1,000,000	88,155		88,155
3871	CAPITAL IMPROVEMENTS	521,848,335	505,801,875	59,707,880	50,943,916	110,651,796
3872	UNIVERSITY ATHLETIC FACILITIES	5,000,000	5,000,000	2,253,517	3,292,859	5,546,376
3874	STATE CAPITOL RENOVATION	10,000,000	10,000,000	984,732	1,197,265	2,181,997
3877	UNIV. ATHLETIC FACILITY INCREASES	3,000,000	3,000,000	3,000,000	4,402,341	7,402,341
3891	GSP	417,558,089	405,205,673	113,631,854	17,898,036	131,529,890
3901	GSP	534,547,536	526,181,803	147,592,715	43,905,621	191,498,336
3911	GSP	148,923,755	140,748,672	58,755,146	13,981,636	72,736,782
3921	G.S.P.	322,312,576	293,959,669	205,429,242	1,449,866	206,879,108
3931	G.S.P.	630,456,060	611,708,735	374,743,562	21,487,894	396,231,456
3951	GSP/UCONN BABBIDGE LIBRARY & PLAZA DECK	210,254,982	171,644,032	84,183,835		84,183,835
3961	GSP	229,866,479	168,286,834	168,111,834		168,111,834
3971	G.S.P.	202,507,134	151,143,774	128,643,774		128,643,774
3981	G.S.P.	219,127,500	154,971,916	154,971,916		154,971,916
3983	CT Juvenile Trning School	27,500,000	27,500,000	27,500,000		27,500,000
3991	G.S.P.	331,720,348	107,825,550	107,825,550		107,825,550
4831	CAPITAL EQUIP.DATA PROC.REVOLV.FD	10,500,000	10,500,000	2,500,000		2,500,000
6024	CONNECTICUT INNOVATIONS, INC.	114,800,500	88,740,019	8,141,119		8,141,119
6864	CLEAN WATER FUND	660,128,558	473,253,774	252,978,053	19,805,665	272,783,718
6866	CLEAN WATER FUND-LONG ISLAND SOUNC ACC.	50,502,782	50,502,782	13,144,646		13,144,646
6867	DWF STATE REVOLVING FUND	10,398,660				
7202	INDUSTRIAL BLDG.MORTGAGE INS. FUND	26,000,000	5,550,000			
9970	2001 Series C G.O. Refunding Bonds[3]		504,575,000	504,575,000		504,575,000
9972	MDTWN CH Refunding[3][4]		34,375,000	30,375,000		30,375,000
9973	96A Taxable GO Bonds[3]		80,000,000	60,000,000		60,000,000
9974	98A Taxable GO Refunding[3]		105,445,000	72,445,000		72,445,000
9976	Feb. 98 GO Refunding[3]		146,780,000	145,840,000		145,840,000
9978	1997 D GO Refunding[3]		126,765,000	124,440,000		124,440,000
9979	1996 C GO Refunding[3]		81,555,000	69,695,000		69,695,000
9982	April 1996 Refunding[3]		61,260,000	38,790,000		38,790,000

DEBT MANAGEMENT DIVISION

SCHEDULE OF AUTHORIZED AND ISSUED DEBT OUTSTANDING [1] (Continued)

JUNE 30, 2001

Fund No.	Name	Inception to Date Amount Authorized	Inception to Date Amount Issued [11]	Outstanding June 30, 2001	Interest Accreted Through Fiscal Year 2001[2]	Outstanding Incl. Accreted Interest June 30, 2001
9985	March 1995 GO Refunding[3]		54,150,000	41,710,000		41,710,000
9986	OCTOBER 1993 G.O. REFUNDING [3]		259,125,000	238,925,000		238,925,000
9989	MARCH 1993B G.O. REFUNDING [3]		157,745,000	79,055,000		79,055,000
9991	FEBRUARY 1993 G.O. REFUNDING [3]		389,090,000	309,375,000		309,375,000
9993	SEPTEMBER 1992 G.O. REFUNDING [3]		216,330,000	103,455,000		103,455,000
9995	April 1992 G.O. Refunding[3]		332,340,000	38,610,000		38,610,000
Total		$14,579,618,344	$14,335,543,586	$6,672,544,639	$509,525,419	$7,182,070,057
General Obligation - Revenue Supported						
1302	CONN STUDENT LOAN FOUNDATION	$5,000,000				
3012	RENTAL HOUSING	197,132,435	$197,132,435	$80,000,000		$80,000,000
3016	REGIONAL MARKETS	3,793,963	3,793,963	85,000		85,000
3083	STATE UNIVERSITY FACILITIES	21,619,509	21,619,509	19,509		19,509
3088	STATE UNIVERSITY FACILITIES	5,115,994	5,115,994	115,994		115,994
3802	BOARD OF TRUSTEES ST. COLLEGE FAC.	197,465	197,464	197,464		197,464
3852	UNIV.& STATE UNIVERSITY FACILITIES	1,731,145	1,623,180			
3862	UNIV.& STATE UNIVERSITY FACILITIES	4,147,365	4,131,365			
3876	UNIV.& STATE UNIVERSITY FACILITIES	105,213,266	104,192,153	31,372,963		31,372,963
Total		$343,951,142	$337,806,063	$111,790,930		$111,790,930
General Obligation - Transportation						
3071	SPECIFIC INTERIOR HIGHWAY PROJECT	$459,400,000	$459,400,000	$5,400,000		$5,400,000
3084	SPECIFIC HIGHWAY PURPOSES	76,950,000	74,500,000			
3092	SPECIFIC HIGHWAY PURPOSES	142,050,000	140,597,585	9,007,585		9,007,585
3746	TRANSPORTATION FACILITIES	10,097,955	10,095,000			
3803	RAMPS-RT 72 CEN. ST. EXPRESSWAY	500,000	498,991	498,991	$522,657	1,021,648
3836	TRANSPORTATION IMPROVEMENTS	1,500,000	1,338,533	114,000		114,000
9996	G.O. TRANSPORTATION REFUNDING [3]		47,570,000	17,250,000		17,250,000
Total		$690,497,955	$734,000,109	$32,270,576	$522,657	$32,793,233
Special Tax Obligation						
3842	INFRASTRUCTURE IMPROVEMENT	$4,901,414,104	$4,494,650,752	$1,893,762,825	$5,795,552	$1,899,558,377
9975	1998 A STO Refunding[3]		197,500,000	196,975,000		196,975,000
9977	1997 B STO Refunding[3]		65,415,000	55,790,000		55,790,000
9980	1996 C STO Refunding[3]		79,795,000	79,620,000		79,620,000
9987	STO REFUNDING 1993 B[3]		254,770,000	177,855,000		177,855,000
9988	STO TRANSPORTATION REFUNDING [3]		286,345,000	130,670,000		130,670,000
9990	MARCH 93 STO REFUNDING [3]		560,750,000	526,860,000		526,860,000
Total		$4,901,414,104	$5,939,225,752	$3,061,532,825	$5,795,552	$3,067,328,377

SCHEDULE OF AUTHORIZED AND ISSUED DEBT OUTSTANDING [1] (Continued)

JUNE 30, 2001

Fund No.	Name	Inception to Date: Amount Authorized	Inception to Date: Amount Issued [11]	Outstanding June 30, 2001	Interest Accreted Through Fiscal Year 2001[2]	Outstanding Incl. Accreted Interest June 30, 2001
Clean Water Fund						
6865	CLEAN WATER FUND - FED. ACCT.	$999,400,000	$715,385,253	$469,725,253		$469,725,253
6868	DWF Federal Revolving	29,614,747	29,614,747	29,614,747		29,614,747
9971	CWF Refunding-1999 Series[3]		78,995,000	78,995,000		78,995,000
9983	CLEAN WATER REFUNDING [3]		48,445,000	46,630,000		46,630,000
Total		$1,029,014,747	$872,440,000	$624,965,000		$624,965,000
UCONN 2000[5]						
3952	UCONN 2000	$618,427,146	$618,427,146	$542,177,146	$3,134,865	$545,312,011
Total		$618,427,146	$618,427,146	$542,177,146	$3,134,865	$545,312,011
Bradley International Airport						
6310	Bradley Expansion Bonds	$194,000,000	$194,000,000	$194,000,000		$194,000,000
9969	Bradley Airport Revenue Refunding 2001B[3]		19,180,000	19,180,000		19,180,000
9992	BRADLEY AIRPORT REFUNDING BONDS 1992[3]		94,065,000	54,615,000		54,615,000
Total		$194,000,000	$307,245,000	$267,795,000		$267,795,000
CT JUVENILE TRAINING SCHOOL ENERGY CENTER						
8800	CT Juvenile Training School Energy Center		$19,165,000	$19,165,000		$19,165,000
Total			$19,165,000	$19,165,000		$19,165,000
CDA Increment Financing[6]						
8000	Amphitheater-TIF	$9,885,000	$9,885,000	$9,035,000		$9,035,000
8001	Norwich Yankee-TIF	1,545,000	1,545,000	890,000		890,000
8002	Oakdale Theater-TIF	9,900,000	9,900,000	8,245,000		8,245,000
8003	Lake Compounce-TIF	18,000,000	18,000,000	15,885,000		15,885,000
8100	CDA-TAX INCREMENTAL FINANCING	151,470,000				
Total		$190,800,000	$39,330,000	$34,055,000		$34,055,000
CDA Governmental Lease Revenue[7]						
8500	New Britain Gov't Center	$9,275,000	$9,275,000	$7,360,000		$7,360,000
Total		$9,275,000	$9,275,000	$7,360,000		$7,360,000
Second Injury Fund Bonds[8]						
8900	SIF Revenue Bonds	$750,000,000	$224,100,000	$204,850,000		$204,850,000
Total		$750,000,000	$224,100,000	$204,850,000		$204,850,000

SCHEDULE OF AUTHORIZED AND ISSUED DEBT OUTSTANDING (1) (Continued)

JUNE 30, 2001

Fund No.	Name	Inception to Date: Amount Authorized	Inception to Date: Amount Issued (11)	Outstanding June 30, 2001	Interest Accreted Through Fiscal Year 2001 (2)	Outstanding Incl. Accreted Interest June 30, 2001
	CHEFA Childcare Facilities Program (9)					
7800	CHEFA CHILDCARE-NOW		$5,375,000	$5,375,000		$5,375,000
7801	CHEFA Childcare NOW TAX		420,000	275,000		275,000
7802	CHILDCARE Pool 1 Series A		10,175,000	9,170,000		9,170,000
7803	Childcare Series B Taxabl		345,000	70,000		70,000
7804	CHEFA Childcare-Series C		18,690,000	18,510,000		18,510,000
7805	CHEFA Childcare Series D		3,940,000	3,940,000		3,940,000
7806	CHEFA Childcare Series E		3,865,000	3,865,000		3,865,000
Total			$42,810,000	$41,205,000		$41,205,000
	Bradley International Parking Operations (10)					
6299	Bradley Int'l Prk Oper.	$55,000,000	$53,800,000	$53,800,000		$53,800,000
Total		$55,000,000	$53,800,000	$53,800,000		$53,800,000
GRAND TOTAL		$23,361,998,438	$23,533,167,656	$11,673,511,116	$518,978,493	$12,192,489,608

(1) Includes all outstanding debt issued by the State of Connecticut as of June 30, 2001. All debt is authorized by the General Assembly and the State Bond Commission prior to issuance.

(2) Includes interest accreted on Capital Appreciation Bonds (CABs) only. Interest on CABs accretes over the life of the bond and is paid at maturity. This amount is not included in the column shown as outstanding June 30, 2001.

(3) References those bond issues which require no prior authorization due to the fact that proceeds raised therefrom are used to refund other bond issues and thereby reduce overall debt service expense.

(4) Debt outstanding at June 30, 2001 includes $30,375,000 in Certificates of Participation for the Middletown Courthouse which is not debt of the State. However, the State is obligated to pay a base rent under a lease for the Courthouse, subject to the annual appropriation of funds or the availability of other funds; therefore the base rent is appropriated as debt service.

The Certificates of Participation are included on the Treasurer's Debt Management System for control purposes.

(5) UCONN 2000 Bonds in a total amount of $962 Million are authorized over a ten year period to be paid by the University of Connecticut from a State Debt Service commitment. As each series is issued, the debt service is validly appropriated from the State General Fund.

(6) The Connecticut Development Authority has issued tax increment bonds for certain economic development projects. The debt service on the bonds is deemed appropriated from the State's General Fund.

(7) The Connecticut Development Authority has issued its lease revenue bonds for the New Britain Government Center. The State is obligated to pay base rent subject to the annual appropriation of funds. These payments are budgeted in the Treasurer's debt service budget as lease payments .

(8) $43.7 Million in Second Injury Fund Commercial Paper is outstanding as of June 30, 2001. This short term commercial paper will be refinanced with additional Second Injury Fund Bonds or retired with assessment revenues.

(9) On July 1, 1999, the Treasurer's Office assumed the responsibility for the CHEFA Childcare debt service appropriation per Public Act 97-259.

(10) Includes Bradley International Airport Special Obligation Parking Revenue Bonds, 2000 Series A $47,665,000 and 2000 Series B $6,135,000.

(11) The total amount issued includes refunding issues for which no additional authorization is required.

CASH MANAGEMENT DIVISION

CIVIL LIST FUNDS

SCHEDULE OF INVESTMENTS [1] [2]

FISCAL YEAR ENDED JUNE 30, 2001

Legal No.	Type	GAAP No.	Type	Fund Name	STIF Investments 6/30/01	Tax Exempt Proceeds Fund Investments 6/30/01	Investments with Treasurer as Trustee Short-Term 6/30/01	Investments with Treasurer as Trustee Long-Term 6/30/01	Investments with Others as Trustee Short-Term 6/30/01	Investments with Others as Trustee Long-Term 6/30/01	Total
GENERAL FUND[3]											
0000	Gen. Fund	050	Gen.Fund	General Fund	$ 1,360,601,813.60	$ 1,254,026.27	$ 50,459,971.33 [18]				$ 1,412,315,811.20
SUBTOTAL GENERAL FUND					$ 1,360,601,813.60	$ 1,254,026.27	$ 50,459,971.33	$ -	$ -	$ -	$ 1,412,315,811.20
SPECIAL REVENUE FUNDS											
1105	Spec.Rev.	180	Spec.Rev.	Probate Court Administration	$ 26,364,357.44						$ 26,364,357.44
1115	Spec.Rev.	130	Spec.Rev.	Soldiers, Sailors and Marines	32,495.03 [17]						32,495.03
1123	Spec.Rev.	180	Spec.Rev.	Municipal Employees Retirement Administration	755,735.91						755,735.91
1129	Spec.Rev.	120	Spec.Rev.	Regional Market Operation	678,902.63						678,902.63
1154	Spec.Rev.	165	Spec.Rev.	Recreation & Natural Heritage Trust Fund		$ 1,631,036.61					1,631,036.61
1162	Spec.Rev.	922	Discrete	University Health Center Operating Fund	73,826.15						73,826.15
1169	Spec.Rev.	180	Spec.Rev.	Inter-Agency/Intra-Agency Grants - Tax Exempt Proceeds		45,779,202.76					45,779,202.76
1172	Spec.Rev.	922	Discrete	University Health Center Research Foundation	17,655,765.98						17,655,765.98
1175	Spec.Rev.	165	Spec.Rev.	Low-Level Radioactive Waste Mgmt.	8,511,026.73						8,511,026.73
1201	Spec.Rev.	100	Spec.Rev.	Transportation	129,760,773.39						129,760,773.39
1400	Spec.Rev.	510	Exp.Trust	Special Assessment Unemployment Compensation Adv Fund	2,305,689.87 [15]				$ 34,538,495.58 [4]		36,844,185.45
1405	Spec.Rev.	140	Spec.Rev.	Employment Security - Special Administration	3,896,809.31						3,896,809.31
1502	Spec.Rev.	160	Spec.Rev.	Economic Assistance Bond Fund							-
1503	Spec.Rev.	160	Spec.Rev.	Economic Assistance Revolving Fund		3,631,564.54					3,631,564.54
1602	Spec.Rev.	170	Spec.Rev.	Housing Repayment and Revolving Loan Fund - Tax Exempt		2,462,347.86					2,462,347.86
1802	Spec.Rev.	170	Spec.Rev.	Housing Assistance Bond Fund - Tax Exempt	4,841,337.30						4,841,337.30
1824	Spec.Rev.	160	Spec.Rev.	Vocational Education Equipment		51,112.17					51,112.17
1825	Spec.Rev.	165	Spec.Rev.	Flood Relief Purposes		28,422.49					28,422.49
1832	Spec.Rev.	160	Spec.Rev.	High Technology Development		46,980.19					46,980.19
1842	Spec.Rev.	160	Spec.Rev.	Vocational Educational Equipment		5,377.87					5,377.87
1843	Spec.Rev.	160	Spec.Rev.	Child Care Facilities	100,000.00						100,000.00
1862	Spec.Rev.	160	Spec.Rev.	Grants to Local Governments and Others		444,723.77					444,723.77
1864	Spec.Rev.	165	Spec.Rev.	Estuarine Embayments Grants		48,750.00					48,750.00
1870	Spec.Rev.	160	Spec.Rev.	Local Capital Improvements Fund							-
1872	Spec.Rev.	180	Spec.Rev.	Capital Equipment Purchase Fund	7,130,753.37						7,130,753.37
1873	Spec.Rev.	160	Spec.Rev.	Grants to Local Governments and Others	26,064,671.57						26,064,671.57
1874	Spec.Rev.	165	Spec.Rev.	Economic Development and Other Grants	3,048,121.43						3,048,121.43
1877	Spec.Rev.	180	Spec.Rev.	Shellfish Fund		98,650.40					98,650.40
1879	Spec.Rev.	170	Spec.Rev.	Housing for Homeless Persons with AIDS	328,039.36						328,039.36
1900	Spec.Rev.	050	Gen.Fund	Budget Reserve							-
1921	Spec.Rev.	160	Spec.Rev.	Assistive Technology Revolving Fund							-
1951	Spec.Rev.	180	Spec.Rev.	Bond Exemption Acquisition Fund							-
1971	Spec.Rev.	165	Spec.Rev.	Hartford Downtown Redevelopment	75,559,794.04						75,559,794.04
SUBTOTAL SPECIAL REVENUE FUNDS					$307,108,099.51	$ 54,228,168.66	$ -	$ -	$ 34,538,495.58	$ -	$ 395,874,763.75
DEBT SERVICE FUNDS											
2002	Debt Service	907	Discrete	University Bond Liquidation	$ 5,692,622.03						$ 5,692,622.03
2008	Debt Service	949	Discrete	State University Dormitory	47,196,507.19						47,196,507.19
2020	Debt Service	405	Enterprise	Rental Housing Fund	20,202,419.99 [8]					$ 56,023,308.00 [5]	76,225,727.99

CASH MANAGEMENT DIVISION

CIVIL LIST FUNDS

SCHEDULE OF INVESTMENTS [1] [2] (Continued)

FISCAL YEAR ENDED JUNE 30, 2001

Legal No.	Legal Type	GAAP No.	GAAP Type	Fund Name	STIF Investments 6/30/01	Tax Exempt Proceeds Fund Investments 6/30/01	Investments with Treasurer as Trustee Short-Term 6/30/01	Investments with Treasurer as Trustee Long-Term 6/30/01	Investments with Others as Trustee Short-Term 6/30/01	Investments with Others as Trustee Long-Term 6/30/01	Total
2025	Debt Service	250	Debt Service	Transportation Fund Reserve	278,646,191.25 [8]				$ 75,632,421.12 [6]	200,536,905.10 [6]	554,815,517.47
SUBTOTAL DEBT SERVICE FUNDS					$ 351,737,740.46	$ -	$ -	$ -	$ 75,632,421.12	$ 256,560,213.10	$ 683,930,374.68
CAPITAL PROJECTS FUNDS											
3001	Cap. Proj.	300	Cap.Proj.	Capital Improvements and Other Purposes	$ 9,074,021.96						$ 9,074,021.96
3012	Cap. Proj.	405	Enterprise	Rental Housing Fund		$ 267,358.18					267,358.18
3016	Cap. Proj.	300	Cap.Proj.	Regional Market Fund		25,696.96					25,696.96
3057	Cap. Proj.	350	Cap.Proj.	National System of Interstate and Defense Highways		4,494,061.50					4,494,061.50
3071	Cap. Proj.	350	Cap.Proj.	Specific Interior Highway Projects	1,049,551.69						1,049,551.69
3080	Cap. Proj.	165	Spec.Rev.	Elimination of Water Pollution	3,064,928.15						3,064,928.15
3086	Cap. Proj.	300	Cap.Proj.	Capital Improvements and Other Purposes		51,329.80					51,329.80
3089	Cap. Proj.	160	Spec.Rev.	School Construction		6,221,313.67					6,221,313.67
3090	Cap. Proj.	160	Spec.Rev.	School Construction - Magnet Schools							-
3741	Cap. Proj.	300	Cap.Proj.	Capital Improvements and Other Purposes		356,792.56					356,792.56
3771	Cap. Proj.	300	Cap.Proj.	Capital Improvements and Other Purposes		1,896,204.95					1,896,204.95
3781	Cap. Proj.	300	Cap.Proj.	Capital Improvements and Other Purposes	118,105.43						118,105.43
3782	Cap. Proj.	300	Cap.Proj.	Acquisition of Hartford Seminary		0.85					0.85
3783	Cap. Proj.	160	Spec.Rev.	Agricultural Land Preservation	3,932,247.16						3,932,247.16
3784	Cap. Proj.	160	Spec.Rev.	Water Treatment Facilities		81,434.96					81,434.96
3785	Cap. Proj.	350	Cap.Proj.	Transportation Improvement		92,298.08					92,298.08
3786	Cap. Proj.	350	Cap.Proj.	Replace Bridges Over Railroads		17,752.40					17,752.40
3791	Cap. Proj.	300	Cap.Proj.	Capital Improvements and Other Purposes		1,154,112.84					1,154,112.84
3795	Cap. Proj.	160	Spec.Rev.	Community Conservation and Development	18,295,863.37						18,295,863.37
3797	Cap. Proj.	300	Cap.Proj.	University and State University Facilities		2,699.71					2,699.71
3801	Cap. Proj.	300	Cap.Proj.	Capital Improvements and Other Purposes		2,627,878.29					2,627,878.29
3802	Cap. Proj.	300	Cap.Proj.	State University Facilities		13,498.82					13,498.82
3803	Cap. Proj.	350	Cap.Proj.	Ramps Rt. 72 Expressway	11,612.01						11,612.01
3811	Cap. Proj.	300	Cap.Proj.	Capital Improvements and Other Purposes		1,542,850.79					1,542,850.79
3814	Cap. Proj.	300	Cap.Proj.	University and State University Facilities		45,587.97					45,587.97
3822	Cap. Proj.	350	Cap.Proj.	Highway Resurfacing		56,981.40					56,981.40
3823	Cap. Proj.	300	Cap.Proj.	University and State University Facilities		97,737.11					97,737.11
3831	Cap. Proj.	300	Cap.Proj.	Capital Improvements and Other Purposes		3,070,566.53					3,070,566.53
3833	Cap. Proj.	350	Cap.Proj.	Transportation Improvements and Other Purposes		129,120.03					129,120.03
3834	Cap. Proj.	300	Cap.Proj.	University and State University Facilities		121,223.00					121,223.00
3836	Cap. Proj.	350	Cap.Proj.	Transportation Improvements	132.02						132.02
3837	Cap. Proj.	350	Cap.Proj.	Transportation Purposes		103,368.26					103,368.26
3838	Cap. Proj.	350	Cap.Proj.	Highway Resurfacing		52,136.35					52,136.35
3841	Cap. Proj.	300	Cap.Proj.	Capital Improvements and Other Purposes		2,275,617.33					2,275,617.33
3842	Cap. Proj.	325	Cap.Proj.	Infrastructure Improvement Fund	48,839,923.11						48,839,923.11
3843	Cap. Proj.	300	Cap.Proj.	Legislative Office Building		78.00					78.00
3844	Cap. Proj.	300	Cap.Proj.	University and State University Facilities		198,215.48					198,215.48

CIVIL LIST FUNDS

SCHEDULE OF INVESTMENTS (1) (2) (Continued)

FISCAL YEAR ENDED JUNE 30, 2001

Legal No.	Type	GAAP No.	GAAP Type	Fund Name	STIF Investments 6/30/01	Tax Exempt Proceeds Fund Investments 6/30/01	Investments with Treasurer as Trustee Short-Term 6/30/01	Investments with Treasurer as Trustee Long-Term 6/30/01	Investments with Others as Trustee Short-Term 6/30/01	Investments with Others as Trustee Long-Term 6/30/01	Total
3851	Cap. Proj.	300	Cap.Proj.	Capital Improvements and Other Purposes		2,704,921.64					2,704,921.64
3852	Cap. Proj.	300	Cap.Proj.	University and State University Facilities		27,947.75					27,947.75
3861	Cap. Proj.	300	Cap.Proj.	Capital Improvements and Other Purposes		626,673.80					626,673.80
3862	Cap. Proj.	300	Cap.Proj.	University and State University Facilities		139,913.90					139,913.90
3863	Cap. Proj.	350	Cap.Proj.	Middletown Cluster Rail Service (DEP)		971.71					971.71
3864	Cap. Proj.	300	Cap.Proj.	Fire Training School Facility		858.99					858.99
3873	Cap. Proj.	300	Cap.Proj.	Correctional Institution Inmate Housing		110,739.51					110,739.51
3876	Cap. Proj.	300	Cap.Proj.	University and State University Facilities		1,710,048.14					1,710,048.14
3877	Cap. Proj.	300	Cap.Proj.	University Athletic Facilities Increased Costs							-
3891	Cap. Proj.	300	Cap.Proj.	Capital Improvements and Other Purposes	1,269,770.29						1,269,770.29
3901	Cap. Proj.	300	Cap.Proj.	Capital Improvements and Other Purposes	5,170,482.36						5,170,482.36
3911	Cap. Proj.	300	Cap.Proj.	Capital Improvements and Other Purposes	2,218,141.53						2,218,141.53
3912	Cap. Proj.	300	Cap.Proj.	Public Works Service Fund							-
3921	Cap. Proj.	300	Cap.Proj.	Capital Improvements and Other Purposes	3,441,720.66						3,441,720.66
3931	Cap. Proj.	300	Cap.Proj.	Capital Improvements and Other Purposes	2,713,110.55						2,713,110.55
3951	Cap. Proj.	300	Cap.Proj.	Capital Improvements and Other Purposes							-
3952	Cap. Proj.	300	Cap.Proj.	UConn 2000							-
3961	Cap. Proj.	300	Cap.Proj.	Capital Improvements and Other Purposes	4,554,329.29						4,554,329.29
3971	Cap. Proj.	300	Cap.Proj.	Capital Improvements and Other Purposes	11,520,946.85						11,520,946.85
3981	Cap. Proj.	300	Cap.Proj.	Capital Improvements and Other Purposes	12,319,003.56						12,319,003.56
3983	Cap. Proj.	300	Cap.Proj.	Connecticut Juvenile Training School	4,103,716.75						4,103,716.75
3991	Cap. Proj.	300	Cap.Proj.	Capital Improvements and Other Purposes	21,423,229.20						21,423,229.20
SUBTOTAL CAPITAL PROJECTS FUND					$ 153,120,835.94	$ 30,317,991.26	$ -	$ -	$ -	$ -	$ 183,438,827.20
ENTERPRISE FUNDS											
6001	Enterprise	160	Spec.Rev.	Teacher Incentive Loans							-
6005	Enterprise	924	Discrete	University Health Center Hospital					$ 177,623.22 (7)	$ 832,633.68 (7)	1,010,256.90
6007	Enterprise	924	Discrete	Uncas-on-Thames Hospital Fund							-
6018	Enterprise	440	Enterprise	Vocational Education Extension							-
6024	Enterprise	438	Comp. Unit	Connecticut Innovations Incorporated							-
6031	Enterprise	180	Spec.Rev.	Auto Emissions Inspection	$ 8,567,900.26						8,567,900.26
6033	Enterprise	160	Spec.Rev.	Academic Scholarship Loans							-
6037	Enterprise	160	Spec.Rev.	Substance Abuse Revolving Loans							-
6140	Enterprise	942	Discrete	Regional Community/Technical Colleges Operating Fund							-
6170	Enterprise	942	Discrete	Regional Community/Technical Colleges Operating Fund							-
6299	Enterprise	410	Enterprise	Bradley International Parking Operations					10,760,163.92 (16)	7,776,275.37 (16)	18,536,439.29
6300	Enterprise	410	Enterprise	Bradley International Airport Operations	74,797,214.76 (8)					8,178,000.00 (9)	82,975,214.76
6301	Enterprise	160	Spec.Rev.	Local Bridge Revolving Fund - Bond Financed		$ 24,918,133.03					24,918,133.03
6303	Enterprise	160	Spec.Rev.	Local Bridge Revolving Fund - Revenue Financed	23,029,456.20						23,029,456.20

CASH MANAGEMENT DIVISION

CIVIL LIST FUNDS

SCHEDULE OF INVESTMENTS (1) (2) (Continued)

FISCAL YEAR ENDED JUNE 30, 2001

Legal No.	Type	GAAP No.	Type	Fund Name	STIF Investments 6/30/01	Tax Exempt Proceeds Fund Investments 6/30/01	Investments with Treasurer as Trustee Short-Term 6/30/01	Investments with Treasurer as Trustee Long-Term 6/30/01	Investments with Others as Trustee Short-Term 6/30/01	Investments with Others as Trustee Long-Term 6/30/01	Total
6310	Enterprise	160	Spec.Rev.	Bradley International General Revenue Bonds	1,856,776.36 (8)					169,517,249.85	171,374,026.21
6864	Enterprise	165	Spec.Rev.	Clean Water Fund - State	9,022,552.72	7,442.47			3,259,078.10 (10)	20,555,000.00 (10)	32,844,073.29
6865	Enterprise	610	Non.-Exp.	Clean Water Fund - Federal	219.79	12,010.86	$ 83,083,740.99 (11)		86,835,982.49 (12)	292,219,992.74 (12)	462,151,946.87
6866	Enterprise	165	Spec.Rev.	Clean Water Fund - Long Island Sound	163.23	3,853,155.34					3,853,318.57
6876	Enterprise	165	Spec.Rev.	Drinking Water Fund - State					308,829.53 (10)		308,829.53
6868	Enterprise	610	Spec.Rev.	Drinking Water Fund - Federal Revolving Loan			27,008,739.19		417,569.46 (10)	16,285,500.01 (12)	43,711,808.66
SUBTOTAL ENTERPRISE FUNDS					$ 117,274,283.32	$ 28,790,741.70	$ 110,092,480.18	$ -	$ 101,759,246.72	$ 515,364,651.65	$ 873,281,403.57
FIDUCIARY FUNDS											
7047	Fiduciary	700	Pension	Municipal Employees' Retirement - Fund A	$ 11,414.88						$ 11,414.88
7048	Fiduciary	700	Pension	Municipal Employees' Retirement - Fund B			$ 41,804,985.22	1,255,922,538.15 (13)			1,297,727,523.37
7049	Fiduciary	780	Agency	Policemen and Firemen Survivors' Benefit Fund			4,629,126.58	13,141,989.06 (13)			17,771,115.64
7050	Fiduciary	710	Pension	Probate Judges and Employees Retirement Fund			2,545,949.04	64,132,929.98 (13)			66,678,879.02
7201	Fiduciary	540	Exp.Trust	Connecticut Health Club Guaranty Fund	341,071.23						341,071.23
7203	Fiduciary	540	Exp.Trust	Real Estate Guaranty Fund	163,836.56						163,836.56
7205	Fiduciary	500	Exp.Trust	Unemployment Compensation Fund					733,669,498.96 (14)		733,669,498.96
7207	Fiduciary	923	Discrete	John Dempsey Hospital Malpractice Trust Fund	8,243,689.74						8,243,689.74
7209	Fiduciary	540	Exp.Trust	Home Improvement Guaranty Fund	625,478.67						625,478.67
7303	Fiduciary	640	Non.-Exp.	Endowed Chair Investment Fund	4,909,325.23						4,909,325.23
7304	Fiduciary	640	Non.-Exp.	Connecticut Arts Endowment Fund			1,090,549.19	12,622,574.14 (13)			13,713,123.33
7305	Fiduciary	630	Non.-Exp.	Soldiers, Sailors and Marines Trust Fund			60,023.59	57,450,455.66 (13)			57,510,479.25
7801	Fiduciary	650	Pension	State Employees' Retirement Fund			88,677,818.77	7,696,448,178.43 (13)			7,785,125,997.20
7803	Fiduciary	670	Pension	State Attorneys' Retirement Fund			97,138.02	635,730.66 (13)			732,868.68
7804	Fiduciary	670	Pension	General Assembly Retirement Fund	36,189.72			(13)			36,189.72
7805	Fiduciary	680	Pension	Judges and Compensation Commissioners' Retirement Fund			5,785,102.03	129,955,046.19 (13)			135,740,148.22
7806	Fiduciary	670	Pension	Public Defenders Retirement Fund	32,410.72						32,410.72
7807	Fiduciary	660	Pension	Teachers' Retirement Fund	27,212,018.86		243,065,501.16	10,960,901,077.19 (13)			11,231,178,597.21
SUBTOTAL FIDUCIARY FUNDS					$ 41,575,435.61	$ -	$ 387,756,193.60	$ 20,191,210,519.46	$ 733,669,498.96	$ -	$ 21,354,211,647.63
TOTAL CIVIL LIST FUNDS					**$ 2,331,418,208.44**	**$ 114,590,927.89**	**$ 548,308,645.11**	**$ 20,191,210,519.46**	**$ 945,599,662.38**	**$ 771,924,864.75**	**$ 24,903,052,828.03**

(1) Detailed information on the adjusted cash balances and total STIF balances within each individual fund can be obtained from the Comptroller's Annual Report.

(2) Short-term investments shown at cost which, due to their short-term nature, approximates market.

(3) Represents assets of the Common Cash Pool which is not a component of the General Fund. The Common Cash Pool is comprised of the inevitable balances of a number of individual funds and, for purposes of administration only, is shown as an

investment of the General Fund. The General Fund is commonly in a net borrowing position from the resources of the other funds within the pool.

(4) Short-term investments consist of a repurchase agreement and long-term investments consist of collateralized repurchase agreements and GIC's. Short and long-term investments are held by State Street Bank and Trust as Trustee. For description of program, see Debt Management Division.

CIVIL LIST FUNDS

SCHEDULE OF INVESTMENTS [1] [2] (Continued)

FISCAL YEAR ENDED JUNE 30, 2001

(5) Long-term investments consist of a portfolio of U.S. Treasury and agency securities purchased with annual sinking fund payments. The fund was established to pay $80,000,000 principal of Rental Housing term bonds due in 2002. State Street Bank and Trust serves as Trustee.

(6) Short-term investments consist of Guaranteed Investment Contracts. Long-term investments consist of U.S. Treasury securities, GIC's and taxable municipal bonds. Investments are held by State Street Bank & Trust as Trustee. For description of the program, see Debt Management Division.

(7) Represents funds reserved by the University of Connecticut Health Center at the time of issuance of state bonds to purchase equipment for the University Health Center Hospital. The funds are invested in U.S. Treasury securities maturing from 8/15/01 through 2/15/09. These securities are purchased at a deep discount to par value, pay no interest while outstanding and pay par value at maturity. The recorded value on this schedule is the accreted cost value at June 30, 2001. At June 30, 2001, the aggregate historical cost of this portfolio was $365,387, the par value was $1,231,000. Although the portfolio is considered long-term in nature, securities totaling $187,000 in par value, $177,623 in accreted value, mature by June 30, 2002. These funds are held by State Street Bank & Trust as Trustee.

(8) STIF account held by State Street Bank & Trust as Trustee. For description of the program, see Debt Management Division.

(9) Consists of a portfolio of Federal agency securities held by State Street Bank & Trust as Trustee. For description of program, see Debt Management Division.

(10) Short-term investments consist of a money market fund. Long-term investments consist of State of Connecticut General Obligation Bonds which are shown at par. Short and long-term investments held by State Street Bank & Trust as Trustee. For description of program, see Debt Management Division.

(11) Short-term investments with State Treasurer as Trustee consist of GIC's.

(12) Short-term investments consist of a money market fund. Long-term investments consist of State of Connecticut General Obligation Bonds, shown at par value, and GIC's. Both short and long-term investments held by State Street Bank & Trust as Trustee. For description of program, see Debt Management Division.

(13) Represents market value of shares held by various retirement plans in the Treasurer's Combined Investment Funds.

(14) Cash on deposit with Federal Government.

(15) STIF accounts in the amount of $1,612,727.11 are held by the State Street Bank & Trust as Trustee. The Remaining STIF account in the amount of $690,914.64 is controlled by the State Treasurer.

(16) Short-term investments consist of money market funds and Guaranteed Investment Contracts. Long-term investments consist of money market funds and GIC's. Investments held by the First Union National Bank as Trustee. For description of program, see Debt Management Division.

(17) Included $32,495.03 investment recognized by the Comptroller.

(18) Investments in certificates of deposits or saving accounts of "well capitalized" Connecticut Banks that have "outstanding" state or federal Community Reinvestment Act ratings or that participate in certain Connecticut Development Authority programs. CD maturities range from three to 12 months.

CASH MANAGEMENT DIVISION

CIVIL LIST FUNDS

GENERAL FUND AGENCY DEPOSITS [(1)]

FISCAL YEAR ENDED JUNE 30, 2001

Agency Number	Description		Total
1001	Legislative Management	$	105,804.02
1005	Auditors of Public Accounts		3034.01
1012	Permanent Commission on Status of Women		31,780.01
1013	Commission on Children		85,000.00
1014	Commission on Latino and Puerto Rican Affairs		44,284.75
1018	African American Affairs		19,238.72
1101	Governor's Office		1,369.73
1102	Office of the Secretary of the State		19,598,358.57
1103	Lieutenant Governor's Office		1,143.70
1104	Elections Enforcement Commission		70,660.54
1105	Ethics Commission		526,290.90
1106	Freedom of Information Commission		2,469.78
1162	State Properites Review Board		80.00
1201	Office of the State Treasurer		
	Miscellaneous		52,057,157.25
	Escheats		37,178,942.57
	Dividends on Securities Held		771,780.85
	Penalties - Examinations or Late Filing		725,741.49
	Reciprocal States		812,583.39
	Private Donations		75.00
	Investments		994,909.34
1202	Office of the State Comptroller		
	Miscellaneous		710,722.88
	Loan Agreement Interest		85,312.50
	Unemployment Compensation		243,137.63
	Indirect Overhead - Federal Projects		2,824.97
	Workers' Compensation - Recoveries - Fringe Benefits		433,268.50
	Recoveries - Employees Fringe Benefits		9,302,343.93
	Principal on Loans		75,000.00
	Grants Other than Federal - Restricted		270,146.00
1203	Department of Revenue Services		
	Hospital Gross Earnings Tax		354,103.45
	Telecommunications Tax		96.70
	Hospital and Medical Service Corporations		28,893,604.38
	Insurance Companies		157,974,000.89
	Gas Companies		48,202,890.88
	Gas and Electric Companies		73,642,529.06
	Electric and Power Companies		27,128,244.99
	Water and Water Power Companies		0.00
	Community Antenna Television Systems		28,640,292.88
	Steam Railroad Companies		55,584.92
	Petroleum Companies		82,932,895.62
	Steam Companies		49,739.33
	Inheritance Tax		252,801,496.76
	Gift Tax		28,206,636.15
	Alcoholic Beverages		38,946,468.95
	Cigarettes		114,533,492.41
	Retail Tire Fee		(14.08)

CIVIL LIST FUNDS

GENERAL FUND AGENCY DEPOSITS [1] (Continued)

FISCAL YEAR ENDED JUNE 30, 2001

Agency Number	Description	Total
	Tobacco Products	4,464,834.72
	Controlled Substance Tax	87,135.29
	Admissions, Dues and Cabarets	25,742,029.16
	Corporation	540,854,256.28
	Capital Gains, Dividends and Interest	189,619.84
	Personal Income Tax	2,945,009,507.49
	Personal Incame Tax - Estimated Payments/Tax Returns	1,785,223,962.33
	Unrelated Business Income Tax	3,735,431.37
	Sales and Use Tax	3,080,814,625.82
	Rental Surcharge	127,364.95
	Occupational Tax	5,937,406.38
	Generators of Hazardous Waste	377,682.65
	Real Estate Conveyance	111,116,151.58
	Controlling Interest Transfer Tax	1,165,394.60
	Licenses Fees	788,876.74
	Miscellaneous	709,997.45
	Grants Other than Federal - Restricted	27,285.00
1204	Division of Special Revenue	5,665,924.66
1205	Connecticut Lottery Corporation	248,652,100.28
1220	State Insurance & Risk Management Board	489,154.62
1221	Connecticut Housing Finance Authority	8,883,340.21
1310	Office of Policy and Management	362,612,176.02
1312	Department of Veterans' Affairs	9,420,685.98
1315	Office of Workforce Competitiveness	1.25
1320	Department of Administrative Services	1,447,439.93
1323	DAS/Collection Services Business Center	53,530,215.21
1324	DAS/BGTS/Technical Services Division	2,003.33
1326	Department of Public Works	5,145,340.80
1501	Office of the Attorney General	4,117,371.38
1502	Office of the Claims Commissioner	22,862.04
1504	Division of Criminal Justice	5,403,142.43
2000	Department of Public Safety	42,398,735.27
2003	Police Officer Standards and Training Council	42,725.05
2101	Department of Motor Vehicles	1,708,591.80
2201	Military Department	12,832,066.39
2304	Commission on Fire Prevention and Control	1,167,131.14
2402	Department of Banking	26,058.61
2403	Department of Insurance	15,829,587.64
2407	Department of Public Utility Control	295,708.12
2500	Department of Consumer Protection	18,529,153.49
2610	Department of Labor	20,727,744.81
2620	Employment Security Division	17,291.54
2900	Office of Victim Advocate	772.15
2901	Commission on Human Rights and Opportunities	736,401.66
2902	Office of Advocacy for Persons with Disabilities	886,174.28
2903	Office of the Child Advocate	525.32
3002	Department of Agriculture	2,254,191.38
3100	Department of Environmental Protection	45,226,060.30
3400	Connecticut Historical Commission	1,070,017.89

CASH MANAGEMENT DIVISION

CIVIL LIST FUNDS

GENERAL FUND AGENCY DEPOSITS [1] (Continued)

FISCAL YEAR ENDED JUNE 30, 2001

Agency Number	Description	Total
3500	Department of Economic and Community Development	50,915,725.73
3504	Connecticut Development Authority	3,397,000.00
3601	Connecticut Agricultural Experiment Station	2,229,125.61
4001	Department of Public Health	115,715,192.61
4050	Office of Health Care Access	3,916,580.91
4090	Office of the Chief Medical Examiner	751,658.02
4101	Southbury Training School	362,794.88
4114	Office of Mental Retardation	483,861.50
4121	DMR - Region 1	1,417,698.43
4122	DMR - Region 2	2,026,227.79
4123	DMR - Eastern Region	1,736,140.59
4124	DMR - Region 4	1,240,125.99
4125	DMR - Region 5	1,904,426.83
4400	Department of Mental Health and Addiction Services	4,312.07
4402	DMH/Office of the Commissioner	38,808,147.38
4403	Connecticut Valley Hospital	111,438,560.29
4405	Western Connecticut Mental Health Network	15,000.23
4406	Southeast Mental Health Authority	633,242.00
4407	River Valley Services	4,795.25
4409	Connecticut Mental Health Center - New Haven	6,728,527.51
4412	Capital Region Mental Health Center	51,737.30
4415	Cedarcrest Regional Hospital	21,683,728.58
4417	Southwest CT Mental Health System	12,246,331.77
5000	Department of Transportation	11,775.99
6100	Department of Social Services	2,335,824,859.46
6301	Soldiers, Sailors and Marines	1,300.23
7001	Department of Education	280,025,969.30
7101	Board of Education and Services for the Blind	7,617,541.47
7102	Commission on the Deaf and Hearing Impaired	890,505.85
7104	State Library	6,300,598.32
7250	Department of Higher Education	5,969,977.17
7301	University of Connecticut	56,885.24
7302	University of Connecticut Health Center	268,091.25
7401	Charter Oak State College	1,659,438.25
7601	Teachers' Retirement Board	28,932.51
7701	Board for Regional Community-Technical Colleges	574.07
7702	Manchester Community College	3,545.09
7703	Northwestern Community College	500.00
7704	Norwalk Community College	2,880.81
7705	Housatonic Community College	8,602.24
7706	Middlesex Community College	714.44
7707	Capital Community College	4,323.77
7708	Naugatuck Valley Community College	10,688.55
7709	Gateway Community College	588.63
7710	Tunxis Community College	21,968.69
7712	Quinebaug Valley Community College	1,786.50
7713	Asnuntuck Communty College	6,085.18
8000	Department of Correction (Parent Account)	10,467,265.88
8005	DOC Grant Administration	764,841.01

CASH MANAGEMENT DIVISION

CIVIL LIST FUNDS

GENERAL FUND AGENCY DEPOSITS (1) (Continued)

FISCAL YEAR ENDED JUNE 30, 2001

Agency Number	Description	Total
8090	Board of Pardons	490.46
8091	Board of Parole	26,611.82
8102	DCF/Office of the Commissioner	115,924,406.15
8103	DCF/Long Lane School	23,516.89
8104	Connecticut Children's Place	2,253,832.62
8113	DCF/High Meadows	2,354.20
8115	DCF/Riverview Hospital for Children and Youth	21,297.66
8121	DCF/Region 1	11,197.88
8122	DCF/Region 2	25,068.40
8123	DCF/Region 3	81,345.27
8124	DCF/Region 4	163,050.34
8125	DCF/Region 5	69,652.86
8129	Childrens Trust Fund Council	439,526.20
8200	County Sheriffs	3,351.36
9001	Judicial Department	8,848,700.18
9007	Public Defender Services Commission	123,001.11
9403	Workers' Compensation Claims - D.A.S.	361,743.92
9601	Judicial Review Council	(5,000.00)
9605	Reflunds of Payments	111.23
9910	Higher Education Alternative Retirement System	15,771,761.85
9911	Pensions and Retirements - Other Statutory	1,839.08
9913	Group Life Insurance	1,268,479.72
9916	Tuition Reimb/Training and Travel (Union Contracts)	145.00
9926	Employer Social Security Tax	59,638,114.31
9932	Health Service Cost	73,289,568.84
9933	Retired State Employees Health Cost	392,848.22
SUB-TOTAL		13,688,425,977.69
Adjustments as of June 30, 2000		(6,834,789.93)(2)
Adjustments as of June 30, 2001		21,737,174.95 (3)
TOTAL		$ 13,703,328,362.71

(1) Figures do not reflect any adjustments made by the Comptroller to the agency's deposit information.
(2) Cash received by agencies during the fiscal year 2000, but not deposited until the fiscal year 2001. These cash receipts were recorded by the Treasurer as fiscal year 2001 receipts and have been netted against the sub-total to accurately reflect fiscal year 2001 cash receipts.
(3) Cash received by agencies on June 30,2001 but deposited after June 30, 2001.

CASH MANAGEMENT DIVISION

SECURITIES HELD IN TRUST FOR POLICYHOLDERS

JUNE 30, 2001

Name of Insurance Company		Par Amount of Collateral		Market Value

Securities are held on deposit with the State Treasurer on behalf of the Insurance Department under Sec 38a-83:

Name of Insurance Company		Par Amount of Collateral		Market Value
Ace Fire Underwriters	$	1,910,000.00	$	1,927,390.20
Action Auto Rental Inc.		170,000.00		170,000.00
Aetna Health and Life Insurance		2,000,000.00		2,022,970.00
Aetna Insurance Company Of Connecticut		1,585,000.00		1,620,171.15
Aetna Life Insurance & Annuity Company		2,600,000.00		2,214,352.00
Aetna Life Insurance Company		1,441,000.00		1,671,297.28
Aetna Life Insurance Company Of America		12,125,000.00		11,822,962.50
Allianz Insurance Company Workers Comp.		389,000.00		446,797.62
American Centennial Insurance Company		50,000.00		51,586.00
American Employers Insurance Company		2,730,000.00		2,810,413.20
American General Annuity		100,000.00		137,391.00
American Mayflower Life Insurance Of New York		250,000.00		345,977.50
American Maturity Life		4,626,000.00		4,757,334.25
American Phoenix Life & Reassurance		5,050,000.00		5,152,772.50
American Security Insurance Company		35,000.00		38,199.35
American Skandia Life Assurance Corp.		1,500,000.00		1,547,580.00
Annuity & Life Reassurance America, Inc.		5,000,000.00		5,177,436.55
Argonaut Insurance Company		1,500,000.00		1,483,365.00
Associated Indemnity Corporation		424,000.00		457,750.40
Atlas Assurance Company Of America		250,000.00		252,187.50
Auto Insurance Company Of Hartford		4,050,000.00		4,307,345.25
Berkshire Mutual Insurance Company		600,000.00		635,250.00
Blue Ridge Indemnity Company		500,000.00		528,595.00
Blue Ridge Insurance Company		2,000,000.00		2,114,380.00
C M Assurance Company		2,000,000.00		2,040,620.00
C M Life Insurance Company		1,600,000.00		1,649,360.00
Carolina Casualty Insurance Company		200,000.00		229,860.00
Century Indemnity Company		1,560,000.00		1,676,032.80
Charter Oak Fire Insurance Company		4,525,000.00		4,791,582.00
Chartwell Insurance Company		1,950,000.00		1,947,141.00
Chicago Title Insurance Company		100,000.00		103,562.00
Cigna Life Insurance Company		2,015,000.00		2,033,382.60
Cologne Reinsurance Company Of America		3,455,000.00		3,676,974.50
Commercial Union Insurance Company		11,700,000.00		11,801,758.90
Connecticut Attorneys Title Ins.		100,000.00		100,000.00
Connecticut General Life Insurance Company		1,650,000.00		1,772,727.00
Connecticut Indemnity Company		2,065,000.00		2,204,594.00
Connecticut Specialty Insurance Company		2,800,000.00		2,835,280.00
Connecticut Surety Company		1,000,000.00		1,039,605.00
Covenant Insurance		850,000.00		861,125.50
Crum & Forster Specialty		3,600,000.00		3,782,267.50
Design Professionals Insurance Co.		2,855,000.00		3,010,249.50
E.B.I. Indemnity		1,500,000.00		1,601,400.00
Electric Mutual Liability Insurance Company		7,045,000.00		7,307,178.70
Employee Benefits Insurance Co.		2,605,000.00		2,740,714.50
Employers Fire Ins. Co.		2,150,000.00		2,237,364.90
Executive Risk Specialty Insurance Company		2,500,000.00		2,579,755.00
Fairfield Insurance		2,500,000.00		2,651,987.50
Farmington Casualty Company		3,000,000.00		3,229,681.50
Fire & Casualty Ins.Co. Of Connecticut		2,075,000.00		2,215,270.00
Firemens Fund Insurance Company		7,644,100.00		8,504,634.95
First State Insurance Company		2,100,000.00		2,128,539.00
Freemont Industrial Indemnity Company		890,000.00		899,413.25
General & Cologne Life Re of America		1,500,000.00		1,609,125.00
GE Group Life Assurance Company		5,000,000.00		5,142,150.00
Gen. Electric Mortgage Ins.Corp. Of N.C.		60,000.00		60,140.40
General Star Indemnity Company		2,975,000.00		3,110,298.70

SECURITIES HELD IN TRUST FOR POLICYHOLDERS (Continued)

JUNE 30, 2001

Name of Insurance Company	Par Amount of Collateral	Market Value
Genesis Insurance Company	3,000,000.00	3,221,250.00
Greenwich Insurance	25,000.00	26,468.75
Guaranty Insurance	2,800,000.00	2,879,604.00
Hart Life Insurance	5,059,000.00	5,196,266.47
Hartford Accident & Indemnity Company	3,325,000.00	3,505,424.50
Hartford Fire Insurance Company	3,830,000.00	3,985,770.00
Hartford International Life Reassurance Corp.	2,069,000.00	2,112,732.97
Hartford Life and Accident Insurance Co.	2,026,000.00	2,076,388.38
Hartford Life Insurance Company	2,019,000.00	2,075,320.57
Hartford Life and Annuity	2,421,000.00	2,499,506.43
Hartford Steam Boiler Inspec. & Ins. Co.	3,600,000.00	3,726,365.05
Hartford Steam Boiler Insp & Ins Co Of Conn.	1,000,000.00	1,038,900.00
Hartford Underwriters Insurance Company	3,575,000.00	3,743,487.00
Highlands Insurance Company	100,000.00	102,421.00
Highmark Insurance Company	5,000,000.00	5,067,950.00
Homesite Insurance Company	2,500,000.00	2,589,050.00
Houston General Insurance Company	65,000.00	65,995.15
Idealife Insurance Company	1,500,000.00	1,533,276.00
Il Annuity And Insurance Co.	250,000.00	253,397.50
Industrial Alliance Life Insurance	30,000.00	31,985.70
Integon National Insurance Company	75,000.00	80,531.25
Integon Preferred Insurance	75,000.00	87,492.00
Knights of Columbus	2,000,000.00	2,224,000.00
Liberty Insurance Corporation	30,000.00	30,351.60
Liberty Mutual Fire Insurance Company	20,385,000.00	21,324,150.00
Liberty Mutual Insurance Company	130,289,000.00	133,641,265.00
Lumber Mutual Insurance Company	1,880,000.00	2,003,254.90
MML Bay State Life Insurance Co.	1,500,000.00	1,546,275.00
Massachusetts Mutual	1,810,000.00	1,941,452.10
Members Life Ins. Co.	350,000.00	375,812.50
Middlesex Mutual	525,000.00	571,347.00
Monumental Life Insurance	75,000.00	75,363.00
Munich American Reassurance Company	40,000.00	41,137.20
National Fire Insurance Co. Of Hartford	2,500,000.00	2,801,590.00
National Liability & Fire Insurance	2,600,000.00	2,635,334.00
New England Insurance Company Of Connecticut	2,600,000.00	2,644,162.00
New England Reinsurance Corporation	3,225,000.00	3,316,686.75
New London County Mutual Insurance Co.	600,000.00	613,500.00
Northern Assur. Co. of America	2,710,000.00	2,759,791.85
North American Lumber Insurance Company	495,000.00	498,961.25
Nutmeg Insurance Company	3,000,000.00	3,119,700.00
Odyssey America	2,500,000.00	2,414,850.00
Orion Insurance Company	3,630,000.00	3,759,300.60
PHL Variable Insurance Company	5,070,000.00	5,329,799.10
Pacific Insurance Company	2,820,000.00	2,951,366.00
Patrons Fire Ins. Co. of Rhode Island	120,000.00	138,852.00
Phoenix Insurance Company	4,680,000.00	4,885,602.60
Phoenix Life & Annuity	5,150,000.00	5,288,198.00
Pxre Reinsurance	7,425,000.00	7,496,286.75
Quadrant Indemnity	3,300,000.00	3,397,590.00
Radian Guaranty	315,000.00	322,497.00
Reliance Universal Ins.Co.	100,000.00	100,905.80
Royal Surplus Lines Insurance Company	2,500,000.00	2,762,000.00
R.V.I. America Ins. Company	2,040,000.00	1,515,268.00
Safeco Insurance Company	100,000.00	108,828.00
Safeguard Insurance Company	3,350,000.00	3,469,327.00
Seaco Insurance Company	5,219,000.00	5,903,143.10
Security Insurance Company Of Hartford	3,185,000.00	3,400,306.00
Seneca Insurance Company	260,000.00	263,533.40
Sentinel Ins. Co. Ltd.	3,100,000.00	3,390,407.00
Servus Life Ins. Co.	5,049,000.00	5,194,976.03
Standard Fire Insurance Company	4,000,000.00	4,113,720.00
Swiss Re Life & Health	5,290,000.00	5,105,400.10

SECURITIES HELD IN TRUST FOR POLICYHOLDERS (Continued)

JUNE 30, 2001

Name of Insurance Company		Par Amount of Collateral		Market Value
T.H.E. Insurance Company		300,000.00		311,030.00
Thames Ins. Co.		200,000.00		204,500.00
Tig Insurance Co.		10,586,000.00		10,804,283.32
Travco Insurance Company		4,875,000.00		5,338,905.00
Travelers Casualty & Surety		3,000,000.00		3,243,630.00
Travelers Casualty & Surety of America		3,180,000.00		3,390,775.00
Travelers Casualty of Connecticut		2,500,000.00		2,626,592.00
Travelers Commercial Insurance		2,125,000.00		2,182,824.75
Travelers Excess & Surplus		2,500,000.00		2,642,975.00
Travelers Home & Marine Insurance Company		5,125,000.00		5,612,695.00
Travelers Indemnity Company		4,130,000.00		4,161,574.00
Travelers Indemnity Company Of America		3,565,000.00		3,666,352.95
Travelers Indemnity Company Of Connecticut		3,000,000.00		3,439,905.00
Travelers Insurance Company		2,625,000.00		2,694,110.00
Travelers Life And Annuity Company		2,600,000.00		2,728,030.00
Travelers Personal Security Insurance Company		4,100,000.00		4,281,273.00
Travelers Property Casualty Insurance Company		2,050,000.00		2,120,085.00
Trenwick America Reinsurance		3,500,000.00		3,774,540.00
Truck Insurance Exchange		370,000.00		383,179.40
Trumbull Insurance Co		3,090,000.00		3,248,527.90
United Guaranty Residential Ins. Co. Of N.C.		50,000.00		52,527.50
United Healthcare Insurance		1,506,000.00		1,553,684.58
United Illuminating		210,000.00		214,101.30
Vision Service Plan Of Connecticut Inc.		2,300,000.00		2,415,000.00
Westchester Surplus Lines		100,000.00		108,469.00
Worcester Ins.		1,270,000.00		1,275,046.80
Zenith Insurance Company		410,000.00		412,862.10
Zurich Reinsurance Centre I		3,000,000.00		3,282,980.00
TOTAL	$	500,882,100.00	$	518,813,611.90

Assets Held In STIF:

American Mutual Insurance Of Boston	$	2,168,033.82
American Mutual Liability		22,541,976.44
Covenant Mutual Liquidating Trust		17,892,441.94
First State Insurance Company		3,860,691.68
Suburban Health Plan		999,652.00
Westbrook Insurance Company		6,018,215.27
TOTAL	$	53,481,011.15

CASH MANAGEMENT DIVISION

UNEMPLOYMENT COMPENSATION FUND

On Account with the Secretary of the Treasurer of the Unitied State as Trustee of the Unemployment Compensation Fund

The Act which established Unemployment Compensation provides that contributions from employers be collected by the Labor Commissioner as Administrator of the Act and be deposited with the State Treasurer. (Chapter 2, Public Act, Special Session 1936). These funds are then sent to the Secretary of the Treasury of the United States. The Administrator requests withdrawals as needed to pay benefits to employees.

BALANCE, JULY 1, 2000		**$ 840,770,092.27**
Deposits	$ 313,718,000.00	
Combined Wage Transfers to Connecticut	3,536,452.73	
Earnings	54,301,196.96	
Federal Employee & Ex-Servicemen Contributions	5,462,000.00	
Reed Act Distribution	(2,270,243.00)	
EUC Repayments	(248,000.00)	$ 374,499,406.69
TOTAL CASH AVAILABLE		**$ 1,215,269,498.96**
Withdrawals	$ 476,138,000.00	
Federal Employee & Ex-Servicemen Withdrawals	5,462,000.00	481,600,000.00
BALANCE, JUNE 30, 2001		**$ 733,669,498.96**

Office of the State Treasurer

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