STATE OF CONNECTICUT

2002

ANNUAL REPORT OF THE TREASURER

For the fiscal year ended June 30, 2002

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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TREASURER'S OFFICE

ANNUAL REPORT OF THE TREASURER
TABLE OF CONTENTS

Financial Statements

TABLE OF CONTENTS

Supplemental Information

Statutory Appendix

Introduction

State of Connecticut

Office of the Treasurer

Denise L. Nappier
Treasurer

Howard G. Rifkin
Deputy Treasurer

October 15, 2002

The Honorable John G. Rowland
Governor of Connecticut

The Honorable Members of the Connecticut General Assembly

The People of Connecticut

I am pleased to submit the **Annual Report of the Treasurer of the State of Connecticut for the fiscal year ended June 30, 2002**. This fiscal year report is a comprehensive financial review of the Office of the Treasurer including quantitative data and explanatory comments on the operations of the Connecticut Retirement Plans and Trust Funds (CRPTF), Short-Term Investment Fund (STIF) and The Connecticut Higher Education Trust (CHET).

This report is prepared in accordance with the requirements of the Connecticut General Statutes and, for the first time this year, incorporates the reporting requirements of the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34. Implementation of this new reporting standard is consistent with the Treasury's commitment to both comprehensive and accurate disclosure of financial information.

As required by GASB Statement No. 34, the financial section now includes Management's Discussion and Analysis (MD&A), which provides an introduction, overview, and analysis of the financial statements. In addition, the State Office of the Comptroller has adopted GASB 34, which requires that the Second Injury Fund (SIF) be reported as an enterprise fund (formerly an expendable trust fund). As such, SIF now includes a portion of the State's long-term debt attributable to prior years' State borrowings used to settle SIF claims.

When I began my term as Connecticut's State Treasurer in 1999, it was a time of unprecedented economic growth and national prosperity. Times have changed. This year's Annual Report is issued as our nation faces great challenges in the aftermath of September 11, 2001, and with individual shareholders and institutional investors adversely affected by the dramatic downturn in the economy and numerous disturbing disclosures of corporate malfeasance. The Connecticut Retirement Plans and Trust Funds have not been immune to the impact of the economic downturn or the ramifications of corporate fraud, but we are weathering the storm soundly and it is important for pension beneficiaries to know that their benefits in Connecticut's pension program are not at risk.

During the past three years, the fund has paid out $2.2 billion in pension benefits and is one of the best performing public pension funds in the Trust Universe Comparison Survey's report of public funds with assets greater than $1 billion – in the top 19%, outperforming 81% of similar funds.

The Treasurer's Office has also continued our aggressive approach toward the recovery of assets and loss prevention. Those efforts included renegotiation of contract terms, negotiated settlement of fee disputes, elimination of contract ambiguities, development of best practice contract terms,

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enhancement of the proof of claim filing process, application to serve as lead plaintiff in class action litigation, encouragement of other institutional investor lead plaintiffs to aggressively negotiate reasonable legal fees and consideration of filing lawsuits. Assets recovered during this fiscal year total $57.6 million, including $6.7 million in negotiated settlement of fee disputes, $1.4 million in class action settlement proceeds, and $49.5 million in partial settlement of a legal dispute with one of the pension fund's private equity investment managers. Since the institution of the asset recovery program in 1999, the Treasury has recovered $745.5 million through the fiscal year ended June 30, 2002.

Despite this year's volatile market and general slowdown in world economies, the Fund outperformed its investment benchmark by 321 basis points, achieving an investment return of negative 6.39 % compared to the negative 9.60% return for the benchmark. It marked the third consecutive year that the Fund has surpassed its benchmark, a reflection of the success of the Fund's diversified portfolio and overall asset allocation policy, as developed in conjunction with the Investment Advisory Council (IAC). The value of that out-performance, in dollar terms, was approximately $559 million (282 basis points), $1.03 billion (469 basis points), and $661 million (321 basis points) in each of those years respectively, for an average annualized out-performance value of $760 million, net of fees. At year's end, the CRPTF was valued at $18.7 billion.

In addition to its solid performance, the Connecticut pension fund has played an important role in advocating corporate governance reform aimed at restoring investor confidence, strengthening the economy and assisting our portfolio companies improve the bottom line and the return on our investment.

During this fiscal year, in accordance with the fund's Investment Policy Statement and proxy voting guidelines adopted by the IAC during this administration, our active role in advocating corporate governance reforms met with much success on important issues. Those issues included prohibiting the same firm from being hired to complete both audit and consulting assignments and requiring a majority of the board of directors and all members of the corporate audit, executive compensation and nominating committees to be independent. Additionally, consistent with our policies, I pointed out the weakening of shareholder rights that would have occured with a re-incorporation of Connecticut-based Stanley Works to Bermuda.

Beyond our efforts, the changing public attitudes toward corporate wrongdoers led to greater action by both federal regulatory and legislative bodies, working to prevent fraudulent reporting by corporate executives. I continue to participate in coalitions with other institutional investors to bring attention to these issues in order to restore investor confidence and build a foundation of corporate accountability.

A report in *The Wall Street Journal* (August 16, 2002) noted that the steep decline in the stock market is primarily responsible for the increase to fifty percent of all public pension plans being under funded at June 30, 2001, up from 31% in 2000. The percentage of under funded public plans is expected to rise to 75% for the fiscal year ended June 30, 2002, when audited results are available. I again urge the Governor and General Assembly to increase the annual state pension contribution to 100 percent of actuarial recommendations in order 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.

This report also highlights the activities and transactions in the administration of debt management, cash management, unclaimed property, and the Second Injury Fund. Some highlights in those areas include the following:

The Treasurer's Office managed the sale of $1.6 billion of General Obligation, Special Tax Obligation and UCONN Bonds to provide new funding for State projects and grants, local school construction, transportation infrastructure and improvements to the State's colleges and universities. The Office also took advantage of falling interest rates with an aggressive debt-refinancing program. A total of $1.1 billion of refunding bonds were issued providing $76.5 million in debt service savings over the life of the bonds. My administration also defeased $45 million of Second Injury

Fund bonds and eliminated all short-term borrowings for the Fund assisting in our ability to reduce assessments on Connecticut businesses.

The Treasury's Short-Term Investment Fund (STIF) invested an average of $4.1 billion in short-term money market instruments during the fiscal year 2002. This represents 1,084 STIF accounts for 60 State agencies and authorities and 251 municipalities and local entities. This includes an increase of 41 local government STIF accounts with $37 million of assets, reflecting the continued confidence in the fund as a solid investment vehicle for Connecticut communities. The total annual return of 2.61% in STIF exceeded its primary benchmark by 39 basis points, resulting in $16 million in additional interest income for the state, municipalities, other units of local government and their taxpayers.

Over $10.1 million was returned to more than ten thousand owners and heirs by the Treasury's Unclaimed Property Division during the fiscal year, the highest one-year total in the 66-year history of the State's unclaimed property program. This is the fourth consecutive record-breaking year. The intensified effort to return assets was greatly aided through the increased use of the Internet by accepting on-line inquiries for unclaimed assets. My administration also stepped up efforts to have unclaimed property turned over to the State from businesses across Connecticut. During the fiscal year, a total of $34.4 million was escheated to the Treasury in accordance with state law.

For the second consecutive year, the assessments charged to Connecticut businesses for the Second Injury Fund has been reduced, representing a savings of $14.4 million annually for Connecticut businesses. The new assessment rate of 8.0% for insured employers and the new 11.6% assessment rate for self-insured employers are the lowest rates in over a decade. The cumulative savings to businesses from the two rate reductions is $23.6 million – a 25.3% reduction in rates in the past two years.

My administration has continued to make CHET, Connecticut's 529 College Savings Program, more accessible, affordable and flexible for Connecticut families. Building on previous changes, including reducing the contribution needed to open an account and the fees charged to account owners, the CHET program this year introduced two new investment options for account owners offering varying degrees of risk and made on-line enrollment available. The response has been outstanding. Total account owner assets under management increased during the fiscal year from $94 million to $208 million, up 121%. By the end of the fiscal year, the number of CHET accounts had jumped from 13,393 to 26,330, an increase of 97%.

Additional financial detail on these areas of responsibility within the Office of State Treasurer are provided in this document.

In keeping with the June 14, 2002, Office of Policy and Management directive to discontinue the printing of annual reports as a cost saving measure, this Annual Report will be made available in a CD-ROM format, as was done last year, and can be accessed on our website, at www.state.ct.us/ott.

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.

Sincerely,

Denise L. Nappier
Treasurer

cc: Steven W. Hart, Chairman, Investment Advisory Council

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 $18 billion in State pension and trust fund assets and approximately $3 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
- Connecticut Resource Recovery Authority

Additional information on responsibilities of each is provided on Supplemental pages S-38 and S-39.

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.

2002 TREASURY OVERVIEW

The Pension Funds Management Division, under the direction of the Chief Investment Officer, manages the State's six pension funds and nine State trust funds with a combined market value portfolio in excess of $18 billion ranging in investment diversity from domestic and international stocks to fixed income, real estate and private investment equity. Clients include approximately 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 $10.1 billion, followed by the State Employees' Retirement Fund containing $7.1 billion and the Municipal Employees' Retirement Fund with $1.2 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 $155 billion internal and external cash flows through the Treasury's 24 bank accounts annually. The Division prudently and productively manages clients' cash, including that of State agencies and authorities, and 251 municipal and local government entities utilizing the Short-Term Investment Fund, which had an average market value of $4.1 billion during the year.

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, 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, refinances outstanding debt when appropriate, 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 $12 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 certain injured worker claims. The Second Injury Fund adjudicates those qualifying workers' compensation claims fairly and in accordance with applicable law, 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.

2002 Annual Report Year at a Glance

COMBINED INVESTMENT FUNDS, JUNE 30

Market Value of Assets Under Management	$ 19,557,516,103
Net Assets Under Management	$ 18,706,154,352
Total Investment Returns for the Fiscal Year	$ (1,331,972,420)
Total Management Fees for the Fiscal Year	$ 91,359,778
Total Number of Advisors	68
Decrease in Total Advisors from Prior Year	2
One-Year Total Return	(6.39)%
Five-Year Compounded Annual Total Return	5.72%
Ten-Year Compounded Annual Total Return	9.00%

2002 TREASURY OVERVIEW

DEBT MANAGEMENT, JUNE 30

Total Debt Outstanding	$	12,356,654,584
General Obligation Debt included above	$	7,436,329,613
Total New Debt Issued During the Fiscal Year	$	2,742,670,000
General Obligation Debt Issued included above	$	1,822,335,000
Total Debt Retired and Defeased During the Fiscal Year	$	2,059,526,532
General Obligation Debt Retired and Defeased included above	$	1,202,611,532
Total Debt Service Paid on Outstanding Debt During the Fiscal Year	$	1,502,513,719
Total Interest Paid on Outstanding Debt included above	$	627,847,187

CASH MANAGEMENT, JUNE 30

Total Cash Inflows During the Fiscal Year	$	77,347,732,919
Total Cash Outflows During the Fiscal Year	$	77,363,495,924
Number of State Bank Accounts at June 30, 2002		448
Number of State Bank Accounts at June 30, 2001		484

SHORT-TERM INVESTMENT FUND, JUNE 30

Market Value of Assets Under Management	$	3,543,556,206
One-Year Total Return		2.61%
Five-Year Compounded Annual Total Return		5.18%
Ten-Year Compounded Annual Total Return		5.07%
Weighted Average Maturity		28.9 days
Number of Participant Accounts		1,084

SECOND INJURY FUND, JUNE 30

Number of Claims Settled During the Fiscal Year		209
Total Cost of Claims Settled	$	11,657,800
Second Injury Fund Unfunded Liability (expressed as reserves)	$	544,322,000
Number of Claims Outstanding		2,737

UNCLAIMED PROPERTY, JUNE 30

Dollar Value of Gross Unclaimed Property Receipts	$	35,411,853
Dollar Value of Claims Paid	$	10,117,462
Number of Property Claims Paid		10,007

CONNECTICUT HIGHER EDUCATION TRUST, JUNE 30

Number of Participants		26,330
Program Equity	$	207,969,184

Division Overview

2002 investment advisory council

October 15, 2002

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, 2002.

In the midst of a difficult market climate, the CRPTF's fiscal 2002 performance reflected general financial market conditions and produced a net total return (after all expenses) of negative 6.39 %, which, when combined with the funds' negative operating cash flow of $555 million, resulted in a decline in assets to $18.7 billion as of June 30, 2002. However, despite these market conditions, the CRPTF outperformed its benchmark by 321 basis points. Had the Fund not outperformed its benchmark, the CRPTF assets would have declined further by approximately $661 million.

The CRPTF's performance relative to 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 one, three and five year periods ending June 30, 2002, was in the 60th, 19th, and 18th percentiles, respectively. When measured over the course of a market cycle, the CRPTF is among the top performing funds among its peers. This is in large part due to the time and attention spent by the Treasurer and the IAC on the funds' asset allocation plan and asset manager selection. The CRPTF's investment strategy is constructed in such a way as to exceed its benchmark and receive superior returns with less risk over a market cycle. The IAC believes that the CRPTF is well positioned to weather the current market conditions.

For the fiscal year, the strong relative performance of the CRPTF was evidenced in all publicly traded funds (the Mutual Equity Fund (MEF), International Stock Fund (ISF), Mutual Fixed Income Fund (MFIF), and the Cash Reserve Account (CRA)). In addition, the Private Investment Fund (PIF) outperformed its benchmark. Partially offsetting these strong results were the Real Estate Fund and Commercial Mortgage Fund (CMF), which both produced below benchmark returns.

As anyone familiar with the stock market knows, 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 17.24%. The Mutual Equity Fund, however, bested the index by 229 basis points, benefiting from its small cap value bias. The benchmark for the International Stock Fund (a blend of developed and emerging markets indices) dropped by 10.88%. However, the ISF outperformed its benchmark by 188 basis points. Active management in both the developed and emerging equity segments had a significant positive impact on relative performance.

The Mutual Fixed Income Fund led its benchmark by 60 basis points for the fiscal year, helped by its underexposure to high yield and emerging markets debt segments and its resulting overexposure to the core segment.

The portfolio's long-term commitment to the less liquid sectors of the market, is evidenced by the roughly 15% 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. The Private Investment Fund outperformed its benchmark by 643 basis points for the fiscal year, while the Real Estate Fund trailed its benchmark by 559 basis points.

It is also important to note that the IAC reviews fund performance on a monthly basis, discussing individual manager changes when necessary. In addition, a more extensive review of fund and manager performance is conducted by the IAC on a quarterly basis.

Since the third quarter of 2000, all major asset markets have declined significantly and will likely experience lower level of returns than those achieved in the 1990's. Actuarial assumptions assume an average annual investment return for the CRPTF of 8.5%. It is unlikely that the CRPTF will be able to achieve this level of return for the foreseeable future. The current down market, when combined with the steady drain of negative operating cash flow which results from the payments to the beneficiaries significantly exceeding the payment inflow from the State and active employees, will exacerbate the under funding of the plan.

The IAC is united in continuing to stress that the legislature must address the significant systemic under funding 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 67.9 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.

I would also like to use this opportunity to report during that in March, 2002, the IAC formally adopted an Investment Policy Statement for the CRPTF as specified in the Treasury Reform legislation. This first of its kind policy document for the CRPTF establishes the asset allocation plan for the fund, lays out criteria for all investments, establishes the asset classes within which the CRPTF can invest, clearly articulates the duties and responsibilities of the Investment Advisory Council, sets out the evaluation criteria for managers who are placed on a "watch list" as part of the management of the fund, and establishes proxy voting guidelines for the CRPTF. This document represents the fruition of a great deal of work by the Treasurer and the IAC.

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 all the current and future pension beneficiaries and the taxpayers of the State of Connecticut 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 2002 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, IAC member through February 2002 per Section 3-13b subsection (b) of the Connecticut General Statutes.

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 nine trust funds, the Treasurer is responsible for prudently managing $18.7 billion of investment assets on behalf of approximately 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 $9.5 billion to $18.7 billion, or 97%. The Teachers' Retirement Fund (TERF), with $10.1 billion under management at June 30, 2002, is the largest participating fund, followed by the State Employees' Retirement Fund (SERF) and the Municipal Employees' Retirement Fund (MERF) with $7.1 billion and $1.2 billion, respectively. During the fiscal year ended June 30, 2002, 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 $1.3 billion. (See figure 1-2.)

Organization/Staff Review

Under the supervision of a Chief Investment Officer, the Division executes and manages the investment programs of the pension and trust funds. The fourteen-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 predetermined 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, 2002, 68 external advisors were employed by the Treasury to invest the pension and trust assets, a decrease of two advisors from June 30, 2001. (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 April 2002, the Investment Advisory Council approved the Investment Policy Statement (IPS) including 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 asset allocation 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, 2002, 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 48%. 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 enhanced 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. During fiscal 2002, the Treasurer terminated two small/mid cap managers due to performance and organizational turnover.

As currently structured, the domestic equity portfolio replicates the approximate capitalization of the market as a whole with 75% of the Fund invested in large-cap stocks and 25% in small/mid-cap stocks. Approximately 85% 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 Salomon Smith Barney Europe Pacific Asia Composite Broad Market Index -half-hedged and 17% of the Morgan Stanley Emerging Markets Free Index. During fiscal 2002, the Treasurer, with the endorsement of the Investment Advisory Council selected 12 advisors to manage six mandates established as a result of the ISF structure review. Implementation is in process and will be completed during the next fiscal year.

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. During fiscal year 2002, the Office of the Treasurer began a structure review for the Fund as part of its continuing implementation of the Asset Allocation Policy and strategy for the Mutual Fixed Income Fund.

Real Estate and Private Equity Investments

The strategic asset allocation that was established for the real estate asset class was 5%, and 11% for private equity. The portion of the Policy governing the structure of the Real Estate Fund is under review. During fiscal year 2002, the Treasury selected a real estate consultant to assist with the Real Estate Fund policies. 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. During fiscal year 2002, the Treasury completed the Private Investment Fund policies, which has been incorporated in the IPS. The Private Investment Fund (PIF) investments will be in externally managed separate accounts or limited partnerships that focus on private equity investments. Private equity investments include the following: venture capital funds (focusing on start-ups, early and expansion stage); mezzanine funds (investing in equity and debt instruments of established companies); buyout and acquisition funds (which make controlling and non-controlling investments in established companies); special situation funds; and specialized or special purpose fund of funds focusing on, for example, venture capital partnerships too small to be otherwise appropriate for PIF. 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. During fiscal year 2002, the treasury reviewed the securities lending program seeking to enhance the income generated without adding additional risk to the portfolio. The result was a modification to the guidelines allowing the potential of the program to generate an additional $2.7 million from lending activity.

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, 2002, securities with a market value of approximately $1.61 billion had been loaned against collateral of approximately $1.66 billion. Income generated by securities lending totaled $7.3 million for the fiscal year.

The Year in Review

Total Fund Performance

During the fiscal year ended June 30, 2002, the State of Connecticut Retirement Plans and Trust Funds (CRPTF) achieved an annual total return of negative 6.39%, net of all expenses, outperforming the total fund benchmark (defined below) return of negative 9.6% by 321 basis points. During the fiscal year, the value of CRPTF's portfolio declined from $20.6 billion to $18.7 billion. The $1.9 billion decrease was primarily due to net change in unrealized gain (loss) on investments and negative operating cash flow. This latter amount was comprised of pension payments to beneficiaries of $718 million that were offset by net contributions from unit holders of $163 million, for a net outflow of $555 million. In addition, funds generated by operations reduced net assets by $1.3 billion. Funds from operations were comprised of net investment income of $681 million, realized losses of $446 million and unrealized depreciation of approximately $1.6 billion.

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

The fiscal year began in a difficult economic environment, with slowing expansion and rising unemployment. After the tragic September events, the U.S. economy slipped into recession. The Federal Reserve responded by cutting the Federal Funds rate 200 basis points down to 1.75%, the lowest level since 1961. Lower interest rates, combined with increased defense spending, brought a remarkable turnaround as the economy soared 5.8% during the third quarter of the fiscal year. Despite the strong economic growth, the job market remained sluggish. The unemployment rate stood at 5.9% in June 2002, significantly higher from the 4.5% rate at the beginning of the fiscal year.

Fiscal year 2002 proved to be another difficult year for the equity markets. In the midst of significant equity declines stemming from the deflation of the internet/technology bubble, this fiscal year saw the terrorist attacks, followed by corporate malfeasance which shook investor confidence severely. The meltdown of large companies such as Enron, WorldCom, and Tyco led to congressional inquiries and criminal investigations, prompting public outcries for accounting reforms. The domestic equity markets finished the fiscal year in negative territory, declining 17.2% as measured by the broad market Russell 3000 Index. Within the asset class, small cap stocks fared better than their mid- and large-cap counterparts, declining 8.6% over the fiscal year versus negative 9.2% and negative 17.9%, respectively (as measured by the Russell indices). Value stocks significantly outperformed growth stocks across the capitalization spectrum, as investors fled toward less volatile, defensive names. On a sector basis, technology and telecommunications stocks (WorldCom, Qwest) were the worst performers, while "Old Economy" industrial and basic materials stocks (Newmont Mining, Black & Decker) posted the best results. The Mutual Equity Fund (MEF) outperformed its index (Russell 3000) by 229 basis points.

Similarly to the U.S., economies of developed international countries experienced a general slowdown, and international stocks finished the fiscal year in negative territory. The SSB EPAC BMI Index, a broad measure of international equity markets, declined 8.1% in U.S. dollar terms. When measured in local currencies, the SSB EPAC BMI Index mirrored the performance of the Russell 3000 Index with a decline of 17.3%. Over the fiscal year, the dollar depreciated against a basket of foreign currencies, dampening the performance of hedged mandates. Japan, whose economy remained in shambles, led the decline, falling 16.6%. The European markets also suffered from economic slowdown. The Pacific ex-Japan region was the best performer, rising due to the strength of the Australian market, which posted gains thanks to its solid economy and strong Australian dollar. Analogous to the U.S., international value stocks beat their growth counterparts, and small caps outpaced large caps. The emerging markets were one of the few bright spots during the fiscal year, rising 1.3% as measured by the MSCI EMF Index. Korea (+57.1%) and Malaysia (+29.9%) were the largest contributors to the index gains. Korea benefited from strong cyclical recovery, while Malaysia's relatively isolated economy was shielded from the global weakness. CRPTF's International Stock Fund, outperformed its benchmark by 188 basis points. The International Stock Fund benchmark is comprised of 83% SSB EPAC BMI Index 50% Hedged Index, and 17% MSCI Emerging Markets Free Index.

The U.S. fixed income markets posted strong performance over the fiscal year, buoyed by the declining interest rates. The broad market LB Aggregate Index gained 8.6% during the fiscal year. On an absolute basis, commercial mortgage backed securities were the best performers, rising 12.7%. The credit sector was the weakest, suffering from shaken investor confidence as a result of the high profile accounting scandals. As fundamentals of corporations deteriorated and ratings agencies scrambled to restore credibility, there was a sharp rise in "fallen angels," companies whose debt has been downgraded from investment-grade to junk status (WorldCom, Calpine). Loss of confidence as well as poor performance of telecommunications and energy-related issues dragged down the U.S. high yield market, which fell 4.7% for the fiscal year, as measured by the SSB High Yield Market Index. Emerging market bonds finished the year down 5.2%, per J.P. Morgan EMBI+. The Latin American economic crisis and the "domino effect" fears following Argentina's default significantly dampened fiscal year results. The Mutual Fixed Income Fund Benefited from its over-allocation to the core fixed income segment, and an under-representation to the emerging debt and high yield sectors. As a result, this fund, representing nearly 35% of total CRPTF assets, out-performed its benchmark by 60 basis points with a return of 5.64%. 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 5.04% for fiscal year 2002.

The Private Investment Fund outperformed its benchmark by 643 basis points, producing overall net returns of negative 10.81%. The private equity markets, in particular, suffered a downturn in fiscal 2001 and 2002, although not as steep as that of the public equity markets. The Real Estate Fund under performed its benchmark by 559 basis points with a return of 0.81% versus the benchmark return of 6.40%. 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 0.87%, (0.66%), 5.96% (5.72%), and 9.29% (9.00%) 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% Salomon Smith Barney Europe, Pacific, Asia Composite Broad Market Index, 50% Hedged and 17% MSCI Emerging Market Free. 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.

2002 Division Performance and Management Initiatives

In accordance with Public Act 00-43, the Treasurer is required to adopt, and the IAC approve, an Investment Policy statement for the State of Connecticut Retirement Plans and Trust Funds. During fiscal year 2002 the Treasury completed the CRPTF's first comprehensive Investment Policy Statement (IPS) as a result of the Treasury Reform Law. The IPS sets forth the policies and procedures which govern the structuring and investing of the pension and Trust Funds. State statute prescribes the required elements of the IPS, but the IPS extends beyond what is required by State statutes in its level of detail. The IPS represents the asset allocation plan for CRPTF; describes the level of risk that the CRPTF is willing to take in its investment strategy; describes the asset classes that the CRPTF is authorized to invest in, as well as aspects of the individual asset classes and the ranges within each asset class; and describes each of the plans and trusts that the Treasurer's Office manages on behalf of the CRPTF's participants and beneficiaries.

Copies of the Connecticut pension fund's Investment Policy Statement are available for review and downloading at the State Treasurer's web site: **http://www.state.ct.us/ott.**

The Treasury has initiated structure reviews for the Mutual Equity Fund and Mutual Fixed Income Fund, as part of its continuing implementation of the Asset Allocation policy and strategy for both Funds. Upon completion a Request for Proposal (RFP) will be issued to fill any needs each fund has as a result of the review process.

During the fiscal year the Office of the Treasurer interviewed over fifty advisors for five of the seven mandates establish for the International Stock Fund. This process was completed and the Treasurer with the endorsement of the Investment Advisory Council selected twelve advisors to manage these funds going forward. Implementation will occur upon completion of contract negotiations. In addition, the division is in the process of reviewing the responses for the currency overlay mandate.

The Division retained the services of a real estate consultant to assist in establishing policy and procedures regarding the Real Estate Fund assets. This will result in establishing new Fund guidelines, enhanced monitoring and review procedure for the portfolio, and the establishment of due-diligence procedures in the selection of real estate advisors.

Proxy Voting

During 1999 and 2000, the Treasury 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 launched in fiscal year 2000, marked 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 2002 included a number of 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.

Electing Board Members: The policies support annual election of all members of the board of 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.

Environment: The policies support, particularly limiting greenhouse gas omissions, that protect the environment while helping improve the long-term financial performance of a company.

Among the program's noteworthy successes during the year included issues such as executive compensation, the independence of board members, methods for election of board members, and corporate environmental policies. Two companies agreed that a portion of future stock option grants to senior executives be performance-based. One company, agreed to create a Corporate Governance Committee whose initial focus would be to develop a strategic plan with the goals of achieving 1) a majority of independent Directors on the Board and 2) solely independent directors on key committees. Another company recognized that annual election of directors provides more accountability to shareholders, and one company agreed it would evaluate the greenhouse gas (GHG) reporting protocol developed by the World Resources Institute.

CRPTF filed a total of 16 shareholder resolutions this proxy season on critical corporate governance issues, of those 7 were withdrawn due to settlements with the company and 9 were considered by shareholders of major corporations. Two resolutions received a majority of shareholder votes. One of the resolutions called for the company to elect all directors annually and the other resolution asking the company to increase the number of independent directors on its board.

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 and Loss Prevention

At the direction of Treasurer Nappier, the Office of the Treasurer has expanded its aggressive approach to recovery of assets and loss prevention as a result of malfeasance, unethical actions and other factors. The activities for the Fiscal Year ended June 30, 2002 included renegotiation of contract terms, negotiated settlement of fee disputes, elimination of contract ambiguities, development of best practice contract terms, enhancement of the proof of claim filing process, application to serve as lead plaintiff in class action litigation, encouragement of other institutional investor lead plaintiffs to aggressively negotiate reasonable legal fees and consideration of filing lawsuits. These efforts resulted in the recovery of $57.6 million for the fiscal year, for a total of $745.5 million from January 1999 through June 30, 2002.

Class Action Securities Litigation

The Office of the Treasurer continues its close monitoring of opportunities to recover lost assets through active participation in class action litigation. Through a Request for Qualifications process, the Office investigated and identified new resources to augment the successful recovery from such lawsuits.

The Office is actively participating as lead or co-lead plaintiff in two national class action lawsuits alleging misconduct against the Campbell Soup Company and JDS Uniphase. In November 2001, the Treasurer announced a $457 million settlement agreement between the parties in the Waste Management matter, for which Connecticut had previously been designated lead plaintiff.

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

Other Litigation

In February 2002, the Office of the Treasurer filed a civil action in Connecticut State Court against Forstmann Little and its partners, alleging breach of contract and breach of fiduciary duty. In September 2002, counsel filed a complaint expanding the list of defendants in the case against Forstmann Little. This case is being watched nationally as potentially groundbreaking with regard to the responsibility of general partners to limited partners in the private equity sector.

Combined Investment Funds Total Return Analysis (%)

	Fiscal Years Ending June 30,					Annualized		
Asset Class (% of Total Fund at 6/30/02)	**2002**	**2001**	**2000**	**1999**	**1998**	**Years**	**Years**	**Years**
Total Fund (100.0%)								
Combined Investment Funds	**(6.39)%**	**(3.68)%**	**13.13%**	**10.49%**	**17.19%**	**0.66%**	**5.72%**	**9.00%**
Connecticut Multiple Market Index (Without Objective)	(9.60)	(8.37)	10.31	13.60	19.68	(2.96)	4.44	N/A
Connecticut Multiple Market Index (With Objective)	(8.39)	(7.14)	11.95	14.22	20.21	(1.62)	5.51	N/A
U.S. Stocks (35.7%)								
Mutual Equity Fund (35.7%)	(14.95)	(9.55)	10.03	19.38	28.40	(5.40)	5.35	11.80
Russell 3000 Index	(17.24)	(13.93)	9.60	20.10	28.81	(7.92)	3.84	11.27
International Stocks (11.9%)								
International Stock Fund (11.9%)	(9.00)	(13.29)	20.13	6.77	1.52	(1.77)	0.54	6.49
International Stock Fund Hybrid Benchmark	(10.88)	(19.80)	20.77	7.62	6.10	(4.78)	(0.29)	6.07
Equity Commercial Real Estate (2.5%)								
Real Estate Fund	0.81	14.45	9.18	9.96	25.63	8.00	11.72	5.29
Russell NCREIF(1 Qtr. Lag)	6.40	11.88	11.10	14.32	15.48	9.90	11.99	8.25
U.S. Fixed Income (35.3%)								
Mutual Fixed Income Fund (34.9%)	5.64	8.03	5.77	2.64	10.52	6.47	6.49	7.51
Fixed Income Fund Hybrid Benchmark	5.04	9.26	5.66	3.13	10.54	6.64	6.69	6.90
Commercial Mortgage Fund (0.4%)	1.19	10.88	8.26	6.10	17.71	6.70	8.69	8.05
Lehman Aggregate Bond Index	8.63	11.23	4.56	3.13	10.54	8.11	7.57	7.34
Alternative Assets (12.2%)								
Private Investment Fund (12.2%)	(10.81)	(6.25)	53.86	(0.81)	18.55	8.76	8.63	11.85
Russell 3000 Index	(17.24)	(13.93)	9.60	20.10	28.81	(7.92)	3.84	11.27
Cash (2.4%)								
Cash Reserve Account (2.4%)	3.03	6.35	5.96	5.46	5.86	5.10	5.33	5.18
MFR Rated Index	2.22	5.74	5.58	5.03	5.49	4.50	4.80	4.61

Figure 1-1

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

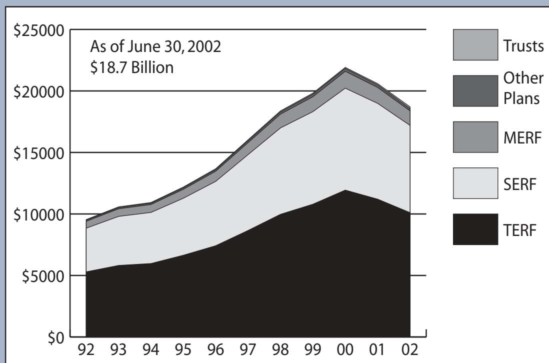
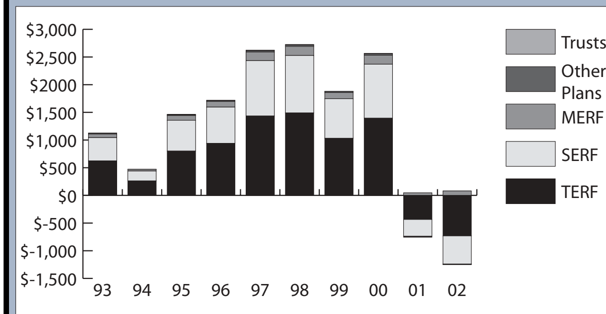


Figure 1-2

PENSION AND TRUST FUNDS
Investment Returns ($ in millions)



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

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

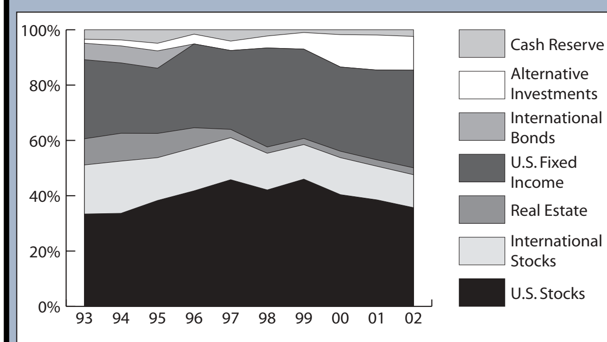


Figure 1-4

PENSION AND TRUST FUNDS ASSET ALLOCATION
Actual vs. Policy at June 30, 2002

	Actual	Target Policy	Lower Range	Upper Range
U.S. EQUITY	**35.7%**	**36.0%**	**29.0%**	**43.0%**
Mutual Equity Fund (MEF)	35.7%			
INTERNATIONAL EQUITY	**11.9%**	**18.0%**	**14.0%**	**22.0%**
International Stock Fund (ISF)	11.9%			
EQUITY COMMERCIAL REAL ESTATE	**2.5%**	**5.0%**	**4.0%**	**6.0%**
Real Estate Fund (REF)	2.5%			
U.S. FIXED INCOME	**37.7%**	**30.0%**	**26.0%**	**34.0%**
Mutual Fixed Income Fund (MFIF)	34.9%			
Commercial Mortgage Fund (CMF)	0.4%			
Cash Reserve Account (CRA)	2.4%			
ALTERNATIVE INVESTMENTS	**12.2%**	**11.0%**	**6.0%**	**11.0%**
Venture Capital Fund (VCF)	12.2%			
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, 2002**	**June 30, 2001**
MEF	8	10
ISF	6	6
PIF	35	35
MFIF	10	10
CMF	1	1
REF	7	7
CRA	1	1
Total[(1)]	68	70

(1) Actual total advisors was 64 and 66, respectively when factoring in advisors across multiple funds.

Figure 1-6

PENSION AND TRUST FUNDS
Periods ending June 30, 2002

	1 YR	3 YRS	5 YRS	10 YRS
Compounded, Annual Total Return (%)				
CRPTF	**-6.39**	**0.66**	**5.72**	**9.00**
CRPTF CMMI (Without Objective) Benchmark	-9.60	-2.96	4.44	N/A
CRPTF CMMI (With Objective) Benchmark	-8.39	-1.62	5.51	N/A
Cumulative Total Return (%)				
CRPTF	**-6.39**	**2.00**	**32.08**	**136.73**
CRPTF CMMI (Without Objective) Benchmark	-9.60	-8.62	24.20	N/A
CRPTF CMMI (With Objective) Benchmark	-8.39	-4.76	30.78	N/A

Figure 1-7

PENSION AND TRUST FUNDS
Annual Total Return

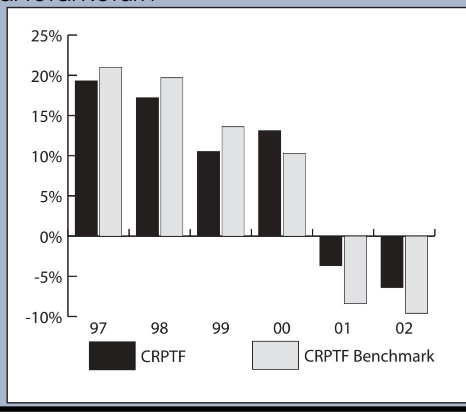


Figure 1-8

PENSION AND TRUST FUNDS
Annualized Standard Deviation

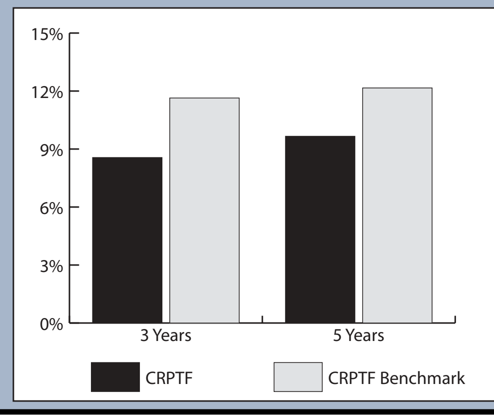


Figure 1-9

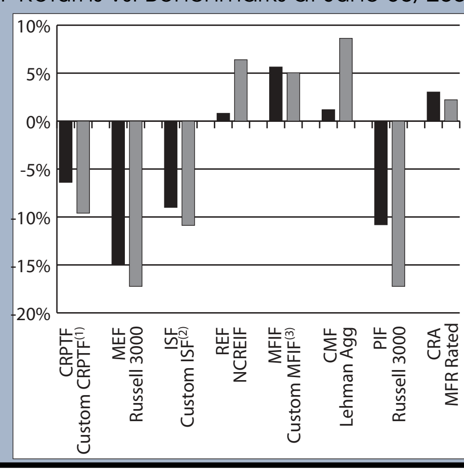
PENSION AND TRUST FUNDS
TUCS Ranking for Periods ending June 30, 2002

	1 YR	3 YRS	5 YRS	10 YRS
Public Funds >$1 Billion				
Percentile Return				
5th	0.92	4.24	6.40	10.22
25th	-4.99	0.48	5.94	9.82
50th	-5.82	-0.40	5.13	9.34
75th	-7.28	-2.04	4.64	8.84
95th	-8.64	-2.86	3.84	7.88
CT Pension and Trust Funds				
Return[1]	-6.27	0.87	5.96	9.29
Public Funds Ranking	60	19	18	54
Total Master Trusts Ranking	53	32	42	72

Source: State Street Bank
(1) Gross Return

Figure 1-10

PENSION AND TRUST FUNDS
CRPTF Returns vs. Benchmarks at June 30, 2002



(1) Total Fund Benchmark: Inception through 9/30/99: 40% Russell 3000, 15% MSCI EAFE Net, 28% LB Aggregate, 11% Russell 3000 Private Equity Fund, 4% NCREIF Property Index, 2% MFR Rated Index. 10/1/99 to date: 36% Russell 3000, 18% Int'l Stock Benchmark, 29% Mutual Fixed Income Benchmark, 5% Russell 3000 Real Estate Fund, 11% Russell 3000 Private Equity Fund, 1% MFR Rated Index.
(2) International Stock Fund Benchmark: 83% SSB EPAC BMI 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.

2002 cash reserve account

Fund Facts at June 30, 2002

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: MFR Index

Date of Inception: September 1, 1987

Total Net Assets: $1,443,006,366

Number of Advisors: 1external

Management Fees: $221,652

Operating Expenses: $283,238

Expense Ratio: 0.04%

Performance Summary

For the fiscal year ended June 30, 2002, the Cash Reserve Account (CRA) generated a return of 3.03% outperforming the benchmark MFR Rated Index of 2.22% by 0.81 basis points. The Fund's return also outperformed the 90 day Treasury Bill return of 2.46% by 57 basis points.

For the trailing three, five and ten-year periods, as shown in Figure 2-9, CRA's compounded annual total return was 5.10%, 5.33% and 5.18%, respectively, net of all expenses. The returns exceeded those of the MFR 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 MFR 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 rose $86 million or 6% to $1.443 billion on June 30, 2002 from 1.357 billion on June 30, 2001.

Portfolio Characteristics & Strategy

Tragedy, turbulent times, weakness abroad, and the continuing decline of the equity markets led the Fed to continue to lower the funds rate during the latter 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, and later flattened, the CRA Fund held up to 41% in asset-backed floating rate securities, enabling the fund to maintain positive yield. As the market conditions change we will look for opportunities to extend. The Fund's average maturity was 51 days at year-end June 30, 2002 matching the MFR Index at 51 days. The distribution of investments by maturity at June

30, 2002 was as follows: Overnight (5%); 2-90 days (77%); over 90 days (18%). The Fund's three largest security weightings at fiscal year-end included adjustable and fixed rate asset-backed securities (41%); CD's & ECD's (25%); and Floating Rate Corporate Notes (23%).

Economic Review

During the first quarter of the 2001-02 fiscal year, the Fed lowered the Federal Funds rate by 25 basis points on August 21st and the market continued to price an additional easing as early as the October 2nd meeting. The economic outlook had been trending downward during the quarter, some economists believing that we had entered into the beginning stages of a recession. Then the attacks on the World Trade Center in New York and the Pentagon in Washington occurred on September 11, 2001 creating greater uncertainty in the market. The attacks had a profound effect on the U.S. and the U.S. economy. The economy was deteriorating before the tragedy as seen in the jobless claims and consumer confidence numbers. Payrolls fell by 42,000 positions after dropping 93,000 a month earlier. Corporations announced large future layoffs adding further unease. As expected, consumer confidence took a sharp downturn in September. The Federal Reserve Board cut the Federal Funds rate again by 50 basis points on September 17, 2001, an inter-meeting move, attempting to calm the fragile markets. In its statement the Fed kept its bias tilted towards "weakness" and cited slower economic growth as a concern. They also vowed to keep the banking system fluid and provided a large amount of liquidity to the system to provide market stability. The Fed noted that employment, production, and business spending remained weak prior to the tragedy of September 11. The Fed cut rates on October 2, 2001 by 50 basis points and again on November 6, 2001 by another 50 basis points. The November rate cut was the 10th cut for the year and brought the Fed Funds rate to 2%, the lowest in 40 years. Policy makers decided that the rate cut was necessary to encourage businesses and consumers to keep spending. "Heightened uncertainty and concerns about a deterioration in business conditions both here and abroad are damping economic activity", the Fed said in a statement after the rate cut. With employment rising to a five-year high and consumer confidence falling to a 7 ½ year low, central bankers warned the economy faces a risk of continued weakness and suggested further reductions. The month of December began with the Federal Reserve policy makers reducing the Fed Funds rate on December 11, 2001, the 11th reduction for the year, signaling more cuts were possible as the economy tried to climb out of the recession. The Fed cut the funds rate by 25 basis points to 1.75% and the discount rate by 25 basis points to 1.25%. In the announcement the Fed indicated that the "risks remain weighted toward conditions that generate economic weakness." At the January 30, 2002, FOMC meeting, the Fed left the Fed Funds rate unchanged for the first time in a year and said the economy is beginning to recover from a recession that started last March. We saw conflicting data during the month of February. Payrolls fell 89,000, weaker than expected and consumer confidence was 94.1, lower than expected. Consumer confidence decline showed that consumers were reacting to reports of accounting problems and the Enron hearings. Economic releases in March were positive and it appeared that the economy was improving. At the March 19th FOMC meeting the Fed left rates unchanged and shifted to a neutral risk assessment. By April, the market came to the realization that the Fed might not raise rates at the next meeting. The combination of tensions in the Middle East hurting confidence, earnings worries, equity prices and mild data were all cited as reasons to doubt whether the Fed would need to raise rates at the next meeting. As expected, at the May 7th meeting, the FOMC kept rates and the neutral risk assessment unchanged until it is certain that the economy has begun a complete recovery. During the month of May, PPI unexpectedly fell to 0.2%; jobless claims remained at above 400,000 for the 5th week in a row and U.S. consumer confidence rose to a 1½ year high. At the June 26th FOMC meeting, the Fed left rates unchanged. The Fed made it clear that monetary policy was accommodative and expected demand to pick up but was uncertain of its strength. The market continued to be focused on equities, the Middle East, terrorism and the consumer. By the end of the 4th quarter, the bias was tilted towards economic weakness and the market was looking for the Fed to lower rates by the end of 2002. In an FOMC statement, the Fed recognized that the economy had lost momentum and referred to the impact of deteriorating financial markets on business.

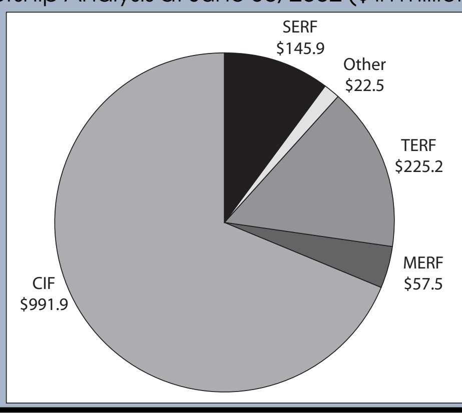
Risk Profile

Due to the short-term nature of CRA, it is generally considered to be low-risk. Consequently, returns realized by CRA may be 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 MFR Index, as evidenced by its relative volatility of 1.00. It's standard deviation of .17 suggests comparatively low overall volatility, while its beta of .82 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 benchmark of 0.53.

Figure 2-1

CASH RESERVE ACCOUNT
Ownership Analysis at June 30, 2002 ($ 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, 2002

Relative Volatility	1.00
Standard Deviation	0.17
R^2	0.84
Beta	0.82
Alpha	0.53

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

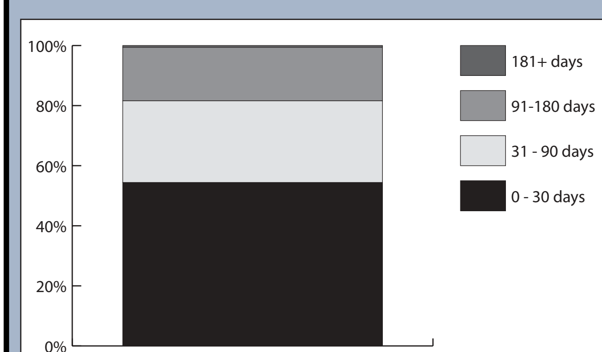
Figure 2-3

CASH RESERVE ACCOUNT
Quarterly Weighted Average Maturity

Quarter End	CRA	MFR Index
6/30/02	51 days	51 days
3/31/02	79 days	49 days
12/31/01	51 days	47 days
9/30/01	71 days	48 days
6/30/01	65 days	47 days

Figure 2-4

CASH RESERVE ACCOUNT
Security Maturity[1] Analysis at June 30, 2002



(1) Or Interest Rate Reset Period.

Figure 2-5

CASH RESERVE ACCOUNT
Distribution by Yield (1) at June 30,2002

Yield	
1.70% - 2.00%	57.7%
2.01% - 3.00%	28.7%
3.01% - 4.00%	9.4%
4.01% - 5.00%	0.1%
5.01% - 6.00%	0.1%
6.01% - 7.00%	2.8%
7.26+%	1.2%
TOTAL	100.0%

(1) Represents yield to maturity.

Figure 2-6

CASH RESERVE ACCOUNT
Distribution by Security Type at June 30, 2002

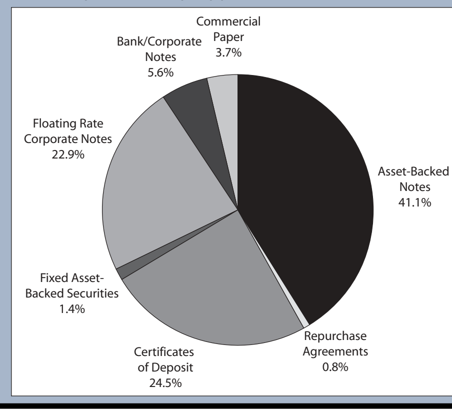


Figure 2-7

CASH RESERVE ACCOUNT
Comprehensive Profile

Date	Number of Issues	Yield(1)	Average Maturity	Average Quality
2002	104	3.03%	51 days	A-1+/AA+
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	MFR Index
6/30/02	2.30%	1.57%
3/31/02	2.30%	1.69%
12/31/01	2.67%	1.94%
9/30/01	4.28%	3.17%
6/30/01	4.81%	4.32%

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

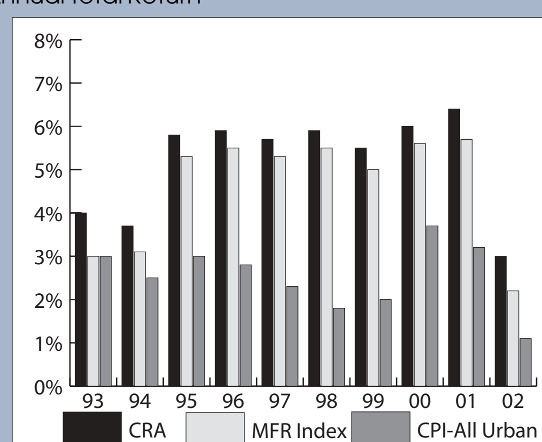
Figure 2-9

CASH RESERVE ACCOUNT
Periods ending June 30, 2002

	1 YR	3 YRS	5 YRS	10 YRS
Compounded, Annual Total Return (%)				
CRA	3.03	5.10	5.33	5.18
MFR Rated Index	2.22	4.50	4.80	4.61
CPI-Urban	1.08	2.68	2.34	2.53
Salomon 90-Day CD	2.62	4.93	5.19	5.02
Salomon 90-Day T-Bill	2.46	4.46	4.66	4.58
Cumulative Total Return (%)				
CRA	3.03	16.11	29.63	65.69
MFR Rated Index	2.22	14.12	26.40	56.94
CPI-Urban	1.08	8.26	12.25	28.34
Salomon 90-Day CD	2.62	15.52	28.80	63.14
Salomon 91-Day T-Bill	2.46	13.98	25.59	56.50

Figure 2-10

CASH RESERVE ACCOUNT
Annual Total Return



(1) Or Interest Rate Reset Period.

2002 mutual equity fund

Fund Facts at June 30, 2002

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: $6,676,591,128

Number of Advisors: 8 external

Management Fees: $18,468,060

Operating Expenses: $1,160,604

Expense Ratio: 0.27%

Turnover: 49.5%

Performance Summary

For the fiscal year ended June 30, 2002, the Mutual Equity Fund (MEF) generated a negative return of 14.95%, net of fees, which was better than the benchmark Russell 3000 index negative return of 17.24% by 229 basis points. The Fund's performance was driven primarily by active management in the small/mid cap segment and a slight over weighting in small cap stocks.

During this same period, MEF's net assets declined from $7.931 billion to $6.677 billion, a decrease of $1.254 billion. Of this net total change, $1.191 billion was due to unrealized capital losses partly offset by net investment income including realized gains, in addition to $63 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 -5.40%, 5.35%, and 11.80% over the last three, five, and ten-year periods, respectively. The Fund returns out-performed the Russell 3000 for the three, five, and ten-years periods by 252, 151, and 53 basis points, respectively.

The MEF's cumulative total returns for the three, five, and ten year periods ending June 30, 2002, were negative 15.35%, 29.75%, and 205.00%, 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 eight externally managed equity portfolios structured to approximate the composition of the Russell 3000 Index. Three advisors actively managed approximately 15% of the portfolio in small to mid-capitalization stocks. Two advisors invested a total of 10% of the portfolio in small to mid-capitalization stocks using an enhanced indexing strategy. Three advisors in large capitalization stocks (of which 48% was invested using enhanced indexing strategies and 27% was invested using a passive strategy) managed the balance of the portfolio, or approximately 75%. At fiscal year end, approximately $5.7 billion, or 85%, of the Fund's net assets were invested in indexed or enhanced index portfolios.

Portfolio Characteristics

At fiscal year-end, MEF was 98.8% invested, primarily in domestic stocks, reflecting the Fund's policy that it be fully invested. The largest industry weighting at June 30, 2002 was financials (17.2%), followed by information technology (16.8%) and health care (15.8%). (See figure 3-3.)

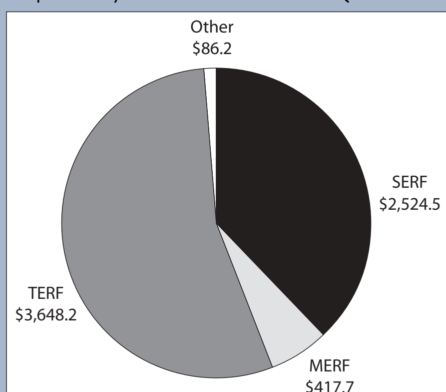
The MEF's ten largest holdings, aggregating to 18.7% of Fund investments, included a variety of blue chip companies. (See figure 3-9.)

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 1.2%, 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 1.51. (See figure 3-2.)

Figure 3-1

MUTUAL EQUITY FUND
Ownership Analysis at June 30, 2002 ($ 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, 2002

Relative Volatility	0.99
Standard Deviation	17.77
R^2	0.99
Beta	0.98
Alpha	1.51

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

Figure 3-3

MUTUAL EQUITY FUND
Fiscal 2002 Industrial Sector vs. Index (%)
Based on Investments in Securities,at Value (1)

At 6/30/2002:	MEF % of Net Assets	MEF Annual Return	Russel 3000 %of Net Assets	Russel 3000 Annual Return
Energy	6.4	-3.7	5.6	-5.2
Materials	3.5	-3.2	2.9	-3.1
Industrials	11.7	-13.5	11.2	-10.8
Consumer Discretionary	14.6	-9.0	13.3	-11.7
Consumer Staples	7.1	-2.3	7.8	-4.1
Health Care	15.8	-14.2	14.9	-16.6
Financials	17.2	-5.8	19.8	-5.8
Information Technology	16.8	-25.1	16.6	-26.9
Telecommunications	3.4	-24.0	4.3	-23.7
Utilities	3.5	-15.7	3.6	-14.6
	100.0		100.0	

(1) Excludes the Cash Reserve Account.

Figure 3-4

MUTUAL EQUITY FUND
Periods ending June 30, 2002

	1 YR	3 YRS	5 YRS	10 YRS
Compounded, Annual Total Return (%)				
MEF	-14.95	-5.40	5.35	11.80
Russell 3000	-17.24	-7.92	3.84	11.27
Cumulative Total Return (%)				
MEF	-14.95	-15.35	29.75	205.00
Russell 3000	-17.24	-21.94	20.76	190.91

Figure 3-5

MUTUAL EQUITY FUND
Annual Total Return

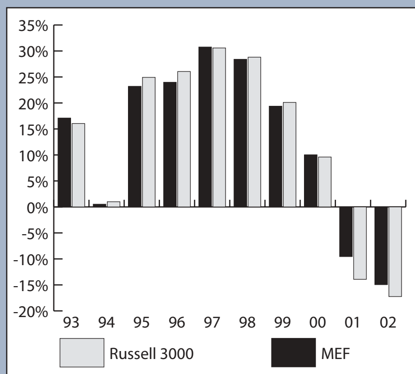


Figure 3-6

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

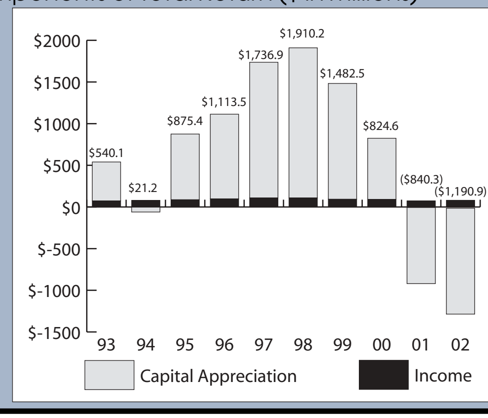


Figure 3-7

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

	2002		2001		2000		1999		1998	
	MEF	**Russell**	**MEF**	**Russell**	**MEF**	**Russell**	**MEF**	**Russell**	**MEF**	**Russell**
# of Issues	2,274	3,000	2,333	3,000	2,325	3,000	2,370	3,000	1,568	3,000
Cap ($ Bil)	$66.8	$70.2	$87.7	$94.9	$118.2	$121.3	$85.4	$86.6	$54.0	$56.0
P/E	29.3	30.4	24.1	26.3	26.8x	30.2x	31.4x	32.9x	28.3x	26.9x
Div Yield	1.50%	1.60%	1.20%	1.30%	1.10%	1.10%	1.20%	1.20%	1.30%	1.30%
ROE	15.5%	16.4%	20.0%	20.9%	19.4%	20.5%	20.2%	20.4%	20.2%	20.6%
P/B	4.2x	4.3x	5.3x	5.5x	9.8x	10.7x	7.5x	7.8x	7.6x	7.9x
Cash & Equiv.	1.2%	0.0%	1.3%	0.0%	0.9%	0.0%	1.1%	0.0%	1.4%	0.0%

Figure 3-8

MUTUAL EQUITY FUND
Investment Advisors at June 30, 2002

Investment Advisor	Net Asset Value	% of Fund
Large Cap	***$4,983,829,705***	***74.7%***
(Enhanced/Risk Controlled)		
J.P. Morgan Investment Mgmt., Inc.	1,649,462,642	24.7
BGI Barclays Global Investors, N.A.	1,551,751,769	23.3
(Index Passive)		
State Street Global Advisors	1,782,615,294	26.7
Small/Mid Cap	***$969,782,460***	***14.5%***
(Active Management)		
Trust Company of the West (Cowen)	363,262,313	5.4
Brown Capital Management, Inc.	319,310,979	4.8
Thomas Weisel Partners (Value Quest)	287,209,168	4.3
Small/Mid Cap	***$703,064,778***	***10.5%***
(Enhanced/Risk Controlled)		
AXA Rosenberg Investment Mgmt.	388,723,501	5.8
SSB Citigroup (The Travelers)	314,341,277	4.7
Other (1)	***$ 19,914,185***	***0.3%***

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

Figure 3-9

MUTUAL EQUITY FUND
Ten Largest Holdings at June 30, 2002

Security Name	Sector	Market Value	%
General Electric	Technology	$172,505,291	2.58%
Microsoft	Technology	163,389,721	2.44%
Exxon Mobil Corp.	Energy	146,689,116	2.19%
CitiGroup Inc.	Finance	139,648,878	2.09%
Pfizer Inc.	Health Care	130,896,500	1.96%
Wal Mart Stores Inc.	Non-Durables	116,126,660	1.74%
Johnson & Johnson	Health Care	111,351,479	1.67%
Procter & Gamble	Cons. Staples	95,265,597	1.42%
Amer. Int'l Group Inc.	Finance	94,999,972	1.42%
Verizon Comm.	Telecomms	80,972,231	1.21%
TOTAL		**$1,251,845,445**	**18.72%**

2002 international stock fund

Fund Facts at June 30, 2002

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 ISF Hybrid Benchmark after expenses.

Benchmark: ISF Hybrid Benchmark (83% Salomon Smith Barney Europe, Pacific, Asia Composite Broad Market Index, 50% Hedged and 17% MSCI Emerging Market Free)

Date of Inception: January 1, 1988

Total Net Assets: $2,226,726,323

Number of Advisors: 6 external

Management Fees: $15,054,168

Operating Expenses: $726,117

Expense Ratio: 0.67%

Turnover: 45.0%

Performance Summary

For the fiscal year ended June 30, 2002, the International Stock Fund (ISF) generated a negative return of 9.00%, net of fees, but performed better than the hybrid benchmark index return of negative 10.88% by 188 basis points. Active management in both the developed and emerging markets had a positive impact on relative performance.

During fiscal year 2002, ISF net assets decreased from $2.503 billion to $2.227 billion, a decrease of $276 million. This included realized and unrealized net capital losses of $266 million and $45 million due to net cash outflows to participating pension plans and trusts partly offset by net investment income of $35 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 301 and 83 basis points, respectively. For the trailing ten-year period, ISF's compounded annual total return was above the hybrid index by 42 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 Salomon Smith Barney Europe Pacific Asia Composite Broad Market Index (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 2002, 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, 2002, approximately 63% of the portfolio was managed by four advisors in countries comprising the MSCI EAFE, 15% was actively managed by two advisors within the emerging markets, and 22% 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. 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. Over fifty advisors were interviewed for five of the seven Fund mandates established during the structure review process completed at the end of fiscal 2000. In May 2002, Treasurer Nappier, with the endorsement of the Investment Advisory Council, selected twelve managers. The increase in the number of managers is being driven by the increased allocation of $1 billion to the ISF portfolio, which is consistent with the CRPTF's asset allocation policy. Contract and fee negotiations, including manager implementation, will occur during fiscal 2003. The Office of the Treasurer is currently in the process of interviewing advisors for the Currency Overlay mandate. This process is expected to be completed shortly.

Portfolio Composition

At fiscal year-end, ISF was 98.3% invested in international securities. Investments in Japan equity securities were the largest percentage of Fund assets, at 15.3%. United Kingdom accounted for 14.4% and German securities, 10.9% of investments. The Fund's allocation to non-EAFE countries, including the emerging markets, stood at 16.8% of investment in securities at the end of fiscal year 2002. 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 2,100 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 1.8% of investment securities, was Total FINA Elf Eur 10 of France. (See figure 4-9.)

In the aggregate, these ten holdings accounted for 11.1% of the Fund's investments at June 30, 2002.

Risk Profile

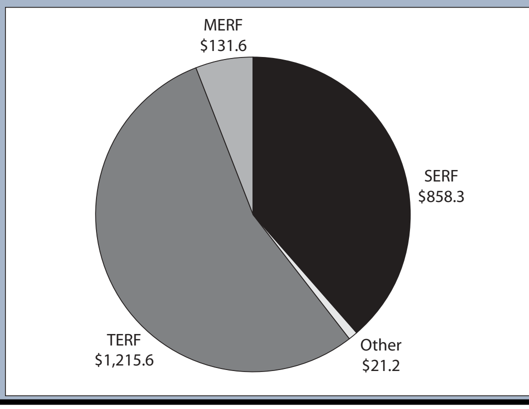
Given ISF's investment policies and objectives, the Fund is exposed to several forms of risk. These include, but are not limited to, political and economic risk, currency exchange risk, market risk, and individual company credit risk. Effective February 1, 1998, the three developed market managers were 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, 2002 has been 1.05%, while its high R^2 of 0.90 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 0.84. (See Figure 4-2.)

Figure 4-1

INTERNATIONAL STOCK FUND
Ownership Analysis at June 30, 2002 ($ 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, 2002

Relative Volatility	1.05
Standard Deviation	17.22
R^2	0.90
Beta	1.00
Alpha	0.84

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

Figure 4-3

INTERNATIONAL STOCK FUND
Comprehensive Profile at June 30, 2002

	ISF	ISF Hybrid Benchmark
Number of Issues	2,172	4,618
European Allocation (%)	60.9	57.5
Pacific Allocation (%)	22.3	23.4
Other (%)	16.8	19.1
Annual Total Return (%)	-9.00	-10.88

Figure 4-4

INTERNATIONAL STOCK FUND
Periods ending June 30, 2002

	1 YR	3 YRS	5 YRS	10 YRS
Compounded, Annual Total Return (%)				
ISF	-9.00	-1.77	0.54	6.49
ISF Hybrid Benchmark	-10.88	-4.78	-0.29	6.07
Cumulative Total Return (%)				
ISF	-9.00	-5.21	2.75	87.46
ISF Hybrid Benchmark	-10.88	-13.67	-1.45	80.24

Figure 4-5

INTERNATIONAL STOCK FUND
Annual Total Return

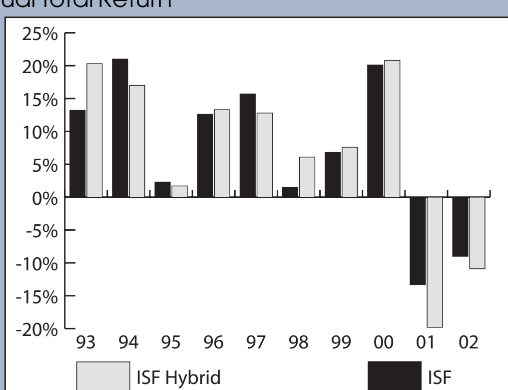


Figure 4-6

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

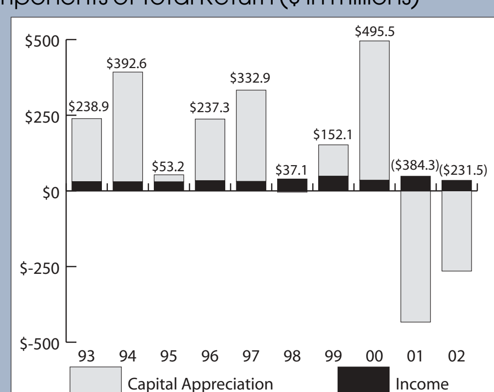


Figure 4-7

INTERNATIONAL STOCK FUND
Diversification by Benchmark Country with Return (%) at June 30, 2002 [1]

	ISF			ISF Hybrid Benchmark		
	% of Net Assets 6/30/01	% of Net Assets 6/30/02	Total Return	% of Net Assets 6/30/01	% of Net Assets 6/30/02	Total Return
Japan	14.5	15.3	-4.7	21.1	17.6	-17.2
United Kingdom	15.5	14.4	-10.5	18.1	21.4	-11.9
Germany	11.5	10.9	-2.7	7.0	5.7	-18.4
France	8.0	8.7	1.8	9.0	7.7	-16.1
Italy	5.9	6.3	1.9	3.8	3.2	-13.1
Switzerland	3.5	3.9	-7.2	5.4	6.2	-7.6
Netherlands	3.9	4.2	-3.9	4.4	4.7	-13.4
Spain	3.4	3.5	-6.0	2.3	2.5	-14.1
Hong Kong	3.7	3.6	-3.2	1.7	1.7	-13.3
Sweden	1.7	1.8	-8.3	2.0	1.6	-20.9
Australia	1.8	1.6	-4.3	2.7	3.3	0.3
Finland	1.2	1.1	-16.6	1.5	1.3	-26.5
Belgium	1.1	1.5	7.0	0.8	1.1	-8.0
Singapore	0.9	1.1	-11.0	0.7	0.7	-12.0
Denmark	0.8	0.8	-8.1	0.8	0.6	-15.6
Ireland	0.6	0.8	7.1	0.7	0.7	-21.9
Norway	2.0	1.8	-7.9	0.4	0.4	-13.0
Malaysia	0.3	0.6	-3.9	1.0	0.9	29.9
Austria	0.6	0.7	9.4	0.2	0.1	10.8
New Zealand	0.4	0.7	12.0	0.1	0.1	12.3
Portugal	0.5	0.5	0.2	0.4	0.3	-6.9
Other	18.2	16.2		15.9	18.2	
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, 2002

Investment Advisor	Net Asset Value	% of Fund
EAFE - Europe	**$477,694,320**	**21.4%**
Enhanced Passive		
State Street Global Advisors	477,694,320	21.4%
Core Management	**$1,407,742,186**	**63.2%**
Active		
Morgan Stanley Asset Management	563,150,953	25.3%
Grantham, Mayo, Van Otterloo & Co.	563,110,751	25.3%
Smith Barney Capital Management	147,049,854	6.6%
DSI International Management	134,430,628	6.0%
Emerging	**$335,375,715**	**15.1%**
Active		
Morgan Stanley Asset Management	194,361,607	8.8%
Pictet International Management	141,014,108	6.3%
Other [1]	**$ 5,914,102**	**0.3%**

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

Figure 4-9

INTERNATIONAL STOCK FUND
Ten Largest Holdings at June 30, 2002

Security Name	Country	Market Value	%
Total FINA Elf Eur 10	France	$39,820,965	1.75%
ENI Eur1	Italy	32,174,241	1.42%
Glaxosmithkline ORD GBP .25	United Kingdom	30,459,942	1.34%
Aventis SA Eur 3.82	France	24,053,714	1.06%
Deutsche Bank AG ORD NPV	Germany	23,639,307	1.04%
BP Amoco ORD USD 0.25	United Kingdom	21,132,130	0.93%
Nestle SA CHF1	Switzerland	20,342,347	0.89%
Vodafone Group ORD USD .10	United Kingdom	20,310,220	0.89%
DaimlerChrysler AG ORD NPV	Germany	20,124,721	0.89%
Shell Traspt & Trdg ORD GBP 0.25	United Kingdom	19,293,538	0.85%
TOTAL		**$251,351,125**	**11.06%**

2002 real estate fund

Fund Facts at June 30, 2002

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: $471,172,148

Number of Advisors: 7 external

Management Fees [1]: $1,321,960

Operating Expenses: $165,096

Expense Ratio: 0.31%

Capitalized and Netted Fees: $3,389,188

(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, 2002, the Real Estate Fund (REF) generated a total return of 0.81%, net of fees, which under performed the National Council of Real Estate Investment Fiduciaries Index (NCREIF) of 6.40% by 559 basis points. This performance is primarily attributable to REF's under exposure to core real estate property types and over exposure to senior living facilities and hotels.

During the fiscal year, the value of REF's portfolio declined from $476 million to $471 million. The $5 million decrease was primarily due to net distributions to unit holders. This amount was comprised of pension payments to beneficiaries of $18 million that were offset by net contributions from unit holders of $9 million. In addition, funds generated by operations contributed $4 million. Funds from operations were comprised of net investment income of $6 million, realized gains of $12 million and unrealized depreciation of $14 million.

For the trailing three, five and ten-year periods, REF's compounded annual total return was 8.0%, 11.7%, and 5.3%, respectively, net of all expenses. (See figure 5-8.) The REF returns under performed the benchmark in the three, five and ten year periods by 190 basis points, 27 basis points and 296 basis points, respectively. The under performance for the three and five year periods are indicative of the "J curve" effect of the four opportunity fund investments. In addition, the REF's recent performance has been hurt by markets that favor highly occupied cash generating properties while REF's concentration in opportunistic investments focus on the repositioning and sale of properties rather than on those that generate current income. 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) completed the search for a real estate investment consultant that was begun in 2001. The selection resulting from this process was Pension Consulting Alliance (PCA). PCA will assist the Treasurer and staff in the development and implementation of a renewed real estate investment program. It is anticipated that the requisite investment policy, investment planning and structural review will be completed prior to next fiscal year end.

During the fiscal year, the REF continued its existing investment strategies. With regard to REF's $350 million in commitments to opportunistic commingled funds, three of the four funds, accounting for $250 million of commitments, were fully committed at fiscal year end, with less than $3 million of unfunded commitment. REF funded $21 million to one remaining fund that has significant unfunded commitments of $17.6 million. Distributions received from these funds totaled $23 million. REF also has a fully funded commitment of almost $15 million to a non-opportunistic commingled fund. This fund generated distributions of $2 million. These funds generated a combined $25 million verus $34 million in the prior year.

The Fund also continued its program of attempting to opportunistically sell separate account investments that were acquired in the late eighties and early nineties. No such assets were sold during the fiscal year, as market conditions did not warrant such sales. 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 terror attacks on the World Trade Center complex in New York and on the Pentagon in Washington appeared to be the catalyst that pushed the U.S. into recession. In addition, they resulted in significant dislocations in both the property insurance and travel industries which impacted real estate. Despite this, commercial real estate was a positive performer in what was otherwise a difficult investment environment during fiscal 2002. Historically low interest rates helped to buttress real estate returns. However, the level of these returns and the underlying market fundamentals drastically deteriorated during the year. The U.S. recession hurt demand for space and drove up vacancies in all major property types and virtually every geographic region. Among the most dramatic examples was the technology crash that hit a number of markets such as San Francisco, Boston, Seattle and Austin, and the travails of the financial services industry, which disproportionately impacted New York City. The resulting weakness in demand for rental space caused its most significant impact in the office market. However this weakness in office properties eventually spread to both industrial and apartment properties.

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, 2002, 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 aggregated to 99.3% of REF investments. (See figure 5-12.)

As currently structured, office properties constitute the single largest component of REF's portfolio at 29%, with industrial 2%, retail 11%, apartments 7%, and hotel 9% comprising 58% of the Fund. The "other" category, which accounts for 42% of net assets, includes significant exposures in senior living (20%), mixed-use (11%) and storage facilities (6%). The balance of the portfolio is comprised of land, timberland, and cash and other monetary assets. (See figure 5-7.)

The portfolio is reasonably well diversified geographically with 29% of its assets invested in the East, 20% in the West, 26% in the South, and 11% in the Midwest. The remaining 14% is comprised of "other" and includes investments distributed nationally across the U.S. (5%), and internationally (8%), while cash and other net assets account for the remainder (1%). (See figure 5-6.)

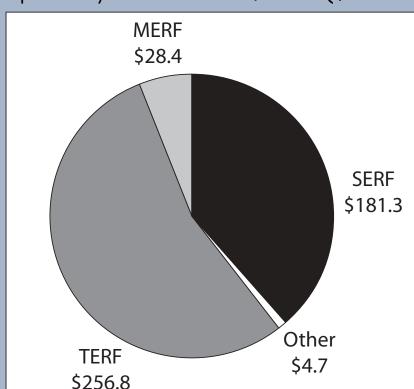
Risk Profile

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 0.03, which signifies almost no correlation between Fund returns and those of the benchmark, and its beta of negative 0.23, 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 negative 0.28 over the five-year time period. (See figure 5-2.)

Figure 5-1

REAL ESTATE FUND
Ownership Analysis at June 30, 2002 ($ 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, 2002

Relative Volatility	1.38
Standard Deviation	6.93
R^2	0.03
Beta	-0.23
Alpha	-0.28

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

Figure 5-3

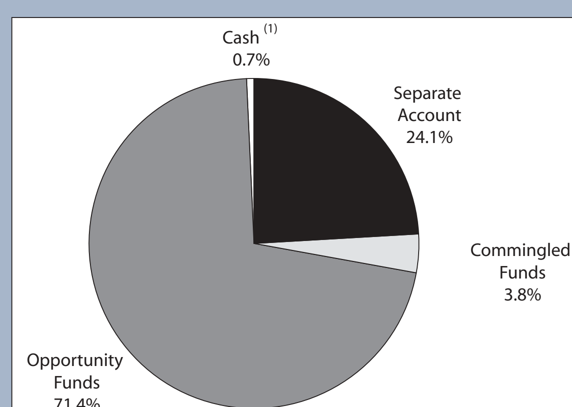
REAL ESTATE FUND
Investments Analysis (1)

At	No. of REF Investments	REF Book Value	REF Market Value
6/30/02	10	413,693,249	467,819,628
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

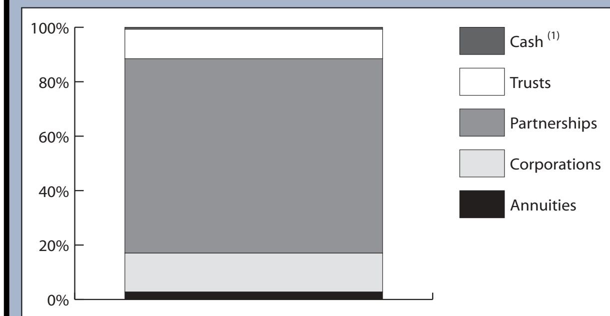
REAL ESTATE FUND
Distribution by Investment Type at June 30, 2002
Based on Investments in Securities, at Value



(1) Cash Reserve Account and other monetary assets.

Figure 5-5

REAL ESTATE FUND
Distribution by Investment Type at June 30, 2002
Based on Investments in Securities, at Value



(1) Cash Reserve Account.

Figure 5-6

REAL ESTATE FUND
Distribution by Geographic Location at June 30, 2002
Based on Investments in Securities, at Value

	REF	NCREIF	Variance
East	29.0%	28.0%	1.0%
Midwest	11.0%	15.0%	-4.0%
South	26.0%	21.0%	5.0%
West	20.0%	36.0%	-16.0%
Cash and Other Assets[1]	14.0%	0.0%	14.0%
	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, 2002
Based on Investments in Securities, at Value

	REF	NCREIF	Variance
Apartment	7.0%	18.0%	-11.0%
Industrial	2.0%	19.0%	-17.0%
Office	29.0%	41.0%	-12.0%
Retail	11.0%	20.0%	-9.0%
Hotel	9.0%	2.0%	7.0%
Cash and Other Assets[1]	42.0%	0.0%	42.0%
	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, 2002

	1 YR	3 YRS	5 YRS	10 YRS
Compounded, Annual Total Return (%)				
REF	0.81	8.00	11.72	5.29
NCREIF Property	6.40	9.90	11.99	8.25
Cumulative Total Return (%)				
REF	0.81	25.96	74.01	67.43
NCREIF Property	6.40	32.73	76.19	120.87

Figure 5-9

REAL ESTATE FUND
Annual Total Return

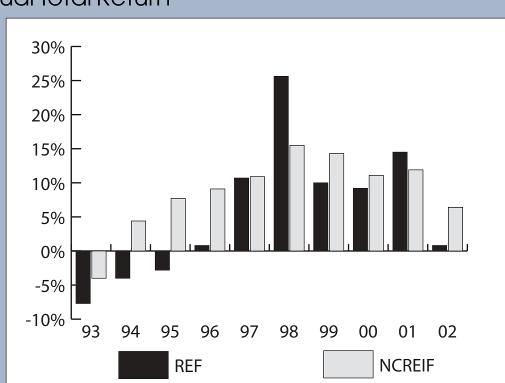


Figure 5-10

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

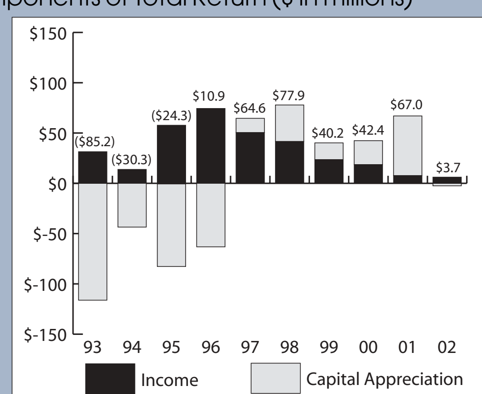


Figure 5-11

REAL ESTATE FUND
Investment Advisors at June 30, 2002

Investment Advisor	Net Asset Value	% of Fund
AEW Capital Management	$138,243,205	29.4%
Walton Street Real Estate Fund II LP	91,128,647	19.3%
Apollo Real Estate Investment Fd III, LP	84,347,518	17.9%
Westport Senior Living - Fund, LP	73,832,010	15.7%
Tishman Hotel Corp.	51,557,186	10.9%
Wachovia Bank of Georgia, N.A.	15,711,713	3.3%
TimesSquare Real Estate Investors	12,958,663	2.8%
Other (1)	3,393,206	0.7%

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

Figure 5-12

REAL ESTATE FUND
Ten Largest Holdings at June 30, 2002

Property Name	Type	Market Value	%
Walton Street Fd III, LP	Various	$91,128,647	19.34%
AEW Partners III. LP	Various	87,236,823	18.52%
Apollo Real Est Invest Fd III	Various	84,347,518	17.90%
Westport Senior Living Fd, LP	Sr Living	73,832,010	15.67%
New Goodwin Square, LLC	Mixed	51,557,186	10.94%
Union Station LTD LP	Mixed	33,233,330	7.06%
AEW 221 Trust	Various	17,773,052	3.77%
Wachovia Timberlnd Dublin	Timber	14,140,542	3.00%
Worcester Center	Mixed	12,958,663	2.75%
Wachovia Timberlnd Balls	Timber	1,571,171	0.33%
TOTAL		**$467,778,942**	**99.28%**

mutual fixed income fund

Fund Facts at June 30, 2002

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: $6,526,251,325

Number of Advisors: 10 external

Management Fees: $10,433,845

Operating Expenses: $959,415

Expense Ratio: 0.17%

Turnover: 347.6%

Performance Summary

For the fiscal year ended June 30, 2002, the Mutual Fixed Income Fund (MFIF) generated a total return of 5.64% net of fees, out-performing the hybrid benchmark return of 5.04 by 60 basis points.

Principal reasons for the Fund's performance was due to an underexposure to high yield and emerging market debt segments and an overexposure to the core fixed income segment relative to the benchmark.

Comparative returns from other indexes include: The Salomon High Yield Market Index negative 4.7%, and JP Morgan Emerging Markets Bond Index negative 5.2% (JP EMBI+).

During the fiscal year, the Fund decreased $60 million, from $6.586 billion to $6.526 billion. Of this total, $409 million resulted from net investment income and $50 million from realized and unrealized losses, which were partly offset by $419 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 6.47%, 6.49% and 7.51%, respectively, net of all expenses. These returns exceeded those of the Fund's benchmark for the 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, 2002, were 20.70%, 36.92% and 106.30%, 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.

During fiscal year 2002, the Office of the Treasurer began a structure review for the Fund as part of its continuing implementation of the Asset Allocation Policy and strategy for the Mutual Fixed Income Fund.

At June 30, 2002, ten advisors managed investments in the Fund. The Fund's investments were allocated to six advisors investing 84% of the portfolio in core/core-plus strategies, one advisor with 4% in a convertible bond mandate, and four advisors actively investing 12% 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 28.3% of the Fund's investment securities at fiscal year-end. Government securities were above the benchmark at 42.3% of the Fund, compared to 33.8% 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 50.9% 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, 89.0% of Fund investments were in fixed income securities with the balance held in cash.

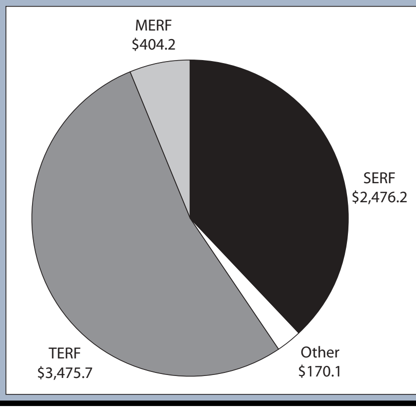
Risk Profile

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, 2002, the Fund's duration was at 4.7 years versus 4.4 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, 2002 ($ in millions)



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

Figure 6-2

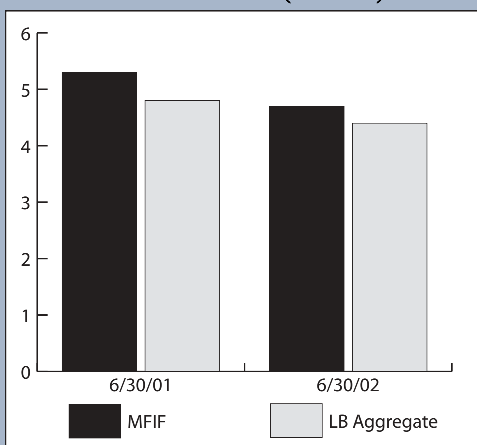
MUTUAL FIXED INCOME FUND [(1)]
Risk Profile at June 30, 2002

Relative Volatility	1.05
Standard Deviation	3.64
R^2	0.63
Beta	0.84
Alpha	-0.20

(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, 2002
Based on Investments in Securities, at Value

	MFIF	LB Aggregate	Variance
Treasury	16.2%	22.9%	-6.7%
Agency	26.1%	10.9%	15.2%
Corporate	28.3%	23.5%	4.8%
Mortgage-Backed	8.6%	35.5%	-26.9%
Asset-Backed	2.5%	1.7%	0.8%
Other [(1)]	18.3%	5.5%	12.8%
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, 2002
Based on Investments in Securities, at Value

Aaa	43.9%
Aa	2.6%
A	6.9%
Baa	9.3%
Less than Baa	10.1%
Not Rated[1]	16.3%
Cash[(2)]	10.9%
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, 2002
Based on Investments in Securities, at Value

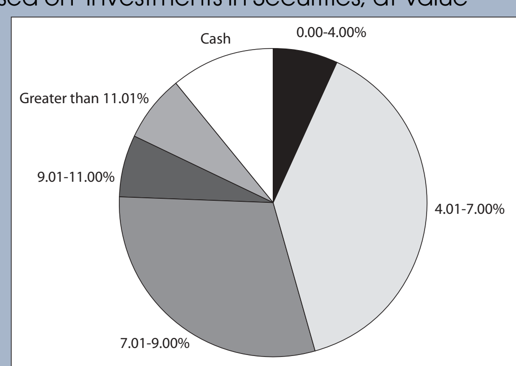


Figure 6-7

MUTUAL FIXED INCOME FUND
Macauley Duration Distribution at June 30, 2002
Based on Investments in Securities, at Value

0-3 Years	21.3%
3-5 Years	34.5%
5-7 Years	13.3%
7-10 Years	5.8%
10+ Years	8.7%
Unknown(1)	5.5%
Cash(2)	10.9%
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, 2002

	1 YR	3 YRS	5 YRS	10 YRS
Compounded, Annual Total Return (%)				
MFIF	5.64	6.47	6.49	7.51
MFIF Hybrid Benchmark	5.04	6.64	6.69	6.90
Cumulative Total Return (%)				
MFIF	5.64	20.70	36.92	106.30
MFIF Hybrid Benchmark	5.04	21.27	38.25	94.96

Figure 6-9

MUTUAL FIXED INCOME FUND
Annual Total Return

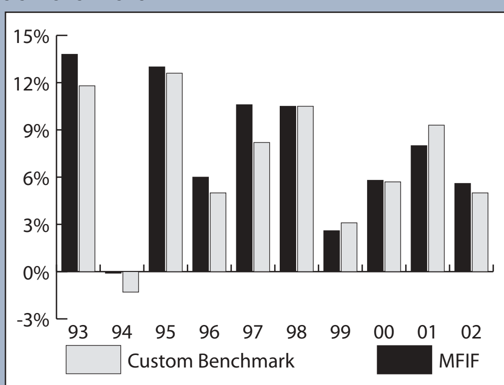


Figure 6-10

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

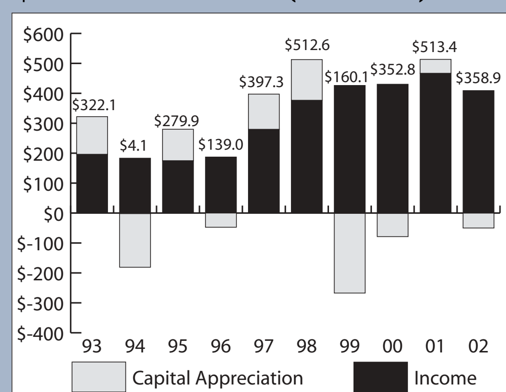


Figure 6-11

MUTUAL FIXED INCOME FUND
Investment Advisors at June 30, 2002

Investment Advisor	Net Asset Value	% of Fund
Core	**$5,466,922,917**	**83.8%**
State Street Global Advisors	1,500,272,794	23.0%
BlackRock Financial Mgmt Inc.	1,172,781,766	18.0%
Wellington	1,026,526,130	15.7%
Western Asset Mgmt. Co.	799,889,798	12.3%
J.P. Morgan Investment Mgmt	656,236,139	10.0%
Phoenix	311,216,290	4.8%
Convertibles	**$275,742,074**	**4.2%**
Oaktree Capital Mgmt., L.L.C.	275,742,074	4.2%
High Yield	**$760,729,116**	**11.7%**
Loomis Sayles & Co., Inc.	274,473,207	4.2%
W.R. Huff Asset Management	218,656,263	3.4%
Oaktree Capital Mgmt., L.L.C.	209,719,414	3.2%
Triumph II LP	57,880,232	0.9%
Other (1)	**$22,857,218**	**0.3%**

(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, 2002

Security Name	Maturity	Market Value	%
GNMA-TBA	12/15/2032	$170,748,000	2.34%
FNMA-TBA	12/31/2032	84,049,350	1.15%
FHLMC-TBA	12/31/2032	81,721,729	1.12%
FNMA-TBA	12/31/2032	78,414,161	1.07%
FHLMC-TBA	12/31/2032	76,429,494	1.05%
U.S. Treasury Notes	05/15/2007	71,068,944	0.97%
FNMA-TBA	12/01/2032	69,812,239	0.96%
U.S. Treasury Notes	05/31/2004	62,781,524	0.86%
GNMA-TBA	12/31/2032	62,611,077	0.86%
U.S. Treasury Bonds	11/15/2021	58,082,115	0.80%
TOTAL		**$815,718,633**	**11.18%**

Figure 6-13

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

	2002		2001		2000		1999		1998	
	MFIF	LB Agg	MFIF	LB Agg	MFIF	LB Agg	MFIF	LB Agg	MFIF	LB Agg
Number of Issues	4,071	6,892	3,633	6,414	3,226	5,974	2,689	5,381	2,086	6,860
Average Coupon	6.60%	6.50%	6.90%	6.90%	7.00%	7.00%	6.60%	6.90%	7.00%	7.20%
Yield Maturity	6.50%	5.30%	7.60%	6.20%	8.20%	7.20%	7.60%	6.50%	6.80%	6.10%
Average Maturity	8.40	7.30	9.70	8.30	9.70	8.50	10.30	8.90	9.70	7.90
Modified Duration (2)	4.70	4.40	5.30	4.80	5.40	4.90	6.20	5.10	5.70	4.60
Average Quality	AA-3	AA-1	AA-3	AA-1	AA-3	AAA	A1	AAA	A1	AAA
Cash (1)	10.9%	0.0%	10.3%	0.0%	13.0%	0.0%	13.1%	0.0%	10.1%	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 (%)

	6/30/02	3/31/02	12/31/01	9/30/01	6/30/01
MFIF	**5.83**	**6.20**	**6.11**	**6.09**	**6.27**
Leh Agg	6.13	6.37	6.35	6.37	6.63
Salomon 91 Day T-Bill	1.74	1.76	1.78	3.36	3.65
Lehman Treasury	5.55	5.83	5.80	5.85	6.16
Lehman Agency	5.15	5.41	5.46	5.58	5.93
Lehman Mortgage	6.40	6.57	6.63	6.60	6.82
Lehman Corporate	6.85	7.04	6.92	6.93	7.12
Lehman Asset Backed	5.63	5.86	5.85	5.90	6.17

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

2002 commercial mortgage fund

Fund Facts at June 30, 2002

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: $73,260,715

Number of Advisors: 1external

Management Fees: $442,777

Operating Expenses: $15,149

Expense Ratio: 0.53%

Performance Summary

For the fiscal year ended June 30, 2002, the Commercial Mortgage Fund (CMF) generated a return of 1.19%, net of management fees and operating expenses, under performing the Lehman Aggregate Index of 8.63% by 744 basis points. The Fund's unfavorable performance is attributable to exposure to under performing hotel loans, negative market pricing for lower quality loans and its shorter duration than the benchmark in a period of declining interest rates.

During the fiscal year, CMF assets declined from $101 million to $73 million, a decrease of $28 million. This decrease was due to cash outflows to the Fund's unit holders. Such outflows were paid from loan maturity and amortization proceeds. The $7 million of interest generated was paid 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 6.70%, 8.69% and 8.05%, respectively, net of all expenses. For the three-year period ended June 30, 2002, CMF under performed the index by 141 basis points. The Fund's results over the five and ten-year periods exceeded the index by 112 basis points and 71 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 U.S. economy fell into recession before emerging in a tentative recovery. This recovery has not generated the hoped for rebound in commercial activity. Such a rebound is necessary to enhance loan values for lower quality debt which have been constrained despite historically low interest rates. Hotel loans, which account for two of the portfolio holdings and 26% of the fair value of the Fund, were especially hard hit in the aftermath of September 11, 2001. Subsequent to that date, travel and travel-related industries experienced significant difficulties. The portfolio's hotel loans were written down by $6 million or 23% of their pre September 11 values in response. One of these went into default. By fiscal year end, the default was cured. The hotel properties that secure these loans were both experiencing improved operations at June 30, 2002. This improvement did not, however, translate into improved loan valuations. The weak U. S. economy impacted the non-hotel portfolio loans as well. During the fiscal year, the pricing of these loans was capped at 105% of par to recognize the lack of market demand for loans of similar quality. This change resulted in additional valuation reductions of almost $3 million or 6% of the non-hotel loan's combined prior value.

Portfolio Characteristics

During fiscal year 2002, the Fund did not close any new commercial mortgage loan investments. One portfolio loan was paid off. This loan was paid off at maturity and, accordingly, did not generate a prepayment penalty. As the Fund has stopped making new loans and its existing loans mature, diversification has been decreasing.

The largest portion of the Fund's net assets, 40%, was invested in residential sector at fiscal year-end, followed by 26% in the hotel sector and a 9% investment in retail properties. (See figure 7-4.) The Fund has retained some diversification across geographic regions with 50% of investments located in the Northeast, 21% in the East North Central, 16% in the Mountain and 6% in the Pacific. The concentration in the Northeast increased during the year as combined effect of the one loan maturity and scheduled amortization disproportionately reduced the Fund's exposure to other regions. (See figure 7-5.)

The CMF's ten largest holdings aggregated to 93.1% of Fund investments. (See figure 7-11.)

The portfolio is relatively healthy from a credit risk standpoint. Despite a period of default for one of the Fund's loans, CMF had no delinquent or non-performing loans at fiscal year end. None of the Fund's investments are scheduled to mature over the next 12 months.

Risk Profile

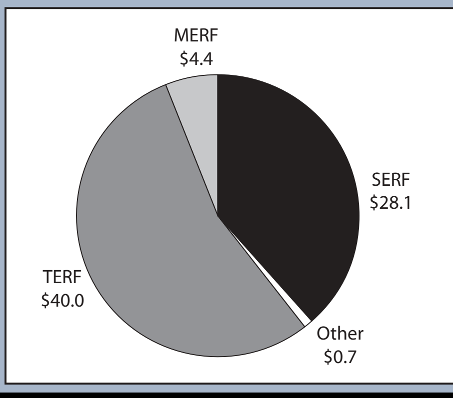
Given CMF's investment policies and objectives, the Fund is exposed to several forms of risk. These include risks specific to fixed income investing, such as purchasing power risk, market risk, and default risk. Moreover, falling interest rates subject commercial mortgages to the risk of prepayment, 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, 2002, the Fund's duration was 2.8 years versus 4.4 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 1.90, 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 0.37 signifies low sensitivity to movements in the index as a whole, CMF's five-year monthly alpha at June 30, 2002, or return in excess of that predicted by returns in the overall market, was 1.12. (See figure 7-2.)

Figure 7-1

COMMERCIAL MORTGAGE FUND
Ownership Analysis at June 30, 2002 ($ 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, 2002

Relative Volatility	1.90
Standard Deviation	6.37
R^2	0.04
Beta	0.37
Alpha	1.12

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

Figure 7-3

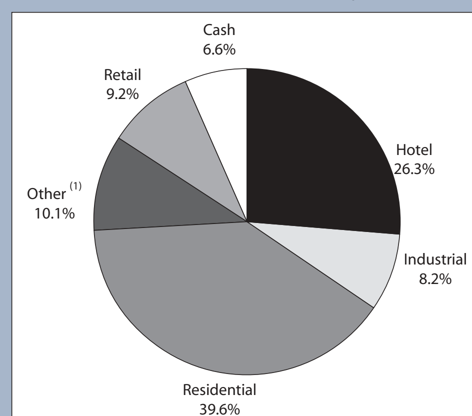
COMMERCIAL MORTGAGE FUND
Quarterly Current [(1)] Yield Analysis

	CMF	LB Aggregate
6/30/02	9.18%	6.13%
3/31/02	9.19%	6.37%
12/31/01	9.18%	6.35%
9/30/01	9.23%	6.37%
6/30/01	9.32%	6.63%

(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, 2002
Based on Investments in Securities, at Value



(1) Includes senior ground leases.

Figure 7-5

COMMERCIAL MORTGAGE FUND
Distribution by Location at June 30, 2002
Based on Investments in Securities, at Value

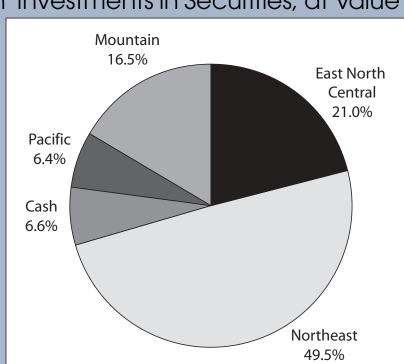


Figure 7-6

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

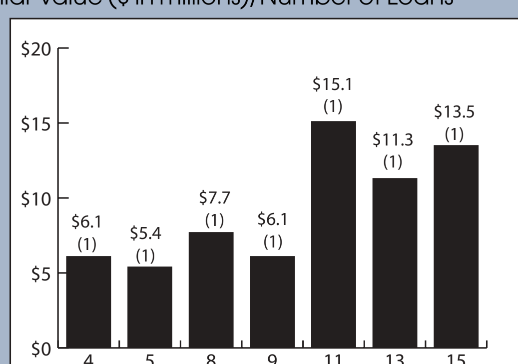


Figure 7-7

COMMERCIAL MORTGAGE FUND
Periods ending June 30, 2002

	1 YR	3 YRS	5 YRS	10 YRS
Compounded, Annual Total Return (%)				
CMF	1.19	6.70	8.69	8.05
Lehman Agg	8.63	8.11	7.57	7.34
Cumulative Total Return (%)				
CMF	1.19	21.46	51.70	116.84
Lehman Agg	8.63	26.34	44.04	103.12

(1) Cash Reserve Account.

Figure 7-8

COMMERCIAL MORTGAGE FUND
Annual Total Return

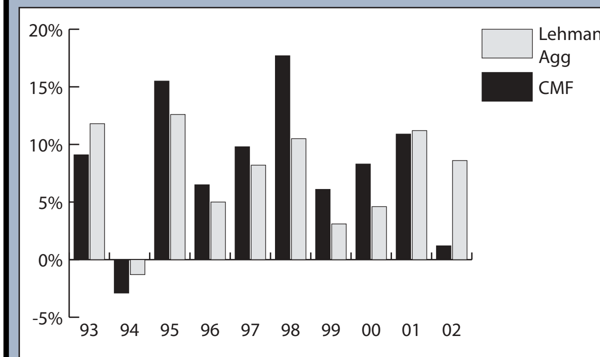


Figure 7-9

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

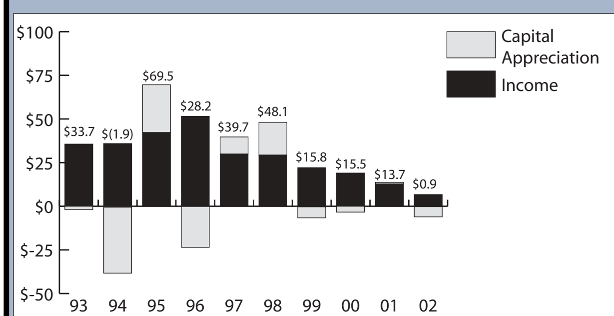


Figure 7-10

COMMERCIAL MORTGAGE FUND
Investment Advisors at June 30, 2002

Investment Advisor	Net Asset Value	% of Fund
AEW Capital Management, LP	67,188,365	91.7%
Other (1)	6,072,350	8.3%

(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, 2002

Property Name	Property Type	Market Value	%
SASCO	Other	$19,106,983	26.74%
Greenhill Apts.	Residential	15,066,142	21.08%
57 Park Plaza	Hotel	13,460,370	18.83%
North Haven Crossing	Retail	6,150,418	8.61%
Bidderman	Warehouse	6,107,259	8.55%
Sheraton Denver West	Hotel	5,514,204	7.72%
Yankee Mac E 11.056%	Residential	608,966	0.85%
Yankee Mac F 12.981%	Residential	229,852	0.32%
Yankee Mac G 9.50%	Residential	152,536	0.21%
Yankee Mac C 14.00%	Residential	144,128	0.20%
TOTAL		**$66,540,858**	**93.11%**

2002 private investment fund

Fund Facts at June 30, 2002

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

Number of Advisors: 35 external

Operating Expenses: $4,701,157

Capitalized and Netted Fees: $35,219,314

Total Net Assets: $2,281,024,220

Expensed Management Fees [(1)]: $6,958,306

Expense Ratio: 0.48%

(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, 2002, the Private Investment Fund (PIF) generated a negative return of 10.81%. The fiscal year 2002 continues to present a difficult environment for private equity investments. The industry continues to consolidate and many partnerships have reduced their fund size and returned unused capital to Limited Partner investors. According to Business Week, in the last six months of 2002, venture capital (VC) investors have given back $3 billion to investors. According to the Financial Times, after investing over $100 billion in 2000, the VC industry appears to be returning to the pre-boom days of 1995-1996, when only $5 billion was invested annually.

Despite the overall slowdown in investment activity as seen in the 49% year-over-year decline in VC investments, there are several sectors that have received attention in 2002. According to GenomeWeb, the total VC investment in the biotech sector actually increased 44% in 2002. During the June 2002 quarter alone, 62 biotech start-ups received a total of $984 million in VC financing, compared to $680 million in the year-earlier period. In addition, according to the Wall Street Journal, VC firms have been targeting new portfolio investments in companies boasting innovative security-related technology that can be utilized in the war against terrorism. The interest in this sector is a function primarily of the $38 billion in new U.S. government spending slated for homeland security.

The liquidity market for venture-backed companies has experienced an improvement recently. According to the National Venture Capital Association twelve domestic venture-backed companies raised $1.3 billion in initial public offerings during the June quarter, up from four new issues that raised $376 million during the March quarter. It was the second-best showing in the past six quarters, just behind the 14 new issues that raised $1.4 billion in the December quarter. The most active sectors included health care companies issues (five in all), followed by enterprise software companies, and IT services for corporations and the government. The consumer and business services sector was also strong, accounting for three of the newly public companies: Netflix, Printcafe Software, and JetBlue Airways.

The buyout segment also experienced an increase in activity over the most recent quarter. According to Buyouts, buyout firms completed about $5.5 billion worth of deals in the June quarter, compared with $3.9 billion in the March quarter 2002 and $3.8 billion in the December quarter. The number of deals also picked up in the June quarter, totaling 51, compared with 34 deals in the March quarter. The communications and semiconductor segments were well represented in the quarter's largest M&As, accounting for seven of the top ten. In the largest transaction, Hammerhead Networks, a connectivity tools developer, was acquired by Cisco Systems for $173 million in stock.

During fiscal year 2002, PIF's assets decreased from $2.607 billion to $2.281 billion, a decrease of $326 million. The decrease was due to $38 million of net cash outflows from participating pension plans and trusts partly offset by $288 million of realized and unrealized capital losses net of investment income.

The Fund outperformed the assigned benchmark, which had a negative return of 17.24% 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 more than 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 $3.3 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, eleven on venture capital strategies, six on mezzanine debt strategies, and five on international strategies. Five advisors each managed multiple 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 rolling ten-year period, the Russell 3000 Index by 500 basis points, or five percentage points.

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, 2002, the PIF had aggregate capital commitments in the amount of $3.3 billion to 42 partnerships of which approximately 82 percent, or $2.7 billion has been "drawn down" for investment purposes while the balance of approximately $0.6 billion or 18 percent is committed but uninvested. (See Figure 8-6.)

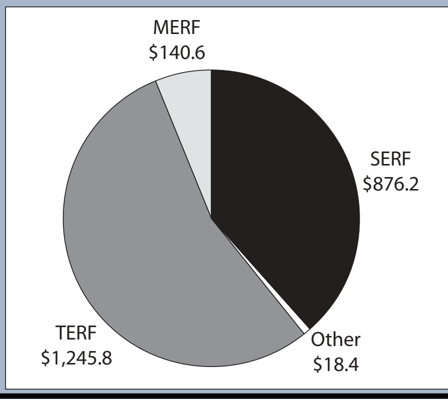
Risk Profile

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 0.81 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 positive 4.79. (See Figure 8-2.)

Figure 8-1

PRIVATE INVESTMENT FUND
Ownership Analysis at June 30, 2002 ($ in millions)



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

Figure 8-2

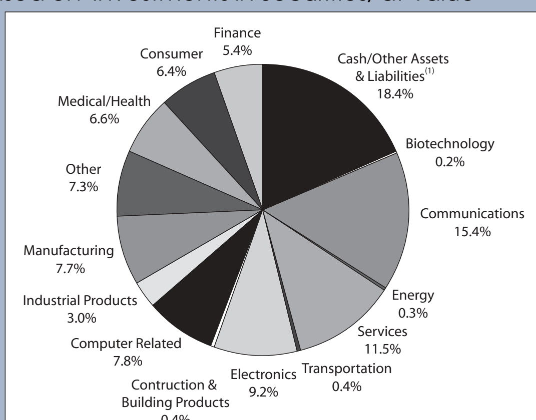
PRIVATE INVESTMENT FUND (1)
Risk Profile at June 30, 2002

Relative Volatility	0.81
Standard Deviation	14.45
R^2	0.02
Beta	-0.12
Alpha	4.79

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

Figure 8-3

PRIVATE INVESTMENT FUND
Distribution by Industry at June 30, 2002
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, 2002
Based on Investments in Securities, at Value

Region	%
Cash/Other Assets & Liabilities (1)	18.4
Southeast	16.6
Mid-Atlantic	15.5
International	14.5
West Coast	9.9
Southwest	8.7
MidWest	8.5
Northeast	7.7
Unclassified (2)	0.2
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, 2002

	1 YR	3 YRS	5 YRS	10 YRS
Compounded, Annual Total Return (%)				
PIF	-10.81	8.76	8.63	11.85
Russell 3000	-17.24	-7.92	3.84	11.27
Cumulative Total Return (%)				
PIF	-10.81	28.65	51.28	206.45
Russell 3000	-17.24	-21.94	20.76	190.91

Figure 8-6

PRIVATE INVESTMENT FUND
Distributed by Committed and Invested Capital
As of June 30, 2002 ($ in millions)

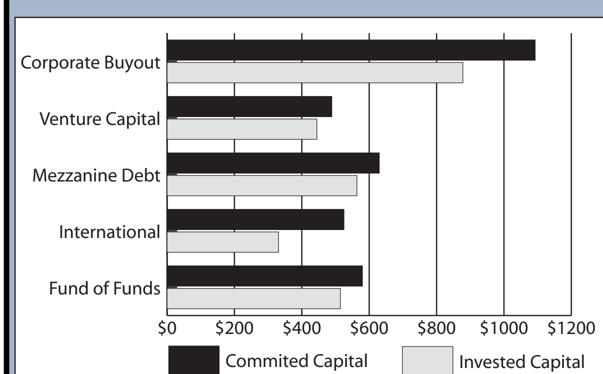


Figure 8-7

PRIVATE INVESTMENT FUND
Annual Total Return

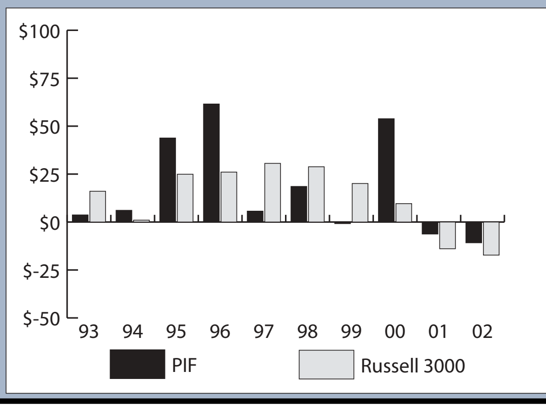


Figure 8-8

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

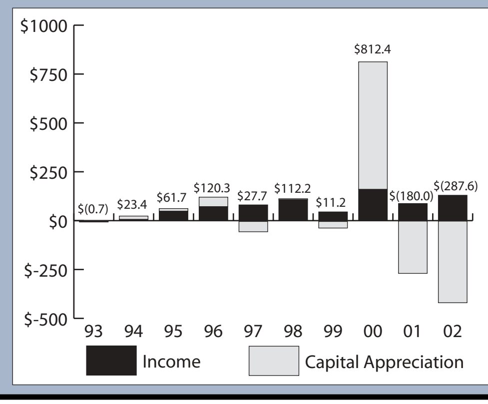


Figure 8-9

PRIVATE INVESTMENT FUND
Ten Largest Holdings at June 30, 2002

Company	Industry	Market Value	%
Integrated Defense Technologies	Electronics	$156,742,612	6.88%
Raytheon Aerospace Company	Services	52,440,155	2.30%
AMFM, Inc.	Communications	51,165,696	2.25%
BC Components Holdings B.V.	Electronics	31,983,412	1.40%
TRAK Communications, Inc.	Communications	30,788,815	1.35%
Citadel Communications Corp.	Communications	27,269,639	1.20%
Global Beverage Systems, Inc.	Consumer	27,257,356	1.20%
Rossi American Hardwoods	Industrial Products	22,574,795	0.99%
Optical Capital Group, Inc.	Industrial Products	22,461,952	0.99%
Metris Companies, Inc.	Services	21,304,072	0.94%
TOTAL		**$443,988,504**	**19.50%**

Figure 8-10

PRIVATE INVESTMENT FUND
New Investments Made in Fiscal Year 2002[(1)] (in Excess of $3 Million)

Description	Industry	Cost	Investment Type	Inv. Date
Olympus Re Holdings, Ltd.	Finance	$ 9,307,954	International	December-01
Montpelier Re Holdings, Ltd.	Finance	6,177,920	International	December-01
American Coin Merchandising, Inc.	Consumer	5,030,265	Buyout	February-02
Joan Fabrics Corporation	Manufacturing	4,572,637	Mezzanine	October-01
DelStar Holding Corporation	Manufacturing	3,057,368	Venture	September-01
ArmKel, LLC	Consumer	3,021,887	Buyout	September-01
Total:		**$31,168,031**		

(1) These holdings represent underlying portfolio companies that were invested in by the Fund during fiscal year 2002 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, 2002. Additional investments of less than $3.0 million were made in 108 companies totaling $19.2 million.

Figure 8-11

PRIVATE INVESTMENT FUND
Investment Advisors at June 30, 2002

Investment Advisor	Net Asset Value	% of Fund
Corporate Buyout	**$820,563,562**	**36.0%**
Veritas Capital Fund	264,903,172	11.6%
Hicks, Muse Tate & Furst Equity Fund III	100,386,904	4.4%
Thomas H. Lee Equity Fund IV	76,119,592	3.4%
DLJ Merchant Banking Fund II	54,390,562	2.4%
Greenwich Street Capital Partners II	43,784,386	1.9%
KKR 1996 Fund	41,336,947	1.8%
SCP Private Equity Partners	38,431,309	1.7%
Welsh Carson Anderson & Stowe VIII	36,177,939	1.6%
Forstmann Little Equity Fund VI	29,187,602	1.3%
Thayer Equity Investors IV	25,393,540	1.1%
Kelso Investment Associates VI	23,748,364	1.1%
Conning Capital Partners V	23,145,480	1.0%
Green Equity Investors III	21,517,879	0.9%
Wellspring Capital Partners II	21,139,283	0.9%
Blackstone Capital Partners III	20,900,603	0.9%
Venture Capital	**$201,393,922**	**8.8%**
Crescendo World Fund	49,475,906	2.2%
Pioneer Ventures Associates	28,126,831	1.2%
Grotech Partners V	22,909,379	1.0%
Shawmut Equity Partners	20,590,255	0.9%
RFE Investment Partners VI	18,339,829	0.8%
CT Financial Development Fund	15,327,124	0.7%
Crescendo III	12,832,649	0.6%
Connecticut Futures Fund	12,771,311	0.5%
Keystone Ventures V	11,473,831	0.5%
Triumph Investors II	6,472,226	0.3%
Connecticut Greene Ventures	3,074,581	0.1%
Mezzanine	**$311,289,802**	**13.6%**
Welsh Carson Anderson & Stowe Capital Part III	87,984,216	3.9%
Triumph Capital Partners III	80,580,592	3.5%
GarMark Partners	54,005,528	2.4%
SW Pelham Fund	41,854,630	1.8%
Triumph CT Partners	25,832,855	1.1%
Forstmann Little MBO VII	21,031,981	0.9%
International	**$222,294,976**	**9.8%**
Compass European Partners	85,034,485	3.7%
Carlyle Europe Partners	46,977,463	2.1%
AIG Global Emerging Markets Fund	33,946,523	1.5%
Gilbert Global Equity Fund	33,388,463	1.5%
Carlyle Asia Partners	22,948,042	1.0%
Fund of Funds	**$632,193,591**	**27.7%**
Crossroads Constitution Fund	471,973,748	20.7%
Landmark Private Equity Fund VIII	80,642,563	3.5%
Goldman Sachs Private Equity Fund	56,435,980	2.5%
Lexington Capital Partners II	23,141,300	1.0%
Other (1)	**93,288,367**	**4.1%**

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

2002 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 eleven professionals under the direction of the Assistant Treasurer.

The Division maintains 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 optimization of 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, UConn 2000, school construction, open space, economic development in Bridgeport, Hartford and New Haven, municipal financial oversight, Bradley International Airport, Economic Recovery Notes and the restructuring of the Connecticut Resources Recovery Authority.

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, 2002
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.	$7,436,329,613
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 an initial ten-year $1.25 billion capital program to rebuild and refurbish the University of Connecticut. In 2002, the General Assembly authorized an additional 10 year, $1.3 billion program - 21st Century UCONN. ($610,637,146) 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. ($40,275,000) Other appropriation debt includes CDA Tax Incremental Financing and CDA lease revenue financing for a State facility, ($39,660,000) and a Certificate of Participation issue for the CT Juvenile Training School Energy Center Project. ($19,165,000)	$709,737,146
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 $380 million on June 30, 2002.	$3,144,907,825

DEBT MANAGEMENT DIVISION

CLEAN WATER FUND REVENUE BONDS $593,925,000

Clean Water Fund bonds are paid out of resources secured by loan repayments from Connecticut municipalities and a debt service reserve fund of $281 million as of June 30, 2002. The reserve fund is funded with State General Obligation Bonds and Federal Capitalization Grants.

The Clean Water Fund is the State's water pollution control revolving fund. The revenue bonds provide below-market-rate 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 $154,020,000

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.

BRADLEY INTERNATIONAL AIRPORT REVENUE BONDS $263,935,000

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.

BRADLEY PARKING GARAGE REVENUE BONDS $53,800,000

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.

Total debt outstanding at June 30, 2002 $12,356,654,584

The Debt Management Division managed the sale of approximately $1.6 billion in new bonds issued to fund state programs and capital projects, including the UCONN 2000 program and $1.1 billion in General Obligation and Special Tax Obligation 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				
2001 Series D	$400,000,000	4.43%	13.3	November 15, 2001
2001 Series G	175,000,000	3.95%	6.5	December 1, 2001
2002 Series A	335,000,000	4.68%	10.2	April 15, 2002
2002 Series A (taxable)	47,000,000	Variable (2)	6.5	May 1, 2002
2002 Series B (taxable)	53,000,000	Variable (2)	6.5	May 1, 2002
2002 Series B	224,000,000	4.51%	10.5	June 15, 2002
GENERAL FUND APPROPRIATION				
UCONN 2002 Series A	100,000,000	4.71%	10.5	April 1, 2002
SPECIAL TAX OBLIGATION				
2001 Series A	175,000,000	4.74%	12.1	September 15, 2001
2002 Series A	112,000,000	4.79%	11.9	May 1, 2002
2002 Subtotal New Money Issues	$1,621,000,000			
REFUNDING BONDS:				
Special Tax Obligation 2001 B	$ 533,335,000	5.14%	7.8	September 15, 2001
General Obligation 2001 Series E	334,245,000	4.02%	9.4	November 15, 2001
General Obligation 2001 Series F	98,590,000	3.06%	3.8	November 15, 2001
General Obligation 2002 Series C	155,500,000	3.80%	6.2	June 15, 2002
Subtotal Refunding Issues	$1,121,670,000			
TOTAL	**$2,742,670,000**			

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

(2) 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 2002 include:

- Managed the sale of $1.6 billion of General Obligation, Special Tax Obligation and UCONN Bonds to provide new funding for State projects and grants, local school construction, transportation infrastructure and improvements to the State's colleges and universities.

- Took advantage of falling interest rates by issuing $1.1 billion in refunding bonds in four refundings of General Obligation and Special Tax Obligation bonds providing debt service savings of $76.5 million over the life of the bonds.

- Utilized positive cash flow from the Second Injury Fund to defease $45 million of the Fund's long-term debt and repay all short-term commercial paper borrowings. The program is now paying both operating expenses and stipulations from assessment revenues.

- Assisted and advised the City of Waterbury and the State Oversight Board in the issuance of $97.5 million of City of Waterbury deficit bonds which provided needed funding to stabilize the City's finances.

- Participated in the drafting of legislation to address Connecticut Resources Recovery Authority's projected shortfalls and governance issues. The new law provides the Authority can borrow up to $115 million from the State to ensure debt service payments and reconstitutes the Board of the Authority, with the Treasurer as a new ex-officio member.

- Assisted and advised the University of Connecticut in a new money issue of Student Fee Revenue bonds for new and renovated campus housing and a refunding issue that will provide savings to the University.

- Completed the sale of $100 million of taxable bonds to fund accumulated taxable projects including $53 million for the State's workers' compensation program. Financed with innovative auction rate securities to provide interest rate savings and flexibility for a tax-exempt refunding in the future.

- Worked closely with Department of Transportation officials to monitor the Bradley International Airport bond issues and respond to inquiries from rating agencies, bond insurers and investors regarding the impact of the September 11 terrorist attacks.

- Moved forward with an electronic scanning program for more efficient storage and retrieval of critical documents and increased the use of Internet posting and distribution of bond offering documents.

2002 Division Performance

The changes in the economic environment following the September 11 attacks and the changes in the financial markets caused by recession and the loss of confidence in the equity markets directly affected the performance of the Debt Management Division in fiscal year 2002.

The Division took advantage of historically low interest rates by completing eight sales of General Obligation, Special Tax Obligation and UCONN 2000 bonds at historically low interest rates, providing significant relief for the State budget during fiscal years 2002 and beyond. Helped by lower interest rates and investor flight from the equity markets, the Division managed the sale of four refunding bond series that will save taxpayers over $76 million in future debt service.

DEBT MANAGEMENT DIVISION

Just after September 11, 2001, the division brought to market the first major tax-exempt bond sale following the terrorist attacks and their devastating impact on the financial markets. The success of that sale helped to restore investor confidence in the fixed income markets and opened the way for other issuers. Despite the adverse conditions, the bond sale earned a rating upgrade from Moody's Investor Services and achieved historically low interest rates.

The Division worked closely with the credit rating agencies and the investment community to address concerns regarding the State's deteriorating financial condition during the year. These communications assisted in maintaining financial community confidence in the State's credit and ensuring continued access to capital.

Figure 9-1

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

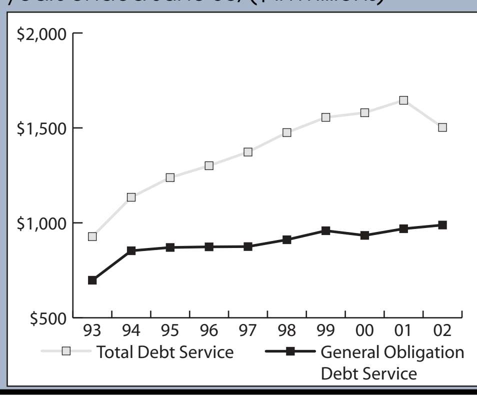


Figure 9-2

DEBT MANAGEMENT
Total Debt Outstanding ($ in millions) at June 30, 2002

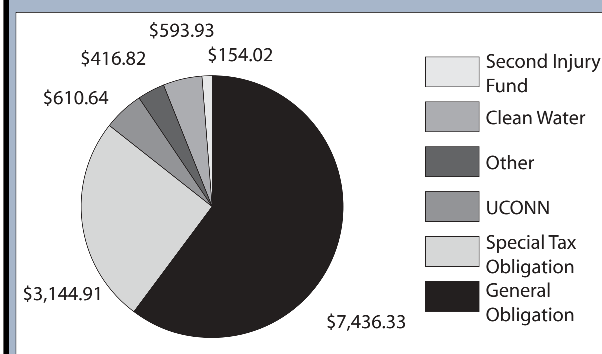
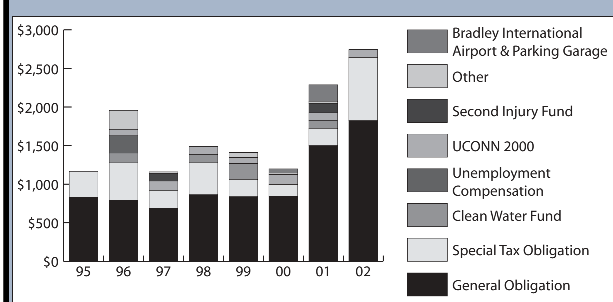


Figure 9-3

DEBT MANAGEMENT
Bond Issuance ($ in millions) at June 30, 2002



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 21 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 $155 billion annual internal and external cash flow. The unit records and tracks the flow of funds through 24 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 2002, the unit controlled movement of over $32 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 2002, the unit invested an average of $4.1 billion in short-term money market instruments. As of June 30, 2002, the unit administered 1,084 STIF accounts for 60 State agencies and authorities and 251 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, 2002, approximately $494 million in securities was pledged to the program and $42 million was deposited in STIF.

The Year in Review

Highlights of the Division's accomplishments and important initiatives in fiscal year 2002 include:

- Expanded with the State Comptroller's Office a system for making electronic payments to municipalities and vendors, which totaled $1.026 billion during the year, up 83 percent from a year ago;
- 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;
- Expanded 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 28 percent of deposit transactions, up 65 percent from a year ago;
- Continued to hold annual STIF meetings, with the seventh annual meeting attended by 67 investors;
- Increased 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 three state agencies in implementing systems to process payments over the Internet;
- Increased State employee participation in direct deposit of payroll to 73%;
- Expanded, with the State Comptroller and Department of Administrative Services, procurement cards for small purchases to include 60,000 transactions totaling $9 million;
- Continued to improve the outstanding check files for the vendor and payroll bank accounts to include additional payee information for use in identifying owners of uncashed checks;
- Assisted the Comptroller's Office and the Office of Information Technology in planning for the implementation of the new statewide financial management system; identified modifications required to provide the functionality needed to carry out Treasury responsibilities;
- Managed the sale of Anthem, Inc., stock provided to the State in the demutualization of the company, that resulted in $127 million in proceeds for the General Fund; and
- Developed a long-term investment strategy, including a formal investment policy statement and asset allocation plan, for the Tobacco and Health Trust Fund.

2002 Division Performance

As a result of these initiatives, the Cash Management Division successfully realized many achievements throughout the 2002 fiscal year including:

- Total annual return of 2.61 percent in STIF. This exceeded its primary benchmark by 39 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 2.65 percent in CRI investments which exceeded STIF's benchmark by 43 basis points, resulting in $199,000 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 2001 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 41 local government STIF accounts with $37 million of assets, an increase of 8% from 2001;
- Closed 36 State bank accounts bringing total number of closed accounts to 423 over the past ten years, thereby reducing servicing and transfer fees and unproductive balances;
- The recapture of more than $200,000 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, $8.1 billion has been deposited into municipal STIF accounts, thereby accelerating the availability of municipal funds;
- Increased electronic reporting of agency bank deposits to 94%.

Figure 10-1

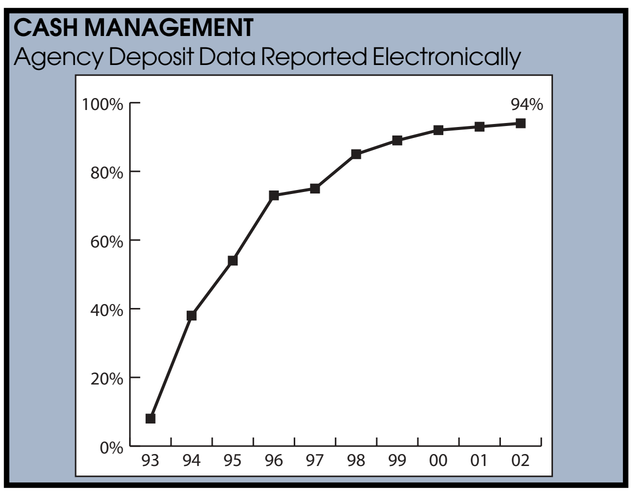
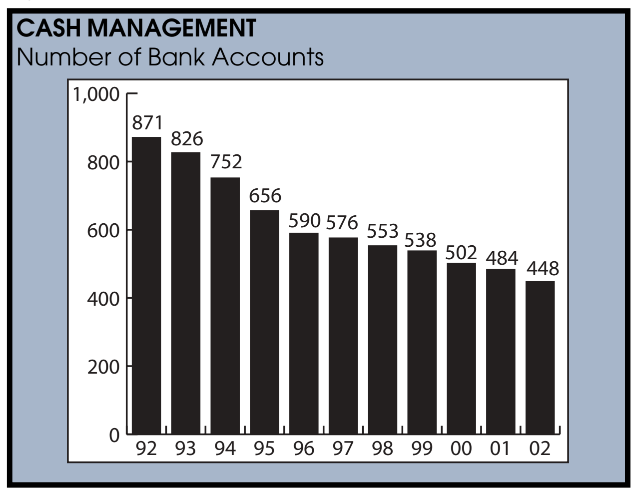


Figure 10-2



2002 short-term investment fund

Fund Facts at June 30, 2002

Investment Strategy/Goals: To provide a safe, liquid and effective investment vehicle for the operating cash of the State, municipalities and other Connecticut political subdivisions.

Performance Objective: As high a level of current income as is consistent with, first, the safety of principal and , second, the provision of liquidity.

Benchmarks: First Tier Institutions-Only Rated Money Fund Report™ (MFR) Index, Federal Reserve Three-Month CD, Fedeal Reserve Three-Month T-Bill.

Date of Inception: 1972

Total Net Assets: $3,540,477,702

Internally Managed

External Management Fees: None

Expense Ratio: Less than 3 basis points (includes internal management and personnel salaries)

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 2002 fiscal year, STIF's portfolio averaged $4.1 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 over $40 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 First Tier Institutions-Only Rated Money Fund Report™ Index ("MFR 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 MFR 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 2002 fiscal year was the continuation of an AAAm rating by Standard & Poor's in December 2001. 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 30-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 29 days. During the year the funds average maturity ranged from 24 to 61 days as market rates fluctuated. At the end of the 2002 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 75 percent concentration in investments rated A-1+ or AAA (the highest ratings of Standard & Poor's) or overnight repurchase agreements. Fifty-seven 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 66 percent at the previous year-end. The Fund's three largest security weightings included securities-backed commercial paper (29.5 percent), fully-supported commercial paper (16.3 percent) and bank notes (10.3 percent), respectively. (See figure 11-5.)

Performance Summary

For the one-year period ended June 30, 2002, STIF reported an annual total return of 2.61 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 MFR Index, which equaled 2.22 percent, by 39 basis points, as well as three-month T-Bills, which yielded 2.17 percent and three-month CDs, which yielded 2.24 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 4.90 percent, 5.18 percent, 5.36 percent, and 5.07 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 $16.4 million at June 30, 2002, versus $15.7 million for a hypothetical investment in the MFR 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 40 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 27 basis points after deducting three 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 declined from $4.55 billion to $3.54 billion, a decrease of $1.01 billion. The principal reasons for this decline were an overall decrease of $870 million in State STIF investments and a decline of $140 million in investments in the Fund from its municipal and local customers.

Figure 11-1

SHORT-TERM INVESTMENT FUND
Ownership Analysis at June 30, 2002 ($ in millions)

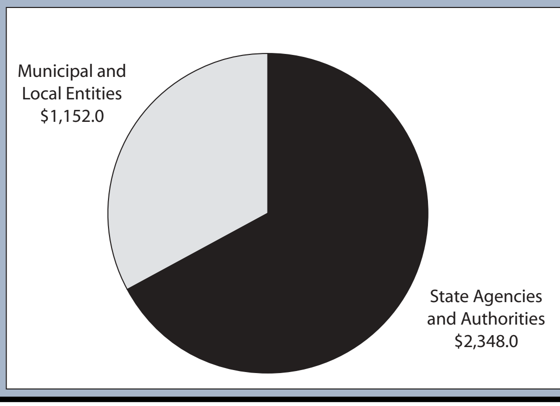


Figure 11-2

SHORT-TERM INVESTMENT FUND
Maturity Analysis

Figure 11-3

SHORT-TERM INVESTMENT FUND
Quarterly Yield vs. Benchmark

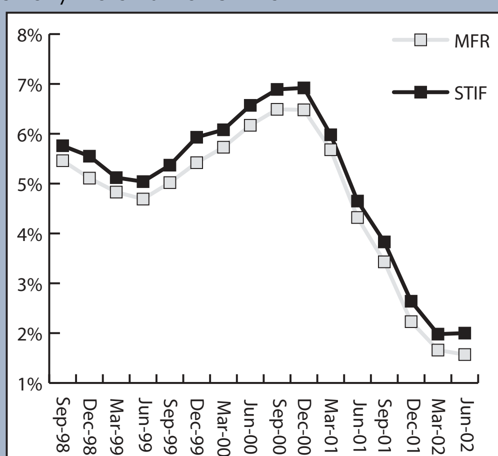


Figure 11-4

SHORT-TERM INVESTMENT FUND
Distribution by Quality Rating at June 30, 2002
Based on Investments in Securities, at Value

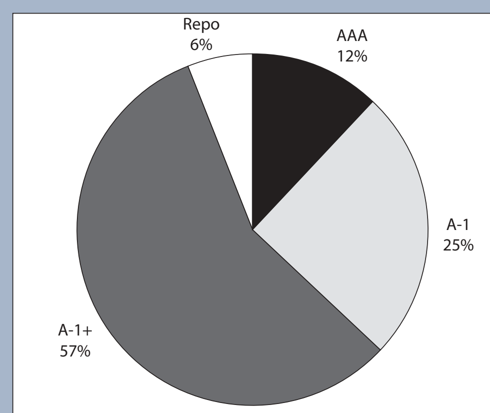


Figure 11-5

SHORT-TERM INVESTMENT FUND
Distribution by Security Type at June 30, 2002

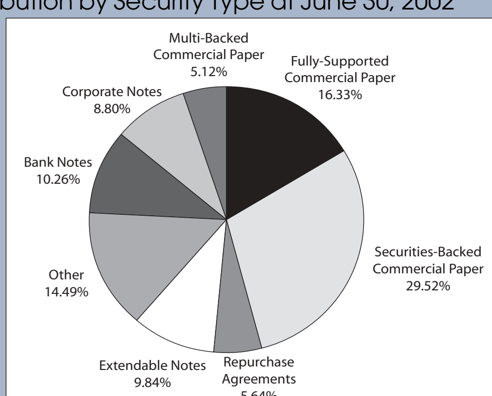


Figure 11-6

SHORT-TERM INVESTMENT FUND
Period ending June 30, 2002

	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs
Compounded Annual Total Return (%)					
STIF	2.61	4.90	5.18	5.36	5.07
MFR Index*	2.22	4.50	4.80	4.96	4.61
Fed. Three-Month T-Bill	2.17	4.26	4.51	4.71	4.48
Fed. Three-Month CD	2.24	4.61	4.92	5.13	4.82
Cumulative Total Return (%)					
STIF	2.61	15.42	28.70	44.09	63.93
MFR Index*	2.22	14.12	26.45	40.36	56.99
Fed. Three-Month T-Bill	2.17	13.33	24.65	38.02	55.05
Fed. Three-Month CD	2.24	14.48	27.14	41.91	60.12

**Represents First Tier Institutions-only Money Fund Report™ (MFR) Index prior to December 31, 1995 and First Tier Institutions-only Rated Money Fund Report™ (MFR) Index through June 30, 2002.*

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 2002, the Unclaimed Property Division collected $35.4 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 2002, the Division achieved significant outreach, returning $10,117,462 million to rightful owners.

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. The 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, in FY 2002 the Division implemented 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. Claims exceeding $115,000 were paid to Connecticut companies through the efforts of the Treasury's recently launched Corporate Claims Service, which is specifically dedicated to facilitate businesses in recovering their lost assets.

2002 Division Performance

- Paid $10.1million in claims and issued 10,007 checks to claimants.
- Received $35.4 million in unclaimed property receipts reported by holders.
- Collected $1.8 million as a result of the UCPD compliance examinations of holders.
- Increased the owner database by nearly 100,000 records.

Figure 12-1

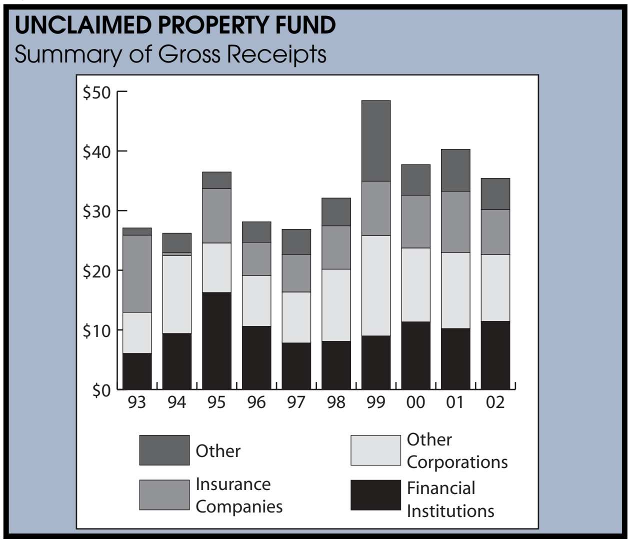


Figure 12-2

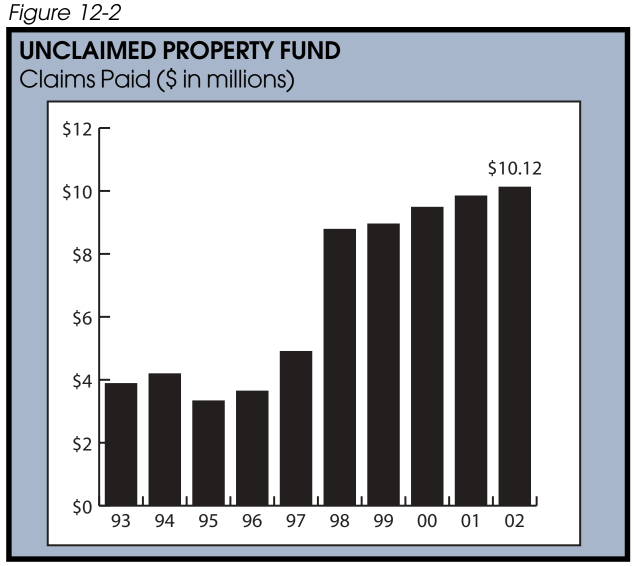


Figure 12-3

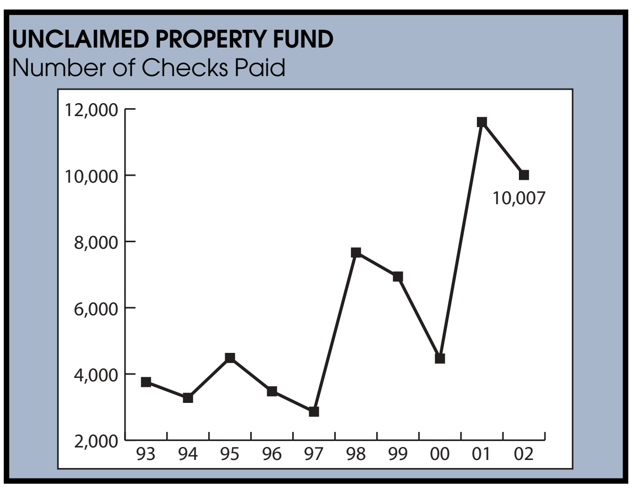
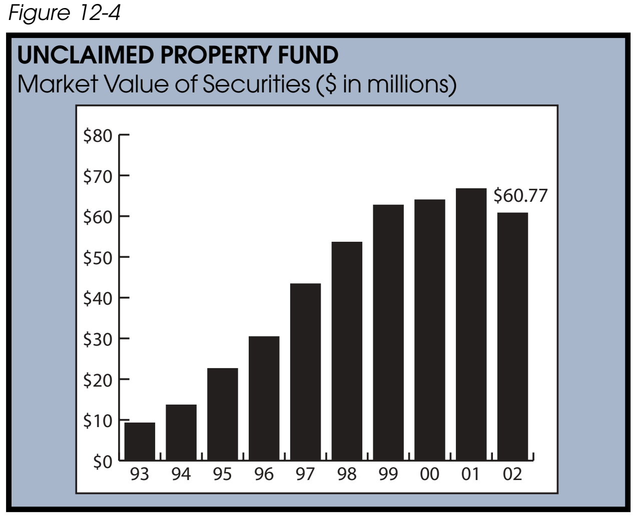


Figure 12-4



2002 second injury fund

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

Administration. The Assistant Treasurer maintains general oversight over the division units as well as an administrative support unit and a management team.

Attorneys and support staff in the Office of the Attorney General, who represent the Fund before the State Workers' Compensation Commission, also fall within the scope of administration. 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 2,737 open claims. These include "second injury" claims, widow and dependent benefit claims, and uninsured employer claims. The unit also processes reimbursement to employers for concurrent employment claims and cost-of-living adjustments for widows, dependents and permanent total disability claims. The Fund actively negotiates stipulated settlements of all claims.

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

Description of the Second Injury Fund

The Fund was established in 1945 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 50 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 preexisting injury or medical condition, was hurt on the job and that second injury was made "materially and substantially" worse by the first injury or preexisting injury or medical condition. 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 to employers of a worker who had more than one employer at the time of the injury.

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

- Dependent death benefits for an employee who was injured on or after January 1, 1974 and who died not later than November 1, 1991;
- Dependent death benefits for an 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 with an injury date prior to July 1, 1995.

Fiscal Stability Of The Fund And Effect Of GASB 34 On Financial Reporting

The Connecticut Legislature in 1995 authorized the issuance of up to $750 million dollars in bonds and commercial paper to finance settlement of Second Injury Fund claims. The outstanding debt in prior years was not included in the Fund's total liabilities but was under the separate heading "Long-Term Debt Account Group" included with the State of Connecticut's long-term debt.

In May of 2001, the State Comptroller's Office notified the Fund that Governmental Accounting Standards Board Statement No. 34 (GASB 34) was to be implemented, which now classifies the Fund as an enterprise fund. An enterprise fund is a governmental unit in which the activity is financed with debt that is secured solely by a pledge of the revenues from fees and charges of an activity. In addition, GASB 34 requires that if the long-term debt is to be serviced by the Fund, then it is accounted for by the Fund.

The Fund's financial statements now include the long-term debt that was formerly recorded on the financial statements of the State. The restatement of the debt has resulted in a negative net asset balance of $96 million as of June 30, 2002, but this is in no way reflective of the financial condition of the Fund, nor does it impact the latest reduction in the assessment rates noted below. Prior to the adoption of GASB 34, the Fund would have shown a positive balance as of June 30, 2002.

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 paid 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 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 issued for full and final settlements, no future bond issues are anticipated at this time.

The Year in Review

- Assessment rates were reduced for the second time during the Nappier administration, to their lowest levels in more than a decade, from 10% down to 8% for insured employers and from 14.5% down to 11.6% for self-insured employers. The cumulative effect of both rate reductions is a direct savings to Connecticut employers of 25.3%.
- The Fund used $43.7 million in excess cash to pay off all outstanding commercial paper.
- Surplus cash of $47.8 million was also used to defease 23% of outstanding long-term bonds thereby reducing the life of the debt and saving approximately $2.4 million in interest costs annually. The paydown will eliminate all debt service payments in fiscal years 2014 and 2015, and reduce debt service payments in fiscal years 2011, 2012 and 2013 by 40%.
- As a result of Nappier reforms and the installation of professional management, the Fund has made significant progress in reducing its liabilities and has achieved a total savings to employers of more than $674 million which will be realized over the next 10 – 12 years, through reduction of operating costs and debt.

2002 Division Performance

- As a result of a formalized Second Injury Fund assessment audit program ordered by the Treasurer, the Fund again realized a one-time increase of $16.8 million in additional assessment revenue and interest payments during fiscal year 2002. The goal of the program is to ensure more accurate reporting in the future which has the effect of expanding the assessment base. Since the program began, the Fund has realized a net increase of $32.6 million.

- During fiscal year 2002, the number of injured workers receiving benefits has been reduced to 479. Since 1998, the number of injured workers receiving benefits has decreased by 54.4%.

- 209 claims were settled at a cost of $11.7 million during fiscal year 2002. Since January 1, 1995 a total of 5,728 claims have been settled at a cost of $423.7 million.

- Combined annual indemnity, medical and stipulated settlement expenses were $41.5 million. Annual payouts have decreased 76.3% since 1998. This outstanding financial achievement was the result of vigorous case management and disciplined settlement strategies.

- As a result of aggressively pursuing collections on outstanding receivables, the Fund's receipts for fiscal year 2002 increased by 43.5% over last fiscal year. Total recoveries, including interest and penalties, for fiscal year 2002 are $1.2 million.

- During fiscal year 2002, the Fund undertook a review of its entire book of business, resulting in a reduction in open claims from 4,671to 2,737, and a reduction of outstanding reserves by $33.5 million from $577.8 million down to $544.3 million.

- The estimated unfunded liability (expressed as reserves), as of June 30, 2002 is $544.3 million. Unfunded liability (expressed as reserves) is based on an estimate of expenses over the life of a claim as calculated by internal staff. Since 1998, the estimated unfunded liability has decreased by $691 million or 55.6%.

- The Fund wrote off $11.7 million in uncollectible accounts receivable during the fiscal year.

- The Fund also recovered a total of $761,960 in payments from uninsured and bankrupt employers, who failed to secure Workers' Compensation insurance.

- New procedures were instituted for verifying claimant continued eligibility for benefits on an annual basis and The Fund worked with the Chief State's Attorney's Office to develop an appropriate affidavit for verification.

- $74,000 was recovered on incorrectly filed reimbursement claims.

- The Fund also recovered $96,000 in benefits fraudulently collected.

- Progress continues on the development of an in-house claims processing and accounting software package. Once implemented, the system will be a fully integrated package, capable of meeting the Fund's current organizational needs.

2002 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. Earnings withdrawn for qualified education expenses are exempt from Federal and Connecticut state income taxes.[1] Earnings withdrawn for non-qualified expenses are taxable income to the account owner, and incur an additional federal tax penalty of 10%.

CHET consists of thirteen individual Trust Funds ("Funds"). Eleven 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. If the benefit is not extended, beginning in 2011 the earnings portion of qualified withdrawals from the Trust for higher education expenses will again be federally taxed at the beneficiary's federal tax rate.

The Year in Review

In fiscal year 2002 the number of CHET accounts grew from 13,393, to 26,330 an increase of 12,937 or 97%. During that time, program equity of account holders grew from $93,931,702 to $207,969,184, an increase of $114,037,482or 121%.

CHET Advisory Committee

There is a statutorily established CHET Advisory Committee, which meets annually. The Committee met on December 18, 2001.

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

Financial Statements

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, 2002, 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, 2002, and 2001. We have audited the accompanying statement of net assets of the Short Term Investment Fund as of June 30, 2002 and the statements of changes in net assets for the fiscal years ended June 30, 2002, and 2001. We have audited the statement of net assets of the Second Injury Fund and the statements of condition of the other Non-Civil List Trust Funds as of June 30, 2002, 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, 2002. We have also examined the schedules of Civil List Funds investments, the Civil List Funds cash receipts and disbursements and debt outstanding, as of June 30, 2002, and changes in debt outstanding during the fiscal year ended June 30, 2002. 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 statements and schedules.

Our procedures included confirmation of securities owned as of June 30, 2002, 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, 2002, and the results of their operations, the changes in net assets for the Combined Investment Funds, the Short Term Investment Fund and the Second Injury Fund and the changes in fund balance for the 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, 2002, and the balance of bonds outstanding as of June 30, 2002, 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 than 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, 2002, 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.

CERTIFICATION BY AUDITORS OF PUBLIC ACCOUNTS AND STATE COMPTROLLER

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 statements 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 presented in all material respects in relation to the financial statements of the Combined Investment Funds taken as a whole. The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the Management's Discussion and Analysis and express no opinion on it. The introduction section, supplemental information section and the statutory appendix have not been audited except as specifically noted in this auditors' 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 offices 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 Accounts

Robert G. Jaekle
Auditor of Public Accounts

Nancy Wyman
State Comptroller

October 15, 2002
State Capitol
Hartford, Connecticut

This *Management's Discussion and Analysis (MD&A)* of the Annual Report of the Treasurer is a narrative overview and analysis of the financial activities of the Office of the Treasurer for the fiscal year ended June 30, 2002. It is provided by the management of the State of Connecticut's Office of the Treasurer, and we encourage readers to review it in conjunction with the transmittal letter at the front of this report and the Treasurer's financial statements that follow.

The Office of the Treasurer is implementing this new reporting standard and the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34 for the first time with this report. In addition to the inclusion of this MD&A, the other notable change in the Financial Section of the annual report is the change in fund designation of the Second Injury Fund (SIF) from an Expendable Trust Fund to an enterprise fund within the State of Connecticut's Proprietary Funds as more fully explained in the MD&A Overview of the Financial Statements section.

In previous years, as an Expendable Trust Fund, SIF only included current assets and liabilities (which included the current year's debt expenditures) on the balance sheet. The long-term debt of the fund was always consolidated as long-term debt in the Long Term Debt Account Group by the State of Connecticut. As an Expendable Trust Fund, fund balance represented a measure of "available spendable resources."

However, GASB 34 now requires the State of Connecticut to classify SIF as an enterprise fund within the Proprietary Funds of the State of Connecticut. An enterprise fund is a government unit in which the activity is financed with debt that is secured by a pledge of the revenues from fees and charges of an activity, and since the debt is to be serviced by the fund revenues, the debt is accounted for by the fund. As such, the long-term portion of debt outstanding formally reported by the State of Connecticut in the Long Term Debt Account Group is now reported on SIF's balance sheet. This accounting change, required by GASB 34, has resulted in the restatement of SIF's beginning fund balance from a positive $86.5 million to a negative $146.1 million as a result of the inclusion of long-term debt. (See Second Injury Fund under Financial Highlights below.)

FINANCIAL HIGHLIGHTS

Combined Investment Funds

Net Assets - The net assets of the Combined Investment Funds at the close of the fiscal year were $18.7 billion, a decline of $1.89 billion from the previous year. The change in net assets resulted from realized and unrealized losses on investments of $2.01 billion partly offset by net investment income of $0.68 billion, and cash outflows to beneficiaries of $0.56 billion.

Operating Income – General financial market conditions produced a return of negative 6.39%, net of all expenses, resulting in a decrease in net assets from operations of $1.33 billion in the 2002 fiscal year, compared to a negative return of 3.68%, net of all expenses for the previous fiscal year.

Short-Term Investment Fund

Net Assets - The net assets under management in the Short-Term Investment Fund at the close of the fiscal year were $3.5 billion, a decline of $1.0 billion from the previous year. The change in net assets resulted from interest income and net realized gains on investments of $111 million, which were offset by cash outflows of $1.1 billion. The principal reasons for this decline were an overall decrease of $870 million in State STIF investments and a decline of $140 million in investments in the Fund from its municipal and local customers.

Operating Income - General financial market conditions produced an annual total return of 2.61%, net of operating expenses and allocations to Fund reserves, compared to an annual total return of 6.11%, net of operating expenses and allocations to Fund reserves in the previous fiscal year. The annual total return exceeded that achieved by its benchmark, which equaled 2.22%, by 39 basis points, resulting in $16 million in additional interest income for Connecticut governments and their taxpayers.

Second Injury Fund

Net Assets - The net assets of the Second Injury Fund (SIF) at the close of the fiscal year were a negative $96.1 million, a decrease of $50.0 million from the previous year deficit net asset balance of $146.1 million, as restated due to the adoption of GASB 34 pronouncement. As explained in the SIF Financial Statements following, the June 30, 2001 prior year net asset balance of the $86.5 million was restated to include the portion of long term debt in the State of Connecticut's long term debt account group ($248.5 million) that is secured by a pledge of revenues from fees and charges of the SIF. As such, the restated net asset balance has been restated to a deficit balance of $146.1 million as a result of the inclusion of net long-term debt.

Operating Income – The $50.0 million positive change in net assets resulted from net operating income of $60.1 million partly offset by non-operating expenses of $8.7 million, mainly interest expense, and loss from early extinguishment of debt of $1.4 million.

Connecticut Higher Education Trust

Program Equity - The program equity of the Connecticut Higher Education Trust at the close of the fiscal year was $208.0 million, an increase of $114.0 million from the previous year.

Changes in Program Equity – The change in program equity of the Connecticut Higher Education Trust due to operations decreased by $7.8 million in fiscal year 2002 resulting from realized and unrealized losses on investments. Subscriptions from account owners, net of redemptions, increased by $121.8 million.

Tax Exempt Proceeds Fund

Net Assets - The net assets of the Tax Exempt Proceeds Fund at the close of the fiscal year were $201.7 million, a decrease of $5.8 million from the previous year.

Changes in Net Assets – The total decrease in net assets of the Tax Exempt Proceeds Fund in fiscal year 2002 was the result of a net redemption of fund investments.

More detailed information regarding these activities and funds begins on page F-12.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is an introduction to the Office of the Treasurer's basic financial statements, which are comprised of: 1) Combined Investment Funds, 2) Short-Term Investment Fund, 3) Civil List Pension And Trust Funds, 4) Non-Civil List Trust Funds, 5) Second Injury Fund, 6) Connecticut Higher Education Trust, and 7) Tax Exempt Proceeds Fund. This report also contains schedules of Civil List Funds investments and Debt Outstanding in addition to the basic financial statements.

For the first time, this report includes management's discussion and analysis as required by GASB Statement No. 34.

The financial statements reported by the Treasurer's Office for which the Treasurer has fiduciary responsibility for the investment thereof begin on page F-12 and provide detailed information. This financial information is included in the activities of the State of Connecticut's *Fund Financial Statements* as presented in the Comprehensive Annual Financial Report of the State of Connecticut prepared by the State Comptroller.

The Office of the State Treasurer is responsible for the **Combined Investment Funds** (which includes Civil and Non-Civil List Trust Funds)**, Short-Term Investment Fund, Connecticut Higher Education Trust, Tax Exempt Proceeds Fund, escheat securities private purpose trust fund held for others (Unclaimed Property), and the Second Injury Fund.** These assets are managed by the Office of the Treasurer and are further explained below.

Combined Investment Funds: The Statement of Net Assets and the Statement of Operations are two financial statements that report information about the Combined Investment Funds as a whole, and about its activities that should help explain how the Combined Investment Funds are performing as a result of this year's activities. These statements include all assets and liabilities using the accrual basis of accounting. The current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Assets (page F-12) presents all of the Combined Investment Funds' assets and liabilities, with the difference between the two reported as "net assets". Over time, increases and decreases in net assets measure whether the Combined Investment Funds financial position is improving or deteriorating.

The Statement of Operations (page F-13) presents information showing how the Combined Investment Fund's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying events giving rise to the change occur, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods (e.g., security lending rebates and dividend and interest income).

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the Combined Investment Funds' financial statements. The notes can be found on pages F-16 – F-26 of this report.

Short-Term Investment Fund: The Statement of Net Assets and the Statements of Changes in Net Assets are two financial statements that report information about the Short-Term Investment Fund. These statements include all assets and liabilities using the accrual basis of accounting. The current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Assets (page F-28) presents all of the Short-Term Investment Fund's assets and liabilities, with the difference between the two reported as "net assets".

The Statement of Changes in Net Assets (page F-29) presents information showing how the Short-Term Investment Fund's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying events giving rise to the change occur, regardless of the timing of related cash flows.

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the Short-Term Investment Fund's financial statements. The notes can be found on pages F-30 – F-33 of this report.

Civil And Non-Civil List Trust Funds: The Civil List Pension and Trust Funds schedule (page F-42) includes all cash and investment balances, and activity for the fiscal year 2002. The Non-Civil List Trust Funds Financial Statements (page F-43) include all assets and liabilities, revenues and expenditures, and changes in fund balances using the accrual basis of accounting.

The Notes to the Civil and Non-Civil List Trust Funds Financial Statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes can be found on page F-46 of this report.

Connecticut Higher Education Trust: The Statement of Financial Condition and Statement of Operations (pages F-55 – F-56) are two financial statements that report information about the Connecticut Higher Education Trust Program as of June 30, 2002 and June 30, 2001.

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the Connecticut Higher Education Trust Program financial statements. The notes can be found on pages F-58 – F-59 of this report.

Tax Exempt Proceeds Fund: The Statement of Net Assets, Statement of Operations and Statement of Changes in Net Assets (pages F-61 – F-67) are financial statements that report information about the Tax Exempt Proceeds Fund.

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the Tax Exempt Proceeds Fund financial statements. The notes can be found on pages F-68 – F-69 of this report.

The Second Injury Fund: The Statement of Net Assets and Statement of Revenues, Expenses and Changes in Net Assets (pages F-47 and F-48) are financial statements that report information about the Second Injury Fund.

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the Second Injury Fund's financial statements. The notes can be found on page F-50 of this report.

REQUIRED SUPPLEMENTARY INFORMATION

The Office of the Treasurer does not separately report supplementary information that contains budgetary comparison schedules, or schedules presenting infrastructure assets. This information is reported by the State of Connecticut in its Comprehensive Annual Financial Report (CAFR) and as such, compliance with GASB Statement 34 is not applicable to the Office of the Treasurer's Annual Report.

Following the Financial Statements section of this annual report is a Supplemental Information section that further explains and supports the financial information and includes additional schedules for the Combined Investment Funds, debt schedules, cash management activities including Civil List Funds, and information on Unclaimed Property and fiscal year division expenses for the Office of the Treasurer.

FINANCIAL ANALYSIS OF THE FUNDS

At June 30, 2002, the Combined Investment Funds reported investment balances of $18.7 billion. The Short-Term Investment Fund reported a fund balance of $3.5 billion. These two funds account for 99% of the investments in the fiduciary funds managed by the Office of the Treasurer.

Combined Investment Fund Highlights

The Combined Investment Funds represent the pension funds of the State employees and teachers, municipal employees, as well as academic programs, grants and initiatives throughout the State. The total fund balance declined during the fiscal year by $1.89 billion, as a result of $2.01 billion of realized and unrealized capital losses due to lower investment values in the principal investments and cash outflows to beneficiaries of $0.56 billion, partly offset by net investment income of $0.68 billion. The value of the fund portfolio declined from $20.59 billion to $18.70 billion. General financial market conditions produced a return of negative 6.39%, net of all expenses, compared to a negative return of 3.68%, net of all expenses, for the previous fiscal year.

Short-Term Investment Fund Highlights

The Short-Term Investment Fund represents an investment pool of short-term money market instruments serving the State and State agencies, authorities, municipalities and other public subdivisions of the State. The total fund balance declined during the fiscal year by $1.0 billion principally from a $0.9 billion decrease of State STIF investments resulting from the State's budget deficit. STIF produced an annual total return of 2.61%, net of operating expenses and allocations to Fund reserves, compared to an annual total return of 6.11%, net of operating expenses and allocations to Fund reserves in the previous fiscal year. The lower return resulted from reductions in market interest rates due to the national economic downturn.

DEBT ADMINISTRATION

Long-term debt obligations of the State consist of general obligation bonds and revenue dedicated bonded debt. General obligation bonds, issued by the State, are backed by the full faith and credit of the State. Dedicated revenue debt payments are made from legally restricted revenues.

At June 30, 2002, the State had $12.4 billion in bonds and notes outstanding versus $11.7 billion at June 30, 2001, an increase of $0.7 billion. Outstanding debt at June 30, 2002 was issued to finance capital outlay for educational projects of local school districts, state parks and buildings including community colleges and state universities, environmental protection, economic development and highway construction.

The following table presents total outstanding debt for the State distinguished by bond financing type.

Outstanding Debt as of June 30, 2002

Bond Type	2002	2001	Change
General obligation – Tax supported	$7,314,873,949	$6,672,544,639	642,329,310
General obligation - Revenue supported	98,574,088	111,790,930	(13,216,842)
General obligation – Transportation	22,881,576	32,270,576	(9,389,000)
Special tax obligation	3,144,907,825	3,061,532,825	83,375,000
Bradley International Airport	263,935,000	267,795,000	(3,860,000)
Clean Water Fund	593,925,000	624,965,000	(31,040,000)
UCONN 2000	610,637,146	542,177,146	68,460,000
CDA Increment Financing	32,710,000	34,055,000	(1,345,000)
CDA Governmental Lease revenue	6,950,000	7,360,000	(410,000)
Second Injury Fund Bonds	154,020,000	204,850,000	(50,830,000)
CHEFA Childcare Facilities program	40,275,000	41,205,000	(930,000)
Bradley Parking operations	53,800,000	53,800,000	-
CT Juvenile Training school	19,165,000	19,165,000	-
Total	$12,356,654,584	$11,673,511,116	$683,143,468

During fiscal year 2002, the State issued refunding bonds totaling $1.1 billion to refinance amounts outstanding on previously issued bonds to lower rates and issued $1.6 billion in new bonds to fund state programs.

Moody's, Standard & Poors, and Fitch rate the State's general obligations Aa2, AA and AA respectively.

More detailed information about outstanding bonds and other long-term debt can be found in the Supplemental and Statistical Sections of this report.

ECONOMIC CONDITIONS AND OUTLOOK

Fiscal year 2002 began with economic indicators reflecting an overall leveling or temporary cooling in the national and state economies. America now finds itself in the midst of an economic weakness exacerbated by the tragedies of September 11, 2001 that contrasts sharply with the preceding decade of growth and prosperity. Connecticut – and its pension and trust funds — has not been immune to these events. The U.S. economic recession that began in March 2001 ended the longest recorded economic expansion of ten years. As a result, investment returns for fiscal year 2002 have been below prior years' levels.

CONTACTING THE OFFICE OF THE TREASURER

This financial report is designed to provide a general overview of the Office of the Treasurer's finances and to show the Office's accountability for the money it receives. Questions about this report or requests for additional information should be addressed to:

Connecticut State Treasury
55 Elm Street
Hartford, CT 06106-1773
Telephone (860) 702-3000
www.state.ct.us/ott

State of Connecticut

Office of the Treasurer

Denise L. Nappier
Treasurer

Howard G. Rifkin
Deputy Treasurer

October 15, 2002

To the Honorable
John G. Rowland, Governor of Connecticut
Denise L. Nappier, Treasurer of Connecticut
Members of the Connecticut General Assembly
And Citizens of the State 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 Office of the Treasurer 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 by various General Statutes covering 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 Office of the Treasurer 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

55 Elm Street, Hartford, Connecticut 06106-1773, Telephone: (860) 702-3000
An Equal Opportunity Employer

COMBINED INVESTMENT FUNDS

STATEMENT OF NET ASSETS
JUNE 30, 2002

	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	$ -	$ 79,991,523	$ 799,516,453	$ 38,639,247	$ 3,374,304	$ 4,710,633	$ 65,645,708	$ (991,877,869)	$ -
Cash Equivalents	578,733,637	-	163,400,960	12,011,496	-	-	-	-	754,146,093
Asset Backed Securities	470,800,598	-	182,059,525	-	-	-	-	-	652,860,123
Government Securities	-	-	1,181,128,702	-	-	-	-	-	1,181,128,702
Government Agency Securities	103,383,750	-	1,907,317,817	-	-	-	-	-	2,010,701,567
Mortgage Backed Securities	90,677,164	-	628,661,922	-	-	1,352,299	-	-	720,691,385
Corporate Debt	229,947,203	-	2,062,139,826	1,528,927	-	-	23,260,800	-	2,316,876,756
Convertible Securities	-	-	212,526,229	2,452,838	-	-	-	-	214,979,067
Common Stock	-	6,553,584,720	8,815,029	2,173,578,562	67,268,895	65,405,375	-	-	8,868,652,581
Preferred Stock	-	-	57,753,391	43,839,393	-	-	-	-	101,592,784
Real Estate Investment Trust	-	55,152,462	783,340	-	-	-	-	-	55,935,802
Mutual Fund	-	-	33,072,740	760,000	-	-	-	-	33,832,740
Limited Liability Corporation	-	-	-	-	-	-	33,971,909	-	33,971,909
Trusts	-	-	-	-	51,047,102	-	-	-	51,047,102
Limited Partnerships	-	-	57,831,904	-	336,544,978	-	2,153,763,957	-	2,548,140,839
Partnerships	-	-	-	-	-	-	-	-	-
Annuities	-	-	-	-	12,958,653	-	-	-	12,958,653
Total Investments in Securities, at Fair Value	1,473,542,352	6,688,728,705	7,295,007,838	2,272,810,463	471,193,932	71,468,307	2,276,642,374	(991,877,869)	19,557,516,103
Cash	-	-	981,573	2,166,946	-	-	1,624,528	-	4,773,047
Receivables									
Foreign Exchange Contracts	-	-	49,086,065	1,546,168,511	-	-	-	-	1,595,254,576
Interest Receivable	7,643,706	164,958	88,117,025	95,107	5,612	8,556	134,939	(37,298,082)	58,871,821
Dividends Receivable	-	6,702,103	353,460	2,856,183	-	1,751,511	-	-	11,663,257
Due from Brokers	-	6,546,605	578,272,446	15,705,101	-	-	124,729	-	600,648,881
Management Fee Receivable	-	-	-	-	-	-	-	-	-
Foreign Taxes	-	180	9,711	895,902	-	-	-	-	905,793
Securities Lending Receivable	-	71,145	201,533	399,597	-	-	-	-	672,275
Reserve for Doubtful Receivables	-	-	(6,552,144)	(270,136)	-	-	-	-	(6,822,280)
Total Receivables	7,643,706	13,484,991	709,488,096	1,565,850,265	5,612	1,760,067	259,668	(37,298,082)	2,261,194,323
Invested Securities Lending Collateral	-	228,630,026	868,238,183	489,379,516	-	-	-	-	1,586,247,725
Other Funds on Deposit	-	-	-	-	-	31,257	-	-	31,257
Prepaid Expenses	-	-	-	-	-	1,084	2,740,347	-	2,741,431
Total Assets	1,481,186,058	6,930,843,722	8,873,715,690	4,330,207,190	471,199,544	73,260,715	2,281,266,917	(1,029,175,951)	23,412,503,886
LIABILITIES									
Payables									
Foreign Exchange Contracts	-	-	50,012,083	1,593,652,381	-	-	-	-	1,643,664,464
Due to Brokers	35,000,000	10,002,190	1,424,042,679	9,478,174	-	-	-	(35,000,000)	1,443,523,043
Income Distribution	3,020,276	-	-	-	-	-	-	(2,169,594)	850,682
Other Payable	113,462	25,390	-	-	-	-	-	(113,462)	25,390
Total Payables	38,133,738	10,027,580	1,474,054,762	1,603,130,555	-	-	-	(37,283,056)	3,088,063,579
Securities Lending Collateral	-	228,630,026	868,238,183	489,379,516	-	-	-	-	1,586,247,725
Accrued Expenses	45,954	15,594,988	5,171,420	10,970,796	27,396	-	242,697	(15,021)	32,038,230
Total Liabilities	38,179,692	254,252,594	2,347,464,365	2,103,480,867	27,396	-	242,697	(37,298,077)	4,706,349,534
NET ASSETS	$ 1,443,006,366	$ 6,676,591,128	$ 6,526,251,325	$ 2,226,726,323	$ 471,172,148	$ 73,260,715	$ 2,281,024,220	$ (991,877,873)	$18,706,154,352
Units Outstanding	1,443,006,366	9,745,335	59,759,956	10,784,603	7,671,484	1,081,902	26,422,257		
Net Asset Value and Redemption Price per Unit	$ 1.00	$ 685.11	$ 109.21	$ 206.47	$ 61.42	$ 67.71	$ 86.33		

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

COMBINED INVESTMENT FUNDS

STATEMENT OF OPERATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	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	$ -	$95,729,157	$6,421,910	$44,768,230	$5,657,485	$7,052,935	$139,153,735	$ -	$298,783,448
Interest	44,790,699	2,255,045	411,163,155	2,226,862	107,618	159,801	2,344,009	(30,208,807)	432,838,382
Other Income	-	954,424	-	163,134	1,806,927	6,603	-	-	2,931,088
Securities Lending	-	6,467,822	21,005,366	12,495,648	-	-	-	-	39,968,836
Total Income	44,790,699	105,406,448	438,590,431	59,653,874	7,572,030	7,219,339	141,497,744	(30,208,807)	774,521,754
Expenses									
Investment Advisory Fees	221,652	18,468,060	10,433,845	15,054,168	1,321,960	442,777	6,958,306	(149,492)	52,751,276
Salary and Fringe Benefits	92,145	558,259	406,138	166,537	112,325	7,913	252,437	(62,147)	1,533,607
Custody and Transfer Agent Fees	64,950	162,094	152,649	429,396	30,493	2,900	238,152	(43,805)	1,036,829
Professional Fees	71,868	439,715	368,813	127,923	22,278	3,810	1,407,152	(48,471)	2,393,088
Security Lending Fees	-	355,889	1,024,784	1,218,108	-	-	-	-	2,598,781
Security Lending Rebates	-	5,128,872	17,181,472	7,799,656	-	-	-	-	30,110,000
Investment Expenses	54,275	536	31,815	2,261	-	526	2,803,416	(36,605)	2,856,224
Total Expenses	504,890	25,113,425	29,599,516	24,798,049	1,487,056	457,926	11,659,463	(340,520)	93,279,805
Net Investment Income	44,285,809	80,293,023	408,990,915	34,855,825	6,084,974	6,761,413	129,838,281	(29,868,287)	681,241,949
Net Realized Gain (Loss)	90,396	(258,315,502)	(74,846,010)	(136,431,396)	12,064,572	4,541,281	7,336,357	(60,967)	(445,621,269)
Net Change in Unrealized Gain (Loss) on Investments and Foreign Currency	-	(1,012,899,963)	24,768,675	(129,922,156)	(14,429,564)	(10,358,969)	(424,751,123)	-	(1,567,593,100)
Net Increase (Decrease) in Net Assets Resulting from Operations	$ 44,376,205	$ (1,190,922,442)	$ 358,913,580	$ (231,497,727)	$ 3,719,982	$ 943,725	$ (287,576,485)	$(29,929,254)	$(1,331,972,420)

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, 2002

	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 (Decrease) in Net Assets Resulting from Operations	$44,376,205	$(1,190,922,442)	$358,913,580	$(231,497,727)	$3,719,982	$ 943,725	$(287,576,485)	$(29,929,254)	$(1,331,972,420)
Distributions to Unit Owners:									
Income Distributed	(44,376,205)	(69,533,851)	(391,071,676)	(44,605,871)	(17,937,205)	(6,960,606)	(173,253,751)	29,929,254	(717,809,911)
Returns of Capital	-	-	-	-	-	-	-	-	-
Total Distributions	(44,376,205)	(69,533,851)	(391,071,676)	(44,605,871)	(17,937,205)	(6,960,606)	(173,253,751)	29,929,254	(717,809,911)
Unit Transactions									
Purchase of Units by Participants	3,629,718,263	9,045,806	28,621,965	-	13,500,000	-	166,500,000	(2,729,891,077)	1,117,494,957
Redemption of Units by Participants	(3,543,651,294)	(2,604,904)	(56,000,000)	-	(4,100,000)	(21,901,900)	(32,000,000)	2,705,490,723	(954,767,375)
Net Increase (Decrease) in Net Assets Resulting from Unit Transactions	86,066,969	6,440,902	(27,378,035)	-	9,400,000	(21,901,900)	134,500,000	(24,400,355)	162,727,582
Total Increase (Decrease) in Net Assets	86,066,969	(1,254,015,391)	(59,536,131)	(276,103,598)	(4,817,223)	(27,918,781)	(326,330,236)	(24,400,355)	(1,887,054,749)
Net Assets- Beginning 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
Net Assets- End of Period	$1,443,006,366	$6,676,591,128	$6,526,251,325	$2,226,726,323	$471,172,148	$ 73,260,715	$2,281,024,220	$(991,877,873)	$18,706,154,352
Other Information:									
Units									
Purchased	3,629,718,263	-	256,056	-	218,818	-	1,692,384		
Redeemed	(3,543,651,294)	(150)	(510,310)	-	(65,494)	(305,855	(350,749)		
Net Increase (Decrease)	86,066,969	(150)	(254,254)	-	153,324	(305,855)	1,341,635		

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

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, 2002.

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 $57,831,904 and a cost value of $44,897,812 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 bond-holders. 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, 2002, the Fund held MBSs of $628,661,922 and ABSs of $182,059,525.

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, 2002 the Fund's holdings had a fair value of $7 million and a cost of $11 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, 2002, 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 $3.1 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 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, limited liability companies and securities. 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, 2002, the estimated investment values provided by the investment advisors, net of the adjustments noted above, was less than the cash adjusted fair value reported on the Statement of Net Assets by approximately $39.9 million. Consistent with the cash adjusted fair value presentation this decrease will be considered for the next quarter's adjustment. 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.

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 that 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, 2002, 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, 2002:

	Netted	Capitalized	Expensed	Total
Private Investment Fund	$ 18,745,286	$ 16,474,028	$ 6,958,306	$ 42,177,620

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, 2002:

Private Investment Fund	$ 120,566,943

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, 2002, is approximately $867,000, which has not been distributed by one of the general partners. Since inception $336 million has not been distributed. Subsequent to June 30, 2002 the Private Investment Fund has received approximately $267 million representing gain not previously distributable.

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, 2002 were $9,312,450.

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, 2002 totaled $333,000.

The International Stock Fund includes an investment in a mutual fund. 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, 2002 totaled $4,000.

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, 2002:

	Netted	Capitalized	Expensed	Total
Real Estate Fund	$ 423,974	$ 2,965,214	$ 1,321,960	$ 4,711,148

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.

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, 2002, investments with a cost of $67,830,096 and a fair value of $65,405,375 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.

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, 2002:

Investment	Fair Value	Cost
Cash Reserve	$ 4,710,632	$ 4,710,632
Commercial Mortgage loans	65,405,375	67,860,096
CMO's	1,352,299	1,352,299
Total	$ 71,468,306	$ 73,893,027

Real Estate Fund

Certain investments in the form of common stock certificates with a cost of $32,562,540 and a fair value of $67,268,895 are classified under risk category 1.

The remaining investments, which comprise the substantial majority of the Fund's investments, are in the form of 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	$ 727,909,465			$ 727,909,465
Asset Backed	652,860,123			652,860,123
Government	799,176,064		$ 19,289,589	818,465,653
Agency	691,197,220		32,837,747	724,034,967
Mortgage Backed	711,836,030			711,836,030
Corporate Debt	2,312,290,224			2,312,290,224
Convertible	211,079,730			211,079,730
U.S. Corporate Stock	6,459,088,533		12,040,172	6,471,128,705
International Equity	1,699,773,348		3,328,637	1,703,101,985
Preferred Stock	101,279,024			101,279,024
Collateral Securities held by Investment Pool under Securities Lending Arrangements:				
Cash Equivalents			535,289,992	535,289,992
Corporate Debt			1,050,943,585	1,050,943,585
SUBTOTAL	$14,366,489,761	$ -	$1,653,729,722	$16,020,219,483

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

Real Estate Investment Trusts	55,935,802
Mutual Funds	33,832,740
Limited Liability Corporation	33,971,909
Trusts	51,047,102
Limited Partnerships	2,548,140,839

Annuities	12,958,653
Investments held by broker-dealers under securities loans:	
U.S.Government and Agency	674,561,234
U.S. Corporate Stock	246,452,982
International Equity	454,495,296
Domestic Fixed	165,436,746
International Fixed	3,822,735
Total Investments	$20,300,875,521

Cash balances included on the Statement of Net Assets of $4,773,047 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 $310,422,375 and time deposits of $224,867,617.

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 of loan agreement.

During the period ended June 30, 2002, 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, 2002, 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, 2002 were $1,655,360,256 and $1,612,265,137, 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, 2002 was 55 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, 2002:

Fund	Fair Value of Collateral	Fair Value of Securities Lent
Mutual Equity	$ 241,450,234	$ 232,973,339
International Stock	494,356,492	480,045,126
Mutual Fixed Income	923,919,269	899,246,672
Total	$ 1,659,725,995	$ 1,612,265,137

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	$ 77,152,745	$ 153,637,232	$ 230,789,977
International Stock	165,144,418	328,858,442	494,002,860
Mutual Fixed Income	292,992,829	568,447,910	861,440,739
Total	$ 535,289,992	$ 1,050,943,584	$ 1,586,233,576

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, 2002, 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	$ 4,020,822,907	$ 4,008,862,315
Mutual Fixed Income	21,985,360,444	21,627,593,283
International Stock	1,046,789,070	1,051,390,822
Real Estate	22,682,411	12,095,799
Commercial Mortgage	-	18,313,962
Private Investment	200,890,195	163,586,660

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, 2002, 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	$ 1,176,428,803	$ 889,172,809	$ 287,255,994
Mutual Fixed Income	178,807,051	295,904,911	(117,097,860)
International Stock	299,231,106	333,356,864	(34,125,758)
Real Estate	97,461,149	43,334,770	54,126,379
Commercial Mortgage	1,233,376	3,658,097	(2,424,721)
Private Investment	566,881,413	605,287,315	(38,405,902)

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, 2002, 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	$ 7,880,618	$ (38,178)
Danish Krone	3,931,465	96,217
Euro Currency	45,411,411	3,102,375
Hong Kong Dollar	3,868,803	(375)
Indonesian Rupiah	39,602	(60)
Japanese Yen	79,414,141	691,622
Malaysian Ringgit	922,211	(560)
New Zealand Dollar	837,377	(983)
Norwegian Krone	4,508,030	85,273
Pound Sterling	34,544,028	442,067
Singapore Dollar	4,712,658	2,443
Swedish Krona	10,171,840	298,461
Swiss Franc	9,468,407	116,469
Turkish Lira	190,677	112,779
	205,901,268	4,907,550
Contracts to Sell:		
Australian Dollar	42,922,574	(839,800)
Danish Krone	14,712,973	(844,187)
Egyptian Pound	356	-
Euro Currency	463,847,688	(15,483,115)
Hong Kong Dollar	23,444,906	(1,433)
Indonesian Rupiah	25,598	(121)
Japanese Yen	406,426,494	(22,239,349)
Malaysian Ringgit	175,833	(976)
New Zealand Dollar	2,822,804	(259,081)
Norwegian Krone	16,270,135	(1,392,121)
Pound Sterling	245,127,722	(7,288,433)
Singapore Dollar	17,118,359	(132,326)
Swedish Krona	32,176,373	(1,602,747)
Swiss Franc	70,287,878	(2,307,731)
	1,335,359,693	(52,391,420)
Total	$1,541,260,961	$(47,483,870)

Financial Statement Amounts:

	Receivable	Payable	Net
Amount In US Dollars	$ 1,541,260,961	$ 1,541,260,961	$ -
Unrealized Gain (Loss)	4,907,550	(52,391,420)	(47,483,870)
Net	$ 1,546,168,511	$ 1,593,652,381	$(47,483,870)

Mutual Fixed Income Fund:

Foreign Currency	Value	Unrealized Gain/(Loss)
Contracts to Sell:		
Canadian Dollar	$17,447,643	$ (44,709)
Euro Currency	20,423,266	(410,977)
New Zealand Dollar	5,425,200	(420,873)

Swedish Krona	5,789,956	(49,459)
Total	$49,086,065	$(926,018)

Financial Statement Amounts:

	Receivable	Payable	Net
Amount In US Dollars	$ 49,086,065	$ 49,086,065	$ -
Unrealized Gain (Loss)	-	(926,018)	(926,018)
Net	$ 49,086,065	$ 50,012,083	$ (926,018)

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, 2002, were as follows:

Fund	Total Commitment	Cumulative Amounts Funded	Unfunded Commitment
Real Estate	$ 365,000,000	$ 344,578,520	$ 20,421,480
Private Investment	3,316,485,904	2,731,685,760	584,800,144

NOTE 7: CONTINGENCY

During the fiscal year ending June 30, 2002 the Combined Investment Funds entered into litigation with a general partner in the Private Investment Fund for violation of the limited partners' agreement and breach of fiduciary duty. The potential dollar value and availability of any return is not known at this time.

NOTE 8: SUBSEQUENT EVENTS

Subsequent to June 30, 2002 the Private Investment Fund has received approximately $298 million. Of this amount $267 million represents gain not previously distributed. A limited partnership in the Private Investment Fund has experienced a market reduction of $4 million,which is included in the amount described in Note 1, and has obtained two writs of summons including one against a former general partner and another against a business associate.

NOTE 9: COST BASIS OF INVESTMENTS.

The aggregate cost values of investments in the Funds are as follows at June 30, 2002:

	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	$ -	$ 79,991,521	$ 799,516,454	$ 38,639,248	$ 3,374,304	$ 4,710,632	$ 65,645,710
Cash Equivalents	578,733,634	-	163,400,960	11,988,691	-	-	-
Asset Backed Securities	470,800,598	-	178,780,648	-	-	-	-
Government Securities	-	-	1,162,217,407	-	-	-	-
Government Agency Securities	103,383,750	-	1,873,685,094	-	-	-	-
Mortgage Backed Securities	90,677,164	-	615,200,951	-	-	1,352,299	-
Corporate Debt	229,947,203	-	2,232,006,332	2,001,814	-	-	23,260,800
Convertible Securities	-	-	228,483,118	2,228,077	-	-	-
Common Stock	-	6,271,585,334	16,703,902	2,206,198,158	32,562,540	67,830,096	-
Preferred Stock	-	-	63,892,109	45,236,456	-	-	-
Real Estate Investment Trust	-	49,895,854	1,502,763	-	-	-	-
Mutual Fund	-	-	31,818,148	643,777	-	-	-
Limited Liability Corporation	-	-	-	-	-	-	60,504,202
Trusts	-	-	-	-	34,566,655	-	-
Limited Partnerships	-	-	44,897,812	-	305,223,751	-	2,165,637,565
Partnerships	-	-	-	-	-	-	-
Annuities	-	-	-	-	41,340,303	-	-
Total Investments, at Cost	$1,473,542,349	$6,401,472,709	$7,412,105,698	$2,306,936,221	$417,067,553	$73,893,027	$2,315,048,277

COMBINED INVESTMENT FUNDS

SUPPLEMENTAL SCHEDULE OF FINANCIAL HIGHLIGHTS

	MUTUAL EQUITY FISCAL YEAR ENDED JUNE 30,					PRIVATE INVESTMENT FISCAL YEAR ENDED JUNE 30,				
	2002	**2001**	**2000**	**1999**	**1998**	**2002**	**2001**	**2000**	**1999**	**1998**
PER SHARE DATA										
Net Asset Value- Beginning of Period	$814.49	$909.17	$835.47	$708.74	$558.77	$103.96	$115.01	$81.40	$87.28	$86.79
INCOME FROM INVESTMENT OPERATIONS										
Net Investment Income (Loss)	8.24	7.54	8.87	8.46	8.84	4.98	3.66	18.12	4.23	11.84
Net Gains or (Losses) on Securities (Both Realized and Unrealized)	(130.49)	(93.84)	74.23	127.32	148.87	(15.98)	(10.59)	24.17	(5.30)	4.29
Total from Investment Operations	(122.25)	(86.30)	83.10	135.78	157.71	(11.00)	(6.93)	42.29	(1.07)	16.13
LESS DISTRIBUTIONS										
Dividends from Net Investment Income	(7.13)	(8.38)	(9.40)	(9.05)	(7.74)	(6.63)	(4.12)	(8.68)	(4.81)	(15.64)
Net Asset Value - End of Period	$685.11	$814.49	$909.17	$835.47	$708.74	$86.33	$103.96	$115.01	$81.40	$87.28
TOTAL RETURN	**-14.95%**	**-9.55%**	**10.03%**	**19.38%**	**28.40%**	**-10.81%**	**-6.25%**	**53.86%**	**-0.81%**	**18.55%**
RATIOS										
Net Assets - End of Period ($000,000 Omitted)	$6,677	$7,931	$8,853	$9,124	$7,736	$2,281	$2,607	$2,565	$1,186	$795
Ratio of Expenses to Average Net Assets (excl. sec. lending fees & rebates)	0.27%	0.38%	0.22%	0.27%	0.17%	0.48%	0.38%	0.48%	1.21%	0.55%
Ratio of Expenses to Average Net Assets	0.34%	0.59%	0.43%	0.57%	0.56%	na	na	na	na	na
Ratio of Net Investment Income (Loss) to Average Net Assets	1.10%	0.88%	1.01%	1.10%	1.42%	5.31%	3.38%	17.91%	5.28%	14.25%

	INTERNATIONAL STOCK FISCAL YEAR ENDED JUNE 30,					MUTUAL FIXED INCOME FISCAL YEAR ENDED JUNE 30,				
	2002	**2001**	**2000**	**1999**	**1998**	**2002**	**2001**	**2000**	**1999**	**1998**
PER SHARE DATA										
Net Asset Value- Beginning of Period	$232.07	$271.68	$228.93	$217.03	$216.52	$109.74	$108.38	$109.13	$113.15	$108.04
INCOME FROM INVESTMENT OPERATIONS										
Net Investment Income (Loss)	3.24	4.50	3.26	5.29	3.54	6.87	7.81	8.01	6.79	8.65
Net Gains or (Losses) on Securities (Both Realized and Unrealized)	(24.70)	(40.14)	42.68	9.34	(0.17)	(0.86)	0.75	(1.44)	(4.44)	3.21
Total from Investment Operations	(21.46)	(35.64)	45.94	14.63	3.37	6.01	8.56	6.57	2.35	11.86
LESS DISTRIBUTIONS										
Dividends from Net Investment Income	(4.14)	(3.97)	(3.19)	(2.73)	(2.86)	(6.54)	(7.20)	(7.32)	(6.37)	(6.75)
Net Asset Value - End of Period	$206.47	$232.07	$271.68	$228.93	$217.03	$109.21	$109.74	$108.38	$109.13	$113.15
TOTAL RETURN	**-9.00%**	**-13.29%**	**20.13%**	**6.77%**	**1.52%**	**5.64%**	**8.03%**	**5.77%**	**2.64%**	**10.52%**
RATIOS										
Net Assets - End of Period ($000,000 Omitted)	$2,227	$2,503	$2,930	$2,469	$2,438	$6,526	$6,586	$6,496	$6,170	$6,302
Ratio of Expenses to Average Net Assets (excl. sec. lending fees & rebates)	0.67%	0.40%	0.36%	0.24%	0.52%	0.17%	0.20%	0.16%	0.17%	0.16%
Ratio of Expenses to Average Net Assets	1.05%	1.44%	1.46%	1.27%	1.71%	0.45%	0.87%	0.71%	0.69%	0.61%
Ratio of Net Investment Income (Loss) to Average Net Assets	1.47%	1.79%	1.30%	1.98%	1.69%	6.24%	7.13%	6.79%	6.83%	7.09%

	COMMERCIAL MORTGAGE FISCAL YEAR ENDED JUNE 30,					REAL ESTATE FISCAL YEAR ENDED JUNE 30,				
	2002	**2001**	**2000**	**1999**	**1998**	**2002**	**2001**	**2000**	**1999**	**1998**
PER SHARE DATA										
Net Asset Value- Beginning of Period	$72.91	$73.17	$74.97	$77.12	$72.87	$63.31	$60.56	$59.48	$58.53	$54.06
INCOME FROM INVESTMENT OPERATIONS										
Net Investment Income (Loss)	6.58	6.89	6.98	6.24	8.33	0.79	0.99	2.34	1.71	6.33
Net Gains or (Losses) on Securities (Both Realized and Unrealized)	(5.81)	0.52	(1.29)	(1.78)	5.01	(0.31)	7.54	3.00	0.03	8.60
Total from Investment Operations	0.77	7.41	5.69	4.46	13.34	0.48	8.53	5.34	1.74	14.93
LESS DISTRIBUTIONS										
Dividends from Net Investment Income	(5.97)	(7.67)	(7.49)	(6.61)	(9.09)	(2.37)	(5.78)	(4.26)	(0.79)	(10.46)
Net Asset Value - End of Period	$67.71	$72.91	$73.17	$74.97	$77.12	$61.42	$63.31	$60.56	$59.48	$58.53
TOTAL RETURN	**1.19%**	**10.88%**	**8.26%**	**6.10%**	**17.71%**	**0.81%**	**14.45%**	**9.18%**	**9.96%**	**25.63%**
RATIOS										
Net Assets - End of Period ($000,000 Omitted)	$73	$101	$176	$237	$275	$471	$476	$510	$428	$417
Ratio of Expenses to Average Net Assets (excl. sec. lending fees & rebates)	0.53%	0.42%	0.39%	0.35%	0.32%	0.31%	32.00%	0.17%	0.42%	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	7.75%	9.21%	9.22%	8.64%	9.43%	1.28%	2.26%	3.95%	6.65%	6.75%

Source: Amounts were derived from custodial records.

SHORT-TERM INVESTMENT FUND

STATEMENT OF NET ASSETS
JUNE 30, 2002

		June 30, 2002
ASSETS		
Investment in Securities, at Amortized Cost (Note 8)	$	3,543,556,206
Accrued Interest and Other Receivables		2,912,450
Prepaid Assets		19,814
TOTAL ASSETS		3,546,488,470
LIABILITIES		
Distribution Payable		5,777,864
Payable to Transfer Agent (Note 6)		137,890
Interest Payable		81,993
Other Liabilities		13,021
TOTAL LIABILITIES		6,010,768
NET ASSETS	$	3,540,477,702
NET ASSETS CONSIST OF:		
Participant Units Outstanding($1.00 Par)	$	3,500,430,563
Designated Surplus Reserve (Note 2)		40,047,139
TOTAL NET ASSETS	$	3,540,477,702
Participant Net Asset Value, Offering Price and Redemption Price per share ($3,500,430,563 in Net Assets divided by 3,500,430,563 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, 2002 AND JUNE 30, 2001

	For the Year Ended June 30, 2002	2001
Operations		
Interest Income	$ 111,294,584	$ 255,114,298
Interest Expense on Reverse Repurchase Agreements	(82,329)	(65,611)
Operating Expenses	(783,275)	(934,013)
Net Investment Income	110,428,980	254,114,674
Net Realized Gains	718,104	249,860
Net Increase in Net Assets Resulting from Operations	111,147,084	254,364,534
Distribution to Participants (Notes 2 & 7)		
Distributions to Participants	(108,736,391)	(250,388,829)
Total Distributions Paid and Payable	(108,736,391)	(250,388,829)
Share Transactions at Net Asset Value of $1.00 per Share		
Purchase of Units	11,573,361,781	12,278,364,281
Redemption of Units	(12,585,408,280)	(11,415,815,952)
Net Increase in Net Assets and Shares Resulting from Share Transactions	(1,012,046,499)	862,548,329
Total Increase in Net Assets	(1,009,635,806)	866,524,034
Net Assets		
Beginning of Year	4,550,113,508	3,683,589,474
End of Year	$ 3,540,477,702	$ 4,550,113,508

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, 2002, the balance in the Designated Surplus Reserve was $40,047,139, an increase of $2,410,693 from the June 30, 2001 balance of $37,636,446.

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.

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, 2002. 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, 2002, STIF recorded a liability of $137,890, 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:	2002	2001
July	$ 14,892,482	$ 21,068,172
August	15,859,392	25,325,394
September	14,497,488	24,965,829
October	11,674,462	24,109,511
November	8,037,557	20,453,180
December	6,640,090	19,429,983
January	6,785,539	22,627,719
February	5,878,246	20,656,552
March	6,247,456	20,629,174
April	5,953,400	18,723,246
May	6,492,416	17,658,291
June (Payable at June 30)	5,777,864	14,741,778
Total Distribution Paid & Payable	**$108,736,391**	**$250,388,829**

NOTE 8: INVESTMENTS IN SECURITIES

The following is a summary of investments in securities, at amortized cost and fair value as of June 30, 2002:

Investment	Amortized Cost	Fair Value
Securities-Backed Commercial Paper	$1,046,026,800	$1,046,124,358
Fully Supported Commercial Paper	578,586,156	578,588,448
Bank Notes	363,706,676	364,012,511
Extendable Commercial Notes	348,770,179	348,770,179
Corporate Notes	311,687,868	311,806,552
Repurchase Agreements	200,000,000	200,000,000
Multi-Backed Commercial Paper	181,356,848	181,408,514
Receivable-Backed Commercial Paper	146,262,461	146,262,461
Federal Agency Securities	124,556,713	125,148,540
Commercial Paper	103,689,000	103,689,000
Certificates of Deposit	100,000,000	100,000,000
Banker's Acceptances	38,913,385	39,048,204
Liqudity Management Control System	120	120
TOTAL	**$3,543,556,206**	**$3,544,858,888**

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, 2002, STIF held adjustable-rate federal agency, corporate notes 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, 2002, STIF was rated AAAm, its highest rating, by Standard and Poor's Corporation ("S&P"). In December 2001, 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, 2002

Par Value	Security (Coupon, Maturity or Reset Date)	Yield %	Amortized Cost	Fair Value	Asset ID	Quality Rating
BANKERS' ACCEPTANCES (1.10% of total investments)						
$ 1,997,000	FLEET BANK 2.14, 9/9/02	1.81	$ 1,988,690	$ 1,990,011	3390M1J97	A-1
1,228,800	FLEET BANK 2.01, 10/30/02	1.98	1,220,498	1,220,664	3390M1KW4	A-1
15,884,057	WACHOVIA 1.85, 8/27/02	1.86	15,837,530	15,837,530	9297M1HT6	A-1
20,000,000	WACHOVIA 2.00, 10/29/02	2.00	19,866,667	20,000,000	9297M1KV7	A-1
$ 39,109,857			**$ 38,913,385**	**$ 39,048,204**		
CERTIFICATES OF DEPOSIT (2.82% of total investments)						
$ 80,000,000	FIRST UNION 2.371, 3/6/03	2.37	$ 80,000,000	$ 80,000,000	32099S004	A-1
20,000,000	FIRST UNION 2.371, 3/6/03	2.37	20,000,000	20,000,000	32099S004	A-1
$ 100,000,000			**$ 100,000,000**	**$ 100,000,000**		
COMMERCIAL PAPER (2.93% of total investments)						
$ 53,689,000	GE CAPITAL CORP 1.98, 7/1/02	1.98	$ 53,689,000	$ 53,689,000	36965EPX8	A-1+
50,000,000	GE CAPITAL CORP 2.00, 7/1/02	2.00	50,000,000	50,000,000	3615T3G16	A-1+
$ 103,689,000			**$ 103,689,000**	**$ 103,689,000**		
BANK NOTES (10.26% of total investments)						
$ 50,000,000	BANC ONE 1.94, 3/11/04	1.93	$ 49,966,366	$ 50,008,500	06423ENL5	A-1
50,000,000	BANC ONE 2.12, 5/10/04	1.93	50,000,000	50,175,500	06423EMD4	A-1
50,000,000	BAYERISCHE LANDES BANK 1.92, 3/8/04	1.91	49,966,536	50,008,000	0727M5WU2	A-1+
3,755,000	FLEET BANK 1.98, 7/31/02	1.98	3,754,865	3,755,451	33901MMV1	A-1
10,100,000	NATIONAL CITY BANK 2.00, 1/13/02	1.89	10,103,775	10,106,060	634906AM3	A-1
50,000,000	NATIONAL CITY BANK 1.91, 1/15/04	1.93	49,988,536	49,984,500	634906BP5	A-1
50,000,000	NATIONAL CITY BANK 1.93, 2/23/04	1.94	49,975,533	49,991,500	634906BS9	A-1
50,000,000	NATIONAL CITY BANK 1.93, 2/23/04	1.94	49,975,533	49,991,500	634906BS9	A-1
50,000,000	NATIONAL CITY BANK 1.93, 2/23/04	1.94	49,975,533	49,991,500	634906BS9	A-1
$ 363,855,000			**$ 363,706,676**	**$ 364,012,511**		
FULLY-SUPPORTED COMMERCIAL PAPER (16.33% of total investments)						
$ 50,000,000	ARIES ONE 1.85, 7/8/02	1.85	$ 49,982,014	$ 49,982,014	04037MG87	A-1
13,985,000	ARIES ONE 1.85, 7/8/02	1.85	13,979,969	13,979,969	04037MG87	A-1
40,000,000	ARIES ONE 1.85, 7/10/02	1.85	39,981,500	39,981,500	04037MGA2	A-1
40,000,000	ARIES ONE 1.85, 7/10/02	1.85	39,981,500	39,981,500	04037MGA2	A-1
20,354,000	ARIES ONE 1.85, 7/10/02	1.85	20,344,586	20,344,586	04037MGA2	A-1
50,000,000	BUNGEE ASSET 1.85, 7/10/02	1.85	49,976,875	49,976,875	12056UGA3	A-1
89,984,000	BUNGEE ASSET 1.85, 7/10/02	1.85	89,937,758	89,937,758	12056UGB1	A-1
24,000,000	EXELSIOR FINANCE 2.00, 7/3/02	2.00	23,997,333	23,997,333	30161UG33	A-1+
17,000,000	EXELSIOR FINANCE 1.85, 7/18/02	1.85	16,985,149	16,985,149	30161UGJ8	A-1+
19,000,000	EXELSIOR FINANCE 1.86, 7/19/02	1.86	18,982,330	18,982,330	30161UGK5	A-1+
30,000,000	EXELSIOR FINANCE 1.85, 7/24/02	1.85	29,964,542	29,964,542	30161UGQ2	A-1+
50,000,000	FOUNTAIN SQUARE 2.02, 7/1/02	2.02	50,000,000	50,000,000	35075SG16	A-1+
2,371,000	FOUNTAIN SQUARE 2.05, 10/25/02	1.76	2,355,338	2,357,630	35075SKR4	A-1+
30,648,000	INTREPID FUNDING 1.90, 7/10/02	1.90	30,633,442	30,633,442	4611W3009	A-1+
50,163,000	TULIP FUNDING 1.90, 7/8/02	1.90	50,144,468	50,144,468	89929UG81	A-1+
51,451,000	ULLSWATER 1.86, 8/12/02	1.86	51,339,351	51,339,351	90374MHC7	A-1
$ 578,956,000			**$ 578,586,156**	**$ 578,588,448**		
MULTI-BACKED COMMERCIAL PAPER (5.12% of total investments)						
$ 10,016,000	BEST FUNDING 1.85, 7/19/02	1.85	$ 10,006,735	$ 10,006,735	08652MGK5	A-1+
10,716,000	BEST FUNDING 1.85, 7/24/02	1.85	10,703,334	10,703,334	08652MGQ2	A-1+
23,705,000	BEST FUNDING 1.85, 7/29/02	1.85	23,670,891	23,670,891	08652MG61	A-1+
50,000,000	FOUR WINDS 2.05, 10/29/02	1.75	49,658,333	49,710,000	35103MKV4	A-1
10,676,000	GIRO MULTI FUNDING 1.86, 7/8/02	1.86	10,672,139	10,672,139	3763K3G88	A-1+
3,003,000	GIRO MULTI FUNDING 1.91, 7/18/02	1.91	3,000,291	3,000,291	3763K3GJ4	A-1+
15,602,000	TASMAN FUNDING 1.86, 7/11/02	1.86	15,593,939	15,593,939	87651UGB2	A-1+
9,223,000	TASMAN FUNDING 1.85, 7/16/02	1.85	9,215,891	9,215,891	87651UGG1	A-1+
15,000,000	TASMAN FUNDING 1.85, 7/22/02	1.85	14,983,813	14,983,813	87651UGN6	A-1+
6,217,000	TASMAN FUNDING 1.85, 7/22/02	1.85	6,210,291	6,210,291	87651UGN6	A-1+
27,697,000	TASMAN FUNDING 1.86, 8/9/02	1.86	27,641,191	27,641,191	87651UH96	A-1+
$ 181,855,000			**$ 181,356,848**	**$ 181,408,514**		
RECEIVABLE-BACKED COMMERCIAL PAPER (4.13% of total investments)						
$ 62,416,000	ABSC 1.85, 7/8/02	1.85	$ 62,393,548	$ 62,393,548	0007T3G84	A-1+
12,789,000	ABSC 1.86, 7/12/02	1.86	12,781,732	12,781,732	0007T3GC5	A-1+
4,385,000	EAGLE FUNDING 2.15, 8/12/02	2.16	4,374,001	4,374,001	27003LHC0	A-1

SHORT-TERM INVESTMENT FUND

LIST OF INVESTMENTS AT JUNE 30, 2002 (Continued)

Par Value	Security (Coupon, Maturity or Reset Date)	Yield %	Amortized Cost	Fair Value	Asset ID	Quality Rating
50,000,000	EDISON ASSET SECURITIZATION 2.00, 7/1/02	2.00	50,000,000	50,000,000	28100MG13	A-1+
11,275,000	SUPERIOR FUNDING 1.85, 7/29/02	1.85	11,258,777	11,258,777	86816KGV4	A-1+
5,471,000	SYDNEY CAPITAL 1.95, 8/26/02	1.96	5,454,405	5,454,405	87123MH52	A-1+
$ 146,336,000			**$ 146,262,461**	**$ 146,262,461**		
SECURITIES-BACKED COMMERCIAL PAPER (29.52% of total investments)						
$ 7,474,000	AELTUS CBO V 1.85, 7/11/02	1.85	$ 7,470,159	$ 7,470,159	0076A3GB2	A-1+
13,365,000	AELTUS CBO V 1.85, 8/22/02	1.85	13,329,286	13,329,286	0076A3HN0	A-1+
27,000,000	AELTUS CBO V 1.85, 8/23/02	1.86	26,926,463	26,926,463	0076A3HP0	A-1+
61,011,000	AMSTEL FUNDING 2.015, 10/25/02	1.75	60,614,869	60,668,930	03218SKR0	A-1+
33,023,000	DECLARATION FUNDING 1.865, 8/15/02	1.87	32,946,015	32,946,015	24357MHF0	A-1
50,000,000	MORIARTY LIMITED 2.01, 10/25/02	1.75	49,676,167	49,719,665	61761UKR4	A-1+
5,000,000	TRAINER WORTHAM 1.87, 7/15/02	1.87	4,996,364	4,996,364	89288MGF8	A-1+
35,000,000	TRAINER WORTHAM 1.85, 8/8/02	1.85	34,931,653	34,931,653	89288MH83	A-1+
50,000,000	TRAINER WORTHAM 1.97, 8/19/02	1.98	49,865,931	49,865,931	89288MHK6	A-1+
12,500,000	TRAINER WORTHAM 1.97, 8/19/02	1.98	12,466,483	12,466,483	89288MHK6	A-1+
15,000,000	WESTWAY FUNDING I 1.95, 8/6/02	1.95	14,970,750	14,970,750	96168VH67	A-1+
3,000,000	WESTWAY FUNDING I 2.00, 8/7/02	2.00	2,993,833	2,993,833	96168VH75	A-1+
48,070,000	WESTWAY FUNDING I 1.955, 8/14/02	1.96	47,955,139	47,955,139	96168VHE0	A-1+
33,000,000	WESTWAY FUNDING I 1.86, 8/28/02	1.87	32,901,110	32,901,110	96168VHU4	A-1+
13,986,000	WESTWAY FUNDING II 1.95, 8/6/02	1.95	13,958,727	13,958,727	96169MH66	A-1+
50,000,000	WESTWAY FUNDING II 1.85, 8/14/02	1.85	49,886,944	49,886,944	96169MHE9	A-1+
14,318,000	WESTWAY FUNDING II 1.85, 8/14/02	1.85	14,285,625	14,285,625	96169MHE9	A-1+
50,000,000	WESTWAY FUNDING III 2.00, 8/6/02	2.00	49,900,000	49,900,000	9616W3H62	A-1+
31,174,000	WESTWAY FUNDING III 1.95, 8/6/02	1.95	31,113,211	31,113,211	9616W3H62	A-1+
11,815,000	WESTWAY FUNDING III 1.95, 8/6/02	1.95	11,791,961	11,791,961	9616W3H62	A-1+
7,012,000	WESTWAY FUNDING III 2.00, 8/6/02	2.00	6,997,976	6,997,976	9616W3H62	A-1+
7,000,000	WESTWAY FUNDING III 1.95, 8/7/02	1.95	6,985,971	6,985,971	9616W3H70	A-1+
50,000,000	WESTWAY FUNDING III 1.845, 8/14/02	1.85	49,887,250	49,887,250	9616W3HE5	A-1+
3,750,000	WESTWAY FUNDING III 1.845, 8/14/02	1.85	3,741,544	3,741,544	9616W3HE5	A-1+
5,000,000	WESTWAY FUNDING III 1.86, 8/20/02	1.86	4,987,083	4,987,083	9616W3HL9	A-1+
48,588,000	WESTWAY FUNDING IV 2.03, 8/6/02	2.03	48,489,366	48,489,366	9616R3H68	A-1+
3,917,000	WESTWAY FUNDING IV 1.95, 8/6/02	1.95	3,909,362	3,909,362	9616R3H68	A-1+
47,208,000	WESTWAY FUNDING IV 2.00, 8/7/02	2.00	47,110,961	47,110,961	9616R3H76	A-1+
50,000,000	WESTWAY FUNDING IV 1.95, 8/8/02	1.95	49,897,083	49,897,083	9616R3H84	A-1+
23,000,000	WESTWAY FUNDING IV 1.95, 8/8/02	1.95	22,952,658	22,952,658	9616R3H84	A-1+
38,474,000	WESTWAY FUNDING IV 2.00, 8/13/02	2.00	38,382,090	38,382,090	9616R3HD3	A-1+
25,000,000	WESTWAY FUNDING IV 2.00, 8/13/02	2.00	24,940,278	24,940,278	9616R3HD3	A-1+
21,002,000	WESTWAY FUNDING IV 1.95, 8/14/02	1.95	20,951,945	20,951,945	9616R3HE1	A-1+
6,115,000	WESTWAY FUNDING IV 1.85, 8/14/02	1.85	6,101,173	6,101,173	9616R3HE1	A-1+
45,000,000	WESTWAY FUNDING IV 1.955, 8/15/02	1.96	44,890,031	44,890,031	9616R3HF8	A-1+
38,000,000	WESTWAY FUNDING V, 1.92, 7/1/02	1.92	38,000,000	38,000,000	9616X3G13	A-1+
15,000,000	WESTWAY FUNDING V 1.87, 8/7/02	1.87	14,971,171	14,971,171	9616X3H79	A-1+
50,000,000	WESTWAY FUNDING V 1.86, 8/28/02	1.87	49,850,167	49,850,167	9616X3HU8	A-1+
$1,048,802,000			**$ 1,046,026,800**	**$ 1,046,124,358**		
FEDERAL AGENCY SECURITIES (3.51% of total investments)						
$ 20,000,000	Sallie Mae 2.23, 3/28/03	1.79	$ 19,998,580	$ 20,065,800	86387SBF6	AAA
50,000,000	Sallie Mae 2.23, 3/28/03	1.79	49,996,451	50,164,500	86387SBF6	AAA
24,500,000	Sallie Mae 2.23, 4/26/04	1.82	24,524,072	24,684,240	86387SBJ8	AAA
30,000,000	Sallie Mae 2.24, 4/27/02	1.81	30,037,609	30,234,000	86387SBP4	AAA
$ 124,500,000			**$ 124,556,713**	**$ 125,148,540**		
Corporate Notes (8.80% of total investments)						
$ 6,000,000	GE CAPITAL CORP 6.52, 10/8/02	1.85	$ 6,071,395	$ 6,074,940	36962GUH5	AAA
50,000,000	GE CAPITAL CORP 1.84, 1/28/04	1.95	49,913,838	49,918,000	36962GXJ8	AAA
10,000,000	GE CAPITAL CORP 1.84, 1/28/04	1.95	9,982,756	9,983,600	36962GXJ8	AAA
15,000,000	GE CAPITAL CORP 2.06, 3/25/04	2.05	14,994,748	15,002,550	369622FY6	AAA
35,000,000	GE CAPITAL CORP 2.05, 4/22/02	2.07	34,985,304	34,989,500	36962GYF5	AAA
10,000,000	GE CAPITAL CORP 2.25, 5/14/04	2.24	10,000,000	10,001,800	36962GYQ1	AAA
50,000,000	GE CAPITAL CORP 2.25, 5/14/04	2.24	50,000,000	50,009,000	36962GYQ1	AAA
40,000,000	GE CAPITAL CORP 1.96, 5/20/04	1.98	39,969,988	39,984,800	36962GYS7	AAA
11,040,000	GE CAPITAL CORP 1.47, 6/26/05	2.17	10,769,839	10,750,862	36962F2H8	AAA
35,000,000	MERIDIAN FUNDING 2.14, 12/20/05	2.09	35,000,000	35,059,500	58962FAL4	AAA

SHORT-TERM INVESTMENT FUND

LIST OF INVESTMENTS AT JUNE 30, 2002 (Continued)

Par Value	Security (Coupon, Maturity or Reset Date)	Yield %	Amortized Cost	Fair Value	Asset ID	Quality Rating
50,000,000	SIGMA FINANCE 2.02, 2/11/05	1.99	50,000,000	50,032,000	EC5204069	AAA
$ 312,040,000			**$ 311,687,868**	**$ 311,806,552**		
EXTENDABLE COMMERCIAL NOTES (9.84% of total investments)						
$ 50,000,000	ASAP FUNDING 1.88, 8/13/02	1.88	$ 49,887,722	$ 49,887,722	04341E4B2	A-1+
50,000,000	ASAP FUNDING 1.88, 8/13/02	1.88	49,887,722	49,887,722	04341E4B2	A-1+
50,000,000	ASAP FUNDING 1.88, 8/13/02	1.88	49,887,722	49,887,722	04341E4B2	A-1+
20,075,000	CPI FUNDING CORP 1.92, 7/26/02	1.92	20,048,233	20,048,233	1261M6UA5	A-1+
45,147,000	CPI FUNDING CORP 1.90, 8/12/02	1.90	45,046,924	45,046,924	1261M6VA4	A-1+
44,117,000	CPI FUNDING CORP 1.95, 8/14/02	1.95	44,011,854	44,011,854	1261M6TY5	A-1+
50,000,000	HARWOOD STREET I 2.10, 7/1/02	2.10	50,000,000	50,000,000	41801HEC7	A-1+
40,000,000	HARWOOD STREET I 2.10, 7/1/02	2.10	40,000,000	40,000,000	41801HEC7	A-1+
$ 349,339,000			**$ 348,770,179**	**$ 348,770,179**		
REPURCHASE AGREEMENTS (5.64% of total investments)						
$ 200,000,000	BANC ONE CAPITAL MARKETS 2.06, 7/1/02	2.06	$ 200,000,000	$ 200,000,000	05999U006	A-1
$ 200,000,000			**$ 200,000,000**	**$ 200,000,000**		
LIQUIDITY MANAGEMENT CONTROL SYSTEM (0.00% of total investments)						
$ 120	LIQUIDITY MGMT SYSTEM 0.85, 7/1/02	0.85	$ 120	$ 120	536991003	A-1
$ 120			**$ 120**	**$ 120**		
$3,548,481,977	**TOTAL INVESTMENT IN SECURITIES**		**$ 3,543,556,206**	**$3,544,858,888**		

SCILLIA DOWLING & NATARELLI LLC

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 F38 to F41 of the State of Connecticut Fiscal Year 2002 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, 2001 through June 30, 2002. 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, include examining on a test basis, evidence supporting the Schedules and performing such 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 the annual investment period from July 1, 2001 to June 30, 2002, in all material respects, in accordance with the measurement and disclosure criteria set forth in Notes 2 and 3 to the Schedules.

The periods from July 1, 1992 to June 30, 2001 were examined by other independent accountants whose report, dated September 24, 2001, expressed an unqualified opinion thereon.

Scillia Dowling & Natarelli LLC

Hartford, Connecticut
October 4, 2002

Certified Public Accountants and Consultants
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SHORT-TERM INVESTMENT FUND
SCHEDULE OF ANNUAL RATES OF RETURN

	Year Ended June 30,									
	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
STIF Total Rate of Return (%)	2.61	6.11	6.01	5.37	5.82	5.66	5.95	5.62	3.63	3.95
First Tier Institutions-Only Money Fund Report™ (MFR) Index (%) (1)	2.22	5.74	5.58	5.04	5.49	5.27	5.44	5.31	3.08	3.03
Total Assets in STIF, End of Period ($ - Millions)	3,546	4,565	3.701	3,646	3,190	2,527	2,014	1,495	1,830	1,787
Percent of Firm Assets	67	71	71	71	70	73	68	58	67	66
Number of Participant Accounts in Composite, End of Year	1,084	897	800	782	654	644	590	563	510	424

(1)Represents First Tier Institutions-Only Money Fund Report™ (MFR) Index prior to December 31, 1995 and First Tier Institutions-Only Rated Money Fund Report™ (MFR) Index for the period January 1, 1996 through June 30, 2002. These Index rates have been taken from published sources and have not been examined by Scillia Dowling & Natarelli LLC or 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(%)	First Tier Institutions-Only Rated Money Fund Report Index(%)(1)
2002		
Sep-01	.95	.85
Dec-01	.66	.55
Mar-02	.48	.41
Jun-02	.49	.39
YEAR	**2.61**	**2.22**
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**

FISCAL YEAR	Rate of Return(%)	First Tier Institutions-Only Rated Money Fund Report Index(%)(1)
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**
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**

(1) Represents First Tier Institutions-Only Money Fund Report™ (MFR) Index prior to December 31, 1995 and First Tier Institutions-Only Rated Money Fund Report™ (MFR) 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 Scillia Dowling & Natarelli LLC or 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, 1992 THROUGH JUNE 30, 2002

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. 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 2002 fiscal year, STIF's portfolio averaged $4.1 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, 1992 through June 30, 2002. AIMR has not been involved with the preparation or review of this report. The performance presentation for the period July 1, 1993 through June 30, 2002 has been subject to a Level II verification in accordance with AIMR standards by an independent public accounting firm whose report is included herein. For the purposes of compliance with AIMR performance presentation standards for the Short-Term Investment Fund, the Treasury has defined the "Firm" as the funds under the control of the State Treasurer, State agencies and State authorities for which the Treasurer has direct investment management responsibility within the Short-Term Investment Fund.

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, 1992 THROUGH JUNE 30, 2002

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, 2002, the balance in the Designated Surplus Reserve was $40,047,139, an increase of $2,410,693 from the June 30, 2001 balance of $37,636,446.

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 30 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.

SCHEDULE OF CASH AND INVESTMENTS, BALANCES AND ACTIVITY (at Fair Value)
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	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	Tobacco and Health Trust Fund
Cash and Investment Balances at June 30, 2002:										
Cash	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Income Receivable	439,684	265,570	105,878	5,731	14,933	85	163	1,993	8,985	5,720
Interest in Investment Funds	10,107,301,878	7,090,508,997	1,184,508,259	60,923,940	125,264,906	614,857	56,372,781	14,551,408	16,801,503	36,087,365
Total Cash and Investments	$10,107,741,562	$7,090,774,567	$1,184,614,137	$60,929,671	$125,279,839	$614,942	$56,372,944	$14,553,401	$16,810,488	$36,093,085
Schedule of Activity:										
Cash and Investments at July 1, 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	$ -
Shares Purchased (Excluding Cash Reserve Fund)	104,354,320	73,447,648	1,768,689	245,504	171,639	157	-	-	12,042	34,374,062
Shares Redeemed (Excluding Cash Reserve Fund)	(64,238,577)	(45,495,808)	(3,536,984)	(357,485)	(351,949)	(48)	-	-	(21,050)	-
Net Purchase and Redemptions of Cash Reserve Fund	(17,819,278)	57,202,141	15,744,086	435,501	2,429,812	(46,662)	13	899,177	276,820	3,208,337
Net Investment Income	388,785,006	271,253,981	44,995,791	2,232,270	4,836,223	17,575	3,147,190	789,631	537,032	1,399,176
Realized Gain (Loss) from Sale of Investments	1,584,432	1,341,884	(18,017)	14,002	(2,403)	1	-	-	(1,117)	-
Change in Unrealized Gain/(Loss) on Investment Funds	(1,120,545,600)	(781,112,866)	(127,177,039)	(6,092,462)	(12,722,340)	(71,459)	(1,137,710)	(60,891)	(1,236,307)	(1,495,034)
Increase (Decrease) in Receivables - Net (1)	(482,812)	(78,205)	(49,455)	(4,065)	(6,152)	(248)	(175)	(1,856)	(8,117)	5,720
Distributions	(388,785,006)	(271,253,981)	(44,995,791)	(2,232,270)	(4,836,223)	(17,575)	(3,147,190)	(789,631)	(537,032)	(1,399,176)
Cash and Investments at June 30, 2002	$10,107,741,562	$7,090,774,567	$1,184,614,137	$60,929,671	$125,279,839	$614,942	$56,372,944	$14,553,401	$16,810,488	$36,093,085

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, 2002

	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	$ -	$ -	$ -	$ -	$ -	$42,467,522
Interest & Dividends Receivable	1,163	76	256	119	325	-
Investments in Combined Investment Funds, at Fair Value	8,260,570	545,046	1,853,716	872,318	1,686,809	-
Total Assets	$8,261,733	$545,122	$1,853,972	$872,437	$1,687,134	$42,467,522
LIABILITIES & FUND BALANCE						
Due to Other Funds	$ 98,853	$ 18,723	$ 64,086	$ 30,654	$ -	$ -
Fund Balance	8,162,880	526,399	1,789,886	841,784	1,687,134	42,467,522
Total Liabilities & Fund Balance	$8,261,733	$545,122	$1,853,972	$872,437	$1,687,134	$42,467,522

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	$ 281,852	$ 18,723	$ 64,086	$ 30,654	$ 50,371
Realized Gain on Investments	1,440,821	86,499	296,318	136,402	$84,145
Change in Unrealized Gain (Loss) on Investments	(2,117,208)	(129,841)	(443,978)	(205,424)	(197,132)
Increase (Decrease) in Cash Reserve Fund Income Receivables -[(1)]	(1,178)	(86)	(200)	(59)	(2,765)
Total Revenue	$ (395,713)	$ (24,705)	$ (83,774)	$ (38,427)	$ (65,381)
EXPENDITURES	$ -	$ -	$ -	$ -	$ -
Excess of Revenue over Expenditures	$ (395,713)	$ (24,705)	$ (83,774)	$ (38,427)	$ (65,381)

(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, 2001	$8,840,443	$569,825	$1,937,748	$910,861	$1,752,516	$ 53,523,366
Excess of Revenue over Expenditures	(395,713)	(24,705)	(83,774)	(38,427)	(65,381)	-
Net Cash Transactions	-	-	-	-	-	(12,361,853)
Transfer from Other Funds	34,540	-	-	-	-	1,306,009
Transfer to Other Funds	(327,083)	(21,197)	(71,933)	(34,540)	-	-
Decrease in Due to Other Funds	10,691	2,476	7,847	3,887	-	-
Fund Balance at June 30, 2002	$8,162,880	$526,399	$1,789,886	$841,784	$1,687,134	$ 42,467,522

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, 2002

	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	$ (395,713)	$ (24,705)	$ (83,774)	$ (38,427)	$(65,381)
Realized Gain on Investments	(1,440,821)	(86,499)	(296,318)	(136,402)	(84,145)
Change in Unrealized (Gain) Loss on Investments	2,117,208	129,841	443,978	205,424	197,132
(Increase) Decrease in Cash Reserve Fund Income Receivables	1,178	86	200	59	2,765
Net Cash Provided by Operations	281,852	18,723	64,086	30,654	50,371
Cash Flows from Non Capital Financing Activities:					
Operating Transfers - Out to Other Funds	(327,083)	(21,197)	(71,933)	(34,540)	-
Operating Transfers - In from Other Funds	34,540	-	-	-	-
Net Cash Used for Non-Capital Financing Activities	(292,543)	(21,197)	(71,933)	(34,540)	-
Cash Flows from Investing Activities:					
Net Purchase and Redemptions of Cash Reserve Fund	(6,308)	1,914	(18,848)	(18,545)	705,121
Purchase of Investments	(1,818,962)	(109,328)	(350,858)	(151,636)	(862,924)
Proceeds from Sale of Investment	1,835,962	109,889	377,554	174,067	107,432
Net Cash Provided by (Used for) Investing Activities	10,691	2,476	7,847	3,887	(50,371)
Net Increase (Decrease) In Cash	-	-	-	-	-
Cash June 30, 2001	-	-	-	-	-
Cash June 30, 2002	$ -	$ -	$ -	$ -	$ -

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

NON-CIVIL LIST TRUST FUNDS

STATEMENT OF CONDITION, AT COST
JUNE 30, 2002

	SCHOOL FUND	AGRICULTURAL COLLEGE FUND	IDA EATON COTTON FUND	ANDREW C. CLARK FUND	HOPEMEAD STATE PARK TRUST FUND	MISC. AGENCY TRUST FUNDS
ASSETS						
Cash & Cash Equivalents	$ -	$ -	$ -	$ -	$ -	$42,467,522
Interest & Dividends Receivable	1,163	76	256	119	325	-
Investments in Combined Investment Funds	6,291,037	414,232	1,400,161	679,459	1,291,388	-
Total Assets	$6,292,200	$414,308	$1,400,417	$679,578	$1,291,713	$42,467,522
LIABILITIES						
Due to Other Funds	$ 98,853	$ 18,723	$ 64,086	$ 30,654	$ -	$ -
Fund Balance	6,193,347	395,585	1,336,331	648,924	1,291,713	42,467,522
Total Liabilities & Fund Balance	$6,292,200	$414,308	$1,400,417	$679,578	$1,291,713	$42,467,522

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

CIVIL AND NON-CIVIL LIST TRUST FUNDS

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 document) 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. Effective July 1, 1999,Public Act No. 99-2 was enacted which affected section 4-28e of the Connecticut General Statutes to include the Tobacco and Health Trust Fund in the 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

STATEMENT OF NET ASSETS
JUNE 30, 2002

ASSETS	
CURRENT ASSETS:	
Cash and Cash Equivalents	$ 16,177,068
Receivables, Net of Allowance for Uncollectible Accounts, $27,201,399	18,084,430
Other Assets	167,332
TOTAL CURRENT ASSETS	34,428,830
NONCURRENT ASSETS:	
Trustee Cash and Cash Equivalents	38,846,793
Capital Assets:	
Computers	18,224
Office Equipment	8,596
Less Accumulated Depreciation	(2,682)
TOTAL NONCURRENT ASSETS	38,870,931
TOTAL ASSETS	73,299,761
LIABILITIES	
CURRENT LIABILITIES:	
Special Assessment Revenue Bonds Payable - Current Portion	13,070,000
Accounts Payable and Accrued Liabilities	9,729,989
Interest Payable	3,893,838
Compensated Absences	232,409
TOTAL CURRENT LIABILITIES	26,926,236
NONCURRENT LIABILITIES:	
Special Assessment Revenue Bonds Payable	140,950,000
Accounts Payable and Accrued Liabilities	1,310,625
Compensated Absences	187,892
TOTAL NONCURRENT LIABILITIES	142,448,517
TOTAL LIABILITIES	169,374,753
NET ASSETS	
Restricted for Debt Service	40,171,855
Unrestricted Deficit (See Note 8)	(136,246,847)
TOTAL NET ASSETS	$ (96,074,992)

See accompanying Notes to the Financial Statements.

SECOND INJURY FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

OPERATING REVENUES	
Assessment Revenues	$107,132,005
Fund Recoveries	1,104,162
Other Income	2,327,299
TOTAL OPERATING REVENUES	110,563,466
OPERATING EXPENSES	
Injured Worker Benefits:	
Settlements	11,577,643
Indemnity Claims Benefits	23,652,885
Medical Claims Benefits	6,275,682
Total Injured Worker Benefits	41,506,210
Administrative Expenses	8,927,389
TOTAL OPERATING EXPENSES	50,433,599
OPERATING INCOME	60,129,867
NON-OPERATING REVENUES (EXPENSES)	
Interest Income	2,044,869
Interest Expense	(10,580,973)
Bond and BAN Expense	(220,802)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(8,756,906)
INCOME BEFORE EXTRAORDINARY ITEM	51,372,961
EXTRAORDINARY ITEM	
Loss on Early Extinguishment of Long-term Debt	(1,397,049)
Change in Net Assets	49,975,912
NET ASSETS AT JUNE 30, 2001 - AS PREVIOUSLY REPORTED	**86,486,506**
Adoption of New GASB 34 Pronouncement - Reclassification (See Notes 2 and 8)	(232,537,410)
NET ASSETS AT JUNE 30, 2001 - AS RESTATED	**(146,050,904)**
NET ASSETS AT JUNE 30, 2002	**($96,074,992)**

See accompanying Notes to the Financial Statements.

SECOND INJURY FUND

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

CASH FLOWS FROM OPERATING ACTIVITIES	
SOURCE:	
Assessment Revenues	$ 107,678,437
Trustee Cash and Cash Equivalents	34,009,095
Fund Recoveries	1,104,774
Other Income	2,327,299
Depreciation	2,682
	145,122,287
USE:	
Injured Worker Benefits	37,579,793
Other Assets	14,315
Administrative Expenses	8,418,818
	46,012,926
NET CASH PROVIDED BY OPERATING ACTIVITIES	99,109,361
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
1996 Series A Bonds	22,365,000
2000 Series A Bonds	28,465,000
Bank Anticipation Notes	43,700,000
Interest Income	(2,223,440)
Interest Expense	13,565,413
Bond & BAN Expense	240,218
Loss in Early Extinguishment of Debt	1,397,049
NET CASH USED FROM NONCAPITAL FINANCING ACTIVITIES	107,509,240
CASH FLOWS FROM INVESTING ACTIVITIES	
Acquisition of Capital Assets	26,820
NET CASH USED BY INVESTING ACTIVITIES	26,820
NET DECREASE IN CASH AND CASH EQUIVALENTS	(8,426,699)
Cash and Cash Equivalents, July 1, 2001	24,603,767
CASH AND CASH EQUIVALENTS, JUNE 30, 2002	$ 16,177,068

Reconciliation of Operating Income to Net Cash Provided by Operating Activities

Operating Income	$ 60,129,867
Adjustments to Reconcile Operating Income to Net Cash:	
Provided by Operating Activities:-	
Depreciation Expense	2,682
Decrease (Increase) in Assets:	
Decrease in Trustee Cash and Cash Equivalents	34,009,095
Increase in Receivables, Net	(8,153,643)
increase in Other Assets	(14,315)
Increase (Decrease) in Liabilities	
Increase in Accounts Payable & Accrued Expenses	4,081,300
Adjustment to Assessment Revenue	9,054,375
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 99,109,361

See accompanying Notes to the Financial Statements.

SECOND INJURY FUND

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.). Prior to July 1, 1995, the Fund provided relief to employers where a worker, who already had a preexisting injury or medical condition, was hurt on the job and that second injury was made "materially and substantially" worse by the first injury or preexisting injury or medical condition.

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 for and make payments with respect to:

- Widow and dependent death benefits
- Reimbursement for cost of living adjustments on certain claims
- Second injury claims transferred to the Fund prior to July 1999 with a date of injury prior to July 1, 1995.

For State of Connecticut financial reporting purposes, SIF is reported as an Enterprise Fund. (See Notes 2 and 8)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

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).

In June 1999, the Government Accounting Standards Board (GASB) issued Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and local Governments. The Fund implemented GASB No. 34 effective July 1, 2001. GASB No. 34, Paragraph 67, requires SIF to utilize the enterprise fund form of reporting. The reporting focuses on the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. The full accrual form of accounting is employed, and revenues are recognized when earned, and expenses are recorded when liabilities are incurred without regard to receipt or disbursement of cash. GASB No. 34 has defined an enterprise fund as a governmental unit in which the activity is financed with debt that is secured solely by a pledge of the revenues from fees and charges of an activity. In addition, if the long-term debt is to be serviced by the fund, then it is accounted for by the fund.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The principal operating revenues of the Fund are the monies assessed to Connecticut employers for their share of the Fund's expenses for managing workers' compensation claims assigned to the Fund by statute.

Prior to GASB No. 34, the Fund was an expendable trust fund, which utilized the more traditional modified accrual form of accounting and reporting, recording and reporting revenues only when "measurable and available". In addition, SIF's long-term debt in prior years was segregated into a separate long-term debt account group and was not included in SIF's financial statements but included in the State of Connecticut's long term debt. Expenditures were recorded when the related fund liability was incurred. Principal and interest on general long-term debt were recorded as expenditures when due.

Cash and Cash Equivalents

Cash consists 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).

Receivables, Net of Allowance for Uncollectible Accounts

The receivables balance is composed of assessment receivables and other receivables.

Assessment receivables are recorded inclusive of interest due and result from amounts billed in accordance with C.G.S. 31-354 Assessments: 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 receivables are recorded inclusive of interest due and result from amounts billed in accordance with either statute 31-301 or 31-355.

C.G.S. 31-301, Appeal Cases, 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 2002, there were no benefits paid for appeals cases.

C.G.S. 31-355, Non Compliance, 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 these cases involve employers who 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. The receivable is offset by a credit to Allowance for Uncollectible Accounts. 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. The receivable is offset by a credit to Allowance for Uncollectible Accounts. Recoveries are recorded as revenue when cash is received. Revenue is recorded for these receivables when cash is received.

The allowance for uncollectible account represents those amounts estimated to be uncollectible as of the balance sheet date. The Fund fully reserves for the other receivable balances. The Allowance for Uncollectible Accounts is detailed as follows:

- Assessments	$4,311,485
- Other	22,889,914
Total	$27,201,399

Trustee Cash and Cash Equivalents

Trustee cash and cash equivalents consist of funds in various accounts held by The Bank of New York as required by the Indenture of Trust dated October 1, 1996 covering 1996 and 2000 Series A Special Assessment Second Injury Fund Revenue Bonds (See Note 3). These accounts included an Operating Reserve Account, Redemption Sub-Subaccount, Debt Service Reserve Sub-Subaccount, Principal Sub-Sub-Sub account and Interest Sub-Sub-Sub account.

Capital Assets

The category of capital assets consists of computers and office equipment. The Fund is recording these capital assets at cost with a useful life of 5 years on a straight-line method. In the year of acquisition of the capital asset, the Fund has elected to take a half a year depreciation expense.

Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities represent all outstanding injured worker indemnity and medical expenses incurred as at the balance sheet date as well as any administrative expenses. Settlements are negotiated agreements for resolving future Fund's exposure on an injured worker's claim. An accrual is made for all settlements committed as of the balance sheet date. The Fund reimburses insurance companies and self-insured employers for concurrent employment claims and widows and dependent benefits.

The Fund has estimated the amount of liability as of June 30, 2002. The long-term portion of accounts payable and accrued liabilities represents an estimate of amount of liability as of June 30, 2002 of the concurrent employment claims and widows and dependent benefits that will not be submitted to the Fund until a year or more for reimbursement.

Accrued Interest Payable

Accrued interest payable is comprised of the interest amounts due on 1996 and 2000 Series A Special Assessment Revenue Bonds.

Compensated Absences

Vacation and sick policy is as follows: Employees hired on or before June 30, 1977 can accumulate up to a maximum of 120 vacation days. Employees hired after that date can accumulate up to a maximum of 60 days. Upon termination or death, the employee is entitled to be paid for the full amount of vacation days owed. No limit is placed on the number of sick days that an employee can accumulate. However, the employee is entitled to payment for accumulated sick time only upon retirement, or after ten years of service upon death, for an amount equal to one-fourth of his/her accrued sick leave up to a maximum payment equivalent of sixty days.

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.

Bonds were issued on November 7, 1996 for $100 million and on October 1, 2000, for $124.1 million. The outstanding maturities of the combined bond issues mature on January 1st of each year through 2013 and bear fixed interest rates ranging from 4.50% to 6.00%. On January 1, 2002, $5,595,000 of bonds was retired. See Note 7 regarding the Early Extinguishment of Long-Term Debt. At June 30, 2002, amounts needed to pay principal and the respective interest rates payable on those combined bond issue amounts after the defeasance were as follows:

January 1,	Principal	Interest Rate
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	15,830,000	4.63% - 5.10%
2008-2013	82,020,000	4.75% - 5.25%
	$154,020,000	

The following summarizes activity in long-term special assessment revenue bonds for the year ended June 30, 2002:

	Beginning Balance	Additions	Reductions	Defeasance (See Note 7)	Ending Balance	Amount Due Within One Year
1996 Series A Bonds	$80,750,000	$0	$5,595,000	$16,770,000	$58,385,000	$5,875,000
2000 Series A Bonds	124,100,000	0	0	28,465,000	95,635,000	7,195,000
Total Long-Term Bonds	$204,850,000	$0	$5,595,000	$45,235,000	$154,020,000	$13,070,000

NOTES TO FINANCIAL STATEMENTS (Continued)

The Trustee for these bonds is The Bank 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, 2002, the Trustee Accounts included the following:

Debt Service Reserve Sub-Subaccount	$20,040,294
Principal Sub-Sub-Sub account	9,802,500
Interest Sub-Sub-Sub account	6,433,184
Redemption Sub-Sub account	61,204
Pledged Account	5,503
Operating Reserve Account	2,504,108
Total Trustee Accounts	$38,846,793

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 a Revolving Credit Agreement that ensures that the BANs can be financed on a long-term basis. As of January 15, 2002, the aggregate commitment was reduced from $195.4 million to $88.8 million. As of June 20, 2002, there were no outstanding BANs. The following table details the activity during the fiscal year:

Balance as of June 30, 2001	$ 43,700,000	
New issues	0	
Sub-total		$43,700,000
Rollovers	0	
Maturities	(43,700,000)	
Net Retirements		(43,700,000)
Balance as of June 30, 2002		$ 0

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. The annual insured employers' assessment rate for the fiscal year ending June 30, 2002 was 9.50%.

The Fund started a formal auditing program in 2000, 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. During fiscal year 2002, additional assessment revenue plus interest in the amount of $16,790,247 was collected.

The method of assessment for self-insured employers is a quarterly billing based on the previous year's paid losses. The annual assessment rate for self-insured employers for the fiscal year ending June 30, 2002 was 13.7%.

NOTE 6: SETTLEMENTS

At June 30, 2002, negotiations were at various stages of completion for settlements valued and accrued at $1.8 million.

NOTE 7: EARLY EXTINGUISHMENT OF LONG-TERM DEBT

The Fund used $47.8 million in excess cash to defease some of the Special Assessment Revenue Bonds. A summary below reflects the pro-rate allocation of the available cash as well as the bond issues and years that were defeased:

Series/Maturity	Par Amount Defeased	Interest Rate	Par Amount Remaining
Series 2000 A			
2015	$ 12,485,000	5.25%	$ 0
2014	11,875,000	5.25%	0
2013	4,105,000	5.125%	7,195,000
Total	$ 28,465,000		$7,195,000
Series 1996 A			
2012	$ 9,375,000	5.25%	$ 0
2011	7,395,000	5.25%	1,515,000
Total	$ 16,770,000		$1,515,000
Grand Total	$ 45,235,000		$8,710,000

NOTE 8: ADOPTION OF NEW GASB 34 PRONOUNCEMENT - RECLASSIFICATION

As a result of the Fund's implementation of GASB 34, the long-term debt liability, formerly included in the total debt of the State of Connecticut, is now reflected on the books of the Fund creating a deficit net asset balance. The following schedule reconciles June 30, 2001, fund balance/net assets as previously reported, to beginning net assets, as restated, to include the adoption of GASB 34:

Net Assets at June 30, 2001 - as previously reported	$86,486,506
Adoption of GASB 34 Pronouncement - Reclassification:	
Long-Term Debt Account Group Debit	(248,550,000)
Standard Premium Assessment Adjustments - Prior Year Revenue	17,413,950
Injured Worker Expenses and Compensated Absences - Prior Year Expenses	(1,401,360)
Adoption of GASB 34 Pronouncement - Reclassification	**(232,537,410)**
Net Assets at June 30, 2001 - as restated	**($146,050,904)**

NOTE 9: SUBSEQUENT EVENTS

Effective July 1, 2002, the assessment rates for insured employers decreased from 9.5% to 8% and for self-insured employers, the assessment rate decreased from 13.7% to 11.6%.

As a result of the defeasance on June 20, 2002, the Debt Service Reserve Funds (DSRF) needed additional deposits in order to maintain indenture requirements. Transfers were made from the Special Pledged account out of assessments into the Debt Service Reserve Funds (DSRF) in July 2002 in the total amounts of $817,382.

CONNECTICUT HIGHER EDUCATION TRUST

STATEMENT OF FINANCIAL CONDITION

	June 30, 2002	June 30, 2001
ASSETS		
Investments, at value (cost: $223,529,360 and $99,718,757)	$207,945,735	$93,827,210
Cash	275,402	497,951
Due from transfer agent	353,345	143,281
Dividends and interest receivable	421,839	218,074
TOTAL ASSETS	$208,996,321	$94,686,516
LIABILITIES		
Due to custodian	$ 49,719	$ -
Accrued management fee	81,920	231,296
Payable for securities transactions	895,498	523,518
TOTAL LIABILITIES	1,027,137	754,814
PROGRAM EQUITY	207,969,184	93,931,702
TOTAL LIABILITIES AND PROGRAM EQUITY	$208,996,321	$94,686,516

See notes to financial statements.

CONNECTICUT HIGHER EDUCATION TRUST

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED JUNE 30,

	2002	2001
INVESTMENT INCOME		
Income:		
Interest	$491,495	$ 8,575
Dividends	4,579,109	3,544,747
TOTAL INCOME	**5,070,604**	**3,553,322**
Expenses—Note 3:		
Management fee	759,907	411,860
Other expenses of the Trust	50,951	77,750
TOTAL EXPENSES	**810,858**	**489,610**
NET INVESTMENT INCOME	**4,259,746**	**3,063,712**
REALIZED AND UNREALIZED GAIN ON INVESTMENTS—Note 4		
Net realized loss on investments	(2,281,120)	(83,852)
Net change in unrealized depreciation on investments	(9,755,078)	(5,960,475)
NET REALIZED AND UNREALIZED LOSS ON INVESTMENTS	**(12,036,198)**	**(6,044,327)**
OTHER INCOME		
Penalty fees on non-qualified withdrawals	1,214	2,993
NET DECREASE IN PROGRAM EQUITY RESULTING FROM OPERATIONS	**$(7,775,238)**	**$(2,977,622)**

See notes to financial statements.

CONNECTICUT HIGHER EDUCATION TRUST

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

	2002	2001
FROM OPERATIONS		
Net investment income	$4,259,746	$3,063,712
Net realized loss on investments	(2,281,120)	(83,852)
Net change in unrealized depreciation on investments	(9,755,078)	(5,960,475)
Penalty fees on non-qualified withdrawals	1,214	2,993
NET DECREASE IN PROGRAM EQUITY RESULTING FROM OPERATIONS	**(7,775,238)**	**(2,977,622)**
FROM ACCOUNT OWNER TRANSACTIONS		
Subscriptions	126,810,454	42,053,586
Redemptions	(4,997,734)	(2,043,408)
NET INCREASE IN PROGRAM EQUITY RESULTING FROM ACCOUNT OWNER TRANSACTIONS	**121,812,720**	**40,010,178**
NET INCREASE IN PROGRAM EQUITY	**114,037,482**	**37,032,556**
PROGRAM EQUITY:		
Beginning of year	93,931,702	56,899,146
End of year	$207,969,184	$93,931,702

See notes to financial statements.

CONNECTICUT HIGHER EDUCATION TRUST

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"), a wholly-owned 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.

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 eleven age bands, based on the age of the beneficiary. Each age band invests in varying percentages in the International Equity, Equity Index, 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 a 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: Through December 31, 2001, penalty fees on non-qualified withdrawals were retained by the Trust and were available for the payment or reimbursement of the direct and indirect expenses of the Trust. Effective January 1, 2002, the Trust no longer retains penalty fees on nonqualified withdrawals; however, the Account Owner may be subject to additional federal income taxes relating to any earnings on non-qualified withdrawals.

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 with respect to the Managed Allocation Option and the High Equity Option, TFI, and related entities, are paid an annual fee of 0.57% of the average daily net assets of the Program, so invested, excluding the assets in the administrative account, plus the specific investment management fees for the underlying investments in the TIAA-CREF Institutional Mutual Funds, the total of which shall not exceed 0.79% of the average daily net assets. No fee is charged on assets in the Principal Plus Interest Option, however, an expense fee is paid to TFI by TIAA-CREF Life Insurance Company for distribution, administrative and other reasonable expenses. Total fees earned by TFI, and related entities, for the year ended June 30, 2002 were $1,014,656, which includes $759,907 due directly from the Program and $254,749 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, 2002, $50,951 was withdrawn from the administrative account for reimbursement of expenses of the Trust.

NOTE 4—INVESTMENTS

At June 30, 2002, net unrealized depreciation of portfolio investments was $15,646,625, consisting of gross unrealized appreciation of $1,494,842 and gross unrealized depreciation of $17,141,467.

Purchases and sales of portfolio securities, for the year ended June 30, 2002 were $112,866,078 and $10,218,345, respectively.

At June 30, 2002, the Program's investments consist of the following:

TIAA-CREF Institutional Mutual Funds:	COST	VALUE
International Equity Fund	$18,565,951	$15,996,810
Growth & Income Fund	21,682,478	18,924,051
Equity Index Fund	70,701,035	58,887,136
Bond Fund	72,903,522	74,398,364
Money Market Fund	15,315,357	15,315,357
TIAA-CREF Life Insurance Company:		
Funding Agreement	24,260,808	24,260,808
TIAA-CREF Mutual Funds:		
Money Market Fund*	163,209	163,209
	$223,592,360	$207,945,735

*Represents the assets of the administrative account.

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, 2002 and 2001, 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, 2002, by correspondence with the custodian and others. 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, 2002 and 2001, and the results of its operations and its changes in 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

New York, New York
August 13, 2002

TAX EXEMPT PROCEEDS FUND, INC.

STATEMENT OF NET ASSETS
JUNE 30, 2002

Face Amount		Maturity Date	Yield	Value (Note 1)	Ratings (a) Moody's	Ratings (a) Standard & Poor's
Put Bonds (b) (4.11%)						
$ 2,000,000	Intermountain Power Agency (Utah Power Supply) - Series F Insured by AMBAC Indemnity Corp.	09/15/02	1.50%	$ 2,000,000	VMIG-1	A1+
1,500,000	Maine State Housing Authority - Series D-1	07/31/02	2.70	1,500,000	VMIG-1	A1+
4,800,000	Vermont Educational & Health Building Finance Agency (Middlebury College)	11/01/02	2.04	4,800,000		A1+
$ 8,300,000	**Total Put Bonds**			**$ 8,300,000**		
Tax Exempt Commercial Paper (13.73%)						
$ 1,700,000	Delaware County, PA IDA PCRB (Philadelphia Electric Co.) LOC Bank One	08/08/02	1.45%	$ 1,700,000	P1	A1+
4,000,000	Harris County, TX - Series C	07/02/02	1.20	4,000,000	P1	A1+
4,000,000	Maryland HEFA (John Hopkins University) - Series A	07/02/02	1.20	4,000,000	P1	A1+
3,000,000	Nebraska Public Power - Series A	07/02/02	1.30	3,000,000	P1	A1
5,000,000	San Antonio, TX (Water System) - Series 2001	07/03/02	1.30	5,000,000	P1	A1+
3,000,000	San Antonio, TX (Water System) - Series A	07/25/02	1.35	3,000,000	P1	A1+
5,000,000	Shelby County, TN Extendable Municipal Notes 2001 - Series A	07/02/02	1.35	5,000,000	P1	A1+
2,000,000	York County, PA IDA PCRB (Philadelphia Electric Co.) LOC Bank One	08/08/02	1.45	2,000,000	P1	A1+
$27,700,000	**Total Tax Exempt Commercial Paper**			**$ 27,700,000**		
Tax Exempt General Obligation Notes & Bonds (17.60%)						
$ 1,055,000	Blackstone - Milville, MA Regional School District BAN	07/15/02	2.80%	$ 1,055,171	MIG-1	
3,000,000	County of Allegheny, PA TRAN - Series 2002B	12/20/02	2.15	3,015,282	MIG-1	
2,000,000	Indiana Bond Bank Advanced Funding Notes - Series 2002	01/22/03	1.65	2,006,641	MIG-1	SP1+
3,845,000	Michigan Municipal Bond Authority Revenue Notes - Series 2002A	08/21/02	1.30	3,850,044		SP1+
2,000,000	Puerto Rico PFC P-Floats (PA 843) Insured by FSA	01/09/03	1.80	2,000,000		A1+
4,000,000	Regents of University of Colorado (Master Lean Purchase Agreement) LOC Bayerische Landesbank, A.G.	07/01/02	2.65	4,000,000	VMIG-1	A1+
5,000,000	Richardson Independent School District (Unlimited Tax School Building Bond)	04/01/03	2.18	5,002,214	MIG-1	A1+
5,000,000	State of Texas TRAN	08/29/02	1.50	5,017,823	MIG-1	SP1+
5,000,000	University of Akron, OH BAN - Series A (d)	06/26/03	1.70	5,038,769		
2,500,000	University of Cincinnati, OH General Receipts BAN - Series AP	12/19/02	1.85	2,504,592	MIG-1	SP1+
2,000,000	University of Cincinnati, OH General Receipts BAN - Series 2002C	03/19/03	1.55	2,007,776	MIG-1	SP1+
$35,400,000	**Total Tax Exempt General Obligation Notes & Bonds**			**$ 35,498,312**		

See accompanying Notes to the Financial Statements.

TAX EXEMPT PROCEEDS FUND, INC.

STATEMENT OF NET ASSETS (Continued)
JUNE 30, 2002

Face Amount		*Maturity Date*	*Yield*	*Value (Note 1)*	*Ratings (a) Moody's*	*Standard & Poor's*
Variable Rate Demand Instruments (c) (63.70%)						
$ 1,300,000	Angelina & Neches River, TX Industrial Development Corporation Solid Waste RB LOC Wells Fargo Bank, N.A.	05/01/14	1.90%	$ 1,300,000	P1	
1,100,000	Angelina & Neches River, TX Industrial Development Corporation Solid Waste RB LOC Bank of America	05/01/14	1.90	1,100,000	P1	
805,000	Bloomington, IL Normal Airport Authority - Series 1995A	01/01/13	1.35	805,000	VMIG-1	
2,800,000	Chicago, IL O'hare International Airport (American Airlines) - Series A LOC Bayerische Hypovereinsbank, A.G.	12/01/17	1.85	2,800,000	P1	
3,650,000	City & County of Denver, CO Refunding MHRB (Cottonwood Creek Project) LOC General Electric Capital Corporation	04/15/14	1.40	3,650,000		A1+
2,500,000	City of Detroit, MI Sewage Disposal	10/03/02	2.12	2,500,000	VMIG-1	A1+
2,000,000	Columbia, AL IDRB PCRB (Alabama Power Company Project) - Series A	11/01/21	1.85	2,000,000	VMIG-1	A1+
3,000,000	Columbia, AL IDRB PCRB (Alabama Power Company Project) - Series C	10/01/22	2.00	3,000,000	VMIG-1	A1
9,400,000	Connecticut Special Tax Second Lien (Transportation Infrastructure) LOC Commerzbank, A.G.	12/01/10	1.30	9,400,000	P1	A1+
4,000,000	Conneticut State HEFA RB (Bradley Health Care Issue) LOC Fleet Bank	07/01/29	1.15	4,000,000	VMIG-1	
5,000,000	Cuyahoga County, OH (Cleveland Health Education Museum Project) LOC Key Bank, N.A.	03/01/32	1.25	5,000,000	VMIG-1	
600,000	Dekalb County, GA Development Authority IDRB (Pet Inc. Project) LOC Credit Suisse First Boston	02/01/04	1.35	600,000	P1	
6,450,000	Dekalb County, GA Housing Authority LOC Bank of Montreal	12/01/07	1.30	6,450,000		A1+
6,000,000	District of Columbia (George Washington University) - Series C Insured by MBIA Insurance Corp.	09/15/29	1.15	6,000,000	VMIG-1	A1+
2,100,000	Emmaus, PA General Authority Local Government (Pool Project) - Series 1989 F-15 GIC Goldman Sachs Group L.P.	03/01/24	1.30	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	1.30	10,000,000		A1+

See accompanying Notes to the Financial Statements.

STATEMENT OF NET ASSETS (Continued)
JUNE 30, 2002

Face Amount		Maturity Date	Yield	Value (Note 1)	Ratings (a) Moody's	Ratings (a) Standard & Poor's
Variable Rate Demand Instruments (c) (Continued)						
$ 900,000	Farmington Hills, MI Hospital Finance Authority (Bostford General Hospital) - Series B Insured by MBIA Insurance Corp.	02/15/16	1.90%	$ 900,000	VMIG-1	A1
2,500,000	Florida Gulf Coast (University Foundation) COPS - Series 2000 LOC First Union National Bank	08/01/30	1.30	2,500,000	VMIG-1	
4,000,000	Fulton County, GA Housing Authority MHRB (Greenhouse Holcomb Project) Collateralized by Federal National Mortgage Association	04/01/30	1.20	4,000,000		A1+
515,000	Greystone RB Certificate (Variable Senior Certificates of Beneficial Ownership) LOC Credit Suisse First Boston	05/01/28	1.42	515,000	VMIG-1	A1+
3,200,000	Harris County, TX IDRB (Baytank Houston Inc. Project) LOC Rabobank Nederland	02/01/20	1.25	3,200,000		A1+
1,580,000	Houston County, GA Development Authority (Middle Georgia Community Action) (d) LOC Columbus Bank & Trust Company	01/01/31	1.38	1,580,000		
3,600,000	Illinois Development Finance Authority RB (Glenwood School For Boys) LOC Harris Trust & Savings Bank	02/01/33	1.25	3,600,000		A1+
3,300,000	Illinois Educational Facilities Authority (Chicago Children's Museum) - Series 1994 LOC National Bank of Detroit	02/01/28	1.30	3,300,000	VMIG-1	A1+
3,000,000	Illinois Educational Facilities Authority RB (Illinois Institute of Technology) LOC Harris Trust & Savings Bank	12/01/30	1.20	3,000,000	VMIG-1	A1+
2,140,000	Illinois HEFA RB (Rush-Presbyterian St. Luke's) LOC Northern Trust Bank	11/15/06	1.25	2,140,000	VMIG-1	A1+
2,200,000	Indiana HEFA (Rehabilitation Hospital of Indiana) LOC National Bank of Detroit	11/01/20	1.30	2,200,000	VMIG-1	
690,000	Lancaster, PA Higher Education Authority RB (Franklin & Marshall College) LOC Chase Manhattan Bank, N.A.	04/15/27	1.33	690,000	VMIG-1	A1
6,680,000	Lisle, Il MHRB Collateralized by Federal National Mortgage Association	09/15/26	1.20	6,680,000		A1+
3,000,000	Michigan Higher Education Facility Authority RB (Hope College Project) - Series 2002A LOC Fifth Third Bank	04/01/32	1.25	3,000,000		A1+

See accompanying Notes to the Financial Statements.

STATEMENT OF NET ASSETS (Continued)
JUNE 30, 2002

Face Amount		Maturity Date	Yield	Value (Note 1)	Ratings (a) Moody's	Standard & Poor's
	Variable Rate Demand Instruments (c) (Continued)					
$ 3,000,000	Michigan State Strategic Fund (Detroit Symphony) - Series B LOC ABN AMRO Bank N.A.	06/01/31	1.85%	$ 3,000,000		A1+
2,460,000	Missouri HEFA (Washington University)	09/01/10	1.25	2,460,000	VMIG-1	A1+
2,000,000	Monroe County, GA Development Authority PCRB (Georgia Power Co. - Scherer) - 2nd Series	09/01/24	2.00	2,000,000	VMIG-1	
700,000	Monroe County, GA Development Authority PCRB (Georgia Power Co. - Scherer) - 1st Series	07/01/25	1.85	700,000	P1	A1
4,420,000	Montgomery County, MD Housing Opportunities Commission MHRB (Oakwood-Gainesburg) Guaranteed by Federal Home Loan Mortgage Corp.	11/01/07	1.25	4,420,000		A1+
500,000	North Carolina Medical Care Commission HRB (Pooled Financing Equipment) LOC Bank of America	10/01/20	1.80	500,000	VMIG-1	
2,000,000	Palm Beach County, FL RB (Jewish Community Campus Corp.) Insured by AMBAC Indemnity Corp.	03/01/27	1.25	2,000,000		A1+
1,000,000	Philadelphia, PA Water & Waste RB Insured by AMBAC Indemnity Corp.	08/01/27	1.25	1,000,000	VMIG-1	A1+
3,100,000	Pinal County, AZ IDA Pollution (Magma Company Project) LOC BNP Paribas	12/01/11	1.25	3,100,000	VMIG-1	A1
1,000,000	Pitkin County, CO IDRB (Aspen Skiing Co. Project) - Series A LOC First National Bank of Chicago	04/01/16	1.85	1,000,000		A1+
4,800,000	Private Hospital Authority of Dekalb, GA (Egleston Childrens Hospital) LOC Suntrust Bank	03/01/24	1.25	4,800,000	VMIG-1	A1+
700,000	Reading, PA (York County General Authority) Insured by AMBAC Indemnity Corp.	09/01/26	1.25	700,000		A1+
3,800,000	Town of Hurley, NM PCRB (Kennecott Santa Fe - British Petroleum)	12/01/15	1.85	3,800,000	P1	A1+
1,000,000	Uinta, WY PCRB (Chevron USA Project)	08/15/20	1.75	1,000,000	P1	
$128,490,000	**Total Variable Rate Demand Instruments**			**$128,490,000**		
	Total Investments (99.14%) (Cost $199,988,312†)			**199,988,312**		
	Cash and Other Assets, Net of Liabilities (0.86%) (Note 4)			**1,736,306**		
	Net Assets (100.00%), 201,745,228 Shares Outstanding (Note 3)			**$201,724,618**		
	Net Asset Value, Offering And Redemption Price Per Share			**$ 1.00**		

† Aggregate cost for Federal income tax purposes is identical.

See accompanying Notes to the Financial Statements.

TAX EXEMPT PROCEEDS FUND, INC.

STATEMENT OF NET ASSETS (Continued)
JUNE 30, 2002

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 Sanville & Company.

(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	IDRB	=	Industrial Development Revenue Bond
COPS	=	Certificates of Participation	LOC	=	Letter of Credit
FSA	=	Financial Security Assurance	MHRB	=	Multi-Family Housing Revenue Bond
GIC	=	Guaranteed Investment Contract	PCRB	=	Pollution Control Revenue Bond
HEFA	=	Health and Education Facilities Authority	PFC	=	Public Finance Corporation
HRB	=	Hospital Revenue Bond	RB	=	Revenue Bond
IDA	=	Industrial Development Authority	TRAN	=	Tax and Revenue Anticipation Note

See accompanying Notes to the Financial Statements.

TAX EXEMPT PROCEEDS FUND, INC.

STATEMENT OF OPERATIONS
JUNE 30, 2002

INVESTMENT INCOME

Interest income	$ 4,068,600
Expenses (Note 2)	(867,784)
Net investment income	3,200,816

REALIZED GAIN (LOSS) ON INVESTMENTS

Net realized gain (loss) on investments	-0-
Net increase in net assets from operations	$ 3,200,816

See accompanying Notes to the Financial Statements.

TAX EXEMPT PROCEEDS FUND, INC.

STATEMENT OF CHANGES IN NET ASSETS
JUNE 30, 2002 and 2001

	Year Ended June 30, 2002	Year Ended June 30, 2001
INCREASE (DECREASE) IN NET ASSETS		
Operations:		
Net investment income	$ 3,200,816	$ 7,408,959
Net realized gain (loss) on investments	-0-	-0-
Net increase in net assets from operations	3,200,816	7,408,959
Dividends to shareholders from net investment income	(3,200,816)	(7,408,959)
Net increase (decrease) from capital share transactions (Note 3)	(5,816,119)	(629,801)
Total increase (decrease) in net assets	(5,816,119)	(629,801)
Net assets:		
Beginning of year	207,540,737	208,170,538
End of year	$ 201,724,618	$ 207,540,737

See accompanying Notes to the Financial Statements.

NOTES TO 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:

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, 2002, 20,000,000,000 shares of $.001 par value stock were authorized and paid in capital amounted to $201,744,894. Transactions in capital stock, all at $1.00 per share, were as follows:

	Year Ended June 30, 2002	Year Ended June 30, 2001
Sold	$ 702,034,867	$ 407,206,363
Issued on reinvestment of dividends	711,567	1,602,394
Redeemed	(708,562,553)	(409,438,558)
Net increase (decrease)	$ (5,816,119)	$ (629,801)

4. Liabilities

At June 30, 2002, the Fund had the following liabilities:

Accrued management fee	$ 6,491
Dividends payable	126,364
Total liabilities	$ 132,855

5. Sales of Securities

Accumulated undistributed realized losses at June 30, 2002 amounted to $18,650. 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, 2002	2001	2000	1999	1998
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	0.015	0.034	0.033	0.029	0.033
Less distributions:					
Dividends from net investment income	(0.015)	(0.034)	(0.033)	(0.029)	(0.033)
Net asset value, end of year	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00
Total Return	1.48%	3.50%	3.30%	2.92%	3.31%
Ratios/Supplemental Data					
Net assets, end of year (000)	$ 201,725	$ 207,541	$ 208,171	$ 189,536	$ 192,016
Ratios to average net assets:					
Expenses	0.40%	0.40%	0.40%	0.40%	0.40%
Net investment income	1.48%	3.45%	3.29%	2.89%	3.26%

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, 2002 and the related statements of operations and of changes in net assets and the financial highlights for the year 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 audit. The statement of changes in net assets for the year ended June 30, 2001 and the financial highlights for each of the four years in the period then ended, were audited by other auditors whose report, dated July 27, 2001 expressed an unqualified opinion on this information.

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 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, 2002 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 audit provides a reasonable basis for our opinion.

In our opinion, the 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, 2002, the results of its operations, changes in its net assets, and its financial highlights for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Sanville & Company

Sanville & Company
Abington, Pennsylvania
July 25, 2002

Supplemental Information

PENSION FUNDS MANAGEMENT DIVISION

COMBINED INVESTMENT FUNDS
TOTAL NET ASSET VALUE BY PENSION PLANS AND TRUST FUNDS
JUNE 30, 2002

Retirement Funds	Net Asset Value
Teachers' Retirement Fund	$10,107,301,878
State Employees' Retirement Fund	7,090,508,997
Connecticut Municipal Employees' Retirement Fund	1,184,508,259
State Judges' Retirement Fund	125,264,906
The Probate Court Retirement Fund	60,923,940
State's Attorneys Retirement Fund	614,857
Non-retirement Trust Funds	
Soldiers' Sailors' & Marines' Fund	56,372,781
Police & Firemans' Survivors' Benefit Fund	16,801,503
Connecticut Arts Endowment Fund	14,551,408
School Fund	8,260,570
Ida Eaton Cotton Fund	1,853,716
Hopemead Fund	1,686,809
Andrew Clark Fund	872,318
Agricultural College Fund	545,046
Tobacco and Health Trust Fund	36,087,365
TOTAL	$18,706,154,352

PENSION FUNDS MANAGEMENT DIVISION

COMBINED INVESTMENT FUNDS
STATEMENT OF INVESTMENT ACTIVITY BY PENSION PLAN
FOR THE FISCAL YEAR ENDING JUNE 30, 2002

	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, 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
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
Shares Purchased	551,709,228	-	-	-	7,356,755	-	96,997,565	656,063,548
Shares Redeemed	(569,528,506)	-	(32,580,800)	-	(2,234,274)	(11,946,429)	(17,477,074)	(633,767,082)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	-	2,124,770	-	(191,251)	(538,431)	189,344	1,584,432
Net Investment Income Earned	9,827,924	37,984,509	208,492,144	24,351,216	9,774,792	3,796,672	94,557,749	388,785,006
Net Investment Income Distributed	(9,827,924)	(37,984,509)	(208,492,144)	(24,351,216)	(9,774,792)	(3,796,672)	(94,557,749)	(388,785,006)
Changes in Market Value of Fund Shares	-	(688,939,258)	(18,972,906)	(150,730,351)	(7,556,352)	(2,743,492)	(251,603,241)	(1,120,545,600)
Market Value at June 30, 2002	$ 225,246,224	$3,648,172,461	$3,475,745,867	$1,215,613,428	$256,762,832	$39,960,180	$1,245,800,884	$10,107,301,878
Book Value at June 30, 2002	225,246,224	989,170,649	3,264,823,164	740,984,430	283,473,343	44,162,761	1,302,122,716	6,849,983,287
Shares Outstanding	225,246,224	5,324,972	31,826,911	5,887,525	4,180,536	590,125	14,430,742	287,487,036
Market Value per Share	$ 1.00	$ 685.11	$ 109.21	$ 206.47	$ 61.42	$ 67.71	$ 86.33	
State Employees' Retirement Fund								
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
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
Shares Purchased	252,975,026	-	-	-	5,195,927	-	68,251,721	326,422,674
Shares Redeemed	(195,772,885)	-	(23,212,000)	-	(1,578,022)	(8,413,515)	(12,292,271)	(241,268,693)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	-	1,665,920	-	(131,806)	(332,268)	140,038	1,341,884
Net Investment Income Earned	3,161,232	26,284,882	148,532,139	17,192,792	6,903,734	2,673,886	66,505,317	271,253,981
Net Investment Income Distributed	(3,161,232)	(26,284,882)	(148,532,139)	(17,192,792)	(6,903,734)	(2,673,886)	(66,505,317)	(271,253,981)
Changes in Market Value of Fund Shares	-	(476,738,758)	(13,668,721)	(106,420,783)	(5,340,168)	(1,979,092)	(176,965,345)	(781,112,866)
Market Value at June 30, 2002	$ 145,879,959	$ 2,524,497,173	$2,476,160,338	$ 858,264,653	$ 181,346,385	$ 28,142,769	$ 876,217,719	$ 7,090,508,997
Book Value at June 30, 2002	145,879,959	702,395,453	2,309,588,281	522,189,936	199,837,330	30,936,509	915,317,215	4,826,144,683
Shares Outstanding	145,879,959	3,684,825	22,673,849	4,156,794	2,952,628	415,608	10,149,673	189,913,335
Market Value per Share	$ 1.00	$ 685.11	$ 109.21	$ 206.47	$ 61.42	$ 67.71	$ 86.33	
Municipal Employees' Retirement Fund								
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
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
Shares Purchased	42,978,667	-	-	-	813,480	-	955,209	44,747,356
Shares Redeemed	(27,234,581)	-	-	-	(247,057)	(1,317,882)	(1,972,045)	(30,771,565)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	-	-	-	(19,532)	(42,362)	43,876	(18,017)
Net Investment Income Earned	1,484,019	4,349,192	24,248,725	2,636,776	1,080,855	418,834	10,777,390	44,995,791
Net Investment Income Distributed	(1,484,019)	(4,349,192)	(24,248,725)	(2,636,776)	(1,080,855)	(418,834)	(10,777,390)	(44,995,791)
Changes in Market Value of Fund Shares	-	(78,882,941)	(1,959,527)	(16,321,239)	(837,167)	(319,686)	(28,856,480)	(127,177,039)
Market Value at June 30, 2002	$ 57,549,070	$ 417,712,547	$ 404,247,379	$ 131,627,885	$ 28,391,778	$ 4,408,247	$ 140,571,351	$ 1,184,508,259
Book Value at June 30, 2002	57,549,070	113,692,994	378,892,934	80,092,276	31,160,428	4,811,607	145,241,953	811,441,262
Shares Outstanding	57,549,070	609,705	3,701,636	637,507	462,266	65,100	1,628,309	64,653,594
Market Value per Share	$ 1.00	$ 685.11	$ 109.21	$ 206.47	$ 61.42	$ 67.71	$ 86.33	

PENSION FUNDS MANAGEMENT DIVISION

COMBINED INVESTMENT FUNDS
STATEMENT OF INVESTMENT ACTIVITY BY PENSION PLAN (Continued)
FOR THE FISCAL YEAR ENDING JUNE 30, 2002

	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, 2001	$ 2,545,948	$ 5,608,744	$ 20,779,729	$ 4,984,897	$ 1,758,578	$ 365,992	$ 4,197,055	$ 40,240,943
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
Shares Purchased	3,178,294	-	-	-	46,548	-	198,957	3,423,799
Shares Redeemed	(2,742,793)	-	(207,200)	-	(14,137)	(76,863)	(59,285)	(3,100,278)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	-	17,285	-	(1,177)	(3,798)	1,693	14,002
Net Investment Income Earned	95,001	221,318	1,340,979	164,732	61,847	24,427	323,966	2,232,270
Net Investment Income Distributed	(95,001)	(221,318)	(1,340,979)	(164,732)	(61,847)	(24,427)	(323,966)	(2,232,270)
Changes in Market Value of Fund Shares	-	(4,014,119)	(125,648)	(1,019,658)	(47,845)	(17,315)	(867,877)	(6,092,462)
Market Value at June 30, 2002	$ 2,981,449	$ 21,256,155	$ 22,355,297	$ 8,223,363	$ 1,624,597	$ 257,102	$ 4,225,977	$ 60,923,940
Book Value at June 30, 2002	2,981,449	5,608,744	20,589,814	4,984,897	1,789,812	285,331	4,338,420	40,578,466
Shares Outstanding	2,981,449	31,026	204,704	39,828	26,451	3,797	48,952	3,336,207
Market Value per Share	$ 1.00	$ 685.11	$ 109.21	$ 206.47	$ 61.42	$ 67.71	$ 86.33	
Judges' Retirement Fund								
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
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
Shares Purchased	4,737,752	-	-	-	75,091	-	96,548	4,909,391
Shares Redeemed	(2,307,940)	-	-	-	(22,805)	(129,818)	(199,325)	(2,659,889)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	-	-	-	(2,280)	(3,857)	3,734	(2,403)
Net Investment Income Earned	204,693	433,769	2,707,048	260,355	99,771	41,259	1,089,328	4,836,223
Net Investment Income Distributed	(204,693)	(433,769)	(2,707,048)	(260,355)	(99,771)	(41,259)	(1,089,328)	(4,836,223)
Changes in Market Value of Fund Shares	-	(7,867,440)	(218,754)	(1,611,566)	(76,798)	(31,804)	(2,915,978)	(12,722,340)
Market Value at June 30, 2002	$ 8,214,913	$ 41,660,823	$ 45,128,857	$ 12,996,995	$ 2,620,790	$ 434,238	$ 14,208,289	$ 125,264,906
Book Value at June 30, 2002	8,214,913	12,521,422	42,923,026	7,984,311	2,930,967	472,865	14,732,778	89,780,282
Shares Outstanding	8,214,913	60,809	413,239	62,948	42,671	6,413	164,582	8,965,574
Market Value per Share	$ 1.00	$ 685.11	$ 109.21	$ 206.47	$ 61.42	$ 67.71	$ 86.33	
State's Attorneys' Retirement Fund								
Book Value at June 30, 2001	$ 97,140	$ 92,347	$ 157,239	-	$ 5,361	-	-	$ 352,088
Market Value at June 30, 2001	$ 97,140	$ 443,131	$ 187,080	-	$ 5,520	-	-	$ 732,871
Shares Purchased	37,795	-	-	-	157	-	-	37,952
Shares Redeemed	(84,457)	-	-	-	(48)	-	-	(84,505)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	-	-	-	1	-	-	1
Net Investment Income Earned	2,321	3,880	11,167	-	207	-	-	17,575
Net Investment Income Distributed	(2,321)	(3,880)	(11,167)	-	(207)	-	-	(17,575)
Changes in Market Value of Fund Shares	-	(70,391)	(902)	-	(166)	-	-	(71,459)
Market Value at June 30, 2002	$ 50,478	$ 372,739	$ 186,178	-	$ 5,465	-	-	$ 614,857
Book Value at June 30, 2002	50,478	92,347	157,239	-	5,471	-	-	305,535
Shares Outstanding	50,478	544	1,705	-	89	-	-	52,815
Market Value per Share	$ 1.00	$ 685.11	$ 109.21		$ 61.42			

COMBINED INVESTMENT FUNDS
STATEMENT OF INVESTMENT ACTIVITY BY TRUST
FOR THE FISCAL YEAR ENDING JUNE 30, 2002

	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, 2001	$ 60,024	$ 1,095,686	$ 49,098,734	-	-	-	-	$ 50,254,445
Market Value at June 30, 2001	$ 60,024	$ 5,587,270	$ 51,863,186	-	-	-	-	$ 57,510,479
Shares Purchased	2,913,728	-	-	-	-	-	-	2,913,728
Shares Redeemed	(2,913,715)	-	-	-	-	-	-	(2,913,715)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	-	-	-	-	-	-	-
Net Investment Income Earned	2,259	48,933	3,095,999	-	-	-	-	3,147,190
Net Investment Income Distributed	(2,259)	(48,933)	(3,095,999)	-	-	-	-	(3,147,190)
Changes in Market Value of Fund Shares	-	(887,524)	(250,186)	-	-	-	-	(1,137,710)
Market Value at June 30, 2002	$ 60,037	$ 4,699,746	$ 51,613,000	-	-	-	-	$ 56,372,781
Book Value at June 30, 2002	60,037	1,095,686	49,098,734	-	-	-	-	50,254,458
Shares Outstanding	60,037	6,860	472,613	-	-	-	-	539,510
Market Value per Share	$ 1.00	$ 685.11	$ 109.21	-	-	-	-	
Endowment for the Arts								
Book Value at June 30, 2001	$ 1,090,549	-	$ 12,472,429	-	-	-	-	$ 13,562,978
Market Value at June 30, 2001	$ 1,090,549	-	$ 12,622,574	-	-	-	-	$ 13,713,123
Shares Purchased	2,670,396	-	-	-	-	-	-	2,670,396
Shares Redeemed	(1,771,219)	-	-	-	-	-	-	(1,771,219)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	-	-	-	-	-	-	-
Net Investment Income Earned	36,121	-	753,510	-	-	-	-	789,631
Net Investment Income Distributed	(36,121)	-	(753,510)	-	-	-	-	(789,631)
Changes in Market Value of Fund Shares	-	-	(60,891)	-	-	-	-	(60,891)
Market Value at June 30, 2002	$ 1,989,726	-	$ 12,561,684	-	-	-	-	$ 14,551,408
Book Value at June 30, 2002	1,989,726	-	12,472,429	-	-	-	-	14,462,155
Shares Outstanding	1,989,726	-	115,026	-	-	-	-	2,104,751
Market Value per Share	$ 1.00	-	$ 109.21	-	-	-	-	
Agricultural College Fund								
Book Value at June 30, 2001	$ 44,938	$ 58,359	$ 226,912	-	-	-	-	$ 330,209
Market Value at June 30, 2001	$ 44,938	$ 304,035	$ 241,889	-	-	-	-	$ 590,862
Shares Purchased	19,283	-	109,328	-	-	-	-	128,612
Shares Redeemed	(21,197)	(109,889)	-	-	-	-	-	(131,086)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	86,499	-	-	-	-	-	86,499
Net Investment Income Earned	1,077	2,594	15,052	-	-	-	-	18,723
Net Investment Income Distributed	(1,077)	(2,594)	(15,052)	-	-	-	-	(18,723)
Changes in Market Value of Fund Shares	-	(127,405)	(2,436)	-	-	-	-	(129,841)
Market Value at June 30, 2002	$ 43,023	$ 153,240	$ 348,781	-	-	-	-	$ 545,046
Book Value at June 30, 2002	43,023	34,969	336,240	-	-	-	-	414,232
Shares Outstanding	43,023	224	3,194	-	-	-	-	46,441
Market Value per Share	$ 1.00	$ 685.11	$ 109.21	-	-	-	-	

PENSION FUNDS MANAGEMENT DIVISION

COMBINED INVESTMENT FUNDS
STATEMENT OF INVESTMENT ACTIVITY BY TRUST (Continued)
FOR THE FISCAL YEAR ENDING JUNE 30, 2002

	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, 2001	$ 126,914	$ 201,429	$ 783,347	-	-	-	-	$ 1,111,691
Market Value at June 30, 2001	$ 126,914	$ 1,038,117	$ 844,191	-	-	-	-	$ 2,009,223
Shares Purchased	90,781	-	350,858	-	-	-	-	441,640
Shares Redeemed	(71,933)	(377,554)	-	-	-	-	-	(449,487)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	296,318	-	-	-	-	-	296,318
Net Investment Income Earned	2,876	8,849	52,361	-	-	-	-	64,086
Net Investment Income Distributed	(2,876)	(8,849)	(52,361)	-	-	-	-	(64,086)
Changes in Market Value of Fund Shares	-	(435,832)	(8,146)	-	-	-	-	(443,978)
Market Value at June 30, 2002	$ 145,762	$ 521,049	$ 1,186,904	-	-	-	-	$ 1,853,716
Book Value at June 30, 2002	145,762	120,193	1,134,206	-	-	-	-	1,400,161
Shares Outstanding	145,762	761	10,868	-	-	-	-	157,391
Market Value per Share	$ 1.00	$ 685.11	$ 109.21	-	-	-	-	
Andrew Clark Fund								
Book Value at June 30, 2001	$ 50,139	$ 94,573	$ 402,231	-	-	-	-	$ 546,943
Market Value at June 30, 2001	$ 50,139	$ 484,660	$ 410,427	-	-	-	-	$ 945,226
Shares Purchased	53,085	-	151,636	-	-	-	-	204,721
Shares Redeemed	(34,540)	(174,067)	-	-	-	-	-	(208,607)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	136,402	-	-	-	-	-	136,402
Net Investment Income Earned	1,169	4,135	25,350	-	-	-	-	30,654
Net Investment Income Distributed	(1,169)	(4,135)	(25,350)	-	-	-	-	(30,654)
Changes in Market Value of Fund Shares	-	(201,684)	(3,740)	-	-	-	-	(205,424)
Market Value at June 30, 2002	$ 68,684	$ 245,311	$ 558,323	-	-	-	-	$ 872,318
Book Value at June 30, 2002	68,684	56,908	553,867	-	-	-	-	679,459
Shares Outstanding	68,684	358	5,112	-	-	-	-	74,154
Market Value per Share	$ 1.00	$ 685.11	$ 109.21	-	-	-	-	
School Fund								
Book Value at June 30, 2001	$ 648,322	$ 930,831	$ 3,281,754	-	-	-	-	$ 4,860,907
Market Value at June 30, 2001	$ 648,322	$ 4,795,970	$ 3,503,357	-	-	-	-	$ 8,947,649
Shares Purchased	333,391	-	1,818,962	-	-	-	-	2,152,353
Shares Redeemed	(327,083)	(1,835,962)	-	-	-	-	-	(2,163,044)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	1,440,821	-	-	-	-	-	1,440,821
Net Investment Income Earned	21,694	40,832	219,325	-	-	-	-	281,852
Net Investment Income Distributed	(21,694)	(40,832)	(219,325)	-	-	-	-	(281,852)
Changes in Market Value of Fund Shares	-	(2,079,191)	(38,017)	-	-	-	-	(2,117,208)
Market Value at June 30, 2002	$ 654,630	$ 2,321,638	$ 5,284,302	-	-	-	-	$ 8,260,570
Book Value at June 30, 2002	654,630	535,691	5,100,716	-	-	-	-	6,291,037
Shares Outstanding	654,630	3,389	48,388	-	-	-	-	706,407
Market Value per Share	$ 1.00	$ 685.11	$ 109.21	-	-	-	-	

PENSION FUNDS MANAGEMENT DIVISION

COMBINED INVESTMENT FUNDS
STATEMENT OF INVESTMENT ACTIVITY BY TRUST (Continued)
FOR THE FISCAL YEAR ENDING JUNE 30, 2002

	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, 2001	$ 835,373	$ 134,254	$ 187,244	-	-	-	-	$ 1,156,872
Market Value at June 30, 2001	$ 835,373	$ 686,809	$ 227,242	-	-	-	-	$ 1,749,425
Shares Purchased	48,690	-	862,924	-	-	-	-	911,615
Shares Redeemed	(753,811)	(107,432)	-	-	-	-	-	(861,243)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	84,145	-	-	-	-	-	84,145
Net Investment Income Earned	26,025	5,947	18,399	-	-	-	-	50,371
Net Investment Income Distributed	(26,025)	(5,947)	(18,399)	-	-	-	-	(50,371)
Changes in Market Value of Fund Shares	-	(186,019)	(11,114)	-	-	-	-	(197,132)
Market Value at June 30, 2002	$ 130,253	$ 477,503	$ 1,079,053	-	-	-	-	$ 1,686,809
Book Value at June 30, 2002	130,253	110,967	1,050,169	-	-	-	-	1,291,388
Shares Outstanding	130,253	697	9,881	-	-	-	-	140,830
Market Value per Share	$ 1.00	$ 685.11	$ 109.21	-	-	-	-	
Police & Fireman's Survivors' Benefit Fund								
Book Value at June 30, 2001	$ 4,629,127	$ 6,859,157	$ 5,134,231	-	$ 397,261	$ 84,881	-	$ 17,104,656
Market Value at June 30, 2001	$ 4,629,127	$ 7,524,854	$ 5,112,189	-	$ 424,598	$ 80,348	-	$ 17,771,114
Shares Purchased	506,092	-	-	-	12,042	-	-	518,134
Shares Redeemed	(229,272)	-	-	-	(3,657)	(17,393)	-	(250,322)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	-	-	-	196	(1,313)	-	(1,117)
Net Investment Income Earned	144,425	65,903	305,175	-	15,999	5,529	-	537,032
Net Investment Income Distributed	(144,425)	(65,903)	(305,175)	-	(15,999)	(5,529)	-	(537,032)
Changes in Market Value of Fund Shares	-	(1,195,304)	(24,661)	-	(12,878)	(3,464)	-	(1,236,307)
Market Value at June 30, 2002	$ 4,905,947	$ 6,329,550	$ 5,087,528	-	$ 420,301	$ 58,179	-	$ 16,801,503
Book Value at June 30, 2002	4,905,947	6,859,157	5,134,231	-	405,842	66,175	-	17,371,351
Shares Outstanding	4,905,947	9,239	46,586	-	6,843	859	-	4,969,474
Market Value per Share	$ 1.00	$ 685.11	$ 109.21	-	$ 61.42	$ 67.71	-	
Tobacco and Health Trust Fund								
Book Value at June 30, 2001	$ -	$ -	$ -	-	-	-	-	$ -
Market Value at June 30, 2001	$ -	$ -	$ -	-	-	-	-	$ -
Shares Purchased	37,574,977	9,045,806	25,328,256	-	-	-	-	71,949,039
Shares Redeemed	(34,366,639)	-	-	-	-	-	-	(34,366,639)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	-	-	-	-	-	-	-
Net Investment Income Earned	65,764	79,108	1,254,304	-	-	-	-	1,399,176
Net Investment Income Distributed	(65,764)	(79,108)	(1,254,304)	-	-	-	-	(1,399,176)
Changes in Market Value of Fund Shares	-	(874,612)	(620,422)	-	-	-	-	(1,495,034)
Market Value at June 30, 2002	$ 3,208,337	$ 8,171,194	$ 24,707,834	-	-	-	-	$ 36,087,365
Book Value at June 30, 2002	3,208,337	9,045,806	25,328,256	-	-	-	-	37,582,400
Shares Outstanding	3,208,337	11,927	226,246	-	-	-	-	3,446,510
Market Value per Share	$ 1.00	$ 685.11	$ 109.21	-	-	-	-	

PENSION FUNDS MANAGEMENT DIVISION

COMBINED INVESTMENT FUNDS
SUMMARY OF OPERATIONS (Dollars in Thousands)
FISCAL YEARS ENDING JUNE 30

	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
Investment Income(1)	$741,812	$787,287	$1,002,774	$731,983	$734,928	$648,136	$621,540	$510,890	$453,150	$462,742
Expenses(1)	60,570	67,282	50,552	54,417	40,817	38,316	36,558	36,623	45,682	44,137
Net Investment Income	681,242	720,005	952,222	677,566	694,111	609,820	584,982	474,267	407,468	418,605
Realized Gains/(Losses)	(449,961)	269,330	1,522,994	673,802	1,350,408	277,293	1,240,686	(7,954)	539,865	387,899
Change in Unrealized Gains/(Losses)	(1,563,253)	(1,776,378)	90,500	530,276	681,413	1,727,651	(103,966)	998,758	(473,565)	357,989
Total	**$(1,331,972)**	**$(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**

(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, 2002

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	$ 225,246	2.23%	$ 145,880	2.06%	$ 57,549	4.86%	$ 8,215	6.56%	$ 2,981	4.89%	$ 50	8.21%	$ 11,206	8.18%
MEF	3,648,172	36.08%	2,524,497	35.60%	417,713	35.26%	41,661	33.26%	21,256	34.89%	373	60.62%	22,919	16.73%
ISF	1,215,613	12.03%	858,265	12.10%	131,628	11.11%	12,997	10.38%	8,223	13.50%	-	0.00%	-	0.00%
REF	256,763	2.54%	181,346	2.56%	28,392	2.40%	2,621	2.09%	1,625	2.67%	5	0.89%	420	0.31%
MFIF	3,475,746	34.39%	2,476,160	34.92%	404,247	34.13%	45,129	36.02%	22,355	36.69%	186	30.28%	102,427	74.74%
CMF	39,960	0.40%	28,143	0.40%	4,408	0.37%	434	0.35%	257	0.42%	-	0.00%	58	0.04%
PIF	1,245,801	12.33%	876,218	12.36%	140,571	11.87%	14,208	11.34%	4,226	6.94%	-	0.00%	-	0.00%
Total	$10,107,302	100.00%	$7,090,509	100.00%	$1,184,508	100.00%	$125,265	100.00%	$60,924	100.00%	$615	100.00%	$137,032	100.00%

(1) Based on Net Asset Value

Source: Amounts were dervied from custodial records.

COMBINED INVESTMENT FUNDS

INVESTMENT SUMMARY AT JUNE 30, 2002 (1)

Cash Reserve Account (2)

	Book Value	Market Value	% of Total Fund MV	Rate of Return
2002	$481,664,484	$481,664,484	2.46%	3.03%
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%

Mutual Equity Fund

	Book Value	Market Value	% of Total Fund MV	Rate of Return
2002	$6,401,472,709	$6,688,728,705	34.20%	(14.95%)
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	33.62%	17.10%

International Stock Fund

	Book Value	Market Value	% of Total Fund MV	Rate of Return
2002	$2,306,936,221	$2,272,810,463	11.62%	(9.00%)
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%

Real Estate Fund

	Book Value	Market Value	% of Total Fund MV	Rate of Return
2002	$417,067,553	$471,193,932	2.41%	0.81%
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%)

Mutual Fixed Income Fund

	Book Value	Market Value	% of Total Fund MV	Rate of Return
2002	$7,412,105,698	$7,295,007,838	37.30%	5.64%
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	6,826,179,407	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%

International Bond Fund (3)

	Book Value	Market Value	% of Total Fund MV	Rate of Return
2002	—	—	—%	—%
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%

Commercial Mortgage Fund

	Book Value	Market Value	% of Total Fund MV	Rate of Return
2002	$69,553,258	$71,468,307	0.37%	1.19%
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%

Residential Mortgage Fund (4)

	Book Value	Market Value	% of Total Fund MV	Rate of Return
2002	—	—	—%	—%
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%

COMBINED INVESTMENT FUNDS
INVESTMENT SUMMARY AT JUNE 30, 2002 (Continued)

Private Investment Fund [5]

	Book Value	Market Value	% of Total Fund MV	Rate of Return
2002	$2,315,048,277	$2,276,642,374	11.64%	(10.81%)
2001	2,217,285,786	2,601,575,275	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%

Connecticut Programs Fund [5]

	Book Value	Market Value	% of Total Fund MV	Rate of Return
2002	—	—	—%	—%
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%)

Mutual Mortgage Fund [6]

	Book Value	Market Value	% of Total Fund MV	Rate of Return
2002	—	—	—%	—%
2001	—	—	—%	—%
2000	—	—	—%	—%
1999	—	—	—%	—%
1998	—	—	—%	—%
1997	—	—	—%	—%
1996	—	—	—%	—%
1995	—	—	—%	—%
1994	—	—	—%	—%
1993	$3,899,616	$3,903,265	0.04%	26.92%

Total Fund

	Book Value	Market Value	% of Total Fund MV	Rate of Return
2002	$19,403,848,200	$19,557,516,103	100.00%	(6.39%)
2001	19,571,276,798	21,204,840,744	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%

(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, 2002

MUTUAL EQUITY FUND

Security Name	Industry Sector	Market Value	% of MEF Net Assets
General Electric	Technology	$ 172,505,291	2.58%
Microsoft	Technology	163,389,721	2.44%
Exxon Mobil Corp.	Energy	146,689,116	2.19%
CitiGroup Inc.	Finance	139,648,878	2.09%
Pfizer Inc.	Health Care	130,896,500	1.96%
Wal Mart Stores Inc.	Consumer Non-Durables	116,126,660	1.74%
Johnson & Johnson	Health Care	111,351,479	1.67%
Procter & Gamble Co.	Consumer Staples	95,265,597	1.42%
American Int'l Group Inc.	Finance	94,999,972	1.42%
Verizon Communications	Telecommunications	80,972,231	1.21%
TOTAL		**$1,251,845,445**	**18.72%**

INTERNATIONAL STOCK FUND

Security Name	Country	Market Value	% of ISF Net Assets
Total FINA Elf Eur 10	France	$ 39,820,965	1.75%
ENI Eur1	Italy	32,174,241	1.42%
Glaxosmithkline ORD GBP .25	United Kingdom	30,459,942	1.34%
Aventis SA Eur 3.82	France	24,053,714	1.06%
Deutsche Bank AG ORD NPV	Germany	23,639,307	1.04%
BP Amoco ORD USD 0.25	United Kingdom	21,132,130	0.93%
Nestle SA CHF1	Switzerland	20,342,347	0.89%
Vodafone Group ORD USD .10	United Kingdom	20,310,220	0.89%
DaimlerChrysler AG ORD NPV	Germany	20,124,721	0.89%
Shell Traspt & Trdg ORD GBP 0.25	United Kingdom	19,293,538	0.85%
TOTAL		**$251,351,125**	**11.06%**

REAL ESTATE FUND

Property Name	Location	Property Type	Market Value	% of REF Net Assets
Walton Street Fd III, LP	Various	Various	$ 91,128,647	19.34%
AEW Partners III. LP	Various	Various	87,236,823	18.52%
Apollo Real Est Invest Fd III	Various	Various	84,347,518	17.90%
Westport Senior Living Fd, LP	Various	Senior Living	73,832,010	15.67%
New Goodwin Square, LLC	Hartford, CT	Mixed Use	51,557,186	10.94%
Union Station LTD LP	Washington, DC	Mixed Use	33,233,330	7.06%
AEW 221 Trust	Various	Various	17,773,052	3.77%
Wachovia Timberland Dublin	Various	Timber	14,140,542	3.00%
Worcester Center	Worchester, MA	Mixed Use	12,958,663	2.75%
Wachovia Timberland Balls	Various	Timber	1,571,171	0.33%
TOTAL			**$467,778,942**	**99.28**%

COMBINED INVESTMENT FUNDS
TOP TEN HOLDINGS BY FUND AT JUNE 30, 2002 (Continued)

MUTUAL FIXED INCOME FUND

Security Name	Coupon	Maturity	Security Type	Market Value	% of MFIF Net Assets
GNMA-TBA	6.50%	12/15/2032	U.S. Govt. Agency	$ 170,748,000	2.34%
FNMA-TBA	6.00%	12/31/2032	U.S. Govt. Agency	84,049,350	1.15%
FHLMC-TBA	6.50%	12/31/2032	U.S. Govt. Agency	81,721,729	1.12%
FNMA-TBA	6.00%	12/31/2032	U.S. Govt. Agency	78,414,161	1.07%
FHLMC-TBA	7.00%	12/31/2032	U.S. Govt. Agency	76,429,494	1.05%
U.S. Treasury Notes	4.375%	05/15/2007	U.S. Govt. Agency	71,068,944	0.97%
FNMA-TBA	6.50%	12/01/2032	U.S. Govt. Agency	69,812,239	0.96%
U.S. Treasury Notes	3.25%	05/31/2004	U.S. Govt. Agency	62,781,524	0.86%
GNMA-TBA	7.00%	12/31/2032	U.S. Govt. Agency	62,611,077	0.86%
U.S. Treasury Bonds	8.00%	11/15/2021	U.S. Govt. Agency	58,082,115	0.80%
TOTAL				**$ 815,718,633**	**11.18%**

COMMERCIAL MORTGAGE FUND

Property Name	Location	Property Type	Market Value	% of CMF Net Assets
SASCO	Various	Other	$ 19,106,983	26.74%
Greenhill Apts.	Detroit, MI	Residential	15,066,142	21.08%
57 Park Plaza	Boston, MA	Hotel	13,460,370	18.83%
North Haven Crossing	No. Haven, CT	Retail	6,150,418	8.61%
Bidderman	Secaucus, NJ	Warehouse	6,107,259	8.55%
Sheraton Denver West	Lakewood, CO	Hotel	5,514,204	7.72%
Yankee Mac E 11.056%	Various	Residential	608,966	0.85%
Yankee Mac F 12.981%	Various	Residential	229,852	0.32%
Yankee Mac G 9.50%	Various	Residential	152,536	0.21%
Yankee Mac C 14.00%	Various	Residential	144,128	0.20%
TOTAL			**$ 66,540,858**	**93.11%**

PRIVATE INVESTMENT FUND

Date of Purchase	Company	Industry	Market Value	Percent of PIF Net Assets
11/01/98	Integrated Defense Technologies	Electronics	$ 156,742,612	6.88%
06/28/01	Raytheon Aerospace Company	Services	52,440,155	2.30%
10/16/96	AMFM, Inc.	Communications	51,165,696	2.25%
01/07/99	BC Components Holdings B.V.	Electronics	31,983,412	1.40%
09/30/00	TRAK Communications, Inc.	Communications	30,788,815	1.35%
06/26/01	Citadel Communications Corp.	Communications	27,269,639	1.20%
09/21/00	Global Beverage Systems, Inc.	Consumer	27,257,356	1.20%
12/27/96	Rossi American Hardwoods	Industrial Products	22,574,795	0.99%
06/12/00	Optical Capital Group, Inc.	Industrial Products	22,461,952	0.99%
12/09/98	Metris Companies, Inc.	Services	21,304,072	0.94%
TOTAL			**$ 443,988,504**	**19.50%**

PENSION FUNDS MANAGEMENT DIVISION

SCHEDULE OF EXPENSES IN EXCESS OF $5,000 (1)
FISCAL YEAR ENDED JUNE 30, 2002(1)

Name of Firm	Description of Services	Contract Date	Aggregate Comp. Paid in FY 2002	Status at June 30, 2002
INVESTMENT ADVISORY SERVICES				
Domestic Equity Investment Advisory Services				
Alliance Capital Management	Equity Advisor	Mar-96	$ 271,833	Active
AXA Rosenberg Institutional Equity Management	Equity Advisor	Mar-96	3,791,100	Active
BGI Barclay's Global Investors	Equity Advisor	Mar-96	11,228,122	Active
Brown Capital Management	Equity Advisor	Mar-96	3,136,368	Active
Trust Company of the West	Equity Advisor	Mar-96	2,193,266	Active
Dresdner RCM Capital Management, LP	Equity Advisor	Mar-96	479,497	Active
J. P. Morgan Investment Management	Equity Advisor	Mar-96	6,227,366	Active
State Street Global Advisors	Equity Advisor	Mar-96	170,554	Active
Thomas Weisel Partners	Equity Advisor	Mar-96	1,602,094	Active
Travelers Investment Management	Equity Advisor	Mar-96	304,869	Active
Total Domestic Equity Advisor Compensation			**$29,405,069**	
Fixed Income Investment Advisory Services				
Blackrock Financial Management	Fixed Income Advisor	Mar-96	$ 1,536,082	Active
J. P. Morgan Investment Management	Fixed Income Advisor	Mar-96	638,895	Active
Loomis Sayles & Co., Inc.	Fixed Income Advisor	Mar-96	402,555	Active
Oaktree Capital Management	Fixed Income Advisor	Mar-96	4,459,895	Active
Phoenix Investment Counsel	Fixed Income Advisor	Nov-97	547,956	Active
State Street Global Advisors	Fixed Income Advisor	Mar-96	577,503	Active
W. R. Huff Asset Management	Fixed Income Advisor	Mar-96	259,026	Active
Wellington Asset Management	Fixed Income Advisor	Nov-97	1,016,323	Active
Western Asset Management	Fixed Income Advisor	Nov-97	1,122,126	Active
Total Fixed Income Advisor Compensation			**$10,560,361**	
Cash Reserve Account Advisory Services				
State Street Global Advisors	Cash Reserve Account Advisor	Mar-96	$279,877	Active
Total Cash Reserve Account Advisor Compensation			**$279,877**	
International Equity Investment Advisory Services				
DSI International Management	International Equity Advisor	Mar-96	$ 288,440	Active
Grantham, Mayo, Van Otterloo & Co.	International Equity Advisor	Mar-96	5,278,524	Active
Morgan Stanley Asset Management	International Equity Advisor	Mar-96	3,549,750	Active
Pictet International Management	International Equity Advisor	Mar-96	370,878	Active
Salomon Smith Barney Capital Management	International Equity Advisor	Mar-96	179,468	Active
State Street Global Advisors	International Equity Advisor	Mar-96	457,766	Active
Total International Equity Advisor Compensation			**$10,124,826**	
Real Estate Investment Advisory Services (2)				
AEW Capital Management, LP	Real Estate Advisor	Aug-87	$ 96,396	Active
AEW Partners III, LP	Real Estate Advisor	Mar-98	1,165,214	Active
Apollo Real Estate Investment Fund III	Real Estate Advisor	May-98	605,997	Active
CIGNA/TimesSquare Real Estate Investors	Real Estate Advisor	Apr-83	8,083	Active
Wachovia Bank of Georgia, N.A.	Real Estate Advisor	Mar-94	182,301	Active
Westport Senior Living Fund	Real Estate Advisor	Sep-98	1,800,000	Active
Total Real Estate Advisor Compensation			**$3,857,991**	
Commercial Mortgage Investment Advisory Services				
AEW Capital Management, LP	Commercial Mortgage Advisor	Aug-87	$442,777	Active
Total Commercial Mortgage Advisor Compensation			**$442,777**	
Private Investment Advisory Services (2)				
AIG Global Emerging Mkts Fund LP	Private Investment Advisor	Dec-97	$2,500,000	Active
Blackstone Management Partners	Private Investment Advisor	Jul-97	299,279	Active
Carlyle Asia Partners	Private Investment Advisor	Dec-98	500,000	Active
Carlyle Europe Partners	Private Investment Advisor	Dec-97	1,330,240	Active
Compass European Partners LP	Private Investment Advisor	Dec-97	2,132,547	Active
CT Greene Venture LP	Private Investment Advisor	Jan-93	375,000	Active
DLJ Merchant Banking Fund II	Private Investment Advisor	Nov-96	502,725	Active

PENSION FUNDS MANAGEMENT DIVISION

SCHEDULE OF EXPENSES IN EXCESS OF $5,000 (1) (Continued)
FISCAL YEAR ENDED JUNE 30, 2002

Name of Firm	Description of Services	Contract Date	Aggregate Comp. Paid in FY 2002	Status at June 30, 2002
Forstmann Little & Company	Private Investment Advisor	Apr-97	753,337	Active
Garmark Partners LP	Private Investment Advisor	Apr-98	957,708	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	995,037	Active
Green Equity III LP	Private Investment Advisor	Sep-98	122,619	Active
Greenwich Street Capital Partners	Private Investment Advisor	Oct-98	381,069	Active
Kelso Investment Associates VI LP	Private Investment Advisor	Feb-98	626,046	Active
KKR 1996 Fund LP	Private Investment Advisor	Jul-97	411,808	Active
Pioneer Venture Associates LP	Private Investment Advisor	Jan-98	162,954	Active
SCP Private Equity Fund LP	Private Investment Advisor	Sep-97	671,456	Active
Shawmut Capital Partners LP	Private Investment Advisor	Jun-97	984,375	Active
SW Pelham Fund LP	Private Investment Advisor	Jun-98	750,000	Active
Thayer Equity Investors IV LP	Private Investment Advisor	Nov-98	833,101	Active
Triumph Connecticut LP	Private Investment Advisor	Feb-93	380,931	Active
Triumph Partners III LP	Private Investment Advisor	Jul-97	1,712,341	Active
Veritas Capital Fund LP	Private Investment Advisor	Mar-97	612,500	Active
Wellspring Capital Partners LP	Private Investment Advisor	Jan-98	1,000,000	Active
Woodside Capital Management LLC	Private Investment Advisor	Oct-00	6,219	Terminated
Total Private Equity Advisor Compensation			**$21,251,292**	
TOTAL COMPENSATION TO INVESTMENT ADVISORS			**$75,922,193**	
CUSTODY SERVICES				
State Street Bank & Trust	Custody of Fund Assets	Jan-96	$1,726,588	Active
TOTAL CUSTODY SERVICES COMPENSATION			**$1,726,588**	
CONSULTING SERVICES				
BARRA Rogers Casey	Consultant - Pension Funds	Jan-01	$555,000	Active
Greystone Capital Management	Consultant - Pension Funds	Sep-01	9,900	Active
Guy E. Garcia	Consultant - Pension Funds	Jun-01	207,570	Terminated
Heidrick & Struggles	Consultant - Pension Funds	May-01	98,487	Terminated
Pamela J. Bartol	Consultant - Pension Funds	Feb-00	22,906	Terminated
Sovereign Financial Services, Inc.	Consultant - Pension Funds	Apr-00	955,813	Active
Susan B. Sweeney	Consultant - Pension Funds	Jan-01	178,504	Terminated
Thomson Proxy Services Inc.	Consultant - Pension Funds	Nov-99	24,100	Active
William M. Mercer Inc.	Consultant – Inv. Adv. Coun.	Jan-02	50,000	Terminated
TOTAL CONSULTING SERVICES COMPENSATION			**$2,102,280**	
MISCELLANEOUS SERVICES				
Bloomberg LP	Subscription	N/A	$15,176	Active
Council of Institutional Investors	Dues	N/A	24,885	Active
Dow Jones & Co., Inc.	Advertising	N/A	5,715	Terminated
Interfaith Center on Corporate Responsibility	Subscription	N/A	6,000	Active
Investor Responsibility Research Corporation	Subscription	N/A	25,650	Active
Graystone Group Advertising	Advertising	N/A	33,205	Terminated
Groom Law Group	Legal Services	Oct-00	18,637	Active
Nixon Peabody, LLP	Legal Services	May-01	113,648	Active
Paul, Hastings, Janofsky & Walker, LLP	Legal Services	Jan-02	205,071	Active
The Wall Street Journal	Advertising/Subscription	N/A	6,490	Active
Xerox Corporation	Copier Maintenance	N/A	5,432	Active
TOTAL MISCELLANEOUS SERVICES COMPENSATION			**$459,909**	
GRAND TOTAL			**$80,210,970**	

(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, 2002

Name of Fund	Investment Strategy		Net Assets Under Management	Percent of Fund Total
CASH RESERVE ACCOUNT (CRA)				
State Street Global Advisors	Active	$	1,443,006,366	100.0%
SUBTOTAL CRA		**$**	**1,443,006,366**	**100.0%**
MUTUAL EQUITY FUND (MEF)				
Large Cap		**$**	**4,983,829,705**	**74.7%**
State Street Global Advisors	Passive - Indexed		1,782,615,294	26.7%
J.P. Morgan Investment Management, Inc.	Passive - Enhanced		1,649,462,642	24.7%
BGI Barclays Global Investors, N.A.	Passive - Enhanced		1,551,751,769	23.3%
Small/Mid Cap		**$**	**703,064,778**	**10.5%**
AXA Rosenberg Investment Management	Passive-Enhanced		388,723,501	5.8%
SSB Citigroup (The Travelers)	Passive-Enhanced		314,341,277	4.7%
Small/Mid Cap		**$**	**969,782,460**	**14.5%**
Trust Company of the West (Cowen)	Active		363,262,313	5.4%
Brown Capital Management, Inc.	Active		319,310,979	4.8%
Thomas Weisel Partners (ValueQuest)	Active		287,209,168	4.3%
Other (1)		**$**	**19,914,185**	**0.3%**
SUBTOTAL MEF		**$**	**6,676,591,128**	**100.0%**
INTERNATIONAL STOCK FUND (ISF)				
EAFE - Europe		**$**	**477,694,320**	**21.4%**
State Street Global Advisors	Passive - Enhanced		477,694,320	21.4%
Core		**$**	**1,407,742,186**	**63.2%**
Morgan Stanley Asset Management	Active		563,150,953	25.3%
Grantham, Mayo, Van Otterloo & Co.	Active		563,110,751	25.3%
Smith Barney Capital Management	Active		147,049,854	6.6%
DSI International Management	Active		134,430,628	6.0%
Emerging		**$**	**335,375,715**	**15.1%**
Morgan Stanley Asset Management	Active		194,361,607	8.8%
Pictet International Management	Active		141,014,108	6.3%
Other (1)		**$**	**5,914,102**	**0.3%**
SUBTOTAL ISF		**$**	**2,226,726,323**	**100.0%**
REAL ESTATE FUND (REF)				
AEW Capital Management	Active	$	138,243,205	29.4%
Walton Street Real Estate Fund II LP	Active		91,128,647	19.3%
Apollo Real Estate Investment Fd III, LP	Active		84,347,518	17.9%
Westport Senior Living - Fund, LP	Active		73,832,010	15.7%
Tishman Hotel Corp.	Active		51,557,186	10.9%
Wachovia Bank of Georgia, N.A.	Active		15,711,713	3.3%
TimesSquare Real Estate Investors	Active		12,958,663	2.8%
Other (1)	Active		**3,393,206**	**0.7%**
SUBTOTAL REF		**$**	**471,172,148**	**100.0%**
MUTUAL FIXED INCOME FUND (MFIF)				
Core		**$**	**5,466,922,917**	**83.8%**
State Street Global Advisors	Passive-Enhanced		1,500,272,794	23.0%
BlackRock Financial Management, Inc.	Active		1,172,781,766	18.0%
Wellington	Active		1,026,526,130	15.7%
Western Asset Management Co.	Active		799,889,798	12.3%
J.P. Morgan Investment Management Inc.	Active		656,236,139	10.0%
Phoenix	Active		311,216,290	4.8%
Convertibles		**$**	**275,742,074**	**4.2%**
Oaktree Capital Management, L.L.C.	Active		275,742,074	4.2%
High Yield		**$**	**760,729,116**	**11.7%**

COMBINED INVESTMENT FUNDS
LIST OF INVESTMENT ADVISORS AND NET ASSETS UNDER MANAGMENT (Continued)
JUNE 30, 2002

Name of Fund	Investment Strategy		Net Assets Under Management	Percent of Fund Total
Loomis Sayles & Co., Inc.	Active		274,473,207	4.2%
W.R. Huff Asset Management	Active		218,656,263	3.4%
Oaktree Capital Management, L.L.C.	Active		209,719,414	3.2%
Triumph II LP	Active		57,880,232	0.9%
Other (1)		**$**	**22,857,218**	**0.3%**
SUBTOTAL MFIF		**$**	**6,526,251,325**	**100.0%**
COMMERCIAL MORTGAGE FUND (CMF)				
AEW Capital Management, LP	Active	$	67,188,365	91.7%
Other (2)			**6,072,350**	**8.3%**
SUBTOTAL CMF		**$**	**73,260,715**	**100.0%**
PRIVATE INVESTMENT FUND (PIF)				
Corporate Buyout			**$820,563,562**	**36.0%**
Veritas Capital Fund	Active		264,903,172	11.6%
Hicks, Muse Tate & Furst Equity Fund III	Active		100,386,904	4.4%
Thomas H. Lee Equity Fund IV	Active		76,119,592	3.4%
DLJ Merchant Banking Fund II	Active		54,390,562	2.4%
Greenwich Street Capital Partners II	Active		43,784,386	1.9%
KKR 1996 Fund	Active		41,336,947	1.8%
SCP Private Equity Partners	Active		38,431,309	1.7%
Welsh Carson Anderson & Stowe VIII	Active		36,177,939	1.6%
Forstmann Little Equity Fund VI	Active		29,187,602	1.3%
Thayer Equity Investors IV	Active		25,393,540	1.1%
Kelso Investment Associates VI	Active		23,748,364	1.1%
Conning Capital Partners V	Active		23,145,480	1.0%
Green Equity Investors III	Active		21,517,879	0.9%
Wellspring Capital Partners II	Active		21,139,283	0.9%
Blackstone Capital Partners III	Active		20,900,603	0.9%
Venture Capital			**$201,393,922**	**8.8%**
Crescendo World Fund	Active		49,475,906	2.2%
Pioneer Ventures Associates	Active		28,126,831	1.2%
Grotech Partners V	Active		22,909,379	1.0%
Shawmut Equity Partners	Active		20,590,255	0.9%
RFE Investment Partners VI	Active		18,339,829	0.8%
CT Financial Development Fund	Active		15,327,124	0.7%
Crescendo III	Active		12,832,649	0.6%
Connecticut Futures Fund	Active		12,771,311	0.5%
Keystone Ventures V	Active		11,473,831	0.5%
Triumph Investors II	Active		6,472,226	0.3%
Connecticut Greene Ventures	Active		3,074,581	0.1%
Mezzanine			**$311,289,802**	**13.6%**
Welsh Carson Anderson & Stowe Capital Part III	Active		87,984,216	3.9%
Triumph Capital Partners III	Active		80,580,592	3.5%
GarMark Partners	Active		54,005,528	2.4%
SW Pelham Fund	Active		41,854,630	1.8%
Triumph CT Partners	Active		25,832,855	1.1%
Forstmann Little MBO VII	Active		21,031,981	0.9%
International			**$222,294,976**	**9.8%**
Compass European Partners	Active		85,034,485	3.7%
Carlyle Europe Partners	Active		46,977,463	2.1%
AIG Global Emerging Markets Fund	Active		33,946,523	1.5%
Gilbert Global Equity Fund	Active		33,388,463	1.5%
Carlyle Asia Partners	Active		22,948,042	1.0%
Fund of Funds			**$632,193,591**	**27.7%**
Crossroads Constitution Fund	Active		471,973,748	20.7%
Landmark Private Equity Fund VIII	Active		80,642,563	3.5%
Goldman Sachs Private Equity Fund	Active		56,435,980	2.5%

PENSION FUNDS MANAGEMENT DIVISION

COMBINED INVESTMENT FUNDS
LIST OF INVESTMENT ADVISORS AND NET ASSETS UNDER MANAGMENT (Continued)
JUNE 30, 2002

Name of Fund	Investment Strategy	Net Assets Under Management	Percent of Fund Total
Lexington Capital Partners II	Active	23,141,300	1.0%
Other (1)		**93,288,367**	**4.1%**
SUBTOTAL PIF		**$ 2,281,024,220**	**100.0%**
TOTAL		**$ 19,698,032,225**	
Adjustments (3)		(991,877,874)	
GRAND TOTAL		**$ 18,706,154,352**	

(1) Other represents moneys earmarked for distribution to participants, reinvestment, and expenses as well as terminated advisor balances and $24,605,266 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, 2002

Broker Name	$ Commission	Shares/ Par Value	Avg Comm
ABEL NOSER CORPORATION	2,960.00	59,200.00	0.050
ABG	2,941.66	89,500.00	0.033
ABG SECURITIES	14,478.14	844,523.00	0.017
ABG SECURITIES AS (STOCKHOLM)	2,340.92	85,500.00	0.027
ABN AMRO	9,919.87	4,586,124.00	0.002
ABN AMRO EQUITIES (UK) LTD	24,915.67	3,071,964.00	0.008
ABN AMRO EQUITIES (UK) LTD LONDON	767.04	380,885.00	0.002
ABN AMRO INCORPORATED	985.00	20,100.00	0.049
ABN AMRO SECURITIES (USA) INC	4,932.94	1,379,000.00	0.004
ABN AMRO SECURITIES LLC	79,976.60	2,070,400.00	0.039
ACCIONES Y VALORES DE MEXICO	1,752.97	249,300.00	0.007
ACF INTERNATIONAL	2,486.32	38,500.00	0.065
ADAMS HARKNESS + HILL,INC	3,135.20	117,705.00	0.027
ADVEST INC	932.50	18,650.00	0.050
AHORRO CORPORATION FINANCIERA S.A. A.V.B	4,923.85	89,070.00	0.055
AKROS SECURITIES INC	7,908.83	589,732.00	0.013
ALLEN & COMPANY INCORPORATED	927.00	30,900.00	0.030
ALPHA BROKERAGE AE	3,706.99	52,198.00	0.071
ARCHIPELAGO BCC CAPITAL CLEAR	20,957.18	1,129,209.00	0.019
ARNHOLD S BLEICHROEDER INC	1,262.06	19,200.00	0.066
AUERBACH GRAYSON	4,908.11	23,703.00	0.207
AUTRANET,INC.	47,476.55	979,971.00	0.048
BAIRD, ROBERT W., & COMPANY INCORPORATED	7,567.00	788,311.00	0.010
BANC AMERICA SECURITY LLC MONTGOMERY DIV	154,895.20	5,238,384.00	0.030
BANCA AKROS SPA	104.96	5,366,000.00	0.000
BANCA ANTONIANA-POPOLARE VENET	274.83	19,428,000.00	0.000
BANCO BILBAO VIZCAYA	4,949.92	245,753.00	0.020
BANCO ICATU	1,076.81	34,629,000.00	0.000
BANCO ICATU S.A.	5,886.87	167,386,341.00	0.000
BANCO NACIONAL DE MEXICO S.A.	40.77	7,560.00	0.005
BANCO PACTUAL S.A.	1,888.50	67,781,000.00	0.000
BANCO SANTANDER CENTRAL HISPANO	1,142.20	103,393.00	0.011
BANK AM BELLEVUE	298.70	1,400.00	0.213
BANK JULIUS BAER AND CO.LTD.	320.53	9,600.00	0.033
BANK NT DE PARIS	247.91	41,100.00	0.006
BANK OF AMERICA, N.A. LONDON	37,194.84	1,740,166.00	0.021
BANK OF NEW YORK	1,187.50	23,750.00	0.050
BANK OF TOKYO MITSUBISHI (REPO)	2,317.01	227,000.00	0.010
BANK OF TOKYO MITSUBISHI LTD, TOKYO	305.28	75,000.00	0.004
BANKERS TRUST COMPANY	3,088.00	63,440.00	0.049
BANQUE NATIONAL DE PARIS	831.51	276,000.00	0.003
BARNARD JACOBS MELLET (USA) LLC	250.58	14,400.00	0.017
BARNARD JACOBS MELLET EDIN	5,166.03	358,100.00	0.014
BARNARD JACOBS MELLETT AND CO (PTY)	1,194.27	152,300.00	0.008
BAYERISCHE HYPO- UND VEREINSBANK MUNICH	4,941.28	57,625.00	0.086
BBV SECS INCORP NY	1,436.32	23,200.00	0.062
BEAL M R + COMPANY	9,108.00	303,600.00	0.030
BEAR STEARNS + CO INC	96,410.42	2,678,397.00	0.036
BEAR STEARNS ASIA LTD	2,941.90	1,546,000.00	0.002
BEAR STEARNS CO	603.56	44,000.00	0.014
BEAR STEARNS SECURITIES CORP	55,176.25	194,696,333.00	0.000
BENDER MENKUL DEGERLER A.S.	3,211.64	228,888,000.00	0.000
BEREAN CAPITAL, INC. 2	12,579.30	251,586.00	0.050
BLACK & COMPANY	5,755.15	115,103.00	0.050
BLAYLOCK PARTNERS	6,381.00	212,700.00	0.030
BMO NESBITT BURNS CORP	2,959.35	59,187.00	0.050
BNP PARIBAS	2,727.37	697,800.00	0.004
BNP PARIBAS SA	1,272.26	73,000.00	0.017
BNP PRIMEPEREGRINE	7,016.37	11,075,000.00	0.001
BNY CLEARING SERVICES LLC	1,155.00	23,100.00	0.050
BNY CLEARING SERVICES LLC (BNY)	706.59	14,070.00	0.050
BNY/ABN AMRO (UK) LTD	940.00	55,400.00	0.017
BNYESI TRANSITION MANAGEMENT	21,771.50	444,350.00	0.049
BOSTON INSTITUTIONAL SERVICES	217.50	4,350.00	0.050
BRIDGE TRADING	58,836.60	1,366,278.00	0.043
BROADCORTCAPITAL (THRU ML)	1,790.00	35,800.00	0.050
BROWN BROTHERS HARRIMAN & CO	2,788.00	55,800.00	0.050
B-TRADE SERVICES LLC	70,103.27	3,794,435.00	0.018
BUCKINGHAM RESEARCH GROUP	6,601.00	169,300.00	0.039
C. L. GLAZER & COMPANY, INC.	10,781.90	215,638.00	0.050
CA-IB SECURITIES INC.	1,207.94	26,248.00	0.046
CAIS INC CHEUVREUX DIV NY	2,362.04	57,600.00	0.041
CANTOR FITZGERALD + CO.	133,984.81	4,336,750.00	0.031
CAPITAL INSTITUTIONAL SERVICES	45,846.65	916,933.00	0.050
CAPITAL SECURITIES CORP OF TEXAS	19.52	976.00	0.020
CARNAGIE FOND KOMMISSION	5,521.47	254,900.00	0.022
CARNEGIE FONDKOMISSION	174.65	8,500.00	0.021
CAZENOVE	4,943.46	717,224.00	0.007
CAZENOVE + CO	36,253.48	3,445,175.00	0.011
CAZENOVE + CO LTD	750.53	103,500.00	0.007
CAZENOVE + CO.	2,439.34	488,361.00	0.005
CAZENOVE AND COMPANY (OVERSEAS) LTD	1,745.43	128,000.00	0.014
CAZENOVE ASIA LIMITED	396.90	396,000.00	0.001
CAZENOVE INCORPORATED	4,119.92	440,776.00	0.009
CDC LABOUCHERE SECURITIES SERVICES	10,922.85	257,100.00	0.042
CHARLES SCHWAB CO INC	19,256.51	783,841.00	0.025
CHASE MANHATTAN BANK	3,132.16	40,800.00	0.077
CHINA SECURITIES CO LTD	3,321.54	2,973,374.00	0.001
CIBC WOODGUNDY	3,150.00	52,500.00	0.060
CIBC WORLD MARKETS CORP	37,987.31	1,194,316.00	0.032
COBURN & MEREDITH, INC(CLR.THRU 443)	7,151.25	143,025.00	0.050
COLLINS STEWART	10,397.12	775,954.00	0.013
COLLINS STEWART + CO	3,415.47	196,227.00	0.017
COMMERCE CAPITAL (CLS THRU 443)	60.00	2,000.00	0.030
COMMERZ BANK (COBA)	10,575.01	90,000.00	0.118
COMMERZBANK	3,386.06	188,300.00	0.018
COMMERZBANK AG	25,248.25	1,880,335.00	0.013
COMMERZBANK AG LONDON	357.70	67,000.00	0.005
COMMERZBANK CAPITAL MARKETS	604.69	121,530.00	0.005
COMMERZBANK CAPITAL MARKETS CORPORATION	2,231.92	21,600.00	0.103
CORRESPONDENT SERVICES, INC	5,643.00	188,100.00	0.030
CREDIT AGRICOLE INDOSUEZ	5,882.48	36,270.00	0.162
CREDIT AGRICOLE INDOSUEZ CHEUVREUX	14,980.28	298,212.00	0.050
CREDIT AGRICOLE INDOSUEZ SECURITIES INC	1,175.00	23,500.00	0.050
CREDIT ANSTALT	779.79	9,222.00	0.085
CREDIT LYONAIS SECS	757.43	384,700.00	0.002
CREDIT LYONNAIS	35,010.00	9,862,426.00	0.004
CREDIT LYONNAIS - ACTIF	7,148.22	614,378.00	0.012
CREDIT LYONNAIS SECS	13,308.67	1,179,677.00	0.011
CREDIT LYONNAIS SECS USA INC	931.43	7,513.00	0.124
CREDIT LYONNAIS SECURITIES	1,342.11	755,000.00	0.002
CREDIT LYONNAIS SECURITIES (USA) INC	3,572.27	11,630.00	0.307
CREDIT SUISSE FIRST BOSTON	21,587.57	190,355,815.00	0.000
CREDIT SUISSE FIRST BOSTON CORPORATION	475,797.94	47,124,994.00	0.010
CREDIT SUISSE FIRST BOSTON EQUITIES (EUR	1,958.56	1,088,932.00	0.002
CREDIT SUISSE FIRST BOSTON LONDON	71,932.86	4,076,459.00	0.018
CREDIT SUISSE LONDON	42.52	150,000.00	0.000
CREDIT USA	4,195.00	83,900.00	0.050
CROSBY SECURITIES INC	691.98	248,480.00	0.003
CROSBY SECURITIES LIMITED (HONG KONG)	110.15	1,600.00	0.069
CS FIRST BOSTON	2,342.23	115,000.00	0.020
CS FIRST BOSTON (HONG KONG) LIMITED	36,583.66	10,058,915.00	0.004
CSFB	1,107.64	17,000.00	0.065
DAIN RAUSCHER INC	15,985.00	761,400.00	0.021
DAIWA	3,035.19	576,100.00	0.005
DAIWA SECS SB CAPITAL MARKETS (ASIA) LTD	175.16	40,000.00	0.004
DAIWA SECURITIES	9,258.50	659,739.00	0.014
DAIWA SECURITIES AMERICA INC	2,219.75	101,500.00	0.022
DAIWA SECURITIES CO LTD	1,852.55	92,290.00	0.020
DAVIDSON D.A. + COMPANY INC.	1,325.00	65,000.00	0.020
DAVY STOCKBROKERS	727.50	205,800.00	0.004
DB CLEARING SERVICES	1,865.00	37,300.00	0.050
DB MORGANGRENFELL S.V. MADRID	223.66	16,000.00	0.014
DBS SECURITIES (PHILS) INC	259.81	19,000.00	0.014
DBS SECURITIES (S) PTE LTD.	1,783.78	666,000.00	0.003
DEUTSCHE ALEX BROWN LONDON	5,260.84	229,900.00	0.023
DEUTSCHE ASIA AND PARTNERS SECURITIES	23,551.96	10,306,280.00	0.002
DEUTSCHE BANC ALEX BROWN	2,288.89	117,000.00	0.020
DEUTSCHE BANC ALEX. BROWN INC.	84,190.02	4,136,431.00	0.020
DEUTSCHE BANC ALEX. BROWN INSTIT FIX INC	3,904.24	2,367,035.00	0.002
DEUTSCHE BANK	4,920.79	237,961.00	0.021
DEUTSCHE BANK A.G.	560.56	118,000.00	0.005
DEUTSCHE BANK AG	421.11	42,050.00	0.010
DEUTSCHE BANK AG LONDON	32,963.67	2,733,632.00	0.012
DEUTSCHE BANK ASIA SECS LTD	25.07	34,000.00	0.001
DEUTSCHE BANK SECURITIES	32,186.93	3,722,591.00	0.009
DEUTSCHE BANK SECURITIES CORP	10.75	15,600.00	0.001
DEUTSCHE BANK SECURITIES INC	72,673.94	4,750,591.00	0.015
DEUTSCHE BANK SECURITIES LTD JAPAN	51.21	67,600.00	0.001
DEUTSCHE BANK TRUST COMPANY AMERICAS	2,388.58	57,720.00	0.041
DEUTSCHE MORGAN GRENFELL	295.70	39,239.00	0.008
DEUTSCHE MORGAN GRENFELL GLOBAL CUSTODY	1,265.00	37,100.00	0.034
DEUTSCHE MORGAN GRENFELL SECS	96.71	143,000.00	0.001
DEUTSCHE SECURITIES ASIA LIMITED	2,927.85	342,650.00	0.009
DEUTSCHE SECURITIES ASIA LTD	1,997.12	363,200.00	0.005
DIVIDEND REINVEST	1,817.22	181,182.00	0.010
DONALDSON, LUFKIN + JENRETTE SECS	7,460.00	280,991.00	0.027
DOWLING &PARTNERS SECURITIES, LLC.	27,706.95	595,019.00	0.047
DRESDNER BANK - KLEINWORT BENSON	3,428.35	47,476.00	0.072
DRESDNER KLEINWORT BENSON	10,832.60	225,489.00	0.048
DRESDNER KLEINWORT BENSON ASIA LTD	1,102.75	1,982,260.00	0.001
DRESDNER KLEINWORT BENSON N A LLC	1,592.89	99,900.00	0.016
DRESDNER KLEINWORT BENSON NORTH AMERICA	5,916.98	77,400.00	0.076
DRESDNER KLEINWORT BENSON SECS	1,533.46	46,800.00	0.033
DRESDNER KLEINWORT BENSONS	34,314.41	722,078.00	0.048
DRESDNER KLEINWORT WASSERSTEIN	3,087.04	21,500.00	0.144
DRESDNER KLEINWORTH WASSERSTEIN SEC LLC	38,888.50	969,500.00	0.040
EDWARDS AG SONS INC	11,249.20	314,050.00	0.036
EGYPTIAN FINANCIAL GROUP	4,279.16	57,628.00	0.074
ENGELMANSECURITIES	3,280.00	65,600.00	0.050
ENSKILDA SECS	3,805.82	101,500.00	0.037
ENSKILDA SECURITIES	9,878.59	245,300.00	0.040

PENSION FUNDS MANAGEMENT DIVISION

COMBINED INVESTMENT FUNDS SCHEDULE OF BROKERAGE COMMISSIONS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

Broker Name	$ Commission	Shares/ Par Value	Avg Comm
ENSKILDA SECURITIES AB	17,666.24	509,880.00	0.035
EUROMOBILIARE SIM S.P.A.	784.91	73,800.00	0.011
EXANE GENEVE	365.09	3,900.00	0.094
EXANE INC	4,973.97	50,656.00	0.098
EXANE S.A.	20,180.76	241,680.00	0.084
EXECUTIONSERVICES INC	192.65	36,900.00	0.005
FACTSET DATA SYSTEMS (THRU BEAR STEARNS)	21,471.15	429,423.00	0.050
FACTSET DATA SYSTIMES INC	61,599.75	1,231,995.00	0.050
FAHNESTOCK & COMPANY, INC.	965.00	19,300.00	0.050
FERRIS BAKER WATTS INC	4,935.33	113,711.00	0.043
FIDELITY CAPITAL MARKETS	52,722.19	1,248,055.00	0.042
FIRST ALBANY CORP.	9,148.64	320,119.00	0.029
FIRST ANALYSIS SECURITIES CORP	6,269.00	153,100.00	0.041
FIRST OPTIONS OF CHICAGO	4,143.00	138,100.00	0.030
FIRST TENNESSEE SECURITIES CORP	20,040.00	466,000.00	0.043
FIRST UNION CAPITAL MARKETS	32,746.55	1,101,843.00	0.030
FISERV SECURITIES INC	355.00	7,100.00	0.050
FLEETBOSTON ROBERTSON STEPHENS	34,677.20	988,010.00	0.035
FOX PITT KELTON INC	17,659.65	396,600.00	0.045
FOX-PITT KELTON LTD	49,579.82	1,573,200.00	0.032
FRANK RUSSELL	10,120.00	202,400.00	0.050
FROST SECURITIES	2,500.00	50,000.00	0.050
FULCRUM GLOBAL PARTNERS LLC	9,119.60	174,310.00	0.052
GARANITIA	2,611.29	82,900,000.00	0.000
GARANTIA DTVM S/A	807.48	22,900,000.00	0.000
GARDNER RICH + CO	16,634.00	436,000.00	0.038
GARNATIA	182.89	6,057,000.00	0.000
GERARD KLAUER MATTISON + CO	10,160.20	506,500.00	0.020
GLAZER C.L. + COMPANY	27,148.00	542,960.00	0.050
GLOBAL SECURITIES INC. (ISTANBUL)	11,463.57	941,721,416.00	0.000
GOLDMAN SACHS	5,767.22	522,280.00	0.011
GOLDMAN SACHS (ASIA) L.L.C.	569.50	467,000.00	0.001
GOLDMAN SACHS (SINGAPORE) PTE	1,444.65	2,013,000.00	0.001
GOLDMAN SACHS + CO	322,406.80	441,446,323.00	0.001
GOLDMAN SACHS AND COMPANY	4,817.10	1,338,730.00	0.004
GOLDMAN SACHS INTERNATIONAL	389.79	67,000.00	0.006
GOLDMAN SACHS INTERNATIONAL LONDON	69,461.25	2,431,486.00	0.029
GOLDMAN SACHS INTL LTD	6,899.73	157,700.00	0.044
GOLDMAN SACHS(ASIA)L.L.C.	955.68	252,000.00	0.004
GOODBODY STOCKBROKERS	2,543.29	85,621.00	0.030
GORDON HASKETT	159.00	5,300.00	0.030
GREEN STREET ADVISORS INCORPORATED	162.00	5,400.00	0.030
GRISWOLD SECURITIES	96.82	17,000.00	0.006
GRUNTAL &CO., L.L.C.	48.00	1,600.00	0.030
GUZMAN + CO	7,066.00	221,400.00	0.032
HANDELSBANKEN MARKETS	7,916.93	121,800.00	0.065
HC ISTANBUL MENKUL DEGERL	4,489.86	354,173,615.00	0.000
HEFLIN + CO., LLC	119,610.20	2,456,204.00	0.049
HENDERSONCROSTHWAITE	785.97	61,400.00	0.013
HENDERSONCROSTHWAITE LIMITED	519.56	38,300.00	0.014
HERZOG HEINZ GEDULD (EQUITY)	479.96	624,163.00	0.001
HIBERNIA SOUTHCOAST CAPITAL INC	250.00	5,000.00	0.050
HOARE GOVETT SECURITIES LIMITED	1,475.67	178,604.00	0.008
HOARE GOVETT SECURITIES LTD	20,950.71	9,162,478.00	0.002
HOENIG (FAR EAST) LIMITED	11,373.50	2,790,500.00	0.004
HOENIG + COMPANY INC	2,665.00	65,500.00	0.041
HOWARD WEIL DIVISION LEGG MASON	12,405.00	248,100.00	0.050
HSBC	4,142.24	435,543.00	0.010
HSBC INVESTMENT BANK PLC	49,599.32	77,176,054.00	0.001
HSBC JAMES CAPEL LIMITED	649.63	3,680.00	0.177
HSBC SECURITIES	116.42	60,000.00	0.002
HSBC SECURITIES (SINGAPORE) PTE LTD	22,347.77	3,634,302.00	0.006
HSBC SECURITIES INC	21,169.60	774,922.00	0.027
HSBC SECURITIES INC	260.04	9,800.00	0.027
HSBC SECURITIES(ASIA)LIMITED	2,745.93	130,150.00	0.021
HUNTLEIGHSECURITIES CORPORATION	81.00	2,700.00	0.030
INDOSUEZ WI CARR SEC	382.08	339,400.00	0.001
INDOSUEZ WI CARR SECS	3,175.05	1,700,000.00	0.002
INDOSUEZ WI CARR SECURITIES LIMITED	6,158.44	7,033,600.00	0.001
INDUSTRIAL BANK OF JAPAN	507.85	10,000.00	0.051
ING BARING FURMAN SELZ LLC	1,438.67	114,000.00	0.013
ING BARING SECS HONG KONG LTD	439.89	24,000.00	0.018
ING BARING SECURITIES	38,456.52	155,682,052.00	0.000
ING BARING SECURITIES (SINGAPORE)	15,969.31	9,171,980.00	0.002
ING BARING SECURITIES LTD	3,718.05	71,000.00	0.052
ING BARINGS SEC LTD	13,484.61	580,477.00	0.023
INSINGER DE BEAUFORT	610.11	13,900.00	0.044
INSTINET	217,587.91	12,628,028.00	0.017
INSTINET INVESTMENT SERVICES LIMITED	45,292.88	2,524,928.00	0.018
INSTINET PACIFIC LIMITED	13,198.04	5,736,700.00	0.002
INSTINET U.K. LTD	1,240.24	344,743.00	0.004
INSTITUTIONAL SERVICES UNLIMITED	1,727.80	34,556.00	0.050
INTERMONTE SEC SIM SPA	9,322.49	664,985.00	0.014
INVESTEC BANK LTD	55.10	2,600.00	0.021
INVESTEC EQUITIES JOHANNESBURG	1,755.02	195,370.00	0.009
INVESTEC ERNST & COMPANY	515.00	142,200.00	0.004
INVESTEC SECS	138.03	9,119.00	0.015
INVESTEC SECURITIES LTD	1,805.32	97,800.00	0.018
INVESTMENT TECHNOLOGY GROUP INC.	884,969.20	47,836,908.00	0.018
INVESTMENT TECHNOLOGY GROUP LTD	55.35	17,100.00	0.003
ISI GROUPINC	35,748.00	1,047,700.00	0.034
ISLAND EXECUTION SERVICES LLC	304.01	30,401.00	0.010
ITG INC	41.08	9,185.00	0.004
J B WERE AND SON	9,248.30	1,315,452.00	0.007
J B WERE AND SON INC.	3,252.75	584,700.00	0.006
J P MORGAN SECURITIES INC	137,759.00	13,295,128.00	0.010
JACKSON PARTNERS + ASSOCIATES INC	7,120.00	248,500.00	0.029
JACKSON SECURITIES	13,058.35	261,167.00	0.050
JANNEY MONTGOMERY, SCOTT INC	3,947.50	78,950.00	0.050
JARDINE FLEMING HONG KONG	1,005.43	2,131,000.00	0.000
JARDINE FLEMING INTL SEC LTD	3,814.87	1,285,000.00	0.003
JARDINE FLEMING SECURITIES LIMITED	13,656.94	6,084,692.00	0.002
JARDINE FLEMING SECURITIES LTD	3,237.62	4,043,600.00	0.001
JB WERE AND SON (NZ) LTD	7,400.42	1,308,000.00	0.006
JB WERE LIMITED	4,195.92	140,200.00	0.030
JEFFERIESCOMPANY INC	123,171.99	4,013,783.00	0.031
JOHNSON RICE + CO	10,822.00	284,000.00	0.038
JONES + ASSOCIATES	59,580.80	1,562,053.00	0.038
JP MORGAN	8,203.31	1,030,220.00	0.008
JP MORGAN(REPO)	1,163.02	129,000.00	0.009
JP MORGANSECURITIES INC	1,284.03	187,000.00	0.007
JP MORGANSECURITIES INC.	1,446.30	13,800.00	0.105
JP MORGANSECURITIES LIMITED	60,076.73	2,546,480.00	0.024
JPMORGAN CHASE BANK CHEMICAL CP IPA	4,621.90	116,970,900.00	0.000
JPMORGAN SECURITIES(ASIA PACIFIC)LTD	9,534.58	1,781,300.00	0.005
JPP EURO SEC	1,736.35	27,885.00	0.062
JPP EURO SECURITIES	3,591.38	35,872.00	0.100
JULIUS BAER FRANCE	5,218.17	17,700.00	0.295
JULIUS BAER ITALIA	3,385.51	146,100.00	0.023
JULIUS BAER SECURITIES	22,703.28	390,801.00	0.058
JULIUS BAER/BANK JULIUS BAER	2,878.06	61,470.00	0.047
KBC SECURITY	902.57	7,000.00	0.129
KEEFE BRUYETTE + WOODS INC	9,659.00	538,668.00	0.018
KING, CL, & ASSOCIATES, INC	75,965.20	1,821,824.00	0.042
KLEINWORTBENSON SECS	470.90	17,000.00	0.028
KLEINWORTBENSON SECURITIES LIMITED	43,860.97	7,072,489.00	0.006
KNIGHT SECURITIES	19,231.03	1,445,414.00	0.013
KV EXECUTION SERVICES LLC	1,458.00	48,600.00	0.030
LA BRANCHE FINANCIAL SERVICES INC	8,985.00	299,500.00	0.030
LATINVEST	218.99	2,700.00	0.081
LATINVESTSECURITIES	248.37	4,537,000.00	0.000
LATINVESTSECURITIES INC	28.48	530,000.00	0.000
LAZARD FRERES & CO.	27,918.81	828,257.00	0.034
LEERINK SWANN & CO	150.00	5,000.00	0.030
LEGG MASON WOOD WALKER INC	40,505.50	1,023,050.00	0.040
LEHMAN BROTHERS INC	46,301.97	291,539,963.00	0.000
LEHMAN BROTHERS	371.13	228,300.00	0.002
LEHMAN BROTHERS ASIA LTD	1,082.36	424,000.00	0.003
LEHMAN BROTHERS BANKHAUS AG	954.27	3,300.00	0.289
LEHMAN BROTHERS INC	323,768.94	13,614,130.00	0.024
LEHMAN BROTHERS INTERNATIONAL (EUROPE)	92,402.34	4,135,695.00	0.022
LG SECURITIES CO	2,682.89	11,082.00	0.242
LG SECURITIES CO LTD	115.46	1,148.00	0.101
LG SECURITIES HONG KONG	388.83	7,480.00	0.052
LIQUIDNETINC	25,169.16	847,172.00	0.030
LOOP CAPITAL MARKETS INC	8,652.80	173,056.00	0.050
LYNCH JONES AND RYAN INC	21,125.00	422,500.00	0.050
MACQUARI EQUITIES (USA) INC	7,564.18	937,885.00	0.008
MACQUARIEEQUITIES ASIA LTD	96.64	15,000.00	0.006
MACQUARIEEQUITIES LIMITED (SYDNEY)	1,086.05	130,002.00	0.008
MCDONALDAND COMPANY SECURITIES, INC.	1,440.00	51,000.00	0.028
MCMAHAN SECURITIES CO, LP	108.00	3,600.00	0.030
MEESPIERSON NV AMSTERDAM NETHERLANDS	1,615.30	18,700.00	0.086
MERITZ SECURITES CO LTD	679.61	12,930.00	0.053
MERRILL LYNCH	17,392.98	1,041,002.00	0.017
MERRILL LYNCH + CO INC	859.22	280,600.00	0.003
MERRILL LYNCH FAR EAST LTD	41,685.72	8,577,007.00	0.005
MERRILL LYNCH INTERNATIONAL	63,085.68	404,325,246.00	0.000
MERRILL LYNCH INTERNATIONAL BK LTD	1,859.85	121,400.00	0.015
MERRILL LYNCH PIERCE FENNER + SMITH	321,626.85	16,391,515.00	0.020
MERRILL LYNCH PROFESSIONAL CLEARING CORP	2,421.00	72,900.00	0.033
MERRION	415.73	118,000.00	0.004
MERRION CAPITAL GROUP	48.73	11,918.00	0.004
METZLER SECURITIES	3,820.62	38,300.00	0.100
MIZUHO SEC	1,404.45	35,400.00	0.040
MIZUHO SEC ASIA LTD	311.80	7,600.00	0.041
MORGAN (J.P.) SECURITIES INC., SL	3,647.42	162,890.00	0.022
MORGAN GRENFELL + CO LTD LONDON	423.07	2,600.00	0.163
MORGAN GRENFELL AND CO LIMITED	1,610.08	9,700.00	0.166
MORGAN GRENFELL AND CO LIMITED	66,905.58	455,079,716.00	0.000
MORGAN GRENFELL AND CO LIMITED (SWEDEN)	121.49	2,200.00	0.055
MORGAN GRENFELL AND CO. LIMITED	2,450.13	101,500.00	0.024

PENSION FUNDS MANAGEMENT DIVISION

COMBINED INVESTMENT FUNDS SCHEDULE OF BROKERAGE COMMISSIONS (Continued)

FOR THE FISCAL YEAR ENDED JUNE 30, 2002

Broker Name	$ Commission	Shares/ Par Value	Avg Comm
MORGAN GRENFELL INV FUND MANAGERS	414.56	363,500.00	0.001
MORGAN GRENFELL NEW YORK	445.03	1,222,927.00	0.000
MORGAN GUARANTY TRUST COMPANY NEW YORK	4,210.86	213,893,700.00	0.000
MORGAN KEEGAN & CO INC	5,165.00	179,300.00	0.029
MORGAN STANLEY	11,592.69	1,160,800.00	0.010
MORGAN STANLEY CO INCORPORATED	16,160.15	594,815.00	0.027
MORGAN STANLEY AND CO. INTERNATIONAL	1,188.85	25,910.00	0.046
MORGAN STANLEY CO INCORPORATED	417,791.97	18,889,780.00	0.022
MORGAN STANLEY DEAN WITTER	7,821.32	248,900.00	0.031
MORGAN STANLEY SECURITIES LIMITED	1,306.62	64,546.00	0.020
NATIONAL FINANCIAL SERVICES CORP.	45.00	2,700.00	0.017
NATIONAL SECURITIES CORP	960.38	493,000.00	0.002
NCB STOCKBROKERS	1,542.14	416,354.00	0.004
NCB STOCKBROKERS LTD	377.59	105,000.00	0.004
NEEDHAM +COMPANY	21,896.27	636,699.00	0.034
NESBIT BURNS EMM	2,801.46	73,400.00	0.038
NESBITT BURNS	24,771.78	933,800.00	0.027
NESBITT BURNS SECURITIES INC	1,069.30	33,900.00	0.032
NEUBERGERAND BERMAN	30,360.36	813,209.00	0.037
NEUE ZURCHER BANK	623.22	600.00	1.039
NOMURA BANK	371.07	158,000.00	0.002
NOMURA INTERNATIONAL (HONG KONG) LTD	21,765.20	5,188,200.00	0.004
NOMURA INTERNATIONAL PLC	251.87	32,000.00	0.008
NOMURA SECURITIES INTERNATIONAL INC	15,568.09	490,996.00	0.032
NORDEA	35,399.00	1,259,500.00	0.028
NORDEA BANK DENMARK A/S	4,317.78	60,700.00	0.071
NORDEA BANK SA LUXEMBOURG	810.60	44,320.00	0.018
NORDEA SECURITIES COPENHAGEN	8,639.62	253,700.00	0.034
NORDEA SECURITIES LTD LDN	4,049.83	138,615.00	0.029
NORDIC PARTNERS	4,816.30	182,350.00	0.026
NORDIC PARTNERS INC NY, NY	6,822.93	198,800.00	0.034
NOREDEA SEC	3,290.51	109,800.00	0.030
NUTMEG SECURITIES	316,782.63	11,120,633.00	0.028
O NEIL, WILLIAM AND CO. INC/BCC CLRG	6,785.00	162,600.00	0.042
ODD LOT SALE	20.68	1,910.00	0.011
ORMES CAPITAL MARKETS INC	25,244.90	639,524.00	0.039
OSCAR GRUSS & SON INC	1,050.00	35,000.00	0.030
OTA LTD PARTNERSHIP	4,359.00	145,300.00	0.030
PACIFIC CREST SECURITIES	300.00	74,300.00	0.004
PACIFIC GROWTH EQUITIES	3,722.00	240,900.00	0.015
PARETO FONDS	11,435.29	405,100.00	0.028
PATRIA FINANCE	1,047.57	163,600.00	0.006
PERSHING DIVISION OF DONALDSON LUFKIN	99.00	2,200.00	0.045
PERSHING SECURITIES LIMITED	3,276.26	345,150.00	0.009
POLYCONOMICS/CIS (THRU BEAR STEARNS)	532.50	10,650.00	0.050
PRUDENTIAL SECURITIES INCORPORATED	62,716.14	2,455,288.00	0.026
PULSE TRADING LLC	1,918.00	95,900.00	0.020
PUTNAM LOVELL SECURITIES INC	1,560.00	52,000.00	0.030
RABO SECURITIES NV	5,733.08	70,813.00	0.081
RAMIREZ +CO INC	2,937.00	98,100.00	0.030
RAYMOND JAMES AND ASSOCIATES INC	16,882.40	673,000.00	0.025
RBC DAIN RAUSCHER INC	43,467.04	1,224,208.00	0.036
RBC DOMINION SECURITIES	762.20	24,000.00	0.032
RBC DOMINION SECURITIES CORPORATION	1,136.88	35,000.00	0.032
ROBERTSONSTEPHENS, INC	7,269.60	445,500.00	0.016
ROBERTSONSTEPHENS, INC.	4,245.00	84,900.00	0.050
ROBINSON HUMPHREY	3,060.00	82,200.00	0.037
ROCHDALE SEC CORP.(CLS THRU 443)	65,027.00	1,459,000.00	0.045
ROYAL BANK OF CANADA	498.57	15,300.00	0.033
RUSSELL FRANK SECURITIES INC	1,320.00	26,400.00	0.050
RYAN BECK+ CO	2,272.50	50,500.00	0.045
SALOMAN BROS	1,851.70	132,800.00	0.014
SALOMAN BROTHERS INC.	274.18	28,109.00	0.010
SALOMON BROS HONG KONG	29,077.00	9,198,182.00	0.003
SALOMON BROS INC	6,461.40	2,158,756.00	0.003
SALOMON BROTHERS	433.12	128,900.00	0.003
SALOMON BROTHERS INC, NY	3,970.32	78,237,030.00	0.000
SALOMON BROTHERS INTERNATIONAL	159,058.71	250,032,817.00	0.001
SALOMON BROTHERS NY	2,193.28	122,900.00	0.018
SALOMON BROTHERS UK EQUITY LIMITED	120.03	3,000.00	0.040
SALOMON SMITH BARNEY	91,714.78	9,797,526.00	0.009
SALOMON SMITH BARNEY INC	278,061.23	9,500,619.00	0.029
SALOMON SMITH BARNEY INC/SALOMON BROS.	132,518.60	10,724,840.00	0.012
SAMSUNG SECURITIES CO LTD	13,964.66	157,057.00	0.089
SANDERS MORRIS MUNDY	12,680.00	298,800.00	0.042
SANDLER ONEILL + PART LP	1,620.00	54,000.00	0.030
SANFORD CBERNSTEIN CO LLC	56,530.78	1,275,769.00	0.044
SANTANDERINVESTMENT SECURITIES	108.02	10,900.00	0.010
SANTANDERINVESTMENT SECURITIES INC	2,229.34	78,300.00	0.028
SBC WARBURG LONDON	279.92	31,000.00	0.009
SBS FINANCIAL	2,587.00	113,400.00	0.023
SCHWAB CHARLES + CO INC	813.00	27,100.00	0.030
SCOTT & STRINGFELLOW, INC	1,537.10	36,400.00	0.042
SEOUL SECURITIES CO LTD	678.42	8,900.00	0.076
SG COWEN SECURITIES CORP	67,561.62	2,868,632.00	0.024
SG COWEN SECURITIES CORP 2	2,593.57	148,330.00	0.017
SG SECURITIES (LONDON) LTD.	84.34	22,000.00	0.004
SG SECURITIES (LONDON)LTD	4,709.15	706,740.00	0.007
SG SECURITIES (SINGAPORE) PTE LTD	1,369.60	962,200.00	0.001
SG SECURITIES SINGAPORE PTE LTD	1,516.51	499,920.00	0.003
SILVIS BARNARD JACOS	5,037.41	614,460.00	0.008
SIMMONS +COMPANY INTERNATIONAL	14,271.00	322,200.00	0.044
SK INTERNATIONAL SECURITIES	6,190.00	123,800.00	0.050
SKANDINAVISKA ENSKILDA BANKEN LONDON	2,012.02	59,200.00	0.034
SOCGEN CROSBY SECS	132.77	3,150.00	0.042
SOCIETE GENERALE	2,554.95	103,600.00	0.025
SOCIETE GENERALE (REPO)	117.22	4,470.00	0.026
SOCIETE GENERALE S.A. MILAN	954.57	76,600.00	0.012
SOCIETE GENERALE SEOUL	2,807.61	121,000.00	0.023
SOUTHCOAST CAPITAL L.L.C.	716.00	17,900.00	0.040
SOUTHWESTSECURITIES	336.00	35,700.00	0.009
SPEAR, LEEDS & KELLOGG	45,269.35	1,349,445.00	0.034
SPEAR, LEEDS & KELLOGG CAPITAL MARKETS	44,303.26	2,434,966.00	0.018
SPROTT SECURITIES LIMITED	1,200.00	20,000.00	0.060
SSANGYONGINVESTMENT AND SECURITIES	3,043.36	66,750.00	0.046
STANDARD + POORS SECURITIES INC	45,286.95	932,959.00	0.049
STANDARD NEW YORK	580.08	300,000.00	0.002
STATE STREET BROKERAGE SERVICES	278,029.68	16,210,117.00	0.017
SUN	2,527.29	79,971.00	0.032
SUNTRUST BANK/STES IPA	50.71	2,300.00	0.022
SUNTRUST CAPITAL MARKETS INC	7,727.00	317,700.00	0.024
SUTRO ANDCOMPANY INC.	4,729.00	151,300.00	0.031
SWISS BANK CORPORATION	506.99	129,700.00	0.004
THOMAS WEISEL PARTNERS	60,680.45	2,552,861.00	0.024
THOMASON INSTITUTIONAL SERVICES, INC	650.00	13,000.00	0.050
TIR SECURITIES LTD HONG KONG	6,432.20	3,003,330.00	0.002
TOKYO - MITSUBISHI	1,115.79	17,000.00	0.066
TOKYO MITSUBISHI INTERNATIONAL PLC	479.37	55,000.00	0.009
TOKYO MITSUBISHI SECS TOKYO	1,621.66	70,000.00	0.023
TOKYO-MITSUBISHI SECURITIES (USA)	879.79	31,400.00	0.028
U S BANCORP PIPER JAFFRAY INC	23,934.60	1,409,050.00	0.017
U S CLEARING INSTITUTIONAL TRADING	385.00	7,700.00	0.050
U.S. CLEARING CORPORATION	5,040.00	168,000.00	0.030
UBS (AUSTRALIA) LIMITED (SYDNEY)	299.73	76,600.00	0.004
UBS AG	28,347.76	10,250,610.00	0.003
UBS AG (FORMERLY SWISS BANK CO) ZURICH	3,850.67	12,910,000.00	0.000
UBS AG LONDON	96,281.98	169,374,092.00	0.001
UBS PAINEWEBBER INC	1,704.00	56,800.00	0.030
UBS WARBURG	13,191.46	1,994,348.00	0.007
UBS WARBURG (HONG KONG) LIMITED	19,645.21	9,697,093.00	0.002
UBS WARBURG LLC	422,129.19	17,612,333.00	0.024
USCC/SANTANDER	3,512.00	109,300.00	0.032
UTENDAHL CAPITAL PARTNERS	7,463.50	259,600.00	0.029
VAN DER MOOLEN SPECIALISTS USA LLC	314.40	10,480.00	0.030
VONTOBEL SECURITIES	5,045.82	40,000.00	0.126
W I CARR	749.60	262,900.00	0.003
W I CARR (FAR EAST) LONDON	287.96	143,280.00	0.002
W I CARR (FAR EAST) LTD, HONG KONG	161.64	39,000.00	0.004
W R HAMBRECHT + CO LLC	7,013.00	151,900.00	0.046
W.I. CARR	3,481.83	933,700.00	0.004
WACHOVIA SECURITIES INS	15,075.00	335,900.00	0.045
WARBURG DILLION READ (ASIA) LTD	16,322.05	5,387,826.00	0.003
WARBURG DILLON READ	2,183.94	81,600.00	0.027
WARBURG FORMERLY S G WARBURG SECS	3,450.14	44,860,100.00	0.000
WEDBUSH MORGAN SECURITIES INC	8,050.00	247,600.00	0.033
WEEDEN + CO.	84,176.00	2,695,400.00	0.031
WEEDEN+COLP FBO INSEARCH ASSO	5,235.00	104,700.00	0.050
WEISS PECK AND GREER LLC	1,525.00	30,500.00	0.050
WELLS FARGO VAN KASPER LLC	12,420.00	248,400.00	0.050
WEST LB PAMURE LTD	394.30	53,000.00	0.007
WEST LB PAMURE SECS INC	1,286.49	272,000.00	0.005
WEST LB PANMURE SECS INC	787.86	20,100.00	0.039
WI CARR	6,765.68	1,848,230.00	0.004
WILLIAM BLAIR & COMPANY, L.L.C	19,419.00	1,117,150.00	0.017
WILLIAMS CAPITAL GROUP(THE)	63,211.19	1,426,462.00	0.044
WIT SOUNDVIEW CORP	32,378.00	790,400.00	0.041
WM SMITH SECURITIES INC	360.00	7,200.00	0.050
Total	**10,295,125.91**		

PENSION FUNDS MANAGEMENT DIVISION

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.

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 Index 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 instruments. 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.

MFR Index (Formerly IBC) - 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.

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: <u>market risk</u>, the risk of fluctuations in the overall market for securities; <u>company risk</u>, the risk of investing in any single company's stock or bonds; <u>currency-exchange risk</u>, 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 <u>political risk</u>, risk incurred through investing in foreign countries with volatile economies and political systems.

With respect to fixed income investments, investors also assume: <u>reinvestment risk</u>, the risk that cash flows received from a security will be reinvested at lower rates due to declining interest rates; <u>credit or default risk</u>, the risk that the issuer of a fixed income security may fail to make principal and interest payments on the security; <u>interest rate risk</u>, the risk that prices of fixed coupon bonds will decline in the event of rising market interest rates; and <u>inflation or purchasing power risk</u>, 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, 2002

Bond Finance Type	Outstanding June 30, 2001	FY 2002 Issued	FY 2002 Retired	FY 2002 Refunded or Defeased	Outstanding June 30, 2002	FY 2002 Interest Paid
General Obligation - Tax Supported (1)	$ 6,672,544,639	$ 1,822,335,000	$ 592,449,690	$ 587,556,000	$ 7,314,873,949	$ 374,582,270
General Obligation - Revenue Supported	111,790,930		4,936,842	8,280,000	98,574,088	5,736,771
General Obligation - Transportation	32,270,576		9,275,000	114,000	22,881,576	1,489,799
Special Tax Obligation	3,061,532,825	820,335,000	193,585,000	543,375,000	3,144,907,825	154,197,033
Bradley International Airport	267,795,000		3,860,000		263,935,000	15,356,313
Clean Water Fund	624,965,000		31,040,000		593,925,000	30,265,024
UCONN 2000(2)	542,177,146	100,000,000	31,540,000		610,637,146	25,269,174
CDA Increment Financing (3)	34,055,000		1,345,000		32,710,000	1,872,929
CDA Governmental Lease Revenue (4)	7,360,000		410,000		6,950,000	472,092
Second Injury Fund Bonds (5)	204,850,000		5,595,000	45,235,000	154,020,000	11,978,073
CHEFA Childcare Facilities Program (6)	41,205,000		630,000	300,000	40,275,000	2,137,934
Bradley International Parking Operations(7)	53,800,000				53,800,000	3,582,480
Juvenile Training School	19,165,000				19,165,000	907,295
TOTAL	**$11,673,511,116**	**$ 2,742,670,000**	**$ 874,666,532**	**$1,184,860,000**	**$12,356,654,584**	**$ 627,847,187**

(1) Debt outstanding at June 30, 2002 includes $28,595,000 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) 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. A new program, 21st Century UCONN, adds an additional $1.3 billion over another 10 years to this program. As each series is issued, the debt service is validly appropriated from the State General Fund.

(3) 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.

(4) 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.

(5) Money from positive cash flow was used to defeased $45,235,000 in bonds.

(6) On July 1, 1999, the Treasurer's Office assumed the responsibility for the CHEFA Childcare debt service appropriation per Public Act 97-259.

(7) 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, 2002, please see Statutory Appendix.

DEBT MANAGEMENT DIVISION

RETIREMENT SCHEDULE OF IN-SUBSTANCE DEFEASED DEBT OUTSTANDING (1)

JUNE 30, 2002

Date Escrow Established		Amount of Principal Outstanding	Last Payment Date on Refunded Debt		Market Value of Escrow	Investment Profile of Escrow Account
BOND TYPE: GENERAL OBLIGATION						
09/30/97	$	96,035,000	08/15/04	$	98,816,325	State and Local Government Series Bonds
02/19/98		143,360,000	08/15/04		151,022,743	State and Local Government Series Bonds
11/05/99		13,190,595	06/01/13		15,504,747	U.S. Treasury Notes
12/29/99		107,385,000	03/15/06		107,807,388	State and Local Government Series Bonds
06/28/01		514,580,000	11/01/06		532,861,723	State and Local Government Series Bonds
11/20/01		336,520,000	06/15/10		363,342,428	State and Local Government Series Bonds
06/15/02		158,720,000	06/15/10		169,912,707	U.S. Treasury Notes
SUBTOTAL	**$**	**1,369,790,595**		**$**	**1,439,268,062**	
BOND TYPE: SPECIAL TRANSPORTATION FUND						
03/01/93	$	63,895,000	06/01/03	$	64,703,656	State and Local Government Series Bonds
09/01/93		26,180,000	06/01/03		26,620,253	State and Local Government Series Bonds
09/01/95		22,985,000	06/01/03		23,307,981	State and Local Government Series Bonds
09/25/97		29,040,000	10/01/03		30,483,871	State and Local Government Series Bonds
11/15/97		16,680,000	09/01/02		17,522,340	State and Local Government Series Bonds
04/15/98		195,180,000	10/01/04		201,874,259	State and Local Government Series Bonds
12/01/99		75,540,362	06/01/08		91,583,841	State and Local Government Series Bonds
10/11/01		526,115,000	11/01/07		549,056,801	State and Local Government Series Bonds
SUBTOTAL	**$**	**955,615,362**		**$**	**1,005,153,002**	
BOND TYPE: CLEAN WATER FUND						
05/25/99	$	66,955,000	06/01/04	$	69,067,957	State and Local Government Series Bonds
SUBTOTAL	**$**	**66,955,000**		**$**	**69,067,957**	
BOND TYPE: CHEFA NURSING HOMES						
01/05/99	$	56,665,000	11/01/04	$	63,861,900	U.S. Treasury Notes
SUBTOTAL	**$**	**56,665,000**		**$**	**63,861,900**	
BOND TYPE: BRADLEY INTERNATIONAL AIRPORT						
03/27/01	$	16,600,000	10/01/04	$	17,812,272	State and Local Government Series Bonds
SUBTOTAL	**$**	**16,600,000**		**$**	**17,812,272**	
BOND TYPE: SECOND INJURY FUND						
06/20/02	$	45,235,000	01/01/11	$	46,632,049	State and Local Government Series Bonds
SUBTOTAL	**$**	**45,235,000**		**$**	**46,632,049**	
TOTAL	**$**	**2,510,860,957**		**$**	**2,641,795,242**	

(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, 2002

Name of Firm	Description of Services	Aggregate Compensation Paid in FY 2002	Status as of 06/30/02
Advest	Management Fee	$ 200,000	Active
Bank of New York	Auction Agent Fee	9,000	Active
Bayerische Landesbank	Liquidity Fee	66,158	Active
Bear Stearns	Management Fee	150,000	Active
Bloomberg LP	Subscription	14,925	Active
Citizens Bank	Administrative/Trustee Fees	9,204	Active
Commerzbank	Liquidity Fee	248,198	Active
Credit Agricole Indosuez	Letter of Credit Fees	226,446	Active
Day, Berry & Howard	Bond Counsel	766,589	Active
Dexia Public Finance Bank	Liquidity Fee	127,830	Active
DiSanto Bertoline & Company	Auditor	30,800	Active
Financial Guaranty Insurance Co.	Bond Insurance	127,580	N/A
First Union	Administrative/Trustee Fees	8,456	Active
Fitch Investors Service	Rating Agency	108,000	N/A
Financial Security Assurance Inc.	Bond Insurance	1,222,575	N/A
Goldman Sachs & Co.	Remarketing Fee	49,618	Active
Hardwick Law Firm, LLC	Bond Counsel	63,942	Active
Hawkins, Delafield & Wood	Bond Counsel	506,788	Active
Hunton & Williams	Bond Counsel	352,114	Active
ImageMaster Financial Publishers	Financial Printer	147,421	Active
Internal Revenue Service	Arbitrage Rebate Payments	1,054,257	N/A
J. P. Morgan Securities Inc.	Remarketing Fee	93,612	Active
Joseph C. Reid, PC	Bond Counsel	199,934	Active
Lamont Financial Services	Financial Advisor	172,192	Active
Landesbank Hessen-Thuringen	Liquidity Fee	112,811	Active
Lehman Brothers Inc.	Management/Remarketing Fees	128,000	Active
Levy & Droney, P.C.	Bond Counsel	173,847	Active
Lewis & Munday	Bond Counsel	24,699	Active
Loop Capital Markets	Financial Advisor	14,620	Active
M.R. Beal	Management Fee	150,000	Active
McGladrey & Pullen	Verification Agent	21,000	Active
Moody's Investors Service	Rating Agency	298,931	N/A
Morgan Stanley	Management Fee/Expenses/Sales Charges	582,084	Active
Nixon Peabody LLP	Bond Counsel	481,509	Active
P.G. Corbin & Co.	Financial Advisor	239,638	Active
PaineWebber	Management Fee	90,000	Active
Public Financial Management	Financial Advisor	91,878	Expired
Public Resources Advisory Group	Financial Advisor	213,086	Active
Pullman & Comley, LLC	Bond Counsel	252,758	Active
Robinson & Cole	Bond Counsel	569,952	Active
Salomon Smith Barney	Management Fee	125,000	Active
Scillia Dowling & Natarelli LLC	Auditor	62,000	Expired
Shipman & Goodwin LLP	Bond Counsel	111,360	Active
Standard & Poor's	Rating Agency	287,500	N/A
State Street Bank	Administrative/Trustee Fees	328,908	Active
Sterling Color Printing	Financial Printer	8,830	N/A
Updike, Kelly & Spellacy	Bond Counsel	130,748	Active
Total		**$10,454,798**	

(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 from Cost of Issuance accounts held by Trustees. Unless listed in the description, the amounts shown do not include bond issuance expenses paid on behalf of the State or sales charges which are distributed by agreement of the underwriters.

CASH MANAGEMENT DIVISION

ACTIVITY STATEMENT [1]

FISCAL YEAR ENDED JUNE 30, 2002

Description	Total
INFLOWS	
Receipts:	
Deposits	$16,978,749,270.91 [2]
Bad Checks	(10,204,185.03) [3]
Receipts initiated by OSC	64,667,707.65 [4]
Total Receipts	17,033,212,793.53
Transfers:	
CD Sell	11,113,618.24 [11]
Income/Cash Transfers	3,051,616,709.48 [5]
Investment - Sells	8,830,081,529.77 [6]
Total Transfers	11,892,811,857.49
Other Inflows:	
Internal Bank Transfers	33,012,415,735.16 [7]
Interbank Transfers	15,409,292,532.85 [8]
Total Other Inflows	48,421,708,268.01
Total Inflows	77,347,732,919.03
OUTFLOWS	
Disbursements:	
Vendor	14,141,318,085.60 [9]
Payroll	5,794,417,197.44 [10]
Disbursements initiated by OTT	461,670,283.46 [4]
Total Disbursements	20,397,405,566.50
Transfers:	
CD Purchases	1,466,368.92 [11]
Income/Cash Transfers	454,535,212.85 [5]
Investments - Buys	8,088,380,507.97 [6]
Total Transfers	8,544,382,089.74
Other Outflows:	
Internal Bank Transfers	33,012,415,735.16 [7]
Interbank Transfers	15,409,292,532.85 [8]
Total Other Outflows	48,421,708,268.01
Total Outflows	$77,363,495,924.25

(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) Vendor - expenditures for goods and services provided to the State by vendors.
(10) Payroll - expenditures for the State's personnel payroll.
(11) 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, 2002

Fund Name	Adjusted Cash Balance July 1, 2001 (2)	FY 2002 Treasury Receipts (2)	FY 2002 Treasury Disbursements	Transfers	Transfers ST & GT Recorded by OTC but not OTT (3)	Other Net Adjustments (4)	Adjusted Cash Balance June 30, 2002
General Fund	$(1,183,428,048.15)	$13,134,366,660.55	$13,307,978,188.21	$1,231,748,475.22	$(1,087,140,301.92)	$(13,975,981.89)	$(1,226,407,384.40)
Special Revenue Funds	923,864,341.65	2,137,564,657.76	3,105,297,035.81	427,547,488.16	611,094,749.20	1,596,250.62	996,370,451.58
Debt Service Funds	543,031.27	6,496,836.03	0.00	(6,614,370.24)	0.00	0.00	425,497.06
Capital Project Funds	2,644,628.91	481,236,290.65	1,488,696,454.78	900,088,733.18	(51,962,017.26)	0.00	(156,688,819.30)
Internal Service Funds	(11,034,501.57)	25,228,547.07	116,361,008.50	145,762.40	72,806,165.69	0.00	(29,215,034.91)
Enterprise Service Funds	(2,523,315.15)	223,649,586.43	269,276,717.67	87,746,809.79	(37,079,047.84)	1,640,503.48	4,157,819.04
Fiduciary Funds	55,850,641.01	1,024,670,215.04	2,096,730,943.30	694,701,651.01	492,277,320.13	0.00	170,768,883.89
TOTAL FUNDS	**$(214,083,222.03)**	**$17,033,212,793.53**	**$20,384,340,348.27**	**$3,335,364,549.52**	**$(3,132.00)**	**$(10,739,227.79)**	**$(240,588,587.04)**

(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) Figures do not reflect any adjustments made by the Comptroller to the agency's deposit information.
(3) 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.
(4) 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, 2001, and June 30, 2002, 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.

CIVIL LIST FUNDS
SUMMARY SCHEDULE OF CASH AND INVESTMENTS (1)
FISCAL YEAR ENDED JUNE 30, 2002

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]	$(240,588,587.04)	$(1,226,407,384.40)	$996,370,451.58	$425,497.06	$(156,688,819.30)	$(29,215,034.91)	$4,157,819.04	$170,768,883.89
STIF	1,392,017,435.53	153,654,463.85	340,280,989.28	369,990,318.07	360,549,215.60	0.00	125,288,168.49	42,254,280.24
TEPF	84,115,838.07	870,828.00	52,469,046.67	0.00	6,495,388.40	0.00	24,280,575.00	0.00
Investments with Treasurer as Trustee								
Short-Term	570,432,691.37	40,812,722.01	383,872.99	0.00	0.00	0.00	79,149,955.84	450,086,140.53
Long-Term	18,242,849,757.46	0.00	0.00	0.00	0.00	0.00	0.00	18,242,849,757.46
Investments with Others as Trustee								
Short-Term	819,710,925.19	0.00	0.00	31,234,223.70	0.00	0.00	113,050,569.70	675,426,131.79
Long-Term	762,930,514.14	0.00	0.00	320,930,973.90	0.00	0.00	441,999,540.24	0.00
Total	**$21,631,468,574.72**	**$(1,031,069,370.54)**	**$1,389,504,360.52**	**$722,581,012.73**	**$210,355,784.70**	**$(29,215,034.91)**	**$787,926,628.31**	**$19,581,385,193.91**

Reconcilation Between Treasurer & Comptroller [2]

Office of the Comptroller	
Cash and STIF June 30, 2002 (Annual Statutory Report)	$1,375,177,019.52
Investment with the State Treasurer	120,346,550.84
STIF classified as Long Term Investments Fund #2025	238,208,807.58
Cash and invest with Trustee Fund #6300	36,040,628.60
Cash and invest with Trustee Fund #6310	36,204,371.38
Difference in STIF balance Fund #3831	0.01
Total	**$1,805,977,377.93**

Office of the Treasurer	
Cash	$(240,588,587.04)
STIF	1,392,017,435.53
TEPF	84,115,838.07
STIF/Investments with Treasurer as Trustee	570,432,691.37
Total	**$1,805,977,377.93**

(1) For a detailed listing of the Civil List Investments for the Fiscal Year Ending June 30, 2002, 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, 2002

Fund	Participant	Agency	SID	Interest Earned During the Year	June 30, 2002 Fund Balance
0000	**General Fund**				
	INVESTMENT FUND	1201	300	$211,383.32	$4,482,986.56
	SECOND INJURY	1201	302	25,238.95	676,583.08
	LOCAL EMERGENCY RELIEF ACCT.	1310	360	124.96	1,534.26
	JUVENILE JUSTICE FY 2000 ACCOUNTABILITY INCENTIVE	1310	400	65,923.61	656,777.97
	LOCAL LAW ENFORCEMENT BLOCK GRANT PROGRAM	1310	410	1,828.33	67,278.34
	FY '99 JUVENILE ACCOUNTABILITY INCENTIVE BLOCK GRANT PROG	1310	457	14,385.36	0.00
	JUVENILE ACCOUNTABILITY INCENTIVE BLOCK GRANT PROG.	1310	458	33,962.04	3,118,142.15
	WARNER OIL SETTLEMENT	1310	484	481.11	18,892.20
	EXXON OVERCHARGE	1310	496	31,801.60	1,224,593.97
	DIAMOND SHAMROCK OVERCHARGE	1310	497	1,099.49	43,176.34
	STRIPPER WELL OVERCHARGE	1310	498	67,451.25	2,446,719.06
	ENHANCED 911 TELECOMMUNICATIONS FUND	2000	371	328,999.03	13,777,333.36
	COOPERATIVE/COMMUNITY POLICING PROGRAM	2000	426	2,517.66	6,498.05
	FEDERAL ASSET FORFEITURE	2000	498	9,917.40	217,523.49
	NUCLEAR SAFETY EMERG. PREPAREDNESS	2201	370	179.32	7,041.65
	JOB INCENTIVE ACCOUNT	3500	361	2,309.41	26,786.62
	MRD ESCROW ACCT.	3500	364	58,747.42	2,152,331.40
	MRS ESCROW ACCT.	3500	365	302.77	10,409.26
	RESEARCH IN PLANT SCIENCE	3601	307	7,846.33	306,620.14
	ADMINISTRATION OF GRANTS	3601	309	12,098.12	452,286.77
	DMHAS-COMMUNITY MENTAL HEALTH STRATEGIC INVEST.	4402	362	363,941.26	17,269,097.53
	DMHAS-COMMISSIONER'S OFFICE PRE-TRIAL ACCOUNT	4402	363	14,284.56	977,021.94
	WESTERN CONNECTICUT MENTAL HEALTH NETWORK	4405	362	356.08	16,458.07
	SOUTHEASTERN MENTAL HEALTH AUTHORITY	4406	362	213.92	65,648.31
	CONNECTICUT MENTAL HEALTH CENTER	4409	362	284.00	8,965.40
	CAPITAL REGION MENTAL HEALTH CENTER	4412	362	901.74	42,128.40
	SOUTHWEST CONNECTICUT MENTAL HEALTH SYSTEM	4417	362	732.80	100,039.93
	LIONS CLUBS WORKSHOP FUND	7101	300	126.92	4,984.03
	FAUCHTSWANGER FUND	7101	301	177.51	6,917.44
	FRAUENHOFER FUND	7101	302	424.77	16,680.64
	MISCELLANEOUS GRANTS	7101	304	489.18	23,003.17
	SARA BROWN FUND	7101	306	6,843.85	252,079.72
	CHARLES PRECOURT MEMORIAL FUND	7101	307	81.69	3,208.03
	ANN COROTEAU MEMORIAL FUND	7101	308	196.56	7,718.37
	VENDING FACILITIES PROGRAM-STATE AND LOCAL INCOME	7101	361	28,148.41	2,678,864.82
	CONN STATE LIBRARY ACCOUNT	7104	305	2,429.79	97,176.51
	CT LIBRARY & MUSEUM FUND	7104	306	55,003.50	2,107,086.35
	HISTORIC DOCUMENTS PRESERVATION ACCOUNT	7104	361	40,705.62	2,506,770.05
	PRIVATE OCCUPATIONAL STUDENT PROTECTION FUND	7250	360	91,812.03	3,510,916.80
	BOARD FOR STATE ACADEMIC AWARD	7401	370	45,627.87	1,473,434.59
	CORRECTIONAL MEMORIAL FUND	8005	300	795.44	30,634.83
	CORRECTIONAL GENERAL WELFARE FUND	8005	360	71,311.30	2,598,172.32
	CHILDREN'S WELFARE FUND	8102	310	490.29	13,857.10
	RICHARD A. FORESTER MEMORIAL FUND	8103	305	270.73	10,630.97
	CHILDREN'S TRUST FUND	8129	329	10,291.61	447,439.67
	LAW LIBRARY-DONATED COPIER RECEIPTS	9001	333	4,858.71	192,034.07
	DERBY COURTHOUSE MAINTENANCE RESERVE	9001	370	30,883.32	1,246,356.44
	MERIDEN COURTHOUSE MAINTENANCE RESERVE	9001	371	29,272.18	1,195,261.93
	CRIMINAL VIOLENCE VICTIMS ESCROW ACCT.	9001	373	53.00	2,081.34
	CLIENT SECURITY FUND	9001	374	123,879.94	5,697,320.20
Total				$1,801,486.06	$72,295,503.64
1104	**Insurance Fund**				
	INSURANCE FUND	2403		$153,505.96	$6,523,663.91
Total				$153,505.96	$6,523,663.91

CASH MANAGEMENT DIVISION

CIVIL LIST FUNDS
INTEREST CREDIT PROGRAM (1) (Continued)
FISCAL YEAR ENDED JUNE 30, 2002

Fund	Participant	Agency	SID	Interest Earned During the Year	June 30, 2002 Fund Balance
1108	**Workers Compensation**				
	ADMINISTRATION FUND	2904		$403,586.53	$13,181,754.92
Total				$403,586.53	$13,181,754.92
1139	**Criminal Injuries Compensation Fund**				
	VICTIM SERVICES	9001		$42,492.60	$2,240,399.20
Total				$42,492.60	$2,240,399.20
1143	**Vending Facilities Operators Fringe Benefits**				
	VENDING FACILITY PROGRAM - FEDERAL INCOME	7101		$645.44	$13,357.54
Total				$645.44	$13,357.54
1161	**University of Connecticut Operating Fund**				
	OPERATING FUND	7301		$2,861,858.62	$86,712,495.58
Total				$2,861,858.62	$86,712,495.58
1162	**University Health Center Operating Fund**				
	OPERATING FUND	7302		$485,070.18	$6,127,640.40
	STUDENT SCHOLARSHIPS AND LOANS	7302	400	88,840.61	3,543,322.05
Total				573,910.79	9,670,962.45
1163	**State University Operating Fund**				
	STATE UNIVERSITIES	7800		$71,695.28	$0.28
	BOARD OF STATE UNIVERSITY	7801		174,864.17	7,666,869.75
	CENTRAL CT STATE UNIVERSITY	7802		901,893.41	26,216,355.99
	WESTERN CT STATE UNIVERSITY	7803		289,745.90	7,819,478.82
	SOUTHERN CT STATE UNIVERSITY	7804		395,889.32	10,565,393.76
	EASTERN CT STATE UNIVERSITY	7805		280,678.60	5,952,582.22
Total				$2,114,766.68	$58,220,680.82
1164	**Regional Community/Technical Colleges Operating Fund (Tuition Account)**				
	BOARD FOR REGIONAL COMM-TECH COLLEGE	7701		$278,819.37	$15,506,923.81
	MANCHESTER COMM-TECH COLLEGE	7702		136,057.23	5,369,207.33
	NORTHWESTERN COMM-TECH COLLEGE	7703		33,301.88	1,215,876.18
	NORWALK COMM-TECH COLLEGE	7704		111,383.47	3,719,130.54
	HOUSATONIC COMM-TECH COLLEGE	7705		133,482.79	5,228,766.44
	MIDDLESEX COMM-TECH COLLEGE	7706		56,247.72	1,934,643.58
	CAPITAL COMM-TECH COLLEGE	7707		109,347.62	3,318,389.28
	NAUGATUCK COMM-TECH COLLEGE	7708		43,431.64	1,782,184.36
	GATEWAY COMM-TECH COLLEGE	7709		18,367.70	1,107,376.83
	TUNXIS COMM-TECH COLLEGE	7710		128,185.53	4,567,359.79
	THREE RIVERS COMM-TECH COLLEGE	7711		35,060.10	1,580,815.57
	QUINBAUG VALLEY COMM-TECH COLLEGE	7712		29,834.05	1,430,941.08
	ASNUNTUCK COMM-TECH COLLEGE	7713		40,755.89	1,652,086.96
Total				$1,154,274.99	$48,413,701.75
1171	**University of Connecticut Research Foundation**				
	RESEARCH	7301		$207,578.14	$12,076,619.13
Total				$207,578.14	$12,076,619.13
1177	**Environmental Quality Fund**				
	MUNICIPAL SOLID WASTE RECYCLING	3100	155	$62,677.85	$2,024,934.34
Total				$62,677.85	$2,024,934.34

CASH MANAGEMENT DIVISION

CIVIL LIST FUNDS
INTEREST CREDIT PROGRAM (1) (Continued)
FISCAL YEAR ENDED JUNE 30, 2002

Fund	Participant	Agency	SID	Interest Earned During the Year	June 30, 2002 Fund Balance
1181	**Conservation Fund**				
	MIGRATORY BIRD CONSERVATION	3100	182	$9,934.28	$373,705.31
Total				$9,934.28	$373,705.31
1401	**Employment Security - Administration**				
	PENALTY & INTEREST	2620	141	$145,805.24	$3,826,668.87
	TITLE XII EXCESS FUNDS	2620	302	111,035.55	3,062,330.33
Total				$256,840.79	$6,888,999.20
1507	**Tobacco Settlement Fund**				
	TOBACCO SETTLEMENT	1310		$121,999.08	$69,957.87
Total				$121,999.08	$69,957.87
4003	**Correctional Commissary Fund**				
	CORRECTIONAL COMMISSARY FUND	8020	123	$123,134.77	$5,224,079.49
Total				$123,134.77	$5,224,079.49
6300	**Bradley International Airport Operations**				
	BRADLEY ENTERPRISE FUND	5000		$283,874.79	$12,809,559.67
Total				$283,874.79	$12,809,559.67
7212	**New Home Construction Guaranty**				
	NEW HOME CONSTRUCTION GUARANTY	2500		$43,274.68	$2,122,214.23
Total				$43,274.68	$2,122,214.23
7220	**Tobacco and Health Trust Fund**				
	TOBACCO HEALTH TRUST FUND	1310		$366,295.05	$16,949,451.15
Total				$366,295.05	$16,949,451.15
7221	**Biomedical Research Trust Fund**				
	BIOMEDICAL RESEARCH TRUST FUND	4001		$31,372.65	$4,011,595.54
Total				$31,372.65	$4,011,595.54
7306	**Various Treasurer's Trust Funds**				
	FITCH HOME FOR SOLDIERS	1312	100	$304.77	$11,970.12
	POSTHUMOUS FITCH	1312	200	604.63	23,748.42
	R. GRAEME SMITH	2000	100	142.78	5,607.36
	IRWIN LEPOW TRUST FUND	4090	100	961.84	37,941.01
	JOHN H. KING	9001	100	4,757.75	186,854.94
`	WHITE FUND	9001	200	87.35	3,430.80
Total				$6,859.12	$269,552.65
Grand Total				**$10,620,368.87**	**$360,093,188.39**

(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, 2002

Name of Firm	Description of Services	Contract Date	Aggregate Compensation Paid in FY 2002	Status As of 6/30/02
Fleet Bank	Banking Services	Various	$ 2,555,381 [2]	Active
Webster Bank	Banking Services	Jun-98	214,048 [2]	Active
State Street Bank & Trust	Banking Services	Jun-90	169,740 [2]	Active
People's Bank	Banking Services	Mar-97	141,354 [2]	Active
First Union Bank	Banking Services	Feb-97	45,697 [2]	Active
State Street Bank & Trust	STIF Custodian Fees	Aug-99	56,174	Active
Standard & Poors	Subscription & Rating	N/A	37,800	Active
Bloomberg L P	Subscription	N/A	30,540	Active
Moodys Investors Services	Subscription & Research	N/A	16,500	Active
Deloitte & Touche LLP	AIMR Attestation Services	Sep-99	8,500	Active
Fitch Investors Service	Rating Agency	N/A	6,850	Active
TOTAL			**$ 3,282,584**	

(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, 2002

Name of Firm	Description of Services	Contract Date	Aggregate Compensation Paid in FY 2002	Status
ACS Unclaimed Property Clearing House	Securities Services & Claims Processing	Mar-01	$ 574,993	Active
ACS Unclaimed Property Clearing House	Identification & Collection of Property	Aug-94	977,611	Active
National Abandoned Property Processing Corporation	Identification & Collection of Property	Dec-91	61,103	Active
Winter Associates	Auction Services	Apr-01	10,777	Active
Connecticut Community Providers Assoc.	Temporary Services	N/A	8,905	Active
DataPrep Incorporated	Data Entry Services	N/A	10,557	Active
John Michael Associates	Promotional Items	N/A	8,069	Terminated
N. E. E. Group, LLC	Promotional Items	N/A	9,965	Terminated
New England Solutions Systems	EDP Consulting Services	N/A	25,538	Active
New Haven Register	Publication of Unclaimed Property List	N/A	8,599	Terminated
Obie Media Corporation	Unclaimed Property Advertising Campaign	N/A	10,783	Terminiated
The Hartford Courant	Printing & Publication of Unclaimed Property List	N/A	108,551	Terminated
The Sterling Printery, Inc.	Publication of Unclaimed Property Holder Manual	N/A	8,918	Terminated
Xerox Corporation	Photocopier Lease	N/A	10,864	Active
TOTAL			**$ 1,835,233**	

(1) Expenses are presented on a cash basis.

UNCLAIMED PROPERTY DIVISION
FIVE YEAR SELECTED FINANCIAL INFORMATION

	Fiscal Year Ended June 30,				
	2002	2001	2000	1999	1998
Receipts (Net of fees)	$34,362,362	$39,522,597	$37,102,017	$47,270,291	$31,066,409
Fees netted from proceeds (1)	1,049,491	742,514	619,508	1,191,231	1,036,619
Gross Receipts	**35,411,853**	**40,265,111**	**37,721,525**	**48,461,522**	**32,103,028**
Claims paid	10,117,462	9,838,935	9,475,207	8,951,783	8,777,191
Administrative Expenses:					
Salaries&Fringe benefits	2,112,937	1,900,906	1,691,026	1,212,850	1,095,209
Data processing & hardware	640,557	883,587	600,610	395,016	234,990
All other	286,749	313,763	148,606	428,420	284,758
Fees netted from proceeds (1)	1,049,491	742,514	619,508	1,191,231	1,036,619
Total Disbursements	**14,207,196**	**13,679,705**	**12,534,957**	**12,179,300**	**11,428,767**
Excess of Receipts over Disbursements (2)	**$21,204,657**	**$26,585,406**	**$25,186,568**	**$36,282,222**	**$20,674,261**
Approximate Market Value of Securities at Fiscal Year End:					
Stocks and bonds (3)	$49,405,062	$53,362,736	$49,569,572	$50,139,146	$42,858,000
Mutual funds (3)	11,363,341	13,373,611	14,420,453	12,567,907	10,755,734
Total Securities Inventory	**$60,768,403**	**$66,736,347**	**$63,990,025**	**$62,707,053**	**$53,613,743**
Securities liquidated	**$ 172,928**	**$ 0**	**$ 67,860**	**$ 9,092,811**	**$ 0**
Number of checks paid	**10,007**	**11,605**	**4,466**	**6,941**	**7,666**

(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, 2002

Financial institutions	$11,417,298
Other corporations	11,220,813
Insurance companies	7,530,563
Governmental agencies and public authorities	1,886,622
Dividends on securities held	892,774
Estates	827,901
Proceeds from court settlement	420,000
Proceeds from sale of auction deposit box contents and fees	54,480
Securities tendered	261,560
Liquidation of mutual fund	172,928
Interest penalty assessments	405,937
Sale of property lists, copying and other charges	2,000
Reciprocal exchange program with other states	318,977
Total Gross Receipts	**$35,411,853**

EXECUTIVE OFFICE

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.

CONNECTICUT RESOURCE RECOVERY AUTHORITY (CRRA)

Public Act No. 02-46 amended Section 22a-261 of the Connecticut General Statutes, concerning the Connecticut Resources Recovery Authority (CRRA) to include the Treasurer on the board of directors. On or after June 1, 2002, the powers of the authority shall be vested in and exercised by a board of thirteen directors, including the Treasurer and Secretary of OPM as ex-officio voting members, as well as appointees by the Governor and State Legislature. The Directors must also submit the annual independent audit of the authority to the appropriate standing committee of the General Assembly and the Directors must annually report on the efforts of the authority to mitigate the effects of any loss of revenue from the CRRA-Enron-Connecticut Light and Power Company transaction. The Treasurer and Secretary of OPM must also subsequently approve any temporary borrowing (up to $115 million) from the state for the purposes of supporting the repayment of debt issued by the authority on behalf of the Mid-Connecticut Project.

EXECUTIVE OFFICE

TOTAL ADMINISTRATION EXPENDITURES
FISCAL YEARS ENDED JUNE 30,

Fiscal Years Ended June 30,

	2002	%	2001	%	2000	%	1999	%	1998	%
GENERAL FUND										
Personal Services	$2,869,876	3.72%	$2,970,332	4.60%	$2,916,411	4.69%	$2,531,740	4.51%	$2,349,347	4.25%
Other Expenses	330,875	0.43%	400,249	0.62%	407,325	0.65%	407,548	0.73%	530,802	0.96%
Capital Equipment	1,000	0.00%	5,000	0.01%	-	0.00%	4,700	0.01%	1,000	0.00%
TOTAL	**3,201,751**	**4.15%**	**3,375,581**	**5.23%**	**3,323,736**	**5.34%**	**2,943,988**	**5.24%**	**2,881,149**	**5.22%**
PENSION FUNDS										
Personal Services	$1,563,812	2.03%	$1,435,232	2.23%	$1,344,697	2.16%	$1,414,580	2.52%	$2,048,114	3.71%
Other Expenses	58,941,558	76.49%	47,641,305	73.88%	46,437,634	74.66%	40,572,960	72.20%	40,475,836	73.27%
Capital Equipment	6,132	0.01%	28,971	0.04%	18,856	0.03%	13,171	0.02%	12,973	0.02%
TOTAL	**60,511,502**	**78.53%**	**49,105,508**	**76.15%**	**47,801,187**	**76.85%**	**42,000,711**	**74.74%**	**42,536,923**	**77.00%**
SECOND INJURY FUND										
Personal Services	$6,474,238	8.40%	$5,813,536	9.02%	$5,983,086	9.62%	$5,992,293	10.66%	$5,562,373	10.07%
Other Expenses	1,473,097	1.92%	1,444,644	2.24%	1,106,723	1.78%	1,880,142	3.35%	1,955,067	3.54%
Capital Equipment	34,059	0.04%	9,321	0.01%	41,380	0.07%	26,200	0.05%	96,583	0.17%
TOTAL	**7,981,394**	**10.36%**	**7,267,501**	**11.27%**	**7,131,189**	**11.47%**	**7,898,635**	**14.06%**	**7,614,023**	**13.78%**
UNCLAIMED PROPERTY FUND										
Personal Services	$2,112,937	2.74%	$1,900,906	2.94%	$1,691,026	2.72%	$1,212,850	2.16%	$1,095,209	1.98%
Other Expenses	922,617	1.20%	1,193,757	1.85%	739,246	1.19%	792,410	1.41%	490,103	0.89%
Capital Equipment	4,689	0.01%	3,593	0.01%	9,970	0.02%	31,027	0.06%	29,645	0.05%
TOTAL	**3,040,243**	**3.95%**	**3,098,256**	**4.80%**	**2,440,242**	**3.92%**	**2,036,287**	**3.62%**	**1,614,957**	**2.92%**
SHORT-TERM INVESTMENT FUND										
Personal Services	$688,926	0.89%	$667,846	1.04%	$698,605	1.12%	$607,104	1.08%	(1)	0.00%
Other Expenses	194,809	0.25%	188,240	0.29%	214,230	0.34%	187,442	0.33%	(1)	0.00%
Capital Equipment	2,066	0.00%	6,550	0.01%	2,584	0.00%	2,674	0.00%	(1)	0.00%
TOTAL	**885,801**	**1.14%**	**862,636**	**1.34%**	**915,419**	**1.47%**	**797,220**	**1.42%**	**0**	**0.00%**
Other Financing Sources (2)	**$1,437,947**	**1.87%**	**$779,096**	**1.21%**	**$587,334**	**0.94%**	**$516,589**	**0.92%**	**$596,690**	**1.08%**
TOTAL AGENCY	**$77,058,638**	**100.00%**	**$64,488,578**	**100.00%**	**$62,199,107**	**100.00%**	**$56,193,430**	**100.00%**	**$55,243,742**	**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, 2002

Name of Firm	Description of Services	Contract Date	Aggregate Compensation Paid in FY 2002	Status
BankOne NA	Purchasing Card Expenditures	N/A	10,858	Active
Bloomberg	Subscription	N/A	14,154	Active
Connecticut Community Providers Association	Temporary Service/Office Supplies	N/A	9,500	Terminated
Corporate Express	Office Supplies	Oct-95	7,507	Active
University of Connecticut	Subscription	N/A	6,500	Active
Xerox Corporation	Copier Lease and Maintenance	N/A	45,688	Active
TOTAL			$ 94,207	

(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, 2002

Name of Firm	Description of Services	Contract Date	Aggregate Compensation Paid in FY 2002	Status As of 6/30/02
Automatic Data Processing	Check Processing	May-01	$ 23,160	Active
Beneficial Investigation	Surveillance Services	Jan-01	121,138	Active
Computer & Peripheral Repair	Computer Hardware	N/A	18,224	Terminated
Concentra Managed Care	Provider Bill Audit Services	Aug-01	156,198	Active
Concentra Managed Care	IME/Case Mgmt./Job Placement	Jan-01	70,171	Active
Corporate Express	Office Supplies	Oct-00	8,529	Active
Corvel Corporation	IME/Case Mgmt./Job Placement	Jan-01	42,189	Active
Deloitte & Touche LLP	Assessment Audit & Implementation	Nov-99	392,499	Active
Internal Revenue Service	Arbitrage/Rebate Payments	N/A	173,666	Terminated
Iron Mountain	Records Management Services	Jan-02	5,405	Active
Jeremy Booty	Legal Services	Feb-97	7,956	Active
Linda Fredrickson Design	Space Planning and Design Services	Aug-01	5,460	Active
Nextel Communications	Telephone/Radio Service	Jul-99	6,560	Active
Public Financial Management	Bond Financial Services	Jun-00	7,734	Active
RNB Enterprises	Surveillance Equipment	N/A	9,380	Terminated
Security Services of Connecticut	Surveillance Services	Jan-01	94,405	Active
Standard & Poors	Bond Analytical Services	N/A	16,000	Active
Suburban Stationers	Office Supplies	Sep-01	5,200	Active
Xerox Corporation	Photocopier Lease	N/A	22,377	Active
TOTAL			**$ 1,186,251**	

(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.

Statutory Appendix

DEBT MANAGEMENT DIVISION

SCHEDULE OF DEBT OUTSTANDING [1]
JUNE 30, 2002

BOND TYPE: GENERAL OBLIGATION - TAX SUPPORTED

Issue Date	Outstanding June 30, 2001	FY 2002 Issued	FY 2002 Retired	FY 2002 Refunded or Defeased	Outstanding June 30, 2002	Low Rate (%)	High Rate (%)	Next Maturity Date	Last Maturity Date	Interest Accreted Through FY 2002 [2]	Interest Paid During FY 2002
12/22/88	$ 47,839,255	$ -	$ 3,725,868	$ -	$ 44,113,387	7.361	7.525	12/01/02	12/01/08	$74,724,021	$ 5,725,132
05/11/89	62,091,881	-	5,253,031	-	56,838,850	7.362	7.416	07/01/02	07/01/08	90,756,380	7,326,969
11/14/89	49,930,235	-	4,109,860	-	45,820,375	6.923	7.017	11/01/02	11/01/09	63,335,699	5,130,140
05/15/90	46,777,378	-	5,236,660	-	41,540,718	7.210	7.318	05/15/03	05/15/10	57,230,988	6,982,340
07/15/90	19,085,000	-	19,085,000	-	-				07/15/01	-	629,805
11/20/90	37,984,150	-	4,244,457	-	33,739,693	7.181	7.378	11/15/02	11/15/10	43,833,710	4,876,543
01/01/91	14,601,217	-	1,595,622	-	13,005,595	6.753	6.753	07/01/02	01/01/11	-	959,518
05/16/91	33,447,570	-	4,694,914	-	28,752,656	6.727	7.026	05/15/03	05/15/11	32,610,664	4,926,086
11/15/91	5,000,000	-	2,500,000	-	2,500,000	6.050	6.050	11/15/02	11/15/02	-	225,625
12/01/91	5,490,000	-	5,490,000	-	-			02/01/02		-	439,200
12/12/91	31,819,413	-	6,095,281	-	25,724,132	6.294	6.727	12/15/02	12/15/11	25,039,185	5,149,718
01/21/92	16,689,167	-	1,370,741	-	15,318,426	6.034	6.034	08/01/02	02/01/12	-	986,392
03/15/92	21,366,292	-	21,366,292	-	-				03/15/02	-	1,303,344
05/01/92	3,000,000	-	3,000,000	-	-			05/15/02		-	90,000
05/01/92	38,610,000	-	14,065,000	24,545,000	-				06/25/02	-	1,990,140
05/14/92	30,431,780	-	7,166,533	-	23,265,247	6.440	6.795	05/15/03	05/15/12	21,895,693	6,231,467
09/01/92	103,455,000	-	2,745,000	100,710,000	-	5.600	5.600	03/15/05	03/15/05	-	3,016,037
10/15/92	30,000,000	-	10,000,000	-	20,000,000	5.800	5.800	11/15/02	11/15/03	-	1,450,000
11/15/92	22,980,000	-	11,490,000	-	11,490,000	7.400	7.400	12/15/02	12/15/02	-	1,269,645
11/17/92	31,338,848	-	3,774,672	-	27,564,176	5.868	6.402	11/15/02	11/15/12	21,809,970	2,522,327
02/01/93	309,375,000	-	25,725,000	-	283,650,000	4.875	5.600	11/15/02	11/15/10	-	15,656,560
03/15/93	94,185,000	-	8,675,000	-	85,510,000	5.000	5.500	03/15/03	03/15/12	-	4,971,163
03/15/93	79,055,000	-	21,265,000	-	57,790,000	4.900	5.500	09/15/02	09/15/10	-	3,569,222
05/01/93	25,990,000	-	4,335,000	12,990,000	8,665,000	4.900	6.750	05/01/03	05/01/04	-	1,033,277
05/19/93	40,810,836	-	3,852,198	-	36,958,638	5.382	5.953	06/15/03	06/15/12	24,816,624	2,335,802
06/15/93	18,000,000	-	6,000,000	-	12,000,000	6.200	6.250	07/01/02	07/01/03	-	930,000
07/01/93	64,590,000	-	9,260,000	27,650,000	27,680,000	4.600	4.750	08/01/02	08/01/04	-	2,419,630
10/01/93	238,925,000	-	2,795,000	-	236,130,000	4.400	6.000	03/15/03	03/15/12	-	11,546,060
10/15/93	30,400,000	-	3,800,000	7,600,000	19,000,000	4.400	4.750	12/01/02	12/01/06	-	1,130,500
11/16/93	34,211,335	-	3,561,956	-	30,649,379	4.671	5.383	12/01/02	12/01/12	16,541,149	1,572,044
01/01/94	21,300,000	-	7,100,000	-	14,200,000	6.000	6.000	01/15/03	01/15/04	-	1,349,000
03/15/94	100,009,097	-	12,185,000	22,020,000	65,804,097	5.200	5.650	03/15/03	03/15/12	-	4,732,478
05/01/94	22,010,000	-	3,820,000	3,820,000	14,370,000	5.200	5.500	05/01/03	05/01/08	-	1,061,690
05/26/94	42,992,886	-	4,434,544	-	38,558,342	5.833	6.414	06/01/03	06/01/13	24,449,225	2,553,456
06/01/94	906,000	-	906,000	-	-				06/01/02	-	37,469
08/15/94	67,874,779	-	10,370,000	16,200,000	41,304,779	5.375	5.800	08/15/02	08/15/08	-	3,262,302
11/01/94	16,255,000	-	4,060,000	4,060,000	8,135,000	5.500	5.900	12/01/02	12/01/06	-	676,875
11/22/94	45,893,107	-	5,953,243	-	39,939,864	5.581	6.398	12/15/02	12/15/13	22,617,735	2,784,757
12/01/94	33,040,000	-	8,260,000	-	24,780,000	8.350	8.400	12/01/02	12/01/04	-	2,422,245

DEBT MANAGEMENT DIVISION

SCHEDULE OF DEBT OUTSTANDING [1] (Continued)

JUNE 30, 2002

Issue Date	Outstanding June 30, 2001	FY 2002 Issued	FY 2002 Retired	Refunded or Defeased	Outstanding June 30, 2002	Low Rate (%)	High Rate (%)	Next Maturity Date	Last Maturity Date	Interest Accreted Through FY 2002 [2]	Interest Paid During FY 2002
03/15/95	100,293,036	-	19,390,000	19,281,000	61,622,036	5.300	7.000	03/15/03	03/15/07	-	5,330,724
03/15/95	41,710,000	-	555,000	-	41,155,000	5.300	7.000	03/15/03	03/15/05	-	2,225,100
10/01/95	169,101,866	-	21,496,866	41,345,000	106,260,000	4.600	6.000	10/01/02	10/01/06	-	7,729,924
03/28/96	6,395,311	-	426,250	-	5,969,061	5.030	5.030	11/01/02	05/01/18	-	316,403
04/15/96	127,490,000	-	16,000,000	31,790,000	79,700,000	5.000	6.250	05/15/03	05/15/07	-	6,758,267
04/15/96	38,790,000	-	19,180,000	-	19,610,000	6.000	6.000	10/15/02	10/15/02	-	1,608,150
08/15/96	50,560,000	-	10,770,000	13,200,000	26,590,000	5.000	6.500	08/15/02	08/15/16	-	2,316,738
11/01/96	69,695,000	-	22,370,000	-	47,325,000	4.500	6.000	11/01/02	11/01/04	-	3,085,128
11/01/96	38,750,000	-	-	31,000,000	7,750,000	5.000	5.000	11/01/08	11/01/08	-	1,691,438
12/01/96	46,500,000	-	7,750,000	-	38,750,000	5.000	5.000	12/01/02	12/01/06	-	2,121,563
03/01/97	113,000,000	-	-	48,440,000	64,560,000	4.625	6.000	03/01/04	03/01/17	-	5,097,712
05/14/97	99,235,000	-	-	-	99,235,000	4.540	4.540	05/15/05	05/15/14	-	1,627,182
08/01/97	211,992,415	-	12,470,000	-	199,522,415	4.300	5.500	08/01/02	08/01/17	-	10,510,706
09/01/97	17,473,089	-	765,182	-	16,707,907	5.081	5.081	03/01/03	03/01/20	-	887,808
09/15/97	124,440,000	-	555,000	-	123,885,000	4.250	5.500	12/01/02	12/01/12	-	6,449,676
09/30/97	4,345,000	-	305,000	-	4,040,000	5.081	5.081	03/01/03	03/01/20	-	220,770
02/01/98	145,840,000	-	340,000	-	145,500,000	4.000	5.250	03/15/03	03/15/15	-	7,579,936
03/15/98	181,825,000	-	6,000,000	-	175,825,000	4.100	5.500	03/15/03	03/15/18	-	9,010,912
03/15/98	66,000,000	-	13,000,000	-	53,000,000	6.000	6.170	03/15/03	03/15/06	-	4,011,100
07/15/98	72,445,000	-	16,500,000	-	55,945,000	5.880	6.140	08/01/02	08/01/08	-	3,803,416
07/30/98	60,000,000	-	10,000,000	-	50,000,000	5.890	6.120	11/01/02	11/01/06	-	3,288,500
08/01/98	30,375,000	-	1,780,000	-	28,595,000 [3]	4.000	4.750	12/15/02	12/15/13	-	1,339,026
10/15/98	174,445,000	-	10,000,000	-	164,445,000	3.600	5.250	10/15/02	10/15/18	-	7,486,113
12/15/98	150,000,000	-	8,340,000	-	141,660,000	3.500	5.250	12/15/02	12/15/18	-	6,324,270
05/01/99	18,000,000	-	659,520	-	17,340,480	4.633	4.633	09/01/02	09/01/22	-	818,662
05/06/99	4,755,000	-	125,000	-	4,630,000	4.633	4.633	09/01/02	09/01/22	-	217,404
06/15/99	270,000,000	-	15,000,000	-	255,000,000	4.500	5.250	06/15/03	06/15/19	-	13,556,250
11/01/99	232,750,000	-	12,250,000	52,280,000	168,220,000	4.300	5.875	11/01/02	11/01/18	-	11,105,496
04/15/00	142,500,000	-	7,500,000	24,575,000	110,425,000	4.750	6.000	04/15/03	04/15/20	-	6,820,353
06/15/00	427,500,000	-	22,500,000	106,050,000	298,950,000	4.600	5.750	06/15/03	06/15/20	-	19,823,316
12/01/00	80,000,000	-	20,000,000	-	60,000,000	6.450	6.500	12/01/02	12/01/04	-	4,525,000
12/15/00	400,000,000	-	13,000,000	-	387,000,000	4.200	5.500	12/15/02	12/15/16	-	19,262,545
02/22/01	100,000,000	-	-	-	100,000,000	5.000	5.000	02/15/17	02/15/20	-	1,739,178
06/12/01	3,605,000	-	55,000	-	3,550,000	4.650	4.650	10/01/02	10/01/22	-	134,572
06/12/01	10,398,696	-	-	-	10,398,696	4.652	4.652	10/01/03	10/01/22	-	388,325
06/15/01	504,575,000	-	-	-	504,575,000	4.400	5.500	12/15/04	12/15/16	-	26,954,828
06/15/01	380,000,000	-	20,000,000	-	360,000,000	3.000	5.375	06/15/03	06/15/21	-	18,305,540
06/15/01	20,000,000	-	-	-	20,000,000	4.330	4.330	06/15/12	06/15/12	-	550,459
11/15/01	-	400,000,000	-	-	400,000,000	3.000	5.125	11/15/02	11/15/21	-	9,383,108
11/15/01	-	334,245,000	-	-	334,245,000	3.000	5.125	11/15/02	11/15/19	-	8,373,697
11/15/01	-	98,590,000	-	-	98,590,000	3.000	5.000	11/15/02	11/15/08	-	2,346,200
12/15/01	-	175,000,000	-	-	175,000,000	3.000	5.000	12/15/04	12/15/11	-	3,995,553
04/15/02	-	335,000,000	-	-	335,000,000	3.000	5.375	04/15/03	04/15/22	-	-

DEBT MANAGEMENT DIVISION

SCHEDULE OF DEBT OUTSTANDING [1] (Continued)

JUNE 30, 2002

Issue Date	Outstanding June 30, 2001	FY 2002 Issued	FY 2002 Retired	FY 2002 Refunded or Defeased	Outstanding June 30, 2002	Low Rate (%)	High Rate (%)	Next Maturity Date	Last Maturity Date	Interest Accreted Through FY 2002 [2]	Interest Paid During FY 2002
05/01/02	-	47,000,000	-	-	47,000,000	5.200	5.200	05/01/05	05/01/12	-	77,615
05/01/02	-	53,000,000	-	-	53,000,000	5.200	5.200	05/01/05	05/01/12	-	108,650
06/15/02	-	224,000,000	-	-	224,000,000	2.550	5.500	06/15/03	06/15/22	-	-
06/15/02	-	155,500,000	-	-	155,500,000	3.000	5.500	12/15/02	12/15/18	-	-
SUBTOTAL	**$ 6,672,544,639**	**$ 1,822,335,000**	**$592,449,690**	**$587,556,000**	**$ 7,314,873,949**					**$519,661,043**	**$374,582,270**
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	15,000	-	15,000	-	-				07/15/01	-	495
03/15/92	1,863,708	-	1,863,708	-	-				03/15/02	-	113,686
03/15/93	5,800,000	-	525,000	-	5,275,000	5.000	5.500	03/15/03	03/15/12	-	306,128
03/15/94	3,880,903	-	645,000	1,290,000	1,945,903	5.200	5.500	03/15/03	03/15/10	-	168,939
08/15/94	2,005,221	-	330,000	670,000	1,005,221	5.375	5.800	08/15/02	08/15/08	-	90,705
03/15/95	4,217,964	-	1,055,000	1,050,000	2,112,964	5.300	7.000	03/15/03	03/15/07	-	222,108
10/01/95	4,008,134	-	503,134	1,000,000	2,505,000	4.600	6.000	10/01/02	10/01/06	-	183,071
03/01/97	10,000,000	-	-	4,270,000	5,730,000	4.625	6.000	03/01/04	03/01/17	-	451,639
SUBTOTAL	**$ 111,790,930**	**$ -**	**$ 4,936,842**	**$ 8,280,000**	**$ 98,574,088**					**$ -**	**$ 5,736,771**
BOND TYPE: GENERAL OBLIGATION - TRANSPORTATION											
12/22/88	$ 343,991	$ -	$ -	$ -	$ 343,991	7.513	7.525	12/01/06	12/01/08	$ 589,026	$ -
11/15/91	17,250,000	-	8,745,000	-	8,505,000	6.050	6.050	11/15/02	11/15/02	-	774,716
03/15/95	114,000	-	-	114,000	-				11/20/01	-	3,021
08/01/97	9,007,585	-	530,000	-	8,477,585	4.300	5.500	08/01/02	08/01/17	-	440,557
10/15/98	5,555,000	-	-	-	5,555,000	4.500	5.250	10/15/12	10/15/13	-	271,505
SUBTOTAL	**$ 32,270,576**	**$ -**	**$ 9,275,000**	**$ 114,000**	**$ 22,881,576**					**$ 589,026**	**$ 1,489,799**
BOND TYPE: SPECIAL TAX OBLIGATION											
06/15/88	$ 3,417,825	$ -	$ -	$ -	$ 3,417,825	7.750	7.750	06/01/07	06/01/08	$ 6,523,434	$ -
05/15/90	43,985,000	-	-	-	43,985,000	7.125	7.125	06/01/09	06/01/10	-	3,133,931
12/19/90	168,500,000	-	12,400,000	-	156,100,000	6.171	6.171	12/01/02	12/01/10	-	9,192,361
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	53,315,000	-	11,345,000	17,260,000	24,710,000	5.900	6.000	02/15/03	02/15/04	-	2,655,040
09/01/92	167,635,000	-	11,775,000	27,120,000	128,740,000	5.600	6.150	09/01/02	09/01/12	-	8,904,325
03/01/93	526,860,000	-	18,495,000	-	508,365,000	4.800	5.400	09/01/02	09/01/10	-	26,786,454
09/01/93	177,855,000	-	41,925,000	-	135,930,000	4.200	4.600	10/01/02	10/01/06	-	6,785,952
09/15/93	133,815,000	-	7,810,000	95,995,000	30,010,000	4.400	5.000	10/01/02	10/01/13	-	3,892,766
03/01/94	52,910,000	-	6,565,000	32,310,000	14,035,000	5.000	5.100	04/01/03	04/01/04	-	1,902,430
09/15/94	56,865,000	-	8,070,000	31,385,000	17,410,000	5.500	5.500	10/01/02	10/01/03	-	2,074,510
05/15/95	102,560,000	-	5,035,000	80,775,000	16,750,000	5.100	5.100	06/01/03	06/01/05	-	1,111,035

DEBT MANAGEMENT DIVISION

SCHEDULE OF DEBT OUTSTANDING [1] (Continued)

JUNE 30, 2002

Issue Date	Outstanding June 30, 2001	FY 2002 Issued	FY 2002 Retired	FY 2002 Refunded or Defeased	Outstanding June 30, 2002	Low Rate (%)	High Rate (%)	Next Maturity Date	Last Maturity Date	Interest Accreted Through FY 2002 [2]	Interest Paid During FY 2002
09/01/95	77,355,000	-	25,995,000	-	51,360,000	4.800	6.250	10/01/02	10/01/05	-	3,609,992
09/01/95	113,520,000	-	6,965,000	83,740,000	22,815,000	4.500	4.700	10/01/02	10/01/04	-	3,419,297
06/01/96	121,640,000	-	5,775,000	96,405,000	19,460,000	4.900	6.000	06/01/03	06/01/06	-	1,314,800
10/01/96	79,620,000	-	65,000	-	79,555,000	4.600	6.000	10/01/02	10/01/09	-	4,772,103
10/01/96	133,680,000	-	4,460,000	62,930,000	66,290,000	4.600	6.000	10/01/02	10/01/16	-	5,452,671
10/15/97	55,790,000	-	130,000	-	55,660,000	4.200	5.500	11/01/02	11/01/07	-	2,965,490
10/15/97	138,615,000	-	5,250,000	15,455,000	117,910,000	4.400	6.000	11/01/02	11/01/17	-	6,070,525
04/15/98	196,975,000	-	280,000	-	196,695,000	5.250	5.500	10/01/08	10/01/14	-	10,675,025
09/15/98	209,805,000	-	8,530,000	-	201,275,000	4.000	5.500	11/01/02	11/01/18	-	10,060,208
11/15/99	144,160,000	-	6,135,000	-	138,025,000	4.125	6.000	12/01/02	12/01/19	-	7,554,491
07/15/00	125,000,000	-	6,580,000	-	118,420,000	4.375	5.625	09/01/02	09/01/14	-	6,196,488
09/15/00	100,000,000	-	-	-	100,000,000	5.000	5.000	09/01/13	09/01/20	-	1,687,671
09/15/01	-	175,000,000	-	-	175,000,000	2.000	5.375	10/01/02	10/01/21	-	4,211,927
09/15/01	-	533,335,000	-	-	533,335,000	3.250	5.375	10/01/03	10/01/15	-	14,719,966
05/01/02	-	112,000,000	-	-	112,000,000	3.000	5.375	07/01/03	07/01/22	-	-
SUBTOTAL	**$ 3,061,532,825**	**$ 820,335,000**	**$193,585,000**	**$543,375,000**	**$ 3,144,907,825**					**$ 6,523,434**	**$154,197,033**

BOND TYPE: BRADLEY INTERNATIONAL AIRPORT

Issue Date	Outstanding June 30, 2001	FY 2002 Issued	FY 2002 Retired	FY 2002 Refunded or Defeased	Outstanding June 30, 2002	Low Rate (%)	High Rate (%)	Next Maturity Date	Last Maturity Date	Interest Accreted Through FY 2002 [2]	Interest Paid During FY 2002
09/30/92	$ 54,615,000	$ -	$ 3,860,000	$ -	$ 50,755,000	7.400	7.650	10/01/02	10/01/11	$ -	$ 3,991,138
03/01/01	194,000,000	-	-	-	194,000,000	3.500	5.250	10/01/02	10/01/31	-	10,490,274
03/01/01	19,180,000	-	-	-	19,180,000	3.250	4.300	10/01/02	10/01/12	-	874,901
SUBTOTAL	**$ 267,795,000**	**$ -**	**$ 3,860,000**	**$ -**	**$ 263,935,000**					**$ -**	**$15,356,313**

BOND TYPE: CLEAN WATER FUND

Issue Date	Outstanding June 30, 2001	FY 2002 Issued	FY 2002 Retired	FY 2002 Refunded or Defeased	Outstanding June 30, 2002	Low Rate (%)	High Rate (%)	Next Maturity Date	Last Maturity Date	Interest Accreted Through FY 2002 [2]	Interest Paid During FY 2002
01/01/91	$ 11,150,000	$ -	$ 5,600,000	$ -	$ 5,550,000	6.700	7.000	07/01/02	01/01/11	$ -	$ 659,849
01/01/92	24,880,000	-	5,505,000	-	19,375,000	5.600	6.125	08/01/02	02/01/12	-	1,351,199
01/01/93	36,500,000	-	2,700,000	-	33,800,000	5.300	6.000	10/01/02	10/01/12	-	2,057,808
06/01/94	32,965,000	-	3,340,000	-	29,625,000	5.000	6.500	12/01/02	06/01/16	-	1,879,046
03/01/96	67,685,000	-	3,380,000	-	64,305,000	4.500	5.875	11/01/02	05/01/18	-	3,474,550
03/15/96	46,630,000	-	505,000	-	46,125,000	4.650	5.600	07/01/02	01/01/11	-	2,411,525
09/01/97	101,160,000	-	4,430,000	-	96,730,000	4.350	6.000	03/01/03	03/01/20	-	5,195,117
04/15/99	125,000,000	-	4,580,000	-	120,420,000	4.000	5.125	09/01/02	09/01/22	-	5,646,814
05/01/99	78,995,000	-	1,000,000	-	77,995,000	3.600	5.250	07/15/02	07/15/16	-	3,654,222
06/01/01	100,000,000	-	-	-	100,000,000	4.000	5.500	10/01/03	10/01/22	-	3,934,894
SUBTOTAL	**$ 624,965,000**	**$ -**	**$31,040,000**	**$ -**	**$ 593,925,000**					**$ -**	**$30,265,024**

BOND TYPE: GENERAL FUND APPROPRIATION - UCONN 2000 [4]

Issue Date	Outstanding June 30, 2001	FY 2002 Issued	FY 2002 Retired	FY 2002 Refunded or Defeased	Outstanding June 30, 2002	Low Rate (%)	High Rate (%)	Next Maturity Date	Last Maturity Date	Interest Accreted Through FY 2002 [2]	Interest Paid During FY 2002
01/01/96	$ 58,540,000	$ -	$ 4,505,000	$ -	$ 54,035,000	4.200	5.500	02/01/03	02/01/16	$ -	$ 2,789,598
02/21/96	4,369,715	-	-	-	4,369,715	5.050	5.100	02/01/10	02/01/11	1,639,658	-
04/01/97	91,000,000	-	6,500,000	-	84,500,000	4.700	5.375	04/01/03	04/01/17	-	4,632,875

DEBT MANAGEMENT DIVISION

SCHEDULE OF DEBT OUTSTANDING* (Continued)
JUNE 30, 2002

Issue Date	Outstanding June 30, 2001	FY 2002 Issued	FY 2002 Retired	Refunded or Defeased	Outstanding June 30, 2002	Low Rate (%)	High Rate (%)	Next Maturity Date	Last Maturity Date	Interest Accreted Through FY 2002 [2]	Interest Paid During FY 2002
04/24/97	7,392,431	-	-	-	7,392,431	5.200	5.300	04/01/08	04/01/09	2,277,106	-
06/01/98	84,580,000	-	4,980,000	-	79,600,000	4.000	5.250	06/01/03	06/01/18	-	3,944,067
03/01/99	72,000,000	-	4,000,000	-	68,000,000	3.600	4.850	04/01/03	04/01/19	-	3,030,500
03/01/00	124,295,000	-	6,555,000	-	117,740,000	4.550	5.750	03/01/03	03/01/20	-	6,383,693
03/15/01	100,000,000	-	5,000,000	-	95,000,000	0.000	5.375	04/01/03	04/01/21	-	4,488,441
04/01/02	-	100,000,000	-	-	100,000,000	3.000	5.375	04/01/03	04/01/22	-	-
SUBTOTAL	**$ 542,177,146**	**$ 100,000,000**	**$31,540,000**	**$ -**	**$ 610,637,146**					**$ 3,916,764**	**$25,269,174**
BOND TYPE: CDA INCREMENT FINANCING [5]											
10/01/94	$ 9,035,000	$ -	$ 170,000	$ -	$ 8,865,000	5.550	6.375	10/15/02	10/15/24	$ -	$ 565,664
10/15/94	890,000	-	130,000	-	760,000	5.450	6.000	10/15/02	10/15/06	-	46,992
12/01/95	8,245,000	-	375,000	-	7,870,000	4.650	5.550	12/15/02	12/15/15	-	428,729
01/01/97	15,885,000	-	670,000	-	15,215,000	4.600	5.500	05/01/03	05/01/17	-	831,544
SUBTOTAL	**$ 34,055,000**	**$ -**	**$ 1,345,000**	**$ -**	**$ 32,710,000**					**$ -**	**$ 1,872,929**
BOND TYPE: CDA GOVERNMENTAL LEASE REVENUE [6]											
12/15/94	$ 7,360,000	$ -	$ 410,000	$ -	$ 6,950,000	5.950	6.600	06/15/03	06/15/14	$ -	$ 472,092
SUBTOTAL	**$ 7,360,000**	**$ -**	**$ 410,000**	**$ -**	**$ 6,950,000**					**$ -**	**$ 472,092**
BOND TYPE: SECOND INJURY FUND BONDS [7]											
10/01/96	$ 80,750,000	$ -	$ 5,595,000	$16,770,000	$ 58,385,000	5.000	6.000	01/01/03	01/01/11	$ -	$ 4,273,370
10/01/00	124,100,000	-	-	28,465,000	95,635,000	4.500	5.250	01/01/03	01/01/13	-	7,704,703
SUBTOTAL	**$ 204,850,000**	**$ -**	**$ 5,595,000**	**$45,235,000**	**$ 154,020,000**					**$ -**	**$11,978,073**
BOND TYPE: CHEFA CHILDCARE FACILITIES PROGRAM [8]											
04/15/98	$ 5,375,000	$ -	$ -	$ -	$ 5,375,000	6.750	6.750	07/01/04	07/01/28	$ -	$ 362,812
04/15/98	275,000	-	85,000	-	190,000	9.500	9.500	07/01/02	07/01/03	-	22,087
11/01/98	9,170,000	-	115,000	300,000	8,755,000	3.750	5.000	07/01/02	07/01/28	-	425,433
11/01/98	70,000	-	70,000	-	-				07/01/01	-	1,872
09/01/99	18,510,000	-	360,000	-	18,150,000	4.250	5.625	07/01/02	07/01/29	-	977,684
08/01/00	3,940,000	-	-	-	3,940,000	4.400	5.500	07/01/02	07/01/30	-	209,079
04/01/01	3,865,000	-	-	-	3,865,000	4.000	5.000	07/01/03	07/01/31	-	138,967
SUBTOTAL	**$ 41,205,000**	**$ -**	**$ 630,000**	**$ 300,000**	**$ 40,275,000**					**$ -**	**$ 2,137,934**
BOND TYPE: BRADLEY INTERNATION PARKING OPERATIONS [9]											
03/15/00	$ 47,665,000	$ -	$ -	$ -	$ 47,665,000	6.125	6.600	07/01/07	07/01/24	$ -	$ 3,091,680

DEBT MANAGEMENT DIVISION

SCHEDULE OF DEBT OUTSTANDING* (Continued)

JUNE 30, 2002

Issue Date	Outstanding June 30, 2001	FY 2002 Issued	FY 2002 Retired	FY 2002 Refunded or Defeased	Outstanding June 30, 2002	Low Rate (%)	High Rate (%)	Next Maturity Date	Last Maturity Date	Interest Accreted Through FY 2002 (2)	Interest Paid During FY 2002
04/01/00	6,135,000	-	-	-	6,135,000	8.000	8.000	07/01/04	07/01/06	-	490,800
SUBTOTAL	**$ 53,800,000**	**$ -**	**$ -**	**$ -**	**$ 53,800,000**					**$ -**	**$ 3,582,480**
BOND TYPE: CT JUVENILE TRAINING SCHOOL											
02/15/01	$ 19,165,000	$ -	$ -	$ -	$ 19,165,000	3.350	5.250	12/15/02	12/15/30	$ -	$ 907,295
SUBTOTAL	**$ 19,165,000**	**$ -**	**$ -**	**$ -**	**$ 19,165,000**					**$ -**	**$ 907,295**
TOTAL	**$11,673,511,116**	**$2,742,670,000**	**$874,666,532**	**$1,184,860,000**	**$12,356,654,584**					**$530,690,267**	**$627,847,187**

(1) Includes all outstanding debt issued by the State of Connecticut as of June 30, 2002. 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, 2002.

(3) Debt outstanding at June 30, 2002 includes $28,595,000 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) 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.

(6) 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.

(7) Money from positive cash flow was used to defease $45,235,000 in bonds.

(8) On July 1, 1999, the Treasurer's Office assumed the responsibility for the CHEFA Childcare debt service appropriation per Public Act 97-259.

(9) Includes Bradley International Airport Special Obligation Parking Revenue Bonds, 2000 Series A $47,665,000 and 2000 Series B $6,135,000.

DEBT MANAGEMENT DIVISION

SCHEDULE OF AUTHORIZED AND ISSUED DEBT OUTSTANDING [1]

JUNE 30, 2002

Fund No.	Name	Inception to Date Amount Authorized	Inception to Date Amount Issued [11]	Outstanding June 30, 2002	Interest Accreted Through Fiscal Year 2002[2]	Outstanding Incl. Accreted Interest June 30, 2002
BOND TYPE: GENERAL OBLIGATION-TAX SUPPORTED						
1011	DAS - WORKERS COMPENSATION	$53,000,000	$53,000,000	$53,000,000	-	$53,000,000
1116	MODERATE RENTAL HOUSING REHAB.	42,000,000	42,000,000	19,213,068	$30,695,061	49,908,129
1501	ECONOMIC DEVELOPMENT FUND	141,430,000	109,430,000	-	-	-
1502	ECONOMIC DEVELOPMENT ASSISTANCE	616,800,000	484,089,293	218,858,552	-	218,858,552
1504	ECONOMIC STABILIZATION FUND	128,000,000	86,462,706	44,489,456	-	44,489,456
1800	HOUSING BONDS	475,977,506	429,620,535	100,784,109	28,988,738	129,772,847
1841	HOUSING IMPROVEMENTS	11,000,000	11,000,000	2,080,199	3,298,126	5,378,325
1843	CHILD CARE FACILITIES	7,775,000	5,184,409	892,504	-	892,504
1861	HOUSING IMPROVEMENTS	35,661,594	35,661,594	9,453,485	15,092,102	24,545,587
1865	HOUSING SITE DEVELOPMENT	3,000,000	3,000,000	2,841,053	4,241,263	7,082,316
1870	LOCAL CAPITAL IMPROVEMENT FUND	440,000,000	365,000,000	165,675,508	11,778,867	177,454,375
1871	HOUSING IMPROVEMENTS	209,500,000	209,500,000	14,493,531	23,202,056	37,695,587
1872	CAPITAL EQUIPMENT PURCHASE FUND	228,940,000	201,583,076	59,890,939	-	59,890,939
1873	GRANTS TO LOCAL GOVTS. & OTHERS	1,097,988,736	777,823,728	458,175,795	33,065,482	491,241,277
1874	ECONOMIC DEVELOPMENT & OTHER GRANTS	104,193,324	101,193,948	37,291,363	32,276,504	69,567,867
1877	SHELLFISH FUND	1,300,000	1,300,000	1,200,000	2,053,074	3,253,074
1878	COMMUNITY HSG LAND BANK & TRUST	1,000,000	1,000,000	1,000,000	1,147,503	2,147,503
1879	HOUSING HOMELESS PERSONS	8,100,000	5,926,260	1,444,443	-	1,444,443
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	520,000	270,000	-	270,000
1971	HARTFORD REDEVELOPMENT	500,000,000	225,348,312	225,348,312	-	225,348,312
3001	GENERAL STATE PURPOSES	348,756,700	132,728,974	132,728,974	-	132,728,974
3011	CAPITAL IMPROVEMENTS	559,370,611	-	-	-	-
3051	RENTAL HOUSING FOR THE ELDERLY	145,600,000	145,600,000	10,300,000	17,180,743	27,480,743
3080	ELIMINATION OF WATER POLLUTION	398,000,000	397,965,862	8,817,105	5,548,467	14,365,572
3081	CAPITAL IMPROVEMENTS	248,048,985	248,048,985	4,100,000	6,546,202	10,646,202
3086	CAPITAL IMPROVEMENTS	226,962,623	226,608,688	-	-	-
3089	SCHOOL CONSTRUCTION	1,608,439,500	1,608,439,500	231,549,101	60,055,893	291,604,994
3090	MAGNET SCHOOLS	1,303,630,770	1,211,454,694	1,073,069,725	-	1,073,069,725
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	7,107,740	11,323,740
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	11,249,203	17,850,903
3775	CONGREGATE HOUSING FOR ELDERLY	21,000,000	21,000,000	9,455,258	10,891,964	20,347,222
3781	CAPITAL IMPROVEMENTS	90,246,303	85,746,729	400,000	-	400,000
3783	AGRICULTURAL LAND PRESERVATION	85,750,000	78,498,716	7,552,682	-	7,552,682
3791	CAPITAL IMPROVEMENTS	40,802,535	39,677,932	6,335,442	10,860,490	17,195,932
3795	GRANTS FOR URBAN ACTION	811,695,902	500,852,243	372,092,026	18,866,441	390,958,467

DEBT MANAGEMENT DIVISION

SCHEDULE OF AUTHORIZED AND ISSUED DEBT OUTSTANDING [1] (Continued)

JUNE 30, 2002

Fund No.	Name	Inception to Date Amount Authorized	Inception to Date Amount Issued [11]	Outstanding June 30, 2002	Interest Accreted Through Fiscal Year 2002[2]	Outstanding Incl. Accreted Interest June 30, 2002
3801	CAPITAL IMPROVEMENTS	72,605,784	72,070,000	-	-	-
3804	ELDERLY HOUSING PROJECT	3,000,000	3,000,000	150,000	172,427	322,427
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	588,900	546,563	1,135,463
3851	CAPITAL IMPROVEMENTS	116,686,668	113,336,252	-	-	-
3861	CAPITAL IMPROVEMENTS	119,859,926	110,699,245	6,043,477	8,359,374	14,402,851
3871	CAPITAL IMPROVEMENTS	521,848,335	506,869,325	57,125,331	57,495,183	114,620,514
3874	STATE CAPITOL RENOVATION	10,000,000	10,000,000	984,732	1,351,794	2,336,526
3877	UNIV. ATHLETIC FACILITY INCREASES	3,000,000	3,000,000	1,669,967	2,768,399	4,438,366
3891	GENERAL STATE PURPOSES	417,558,089	410,073,686	59,050,877	15,098,810	74,149,687
3901	GENERAL STATE PURPOSES	534,336,591	528,220,942	107,614,203	48,018,688	155,632,891
3911	GENERAL STATE PURPOSES	148,919,844	141,037,252	50,828,003	13,402,864	64,230,867
3921	GENERAL STATE PURPOSES	322,135,563	320,382,563	228,142,136	1,707,579	229,849,715
3931	GENERAL STATE PURPOSES	630,440,874	614,440,971	292,309,721	22,741,646	315,051,367
3951	GSP/UCONN BABBIDGE LIBRARY & PLAZA DECK	210,233,281	179,507,198	90,797,001	-	90,797,001
3961	GENERAL STATE PURPOSES	229,700,497	195,344,280	172,919,280	-	172,919,280
3971	GENERAL STATE PURPOSES	202,272,694	157,159,745	114,399,218	-	114,399,218
3981	GENERAL STATE PURPOSES	218,617,383	188,590,903	185,275,857	-	185,275,857
3983	CT JUVENILE TRAINING SCHOOL	27,500,000	27,500,000	8,230,000	-	8,230,000
3991	GENERAL STATE PURPOSES	326,720,348	174,138,196	174,138,196	-	174,138,196
6024	CONNECTICUT INNOVATIONS, INC.	114,800,500	93,730,019	7,705,000	-	7,705,000
6864	CLEAN WATER FUND	677,249,874	508,253,884	267,114,500	13,851,797	280,966,297
6866	CLEAN WATER FUND - LONG ISLAND SOUND	70,181,466	50,502,782	13,144,646	-	13,144,646
6867	DRINKING WATER FUND - STATE REVOLVING FUND	10,398,660	-	-	-	-
7202	INDUSTRIAL BUILDING MORTGAGE INSURANCE FUND	26,000,000	5,550,000	-	-	-
9965	GO 2002 SERIES C REFUNDING BONDS [3]	-	155,500,000	155,500,000	-	155,500,000
9966	GO 2001 SERIES E and F REFUNDING BONDS [3]	-	432,835,000	432,835,000	-	432,835,000
9970	GO 2001 SERIES C REFUNDING BONDS [3]	-	504,575,000	504,575,000	-	504,575,000
9972	MIDDLETOWN COURTHOUSE REFUNDING BONDS [3][4]	-	34,375,000	28,595,000	-	28,595,000
9973	GO 1996 SERIES A TAXABLE BONDS [3]	-	80,000,000	50,000,000	-	50,000,000
9974	GO 1998 SERIES A TAXABLE REFUNDING BONDS [3]	-	105,445,000	55,945,000	-	55,945,000
9976	GO FEBRUARY 1998 REFUNDING BONDS [3]	-	146,780,000	145,500,000	-	145,500,000
9978	GO 1997 SERIES D REFUNDING BONDS [3]	-	126,765,000	123,885,000	-	123,885,000
9979	GO 1996 SERIES C REFUNDING BONDS [3]	-	81,555,000	47,325,000	-	47,325,000
9982	GO APRIL 1996 REFUNDING BONDS [3]	-	61,260,000	19,610,000	-	19,610,000
9985	GO MARCH 1995 REFUNDING BONDS [3]	-	54,150,000	41,155,000	-	41,155,000
9986	GO OCTOBER 1993 REFUNDING BONDS [3]	-	259,125,000	236,130,000	-	236,130,000
9989	GO MARCH 1993 SERIES B REFUNDING BONDS [3]	-	157,745,000	57,790,000	-	57,790,000
9991	GO FEBRUARY 1993 REFUNDING BONDS [3]	-	389,090,000	283,650,000	-	283,650,000
TOTAL		$15,672,575,982	$15,495,622,483	$7,314,873,949	$519,661,043	$7,834,534,992

DEBT MANAGEMENT DIVISION

SCHEDULE OF AUTHORIZED AND ISSUED DEBT OUTSTANDING [1] (Continued)
JUNE 30, 2002

Fund No.	Name	Inception to Date Amount Authorized	Inception to Date Amount Issued [11]	Outstanding June 30, 2002	Interest Accreted Through Fiscal Year 2002[2]	Outstanding Incl. Accreted Interest June 30, 2002
BOND TYPE: GENERAL OBLIGATION - REVENUE SUPPORTED						
1302	CT 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	25,000	-	25,000
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	18,549,088	-	18,549,088
TOTAL		$317,018,174	$310,873,096	$98,574,088	-	$98,574,088
BOND TYPE: 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	8,477,585	-	8,477,585
3746	TRANSPORTATION FACILITIES	10,097,955	10,095,000	-	-	-
3803	RAMPS - RT 72 CENTER ST. EXPRESSWAY	500,000	498,991	498,991	$589,026	1,088,017
3836	TRANSPORTATION IMPROVEMENTS	1,500,000	1,338,533	-	-	-
9996	GO TRANSPORTATION REFUNDING BONDS [3]	-	47,570,000	8,505,000	-	8,505,000
TOTAL		$690,497,955	$734,000,109	$22,881,576	$589,026	$23,470,602
BOND TYPE: SPECIAL TAX OBLIGATION						
3842	INFRASTRUCTURE IMPROVEMENT	$5,158,314,104	$4,781,650,752	$1,559,297,825	$6,523,434	$1,565,821,259
9967	STO 2001 SERIES B REFUNDING BONDS [3]	-	533,335,000	533,335,000	-	533,335,000
9975	STO 1998 SERIES A REFUNDING BONDS [3]	-	197,500,000	196,695,000	-	196,695,000
9977	STO 1997 SERIES B REFUNDING BONDS [3]	-	65,415,000	55,660,000	-	55,660,000
9980	STO 1996 SERIES C REFUNDING BONDS [3]	-	79,795,000	79,555,000	-	79,555,000
9987	STO 1993 SERIES B REFUNDING BONDS [3]	-	254,770,000	135,930,000	-	135,930,000
9988	STO 1992 A & 1995 C REFUNDING BONDS [3]	-	286,345,000	76,070,000	-	76,070,000
9990	STO 1993 SERIES A REFUNDING BONDS [3]	-	560,750,000	508,365,000	-	508,365,000
TOTAL		$5,158,314,104	$6,759,560,752	$3,144,907,825	$6,523,434	$3,151,431,259
BOND TYPE: BRADLEY INTERNATIONAL AIRPORT						
6310	BRADLEY AIRPORT EXPANSION REVENUE BONDS	$194,000,000	$194,000,000	$194,000,000	-	$194,000,000
9969	BRADLEY AIRPORT REVENUE REFUNDING 2001 B [3]	-	19,180,000	19,180,000	-	19,180,000
9992	BRADLEY AIRPORT REFUNDING BONDS 1992	-	94,065,000	50,755,000	-	50,755,000
TOTAL		$194,000,000	$307,245,000	$263,935,000	-	$263,935,000

DEBT MANAGEMENT DIVISION

SCHEDULE OF AUTHORIZED AND ISSUED DEBT OUTSTANDING (1) (Continued)

JUNE 30, 2002

Fund No.	Name	Inception to Date Amount Authorized	Inception to Date Amount Issued (11)	Outstanding June 30, 2002	Interest Accreted Through Fiscal Year 2002(2)	Outstanding Incl. Accreted Interest June 30, 2002
BOND TYPE: CLEAN WATER FUND						
6865	CLEAN WATER FUND - FEDERAL ACCOUNT	$1,026,130,253	$715,385,253	$440,190,253	-	$440,190,253
6868	DRINKING WATER FUND FEDERAL REVOLVING	54,269,747	29,614,747	29,614,747	-	29,614,747
9971	CLEAN WATER FUND 1999 REFUNDING BONDS (3)	-	78,995,000	77,995,000	-	77,995,000
9983	CLEAN WATER FUND REFUNDING BONDS (3)	-	48,445,000	46,125,000	-	46,125,000
TOTAL		$1,080,400,000	$872,440,000	$593,925,000	-	$593,925,000
BOND TYPE: GENERAL FUND APPROPRIATION - UCONN 2000 (5)						
3952	UCONN 2000	$718,427,147	$718,427,147	$610,637,147	$3,916,764	$614,553,911
TOTAL		$718,427,147	$718,427,147	$610,637,147	$3,916,764	$614,553,911
BOND TYPE: CDA INCREMENT FINANCING (6)						
8000	AMPHITHEATER - TIF	$9,885,000	$9,885,000	$8,865,000	-	$8,865,000
8001	NORWICH YANKEE - TIF	1,545,000	1,545,000	760,000	-	760,000
8002	OAKDALE THEATER - TIF	9,900,000	9,900,000	7,870,000	-	7,870,000
8003	LAKE COMPOUNCE - TIF	18,000,000	18,000,000	15,215,000	-	15,215,000
8100	CDA - TAX INCREMENTAL FINANCING	120,000,000	-	-	-	-
TOTAL		$159,330,000	$39,330,000	$32,710,000	-	$32,710,000
BOND TYPE: CDA GOVERNMENTAL LEASE REVENUE (7)						
8500	NEW BRITAIN GOVERNMENT CENTER	$9,275,000	$9,275,000	$6,950,000	-	$6,950,000
TOTAL		$9,275,000	$9,275,000	$6,950,000	-	$6,950,000
BOND TYPE: SECOND INJURY FUND BONDS (8)						
8900	SECOND INJURY FUND REVENUE BONDS	$750,000,000	$224,100,000	$154,020,000	-	$154,020,000
TOTAL		$750,000,000	$224,100,000	$154,020,000	-	$154,020,000
BOND TYPE: CHEFA CHILDCARE FACILITIES PROGRAM (9)						
7800	CHEFA CHILDCARE NOW	-	$5,375,000	$5,375,000	-	$5,375,000
7801	CHEFA CHILDCARE NOW TAXABLE	-	420,000	190,000	-	190,000
7802	CHEFA CHILDCARE POOL 1 SERIES A	-	10,175,000	8,755,000	-	8,755,000
7804	CHEFA CHILDCARE SERIES C	-	18,690,000	18,150,000	-	18,150,000
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		-	$42,465,000	$40,275,000	-	$40,275,000

DEBT MANAGEMENT DIVISION

SCHEDULE OF AUTHORIZED AND ISSUED DEBT OUTSTANDING (1) (Continued)

JUNE 30, 2002

Fund No.	Name	Inception to Date: Amount Authorized	Inception to Date: Amount Issued (11)	Outstanding June 30, 2002	Interest Accreted Through Fiscal Year 2002(2)	Outstanding Incl. Accreted Interest June 30, 2002
BOND TYPE: BRADLEY INTERNATIONAL PARKING OPERATIONS (10)						
6299	BRADLEY INTERNATIONAL PARKING OPERATIONS	$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
BOND TYPE: 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
GRAND TOTAL		$24,804,838,362	$25,586,303,586	$12,356,654,584	$530,690,267	$12,887,344,851

(1) Includes all outstanding debt issued by the State of Connecticut as of June 30, 2002. 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, 2002.
(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, 2002 includes $28,595,000 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) Money from positive cash flow was used to defease $45,235,000 in bonds.
(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, 2002

Legal No.	Type	GAAP No.	Type	Fund Name	STIF Investments 6/30/02	Tax Exempt Proceeds Fund Investments 6/30/02	Investments with Treasurer as Trustee Short-Term 6/30/02	Investments with Treasurer as Trustee Long-Term 6/30/02	Investments with Others as Trustee Short-Term 6/30/02	Investments with Others as Trustee Long-Term 6/30/02	Total
GENERAL FUND[3]											
0000	Gen. Fund	050	Gen.Fund	General Fund	$ 153,654,463.85	$ 870,828.00	$ 40,812,722.01 [15]				$ 195,338,013.86
SUBTOTAL GENERAL FUND					$ 153,654,463.85	$ 870,828.00	$ 40,812,722.01	$ -	$ -	$ -	$ 195,338,013.86
SPECIAL REVENUE FUNDS											
1105	Spec.Rev.	180	Spec.Rev.	Probate Court Administration	$ 29,921,273.48						$ 29,921,273.48
1115	Spec.Rev.	130	Spec.Rev.	Soldiers, Sailors and Marines	59,549.08 [14]						59,549.08
1123	Spec.Rev.	180	Spec.Rev.	Municipal Employees							
				Retirement Administration	775,483.50						775,483.50
1129	Spec.Rev.	120	Spec.Rev.	Regional Market Operation	631,631.71						631,631.71
1154	Spec.Rev.	165	Spec.Rev.	Recreation & Natural Heritage Trust Fund		$ 1,654,994.15					1,654,994.15
1162	Spec.Rev.	922	Discrete	University Health Center Operating Fund	75,080.16						75,080.16
1169	Spec.Rev.	180	Spec.Rev.	Inter-Agency/Intra-Agency Grants							
				- Tax Exempt Proceeds		44,564,585.15					44,564,585.15
1172	Spec.Rev.	922	Discrete	University Health Center							
				Research Foundation	17,883,177.68						17,883,177.68
1175	Spec.Rev.	165	Spec.Rev.	Low-Level Radioactive Waste Mgmt							-
1201	Spec.Rev.	100	Spec.Rev.	Transportation	146,728,409.37						146,728,409.37
1400	Spec.Rev.	510	Exp.Trust	Special Assessment Unemployment							
				Compensation Adv Fund	2,270,116.63						2,270,116.63
1405	Spec.Rev.	140	Spec.Rev.	Employment Security -							
				Special Administration	2,272,399.11						2,272,399.11
1502	Spec.Rev.	160	Spec.Rev.	Economic Assistance Bond Fund							-
1503	Spec.Rev.	160	Spec.Rev.	Economic Assistance Revolving Fund		3,741,619.26					3,741,619.26
1507	Spec.Rev.	160	Spec. Rev.	Tobacco Settlement Fund							
1508	Spec. Rev.	160	Spec. Rev.	Individual Development Account							-
				Reserve Fund			$ 383,872.99				383,872.99
1602	Spec.Rev.	170	Spec.Rev.	Housing Repayment and Revolving							
				Loan Fund - Tax Exempt		2,507,848.11					2,507,848.11
1802	Spec.Rev.	170	Spec.Rev.	Housing Assistance Bond Fund							
				- Tax Exempt	19,794,075.76						19,794,075.76
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	160,000.00						160,000.00
1862	Spec.Rev.	160	Spec.Rev.	Grants to Local Governments & 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	2,653.39						2,653.39
1872	Spec.Rev.	180	Spec.Rev.	Capital Equipment Purchase Fund	9,545,192.14						9,545,192.14
1873	Spec.Rev.	160	Spec.Rev.	Grants to Local Governments & Others	66,703,194.05						66,703,194.05
1874	Spec.Rev.	165	Spec.Rev.	Economic Development & Other Grants	1,920,235.71						1,920,235.71
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	40,486,461.26						40,486,461.26
SUBTOTAL SPECIAL REVENUE FUNDS					$ 340,280,989.28	$ 52,469,046.67	$ 383,872.99	$ -	$ -	$ -	$ 393,133,908.94
DEBT SERVICE FUNDS											
2002	Debt Service	907	Discrete	University Bond Liquidation	$ 3,785,255.31						$ 3,785,255.31

CASH MANAGEMENT DIVISION

CIVIL LIST FUNDS

SCHEDULE OF INVESTMENTS (1) (2) (Continued)

FISCAL YEAR ENDED JUNE 30, 2002

Legal No.	Legal Type	GAAP No.	GAAP Type	Fund Name	STIF Investments 6/30/02	Tax Exempt Proceeds Fund Investments 6/30/02	Investments with Treasurer as Trustee Short-Term 6/30/02	Investments with Treasurer as Trustee Long-Term 6/30/02	Investments with Others as Trustee Short-Term 6/30/02	Investments with Others as Trustee Long-Term 6/30/02	Total
2008	Debt Service	949	Discrete	State University Dormitory	47,600,192.24						47,600,192.24
2020	Debt Service	405	Enterprise	Rental Housing Fund	80,396,062.94 (6)						80,396,062.94
2025	Debt Service	250	Debt Service	Transportation Fund Reserve	238,208,807.58 (6)				$ 31,234,223.70 (4)	$ 320,930,973.90 (4)	590,374,005.18
SUBTOTAL DEBT SERVICE FUNDS					$ 369,990,318.07	$ -	$ -	$ -	$ 31,234,223.70	$ 320,930,973.90	$ 722,155,515.67
CAPITAL PROJECTS FUNDS											
3001	Cap. Proj.	300	Cap.Proj.	Capital Improvements and Other Purposes	24,489,703.96						$ 24,489,703.96
3011	Cap. Proj.	300	Cap.Proj.	Capital Improvements and Other Purposes							-
3012	Cap. Proj.	405	Enterprise	Rental Housing Fund		$ 274,074.73					274,074.73
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							-
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	75,464,995.57						75,464,995.57
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	1,866,706.28						1,866,706.28
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	50,370,242.61						50,370,242.61
3797	Cap. Proj.	300	Cap.Proj.	University & 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.	Ramp Construction	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 & 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 & State University Facilities	97,737.11						97,737.11
3831	Cap. Proj.	300	Cap.Proj.	Capital Improvements and Other Purposes	3,051,657.71						3,051,657.71
3833	Cap. Proj.	350	Cap.Proj.	Transportation Improvements and Other Purposes	129,120.03						129,120.03
3834	Cap. Proj.	300	Cap.Proj.	University & 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

CASH MANAGEMENT DIVISION

CIVIL LIST FUNDS

SCHEDULE OF INVESTMENTS [1] [2] (Continued)

FISCAL YEAR ENDED JUNE 30, 2002

Legal No.	Legal Type	GAAP No.	GAAP Type	Fund Name	STIF Investments 6/30/02	Tax Exempt Proceeds Fund Investments 6/30/02	Investments with Treasurer as Trustee Short-Term 6/30/02	Investments with Treasurer as Trustee Long-Term 6/30/02	Investments with Others as Trustee Short-Term 6/30/02	Investments with Others as Trustee Long-Term 6/30/02	Total
3842	Cap. Proj.	325	Cap.Proj.	Infrastructure Improvement Fund	86,556,848.06						86,556,848.06
3843	Cap. Proj.	300	Cap.Proj.	Legislative Office Building	78.00						78.00
3844	Cap. Proj.	300	Cap.Proj.	University & State University Facilities	198,215.48						198,215.48
3851	Cap. Proj.	300	Cap.Proj.	Capital Improvements and Other Purposes	2,646,971.02						2,646,971.02
3852	Cap. Proj.	300	Cap.Proj.	University & State University Facilities	27,947.75						27,947.75
3861	Cap. Proj.	300	Cap.Proj.	Capital Improvements and Other Purposes							-
3862	Cap. Proj.	300	Cap.Proj.	University & 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
3871	Cap. Proj.	300	Cap.Proj.	Capital Improvements and Other Purposes	350,698.53						350,698.53
3872	Cap. Proj.	300	Cap.Proj.	University Athletic Facilities							-
3873	Cap. Proj.	300	Cap.Proj.	Correctional Institution Inmate Housing	110,739.51						110,739.51
3876	Cap. Proj.	300	Cap.Proj.	University & State University Facilities	1,704,639.82						1,704,639.82
3877	Cap. Proj.	300	Cap.Proj.	University Athletic Facilities Increased Costs							-
3891	Cap. Proj.	300	Cap.Proj.	Capital Improvements and Other Purposes	2,633,665.33						2,633,665.33
3901	Cap. Proj.	300	Cap.Proj.	Capital Improvements and Other Purposes	3,985,802.70						3,985,802.70
3911	Cap. Proj.	300	Cap.Proj.	Capital Improvements and Other Purposes	1,201,352.02						1,201,352.02
3912	Cap. Proj.	300	Cap.Proj.	Public Works Service Fund							-
3921	Cap. Proj.	300	Cap.Proj.	Capital Improvements and Other Purposes	20,615,852.00						20,615,852.00
3931	Cap. Proj.	300	Cap.Proj.	Capital Improvements and Other Purposes	3,695,703.06						3,695,703.06
3951	Cap. Proj.	300	Cap.Proj.	Capital Improvements and Other Purposes	3,296,105.59						3,296,105.59
3952	Cap. Proj.	300	Cap.Proj.	UConn 2000							-
3961	Cap. Proj.	300	Cap.Proj.	Capital Improvements and Other Purposes	22,017,735.77						22,017,735.77
3971	Cap. Proj.	300	Cap.Proj.	Capital Improvements and Other Purposes	5,230,131.29						5,230,131.29
3981	Cap. Proj.	300	Cap.Proj.	Capital Improvements and Other Purposes	13,908,969.37						13,908,969.37
3983	Cap. Proj.	300	Cap.Proj.	Connecticut Juvenile Training School	1,332,493.02						1,332,493.02
3991	Cap. Proj.	300	Cap.Proj.	Capital Improvements and Other Purposes	19,232,431.44						19,232,431.44
SUBTOTAL CAPITAL PROJECTS FUNDS					$ 360,549,215.60	$ 6,495,388.40	$ -	$ -	$ -	$ -	$ 367,044,604.00
ENTERPRISE FUNDS											
6001	Enterprise	160	Spec.Rev.	Teacher Incentive Loans							-
6005	Enterprise	924	Discrete	University Health Center Hospital					$ 169,915.06 [5]	$ 713,821.51 [5]	883,736.57
6018	Enterprise	440	Enterprise	Vocational Education Extension							-
6024	Enterprise	438	Comp. Unit	Connecticut Innovations Incorporated							-
6031	Enterprise	180	Spec.Rev.	Auto Emissions Inspection	$ 8,531,147.54						8,531,147.54
6033	Enterprise	160	Spec.Rev.	Academic Scholarship Loans							-
6037	Enterprise	160	Spec.Rev.	Substance Abuse Revolving Loans							-
6299	Enterprise	410	Enterprise	Bradley International Parking Operations					5,428,190.18 [13]	5,121,130.00 [13]	10,549,320.18
6300	Enterprise	410	Enterprise	Bradley International Airport Operations	36,040,628.60 [6]					8,178,000.00 [7]	44,218,628.60
6301	Enterprise	160	Spec.Rev.	Local Bridge Revolving Fund - Bond Financed		$ 21,281,401.10					21,281,401.10

CASH MANAGEMENT DIVISION

CIVIL LIST FUNDS

SCHEDULE OF INVESTMENTS (1) (2) (Continued)

FISCAL YEAR ENDED JUNE 30, 2002

Legal No.	Type	GAAP No.	Type	Fund Name	STIF Investments 6/30/02	Tax Exempt Proceeds Fund Investments 6/30/02	Investments with Treasurer as Trustee Short-Term 6/30/02	Investments with Treasurer as Trustee Long-Term 6/30/02	Investments with Others as Trustee Short-Term 6/30/02	Investments with Others as Trustee Long-Term 6/30/02	Total
6303	Enterprise	160	Spec.Rev.	Local Bridge Revolving Fund - Revenue Financed	23,631,224.26						23,631,224.26
6310	Enterprise	160	Spec.Rev.	Bradley International General Revenue Bonds	36,204,371.38 (6)					115,391,504.64	151,595,876.02
6864	Enterprise	165	Spec.Rev.	Clean Water Fund - State	18,525,929.26	3,245.69			1,868,760.12 (8)	18,935,000.00 (8)	39,332,935.07
6865	Enterprise	610	Non.-Exp.	Clean Water Fund - Federal	2,354,839.53	9,129.45	$ 56,001,350.73 (9)		103,980,768.25 (10)	277,374,584.08 (10)	439,720,672.04
6866	Enterprise	165	Spec.Rev.	Clean Water Fund - Long Island Sound	27.92	2,986,798.76					2,986,826.68
6867	Enterprise	165	Spec.Rev.	Drinking Water Fund - State					103,223.59 (8)		103,223.59
6868	Enterprise	610	Spec.Rev.	Drinking Water Fund - Federal Revolving Loan			23,148,605.11		1,499,712.50 (8)	16,285,500.01 (10)	40,933,817.62
SUBTOTAL ENTERPRISE FUNDS					$ 125,288,168.49	$ 24,280,575.00	$ 79,149,955.84	$ -	$ 113,050,569.70	$ 441,999,540.24	$ 783,768,809.27
FIDUCIARY FUNDS											
7047	Fiduciary	700	Pension	Municipal Employees' Retirement - Fund A	$ 10,133.86						$ 10,133.86
7048	Fiduciary	700	Pension	Municipal Employees' Retirement - Fund B			$ 57,549,071.45	1,126,959,188.64 (11)			1,184,508,260.09
7049	Fiduciary	780	Agency	Policemen and Firemen Survivors' Benefit Fund			4,905,946.76	11,895,557.57 (11)			16,801,504.33
7050	Fiduciary	710	Pension	Probate Judges and Employees Retirement Fund			2,981,450.17	57,942,490.83 (11)			60,923,941.00
7051	Fiduciary	640	Non.-Exp.	Anthen Demutalization Fund							-
7201	Fiduciary	540	Exp.Trust	Connecticut Health Club Guaranty Fund	347,981.96						347,981.96
7203	Fiduciary	540	Exp.Trust	Real Estate Guaranty Fund	299,783.20						299,783.20
7205	Fiduciary	500	Exp.Trust	Unemployment Compensation Fund					675,426,131.79 (12)		675,426,131.79
7207	Fiduciary	923	Discrete	John Dempsey Hospital Malpractice Trust Fund	6,934,996.72						6,934,996.72
7209	Fiduciary	540	Exp.Trust	Home Improvement Guaranty Fund	163,509.04						163,509.04
7220	Fiduciary	180	Spec. Rev.	Tobacco & Health Trust Fund			3,208,337.27	32,879,027.95 (11)			36,087,365.22
7221	Fiduciary	540	Exp.Trust	Biomedical Research Fund							-
7303	Fiduciary	640	Non.-Exp.	Endowed Chair Investment Fund	5,359,899.04						5,359,899.04
7304	Fiduciary	640	Non.-Exp.	Connecticut Arts Endowment Fund			1,989,725.80	12,561,683.33 (11)			14,551,409.13
7305	Fiduciary	630	Non.-Exp.	Soldiers, Sailors & Marines Trust Fund			60,036.30	56,312,745.99 (11)			56,372,782.29
7801	Fiduciary	650	Pension	State Employees' Retirement Fund			145,879,959.64	6,944,629,036.13 (11)			7,090,508,995.77
7803	Fiduciary	670	Pension	State Attorneys' Retirement Fund			50,475.92	564,382.09 (11)			614,858.01
7804	Fiduciary	670	Pension	General Assembly Retirement Fund	33,323.96			(11)			33,323.96
7805	Fiduciary	680	Pension	Judges and Compensation Commissioners' Retirement Fund			8,214,914.15	117,049,992.40 (11)			125,264,906.55
7806	Fiduciary	670	Pension	Public Defenders Retirement Fund	39,901.77						39,901.77
7807	Fiduciary	660	Pension	Teachers' Retirement Fund	29,064,750.69		225,246,223.07	9,882,055,652.53 (11)			10,136,366,626.29
SUBTOTAL FIDUCIARY FUNDS					$ 42,254,280.24	$ -	$ 450,086,140.53	$ 18,242,849,757.46	$ 675,426,131.79	$ -	$ 19,410,616,310.02
TOTAL CIVIL LIST FUNDS					**$ 1,392,017,435.53**	**$ 84,115,838.07**	**$ 570,432,691.37**	**$ 18,242,849,757.46**	**$ 819,710,925.19**	**$ 762,930,514.14**	**$ 21,872,057,161.76**

(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.

CASH MANAGEMENT DIVISION

CIVIL LIST FUNDS

SCHEDULE OF INVESTMENTS (1) (2) (Continued)

FISCAL YEAR ENDED JUNE 30, 2002

(4) 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.

(5) 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 8/15/02 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, 2002. At June 30, 2002, the aggregate historical cost of this portfolio was $287,023, the par value was $1,048,000. Although the portfolio is considered long-term in nature, securities totaling $175,000 in par value, $169,915 in accreted value, mature by June 30, 2003. These funds are held by State Street Bank & Trust as Trustee.

(6) STIF account held by State Street Bank & Trust as Trustee. For description of the program, see Debt Management Division.

(7) Consists of a portfolio of Federal agency securities held by State Street Bank & Trust as Trustee. For description of program, see Debt Management Division.

(8) 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.

(9) Short-term investments with State Treasurer as Trustee consist of GIC's.

(10) 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.

(11) Represents market value of shares held by various retirement plans in the Treasurer's Combined Investment Funds.

(12) Cash on deposit with Federal Government.

(13) 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.

(14) Included $59,549.08 investment recognized by the Comptroller.

(15) 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, 2002

Agency Number	Description		Total
1001	Legislative Management	$	131,502.69
1005	Auditors of Public Accounts		5,988.62
1012	Permanent Commission on Status of Women		55,588.30
1013	Commission on Children		121,755.34
1014	Commission on Latino and Puerto Rican Affairs		55,250.00
1018	African American Affairs		6,569.65
1101	Governor's Office		4,445.64
1102	Office of the Secretary of the State		25,545,364.42
1103	Lieutenant Governor's Office		391.09
1104	Elections Enforcement Commission		65,847.19
1105	Ethics Commission		141,631.15
1106	Freedom of Information Commission		1,891.68
1201	Office of the State Treasurer		
	Miscellaneous		810,419.12
	Escheats		32,734,535.79
	Dividends on Securities Held		892,812.12
	Penalties - Examinations or Late Filing		405,937.49
	Reciprocal States		318,976.71
	Miscellaneous Private Donations		26,607.19
	Investments		387,052.34
	Grants Other than Federal - Restricted		59,879,340.07
1202			
	Miscellaneous		283,873.89
	Loan Agreement Interest		80,062.50
	Unemployment Compensation		498,261.19
	Workers' Compensation - Recoveries - Fringe Benefits		159,081.60
	Recoveries - Employees Fringe Benefits		4,300,490.35
	Principal on Loans		75,000.00
	Grants Other than Federal - Restricted		66,678.00
1203			
	Hospital Gross Earnings Tax		38,128.45
	Hospital and Medical Service Corporations		41,280,790.81
	Insurance Companies		169,968,440.08
	Gas Companies		33,719,225.73
	Gas and Electric Companies		74,954,057.98
	Electric and Power Companies		30,657,704.15
	Community Antenna Television Systems		29,667,697.86
	Steam Railroad Companies		103,604.80
	Petroleum Companies		53,453,362.26
	Inheritance Tax		153,092,034.66
	Gift Tax		19,953,803.06
	Alcoholic Beverages		41,900,340.17
	Cigarettes		153,299,240.69
	Tobacco Products		4,418,839.41
	Controlled Substance Tax		147,546.77
	Admissions, Dues and Cabarets		26,849,216.61
	Corporation		377,829,368.05
	Capital Gains, Dividends and Interest		167,042.02

CASH MANAGEMENT DIVISION

CIVIL LIST FUNDS
GENERAL FUND AGENCY DEPOSITS (1) (Continued)
FISCAL YEAR ENDED JUNE 30, 2002

Agency Number	Description	Total
	Personal Income Tax	2,900,432,429.76
	Personal Incame Tax - Estimated Payments/Tax Returns	1,361,442,398.04
	Unrelated Business Income Tax	2,392,948.33
	Sales and Use Tax	3,022,241,522.39
	Rental Surcharge	84,754.52
	Occupational Tax	5,947,456.00
	Generators of Hazardous Waste	83,148.28
	Real Estate Conveyance	119,350,450.43
	Controlling Interest Transfer Tax	1,366,895.59
	Licenses Fees	781,840.95
	Miscellaneous	433,725.90
	Grants Other than Federal - Restricted	70,965.00
1204	Division of Special Revenue	5,866,489.69
1205	Connecticut Lottery Corporation	291,831,354.25
1220	State Insurance & Risk Management Board	471,946.60
1221	Connecticut Housing Finance Authority	9,539,909.32
1310	Office of Policy and Management	389,572,132.48
1312	Department of Veterans' Affairs	9,560,573.93
1315	Office of Workforce Competitiveness	389.29
1320	Department of Administrative Services	1,222,457.96
1323	DAS/Collection Services Business Center	48,168,071.87
1324	DAS/BGTS/Technical Services Division	74,637.14
1326	Department of Public Works	7,188,088.92
1501	Office of the Attorney General	3,493,073.63
1502	Office of the Claims Commissioner	15,180.50
1504	Division of Criminal Justice	8,442,354.25
2000	Department of Public Safety	39,600,443.57
2003	Police Officer Standards and Training Council	575,279.50
2004	Board of Firearms Permit Examiners	25.05
2101	Department of Motor Vehicles	1,433,539.18
2201	Military Department	13,367,210.48
2304	Commission on Fire Prevention and Control	1,085,071.93
2402	Department of Banking	44.70
2403	Department of Insurance	30,563,370.59
2407	Department of Public Utility Control	390,057.86
2500	Department of Consumer Protection	20,536,544.03
2610	Department of Labor	31,176,033.70
2620	Employment Security Division	12,306.62
2900	Office of Victim Advocate	258.26
2901	Commission on Human Rights and Opportunities	1,092,567.29
2902	Office of Advocacy for Persons with Disabilities	1,061,205.29
2903	Office of the Child Advocate	600.00
2904	Workers' Compensation Commission	97,769.60
3002	Department of Agriculture	3,438,254.84
3100	Department of Environmental Protection	50,468,718.58
3190	Council on Environmental Quality	785.00
3400	Connecticut Historical Commission	1,104,167.05
3500	Department of Economic and Community Development	56,508,214.56
3504	Connecticut Development Authority	3,620,000.00

CIVIL LIST FUNDS
GENERAL FUND AGENCY DEPOSITS [1] (Continued)
FISCAL YEAR ENDED JUNE 30, 2002

Agency Number	Description	Total
3601	Connecticut Agricultural Experiment Station	2,769,744.01
4001	Department of Public Health	126,449,084.05
4050	Office of Health Care Access	5,191,236.69
4090	Office of the Chief Medical Examiner	737,314.88
4100	Department of Mental Retardation	10,000.00
4101	Southbury Training School	316,050.29
4114	Office of Mental Retardation	1,813,843.71
4121	DMR - Region 1	820,257.89
4122	DMR - Region 2	3,618,375.61
4123	DMR - Eastern Region	1,288,755.77
4124	DMR - Region 4	810,611.18
4125	DMR - Region 5	1,430,713.35
4400	Department of Mental Health and Addiction Services	1,500.00
4402	DMH/Office of the Commissioner	42,841,243.06
4403	Connecticut Valley Hospital	70,194,512.53
4405	Western Connecticut Mental Health Network	7,749.95
4406	Southeast Mental Health Authority	70,353.14
4407	River Valley Services	2,557.63
4409	Connecticut Mental Health Center - New Haven	10,894,371.44
4412	Capital Region Mental Health Center	41,062.09
4415	Cedarcrest Regional Hospital	20,464,319.69
4417	Southwest CT Mental Health System	7,861,444.12
4430	Psychiatric Security Review Board	11.30
5000	Department of Transportation	16,490.92
6100	Department of Social Services	2,350,619,592.03
6301	Soldiers, Sailors and Marines	840.00
7001	Department of Education	298,574,926.85
7101	Board of Education and Services for the Blind	8,019,263.20
7102	Commission on the Deaf and Hearing Impaired	843,320.00
7104	State Library	6,934,156.32
7250	Department of Higher Education	6,497,822.54
7301	University of Connecticut	88,752.61
7302	University of Connecticut Health Center	149,513.08
7401	Charter Oak State College	2,114,423.24
7601	Teachers' Retirement Board	1,110.50
7701	Board for Regional Community-Technical Colleges	3,567.70
7702	Manchester Community College	1,970.26
7703	Northwestern Community College	2,422.56
7704	Norwalk Community College	5,967.35
7705	Housatonic Community College	18,959.88
7706	Middlesex Community College	40.00
7707	Capital Community College	3,632.17
7708	Naugatuck Valley Community College	25,253.07
7709	Gateway Community College	2,773.60
7710	Tunxis Community College	28,479.78
7712	Quinebaug Valley Community College	1,477.66
7713	Asnuntuck Communty College	0.00
8000	Department of Correction (Parent Account)	13,388,362.04
8005	DOC Grant Administration	752,223.11

CASH MANAGEMENT DIVISION

CIVIL LIST FUNDS

GENERAL FUND AGENCY DEPOSITS [1] (Continued)

FISCAL YEAR ENDED JUNE 30, 2002

Agency Number	Description	Total
8090	Board of Pardons	822.21
8091	Board of Parole	16,135.99
8102	DCF/Office of the Commissioner	105,727,175.63
8103	Connecticut Juvenile Training School	133,741.80
8104	Connecticut Children's Place	1,831,702.38
8113	DCF/High Meadows	6,496.96
8115	DCF/Riverview Hospital for Children and Youth	15,508.73
8121	DCF/Region 1	28,388.83
8122	DCF/Region 2	28,102.95
8123	DCF/Region 3	281,759.63
8124	DCF/Region 4	242,950.35
8125	DCF/Region 5	82,340.50
8129	Childrens Trust Fund Council	516,878.94
9001	Judicial Department	9,748,232.60
9004	State Marshal Commission	65,074.15
9007	Public Defender Services Commission	151,692.82
9120	Debt Service State Treasurer	2,000.00
9403	Workers' Compensation Claims - D.A.S.	736,388.98
9610	Adjudicated Claims	131,900.00
9910	Higher Education Alternative Retirement System	19,108,413.49
9913	Group Life Insurance	1,363,572.79
9916	Tuition Reimb/Training and Travel (Union Contracts)	744.00
9926	Employer Social Security Tax	59,330,842.70
9932	Health Service Cost	99,333,713.27
9933	Retired State Employees Health Cost	320,459.96
SUB-TOTAL		13,069,698,952.90
Adjustments as of June 30, 2001		(21,737,174.95) [2]
Adjustments as of June 30, 2002		9,800,850.86 [3]
TOTAL		$ 13,057,762,628.81

(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 2001, but not deposited until the fiscal year 2002. These cash receipts were recorded by the Treasurer as fiscal year 2002 receipts and have been netted against the sub-total to accurately reflect fiscal year 2002 cash receipts.
(3) Cash received by agencies on June 30,2002 but deposited after June 30, 2002.

CASH MANAGEMENT DIVISION

SECURITIES HELD IN TRUST FOR POLICYHOLDERS

JUNE 30, 2002

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	$ 1,954,060.40
Action Auto Rental Inc.	170,000.00	170,000.00
Aetna Health and Life Insurance	2,025,000.00	2,157,891.00
Aetna Insurance Company Of Connecticut	2,000,000.00	2,021,260.00
Aetna Life Insurance Company	1,443,000.00	1,692,734.59
Aetna Life Insurance Company Of America	12,125,000.00	12,229,325.00
Allianz Insurance Company Workers Comp.	629,000.00	617,797.51
American Centennial Insurance Company	50,000.00	51,359.50
American Employers Insurance Company	1,670,000.00	1,789,505.20
American General Annuity	100,000.00	135,719.00
American Mayflower Life Insurance Of New York	250,000.00	349,532.50
American Maturity Life	4,625,000.00	4,797,863.25
American Phoenix Life & Reassurance	5,050,000.00	5,272,309.50
American Security Insurance Company	35,000.00	37,931.25
American Skandia Life Assurance Corp.	1,500,000.00	1,540,785.00
Annuity & Life Reassurance America, Inc.	5,000,000.00	5,256,655.10
Argonaut Insurance Company	1,500,000.00	1,509,435.00
Associated Indemnity Corporation	604,000.00	659,302.24
Auto Insurance Company Of Hartford	4,050,000.00	4,268,187.50
Berkshire Mutual Insurance Company	600,000.00	653,436.00
Blue Ridge Indemnity Company	500,000.00	542,815.00
Blue Ridge Insurance Company	2,000,000.00	2,171,260.00
C M Assurance Company	2,000,000.00	2,060,000.00
C M Life Insurance Company	1,600,000.00	1,779,008.00
Carolina Casualty Insurance Company	200,000.00	233,140.00
Century Indemnity Company	1,560,000.00	1,734,532.80
Charter Oak Fire Insurance Company	4,525,000.00	4,926,113.75
Chartwell Insurance Company	1,950,000.00	2,040,719.00
Chicago Title Insurance Company	100,000.00	107,156.00
Cigna Life Insurance Company	2,015,000.00	2,076,700.00
Cologne Reinsurance Company Of America	3,455,000.00	3,742,051.50
Connecticut Attorneys Title Ins.	100,000.00	110,719.00
Connecticut General Life Insurance Company	1,650,000.00	1,834,602.00
Connecticut Indemnity Company	2,065,000.00	2,213,473.50
Connecticut Medical Insurance	100,000.00	101,688.00
Connecticut Specialty Insurance Company	2,800,000.00	3,247,118.00
Connecticut Surety Company	1,000,000.00	1,068,045.00
Converium Reinsurance	3,000,000.00	3,353,750.00
Covenant Insurance Company	850,000.00	924,095.00
Design Professionals Insurance Co.	2,855,000.00	3,085,063.50
E.B.I. Indemnity	1,500,000.00	1,739,527.50
Electric Mutual Liability Insurance Company	7,045,000.00	7,536,102.05
Employee Benefits Insurance Co.	2,605,000.00	2,748,934.50
Employers Fire Insurance Company	600,000.00	634,878.00
Executive Risk Specialty Insurance Company	2,500,000.00	2,675,315.00
Fairfield Insurance	2,500,000.00	2,722,035.00
Farmington Casualty Company	3,000,000.00	3,206,250.00
Fire & Casualty Insurance Compant of Connecticut	2,075,000.00	2,224,192.50
Firemans Fund Insurance Company	6,963,000.00	8,413,411.78
First State Insurance Company	2,100,000.00	2,163,000.00
Freemont Industrial Indemnity Company	890,000.00	930,429.00
GE Group Life Assurance Company	5,000,000.00	5,200,000.00
General & Cologne Life Re of America	1,500,000.00	1,631,840.00
General Electric Mortgage Insurance Corp. of North Carolina	60,000.00	63,768.60
General Star Indemnity Company	2,975,000.00	3,160,803.20
Genesis Insurance Company	3,000,000.00	3,263,430.00
Greenwich Insurance	25,000.00	27,226.50

CASH MANAGEMENT DIVISION

SECURITIES HELD IN TRUST FOR POLICYHOLDERS (Continued)

JUNE 30, 2002

Name of Insurance Company	Par Amount of Collateral	Market Value
Guaranty Insurance	2,800,000.00	2,912,000.00
Gulf Insurance Company	2,500,000.00	2,738,598.00
Gulf Underwriters Insurance	2,500,000.00	2,656,250.00
Harleysville Worcester	1,270,000.00	1,365,509.60
Hart Life Insurance	5,059,000.00	5,254,419.25
Hartford Accident & Indemnity Company	3,325,000.00	3,525,748.50
Hartford Fire Insurance Company	3,830,000.00	4,036,799.00
Hartford International Life Reassurance Corp.	2,069,000.00	2,138,982.15
Hartford Life and Accident Insurance Co.	2,026,000.00	2,093,716.30
Hartford Life Insurance Company	2,019,000.00	2,099,721.95
Hartford Life and Annuity	2,421,000.00	2,535,411.75
Hartford Steam Boiler	4,000,000.00	3,895,000.00
Hartford Steam of Connecticut	3,100,000.00	3,018,625.00
Hartford Underwriters Insurance Company	3,575,000.00	3,751,989.50
Highlands Insurance Company	100,000.00	106,719.00
Highmark Insurance Company	5,000,000.00	5,231,250.00
Homesite Insurance Company	2,500,000.00	2,672,665.00
Houston General Insurance Company	65,000.00	69,062.50
Idealife Insurance Company	1,500,000.00	1,507,847.00
ING Life Insurance and Annuity	2,600,000.00	2,410,894.00
IL Annuity And Insurance Company	250,000.00	257,500.00
Industrial Alliance Life Insurance	30,000.00	31,564.80
Integon National Insurance Company	75,000.00	81,585.75
Integon Preferred Insurance Company	75,000.00	87,093.75
Knights of Columbus	2,000,000.00	2,123,180.00
Liberty Mutual Insurance Company	126,400,000.00	129,021,576.25
Liberty Mutual Fire Insurance Company	19,360,000.00	19,582,901.60
Lumber Mutual Insurance Company	1,880,000.00	1,945,568.20
MML Bay State Life Insurance Company	1,500,000.00	1,667,820.00
Massachusetts Mutual Life Insurance Company	1,810,000.00	1,958,083.50
Members Life Insurance Company	350,000.00	380,733.50
Middlesex Mutual	525,000.00	581,274.75
Munich American Reassurance Company	40,000.00	41,600.00
National Fire Insurance Company of Hartford	2,500,000.00	2,912,747.50
National Liability & Fire Insurance	2,600,000.00	2,682,888.00
New England Insurance Company of Connecticut	2,600,000.00	2,667,060.00
New England Reinsurance Corporation	3,225,000.00	3,354,000.00
New London County Mutual Insurance Company	600,000.00	640,500.00
North American Lumber Insurance Company	495,000.00	521,357.50
Northern Assurance Company of America	1,990,000.00	2,349,039.78
Nutmeg Insurance Company	3,000,000.00	3,220,300.00
Odyssey America	2,500,000.00	2,546,100.00
OneBeacon American Insurance Company	5,700,000.00	6,728,405.40
Orion Insurance Company	3,630,000.00	3,889,762.80
PHL Variable Insurance Company	5,070,000.00	5,520,458.10
Pacific Insurance Company	2,820,000.00	2,974,338.00
Patrons Fire Insurance Company of Rhode Island	120,000.00	139,716.00
Phoenix Insurance Company	4,635,000.00	4,874,757.30
Phoenix Life & Annuity	5,150,000.00	5,328,468.50
PXRE Reinsurance Company	7,425,000.00	7,861,851.75
Quadrant Indemnity	3,300,000.00	3,594,180.00
Radian Guaranty	315,000.00	319,095.00
Royal Surplus Lines Insurance Company	2,500,000.00	2,818,500.00
R.V.I. America Insurance Company	2,540,000.00	2,147,094.00
Safeco Insurance Company	100,000.00	110,719.00
Safeguard Insurance Company	3,350,000.00	3,589,726.00
Seaco Insurance Company	5,219,000.00	5,978,956.90
Security Insurance Company of Hartford	3,185,000.00	3,414,001.50
Seneca Insurance Company	260,000.00	271,780.60
Sentinel Insurance Company, Ltd.	3,100,000.00	3,427,818.50
Servus Life Insurance Company	5,049,000.00	5,264,798.81
Standard Fire Insurance Company	4,000,000.00	4,055,000.00
Swiss Re Life & Health	5,290,000.00	5,712,201.90

SECURITIES HELD IN TRUST FOR POLICYHOLDERS (Continued)
JUNE 30, 2002

Name of Insurance Company		Par Amount of Collateral		Market Value
T.H.E. Insurance Company		300,000.00		316,100.00
Thames Insurance Company		200,000.00		213,500.00
TIG Insurance Company		10,136,000.00		10,303,852.16
Travco Insurance Company		4,875,000.00		5,402,133.75
Travelers Casualty & Surety		3,000,000.00		3,170,950.00
Travelers Casualty & Surety of America		3,180,000.00		3,461,425.80
Travelers Casualty of Connecticut		2,500,000.00		2,625,098.50
Travelers Commercial Insurance		2,125,000.00		2,235,782.75
Travelers Commercial Casualty		3,200,000.00		3,393,492.00
Travelers Excess & Surplus		2,500,000.00		2,714,075.00
Travelers Home & Marine Insurance Company		5,125,000.00		5,679,166.25
Travelers Indemnity Company		4,130,000.00		4,153,615.00
Travelers Indemnity Company Of America		3,565,000.00		3,614,018.75
Travelers Indemnity Company Of Connecticut		3,000,000.00		3,448,590.00
Travelers Insurance Company		2,625,000.00		2,677,375.00
Travelers Life and Annuity Company		2,600,000.00		2,717,114.00
Travelers Personal Security Insurance Company		4,100,000.00		4,385,125.00
Travelers Property Casualty Insurance Company		2,050,000.00		2,189,595.00
Trenwick America Reinsurance		3,500,000.00		3,886,085.00
Truck Insurance Exchange		370,000.00		396,477.20
Trumbull Insurance Company		3,090,000.00		3,308,547.90
United Guaranty Residential Insurance Co. of North Carolina		50,000.00		52,874.00
United Healthcare Insurance		1,506,000.00		1,577,149.00
United Illuminating		210,000.00		213,740.10
Vision Service Plan Insurance Company		2,300,000.00		2,507,000.00
Westchester Surplus Lines		100,000.00		111,688.00
Zenith Insurance Company		1,010,000.00		1,036,620.30
TOTAL	$	494,168,000.00	$	519,346,787.12

Assets Held In STIF:

American Mutual Insurance of Boston	$	2,215,070.75
American Mutual Liability		23,076,523.75
Covenant Mutual Liquidating Trust		6,452,384.42
First State Insurance Company		3,830,477.71
Suburban Health Plan		924,925.05
Westbrook Insurance Company		5,881,949.22
Connecticut Surety Company		25,062.15
TOTAL	$	42,406,393.05

CASH MANAGEMENT DIVISION

UNEMPLOYMENT COMPENSATION FUND

On Account with the Secretary of the Treasurer of the United States 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, 2001		**$ 733,669,498.96**
Deposits	$ 407,846,906.65	
Combined Wage Transfers to Connecticut	6,102,407.20	
Earnings	41,382,448.83	
Federal Employee & Ex-Servicemen Contributions	4,072,000.00	
Connecticut Unemployment Revenue Bonds	36,655,676.48	
Reed Act Distribution	102,399,625.00	
Temporary Emergency Unemployment Compensation	67,500,000.00	$ 665,959,064.16
TOTAL CASH AVAILABLE		**$ 1,399,628,563.12**
Withdrawals	$ 718,055,610.00	
Federal Employee & Ex-Servicemen Withdrawals	4,072,000.00	
EUC Repayment	93,500.00	
Reed Act Withdrawal	1,981,321.33	724,202,431.33
BALANCE, JUNE 30, 2002		**$ 675,426,131.79**

Office of the State Treasurer

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