STATE OF CONNECTICUT

2003

ANNUAL REPORT OF THE TREASURER

For the fiscal year ended June 30, 2003

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

2003

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For the fiscal year ended June 30, 2003

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Introduction

State of Connecticut

Office of the Treasurer

Denise L. Nappier
Treasurer

Howard G. Rifkin
Deputy Treasurer

October 15, 2003

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, 2003. 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 presents the financial position and operating results of the Office of the Treasurer under generally accepted accounting principles (GAAP) as established by the Governmental Accounting Standards Board (GASB), and incorporates for the second consecutive year the reporting requirements of the provisions of GASB Statement No. 34.

This Annual Report of the Treasurer has earned an unqualified opinion from the State Auditors of Public Accounts. As required by GASB Statement No. 34, the financial section includes Management's Discussion and Analysis (MD&A), which provides an introduction, overview, and analysis to the financial statements. We are confident that the data is accurate in all material respects and is presented in a manner that fairly reflects the financial position and results of operations as measured by the financial activity of the various funds. In addition, disclosures necessary to enable the reader to gain a reasonable understanding of the Office's financial affairs have been included.

For the Fiscal Year ended June 30, 2003, the CRPTF returned a positive 2.49 percent, net of all management fees and expenses. This compares to a negative return of 6.39 percent in the previous fiscal year, which reflected an economic downturn due in part to the aftermath of September 11, 2001.

The CRPTF employs a diversified investment strategy in order to maintain stability through market cycles and insulate the Funds from short-term market fluctuations by investing in stocks, bonds, fixed income, and alternative investments such as private equity and real estate partnerships. This diversified investment strategy minimizes the effects of short-term market volatility that occurs within each Fund and does not forecast various market ups and downs, usually described as market timing, that can result in substantial losses if the timing decision is incorrect.

Even though the Funds achieved a positive investment return at fiscal year end June 30, 2003, the net assets of the Funds declined by approximately $400 million to $18.3 billion as a result of net

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cash outflows from the CRPTF. The General Assembly has appropriated less than the actuary's recommended contribution to the Teacher's Retirement Fund for decades and the annual State contribution for pension plans remains below what the actuary recommends.

Although higher than average investment returns during the past decade have improved the funding levels of the Teacher's Retirement Fund, the performance of investment assets alone, even with positive investment returns, will not make up the difference in the underfunding. The approximate amount of underfunding as actuarially estimated in 2002 is $8.3 billion, an increase of $1.8 billion from the previous year. This figure does not reflect the additional State retirees now receiving pension benefits as a result of the 2003 early retirement program. I again urge the Governor and the Legislature to act prudently and fully fund the actuarial recommendations.

Compared with its peers, the CRPTF remains one of the best performing public pension funds. In the Trust Universe Comparison survey of public funds with assets greater than $1 billion, the CRPTF ranked in the 37th percentile, outperforming 63 percent of similar funds over a five-year period with an annualized return (gross of fees) of 3.12 percent. For the Fiscal Year ended June 30, 2003, the CRPTF underperformed its investment benchmark by 139 basis points, achieving an investment return of 2.49 percent compared to the 3.88 percent return for the benchmark, principally due to the private investment fund, reflecting tight credit markets for venture capital investments in fiscal year 2003.

In the Treasury's continuing effort to recover pension dollars invested by the scandalous administration of my predecessor, I have directed during the past year that all ties be severed with Triumph Capital after its conviction in federal court of bribery, racketeering, conspiracy and obstruction of justice. Additionally, I am seeking restitution to the pension funds of approximately $64 million in losses and the return of pension fund assets with a value of approximately $95 million. The sale of pension fund assets and initiation of legal action will be done in consultation with the Investment Advisory Council and the Office of Attorney General.

Also during this fiscal year, the Treasurer's Office renewed efforts to promote corporate governance reform in exercising our proxy voting responsibilities. In accordance with the Investment Policy Statement, the CRPTF engaged over 25 companies on key corporate governance issues including annual election of members of the board of directors, climate change/global warming, executive compensation, expensing of stock options, board diversity and shareholder communications with board members. In addition, the Treasury addressed these issues directly before members of Congress, the Securities and Exchange Commission and the major stock exchanges.

In addition to the management of the CRPTF, 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 $1.8 billion of General Obligation, Special Tax Obligation, Economic Recovery and UCONN Bonds to provide 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 $750 million of refunding bonds were issued, providing $59.4 million in debt service savings over the life of the bonds.

My administration also defeased $29.8 million of Second Injury Fund bonds which will help to reduce future assessments on Connecticut businesses – assessments that were reduced by this Office for the third consecutive year to the lowest levels in more than a decade. The new assessment rate for insured employers is 6.5 percent while the rate for self-insured employers remains at 11.6 percent. The cumulative savings to businesses from the rate reductions during my administration is $36.9 million.

The Treasury's Short-Term Investment Fund (STIF) provides State authorities and agencies, local municipalities, and other political subdivisions with a vehicle for short-term investment. STIF invested an average of $3.7 billion in short-term money market instruments during the fiscal year

2003. This represents 1,106 STIF accounts for 60 State agencies and authorities and 255 municipalities and local entities. The total annual return of 1.64 percent in STIF exceeded its primary benchmark by 44 basis points, resulting in $16 million in additional interest income for the state, municipalities, other units of local government and their taxpayers.

The Unclaimed Property Division returned $9.4 million in unclaimed property to more than 13,000 owners and heirs during the fiscal year, while depositing to the State General Fund an unprecedented $70.4 million. This figure included $25.5 million from the liquidation of escheated securities accomplished in accordance with state law – the largest one year amount ever collected in the State's history. Also during the year, the General Assembly adopted comprehensive revisions to Connecticut's unclaimed property laws, resulting in shorter dormancy periods for unclaimed property as well as the elimination of dormancy fees and expiration dates for gift certificates and gift cards, revisions that will greatly assist consumers

The CHET program, Connecticut's 529 College Savings Program, continues to provide an affordable and flexible savings option for Connecticut families, offering among the lowest program fees in the nation and investment options that offer a range of investment strategies. Adding online enrollment and account access during this past year helped total account owner assets under management increase during the fiscal year from $208 million to $332 million, up 60 percent by the end of the fiscal year, and the number of CHET accounts increased from 26,330 to 35,273. That also compares with just over 4,000 accounts and $18 million in assets when I took office in 1999.

Additional details related to these areas of responsibility within the Office of the Treasurer are set forth in the following pages. This Annual Report can also be accessed through the Treasury website, www.state.ct.us/ott, along with past annual reports and information about the Office. I encourage you to visit and welcome your comments.

Finally, this annual report is prepared by dedicated employees who work diligently throughout the year to protect the financial security of all Connecticut residents. I acknowledge their work with sincere gratitude, and trust that this report will prove both informative and useful.

I especially acknowledge the leadership of former IAC Chairman Steven Hart, who was an effective partner in working to restore integrity to the investment process and create a solid framework for investment decision-making. I thank him for his tremendous dedication to the best interest of all pension fund beneficiaries.

Sincerely,

Denise L. Nappier

Denise L. Nappier
Treasurer
cc: Steven W. Hart, Chairman, Investment Advisory Council (Term ended June 30, 2003)
Clarence L. Roberts, Successor 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 $18 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
- Investment Advisory Council
- Finance Advisory Committee
- Connecticut Higher Education Trust Advisory Committee
- The Standardization Committee
- Waterbury Financial Planning and Assistance Board
- Connecticut Housing Finance Authority
- Connecticut Higher Education Supplemental Loan Authority Board of Directors

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.

2003 TREASURY OVERVIEW

The Pension Funds Management Division, under the direction of the Chief Investment Officer, manages the State's six pension funds and eight 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. Beneficiaries and participants include approximately 160,000 teachers, State and municipal employees, as well as trust funds that support academic programs, grants, and initiatives throughout the State. The Teachers' Retirement Fund is the Treasury's largest pension fund under management containing $9.8 billion, followed by the State Employees' Retirement Fund containing $7.0 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 $164 billion internal and external cash flows through the Treasury's 22 bank accounts annually. The Division prudently and productively manages clients' cash, including that of State agencies and authorities and 255 municipal and local government entities utilizing the Short-Term Investment Fund, which had an average market value of $3.7 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 oversees the issuance of 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 $13 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 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.

2003 Annual Report Year at a Glance

COMBINED INVESTMENT FUNDS, JUNE 30

Market Value of Assets Under Management	$ 18,989,393,113
Net Assets Under Management	$ 18,300,405,073
Total Investment Returns for the Fiscal Year	$ 355,100,336
Total Management Fees for the Fiscal Year	$ 80,572,393
Total Number of Advisors	65
Decrease in Total Advisors from Prior Year	3
One-Year Total Return	2.49%
Five-Year Compounded Annual Total Return	2.93%
Ten-Year Compounded Annual Total Return	8.06%

2003 TREASURY OVERVIEW

DEBT MANAGEMENT, JUNE 30

Total Debt Outstanding	$ 13,206,272,100
General Obligation Debt included above	$ 8,264,747,128
Total New Debt Issued During the Fiscal Year	$ 2,552,885,000
General Obligation Debt Issued included above	$ 1,819,695,000
Total Debt Retired and Defeased During the Fiscal Year	$ 1,703,267,485
General Obligation Debt Retired and Defeased included above	$ 991,277,485
Total Debt Service Paid on Outstanding Debt During the Fiscal Year	$ 1,601,632,228
General Obligation Debt Service Paid included above	$ 1,065,068,272

CASH MANAGEMENT, JUNE 30

Total Cash Inflows During the Fiscal Year	$ 82,125,385,881
Total Cash Outflows During the Fiscal Year	$ 82,161,265,569
Number of State Bank Accounts at June 30, 2003	445
Number of State Bank Accounts at June 30, 2002	448

SHORT-TERM INVESTMENT FUND, JUNE 30

Market Value of Assets Under Management	$ 3,276,078,820
One-Year Total Return	1.64%
Five-Year Compounded Annual Total Return	4.33%
Ten-Year Compounded Annual Total Return	4.83%
Weighted Average Maturity	21 days
Number of Participant Accounts	1,106

SECOND INJURY FUND, JUNE 30

Number of Claims Settled During the Fiscal Year	177
Total Cost of Claims Settled	$ 10,061,088
Second Injury Fund Unfunded Liability (expressed as reserves)	$ 509,477,000
Number of Claims Outstanding	2,285

UNCLAIMED PROPERTY, JUNE 30

Dollar Value of Gross Unclaimed Property Receipts	$ 71,275,847
Dollar Value of Claims Paid	$ 9,441,860
Number of Property Claims Paid	9,507

CONNECTICUT HIGHER EDUCATION TRUST, JUNE 30

Number of Participants	35,273
Program Equity	$ 332,013,553

Division Overview

2003 investment advisory council

October 15, 2003

The Honorable John G. Rowland
Governor
State of Connecticut
Executive Chambers
Hartford, Connecticut

Dear Governor Rowland:

As the current and previous Chairmen of the Investment Advisory Council ("IAC"), we are 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, 2003.

Facing difficult market conditions for a large part of the year, the CRPTF's fiscal 2003 performance reflected general financial market conditions and produced a net total return (after all expenses) of 2.49%, which, when combined with the funds' negative operating cash flow of $761 million, resulted in a decline in assets to $18.3 billion as of June 30, 2003.

The CRPTF underperformed the Connecticut Multiple Market Index ("CMMI") benchmark by 139 basis points, due primarily to continued difficult conditions in the private equity markets. The CRPTF's performance for the one, three and five year periods ending June 30, 2003, was 2.49%, -2.60% and 2.93%, respectively. When measured over a long term horizon, the CRPTF's performance compares favorably with 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, strong relative performance was evidenced in the International Stock Fund ("ISF"), Commercial Mortgage Fund ("CMF") and Cash Reserve Account ("CRA"). Partially offsetting these strong results were the Mutual Equity Fund ("MEF"), Mutual Fixed Income Fund ("MFIF"), Real Estate Fund ("REF") and Private Investment Fund ("PIF"), which produced below benchmark returns.

As anyone familiar with the stock market knows, the domestic equity markets experienced a volatile year. The Russell 3000, the benchmark for the Mutual Equity Fund, eked out a positive .77% return. The Mutual Equity Fund slightly underperformed the index (by 29 basis points) primarily due to industry allocations. The benchmark for the International Stock Fund (a blend of developed and emerging markets indices) dropped by 6.62%. However, the ISF outperformed its benchmark by 23 basis points, primarily due to the developed Europe allocation, which was one of the strongest performing regions over the fiscal year.

The Mutual Fixed Income Fund trailed its benchmark by 350 basis points for the fiscal year, due to its underexposure to high yield and emerging markets debt segments.

The portfolio's long-term commitment to the less liquid sectors of the market is evidenced by the roughly 12% 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, while underperforming the Russell 3000, outperformed the Venture Economics All Private Equity benchmark by 273 basis points for the fiscal year. The Real Estate Fund trailed the Russell NCREIF benchmark by 383 basis points.

INVESTMENT ADVISORY COUNCIL

It is important to note that the IAC reviews fund performance at each meeting, 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.

Actuarial assumptions project an average annual investment return for the CRPTF of 8.5%, although market conditions for the past three fiscal years have made such a return assumption unachievable. During fiscal 2003, the CRPTF received contributions of $182 million and paid pension benefits of $943, resulting in negative operating cash flow of $761. This continues a trend of negative operating cashflow that is unlikely to reverse. 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 75.9 percent funded, followed by the State Employees' Retirement Plan, which was 61.6 percent funded, and the State Judges Plan, at 66.1 percent funded. The total amount of this under funding is approximately $8.3 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. It is also important to note that the latest available actuarial reports on the plans reflect data as of June 30, 2002, meaning that the reports do not reflect the impact of the approximately 4600 early retirements accepted by State employees in early 2003. These retirements will increase the liabilities of the State Employees' Retirement Plan, further exacerbating its underfunded status.

During fiscal 2003, the IAC continued to work with the Treasurer's office on modifications to the Investment Policy Statement. In January 2003, the Council approved the Treasurer's adopted guidelines for the Mutual Fixed Income Fund, and as of fiscal year-end, work was underway on revisions to the Real Estate Fund Guidelines.

As the current and former Chairmen of the Investment Advisory Council, we are 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 we submit this brief summary on behalf of the Investment Advisory Council.

Sincerely,

Steven W. Hart
Chairman, Investment Advisory Council
June 30, 1995 – August 17, 2003

Clarence L. Roberts, Jr.
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. The current IPS was adopted by the Treasurer and approved by the IAC in March 2002 and subsequently in January 2003, the IAC approved the Treasurer's adopted guidelines for the Mutual Fixed Income Fund.

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 2003 include:

STEVEN W. HART, Chairman, as appointed by the Governor, President, Hart Capital LLC. (Term expired 6/30/2003)

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. (Term expired 6/30/2003)

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).

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

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 of six State pension funds and eight trust funds, (known collectively as the "Connecticut Retirement Plans and Trust Funds" or "CRPTF"), the Treasurer is responsible for prudently managing $18.3 billion of assets on behalf of approximately 160,000 teachers, State and municipal employees as well as trust funds that support academic programs, grants, and initiatives throughout the State. The Pension Funds Management Division ("PFM") is responsible for the day-to-day administration of the CRPTF.

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 $10.6 billion to $18.3 billion, or 72.6%. The Teachers' Retirement Fund (TERF), with $9.8 billion under management at June 30, 2003, is the largest participating fund, followed by the State Employees' Retirement Fund (SERF) and the Municipal Employees' Retirement Fund (MERF) with $7.0 billion and $1.2 billion, respectively. During the fiscal year ended June 30, 2003, total annual investment returns, comprising interest income, dividends, securities lending income, and net realized and unrealized capital gains, net of Fund operating expenses, were $355 million. (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: Investment Oversight, 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 Investment Policy Statement.

As of June 30, 2003, 65 external advisors were employed by the Treasury to invest the pension and trust assets, a decrease of three advisors from June 30, 2002. (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 resulting 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, 2003, 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 47.2%. 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. 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 achieve 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 2003, the Treasurer terminated one large cap manager due to organizational and performance issues.

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 86% 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 Citigroup 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. At fiscal year end, implementation was nearly completed.

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 (MFIF) 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. During fiscal year 2003, the Office of the Treasurer completed 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. The new benchmark is a hybrid comprising 73% Lehman Brothers Aggregate (LB Aggregrate), 17% Citigroup High Yield Market Index, and 10% JP Morgan Emerging Markets Bond Index (JP EMBI+), and the Fund's goal is to exceed the return of the hybrid index by 65-135 basis points per annum over rolling five-year periods.

The current fixed income structure includes: passive core fixed income (20%), active core fixed income (50%), inflation linked bonds (3%), high yield (16%), and emerging market debt (10%). Implementation is in process and will be completed during the fiscal year 2004.

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 Real Estate Fund (REF) 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. During fiscal 2003, the funds recently engaged consultant assisted the Treasury in the development of Asset Class Guidelines for Real Estate. These Guidelines were adopted by the Treasurer and approved by the Investment Advisory Council subsequent to fiscal year end. The Private Investment Fund (PIF) investments are 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); buy-out 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.

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, 2003, securities with a market value of approximately $1.5 billion had been loaned against collateral of approximately $1.6 billion. Income generated by securities lending totaled $5.7 million for the fiscal year.

The Year in Review

Total Fund Performance

During the fiscal year ended June 30, 2003, the State of Connecticut Retirement Plans and Trust Funds (CRPTF) achieved an annual total return of 2.49%, net of all expenses, underperforming the total fund benchmark (defined below) return of 3.88% by 139 basis points. During the fiscal year, the value of CRPTF's portfolio declined from $18.7 billion to $18.3 billion. The $0.4 billion decrease was primarily due to net realized gain (loss) on investments and negative operating cash flow. This latter amount was comprised of pension payments to beneficiaries of $943 million that were offset by net contributions from unit holders of $182 million, for a net outflow of $761 million. In addition, funds generated by operations increased net assets by $.4 billion. Funds from operations were comprised of net investment income of $798 million, realized losses of $567 million and unrealized appreciation of approximately $124 million.

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

The 2003 fiscal year saw continuing economic uncertainty with slow global growth and a job resistant recovery. Additionally, the lead-up to and ensuing war in Iraq, plus a global outbreak of the SARS virus, injected volatility into global markets, which resulted in fluctuating equity and currency markets. The U.S. economy slowly emerged from recession, but struggled to create meaningful job growth. To fuel growth, the Federal Reserve continued to actively pursue an expansionary monetary policy, lowering the Federal Funds rate to 1%, the lowest level since 1958. The unemployment rate was 6.4% as of June 2003, marginally higher than the 5.8% rate at the beginning of the fiscal year.

The U.S. equity market was distinguished by two remarkably different stages in fiscal year 2003. While the first three quarters of the fiscal year produced continued negative returns, the final three months of the fiscal year rebounded with significant gains. The rebound was pronounced, as the U.S. equity market produced quarterly gains not seen in over 18 months. As a result, all broad U.S. equity indices returned slightly positive or only slightly negative returns for fiscal year 2003 – a remarkable contrast to the significantly negative returns of the past two fiscal years. The broad market Russell 3000 Index gained 0.8% in the fiscal year ending June 30, 2003. Within the asset class, mid cap stocks fared better than their large-cap and small-cap counterparts, gaining 0.9% over the fiscal year versus 0.9% and negative 1.6%, respectively (as measured by the Russell indices). In terms of investment style, value stocks significantly outperformed growth stocks in small cap, but growth stocks rebounded from previous declines to outperform their value counterparts in large and mid cap stocks. The Mutual Equity Fund (MEF) underperformed its index (Russell 3000) by 29 basis points.

Facing challenges similar to the U.S. economy, developed international economies experienced a modest recovery in fiscal year 2003. Likewise, the negative equity performance of the first three quarters of the year were offset by the strong rebound in equity returns during the second quarter of 2003. Despite this rebound, however, international stocks finished the fiscal year in negative territory. The SSB EPAC BMI Index, a broad measure of international equity markets, declined

4.5% in U.S. dollar terms. Over the fiscal year, the dollar appreciated against a basket of foreign currencies, dampening the performance of hedged mandates. This appreciation over the entire year hides a significant reversal of global currency markets, however, as the dollar fell considerably in the second quarter of 2003. Specifically, the Euro and Japanese Yen appreciated against the dollar late in the fiscal year. In terms of style, international value stocks beat their growth counterparts, and small caps outpaced large caps. The emerging markets were very strong during the fiscal year, rising 7.0% as measured by the MSCI EMF Index. Venezuela, Indonesia and Russia contributed to the index gains as each benefited from a global cyclical recovery and rising energy prices. CRPTF's International Stock Fund outperformed its benchmark by 23 basis points. The International Stock Fund benchmark is comprised of 83% Citigroup EPAC BMI Index 50% Hedged Index, and 17% MSCI Emerging Markets Free Index.

The U.S. fixed income markets continued to produce strong performance over the fiscal year, buoyed by the declining interest rates and a risk aversion to the equity markets. The broad market LB Aggregate Index gained 10.4% during the fiscal year. The credit sector was the strongest sector during the fiscal year as rising investor confidence and improving fundamentals of corporations caused historically high credit spreads to contract during the fiscal year – therefore inversely causing credit bond prices to rise. The rise in confidence was equally pronounced in the U.S. high yield market, which rose 10.2% for the fiscal year, as measured by the SSB High Yield Market Index. Similar to investment grade corporate securities, high yield bonds benefited from improving fundamentals and signs of a cyclical economic recovery. Emerging market bonds were the strongest segment of the global fixed income markets gaining 35.3%, per J.P. Morgan EMBI+ index. Significant rebounds after the Latin American economic crisis in fiscal year 2002 and increasing evidence of a global economic recovery boosted fiscal year results. The Mutual Fixed Income Fund suffered 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, the Fund underperformed its benchmark by 350 basis points with a return of 12.0%. 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 15.5% for fiscal year 2003.

Despite the Private Investment Fund outperforming the Venture Economics All Private Equity Index by 280 basis points, the overall net returns were negative 11.9%. The private equity markets, in particular, continued its downturn from fiscal 2001 and 2002, due to lower expected returns and an anemic initial public offering market. The Real Estate Fund underperformed its benchmark by 383 basis points with a return of 3.3% versus the benchmark return of 7.1%. 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 net annual total returns of -2.60%, 2.93%, and 8.06% 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% S&P 500 Index; and 1% MFR First Tier Rated Index. The International Stock Fund benchmark is comprised of 83% Citigroup 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.

2003 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**.

During the fiscal year the Office of the Treasurer selected and entered into contract negotiations with 11 advisors for the International Stock Fund. In addition, the division is in the process of completing contract negotiations with two advisors for the currency overlay mandate, after the IAC reviewed and endorsed those managers.

In January 2003, the IAC approved the Treasurer's adopted guidelines for the Mutual Fixed Income Fund ("MFIF"). Subsequently, RFP's were issued for the MFIF for Emerging Market Debt and Inflation-Linked Bond mandates, and the review of responses to those RFP's is underway. Additionally, the IAC has reviewed and commented on the Treasurer's proposed changes to the Real Estate guidelines of the Investment Policy Statement.

The Treasurer also initiated a required review by all fund managers of investments held in companies doing business in countries that have been designated by the U.S. Department of State as sponsoring terrorist activites.

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. As required by the Treasury Reform legislation enacted in 2000 the Proxy Voting Policies have been incorporated into the Investment Policy Statement. 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 reemergence – 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 activities 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 program during 2003 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. In 2002 this policy was adopted by the New York Stock Exchange as recommended listing standards for companies whose stock trades on the NYSE.

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 protecting the environment while helping improve the long-term financial performance of a company, particularly limiting greenhouse gas omissions.

Shareholder Rights: The policies support shareholder access to management's proxy card for shareholders to nominate candidates for election to the Board of Directors. The Policies also support mandatory board of director response to shareholder votes that received the support of a majority of shares voting, and creation of mechanisms to enhance direct communication between shareholders and independent directors.

Offshore Reincorporation: The policies oppose a company moving its country of incorporation to a off shore tax haven when that move would reduce the rights of shareholders under corporate law.

Among the program's noteworthy successes during the year included issues such as executive compensation, expensing of stock options, board member diversity, methods for election of board members, reincorporation from off shore tax havens to the U.S, communication between shareholders and independent directors, and corporate environmental policies. CRPTF filed and co-filed a total of 20 shareholder resolutions this proxy season on critical corporate governance issues, of those 8 were withdrawn due to settlements with the company, two were omitted by the SEC for technical reasons, and 10 were considered by shareholders of major corporations. Two resolutions received a majority of shareholder votes – both of which called for the company to elect all directors annually. One of these companies has subsequently agreed to elect all of its directors annually.

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. Corporate governance activity under Treasurer Nappier 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 and a report of proxy votes cast 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 continues 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, 2003 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.

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. The Office has implemented a new practice of review and monitoring of all class action cases filed. Notices are received via electronic mail of each case that is filed. The same vendor providing this service also furnishes information with respect to settlements, judgments, and other actions with respect to such litigation. The service assures the Office that we are participating in every case where assets have been lost.

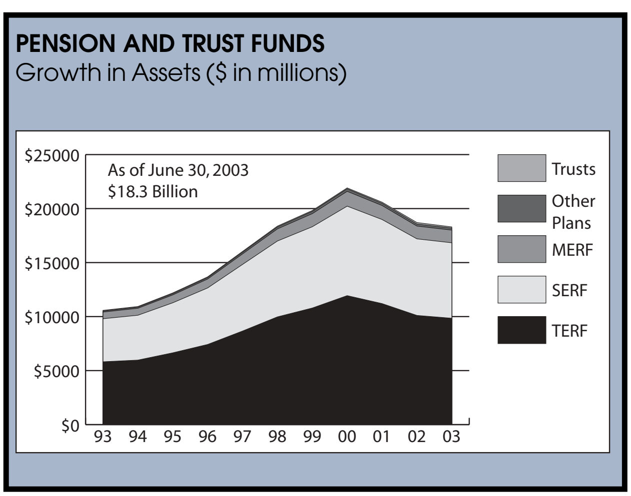
The Office is actively participating as lead plaintiff in a national class action lawsuit alleging misconduct against JDS Uniphase. In November 2001, the Treasurer announced a $457 million settlement agreement between the parties in the Waste Management matter, for which Connecticut had previously been designated lead plaintiff. In February 2003, the Treasurer announced a $35 million settlement between the parties in the Campbell Soup Company matter. The Treasurer served as co-lead plaintiff in the case against Campbell Soup.

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

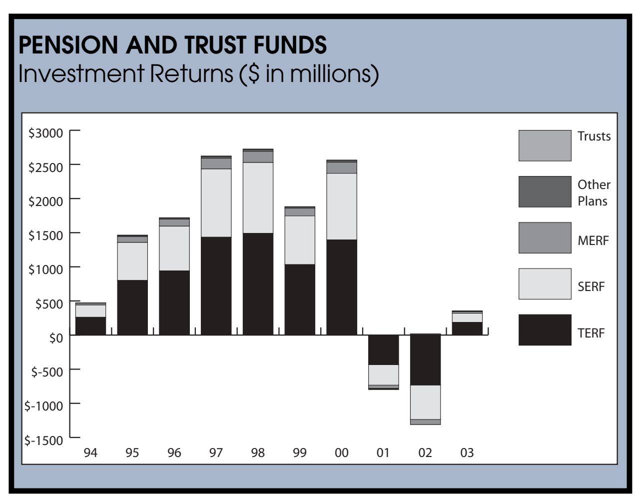
In February 2002, the Office of the Treasurer filed a civil action in Connecticut State Court against the private equity firm Forstmann Little and its partners, alleging breach of contract and breach of fiduciary duty. In September 2002, counsel filed an amended complaint expanding the list of defendants in the case against Forstmann Little. The Office continues its vigorous prosecution of this matter. The case is scheduled for trial in May 2004. 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.

Figure 1-1



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

Figure 1-2



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

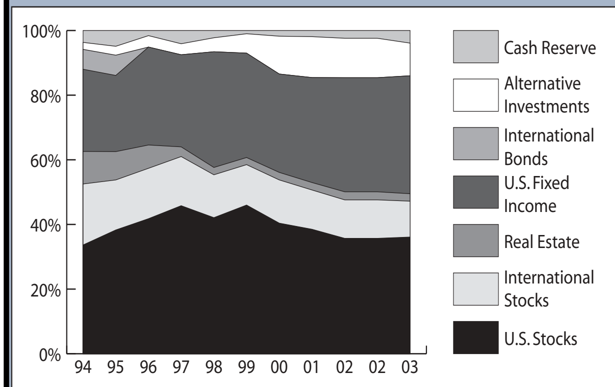


Figure 1-4

PENSION AND TRUST FUNDS ASSET ALLOCATION
Actual vs. Policy at June 30, 2003

	Actual	Target Policy	Lower Range	Upper Range
U.S. EQUITY	**36.1%**	**36.0%**	**29.0%**	**43.0%**
Mutual Equity Fund (MEF)	36.1%			
INTERNATIONAL EQUITY	**11.1%**	**18.0%**	**14.0%**	**22.0%**
International Stock Fund (ISF)	11.1%			
EQUITY COMMERCIAL REAL ESTATE	**2.3%**	**5.0%**	**4.0%**	**6.0%**
Real Estate Fund (REF)	2.3%			
U.S. FIXED INCOME	**40.4%**	**30.0%**	**26.0%**	**34.0%**
Mutual Fixed Income Fund (MFIF)	36.1%			
Commercial Mortgage Fund (CMF)	0.4%			
Cash Reserve Account (CRA)	3.9%			
ALTERNATIVE INVESTMENTS	**10.1%**	**11.0%**	**6.0%**	**11.0%**
Venture Capital Fund (VCF)	10.1%			
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, 2003	June 30, 2002
MEF	7	8
ISF	6	6
PIF	34	35
MFIF	9	10
CMF	1	1
REF	7	7
CRA	1	1
Total(1)	65	68

(1) Actual total advisors was 61 and 64, respectively when factoring in advisors across multiple funds.

Figure 1-6

PENSION AND TRUST FUNDS
Periods ending June 30, 2003

	1 YR	3 YRS	5 YRS	10 YRS
Compounded, Annual Total Return (%)				
CRPTF	**2.49**	**-2.60**	**2.93**	**8.06**
CRPTF CMMI (Without Objective) Benchmark	3.88	-4.89	1.52	N/A
CRPTF CMMI (With Objective) Benchmark	5.26	-3.62	2.74	N/A
Cumulative Total Return (%)				
CRPTF	**2.49**	**-7.59**	**15.51**	**117.00**
CRPTF CMMI (Without Objective) Benchmark	3.88	-13.96	7.82	N/A
CRPTF CMMI (With Objective) Benchmark	5.26	-10.45	14.51	N/A

Figure 1-7

PENSION AND TRUST FUNDS
Annual Total Return

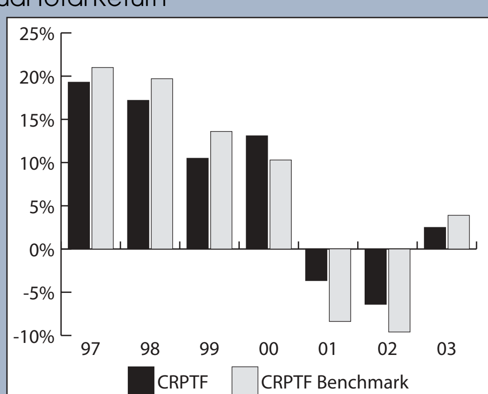


Figure 1-8

PENSION AND TRUST FUNDS
Annualized Standard Deviation

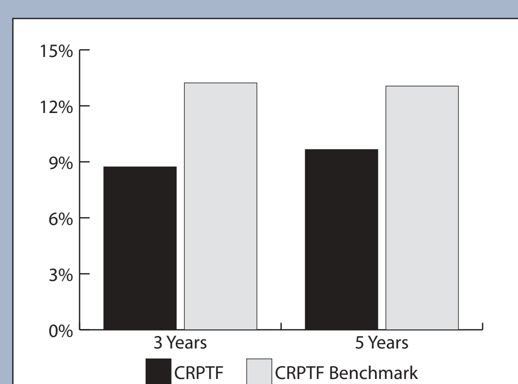


Figure 1-9

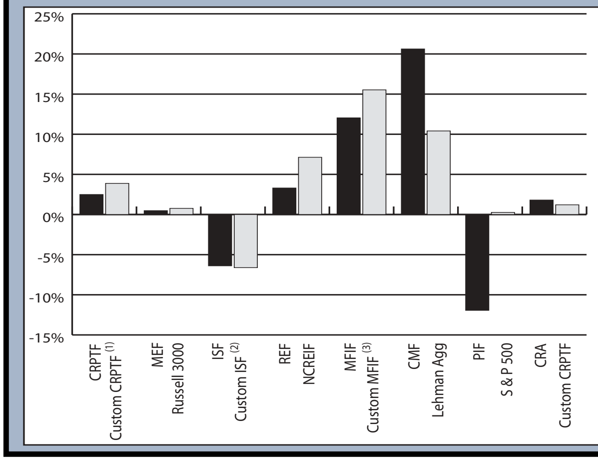
PENSION AND TRUST FUNDS
TUCS Ranking for Periods ending June 30, 2003

	1 YR	3 YRS	5 YRS	10 YRS
Public Funds >$1 Billion				
Percentile Return				
5th	8.90	4.18	4.79	9.47
25th	4.78	-1.10	3.54	8.73
50th	4.02	-2.38	2.71	8.30
75th	3.23	-3.76	2.16	7.88
95th	2.34	-4.51	1.32	6.87
CT Pension and Trust Funds				
Return[1]	2.56	-2.44	3.12	8.31
Public Funds Ranking	91	50	37	47
Total Master Trusts Ranking	74	52	44	69

Source: State Street Bank
(1) Gross Return

Figure 1-10

PENSION AND TRUST FUNDS
CRPTF Returns vs. Benchmarks at June 30, 2003



(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% IBC 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% IBC Rated Index.

(2) International Stock Fund Benchmark: 83% CG EPAC BMI 50% Hedged and 17% MSCI Emerging Market Free.

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

Combined Investment Funds Total Return Analysis (%)

Asset Class (% of Total Fund at 6/30/03)	Fiscal Years Ending June 30, 2003	2002	2001	2000	1999	Annualized 3 Years	5 Years	10 Years
Total Fund (100.0%)								
Combined Investment Funds	**2.49%**	**(6.39)%**	**(3.68)%**	**13.13%**	**10.49%**	**(2.60)%**	**2.93%**	**8.06%**
Connecticut Multiple Market Index (Without Objective)	3.88	(9.60)	(8.37)	10.31	13.60	(4.89)	1.52	N/A
Connecticut Multiple Market Index (With Objective)	5.26	(8.39)	(7.14)	11.95	14.22	(3.62)	2.74	N/A
U.S. Stocks (36.1%)								
Mutual Equity Fund (36.1%)	0.48	(14.95)	(9.55)	10.03	19.38	(8.22)	0.31	10.10
Russell 3000 Index	0.77	(17.24)	(13.93)	9.60	20.10	(10.47)	(1.13)	9.71
International Stocks (11.1%)								
International Stock Fund (11.1%)	(6.39)	(9.00)	(13.29)	20.13	6.77	(9.61)	(1.08)	4.48
International Stock Fund Hybrid Benchmark	(6.62)	(10.88)	(19.80)	20.77	7.62	(12.61)	(2.81)	3.42
Equity Commercial Real Estate (2.3%)								
Real Estate Fund (2.3%)	3.30	0.81	14.45	9.18	9.96	5.99	7.41	6.47
Russell NCREIF(1 Qtr. Lag)	7.13	6.40	11.88	11.10	14.32	8.55	10.24	9.38
U.S. Fixed Income (36.5%)								
Mutual Fixed Income Fund (36.1%)	12.03	5.64	8.03	5.77	2.64	8.54	6.78	7.34
Fixed Income Fund Hybrid Benchmark	15.53	5.04	9.26	5.66	3.13	9.86	7.64	7.26
Commercial Mortgage Fund (0.4%)	20.62	1.19	10.88	8.26	6.10	10.61	9.22	9.14
Lehman Aggregate Bond Index	10.41	8.63	11.23	4.56	3.13	10.08	7.54	7.21
Alternative Assets (10.1%)								
Private Investment Fund (10.1%)	(11.94)	(10.81)	(6.25)	53.86	(0.81)	(9.70)	2.36	10.10
S & P 500	0.26	(17.99)	(14.83)	7.24	22.76	(11.20)	(1.61)	10.04
Venture Economics All Private Equity (1 Qtr. Lag)	(14.67)	(14.45)	(7.41)	90.37	15.58	(12.24)	8.26	16.68
Cash (3.9%)								
Cash Reserve Account (3.9%)	1.80	3.03	6.35	5.96	5.46	3.71	4.51	4.95
MFR Rated Index	1.21	2.22	5.74	5.58	5.03	3.04	3.94	4.43

2003 cash reserve account

Fund Facts at June 30, 2003

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: $1,852,825,784

Number of Advisors: 1external

Management Fees: $402,399

Operating Expenses: $270,679

Expense Ratio: 0.04%

Performance Summary

For the fiscal year ended June 30, 2003, the Cash Reserve Account (CRA) generated a return of 1.80% outperforming the benchmark Money Fund Report (MFR) Rated Index of 1.21% by 59 basis points. The Fund's return also outperformed the 90-day Treasury Bill return of 1.41% by 39 basis points.

For the trailing three, five and ten year periods, CRA's compounded annual total return were 3.71%, 4.51% and 4.95%, respectively, net of all expenses. The returns exceeded those of the MFR Index for all time periods by 67, 57 and 52 basis points respectively.

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 that 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.

During the fiscal year, CRA assets under management rose $410 million or 28% to $1,853 billion on June 30, 2003 from 1,443 billion on June 30, 2002.

Portfolio Characteristics & Strategy

The London InterBank Offered Rate (LIBOR) curve remained inverted to flat and yields continued to not offer much pick up across the curve during the period. 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 flat, the CRA Fund held up to 45% of the assets in adjustable rate asset-backed securities. As the market conditions change we will look for opportunities to extend. The Fund's average maturity was 48 days at year-end June 30, 2003 compared to the IBC Index of 50 days. The distribution of investments by maturity at June

30, 2003 was as follows: Overnight (3%); 2-90 days (13%); over 90 days (84%). The Fund's three largest security weightings at fiscal year-end included adjustable and fixed rate asset-backed securities (45%); Floating Rate Corporate Notes (24%); and Commercial Paper (16%).

Economic Review

The year essentially began with the Federal Reserve (Fed) voting on September 24, 2002, to keep rates unchanged and maintained its risk assessment as weighted towards weaker growth. In the accompanying statement, the Fed stated that its policy was to be accommodative and that productivity gains should improve the business climate. The Fed's statement also said that risks to the economy are weighted more toward weakness rather than strength; a stance the central bank adopted in its August 13, 2002 meeting and indicated that policy makers might decide to lower rates at some point. As the months progressed, economic data weakened. Unexpected declines in housing starts, higher than expected weekly jobless claims, negative earnings announcements, weak equity markets, and renewed terrorist activity drove yields lower. In October 2002, consumer confidence plunged to a nine-year low as job cuts and expectations of declining incomes undermined the economic recovery. The unemployment rate rose to 5.7 percent in October and the economy lost jobs for the second straight month, further supplying evidence that the economy was stalling. On November 6, 2002, the Federal Open Market Committee (FOMC) decided to lower the Fed Funds rate by 50 basis points to 1.25%. The move was accompanied by a shift to a neutral stance. The FOMC believed that the additional monetary easing should prove helpful as the economy works its way through this current soft spot. Fed Chairman Alan Greenspan stated that the economy is in a "soft patch" and recognized that consumer spending was slowing.

The following quarter began with the Iraq situation, President Bush's economic stimulus plan, and stock market activity. Consumer spending continued to weaken and the Fed's beige book (a report on current economic conditions, published by the Federal Reserve Board eight times each year) confirmed such. Alan Greenspan addressed the Senate indicating the Fed was on hold in the near term and the yield curve flattened. Greenspan's speech sent mixed messages, indicating he expected the economy to grow, but would cut rates if the economy faltered due to the Iraq situation. During February, data was mixed with strong housing sales, while consumer confidence continued lower. Economic momentum slowed as the concern about war, slow job market and volatile stock market held back consumer spending. March continued to be volatile as the concerns of war grew and the Fed chose to leave interest rates unchanged on March 18, 2003.

Retail sales fell 1% in April and the economy lost jobs for a third month. Durable good orders fell 2.4% in April showing a lack of confidence among businesses. Companies continued to be reluctant to spend as they sought signs that demands were accelerating. Personal spending in the U.S. fell again in April combined with higher unemployment limited consumer spending. At the May 6th FOMC meeting, the Fed left rates unchanged at 1.25%. In their statement the Fed said that "together with accommodative monetary policy and ongoing productivity gains, this will lead to an improving economy." The Fed, however, did raise the issue of potential deflation. The June beige book continued to portray a soft economy in April and May. Conditions were characterized as "sluggish", manufacturing as "mixed" and consumer spending as "lackluster".

The depressed labor market and no growth in capital spending dampened the Fed's optimism going into June. Fearing the risk of deflation more than inflation, the Fed lowered Red Funds rates by 25 basis points, at the June 25th meeting, to 1.00%. Many market participants were disappointed as many had expected 50 basis points. The Fed continues to believe that recovery is eminent, as productivity seems to be climbing, and recently passed tax legislation will provide a lift to disposable incomes of households. Greenspan stated, "In the judgment of the Committee, policy accommodation aimed at raising the growth of output, boosting utilization of resources, and warding off unwelcome disinflation can be maintained for a considerable period without ultimately stoking inflationary pressures." Data continues to be mixed as industrial production has stabilized, housing is strong, but global uncertainties and higher unemployment numbers are worrisome.

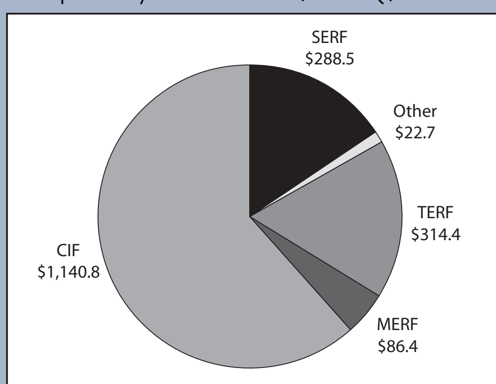
Risk Profile

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 similar degree of risk relative to the MFR Index, as evidenced by its relative volatility of 0.94. Its standard deviation of .17 suggests comparatively low overall volatility, while its beta of .83 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 0.57.

Figure 2-1

CASH RESERVE ACCOUNT
Ownership Analysis at June 30, 2003 ($ 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, 2003

Relative Volatility	0.94
Standard Deviation	0.17
R^2	0.87
Beta	0.83
Alpha	0.57

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

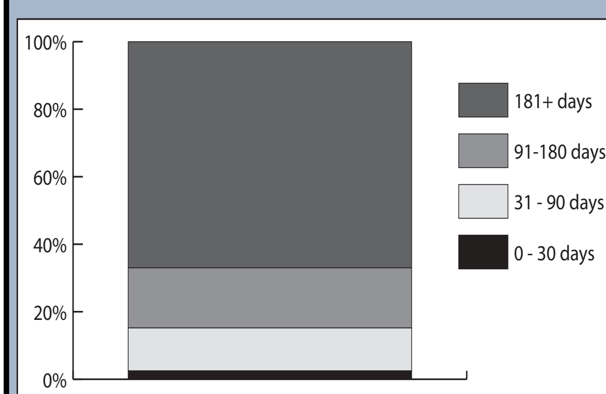
Figure 2-3

CASH RESERVE ACCOUNT
Quarterly Weighted Average Maturity

Quarter End	CRA	MFR Index
06/30/03	48 days	50 days
03/31/03	65 days	49 days
12/31/02	69 days	46 days
09/30/02	46 days	51 days
06/30/02	51 days	51 days

Figure 2-4

CASH RESERVE ACCOUNT
Security Maturity(1) Analysis at June 30, 2003



(1) Or Interest Rate Reset Period.

Figure 2-5

CASH RESERVE ACCOUNT
Distribution by Yield [1] at June 30,2003

Yield	
.75% - 1.00%	2.7%
1.01% -1.25%	36.6%
1.26% - 1.50%	52.1%
1.51% -1.75%	2.1%
1.76% - 2.00%	6.5%
2.00+%	0.0%
TOTAL	100.0%

(1) Represents yield to maturity.

Figure 2-6

CASH RESERVE ACCOUNT
Distribution by Security Type at June 30, 2003

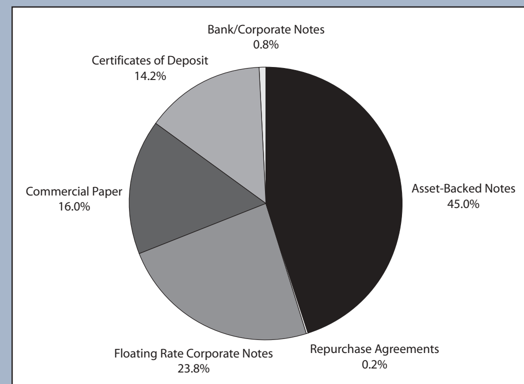


Figure 2-7

CASH RESERVE ACCOUNT
Comprehensive Profile

Date	Number of Issues	Yield[1]	Average Maturity	Average Quality
2003	109	1.80%	48 days	A-1+/AA+
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
06/30/03	1.32%	0.95%
03/31/03	1.44%	1.03%
12/31/02	1.68%	1.30%
09/30/02	1.92%	1.52%
06/30/02	2.30%	1.57%

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

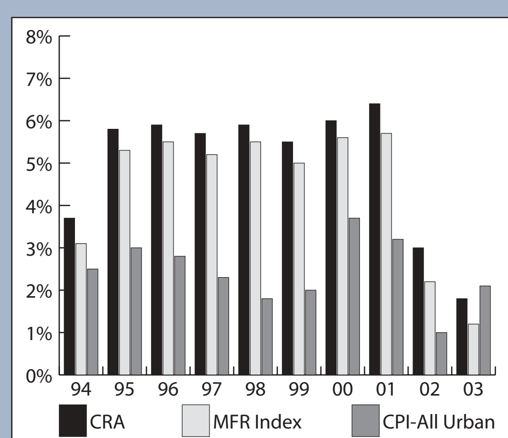
Figure 2-9

CASH RESERVE ACCOUNT
Periods ending June 30, 2003

	1 YR	3 YRS	5 YRS	10 YRS
Compounded, Annual Total Return (%)				
CRA	1.80	3.71	4.51	4.95
MFR Index	1.21	3.04	3.94	4.43
CPI-Urban	2.10	2.14	2.42	2.44
CitiGroup 90-Day CD	1.55	3.44	4.33	4.83
CitiGroup 90-Day T-Bill	1.41	3.15	3.89	4.40
Cumulative Total Return (%)				
CRA	1.80	11.54	24.65	62.14
MFR Index	1.21	9.41	21.30	54.19
CPI-Urban	2.10	6.55	12.71	27.22
Salomon 90-Day CD	1.55	10.67	23.60	60.22
Salomon 91-Day T-Bill	1.41	9.76	21.03	53.89

Figure 2-10

CASH RESERVE ACCOUNT
Annual Total Return



(1) Or Interest Rate Reset Period.

2003 mutual equity fund

Fund Facts at June 30, 2003

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: $6,598,468,176

Number of Advisors: 7 external

Management Fees: $13,885,595

Operating Expenses: $1,166,750

Expense Ratio: 0.23%

Turnover: 54.8%

Performance Summary

For the fiscal year ended June 30, 2003, the Mutual Equity Fund (MEF) generated a positive return of 0.48%, net of fees, which underperformed the Russell 3000 index benchmark return of 0.77% by 29 basis points. Industry allocation was the main reason for the underperformance, as overweights to Consumer Services and to the Basic Materials sectors detracted from return.

During this same period, MEF's net assets declined from $6.676 billion to $6.598 billion, a decrease of $78 million due to $89 million in net cash outflows to participating pension plans and trusts, partly offset by net investment income of $11 million.

While volatility in investment returns is expected in the short-term, the Fund's long-term performance remains the most important comparative measure. As Figure 3-4 below illustrates, MEF has generated annualized total returns, net of all expenses, of -8.22%, 0.31%, and 10.10% over the last three, five, and ten-year periods, respectively. The Fund returns outperformed the Russell 3000 for the three, five, and ten-years periods by 225, 144, and 39 basis points, respectively.

The MEF's cumulative total returns for the three, five, and ten year periods ending June 30, 2003, were -22.7%, +1.5%, and +161.7%, 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 seven externally managed equity portfolios structured to approximate the composition of the Russell 3000 Index. Three advisors actively managed approximately 14% of the portfolio in small to mid-capitalization stocks. Two advisors invested a total of 11% of the portfolio in small to mid-capitalization stocks using an enhanced indexing strategy. Two advisors in large capitalization stocks (of which 43% was invested using enhanced indexing strategies and 32% was invested using a passive strategy) managed the balance of the portfolio, or approximately 75%. At fiscal year end, approximately $5.6 billion, or 86%, of the Fund's net assets were invested in indexed or enhanced index portfolios.

Portfolio Characteristics

At fiscal year-end, MEF was 99.0% invested in domestic stocks, reflecting the Fund's policy that it be fully invested. The largest industry weighting at June 30, 2003 was financials (18.7%), followed by consumer discretionary (15.4%) and health care (14.7%). (See figure 3-3.)

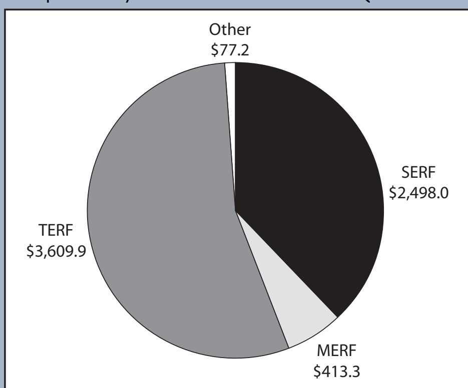
The MEF's ten largest holdings, aggregating to 18.7% of Fund investments, included a variety of blue chip companies. (See figure 3-9.)

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 relative volatility of 0.99, 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 excess return during the five year period, or return relative to that achieved by the benchmark, was a positive 1.44%. (See figure 3-2)

Figure 3-1

MUTUAL EQUITY FUND
Ownership Analysis at June 30, 2003 ($ 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, 2003

Relative Volatility	0.99
Standard Deviation	18.91
R^2	0.99
Beta	0.98
Alpha	1.44

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

Figure 3-3

MUTUAL EQUITY FUND
Fiscal 2003 Industrial Sector vs. Index (%)
Based on Investments in Securities,at Value (1)

At 6/30/2003:	MEF % of Net Assets	MEF Annual Return	Russel 3000 %of Net Assets	Russel 3000 Annual Return
Energy	7.1	1.2	5.9	-5.4
Materials	4.1	-10.6	3.2	-10.5
Industrials	11.2	-1.6	11.5	-4.8
Consumer Discretionary	15.4	-3.1	13.7	-1.4
Consumer Staples	8.1	-5.2	8.7	-4.1
Health Care	14.7	9.4	14.2	8.7
Financials	18.7	3.4	21.6	1.5
Information Technology	14.2	5.1	14.1	6.5
Telecommunications	3.2	-2.7	3.8	4.1
Utilities	3.3	-1.4	3.3	-2.0
	100.0		100.0	

(1) Excludes the Cash Reserve Account.

Figure 3-4

MUTUAL EQUITY FUND
Periods ending June 30, 2003

	1 YR	3 YRS	5 YRS	10 YRS
Compounded, Annual Total Return (%)				
MEF	0.48	-8.22	0.31	10.10
Russell 3000	0.77	-10.47	-1.13	9.71
Cumulative Total Return (%)				
MEF	0.48	-22.70	1.54	161.71
Russell 3000	0.77	-28.23	-5.53	152.62

Figure 3-5

MUTUAL EQUITY FUND
Annual Total Return

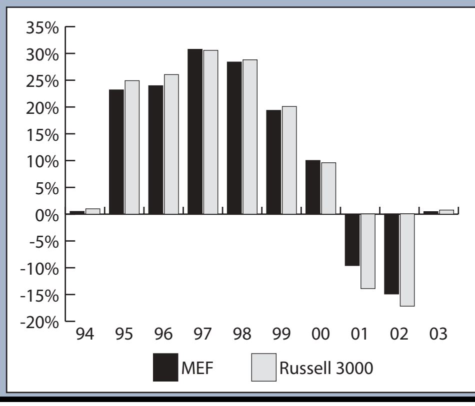


Figure 3-6

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

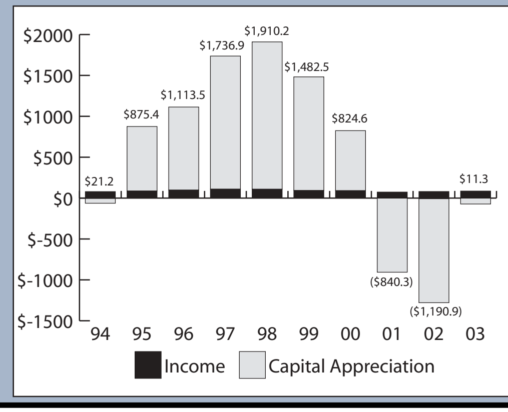


Figure 3-7

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

	2003		2002		2001		2000		1999	
	MEF	Russell	MEF	Russell	MEF	Russell	MEF	Russell	MEF	Russell
# of Issues	2,119	3,000	2,274	3,000	2,333	3,000	2,325	3,000	2,370	3,000
Cap ($ Bil)	$65.1	$71.7	$66.8	$70.2	$87.7	$94.9	$118.2	$121.3	$85.4	$86.6
P/E	23.2	23.9	29.3	30.4	24.1	26.3	26.8x	30.2x	31.4x	32.9x
Div Yield	1.50%	1.70%	1.50%	1.60%	1.20%	1.30%	1.10%	1.10%	1.20%	1.20%
ROE	16.0%	16.2%	15.5%	16.4%	20.0%	20.9%	19.4%	20.5%	20.2%	20.4%
P/B	3.9x	4.0x	4.2x	4.3x	5.3x	5.5x	9.8x	10.7x	7.5x	7.8x
Cash & Equiv.	1.1%	0.0%	1.2%	0.0%	1.3%	0.0%	0.9%	0.0%	1.1%	0.0%

Figure 3-8

MUTUAL EQUITY FUND
Investment Advisors at June 30, 2003

Investment Advisor	Net Asset Value	% of Fund
Large Cap	***$4,948,286,441***	***74.99%***
(Enhanced/Risk Controlled)		
BGI Barclays Global Investors, N.A.	2,834,136,432	42.95%
State Street Global Advisors	2,114,150,009	32.04%
Small/Mid Cap	***$704,392,859***	***10.68%***
(Enhanced/Risk Controlled)		
AXA Rosenberg Investment Mgmt.	387,640,242	5.88%
SSB Citigroup (The Travelers)	316,752,617	4.80%
Small/Mid Cap	***$926,669,028***	***14.04%***
(Active Management)		
TCW Cowen Asset Management	345,963,282	5.24%
Brown Capital Management, Inc.	299,604,813	4.54%
Thomas Weisel Asset Management	281,100,933	4.26%
Other (1)	**$19,119,848**	**0.29%**

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

Figure 3-9

MUTUAL EQUITY FUND
Ten Largest Holdings at June 30, 2003

Security Name	Sector	Market Value	%
General Electric	Technology	$184,895,916	2.80%
Pfizer Inc	Health Care	176,901,201	2.68%
Microsoft	Technology	128,298,622	1.94%
Exxon Mobil Corp	Energy	125,360,876	1.90%
Wal Mart Stores Inc	Non-Durables	114,836,840	1.74%
CitiGroup Inc	Financial	107,395,986	1.63%
Merck & Co Inc	Health Care	103,365,995	1.57%
Intel Corp	Technology	102,608,218	1.55%
Bank America Co	Financial	94,694,141	1.43%
IBM	Technology	94,290,735	1.43%
TOTAL		**$1,232,648,530**	**18.67%**

2003 international stock fund

Fund Facts at June 30, 2003

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% Citigroup Europe, Pacific, Asia Composite Broad Market Index, 50% Hedged and 17% MSCI Emerging Market Free)

Date of Inception: January 1, 1988

Total Net Assets: $2,034,092,519

Number of Advisors: 7 external

Management Fees: $12,077,535

Operating Expenses: $892,076

Expense Ratio: 0.61%

Turnover: 47.3%

Performance Summary

For the fiscal year ended June 30, 2003, the International Stock Fund (ISF) generated a negative return of 6.39%, net of fees, but outperformed the hybrid benchmark index return of negative 6.62% by 23 basis points. Active management in both the developed and emerging markets had a positive impact on relative performance.

During fiscal year 2003, ISF net assets decreased from $2.227 billion to $2.034 billion, a decrease of $193 million. This included realized and unrealized net capital losses of $194 million and $37 million due to net cash outflows to participating pension plans and trusts partly offset by net investment income of $38 million.

The Fund has outperformed 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 300 and 173 basis points, respectively. For the trailing ten-year period, ISF's annualized total return was above the hybrid index by 106 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 Citigroup 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 2003, the Fund had seven 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, 2003, approximately 60% of the portfolio was managed by four advisors in countries comprising the MSCI EAFE, 17% 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 mandates. 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 approximately $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 2004. The Office of the Treasurer has appointed two advisors for the Currency Overlay mandate. Implementation of their strategies will take place in fiscal year 2004.

Portfolio Composition

At fiscal year-end, ISF was 97.2% invested in international securities. Investments in United Kingdom equity securities were the largest percentage of Fund assets, at 15.1%. Japan accounted for 13.5% and German securities, 10.5% of investments. The Fund's allocation to non-EAFE countries, including the emerging markets, stood at 17.6% of investment in securities at the end of fiscal year 2003. 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 2,083 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 1.7% of investment securities, was Total SA EUR 10 Serie B of France. (See figure 4-9.)

In the aggregate, these ten holdings accounted for 11.4% of the Fund's investments at June 30, 2003.

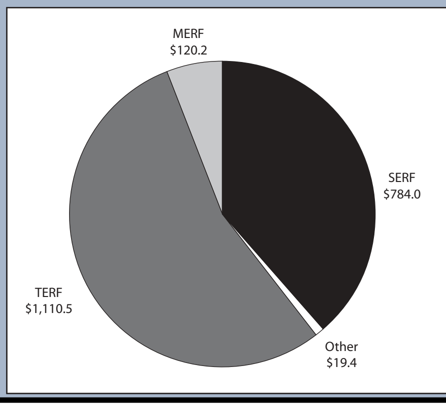
Risk Profile

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. In order to reduce some of the potential short-term volatility due to currency movements as well as reduce the risk associated with international investments, the Treasurer determined that a 50% hedge ratio would provide the greatest reduction in portfolio risk over time. The Treasurer also decided to implement the currency hedging strategy by hiring two dedicated currency overlay managers, who would ensure that the Fund's foreign currency exposure is always at least 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 relative volatility over the five-year period ending June 30, 2003 has been 1.04, while its high R^2 of 0.93 demonstrates a relatively strong overall correlation. In the aggregate, ISF's annualized excess return over the five-year period, or return in excess of that predicted by the benchmark, was 1.74%. (See Figure 4-2.)

Figure 4-1

INTERNATIONAL STOCK FUND
Ownership Analysis at June 30, 2003 ($ 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, 2003

Relative Volatility	1.04
Standard Deviation	18.36
R^2	0.93
Beta	1.01
Alpha	1.74

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

Figure 4-3

INTERNATIONAL STOCK FUND
Comprehensive Profile at June 30, 2003

	ISF	ISF Hybrid Benchmark
Number of Issues	2,083	4,343
European Allocation (%)	61.0	57.0
Pacific Allocation (%)	18.7	24.0
Other (%)	20.3	19.0
Annual Total Return (%)	-6.39	-6.62

Figure 4-4

INTERNATIONAL STOCK FUND
Periods ending June 30, 2003

	1 YR	3 YRS	5 YRS	10 YRS
Compounded, Annual Total Return (%)				
ISF	-6.39	-9.61	-1.08	4.48
ISF Hybrid Benchmark	-6.62	-12.61	-2.81	3.42
Cumulative Total Return (%)				
ISF	-6.39	-26.14	-5.27	55.00
ISF Hybrid Benchmark	-6.62	-33.25	-13.26	39.92

Figure 4-5

INTERNATIONAL STOCK FUND
Annual Total Return

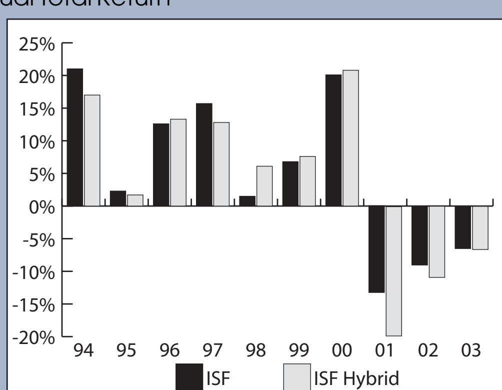


Figure 4-6

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

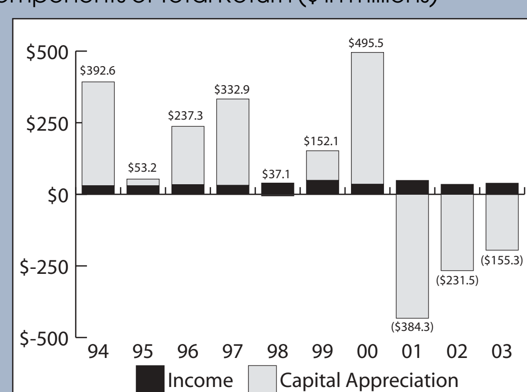


Figure 4-7

INTERNATIONAL STOCK FUND
Diversification by Benchmark Country with Return (%) at June 30, 2003 (1)

	ISF			ISF Hybrid Benchmark		
	% of Net Assets 6/30/02	% of Net Assets 6/30/03	Total Return	% of Net Assets 6/30/02	% of Net Assets 6/30/03	Total Return
Japan	15.3	13.5	-8.8	17.6	17.5	-12.2
United Kingdom	14.4	15.1	-9.3	21.4	21.4	-1.7
Germany	10.9	10.5	-8.1	5.7	5.3	-11.4
France	8.7	8.4	-5.8	7.7	7.5	-5.4
Italy	6.3	5.9	9.0	3.2	3.4	7.6
Switzerland	3.9	4.8	-12.6	6.2	6.0	-8.7
Netherlands	4.2	3.5	-17.5	4.7	3.9	-17.8
Spain	3.5	3.9	19.4	2.5	3.1	18.9
Hong Kong	3.6	1.9	-16.0	1.7	1.6	-7.6
Sweden	1.8	1.4	-12.3	1.6	1.8	2.0
Australia	1.6	1.4	-4.5	3.3	4.0	17.6
Finland	1.1	1.4	9.1	1.3	1.5	8.5
Belgium	1.5	1.4	-4.7	1.1	1.0	-7.7
Singapore	1.1	1.3	-0.9	0.7	0.8	0.4
Denmark	0.8	0.8	-8.7	0.6	0.7	8.7
Ireland	0.8	0.8	-0.9	0.7	0.6	7.5
Norway	1.8	1.8	-6.5	0.4	0.3	-6.3
Malaysia	0.6	0.5	0.5	0.9	0.9	-0.4
Austria	0.7	0.9	24.8	0.1	0.2	25.4
New Zealand	0.7	0.6	26.1	0.1	0.1	38.5
Portugal	0.5	0.4	0.5	0.3	0.3	0.4
Other	16.2	19.8		18.2	18.1	
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, 2003

Investment Advisor	Net Asset Value	% of Fund
EAFE - Europe	**$ 451,327,190**	**22.19%**
Enhanced Passive		
State Street Global Advisors	451,327,190	22.19%
Core Management	**$1,229,005,357**	**60.42%**
Active		
Grantham, Mayo, Van Otterloo & Co.	508,094,277	24.98%
Morgan Stanley Asset Management	474,015,628	23.30%
DSI International Management	123,665,001	6.08%
Smith Barney Capital Management	123,230,451	6.06%
Emerging	**$ 349,272,313**	**17.17%**
Active		
Morgan Stanley Asset Management	198,388,606	9.75%
Pictet International Management	150,883,707	7.42%
Other (1)	**$ 4,487,659**	**0.22%**

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

Figure 4-9

INTERNATIONAL STOCK FUND
Ten Largest Holdings at June 30, 2003

Security Name	Country	Market Value	%
Total SA Eur 10 Serie B	France	$34,010,186	1.68%
Vodafone Group ORD USD .10	United Kingdom	26,755,655	1.32%
Glaxosmithkline ORD GBP .25	United Kingdom	26,509,635	1.31%
ENI EUR1	Italy	23,544,524	1.16%
Novartis AG CHF .50 REGD	Switzerland	22,255,030	1.10%
Nokia AB OY EUR .06	Finland	21,331,074	1.05%
Deutsche Telekom NPV	Germany	20,061,572	0.99%
Telefonica SA EUR 1	Spain	19,720,441	0.97%
Royal Dutch Petrol EUR .56	Netherlands	19,034,995	0.94%
Deutsche Bank AG ORD NPV	Germany	18,583,273	0.92%
TOTAL		**$231,806,385**	**11.44%**

2003

real estate fund

Fund Facts at June 30, 2003

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: $425,790,159

Number of Advisors: 7 external

Management Fees [(1)]: $1,217,754

Operating Expenses: $359,895

Expense Ratio: 0.35%

Capitalized and Netted Fees: $3,654,571

(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, 2003, the Real Estate Fund (REF) generated a total return of 3.30%, net of fees, which under performed the National Council of Real Estate Investment Fiduciaries Index (NCREIF) of 7.13% by 383 basis points. This performance is primarily attributable to REF's under exposure to core real estate strategies and traditional property types and over exposure to opportunistic strategies and hotels as well as nontraditional property types such as senior living facilities.

During the fiscal year, the value of REF's portfolio declined from $471 million to $426 million. The $45 million decrease was primarily due to net distributions to unit holders. This amount was comprised of income distributions to beneficiaries of $43 million and net redemptions paid out to unit holders of $17 million. $15 million generated by operations offset these amounts. Funds from operations were comprised of net investment income of $6 million, realized gains of $36 million and unrealized loss on investments of $27 million.

For the trailing three, five and ten-year periods, REF's compounded annual total return was 5.99%, 7.41%, and 6.47%, 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 256 basis points, 283 basis points and 291 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, which comprise a significant portion of the Fund. Markets that favor highly occupied, cash generating properties in traditional property types, have hurt the REF's recent performance. REF's concentration in opportunistic investments has resulted in a focus on value creation and capital gains and features significant exposure to non-traditional property types. Reasons for underperformance in the ten-year category include adverse asset selection and asset sales in a weak domestic real estate market (the early and mid nineteen nineties). Management fees, operating expenses and significant write-downs taken in the mid nineteen nineties 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

During the prior fiscal year, the Connecticut Retirement Plans and Trust Funds (CRPTF) retained Pension Consulting Alliance (PCA) as its real estate investment consultant. PCA assisted the Treasurer and her staff in the development of Asset Class Guidelines for Real Estate. These Guidelines were adopted by the Treasurer and approved by the Investment Advisory Council subsequent to fiscal year end.

During the fiscal year, the REF continued to monitor its existing investment strategies while performing a major reevaluation of such strategies in conjunction with PCA. The resulting strategic review is targeted for completion next fiscal year. With regard to REF's $362 million in outstanding commitments, only $9.0 million remained unfunded at fiscal year end. During the fiscal year, REF provided funding of $8.6 million to one fund. This is the only fund that is still in its investment period. Distributions received totaled $66.7 million.

The Fund also continued its program of opportunistically attempting to sell separate account investments that were acquired in the late nineteen eighties and early nineties. No such assets were sold during the fiscal year. 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.

During the fiscal year, the U.S. economy continued its "jobless recovery". This was not helpful for real estate returns in that occupancy rates and rents declined in response to reduced tenant demand. Despite the negative fundamentals, strong capital flows into real estate by institutional and individual investors and unprecedented low interest rates have helped to prop up asset values. Within the commercial real estate market, a growing dichotomy in relative values became evident. This occurred as investors aggressively pursued premium properties – well located assets in major cities with minimal vacancy and strong tenant rosters and avoided other properties. The premium properties experienced major valuation increases while the values of the less sought after properties have been propped up by low interest rates.

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, 2003, the portfolio consisted of 10 externally managed portfolios, with 26% of the Fund's net assets invested in real estate separate accounts, 73% invested in commingled funds and 1% invested in cash and other net assets.

The Fund's ten largest holdings aggregated to 98.6% of REF investments. (See figure 5-12.)

As currently structured, office properties constitute the single largest component of REF's portfolio at 30%, with industrial (2%), retail (12%), apartments (6%), and hotels (11%) comprising 61% of the Fund. The "other" category, which accounts for 39% of net assets, includes significant exposures in senior living (21%), mixed-use (7%) and storage facilities (4%). 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 36% of its assets invested in the East, 18% in the West, 29% in the South, and 7% in the Midwest. The remaining 10% is comprised of "other" and includes investments distributed nationally across the U.S. (4%), and internationally (5%), while cash and other net assets account for the remainder (1%). (See figure 5-6.)

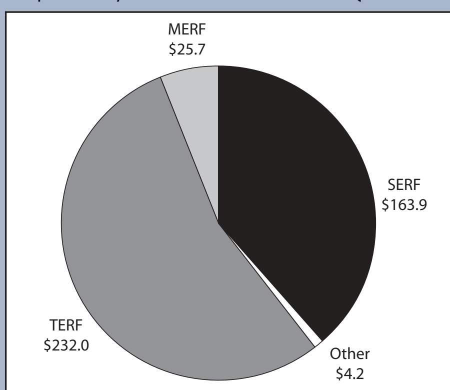
Risk Profile

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

As shown below, based on returns over the last five years, the Fund has exhibited substantially more volatility than its benchmark. The Fund's statistics are consistent with its extraordinarily low R^2 of 0.02, signifying almost no correlation between Fund returns and those of the benchmark. Its beta of negative 0.11 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 2.84 over the five-year time period. (See figure 5-2.)

Figure 5-1

REAL ESTATE FUND
Ownership Analysis at June 30, 2003 ($ 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, 2003

Relative Volatility	0.78
Standard Deviation	3.26
R^2	0.02
Beta	-0.11
Alpha	-2.84

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

Figure 5-3

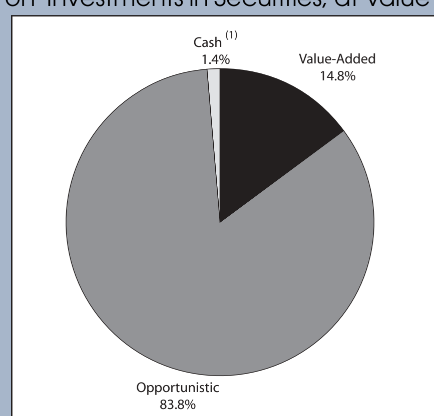
REAL ESTATE FUND
Investments Analysis (1)

At	No. of REF Investments	REF Book Value	REF Market Value
6/30/03	10	393,641,512	420,132,363
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

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

Figure 5-4

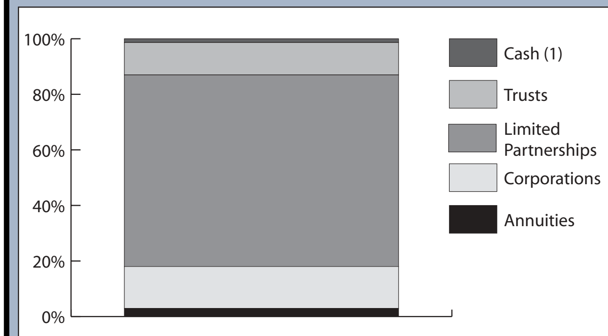
REAL ESTATE FUND
Distribution by Investment Type at June 30, 2003
Based on Investments in Securities, at Value



(1) Cash Reserve Account and other monetary assets.

Figure 5-5

REAL ESTATE FUND
Distribution by Investment Type at June 30, 2003
Based on Investments in Securities, at Value



(1) Cash Reserve Account.

Figure 5-6

REAL ESTATE FUND
Distribution by Geographic Location at June 30, 2003
Based on Investments in Securities, at Value

	REF	NCREIF	Variance
East	35.7%	28.7%	7.0%
Midwest	6.7%	15.0%	-8.3%
South	29.6%	22.1%	7.5%
West	18.0%	34.2%	-16.2%
Cash and Other Assets(1)	10.0%	0.0%	10.0%
	100.0%	100.0%	

(1) Includes national (3.8%) and non-U.S. (4.9%) and cash and monetary assets (1.3%).

Figure 5-7

REAL ESTATE FUND
Diversification by Property Type at June 30, 2003
Based on Investments in Securities, at Value

	REF	NCREIF	Variance
Apartment	5.6%	19.4%	-13.8%
Industrial	2.2%	19.7%	-17.5%
Office	29.6%	39.6%	-10.0%
Retail	12.0%	19.1%	-7.1%
Hotel	11.2%	2.2%	9.0%
Cash and Other Assets(1)	39.4%	0.0%	39.4%
	100.0%	100.0%	

(1) Other includes senior living (21.4%), mixed use (6.6%), land (1.8%), timberland (3.9%), storage facilities (4.3%), and cash and other assets (1.3%).

Figure 5-8

REAL ESTATE FUND
Periods ending June 30, 2003

	1 YR	3 YRS	5 YRS	10 YRS
Compounded, Annual Total Return (%)				
REF	3.30	5.99	7.41	6.47
NCREIF Property	7.13	8.55	10.24	9.38
Cumulative Total Return (%)				
REF	3.30	19.06	42.94	87.16
NCREIF Property	7.13	27.91	62.83	145.19

Figure 5-9

REAL ESTATE FUND
Annual Total Return

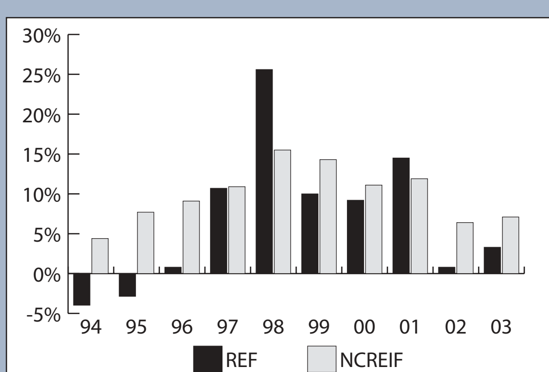


Figure 5-10

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

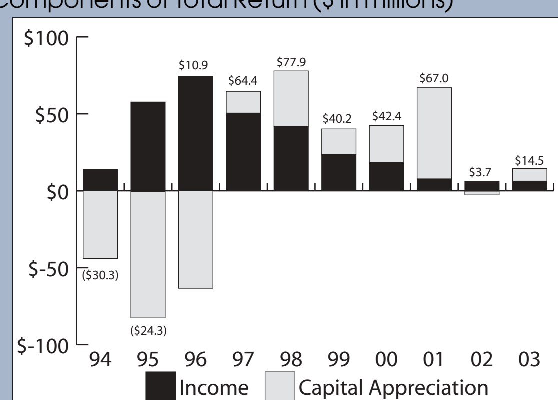


Figure 5-11

REAL ESTATE FUND
Investment Advisors at June 30, 2003

Investment Advisor	Net Asset Value	% of Fund
AEW Capital Management	$104,447,895	24.53%
Westport Senior Living	75,976,846	17.84%
Walton Street Real Estate	75,224,577	17.66%
Apollo Real Estate	71,232,718	16.72%
Tishman Hotel Corporatation	47,043,121	11.05%
Evergreen Investments	17,294,999	4.06%
New Boston Fund	16,495,150	3.87%
CIGNA Realty Investors	12,400,831	2.91%
Other (1)	5,674,022	1.36%

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

Figure 5-12

REAL ESTATE FUND
Ten Largest Holdings at June 30, 2003

Property Name	Type	Market Value	%
Westport Sr. Living Inv FD	Sr Living	$75,976,846	17.84%
Walton Street RE II LP Fnd 2	Various	75,224,577	17.66%
AEW Partners III	Various	71,275,452	16.74%
Apollo Real Est Invest Fd III	Various	71,232,718	16.72%
Tishman Goodwin Center	Mixed	47,043,121	11.05%
Union Station LTD LP	Mixed	33,172,443	7.79%
New Boston Fund IV	Various	16,495,150	3.87%
Timberland Fund A-Duplin	Timber	15,046,650	3.53%
Worcester Center	Mixed	12,400,831	2.91%
Timberland Fund A-Ball's Qtr	Timber	2,248,349	0.53%
TOTAL		**$420,116,137**	**98.64%**

2003 mutual fixed income fund

Fund Facts at June 30, 2003

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

Performance Objective: To exceed the return of the hybrid index by 65 - 135 basis points per annum over rolling five year periods.

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

Date of Inception: July 1, 1972

Total Net Assets: $6,609,600,314

Number of Advisors: 9 external

Management Fees: $8,787,612

Operating Expenses: $1,135,309

Expense Ratio: 0.15%

Turnover: 395.1%

Performance Summary

For the fiscal year ended June 30, 2003, the Mutual Fixed Income Fund (MFIF) generated a total return of 12.03% net of manager fees, underperforming the hybrid benchmark return of 15.53% by 350 basis points. Principal reasons for the Fund's performance was due to an underexposure to high yield and emerging market debt segments relative to the benchmark. Comparative returns from other indexes include: The Citigroup High Yield Market Index 26.4%, and JP Morgan Emerging Markets Bond Index 35.4% (JP EMBI+).

During the fiscal year, the Fund increased $83 million, from $6.526 billion to $6.609 billion. Of this total, $333 million resulted from net investment income and $378 million from realized and unrealized gains, which were offset by $628 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 8.54%, 6.78% and 7.34%, respectively, net of manager fees. 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.

The cumulative total returns for the three, five, and ten-year periods ending June 30, 2003, were 27.85%, 38.79% and 103.03%, 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.

During fiscal year 2003, the Office of the Treasurer completed 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. The new benchmark is a hybrid comprising 73% LB Aggregate, 17% Citigroup High Yield Market Index, and 10% JP EMBI+, and the Fund's goal is to exceed the return of the hybrid index by 65-135 basis points per annum over rolling five-year periods.

At June 30, 2003, nine advisors managed investments in the Fund. The Fund's investments were allocated to five advisors investing 88% of the portfolio in core/core-plus strategies, and three 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.

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 30.3% of the Fund's investment securities at fiscal year-end. Government securities were below the benchmark at 19.0% of the Fund, compared to 21.9% 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 53.8% concentration in mortgage-backed, U.S. Treasury, and Agency securities. Relative to the Index, MFIF held a lesser degree of below investment grade securities including emerging market debt.

At fiscal year end, 87% of Fund investments were in fixed income securities with the balance held in cash.

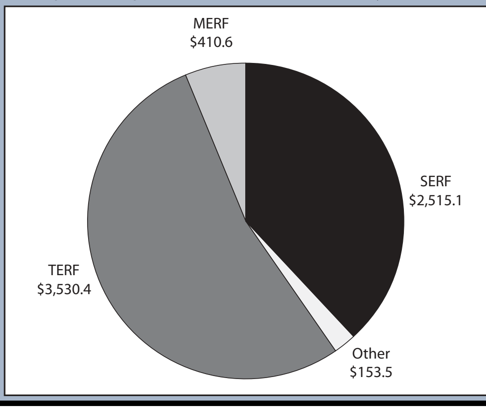
Risk Profile

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, 2003, the Fund's duration was at 4.6 years versus 4.2 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.

Figure 6-1

MUTUAL FIXED INCOME FUND
Ownership Analysis at June 30, 2003 ($ in millions)



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

Figure 6-2

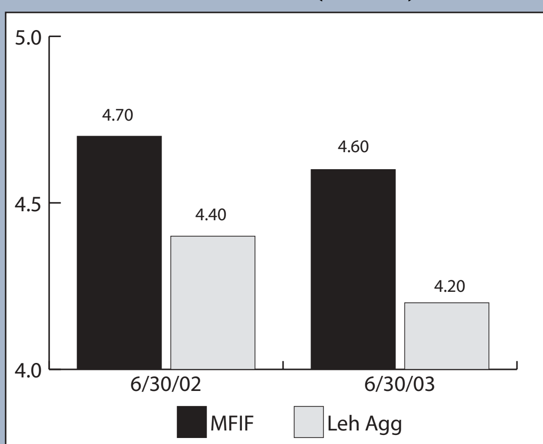
MUTUAL FIXED INCOME FUND (1)
Risk Profile at June 30, 2003

Relative Volatility	1.01
Standard Deviation	3.78
R^2	0.65
Beta	0.82
Alpha	-0.85

(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, 2003
Based on Investments in Securities, at Value

	MFIF	LB Aggregate	Variance
Treasury	19.0%	21.9%	-2.9%
Agency	25.7%	12.2%	13.5%
Corporate	30.3%	27.4%	2.9%
Mortgage-Backed	9.1%	34.2%	-25.1%
Asset-Backed	1.1%	1.8%	-0.7%
Other[1]	14.7%	2.5%	12.2%
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, 2003
Based on Investments in Securities, at Value

Aaa	52.0%
Aa	3.7%
A	7.7%
Baa	9.1%
Less than Baa	10.0%
Not Rated(1)	4.6%
Cash(2)	12.8%
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, 2003
Based on Investments in Securities, at Value

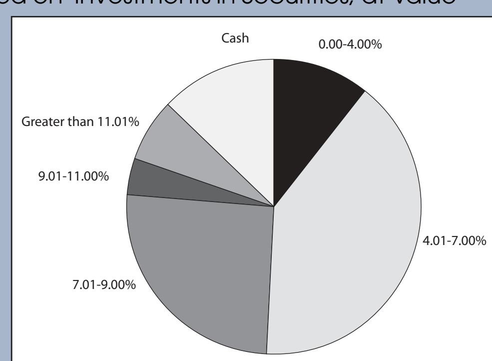


Figure 6-7

MUTUAL FIXED INCOME FUND
Macauley Duration Distribution at June 30, 2003
Based on Investments in Securities, at Value

0-3 Years	32.1%
3-5 Years	16.0%
5-7 Years	7.5%
7-10 Years	12.6%
10+ Years	14.5%
Unknown(1)	4.5%
Cash(2)	12.8%
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, 2003

	1 YR	3 YRS	5 YRS	10 YRS
Compounded, Annual Total Return (%)				
MFIF	12.03	8.54	6.78	7.34
MFIF Hybrid Benchmark	15.53	9.86	7.64	7.26
Cumulative Total Return (%)				
MFIF	12.03	27.85	38.79	103.03
MFIF Hybrid Benchmark	15.53	32.59	44.49	101.49

Figure 6-9

MUTUAL FIXED INCOME FUND
Annual Total Return

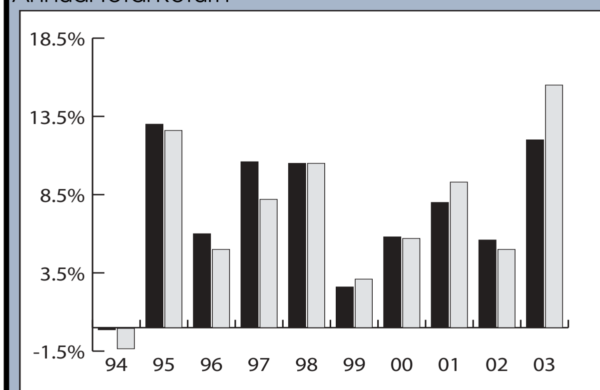


Figure 6-10

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

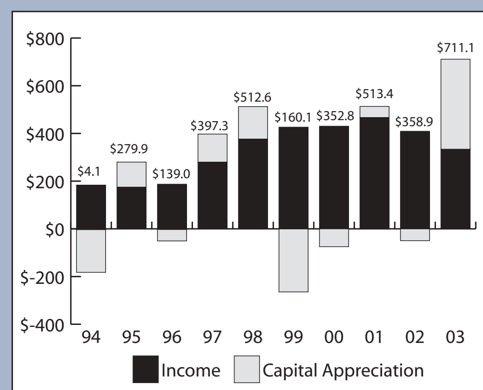


Figure 6-11

MUTUAL FIXED INCOME FUND
Investment Advisors at June 30, 2003

Investment Advisor	Net Asset Value	% of Fund
Core	**$5,786,698,371**	**87.55%**
Western Asset Management Co.	1,578,091,449	23.87%
State Street Global Advisors	1,562,280,692	23.64%
BlackRock Financial Mgmt Inc.	1,251,837,018	18.94%
Wellington	1,070,671,136	16.20%
Phoenix	323,818,076	4.90%
High Yield	**$807,818,592**	**12.22%**
Loomis Sayles & Co., Inc.	326,963,012	4.95%
W.R. Huff Asset Management	254,881,050	3.85%
Oaktree Capital Mgmt L.L.C.	225,880,502	3.42%
Triumph II LP	94,028	0.00%
Other (1)	**$15,083,351**	**0.23%**

(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, 2003

Security Name	Maturity	Market Value	%
GNMA TBA	12/15/2033	$141,881,250	1.94%
FNMA TBA	12/31/2033	112,010,938	1.53%
FNMA TBA	12/31/2033	108,024,141	1.48%
U.S. Treasury Notes	07/17/2003	106,555,497	1.46%
FNMA TBA	12/01/2033	98,988,977	1.35%
GNMA TBA	12/15/2033	57,335,469	0.78%
FNMA TBA	12/31/2033	56,211,425	0.77%
U.S. Treasury Notes	03/31/2005	55,378,125	0.76%
U.S. Treasury Bonds	02/15/2031	48,785,746	0.67%
Germany FED REP	08/17/2007	47,600,668	0.65%
TOTAL		**$832,772,236**	**11.39%**

Figure 6-13

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

	2003		2002		2001		2000		1999	
	MFIF	LB Agg	MFIF	LB Agg	MFIF	LB Agg	MFIF	LB Agg	MFIF	LB Agg
Number of Issues	4,319	7,472	4,071	6,892	3,633	6,414	3,226	5,974	2,689	5,381
Average Coupon	6.20%	6.10%	6.60%	6.50%	6.90%	6.90%	7.00%	7.00%	6.60%	6.90%
Yield Maturity	4.50%	3.40%	6.50%	5.30%	7.60%	6.20%	8.20%	7.20%	7.60%	6.50%
Average Maturity	7.50	6.20	8.40	7.30	9.70	8.30	9.70	8.50	10.30	8.90
Modified Duration (2)	4.60	4.20	4.70	4.40	5.30	4.80	5.40	4.90	6.20	5.10
Average Quality	AA-3	AA-1	AA-3	AA-1	AA-3	AA-1	AA-3	AAA	A1	AAA
Cash (1)	12.8%	0.0%	10.9%	0.0%	10.3%	0.0%	13.0%	0.0%	13.1%	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 (%)

	6/30/03	3/31/03	12/31/02	9/30/02	6/30/02
MFIF	**5.12**	**5.22**	**5.38**	**5.62**	**5.83**
Leh Agg	5.33	5.55	5.70	5.84	6.13
Salomon 91 Day T-Bill	0.85	1.10	1.20	1.56	1.74
Lehman Treasury	4.57	4.84	4.95	5.03	5.55
Lehman Agency	4.34	4.49	4.66	4.82	5.15
Lehman Mortgage	5.78	5.96	6.11	6.27	6.40
Lehman Corporate	5.92	6.10	6.24	6.46	6.85
Lehman Asset Backed	4.64	5.08	5.35	5.43	5.63

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

2003 commercial mortgage fund

Fund Facts at June 30, 2003

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: $72,282,499

Number of Advisors: 1external

Management Fees: $417,400

Operating Expenses: $17,825

Expense Ratio: 0.60%

Performance Summary

For the fiscal year ended June 30, 2003, the Commercial Mortgage Fund (CMF or the Fund) generated a return of 20.62%, net of management fees and operating expenses, significantly out performing the Lehman Aggregate Index of 10.41% by 1021 basis points. The Fund's favorable performance is attributable to its yield advantage versus the benchmark, a significant prepayment penalty received and the improvement in the valuation of its hotel loans.

During the fiscal year, CMF assets declined from $73 million to $72 million, a decrease of $1 million. This decrease was due to cash outflows to the Fund's unit holders of $15 million offset by $14 million generated by operations. The outflows were paid from loan maturity and amortization proceeds. The $14 million generated from operations consisted of $9 million of net operating income and $5 million of unrealized gain.

For the trailing three, five, and ten-year periods, CMF's total compounded annual portfolio return was 10.61%, 9.22% and 9.14%, respectively, net of all expenses. The Fund's results over the three, five and ten-year periods exceeded the benchmark by 53 basis points, 168 basis points and 193 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 pooled residential mortgage-backed securities, created pursuant to a previous Connecticut State Treasury program.

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

Portfolio Activity

At June 30, 2003, the Fund consisted of five commercial mortgage loans with a combined value of $49.5 million and seven residential mortgage pools with a combined value of $0.9 million. The balance of the Fund's assets consisted of short-term cash investments. During the fiscal year one portfolio loan was paid off. This loan resulted in the receipt of $21.6 million including a $5.1 million prepayment penalty. These proceeds comprised virtually all of the Fund's short-term cash investments at June 30 and were distributed to unit holders in July. The Fund continued to be inactive regarding new loans and is being managed to maximize the total return on its remaining holdings.

The Fund's primary investment manager performed a hold/sell review of the portfolio during the fiscal year. This review evaluated whether a portfolio sale would be advisable. The result was a determination that the market would not fully price the intrinsic value of the portfolio. Furthermore it was determined that holding this portfolio of seasoned, well collateralized and high yielding loans was the most appropriate course of action at this time.

In the fiscal year ended June 30, 2003, the U.S. economy continued the tepid expansion that began in the second half of the previous fiscal year. The tentative nature of economic growth has been evidenced by a stagnant business investment environment with virtually no new job creation. The Federal Reserve Board has labored to nurture this anemic growth by reducing the short term Federal Funds Rate to historically low levels. Longer-term interest rates have also reached relatively low levels, providing a measure of stimulus to overall economic activity. This growth rate, though disappointing to most, has helped stabilize the underlying values of the Fund's residential and hotel loans, the two most significant property types in the portfolio during most of the fiscal year. This was especially evident in the hotel sector, where the pricing of hotel loans rebounded from significant write-downs of the prior year.

Portfolio Characteristics

As its existing loans mature, portfolio diversification has been decreasing. The largest portion of the Fund's net assets, 34%, was invested in residential sector at fiscal year-end, followed by 10% in the hotel sector and 8% in both the retail and industrial sectors. (See figure 7-4.) The Fund has retained reasonable diversification across geographic regions with 27% of investments located in the Northeast, 19% in the East North Central, and 24% in the Mountain. The concentration in the Northeast region and the hotel sector decreased significantly during the year due to the loan payoff noted above. (See figure 7-5.)

The CMF's ten largest holdings aggregated to 69.9% of Fund investments. (See figure 7-11.) This percentage is significantly lower than in prior years due to the large amount of short-term cash investments resulting from the June loan payoff.

The portfolio is healthy from a credit risk standpoint. CMF had no delinquent or non-performing loans at fiscal year end. One of the Fund's investments totaling $5.6 million is scheduled to mature in the next 12 months.

Risk Profile

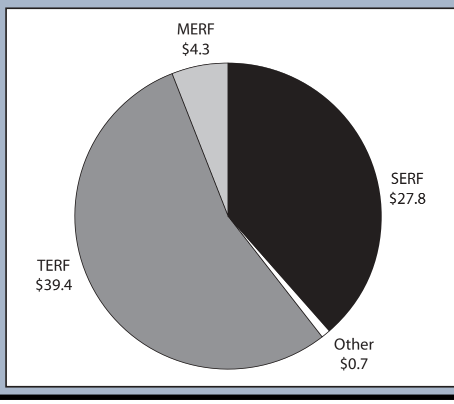
Given CMF's investment policies and objectives, the Fund is exposed to several forms of risk. These include risks specific to fixed income investing, such as purchasing power risk, market risk, and default risk. Moreover, falling interest rates subject commercial mortgages to the risk of prepayment, 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, 2003, the Fund's duration was 3.0 years versus 4.2 years for the Lehman Aggregate Index. Therefore, the Fund is less sensitive to interest rate changes than the Lehman Aggregate Index.

Based on returns over the last five years, the Fund's risk profile is similar to that of the Lehman Aggregate Index. With a relative volatility of 2.04, its returns are slightly more volatile than the index; however, its returns show modest correlation to those achieved by the benchmark. The Fund's beta of 0.61 signifies a reasonable amount of sensitivity to movements in the Index as a whole. CMF's five-year monthly alpha, or return in excess of that predicted by returns in the overall market, at June 30, 2003 was 1.68. (See figure 7-2.)

Figure 7-1

COMMERCIAL MORTGAGE FUND
Ownership Analysis at June 30, 2003 ($ 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, 2003

Relative Volatility	2.04
Standard Deviation	6.96
R^2	0.09
Beta	0.61
Alpha	1.68

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

Figure 7-3

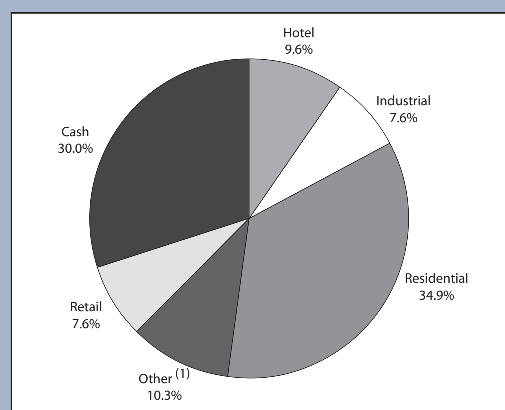
COMMERCIAL MORTGAGE FUND
Quarterly Current (1) Yield Analysis

	CMF	LB Aggregate
06/30/03	8.93%	5.33%
03/31/03	9.32%	5.55%
12/31/02	9.32%	5.70%
09/30/02	9.31%	5.84%
06/30/02	9.18%	6.13%

(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, 2003
Based on Investments in Securities, at Value



(1) Includes senior ground leases.

Figure 7-5

COMMERCIAL MORTGAGE FUND
Distribution by Location at June 30, 2003
Based on Investments in Securities, at Value

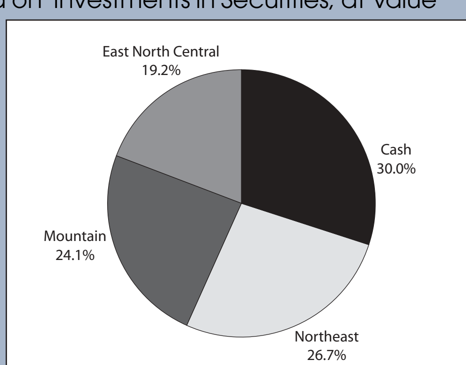


Figure 7-6

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

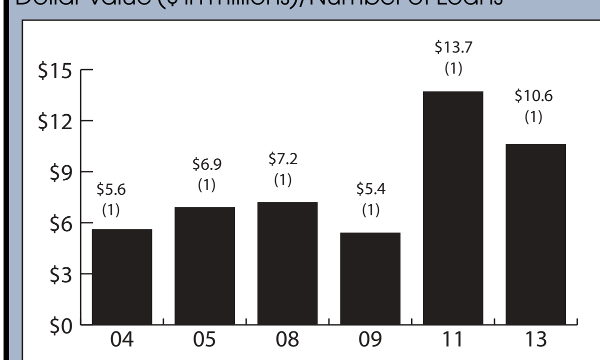


Figure 7-7

COMMERCIAL MORTGAGE FUND
Periods ending June 30, 2003

	1 YR	3 YRS	5 YRS	10 YRS
Compounded, Annual Total Return (%)				
CMF	20.62	10.61	9.22	9.14
Lehman Agg	10.41	10.08	7.54	7.21
Cumulative Total Return (%)				
CMF	20.62	35.33	55.45	139.81
Lehman Agg	10.41	33.40	43.86	100.61

(1) Cash Reserve Account.

Figure 7-8

COMMERCIAL MORTGAGE FUND
Annual Total Return

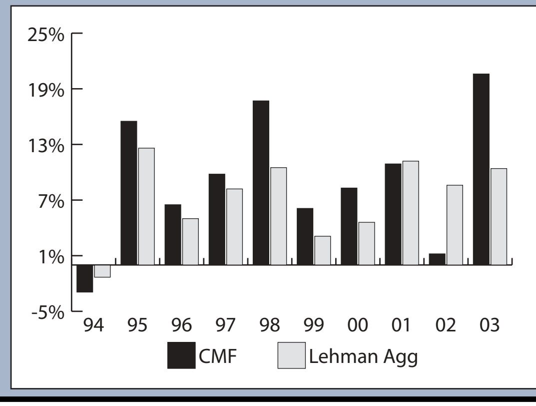


Figure 7-9

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

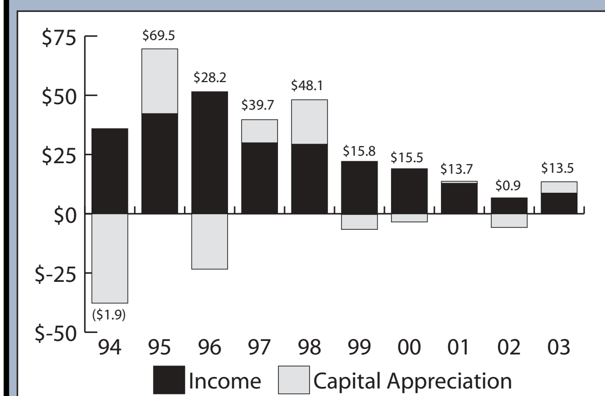


Figure 7-10

COMMERCIAL MORTGAGE FUND
Investment Advisors at June 30, 2003

Investment Advisor	Net Asset Value	% of Fund
AEW Capital Management	$49,754,439	68.83%
Other [(2)]	22,528,060	31.17%

(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, 2003

Property Name	Property Type	Market Value	%
SASCO	Other	$17,901,104	24.87%
Greenhill Apts	Residential	13,740,471	19.09%
Sheraton Denver West	Hotel	6,864,418	9.53%
Bidderman	Warehouse	5,559,545	7.72%
North Haven Crossing	Retail	5,420,219	7.53%
Yankee Mac E 0.92%	Residential	459,741	0.64%
Yankee Mac G 0.78%	Residential	147,793	0.20%
Yankee Mac F 1.08%	Residential	128,898	0.18%
Yankee Mac C 1.43%	Residential	84,398	0.12%
Yankee Mac B 1.15%	Residential	44,149	0.06%
TOTAL		**$ 50,350,736**	**69.94%**

2003 private investment fund

Fund Facts at June 30, 2003

Investment Strategy/Goals: A long-term asset allocation with the goal of earning returns in excess of the public equity markets through investments in private equity companies.

Performance Objective: To outperform the Standard & Poor 500 Index by 500 basis points at the end of ten years.

Benchmark: Venture Economics All Private Equity Index.

Date of Inception: July 1, 1987

Total Net Assets: $1,848,119,256

Number of Partnerships: 43 external

Expensed Management Fees [1]**:** $5,742,250

Operating Expenses: $2,494,498

Expense Ratio: 0.40%

Capitalized and Netted Fees: $34,650,755

(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, 2003, the Private Investment Fund (PIF) generated a negative 11.94% Internal Rate of Return ("IRR"), calculated on a time weighted basis. Fiscal year 2003 continued to present a challenging environment for private equity investments. However, it appears that the private equity market has begun the "bottom formation" process which is defined as the stabilization of portfolio company valuations, an improvement of investment pace, and an improvement in the public markets, including the IPO market. The issues that plagued the industry in 2002 – a volatile and under-performing public market, a deep recession in the technology sector and poor portfolio company performance, all show signs of slight improvement in the second quarter of 2003.

According to the Venture Capital Journal[1], a new survey of private equity professionals shows an increasing, albeit cautious, optimism. Venture capitalists are talking more and more about a "bottoming out" of the economy. While they are not predicting dramatic improvement in the near future, a growing number feel they have seen the worst of a bad economic environment. Market indicators are slowly returning to normal. More deals are getting funded, especially seed and early-stage rounds, with transaction flow improving.

Clearly, a change in the private equity investor sentiment is neither binary, nor instantaneous, but rather, a gradual transition to normalcy. According to the Wall Street Journal[2] , venture capitalists remain optimistic that the pace of venture capital investment will continue to pick up during the last six months of 2003 – especially with signs that the IPO window may be reopening.

According to MSNBC[3] , at a time when total venture capital investment activity has slumped to a seven-year low, a number of venture capital firms are actually planning to ramp up the pace of investments in 2003. For example, Advanced Technology Ventures has already negotiated eight deals this year - more than the seven that it completed in all of 2002. Other firms such as Mobius Venture Capital, Charles River Ventures and Bay Partners are also on track to surpass last year's level of deal activity.

The buyout market maintained its high investment pace in the second quarter, according to Buyouts[4]. First-half LBO volume on disclosed deals totaled $33.2 billion; this surpasses every other first-half year total since Buyouts has maintained records (surpassed only during the second half of 1999 with $44.1 billion in deals).

Two notable trends in 2003 were the downshift in the size of transactions and the increase in the number of recapitalizations. According to Buyouts[4] , there were only three deals that were over $1 billion: WL Ross & Co.'s Bethlehem Steel add-on; Evercore Partners and Thomas H. Lee's recapitalization of American Media Inc.; and, Madison Dearborn Capital Partners and Carlyle/Riverstone's purchase of a majority stake in Williams Energy Partners LP. The reduction in the large transactions was the result of the slowdown of the large corporate carveouts.

During fiscal year 2003, PIF's assets decreased from $2.281 billion to $1.848 billion, a decrease of $433 million. The decrease was due to $181 million of net cash outflows from participating pension plans and trusts and by $252 million of realized and unrealized capital losses net of investment income.

The Fund outperformed the assigned benchmark, which had a negative return of 14.67% for the fiscal year. While short-term performance is assessed, the Fund has a long-term perspective in evaluating performance, in that it measures the returns 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 analysis of long-term performance, Figure 8-5 shows PIF's cumulative total return over the three, five and ten-year periods.

In reporting values for PIF, private market valuations are often imprecise. Accordingly, the PIF advisors typically adopt a 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.

Description of the Fund

The Private Investment Fund (PIF) is an externally managed fund whose strategic focus is divided among six specific areas: venture capital, corporate buyout, mezzanine, fund of funds, special situations, and international funds. The Private Investment Fund serves as a long-term investment tool for the Pension and Trust Funds, with the goal of earning returns in excess of the public equity markets through investments in private equity 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 in the areas of investment type, strategic focus, industry type and geographic region. The performance objective of the Fund is to outperform, net of management fees and Division operating expenses over a rolling ten-year period, the Standard & Poor 500 Index by 500 basis points.

Portfolio Characteristics

The Private Investment Fund consists of private equity investments, which include six primary areas of strategic focus:

Buyouts 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.

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

Venture Capital focused investments can be 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 a company has 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 or contingent equity interests.

Special Situations focused investments can be defined as investments in a variety of securities (Debt, Preferred Equity, Common Equity) in portfolio companies at a variety of stages of development (Seed, Early Stage, Later Stage).

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

Through June 30, 2003, the PIF had aggregate capital commitments in the amount of $3.8 billion to 43 partnerships of which approximately 79 percent, or $3.0 billion has been "drawn down" for investment purposes while the balance of approximately $0.8 billion or 21 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.

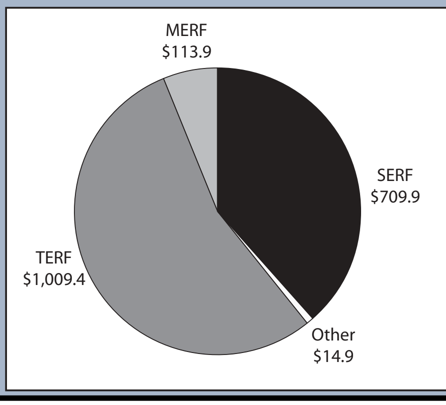
PIF's risk profile is complex given the valuation judgments and liquidity constraints placed on it due to its alternative investment strategy. PIF's volatility relative to its benchmark is .75 with a correlation .79 for the most recent fiscal year. The Fund has returned an annual alpha, or return relative to that predicted by its benchmark, of negative 5.91 (See Figure 8-2.)

Footnotes

(1) "VCs See Bottom, Expect to do More Deals", Venture Capital Journal, July 1, 2003.
(2) "Venture Capital Shows Signs of Life", Wall Street Journal, July 2, 2003.
(3) "VC deals fueling turnaround hopes", MSNBC, May 27, 2003.
(4) "Market Stays Fast And Furious In Q2: First Half Finishes With $33B", Buyouts, July 7, 2003.

Figure 8-1

PRIVATE INVESTMENT FUND
Ownership Analysis at June 30, 2003 ($ in millions)



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

Figure 8-2

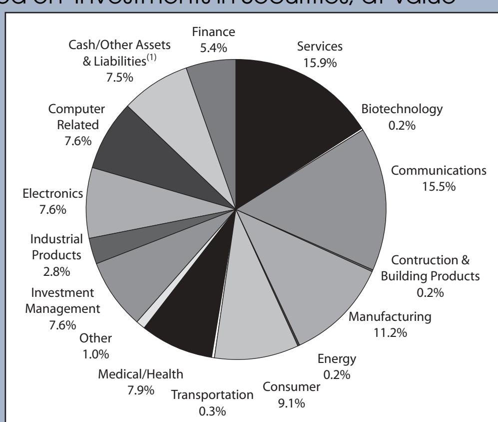
PRIVATE INVESTMENT FUND (1)
Risk Profile at June 30, 2003

Relative Volatility	0.75
Standard Deviation	34.77
R^2	0.62
Beta	1.06
Alpha	-5.91

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

Figure 8-3

PRIVATE INVESTMENT FUND
Distribution by Industry at June 30, 2003
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, 2003
Based on Investments in Securities, at Value

Region	**%**
Southeast	19.20%
International	18.90%
Mid-Atlantic	17.00%
Southwest	11.20%
West Coast	10.30%
Cash/Other Assets & Liabilities (1)	7.50%
MidWest	6.70%
Northeast (Excludes Connecticut)	6.10%
Connecticut	2.90%
Unclassified (2)	0.20%
TOTAL	100.00%

(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, 2003

	1 YR	3 YRS	5 YRS	10 YRS
Compounded, Annual Total Return (%)				
PIF	-11.94	-9.70	2.36	10.10
S & P 500	0.26	-11.20	-1.61	10.04
Venture Economics All Private Equity	-14.67	-12.24	8.26	16.68
Cumulative Total Return (%)				
PIF	-11.94	-26.37	12.37	161.74
S & P 500	0.26	-29.27	-7.81	160.37
Venture Economics All Private Equity	-14.67	-32.40	48.73	367.65

Figure 8-6

PRIVATE INVESTMENT FUND
Distributed by Committed and Invested Capital
As of June 30, 2003 ($ in millions)

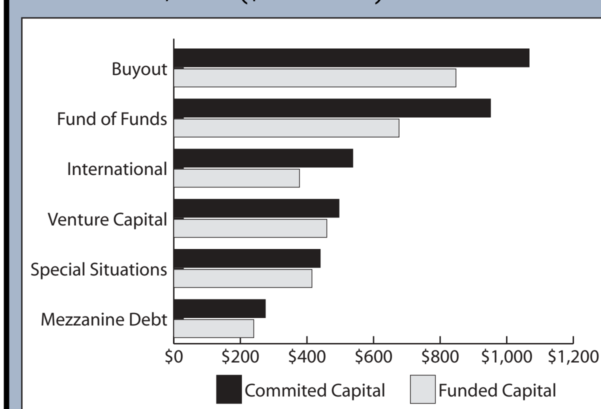


Figure 8-7

PRIVATE INVESTMENT FUND
Annual Total Return

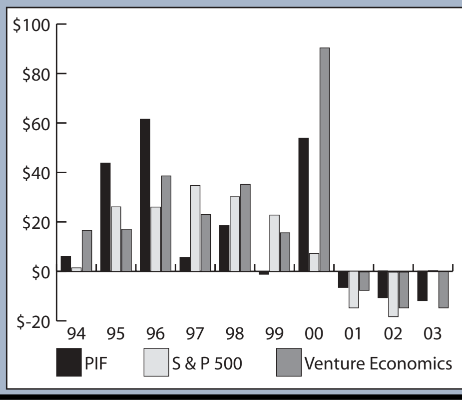


Figure 8-8

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

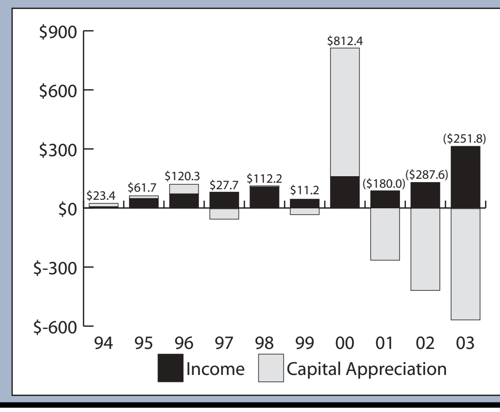


Figure 8-9

PRIVATE INVESTMENT FUND
Ten Largest Holdings at June 30, 2003

Company	Industry	Market Value	%
Integrated Defense Technologies	Electronics	$104,467,104	5.65%
Raytheon Aerospace Company	Services	75,662,047	4.11%
Citadel Broadcasting Corporation	Communications	69,451,536	3.77%
Global Beverage Systems, Inc.	Consumer	36,512,982	1.98%
AMFM, Inc.	Communications	34,114,242	1.85%
TRAK Communications, Inc.	Communications	29,467,759	1.60%
Elixia, B.V.	Medical/Health Related	29,265,074	1.59%
N & W Global Vending	Manufacturing	25,439,854	1.38%
Honsel AG	Manufacturing	23,319,352	1.27%
LIN Holdings Corporation	Communications	22,581,605	1.23%
TOTAL		**$450,281,555**	**24.43%**

Figure 8-10

PRIVATE INVESTMENT FUND
New Investments Made in Fiscal Year 2003[1] (in Excess of $3 Million)

Description	Industry	Cost	Investment Type	Inv. Date
US Investigations Services, Inc.	Services	$14,346,397	Mezzanine	January-03
Eurotherm Drives Holdings	Manufacturing	9,961,798	International	November-02
Edscha AG	Manufacturing	8,373,901	International	December-02
Nortek Holdings, Inc.	Manufacturing	8,147,203	Buyout	January-03
AmeriPath, Inc.	Medical/Health	5,814,891	Mezzanine	March-03
Vistar, Inc.	Services	5,120,499	Buyout	May-03
Vatterott Educational Centers, Inc.	Services	4,763,255	Buyout	May-03
Herbalife International, Inc.	Consumer	4,206,823	Mezzanine	July-02
Greenland Investment Holdings Ltd.	Investment Management	3,934,615	International	August-02
Firth Rixon	Manufacturing	3,803,769	International	February-03
Residential Services Group	Services	3,496,824	Buyout	June-03
Total:		**$71,969,975**		

(1) These holdings represent underlying portfolio companies that were invested in by the Fund during fiscal year 2003 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, 2003. Additional investments of less than $3.0 million were made in 58 companies totaling $39.3 million.

Figure 8-11

PRIVATE INVESTMENT FUND
Investment Advisors at June 30, 2003

Investment Advisor	Net Asset Value	% of Fund
Buyout	**$678,428,495**	**36.71%**
Veritas Capital Fund	228,946,125	12.39%
Hicks, Muse Tate & Furst Equity Fund III	87,343,235	4.73%
Thomas H. Lee Equity Fund IV	49,428,160	2.67%
DLJ Merchant Banking Fund II	47,702,824	2.58%
KKR 1996 Fund	37,560,709	2.03%
SCP Private Equity Partners	32,680,003	1.77%
Kelso Investment Associates VI	31,028,608	1.68%
Wellspring Capital Partners II	29,463,944	1.59%
Forstmann Little Equity Fund VI	28,972,970	1.57%
Welsh Carson Anderson & Stowe VIII	26,837,760	1.45%
Blackstone Capital Partners III	24,093,965	1.30%
Green Equity Investors III	22,840,152	1.24%
Wellspring Capital Partners III	14,553,161	0.79%
Thayer Equity Investors IV	11,544,879	0.62%
KKR Millennium Fund	5,432,000	0.30%
Venture Capital	**141,237,412**	**7.64%**
Pioneer Ventures Associates	33,920,260	1.83%
Shawmut Equity Partners	28,296,091	1.53%
Crescendo World Fund	19,381,649	1.05%
Grotech Partners V	18,863,705	1.02%
Conning Capital Partners V	15,176,417	0.82%
RFE Investment Partners VI	13,641,473	0.74%
Crescendo III	6,099,472	0.33%
Connecticut Futures Fund	3,274,852	0.18%
Connecticut Greene Ventures	2,443,577	0.13%
CT Financial Development Fund	139,916	0.01%
Mezzanine	**$126,547,846**	**6.85%**
GarMark Partners	62,721,873	3.39%
SW Pelham Fund	51,560,313	2.79%
Triumph Connecticut	12,145,410	0.66%
SW Pelham Fund II LP	120,250	0.01%
International	**$269,601,358**	**14.59%**
Compass Partners European Equity Fund	95,775,876	5.18%
Carlyle Europe Partners	78,695,555	4.26%
AIG Global Emerging Markets Fund	39,052,656	2.12%
Gilbert Global Equity Partners	36,276,725	1.96%
Carlyle Asia Partners	19,800,546	1.07%
Fund of Funds	**$305,262,774**	**16.52%**
Crossroads Constitution Fund	154,285,998	8.35%
Landmark Private Equity Fund VIII	80,719,975	4.37%
Goldman Sachs Private Equity Partners Connecticut	50,274,566	2.72%
Lexington Capital Partners II	19,982,235	1.08%
Special Situations	**$231,715,463**	**12.53%**
Welsh Carson Anderson & Stowe Capital Partners III	88,578,197	4.79%
Triumph Partners III	78,574,736	4.25%
Greenwich Street Capital Partners II	39,469,686	2.14%
Forstmann Little MBO VII	21,683,250	1.17%
Triumph Capital Investors II	3,409,594	0.18%
Other (1)	**$95,325,908**	**5.16%**

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

2003 debt management division

Division Overview

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

The Division maintains 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 is 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 Executive and Legislative Branches 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 Resources Recovery Authority, and the Connecticut Higher Education Supplemental Loan Authority.

The active public financing programs for the State include:

	Amount Outstanding June 30, 2003
GENERAL OBLIGATION BONDS	$8,045,512,128

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.

GENERAL FUND APPROPRIATION DEBT	$765,442,146

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. ($669,197,146)

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. ($39,575,000)

Other appropriation debt includes CDA Tax Incremental Financing and CDA lease revenue financing for a State facility, ($37,845,000) and a Certificate of Participation issue for the CT Juvenile Training School Energy Center Project. ($18,825,000)

ECONOMIC RECOVERY BONDS	$219,235,000

Economic recovery notes 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. The economic recovery notes were issued to finance the State`s FY 2002 budget deficit.

SPECIAL TAX OBLIGATION BONDS	$3,186,117,825
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. The bonds are secured by transportation related taxes and revenues and additional security for the bonds is provided by a debt service reserve fund, which totaled $394 million on June 30, 2003.	
CLEAN WATER FUND REVENUE BONDS	$566,875,000
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. Clean Water Fund bonds are secured by loan repayments from Connecticut municipalities and a debt service reserve fund of $262 million as of June 30, 2003. The reserve fund is funded with State General Obligation Bonds and Federal Capitalization Grants. An interest rate subsidy is provided to borrowers 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	$111,130,000
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	$258,160,000
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, 2003	$13,206,272,099

The Debt Management Division managed the sale of approximately $1.8 billion in new money bonds issued to fund State programs and capital projects, including the UCONN 2000 program and the State's 2002 ERNS and $748.7 million 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				
2002 Series D	$400,000,000	4.23%	11.05	August 15, 2002
2002 Series F	231,000,000	4.20%	10.7	November 1, 2002
2003 Series A	300,000,000	4.09%	10.5	April 15, 2003
2003 Series A Floating Rate	77,700,000	Variable(2)	5.6	April 15, 2003
2003 Series C	265,000,000	4.0%	10.5	May 1, 2003
ECONOMIC RECOVERY NOTES				
2002 Series A	149,095,000	1.95%	2.2	December 1, 2002
2002 Series B Auction Rate Notes	70,140,000	Variable(2)	4.6	December 19, 2002
GENERAL FUND APPROPRIATION				
UCONN 2003 Series A	96,210,000	3.97%	10.4	March 1, 2003
SPECIAL TAX OBLIGATION				
2002 Series B	215,000,000	4.23%	12.0	November 1. 2002
2003 Subtotal New Money Issues	$1,804,145,000			
REFUNDING BONDS:				
General Obligation 2002 Series E	256,375,000	3.8%	9.0	August 15, 2002
Special Tax Obligation 2003 A & B	421,980,000	3.6%	12.6	January 23, 2003
General Obligation 2003 Series B	70,385,000	2.02%	2.1	April 15, 2003
Subtotal Refunding Issues	$748,740,000			
TOTAL	**$2,552,885,000**			

(1) An industry defined term representing a composite overall present-value based interest rate for an entire 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 2003 include:

- Managed the first sale of State debt in the European market issuing taxable variable rate Eurobonds at a positive spread to rates available in the domestic market.
- Took advantage of falling interest rates by issuing $748.7 million in refunding bonds in three refundings of General Obligations and Special Tax Obligations, which will save $59.4 million over the life of the bonds. Interest rate swap agreements were used to maximize refunding savings opportunities.
- Utilized positive cash flow from the Second Injury Fund to defease $29.8 million of the Fund's long-term debt and shorten the final payment of Second Injury debt to 2011 from 2013.
- Developed a more flexible credit structure for future issuance of Clean Water Fund and Drinking Water Fund Bonds while maintaining the triple A credit ratings for the program.
- Issued the first Economic Recovery Notes since 1991 to finance the State's 2002 deficit using a fixed and variable rate structure to minimize the cost of the five-year note issue.

2003 Division Performance

The continued economic recession and associated pressure on the State's budget provided challenges to the Debt Management Division in fiscal year 2003.

The Division communicated throughout the year with the credit rating agencies and the investment community to address concerns regarding the State's budget impasse and financial condition. These communications assisted in ensuring continued access to capital by maintaining financial community confidence in the State's credit.

The Division completed seven sales of General Obligation, Special Tax Obligation and UCONN 2000 bonds and one sale of Economic Recovery Notes, at historically low interest rates. This provided significant relief for the State budget during fiscal years 2003 and beyond. The Division also took advantage of the low interest rate environment by managing the sale of $749 million of tax supported refunding bonds that will save taxpayers over $59 million in future debt service.

The Division worked closely with the legislature on several important initiatives including funding additional transportation investments with incremental revenues, securitizing energy charges, and developing other funding solutions for the State budget.

Figure 9-1

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

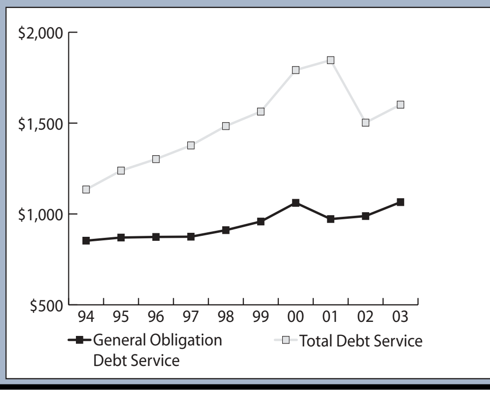


Figure 9-2

DEBT MANAGEMENT
Total Debt Outstanding ($ in millions) at June 30, 2003

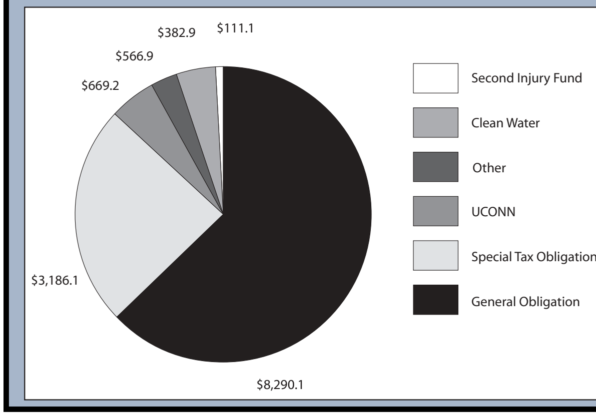
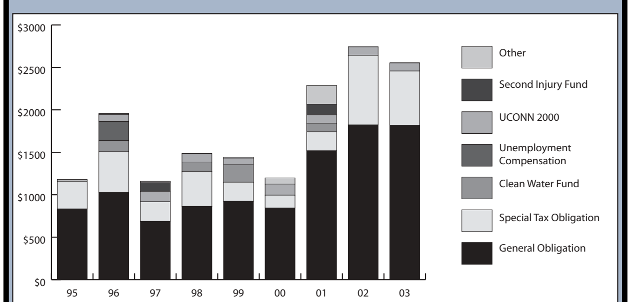


Figure 9-3

DEBT MANAGEMENT
Bond Issuance ($ in millions) fiscal years 1995 - 2003



cash management division

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 $164 billion annual internal and external cash flow. The unit records and tracks the flow of funds through 22 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 the principle retirement funds, and monitors actual cash receipts and disbursements. During fiscal year 2003, the unit controlled movement of over $21 billion to and from State bank accounts 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 2003, the unit invested an average of $3.7 billion in short-term money market instruments. As of June 30, 2003, the unit administered 1,106 active STIF accounts for 60 State agencies and authorities and 255 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, 2003, approximately $504 million in securities was pledged to the program and $45 million was deposited in STIF.

The Year in Review

Highlights of the Division's accomplishments and important initiatives in fiscal year 2003 include:

- Expanded with the State Comptroller's Office a system for making electronic payments to municipalities and vendors, which totaled $1.262 billion during the year, up 23 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;
- Proposed legislation, enacted by the Legislature as Public Act 03-226, which allows the Treasurer to invest up to $100 million with the State's community banks and community credit unions. The banks and credit unions would compete for the investments under a competitive bidding process. The purpose of the program is to provide financial support and resources for smaller banks in the state to enhance their ability to support economic development and access to banking services for underserved markets within their local communities;
- Worked with the Comptroller's Office and the Department of Information Technology to expand the State's new financial control system to include 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. As of July 2003, the new system now covers over 98 percent of deposit transactions, up 250 percent from a year ago;
- Continued to hold annual STIF meetings, with the eighth annual meeting attended by 77 investors;
- Increased participation in and payments flowing through 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;
- Expanded, with the State Comptroller and Department of Administrative Services, procurement cards for small purchases to include over 66,000 transactions totaling $10 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;
- Worked with several state agencies to accelerate receipts via electronic transfers and the Internet;
- Streamlined the flow of funds between concentration accounts and individual disbursement accounts to reduce manual processes and increase invested funds;
- In conjunction with the Comptroller's Office, modified the state payroll checks to provide additional fraud protection by allowing bank teller's to determine the legitimacy of checks before they are cashed.

- Worked with the Department of Revenue Services and the Comptroller's Office to implement new control procedures for the processing of business tax refund checks by using a more efficient laser printing system that reduces material and administrative costs and improves security.
- Worked with several agencies to develop and release a Request for Proposals for credit card processing services and new applications for accepting and processing electronic checks and payments.

2003 Division Performance

As a result of these initiatives, the Cash Management Division successfully realized many achievements throughout the 2003 fiscal year including:

- Total annual return of 1.64 percent in STIF. This exceeded its primary benchmark by 44 basis points (an exceptional 37 percent), 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 2.08 percent in CRI investments, which exceeded STIF's benchmark by 88 basis points, resulting in $43,000 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 2002 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 19 local government STIF accounts with $8 million of assets;
- Closed three State bank accounts bringing total reduction in accounts to 426 over the past eleven years, thereby reducing servicing and transfer fees and unproductive balances;
- The identification and recapture of $150,000 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, $9.3 billion has been deposited into municipal STIF accounts, thereby accelerating the availability of municipal funds; and
- Increased electronic reporting of agency bank deposits to 95%.

Figure 10-1

CASH MANAGEMENT
Agency Deposit Data Reported Electronically

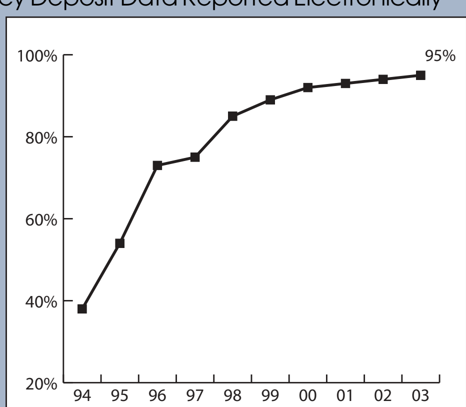
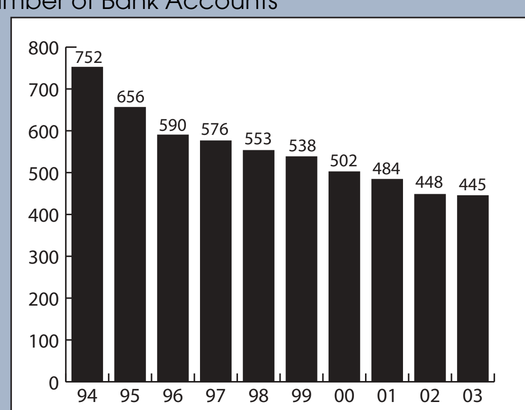


Figure 10-2

CASH MANAGEMENT
Number of Bank Accounts



short-term investment fund

Fund Facts at June 30, 2003

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: $3,276,078,820

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 2003 fiscal year, STIF's portfolio averaged $3.7 billion.

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

STIF pays interest monthly based on the daily earnings of the Fund less Fund expenses and an allocation to the Fund's Designated Surplus Reserve. The daily reserve allocations equal one-tenth of one percent of the Fund's daily balances divided by the number of days in the year, until the reserve totals one percent of the Fund's daily balance. This reserve, currently just under $41 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 2003 fiscal year was the continuation of an AAAm rating by Standard & Poor's in January 2003. 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 31-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 10 to 64 days as market rates fluctuated. At the end of the 2003 fiscal year, the average maturity was 21 days, since there was little incentive to extend as the yield curve flattened as the market priced in further Fed easings.

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 a 75 percent concentration in investments rated A-1+ or AAA (the highest ratings of Standard & Poor's) or overnight repurchase agreements. Seventy-three 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 57 percent at the previous year-end. The Fund's three largest security weightings included securities-backed commercial paper (31.4 percent), Certificates of Deposits (13.7 percent) and bank notes (12.3 percent), respectively. (See figure 11-5.)

Performance Summary

For the one-year period ended June 30, 2003, STIF reported an annual total return of 1.64 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 1.20 percent, by 44 basis points, as well as three-month T-Bills, which yielded 1.31 percent and three-month CDs, which yielded 1.40 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 3.44 percent, 4.33 percent, 4.73 percent, and 4.83 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 million at June 30, 2003, versus $15.4 million for a hypothetical investment in the MFR Index. (See figure 11-6.)

Figure 11-1

SHORT-TERM INVESTMENT FUND
Ownership Analysis at June 30, 2003 ($ in millions)

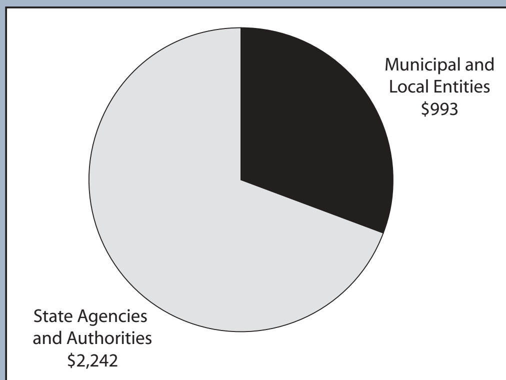


Figure 11-2

SHORT-TERM INVESTMENT FUND
Maturity Analysis

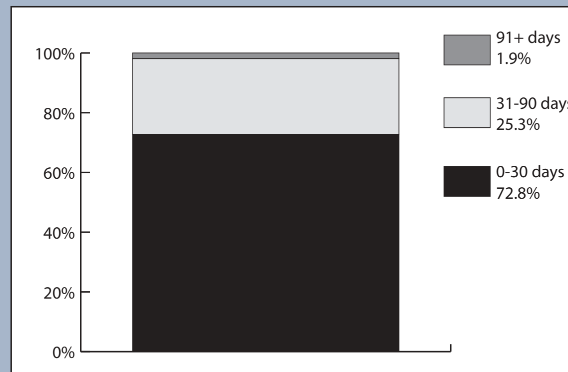


Figure 11-3

SHORT-TERM INVESTMENT FUND
Quarterly Yield vs. Benchmark

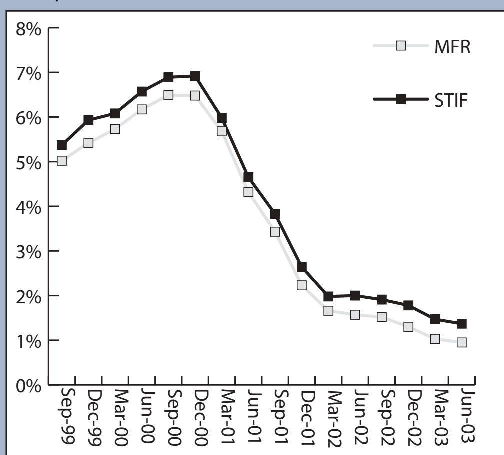


Figure 11-4

SHORT-TERM INVESTMENT FUND
Distribution by Quality Rating at June 30, 2003
Based on Investments in Securities, at Value

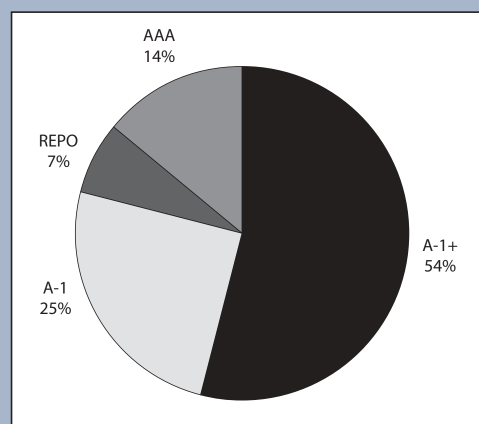


Figure 11-5

SHORT-TERM INVESTMENT FUND
Distribution by Security Type at June 30, 2003

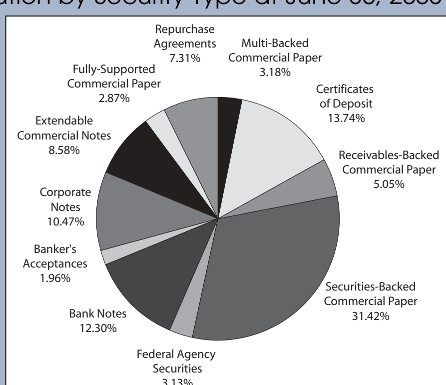


Figure 11-6

SHORT-TERM INVESTMENT FUND
Period ending June 30, 2003

	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs
Compounded Annual Total Return (%)					
STIF	1.64	3.44	4.33	4.73	4.83
MFR Index*	1.20	3.04	3.94	4.35	4.43
Fed. Three-Month T-Bill	1.31	2.90	3.73	4.14	4.30
Fed. Three-Month CD	1.40	3.08	4.06	4.51	4.62
Cumulative Total Return (%)					
STIF	1.64	10.67	23.62	38.22	60.29
MFR Index*	1.20	9.39	21.31	34.71	54.21
Fed. Three-Month T-Bill	1.31	8.96	20.09	32.82	52.40
Fed. Three-Month CD	1.40	9.52	22.04	36.17	57.16

**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, 2003.*

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 2003, the Unclaimed Property Division collected a record $70.4 million compared to $34.6 million received in fiscal year 2002 and included $25.5 million in receipts from the liquidation of eligible securities and mutual funds and $11 million from new holders coming into compliance with unclaimed property laws. Unclaimed 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 24 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 2003, the Division exceeded its number of claims paid from the previous year, paying more than 13,368 claims for a total return of $9,441,860 to rightful owners.

The Division, in collaboration with Treasury legislative staff, proposed revisions to Connecticut state unclaimed property law known as SB 121, "An Act Adopting the Uniform Unclaimed Property Act." The Treasury was joined in support of SB 121 by consumer organizations such as AARP. In May 2003, the text of SB 121 was incorporated in House Bill 6721. The new unclaimed property law (enacted as Public Act 03-1, sections 66 through 84 inclusive, on August 16, 2003) shortens dormancy periods for unclaimed property, eliminates dormancy fees and expiration dates for gift certificates and gift cards, and requires any unused portion of gift certificates and gift cards to be escheated to the State Treasurer's Office after a 3 year dormancy period. Passage of the new law strengthens consumer protection interests of Connecticut consumers, will increase the rate that abandoned property is escheated to the state, and increase the state's General Fund.

2003 Division Performance

- Paid $9.4 million in claims and issued 9,507 checks to claimants.
- Received $70.4 million (net of $0.9 million in fees) in unclaimed property receipts, including $25.5 million from the liquidation of securities.
- Collected $3.7 million as a result of the compliance examinations of holders.
- Increased the owner database by nearly 132,250 records.

Figure 12-1

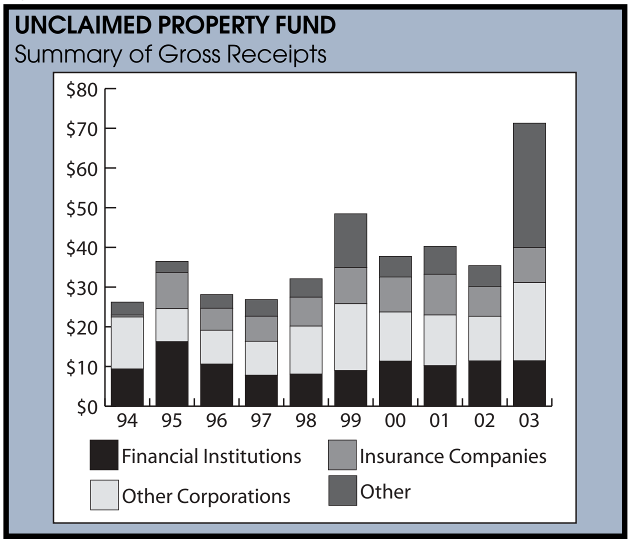


Figure 12-2

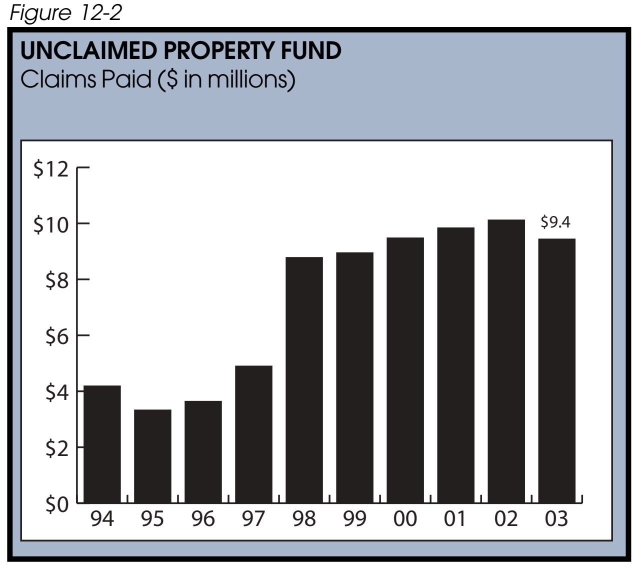


Figure 12-3

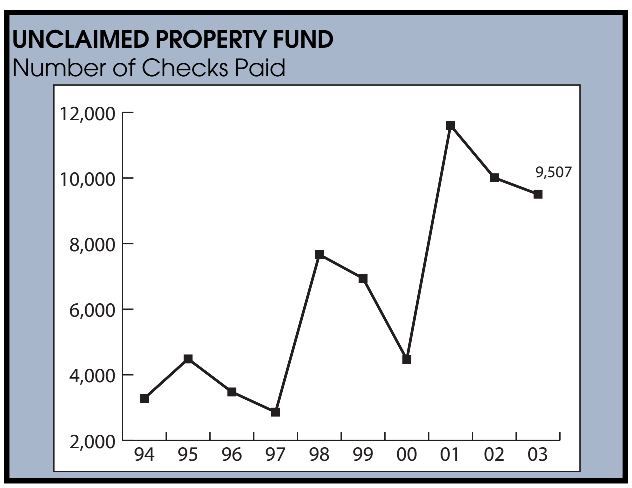
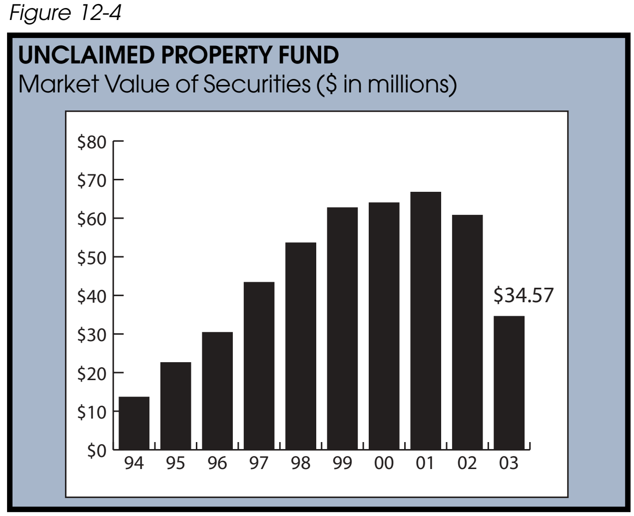


Figure 12-4



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 47 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 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 preexisting 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 No. 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.

As a result of the Fund's implementation of GASB No. 34 in fiscal year 2002, 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 deficit balance reported at June 30, 2002 of $96.1 million has been reduced by $36.6 million this year, leaving a deficit net asset balance at June 30, 2003 of $59.5 million.

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

- Effective July 1, 2003, assessment rates were again reduced for the third consecutive year from 8 percent down to 6.5 percent for insured employers. The rate for self-insured employers remains at 11.6 percent. While assessment rates have not increased in five years, the cumulative effect of all the rate reductions is a savings of $36.9 million for Connecticut businesses.

- Collected $6.3 million in underpaid assessments and interest through its assessment audit program.

- Used excess cash of $33.8 million to pay down long-term debt, thereby eliminating debt service payments that would have been due in 2013 and 2012 on the Series 2000A bonds and reduced debt service payments due in 2011 and 2010 for Series 1996A bonds, thus saving approximately $1.5 million in interest costs annually.

SECOND INJURY FUND

- Achieved another four full years reduction in long -term debt for a cumulative total of six years.
- Eliminated a revolving credit agreement only available for final settlements with an aggregate commitment line of $88.8 million resulting in an approximate annual cost savings of $135,000. Final settlement payments for 2003 have been paid from assessment revenue, not the line of credit.

2003 Division Performance

- Paid out $40.4 million in total benefits to injured workers.
- Open claims were reduced from 2,737 to 2,285.
- Outstanding reserves reduced by $34.8 million from $544.3 million to $509.5.
- Claim reserves for "second injury" claims by the end of the fiscal year accounted for 72% of total reserves, a reduction of 6% from the prior fiscal year.
- Recovered $1.3 million in outstanding receivables, of which $587,115 was due from uninsured employers including interest.
- Settled 177 claims at a cost of $10.1 million.
- Referred 5 cases to the Chief State's Attorney's office for potential Workers' Compensation fraud.
- Conducted compliance audits in various cities and towns to support ongoing monitoring of employer compliance with Workers' Compensation insurance requirements.
- Implemented ongoing Quality Assurance Reviews of Fund operations.
- Implemented internal audit procedure to prevent duplicate vendor payments/ overpayments.
- Implemented internal contract bill review procedure for all vendor bills.
- Completed actuarial review of claims, reserves and future liabilities. Actuarial review supported management initiatives including: conservative settlement strategy, moratorium on settlement of uninsured employer and widow claims, as well as claim handling and reserving strategies.

2003 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:

- In fiscal year 2002, fees charged to participants were reduced from 1.55% of assets to 0.79% of assets and the $15 annual administrative fee was eliminated. This fiscal year, the fee was reduced again and now ranges from 0.69% to 0.71% of assets.
- 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 2003 the number of CHET accounts grew from 26,330, to 35,273. During that time, program equity of account holders grew from $208.0 million to $331.8 million, an increase of $123.8 million or 60%.

CHET Advisory Committee

There is a statutorily established CHET Advisory Committee, which meets annually. The Committee met on December 4, 2002.

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, Designee: John Mengacci

VALERIE F. LEWIS, Commissioner, Department of Higher Education, Designee: Nancy Brady

SEN. THOMAS GAFFEY, Senate Chair, Education Committee, Designee: Robert Lockert

REP DEMETRIOS S. GIANNAROS, House Chair, Education Committee

SEN. THOMAS HERLIHY, Senate Ranking Member, Education Committee

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

SEN. EILEEN M. DAILY, Senate Chair, Finance, Revenue and Bonding Committee

REP. ANDREA L. STILLMAN, House Chair, 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, 2003, 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, 2003, and 2002. We have audited the accompanying statement of net assets of the Short Term Investment Fund as of June 30, 2003 and the statements of changes in net assets for the fiscal years ended June 30, 2003, and 2002. 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, 2003, 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, 2003. 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, 2003, and changes in debt outstanding during the fiscal year ended June 30, 2003. 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, 2003, 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, 2003, 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, 2003, and the balance of bonds outstanding as of June 30, 2003, 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, 2003, quarter ending estimated values adjusted for cash flows of the Funds during the subsequent quarter that affect the value at the Funds' level. Adjustments are made for underlying investments that experienced significant changes in value during the quarter, if deemed appropriate. We have reviewed the investment advisors' values, the relevant cash flows and the procedures used by the State Treasurer in reviewing the estimated values and have read underlying documentation and, in the circumstances, we believe the procedures to be reasonable and the documentation appropriate. However, because of the inherent uncertainty of valuation, those estimated values may differ significantly from the values that would have been used had a ready market for the investments existed, and the differences could be material.

Our audit was made for the purpose of forming an opinion on the financial statements of the Combined Investment Funds taken as a whole. The Combined Investment Funds Total Net Asset Value by Pension Plans and Trust Funds and the Statements of Investment Activity by Pension Plan and by Trust Fund, contained within the Supplemental Information Section of this document, are presented for purposes of additional analysis and are not a required part of the financial 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, 2003
State Capital
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, 2003. 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 in its second year of implementing this new reporting standard and the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34. 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 years prior to Fiscal Year end June 30, 2002, 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 in Fiscal Year 2002, resulted in the restatement of SIF's beginning fund balance on July 1, 2001 from a positive $86.5 million to a negative $146.1 million as a result of the inclusion of long-term debt. The net assets of SIF at June 30, 2003 were a negative $59.5 million. (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 $18.30 billion, a decline of $0.40 billion from the previous year. The change in net assets resulted from cash outflows to the Connecticut Retirement Plans and Trust Funds of $0.76 billion, partly offset by net investment income from operations of $0.36 billion.

Operating Income – Favorable performance results achieved a positive return of 2.49%, net of all management fees and expenses, resulting in an increase in net assets from operations of $0.36 billion in the 2003 fiscal year, compared to a negative return of 6.39%, 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 $3.28 billion, a decline of $0.26 billion from the previous year. The principal reasons for this decline were an overall decrease of $106 million in State STIF investments and a decline of $159 million in investments in the Fund from its municipal and local customers.

Operating Income - General financial market conditions produced an annual total return of 1.64%, net of operating expenses and allocations to Fund reserves, compared to an annual total return of 2.61%, 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 1.20%, by 44 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 $59.6 million, a decrease of $36.6 million from the previous year deficit net asset balance of $96.1 million due to positive operating income in fiscal year 2003.

Operating Income – The $36.6 million positive change in net assets resulted from net operating income of $47.1 million partly offset by non-operating expenses of $6.5 million, mainly interest expense, and loss from early extinguishment of long-term debt of $4.0 million.

Connecticut Higher Education Trust

Program Equity - The program equity of the Connecticut Higher Education Trust at the close of the fiscal year was $332.5 million, an increase of $123.5 million from the previous year.

Changes in Program Equity – The change in program equity of the Connecticut Higher Education Trust due to operations increased by $15.1 million in fiscal year 2003 resulting from a net realized and unrealized gain on investments of $8.5 million and net investment income of $6.6 million. Subscriptions from account owners, net of redemptions, increased by $108.9 million.

Tax Exempt Proceeds Fund

Net Assets - The net assets of the Tax Exempt Proceeds Fund at the close of the fiscal year were $190.4 million, a decrease of $11.3 million from the previous year.

Changes in Net Assets – The total decrease in net assets of the Tax Exempt Proceeds Fund in fiscal year 2003 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.

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.

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-27 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-29) 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-30) 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-31 – F-34 of this report.

Civil And Non-Civil List Trust Funds: The Civil List Pension and Trust Funds schedule (page F-43) includes all cash and investment balances, and activity for the fiscal year 2003. The Non-Civil List Trust Funds Financial Statements (page F-44) 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-47 of this report.

Connecticut Higher Education Trust: The Statement of Financial Condition and Statement of Operations (pages F-56 – F-57) are two financial statements that report information about the Connecticut Higher Education Trust Program as of June 30, 2003 and June 30, 2002.

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-59 – F-60 of this report.

Tax Exempt Proceeds Fund: The Statement of Net Assets, Statement of Operations and Statement of Changes in Net Assets (pages F-62 – F-68) 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-69 – F-70 of this report.

The Second Injury Fund: The Statement of Net Assets and Statement of Revenues, Expenses and Changes in Net Assets (pages F-48 and F-49) 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 pages F-51 - F-55 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 reporting of supplementary information 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, 2003, the Combined Investment Funds reported investment balances of $18.30 billion. The Short-Term Investment Fund reported a fund balance of $3.28 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 trust funds, which support academic programs, grants and initiatives throughout the State. The total fund balance declined during the fiscal year by $0.40 billion, as a result of cash outflows to the Retirement Plans and Trust Funds of $0.76 billion, partly offset by net investment income of $0.36 billion. The value of the fund portfolio declined from $18.70 billion to $18.30 billion. Favorable performance results produced a positive return of 2.49%, net of all expenses, compared to a negative return of 6.39%, 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 $0.26 billion principally from a $0.16 billion decrease in STIF investments from municipal and local customers resulting from the State's economic downturn. STIF produced an annual total return of 1.64%, net of operating expenses and allocations to Fund reserves, compared to an annual total return of 2.61%, 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, 2003, the State had $13.2 billion in bonds and notes outstanding versus $12.4 billion at June 30, 2002, an increase of $0.85 billion. Outstanding debt at June 30, 2003 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, 2003

Bond Type	2003	2002	Change
General obligation – Tax supported	$ 8,020,749,428	$ 7,314,873,949	$705,875,479
General obligation - Revenue supported	13,0360,124	98,574,088	(85,537,964)
General obligation – Transportation	11,726,576	22,881,576	(11,155,000)
Economic Recovery Notes	219,235,000	-	219,235,000
Special tax obligation	3,186,117,825	3,144,907,825	41,210,000
Bradley International Airport	258,160,000	263,935,000	(5,775,000)
Clean Water Fund	566,875,000	593,925,000	(27,050,000)
UCONN 2000	669,197,147	610,637,146	58,560,001
CDA Increment Financing	31,3000,000	32,710,000	(1,410,000)
CDA Governmental Lease revenue	6,545,000	6,950,000	(405,000)
Second Injury Fund Bonds	111,130,000	154,020,000	(42,890,000)
CHEFA Childcare Facilities program	39,575,000	40,275,000	(700,000)
Bradley International Parking operations	53,800,000	53,800,000	-
CT Juvenile Training School Energy Center	18,825,000	19,165,000	(340,000)
Total	$13,206,272,100	$12,356,654,584	$849,617,516

During fiscal year 2003, the State issued refunding bonds totaling $0.7 billion to refinance amounts outstanding on previously issued bonds to lower rates and issued $1.8 billion in new bonds to fund state programs.

Moody's Investors Service, Standard & Poor's Corporation, and Fitch Investors Service rate the State's general obligations Aa3, 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

Downturns in the United States and Connecticut economies as well as the terrorist attacks on September 11, 2001, have had a negative effect on investment returns in the last two fiscal years that contrasts sharply with the preceding decade of growth and prosperity. During Fiscal Year 2003, the State's economic performance has left Connecticut government with declining revenues. The State has taken several budgetary initiatives geared to address the current economic climate. These initiatives included an early retirement program and a forced reduction of State workers. As a result, although the investment returns for fiscal year 2003 have been positive compared to the prior year, the Connecticut Retirement Plans and Trust Funds net assets have declined due to net cash outflows resulting from employee withdrawals and an increase in the number of retirees receiving benefits due to early retirements. The annual State contributions for the Teachers' Retirement System is at 75% of what the actuaries recommended for the fiscal year 2003. Internal analysis has shown that performance of investment assets alone will not make up the difference in the underfunding of the pension plans and eventually the State taxpayers will have to fund this deficit.

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

MANAGEMENT'S REPORT

State of Connecticut

Office of the Treasurer

Denise L. Nappier
Treasurer

Howard G. Rifkin
Deputy Treasurer

October 15, 2003

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, 2003

	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	$ -	$ 69,776,180	$ 928,200,087	$ 48,715,341	$ 5,760,649	$21,575,500	$ 66,745,869	$(1,140,773,623)	$ -
Cash Equivalents	756,815,973	-	3,740,000	6,650,092	-	-	-	-	767,206,065
Asset Backed Securities	704,090,895	-	83,944,263	1,571	-	-	-	-	788,036,729
Government Securities	-	-	1,390,862,119	-	-	-	-	-	1,390,862,119
Government Agency Securities	40,684,790	-	1,881,555,528	-	-	-	-	-	1,922,240,318
Mortgage Backed Securities	89,486,965	-	668,366,066	-	-	929,622	-	-	758,782,653
Corporate Debt	260,527,996	-	2,211,922,899	92,354	-	-	23,260,800	-	2,495,804,049
Convertible Securities	-	-	54,405,265	5,419,113	-	-	-	-	59,824,378
Common Stock	-	6,468,347,651	4,343,057	1,932,632,760	64,338,120	49,485,756	100,001	-	8,519,247,345
Preferred Stock	-	15,738	686,805	32,785,769	-	-	-	-	33,488,312
Real Estate Investment Trust	-	64,922,349	3,054,348	-	-	-	-	-	67,976,697
Mutual Fund	-	-	46,091,973	-	-	-	-	-	46,091,973
Limited Liability Corporation	-	-	-	-	-	-	35,563,437	-	35,563,437
Trusts	-	-	-	-	49,683,820	-	-	-	49,683,820
Limited Partnerships	-	-	31,244,883	-	293,709,592	-	1,717,229,912	-	2,042,184,387
Partnerships	-	-	-	-	-	-	-	-	-
Annuities	-	-	-	-	12,400,831	-	-	-	12,400,831
Total Investments in Securities, at Fair Value	1,851,606,619	6,603,061,918	7,308,417,293	2,026,297,000	425,893,012	71,990,878	1,842,900,019	(1,140,773,623)	18,989,393,113
Cash	91,354	3,559	14,390,272	8,805,279	-	-	697,824	(91,354)	23,896,934
Receivables									
Foreign Exchange Contracts	-	-	163,838,000	1,856,186,500	-	-	-	-	2,020,024,500
Interest Receivable	3,533,473	73,593	80,653,552	85,611	8,013	20,628	81,156	(1,488,075)	82,967,951
Dividends Receivable	-	7,170,883	70,438	2,763,003	-	268,447	-	-	10,272,771
Due from Brokers	-	58,869,969	653,881,134	7,051,126	-	-	849,898	-	720,652,127
Management Fee Receivable	-	-	-	-	-	-	-	-	-
Foreign Taxes	-	406	3,946	1,013,324	-	-	-	-	1,017,676
Securities Lending Receivable	-	76,344	152,443	207,064	-	-	-	-	435,851
Reserve for Doubtful Receivables	-	-	(37,357,014)	(223,384)	-	-	-	-	(37,580,398)
Total Receivables	3,533,473	66,191,195	861,242,499	1,867,083,244	8,013	289,075	931,054	(1,488,075)	2,797,790,478
Invested Securities Lending Collateral	-	339,007,221	781,012,561	308,444,949	-	-	-	-	1,428,464,731
Other Funds on Deposit	-	-	-	-	-	-	-	-	-
Prepaid Expenses	-	-	-	-	-	2,546	3,768,981	-	3,771,527
Total Assets	1,855,231,446	7,008,263,893	8,965,062,625	4,210,630,472	425,901,025	72,282,499	1,848,297,878	(1,142,353,052)	23,243,316,783
LIABILITIES									
Payables									
Foreign Exchange Contracts	-	-	165,306,065	1,847,165,622	-	-	-	-	2,012,471,687
Due to Brokers	-	60,109,535	1,405,484,001	12,336,138	-	-	-	-	1,477,929,674
Income Distribution	2,370,124	-	-	-	-	-	-	(1,554,688)	815,436
Other Payable	18,001	-	-	-	-	-	-	(18,001)	-
Total Payables	2,388,125	60,109,535	1,570,790,066	1,859,501,760	-	-	-	(1,572,689)	3,491,216,797
Securities Lending Collateral	-	339,007,221	781,012,561	308,444,949	-	-	-	-	1,428,464,731
Accrued Expenses	17,537	10,678,961	3,659,684	8,591,244	110,866	-	178,622	(6,732)	23,230,182
Total Liabilities	2,405,662	409,795,717	2,355,462,311	2,176,537,953	110,866	-	178,622	(1,579,421)	4,942,911,710
NET ASSETS	$1,852,825,784	$6,598,468,176	$6,609,600,314	$2,034,092,519	$425,790,159	$72,282,499	$1,848,119,256	$(1,140,773,631)	$18,300,405,073
Units Outstanding	1,852,825,784	9,733,408	57,185,263	10,784,603	7,401,167	984,931	28,316,585		
Net Asset Value and Redemption Price per Unit	$ 1.00	$ 677.92	$ 115.58	$ 188.61	$ 57.53	$ 73.39	$ 65.27		

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

COMBINED INVESTMENT FUNDS

STATEMENT OF OPERATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	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	$ -	$97,908,864	$ 4,237,918	$ 48,496,325	$ 7,822,522	$ 9,047,138	$ 316,844,834	$ -	$484,357,601
Interest	34,567,405	1,086,329	336,353,398	864,340	122,382	64,841	1,900,432	(22,616,447)	352,342,680
Other Income	103,203	938,639	-	301,898	35,444	-	2,695,860	(67,523)	4,007,521
Securities Lending	-	4,698,471	14,686,868	5,537,417	-	-	-	-	24,922,756
Total Income	34,670,608	104,632,303	355,278,184	55,199,980	7,980,348	9,111,979	321,441,126	(22,683,970)	865,630,558
Expenses									
Investment Advisory Fees	402,399	13,885,595	8,787,612	12,077,535	1,217,754	417,400	5,742,250	(263,278)	42,267,267
Salary and Fringe Benefits	144,318	706,340	636,446	221,713	136,687	11,014	302,237	(94,423)	2,064,332
Custody and Transfer Agent Fees	64,609	144,142	179,513	575,022	33,524	3,244	234,516	(42,272)	1,192,298
Professional Fees	35,800	265,413	276,542	79,863	186,278	2,995	1,932,583	(23,423)	2,756,051
Security Lending Fees	-	351,772	964,177	740,115	-	-	-	-	2,056,064
Security Lending Rebates	-	3,390,218	11,123,203	2,677,727	-	-	-	-	17,191,148
Investment Expenses	25,952	50,855	42,808	15,478	3,406	572	25,162	(16,980)	147,253
Total Expenses	673,078	18,794,335	22,010,301	16,387,453	1,577,649	435,225	8,236,748	(440,376)	67,674,413
Net Investment Income	33,997,530	85,837,968	333,267,883	38,812,527	6,289,075	8,676,754	313,204,378	(22,243,594)	797,842,521
Net Realized Gain (Loss)	5,304	(343,085,583)	35,747,647	(263,021,093)	35,741,745	292,925	(32,317,579)	(3,470)	(566,640,104)
Net Change in Unrealized Gain/(Loss) on Investments and Foreign Currency	-	268,525,616	342,085,904	68,906,015	(27,635,527)	4,544,111	(532,641,824)	-	123,784,295
Net Increase (Decrease) in Net Assets Resulting from Operations	$34,002,834	$11,278,001	$711,101,434	$(155,302,551)	$14,508,917	$13,513,790	$(251,755,025)	$(22,247,064)	$355,100,336

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, 2003

	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	$34,002,834	$11,278,001	$711,101,434	$(155,302,551)	$14,508,917	$13,513,790	$(251,755,025)	$(22,247,064)	$355,100,336
Distributions to Unit Owners:									
Income Distributed	(34,002,834)	(81,939,912)	(337,711,176)	(37,331,253)	(43,390,906)	(7,672,406)	(317,149,939)	22,247,064	(836,951,362)
Returns of Capital	-	-	-	-	-	-	-	-	-
Total Distributions	(34,002,834)	(81,939,912)	(337,711,176)	(37,331,253)	(43,390,906)	(7,672,406)	(317,149,939)	22,247,064	(836,951,362)
Unit Transactions									
Purchase of Units by Participants	4,230,807,741	-	2,373,700	-	6,500,000	-	136,000,000	(3,076,184,458)	1,299,496,983
Redemption of Units by Participants	(3,820,988,323)	(7,461,041)	(292,414,969)	-	(23,000,000)	(6,819,600)	-	2,927,288,702	(1,223,395,231)
Net Increase (Decrease) in Net Assets Resulting from Unit Transactions	409,819,418	(7,461,041)	(290,041,269)	-	(16,500,000)	(6,819,600)	136,000,000	(148,895,756)	76,101,752
Total Increase (Decrease) in Net Assets	409,819,418	(78,122,952)	83,348,989	(192,633,804)	(45,381,989)	(978,216)	(432,904,964)	(148,895,756)	(405,749,274)
Net Assets- Beginning 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	(991,877,876)	18,706,154,346
Net Assets- End of Period	$1,852,825,784	$6,598,468,176	$6,609,600,314	$2,034,092,519	$425,790,159	$72,282,499	$1,848,119,256	$(1,140,773,632)	$18,300,405,072
Other Information:									
Units									
Purchased	4,230,807,741	-	21,285	-	108,173	-	1,894,328		
Redeemed	(3,820,988,323)	(11,927)	(2,595,969)	-	(378,490)	(96,971)	-		
Net Increase (Decrease)	409,819,418	(11,927)	(2,574,684)	-	(270,317)	(96,971)	1,894,328		

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

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

In an effort to improve disclosures associated with derivative contracts, the Government Accounting Standards Board (GASB) issued GASB Technical Bulletin No. 2003-1 (TB2003-1), *Disclosure Requirements for Derivatives Not Reported at Fair Value on the Statement of Net Assets*, effective for the periods ending after June 15, 2003, superseding Technical Bulletin 94-1.

TB 2003-1 supersedes Technical Bulletin 94-1 and clarifies guidance on derivative disclosures that are not reported at fair value on the statement of net assets and provides an updated definition of derivatives. For the fiscal year ended June 30, 2003, the funds maintained positions in a variety of such securities that are all reported at fair value on the statement of net assets.

During the fiscal year 2001-2002, the Treasurer's Office implemented GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. The most notable change to the Office of the Treasurer financial statements is the inclusion of an introductory management's discussion and analysis.

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 $31,244,883 and a cost value of $44,897,812 is held through a limited partnership. At June 30, 2003 this investment had a reserve for loss of $31,200,000. The fair value of the underlying securities is based on quoted market prices when available. When quoted market prices are not available, the underlying securities are valued by the General Partner at the fair value as determined in good faith under consistently applied procedures.

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

The Mutual Fixed Income Fund invests in Mortgage Backed Securities (MBSs) and Asset Backed Securities (ABSs), which are included in the Statement of Net Assets. These are bonds issued by a special purpose trust that collects payments on an underlying collateral pool of mortgage or other loans and remits payments to bondholders. The bonds are structured in a series of classes or tranches, each with a different coupon rate and stated maturity date. Interest payments to the bondholders are made in accordance with the trust indentures and amounts received from borrowers in excess of interest payments and expenses are used to amortize the principal on the bonds. Such principal payments are made to retire the tranches of bonds in order of their stated maturity. Because mortgage prepayments are largely dependent on market interest rates, the ultimate maturity date of the bonds is unpredictable and is sensitive to changes in market interest rates, but is generally prior to the stated maturity date. At June 30, 2003, the Fund held MBSs of $668,366,066 and ABSs of $83,944,263.

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, 2003 the Fund's holdings had a fair value of $6 million and a cost of $26 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, 2003, 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 $4.1 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, 2003, 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 $65.6 million. Consistent with the cash adjusted fair value presentation this increase 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 No. 2003-1 defines a derivative instrument as a financial instrument or other contract with all three of the following characteristics: a) It has (1) one or more underlyings (a specified interest rate, security price, commodity price, foreign exchange rate, index of prices or rates or other variable) and (2) one or more notional amounts (a number of currency units, shares, bushels, pounds, or other units specified in the contract). b) It requires no initial investment or smaller than would be required for other types of contracts. c) Its terms require or permit net settlement, it can readily be settled net by a means outside the contract, or it provides for delivery of an asset that puts the recipient in a position not substantially different from net settlement.

For the fiscal year ended June 30, 2003, the funds maintained positions in a variety of such securities that are all reported at fair value on the statement of net assets. 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, 2003:

	Netted	Capitalized	Expensed	Total
Private Investment Fund	$ 18,117,904	$ 16,532,851	$ 5,742,250	$ 40,393,005

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 net realized gains and losses for the fiscal year ended June 30, 2003:

Private Investment Fund	$ 302,068,577

Past practice of partnerships was to distribute realized gains on a consistent basis. Since inception $48 million has not been distributed

Periodically the Private Investment Fund may receive stock distributions in lieu of cash. These securities are included as common stock on the Statement of Net Assets. When one of these individual securities is sold the realized gain or loss is presented on the Statement of Operations. Realized losses for such transactions for the fiscal year ended June 30, 2003 were $1,658,853.

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, 2003 totaled $220,382.

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, 2003:

	Netted	Capitalized	Expensed	Total
Real Estate Fund	$ 1,013,055	$ 2,641,316	$ 1,217,754	$ 4,872,125

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, 2003, investments with a cost of $47,366,367 and a fair value of $49,485,756 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, 2003:

Investment	Fair Value	Cost
Cash Reserve	$21,575,500	$21,575,500
Commercial Mortgage loans	49,485,756	47,366,367
CMO's	929,622	929,622
Total	$71,990,878	$68,871,489

Real Estate Fund

Certain investments in the form of common stock certificates with a cost of $32,562,540 and a fair value of $64,338,120 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 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	$ 767,206,065			$ 767,206,065
Asset Backed	788,036,729			788,036,729
Government	1,085,377,706		$ 62,980,926	1,148,358,632
Agency	602,237,110		87,042,758	689,279,868
Mortgage Backed	739,455,589			739,455,589
Corporate Debt	2,480,415,623			2,480,415,623

Convertible	61,098,042			61,098,042
U.S. Corporate Stock	6,246,529,616		9,567,255	6,256,09,6,871
International Equity	1,633,803,067		994,440	1,634,797,507
Preferred Stock	34,101,676			34,101,676
Collateral Securities held by Investment Pool under Securities Lending Arrangements:				
Other			235,714,048	235,714,048
Corporate Debt			1,192,945,992	1,192,945,992
SUBTOTAL	$14,438,261,223	$ -	$1,589,245,419	$16,027,506,642

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

Real Estate Investment Trusts	67,885,449
Mutual Funds	46,091,973
Limited Liability Corporation	35,563,437
Trusts	49,683,820
Limited Partnerships	2,042,184,387
Annuities	12,400,831
Investments held by broker-dealers under securities loans:	
U.S.Government and Agency	621,220,042
U.S. Corporate Stock	347,361,288
International Equity	274,857,496
Domestic Fixed	133,224,641
International Fixed	2,795,602
Total Investments	$ 19,660,775,608

Cash balances included on the Statement of Net Assets of $23,896,113 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. Other as reported under Category 3 consist of deposits.

Securities Lending

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

During the period ended June 30, 2003, 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, 2003, 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, 2003 were $1,593,838,263 and $1,540,044,448, 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, 2003 was 63 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, 2003:

Fund	Fair Value of Collateral	Fair Value of Securities Lent
Mutual Equity	$ 349,439,411	$ 338,844,102
International Stock	309,999,745	293,873,766
Mutual Fixed Income	936,638,798	907,326,580
Total	$1,596,077,954	$1,540,044,448

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	$ 55,940,313	$ 283,113,258	$ 339,053,571
International Stock	50,897,167	257,589,955	308,487,123
Mutual Fixed Income	128,876,568	652,242,778	781,119,346
Total	$235,714,048	$1,192,945,992	$1,428,660,039

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, 2003, 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	$ 5,409,781,273	$ 5,410,672,811
Mutual Fixed Income	24,832,056,246	24,585,249,227
International Stock	807,080,854	956,192,244
Real Estate	21,140,290	41,192,027
Commercial Mortgage	-	18,814,495
Private Investment	251,853,928	1,686,697

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, 2003, 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	$1,052,478,360	$496,696,754	$ 555,781,606
Mutual Fixed Income	367,324,126	141,796,008	225,528,118
International Stock	248,947,190	270,240,846	(21,293,656)
Real Estate	81,699,906	55,209,058	26,490,848
Commercial Mortgage	2,119,389	-	2,119,389
Private Investment	194,437,578	765,119,907	(570,682,329)

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, 2003, 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	$ 5,731,857	$ (4,224)
Brazlian Real	329,314	(230)
Danish Krone	12,208,452	(17,561)
Euro Currency	204,868,249	800,801
Hong Kong Dollar	9,223,711	1,091
Indonesian Rupiah	368,613	(1,707)
Japanese Yen	172,082,779	(1,617,664)
Malaysian Ringgit	16,926	(11)
New Zealand Dollar	902,242	(1,478)
Norwegian Krone	1,914,645	(16,258)
Polish Zloty	133,245	(135)
Pound Sterling	16,151,828	(197,760)
Singapore Dollar	2,814,979	(36,247)
South African Rand	1,036,012	6,700
South Korean Won	43,496	(259)
Swedish Krona	11,931,984	(242,909)
Swiss Franc	3,261,000	(37,757)
Turkish Lira	175,308	73,278
	443,194,640	(1,292,330)
Contracts to Sell:		
Australian Dollar	37,257,639	(548,716)
Swiss Franc	73,003,384	1,258,805
Danish Krone	6,893,892	58,347
Euro Currency	577,492,716	(97,264)
Hong Kong Dollar	14,544,677	(2,013)
Indonesian Rupiah	155,947	(2,217)
Japanese Yen	454,978,265	7,632,848
Malaysian Ringgit	26,784	(18)

New Zealand Dollar	2,993,902	(15,193)
Norwegian Krone	13,947,925	46,279
Pound Sterling	194,400,853	1,684,305
Singapore Dollar	16,048,112	170,930
Swedish Krona	22,540,094	127,115
	1,414,284,190	10,313,208
Total	$1,857,478,830	$ 9,020,878

Financial Statement Amounts:

	Receivable	Payable	Net
Amount In US Dollars	$ 1,857,478,830	$ 1,857,478,830	$ -
Unrealized Gain (Loss)	(1,292,330)	10,313,208	9,020,878
Net	$ 1,856,186,500	$ 1,847,165,622	$ 9,020,878

Mutual Fixed Income Fund:

Foreign Currency	Value	Unrealized Gain/(Loss)
Contracts to Buy:		
Canadian Dollar	$ 34,720,854	$ 156,855
Swedish Krona	2,047,703	(30,100)
	36,768,557	126,755
Contracts to Sell:		
Canadian Dollar	47,296,507	(1,434,799)
Euro Currecny	63,616,103	(147,132)
Swedish Krona	16,030,078	(12,889)
	126,942,688	(1,594,820)
	$163,711,245	$(1,468,065)

Financial Statement Amounts:

	Receivable	Payable	Net
Amount In US Dollars	$163,711,245	$ 163,711,245	$ -
Unrealized Gain (Loss)	126,755	(1,594,820)	(1,468,065)
Net	$163,838,000	$ 165,306,065	$ (1,468,065)

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, 2003, were as follows:

Fund	Total Commitment	Cumulative Amounts Funded	Unfunded Commitment
Real Estate	$ 361,684,364	$ 352,679,678	$ 9,004,686
Private Investment	3,792,478,591	3,049,962,816	742,515,775

NOTE 7: CONTINGENCY

There was no pending or threatened litigation against the Combined Investment Funds during the fiscal year ending June 30, 2003. During the fiscal year ending June 30, 2002, the Treasurer on behalf of the Combined Investment Funds, filed an action against a general partner of a Private Investment Fund investment alleging breach of contract, breach of fiduciary duty and certain securities law violations. The Treasurer continues to vigorously prosecute this action. The potential dollar value of the claim exceeds $100,000,000. It is believed the defendants, collectively, have the ability to satisfy any judgment in this matter. In addition a limited partnership in the Private Investment Fund has obtained two writs of summons including one against a former general partner and another against a business associate. This matter is pending in the courts of the Commonwealth of Pennsylvania.

NOTE 8: SUBSEQUENT EVENTS

The Treasurer intends to sever all ties with Triumph Capital Group. The Private Investment Fund holds three investments and the Mutual Fixed Income Fund holds one investment each in limited partnerships that are managed by Triumph Capital Group. Triumph Capital Group and its' general counsel were convicted on federal charges of bribery, racketeering, conspiracy and obstruction of justice. Triumph Capital Group's managing partner and a consultant plead guilty to federal crimes subsequent to the conviction of the company.

The Treasurer has requested that the United States Attorney for Connecticut and the Securities and Exchange Commission investigate alleged connections between certain principals of a partnership in which the Private Investment Fund has a limited partnership interest and individuals involved in criminal and improper activities.

On July 11, 2003 a limited partnership in the Private Investment Fund entered into a definitive purchase agreement for sale of interests in its entire portfolio.

NOTE 9: COST BASIS OF INVESTMENTS.

The aggregate cost values of investments in the Funds are as follows at June 30, 2003:

	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	$ -	$ 69,776,180	$ 928,200,087	$ 48,715,341	$ 5,760,649	$21,575,500	$ 66,745,869
Cash Equivalents	756,815,973	-	3,740,000	6,650,092	-	-	-
Asset Backed Securities	704,090,895	-	82,210,883	7,819	-	-	-
Government Securities	-	-	1,305,088,209	-	-	-	-
Government Agency Securities	40,684,790	-	1,854,001,287	-	-	-	-
Mortgage Backed Securities	89,486,965	-	672,525,224	-	-	929,622	-
Corporate Debt	260,527,996	65	2,074,534,276	51,569	-	-	23,260,800
Convertible Securities	-	-	57,830,366	5,993,674	-	-	-
Common Stock	-	5,917,863,189	11,635,049	1,954,846,576	32,562,540	47,366,367	7,352,849
Preferred Stock	-	-	2,149,042	31,325,585	-	-	-
Real Estate Investment Trust	-	59,640,878	6,007,443	-	-	-	-
Mutual Fund	-	-	40,069,497		-	-	-
Limited Liability Corporation	-	-	-	-	-	-	69,307,495
Trusts	-	-	-	-	34,566,655	-	-
Limited Partnerships	-	-	44,897,812	-	285,103,621	-	2,246,915,335
Partnerships	-	-	-	-	-	-	-
Annuities	-	-	-	-	41,408,696	-	-
Total Investments, at Cost	$1,851,606,619	$6,047,280,312	$7,082,889,175	$2,047,590,656	$399,402,161	$69,871,489	$2,413,582,348

COMBINED INVESTMENT FUNDS

SUPPLEMENTAL SCHEDULE OF FINANCIAL HIGHLIGHTS

	MUTUAL EQUITY FISCAL YEAR ENDED JUNE 30,					PRIVATE INVESTMENT FISCAL YEAR ENDED JUNE 30,				
	2003	2002	2001	2000	1999	2003	2002	2001	2000	1999
PER SHARE DATA										
Net Asset Value- Beginning of Period	$685.11	$814.49	$909.17	$835.47	$708.74	$86.33	$103.96	$115.01	$81.40	$87.28
INCOME FROM INVESTMENT OPERATIONS										
Net Investment Income (Loss)	8.22	8.24	7.54	8.87	8.46	10.40	4.98	3.66	18.12	4.23
Net Gains or (Losses) on Securities (Both Realized and Unrealized)	(7.59)	(130.49)	(93.84)	74.23	127.32	(19.74)	(15.98)	(10.59)	24.17	(5.30)
Total from Investment Operations	(1.23)	(122.25)	(86.30)	83.10	135.78	(9.34)	(11.00)	(6.93)	42.29	(1.07)
LESS DISTRIBUTIONS										
Dividends from Net Investment Income	(8.42)	(7.13)	(8.38)	(9.40)	(9.05)	(11.72)	(6.63)	(4.12)	(8.68)	(4.81)
Net Asset Value - End of Period	$677.92	$685.11	$814.49	$909.17	$835.47	$65.27	$86.33	$103.96	$115.01	$81.40
TOTAL RETURN	**0.48%**	**-14.95%**	**-9.55%**	**10.03%**	**19.38%**	**-11.94%**	**-10.81%**	**-6.25%**	**53.86%**	**-0.81%**
RATIOS										
Net Assets - End of Period ($000,000 Omitted)	$6,599	$6,677	$7,931	$8,853	$9,124	$1,848	$2,281	$2,607	$2,565	$1,186
Ratio of Expenses to Average Net Assets (excl. sec. lending fees & rebates)	0.23%	0.27%	0.38%	0.22%	0.27%	0.40%	0.48%	0.38%	0.48%	1.21%
Ratio of Expenses to Average Net Assets	0.28%	0.34%	0.59%	0.43%	0.57%	na	na	na	na	na
Ratio of Net Investment Income (Loss) to Average Net Assets	1.29%	1.10%	0.88%	1.01%	1.10%	13.69%	5.31%	3.38%	17.91%	5.28%

	INTERNATIONAL STOCK FISCAL YEAR ENDED JUNE 30,					MUTUAL FIXED INCOME FISCAL YEAR ENDED JUNE 30,				
	2003	2002	2001	2000	1999	2003	2002	2001	2000	1999
PER SHARE DATA										
Net Asset Value- Beginning of Period	$206.47	$232.07	$271.68	$228.93	$217.03	$109.21	$109.74	$108.38	$109.13	$113.15
INCOME FROM INVESTMENT OPERATIONS										
Net Investment Income (Loss)	3.60	3.24	4.50	3.26	5.29	5.70	6.87	7.81	8.01	6.79
Net Gains or (Losses) on Securities (Both Realized and Unrealized)	(18.00)	(24.70)	(40.14)	42.68	9.34	6.41	(0.86)	0.75	(1.44)	(4.44)
Total from Investment Operations	(14.40)	(21.46)	(35.64)	45.94	14.63	12.11	6.01	8.56	6.57	2.35
LESS DISTRIBUTIONS										
Dividends from Net Investment Income	(3.46)	(4.14)	(3.97)	(3.19)	(2.73)	(5.74)	(6.54)	(7.20)	(7.32)	(6.37)
Net Asset Value - End of Period	$188.81	$206.47	$232.07	$271.68	$228.93	$115.58	$109.21	$109.74	$108.38	$109.13
TOTAL RETURN	**-6.39%**	**-9.00%**	**-13.29%**	**20.13%**	**6.77%**	**12.03%**	**5.64%**	**8.03%**	**5.77%**	**2.64%**
RATIOS										
Net Assets - End of Period ($000,000 Omitted)	$2,034	$2,227	$2,503	$2,930	$2,469	$6,610	$6,526	$6,586	$6,496	$6,170
Ratio of Expenses to Average Net Assets (excl. sec. lending fees & rebates)	0.61%	0.67%	0.40%	0.36%	0.24%	0.15%	0.17%	0.20%	0.16%	0.17%
Ratio of Expenses to Average Net Assets	0.77%	1.05%	1.44%	1.46%	1.27%	0.34%	0.45%	0.87%	0.71%	0.69%
Ratio of Net Investment Income (Loss) to Average Net Assets	1.82%	1.47%	1.79%	1.30%	1.98%	5.07%	6.24%	7.13%	6.79%	6.83%

	COMMERCIAL MORTGAGE FISCAL YEAR ENDED JUNE 30,					REAL ESTATE FISCAL YEAR ENDED JUNE 30,				
	2003	2002	2001	2000	1999	2003	2002	2001	2000	1999
PER SHARE DATA										
Net Asset Value- Beginning of Period	$67.71	$72.91	$73.17	$74.97	$77.12	$61.42	$63.31	$60.56	$59.48	$58.53
INCOME FROM INVESTMENT OPERATIONS										
Net Investment Income (Loss)	8.39	6.58	6.89	6.98	6.24	2.95	0.79	0.99	2.34	1.71
Net Gains or (Losses) on Securities (Both Realized and Unrealized)	4.68	(5.81)	0.52	(1.29)	(1.78)	(1.08)	(0.31)	7.54	3.00	0.03
Total from Investment Operations	13.07	0.77	7.41	5.69	4.46	1.87	0.48	8.53	5.34	1.74
LESS DISTRIBUTIONS										
Dividends from Net Investment Income	(7.39)	(5.97)	(7.67)	(7.49)	(6.61)	(5.76)	(2.37)	(5.78)	(4.26)	(0.79)
Net Asset Value - End of Period	$73.39	$67.71	$72.91	$73.17	$74.97	$57.53	$61.42	$63.31	$60.56	$59.48
TOTAL RETURN	**20.62%**	**1.19%**	**10.88%**	**8.26%**	**6.10%**	**3.30%**	**0.81%**	**14.45%**	**9.18%**	**9.96%**
RATIOS										
Net Assets - End of Period ($000,000 Omitted)	$72	$73	$101	$176	$237	$426	$471	$476	$510	$428
Ratio of Expenses to Average Net Assets (excl. sec. lending fees & rebates)	0.60%	0.53%	0.42%	0.39%	0.35%	0.35%	0.31%	32.00%	0.17%	0.42%
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	11.92%	7.75%	9.21%	9.22%	8.64%	1.40%	1.28%	2.26%	3.95%	6.65%

Source: Amounts were derived from custodial records.

SHORT-TERM INVESTMENT FUND

STATEMENT OF NET ASSETS
JUNE 30, 2003

	June 30, 2003
ASSETS	
Investment in Securities, at Amortized Cost (Note 8)	$ 3,276,153,364
Accrued Interest and Other Receivables	3,791,338
Prepaid Assets	14,513
TOTAL ASSETS	3,279,959,215
LIABILITIES	
Distribution Payable	3,672,707
Payable to Transfer Agent (Note 6)	110,485
Interest Payable	84,181
Other Liabilities	13,022
TOTAL LIABILITIES	3,880,395
NET ASSETS	$ 3,276,078,820
NET ASSETS CONSIST OF:	
Participant Units Outstanding($1.00 Par)	$ 3,235,259,555
Designated Surplus Reserve (Note 2)	40,819,265
TOTAL NET ASSETS	$ 3,276,078,820
Participant Net Asset Value, Offering Price and Redemption Price per share ($3,235,259,555 in Net Assets divided by 3,235,259,555 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, 2003 AND JUNE 30, 2002

	For the Year Ended June 30, 2003	2002
Operations		
Interest Income	$ 60,910,906	$ 111,294,584
Interest Expense on Reverse Repurchase Agreements	-	(82,329)
Operating Expenses	(901,802)	(783,275)
Net Investment Income	60,009,104	110,428,980
Net Realized Gains	393,110	718,104
Net Increase in Net Assets Resulting from Operations	60,402,214	111,147,084
Distribution to Participants (Notes 2 & 7)		
Distributions to Participants	(59,630,088)	(108,736,391)
Total Distributions Paid and Payable	(59,630,088)	(108,736,391)
Share Transactions at Net Asset Value of $1.00 per Share		
Purchase of Units	12,353,876,916	11,573,361,781
Redemption of Units	(12,619,047,924)	(12,585,408,280)
Net Decrease in Net Assets and Shares Resulting from Share Transactions	(265,171,008)	(1,012,046,499)
Total Decrease in Net Assets	(264,398,882)	(1,009,635,806)
Net Assets		
Beginning of Year	3,540,477,702	4,550,113,508
End of Year	$ 3,276,078,820	$ 3,540,477,702

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 basic financial statements. Instead, each fund type's investment in STIF is reported as "cash equivalents" in the statement of net assets. 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 basic 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 its 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 Fiduciary Investment Trust Fund. A fiduciary 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 fiduciary funds are generally those applicable to similar businesses in the private sector. The Fund uses the accrual basis of accounting.

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, 2003, the balance in the Designated Surplus Reserve was $40,819,265, an increase of $772,126 from the June 30, 2002 balance of $40,047,139.

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, 2003. 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, 2003, STIF recorded a liability of $110,485, 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:

Distributions:	2003	2002
July	$ 5,630,151	$14,892,482
August	6,319,460	15,859,392
September	6,481,756	14,497,488
October	6,212,452	11,674,462
November	4,919,008	8,037,557
December	4,678,374	6,640,090
January	4,669,456	6,785,539
February	4,285,455	5,878,246
March	4,290,218	6,247,456
April	4,125,914	5,953,400
May	4,345,137	6,492,416
June (Payable at June 30)	3,672,707	5,777,864
Total Distribution Paid & Payable	**$59,630,088**	**$108,736,391**

NOTE 8: INVESTMENTS IN SECURITIES

The following is a summary of investments in securities, at amortized cost and fair value as of June 30, 2003:

Investment	Amortized Cost	Fair Value
Banker's Acceptances	$ 64,331,891	$ 64,504,524
Bank Notes	402,932,157	402,932,157
Certificates of Deposit	450,000,000	450,059,980
Corporate Notes	342,951,001	342,951,001
Extendable Commercial Notes	280,960,615	280,963,561
Federal Agency Securities	102,648,459	102,851,128
Fully Supported Commercial Paper	93,881,971	93,881,971
Liqudity Management Control System	165	165
Multi-Backed Commercial Paper	104,119,472	104,119,472
Receivable-Backed Commercial Paper	165,372,479	165,372,479
Repurchase Agreements	239,482,000	239,482,000
Securities-Backed Commercial Paper	1,029,473,154	1,029,468,708
TOTAL	**$3,276,153,364**	**$3,276,587,146**

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.

In an effort to improve disclosures associated with derivative contracts, the Government Accounting Standards Board (GASB) issued GASB Technical Bulletin No. 2003-1 (TB2003-1), *Disclosure Requirements for Derivatives Not Reported at Fair Value on the Statement of Net Assets*, effective for the periods ending after June 15, 2003, superseding Technical Bulletin 94-1. TB 2003-1 clarifies guidance on derivative disclosures that are not reported at fair value on the statement of net assets and defines a derivative instrument as a financial instrument or other contract with all three of the following characteristics: a) it has (1) one or more underlyings (a specified interest rate, security price, commodity price, foreign exchange rate, index of prices or rates or other variable) and (2) one or more notional amounts (a number of currency units, shares, bushels, pounds, or other units specified in the contract) b) it requires no initial investment or smaller than would be required for other types of contracts c) its terms require or permit net settlement, it can readily be settled net by a means outside the contract, or it provides for delivery of an asset that puts the recipient in a position not substantially different from net settlement.

For the fiscal year ended June 30, 2003, the Short-Term Investment Fund 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. 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. All positions are reported at fair value and changes in fair value are reflected in income as they occur. 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, 2003, STIF was rated AAAm, its highest rating, by Standard and Poor's Corporation ("S&P"). In January 2003, 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, 2003

Par Value	Security (Coupon, Maturity or Reset Date)	Yield %	Amortized Cost	Fair Value	Asset ID	Quality Rating
BANKERS' ACCEPTANCES (1.96% of total investments)						
$ 10,500,000	RABO BANK 1.01, 11/26/03	1.05	$ 10,456,402	$ 10,498,233	750997009	A-1+
4,000,000	RABO BANK 1.02, 12/3/03	1.05	3,982,433	3,999,472	750997009	A-1+
50,000,000	WACHOVIA 1.10, 9/9/03	1.07	49,893,056	50,006,820	92976R008	A-1
$ 64,500,000			**$ 64,331,891**	**$ 64,504,524**		
BANK NOTES (12.30% of total investments)						
$ 50,000,000	BANC ONE 1.19, 3/11/04	1.09	$ 49,986,199	$ 50,035,500	06423ENL5	A-1
50,000,000	BANC ONE 1.37, 5/10/04	1.10	50,000,000	50,117,500	06423EMD4	A-1
50,000,000	BAYERISCHE LANDES BK 1.17, 3/8/04	1.09	49,986,365	50,028,000	0727M5WU2	A-1+
13,000,000	KEY BANK 1.38, 4/23/04	1.11	12,989,508	13,015,990	49306BMX8	A-1
50,000,000	KEY BANK 1.26, 8/23/04	1.18	49,993,712	50,046,000	49306BNF6	A-1
50,000,000	KEY BANK 1.26, 8/23/04	1.18	49,993,712	50,046,000	49306BNF6	A-1
50,000,000	KEY BANK 1.25, 2/7/05	1.20	50,000,000	50,046,000	49306BNM1	A-1
50,000,000	NATIONAL CITY BANK 1.18, 2/23/04	1.09	49,990,368	50,029,500	634906BS9	A-1
40,000,000	NATIONAL CITY BANK 1.18, 2/23/04	1.09	39,992,293	40,023,600	634906BS9	A-1
$ 403,000,000			**$ 402,932,157**	**$ 403,382,090**		
CERTIFICATES OF DEPOSIT (13.74% of total investments)						
$ 50,000,000	FIRST UNION 1.54, 7/1/03	1.54	$ 50,000,000	$ 50,000,000	32099S004	A-1
50,000,000	FIRST UNION 1.54, 7/1/03	1.54	50,000,000	50,000,000	32099S004	A-1
50,000,000	FIRST UNION 1.54, 7/1/03	1.54	50,000,000	50,000,000	32099S004	A-1
50,000,000	FIRST UNION 1.54, 7/1/03	1.54	50,000,000	50,000,000	32099S004	A-1
50,000,000	FIRST UNION 1.54, 7/1/03	1.54	50,000,000	50,000,000	32099S004	A-1
50,000,000	FIRST UNION 1.54, 7/1/03	1.54	50,000,000	50,000,000	32099S004	A-1
50,000,000	FIRST UNION 1.54, 7/1/03	1.54	50,000,000	50,000,000	32099S004	A-1
40,046,000	CITIZENS BANK 1.32, 9/16/03	1.04	40,046,000	40,046,000	17399R004	A-1+
29,977,000	CITIZENS BANK 1.32, 9/16/03	1.04	29,977,000	29,977,000	17399R004	A-1+
29,977,000	CITIZENS BANK 1.32, 9/16/03	1.04	29,977,000	29,977,000	17399R004	A-1+
$ 450,000,000			**$ 450,000,000**	**$ 450,000,000**		
CORPORATE NOTES (10.47% of total investments)						
$ 15,000,000	GE CAPITAL CORP 1.64, 9/24/04	1.15	$ 15,000,000	$ 15,020,550	36962GZJ6	AAA
9,000,000	GE CAPITAL CORP 1.64, 9/24/04	1.15	8,997,774	9,012,330	36962GZJ6	AAA
50,000,000	GE CAPITAL CORP 1.64, 10/4/04	1.15	50,000,000	50,070,000	36962GZN7	AAA
45,000,000	GE CAPITAL CORP 1.64, 10/4/04	1.15	45,000,000	45,063,000	36962GZN7	AAA
10,000,000	GE CAPITAL CORP 1.68, 11/15/04	1.16	9,995,881	10,019,400	36962GZT4	AAA
50,000,000	GE CAPITAL CORP 1.62, 2/4/05	1.18	49,991,917	50,048,000	36962GA95	AAA
40,000,000	GE CAPITAL CORP 1.62, 2/4/05	1.18	40,000,000	40,038,400	EC8443508	AAA
13,100,000	GE CAPITAL CORP 1.62, 2/4/05	1.18	13,097,882	13,112,576	36962GA95	AAA
50,000,000	GE CAPITAL CORP 1.38, 3/21/05	1.14	50,029,982	50,104,000	369622FW0	AAA
11,040,000	GE CAPITAL CORP 0.74, 6/26/06	1.42	10,837,565	10,820,856	36962F2H8	AAA
50,000,000	SIGMA FINANCE 1.27, 2/11/05	1.15	50,000,000	50,093,000	EC5204069	AAA
$ 343,140,000			**$ 342,951,001**	**$ 343,357,112**		
EXTENDABLE COMMERCIAL NOTES (8.58% of total investments)						
$ 37,300,000	ASAP FUNDING 1.10, 7/11/03	1.10	$ 37,288,603	$ 37,288,603	04341FSY3	A-1+
8,883,000	ASAP FUNDING 1.10, 7/11/03	1.10	8,880,286	8,880,286	04341FSJ6	A-1+
75,000,000	HARWOOD STREET I 1.40, 7/1/03	1.40	75,000,000	75,000,000	41801H008	A-1+
50,000,000	HARWOOD STREET II 1.13, 9/18/03	1.11	49,876,014	49,878,960	41801FWJ6	A-1+
50,000,000	MITTEN MORTGAGE 1.38, 7/17/03	1.38	49,969,333	49,969,333	6191F1BJ0	A-1+
40,000,000	MITTEN MORTGAGE 1.27, 7/18/03	1.27	39,976,011	39,976,011	6191F1AQ5	A-1+
19,994,000	MITTEN RFC 1.15, 8/7/03	1.15	19,970,368	19,970,368	61911FCA2	A-1+
$ 281,177,000			**$ 280,960,615**	**$ 280,963,561**		
FEDERAL AGENCY SECURITIES (3.13% of total investments)						
$ 13,798,000	FNMA 1.01, 10/8/03	0.98	$ 13,752,467	$ 13,760,745	313588MS1	AAA
34,490,000	FNMA 1.01, 10/15/03	0.99	34,368,134	34,389,983	313588MZ5	AAA
24,500,000	SLMA 1.35, 4/26/04	1.04	24,510,860	24,588,200	86387SBJ8	AAA
30,000,000	SLMA 1.36, 4/27/04	1.04	30,016,998	30,112,200	86387SBP4	AAA
$ 102,788,000			**$ 102,648,459**	**$ 102,851,128**		

SHORT-TERM INVESTMENT FUND

LIST OF INVESTMENTS AT JUNE 30, 2003 (Continued)

Par Value	Security (Coupon, Maturity or Reset Date)	Yield %	Amortized Cost	Fair Value	Asset ID	Quality Rating
FULLY-SUPPORTED COMMERCIAL PAPER (2.86% of total investments)						
$ 11,000,000	EXELSIOR FINANCE 1.24, 7/11/03	1.24	$ 10,996,211	$ 10,996,211	30161UUB9	A-1+
53,000,000	EXELSIOR FINANCE 1.28, 8/21/03	1.28	52,903,893	52,903,893	30161UVM4	A-1+
30,000,000	OVAL FUNDING 1.28, 7/18/03	1.28	29,981,867	29,981,867	69013UUJ0	A-1+
$ 94,000,000			**$ 93,881,971**	**$ 93,881,971**		
LIQUIDITY MANAGEMENT CONTROL SYSTEM (0.00% of total investments)						
$ 165	LIQUIDITY MNGT SYSTEM 0.38, 7/1/03	0.38	$ 165	$ 165	536991003	A-1+
$ 165			**$ 165**	**$ 165**		
MULTI-BACKED COMMERCIAL PAPER (3.18% of total investments)						
$ 50,000,000	BEST FUNDING 1.275, 7/15/03	1.28	$ 49,975,208	$ 49,975,208	08652MUF0	A-1+
13,800,000	BEST FUNDING 1.275, 7/15/03	1.28	13,793,157	13,793,157	08652MUF0	A-1+
16,860,000	BEST FUNDING 1.26, 8/7/03	1.26	16,838,166	16,838,166	08652MU77	A-1+
6,100,000	BEST FUNDING 1.26, 8/11/03	1.26	6,091,247	6,091,247	08652MUB8	A-1+
4,040,000	BEST FUNDING 1.26, 8/15/03	1.26	4,033,637	4,033,637	08652MUF9	A-1+
13,399,000	TASMAN FUNDING 1.05, 7/29/03	1.05	13,388,057	13,388,057	87651UUV2	A-1+
$ 104,199,000			**$ 104,119,472**	**$ 104,119,472**		
RECEIVABLE-BACKED COMMERCIAL PAPER (5.05% of total investments)						
$ 60,000,000	ALBIS CAPITAL CORP 1.27, 7/24/03	1.27	$ 59,951,317	$ 59,951,317	01344UUQ7	A-1+
25,000,000	ALBIS CAPITAL CORP 1.28, 7/24/03	1.28	24,979,556	24,979,556	01344UUQ7	A-1+
21,363,000	REDWOOD RECEIVABLES 1.32, 7/1/03	1.32	21,363,000	21,363,000	75806SU12	A-1+
9,771,000	SYDNEY CAPITAL 1.25, 8/13/03	1.25	9,756,411	9,756,411	87123MVD9	A-1+
49,400,000	SYDNEY CAPITAL 1.26, 8/15/03	1.26	49,322,195	49,322,195	87123MVF4	A-1+
$ 165,534,000			**$ 165,372,479**	**$ 165,372,479**		
REPURCHASE AGREEMENTS (7.31% of total investments)						
$ 239,482,000	BEAR STEARNS 1.30, 7/1/03	1.30	$ 239,482,000	$ 239,482,000	073993008	A-1
$ 239,482,000			**$ 239,482,000**	**$ 239,482,000**		
SECURITIES-BACKED COMMERCIAL PAPER (31.42% of total investments)						
$ 13,587,000	AELTUS CBO V 1.27, 7/2/03	1.27	$ 13,586,521	$ 13,586,521	0076A3U26	A-1+
5,150,000	AELTUS CBO V 1.29, 7/8/03	1.29	5,148,708	5,148,708	0076A3U83	A-1+
28,000,000	AELTUS CBO V 1.28, 7/11/03	1.28	27,990,044	27,990,044	0076A3UB6	A-1+
30,000,000	AELTUS CBO V 1.28, 7/16/03	1.28	29,984,000	29,984,000	0076A3UG5	A-1+
22,500,000	AELTUS CBO V 1.26, 7/24/03	1.26	22,481,888	22,481,888	0076A3UQ3	A-1+
26,500,000	AELTUS CBO V 1.26, 8/1/03	1.26	26,471,248	26,471,248	0076A3V17	A-1+
22,500,000	AELTUS CBO V 1.08, 8/28/03	1.08	22,460,850	22,460,850	0076A3VU2	A-1+
50,000,000	AMSTEL FUNDING 1.05, 8/4/03	1.05	49,950,417	49,950,417	03218SV49	A-1+
25,000,000	AMSTEL FUNDING 1.05, 8/4/03	1.05	24,975,208	24,975,208	03218SV49	A-1+
25,000,000	AMSTEL FUNDING 1.05, 8/4/03	1.05	24,975,208	24,975,208	03218SV49	A-1+
24,000,000	BAVARIA GLOBAL CORP 1.28, 7/1/03	1.28	24,000,000	24,000,000	0717M3U14	A-1+
29,850,000	BAVARIA GLOBAL CORP 1.28, 7/2/03	1.28	29,848,939	29,848,939	0717M3U22	A-1+
23,579,000	BAVARIA GLOBAL CORP 1.28, 7/3/03	1.28	23,577,323	23,577,323	0717M3U30	A-1+
6,600,000	BAVARIA GLOBAL CORP 1.28, 7/3/03	1.28	6,599,531	6,599,531	0717M3U30	A-1+
13,238,000	BAVARIA GLOBAL CORP 1.27, 7/7/03	1.27	13,235,198	13,235,198	0717M3U71	A-1+
6,575,000	BAVARIA GLOBAL CORP 1.27, 7/10/03	1.27	6,572,912	6,572,912	0717M3UA4	A-1+
11,170,000	BAVARIA GLOBAL CORP 1.27, 7/14/03	1.27	11,164,877	11,164,877	0717M3UE6	A-1+
4,000,000	BAVARIA GLOBAL CORP 1.30, 7/14/03	1.30	3,998,122	3,998,122	0717M3UE6	A-1+
50,000,000	BAVARIA GLOBAL CORP 1.30, 7/15/03	1.30	49,974,722	49,974,722	0717M3UF3	A-1+
28,500,000	BAVARIA GLOBAL CORP 1.29, 7/28/03	1.29	28,472,426	28,472,426	0717M3UU0	A-1+
14,154,000	BAVARIA GLOBAL CORP 1.28, 8/4/03	1.28	14,136,889	14,136,889	0717M3V47	A-1+
5,870,000	BAVARIA GLOBAL CORP 1.27, 8/15/03	1.27	5,860,681	5,860,681	0717M3VF2	A-1+
35,999,000	DECLARATION FUNDING 1.28, 7/23/03	1.28	35,970,841	35,970,841	24357MUP3	A-1
26,570,000	DECLARATION FUNDING 1.27, 8/19/03	1.27	26,524,071	26,524,071	24357MVK3	A-1
14,543,000	DECLARATION FUNDING 1.27, 8/21/03	1.27	14,516,835	14,516,835	24357MVM9	A-1
5,000,000	DECLARATION FUNDING 1.30, 8/22/04	1.30	4,990,611	4,990,611	24357MVN7	A-1
38,124,000	PERRY GLOBAL FUNDING 1.05, 9/24/03	1.10	38,029,484	38,025,038	71467MWQ7	A-1+
50,000,000	TRAINER WORTHAM 1.28, 7/15/03	1.28	49,975,111	49,975,111	89288MUF2	A-1+
25,000,000	TRAINER WORTHAM 1.28, 7/15/03	1.28	24,987,556	24,987,556	89288MUF2	A-1+

SHORT-TERM INVESTMENT FUND

LIST OF INVESTMENTS AT JUNE 30, 2003 (Continued)

Par Value	Security (Coupon, Maturity or Reset Date)	Yield %	Amortized Cost	Fair Value	Asset ID	Quality Rating
55,000,000	TRAINER WORTHAM 1.27, 8/15/03	1.27	54,912,688	54,912,688	89288MVF1	A-1+
50,000,000	WESTWAY FUNDING IV 1.27, 7/24/03	1.27	49,959,431	49,959,431	9616R3UQ9	A-1+
57,562,000	WESTWAY FUNDING IV 1.26, 8/8/03	1.26	57,485,443	57,485,443	9616R3V88	A-1+
50,000,000	WESTWAY FUNDING IV 1.295, 8/11/03	1.30	49,926,257	49,926,257	9616R3VB1	A-1+
10,167,000	WESTWAY FUNDING IV 1.295, 8/11/03	1.30	10,152,005	10,152,005	9616R3VB1	A-1+
53,272,000	WESTWAY FUNDING V 1.27, 7/22/03	1.27	53,232,534	53,232,534	9616X3UN9	A-1+
25,000,000	WESTWAY FUNDING V 1.27, 7/23/03	1.27	24,980,597	24,980,597	9616X3UP4	A-1+
13,866,000	WESTWAY FUNDING V 1.27, 7/24/03	1.27	13,854,749	13,854,749	9616X3002	A-1+
11,000,000	WESTWAY FUNDING V 1.26, 7/24/03	1.26	10,991,145	10,991,145	9616X3UQ2	A-1+
14,596,000	WESTWAY FUNDING V 1.29, 8/20/03	1.29	14,569,849	14,569,849	9616X3VL2	A-1+
29,000,000	WESTWAY FUNDING V 1.26, 8/21/03	1.26	28,948,235	28,948,235	9616X3VM0	A-1+
$1,030,472,000			**$ 1,029,473,154**	**$ 1,029,468,708**		
$3,278,292,165	**TOTAL INVESTMENT IN SECURITIES**		**$ 3,276,153,364**	**$ 3,277,383,211**		

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 F39 to F42 of the State of Connecticut Fiscal Year 2003 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, 2003. 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, 2003, 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, 1993 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
September 26, 2003

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

	Year Ended June 30,									
	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
STIF Total Rate of Return (%)	1.64	2.61	6.11	6.01	5.37	5.82	5.66	5.95	5.62	3.63
First Tier Institutions-Only Money Fund Report™ (MFR) Index (%) (1)	1.20	2.22	5.74	5.58	5.04	5.49	5.27	5.44	5.31	3.08
Total Assets in STIF, End of Period ($ - Millions)	3,280	3,546	4,565	3.701	3,646	3,190	2,527	2,014	1,495	1,830
Percent of Firm Assets	69	67	71	71	71	70	73	68	58	67
Number of Participant Accounts in Composite, End of Year										
State	115	112	55	55	54	n/a	n/a	n/a	n/a	n/a
Municpal Entities	551	544	496	433	415	n/a	n/a	n/a	n/a	n/a
Policital Subdivision of the State	440	428	346	312	313	n/a	n/a	n/a	n/a	n/a
Total	1,106	1,084	897	800	782	654	644	590	563	510

(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, 2003. 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)
2003		
Sep-02	.48	.38
Dec-02	.45	.32
Mar-03	.36	.26
Jun-03	.35	.24
YEAR	**1.64**	**1.20**
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**

FISCAL YEAR	Rate of Return(%)	First Tier Institutions-Only Rated Money Fund Report Index(%)(1)
1998		
Sep-97	1.43	1.34
Dec-97	1.45	1.36
Mar-98	1.41	1.35
Jun-98	1.40	1.34
YEAR	**5.82**	**5.49**
1997		
Sep-96	1.40	1.28
Dec-96	1.36	1.28
Mar-97	1.37	1.28
Jun-97	1.40	1.33
YEAR	**5.66**	**5.27**
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**

(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, 2003. 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.

SHORT-TERM INVESTMENT FUND

NOTES TO SCHEDULES OF RATES OF RETURN FOR THE 10 YEAR INVESTMENT PERIOD JULY 1, 1993 THROUGH JUNE 30, 2003

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 2003 fiscal year, STIF's portfolio averaged $3.7 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, 1993 through June 30, 2003. 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, 2003 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, 1993 THROUGH JUNE 30, 2003

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, 2003, the balance in the Designated Surplus Reserve was $40,819,265, an increase of $772,126 from the June 30, 2002 balance of $40,047,139.

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 31 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, 2003

	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	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Income Receivable	371,208	325,704	93,427	4,716	13,059	51	83	982	5,410	-
Interest in Investment Funds	9,846,014,159	6,987,179,350	1,174,440,124	60,482,838	125,215,777	618,719	59,336,142	16,317,596	17,026,908	-
Total Cash and Investments at June 30, 2003	$9,846,385,367	$6,987,505,054	$1,174,533,551	$60,487,554	$125,228,836	$618,770	$59,336,225	$16,318,578	$17,032,318	$ -
Schedule of Activity:										
Cash and Investments at July 1, 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
Shares Purchased (Excluding Cash Reserve Fund)	77,819,704	54,743,893	8,772,868	274,375	883,287	75	-	2,000,000	5,798	-
Shares Redeemed (Excluding Cash Reserve Fund)	(161,159,256)	(114,704,529)	(18,649,574)	(1,035,241)	(2,049,801)	(267)	-	-	(25,933)	(32,071,010)
Net Purchase and Redemptions of Cash Reserve Fund	89,166,142	142,583,999	28,813,415	1,103,542	3,757,089	(2,568)	6	(1,041,496)	36,101	(3,208,337)
Net Investment Income	453,002,988	319,223,363	52,195,711	2,387,266	5,506,575	15,771	2,785,287	748,134	477,683	124,589
Realized Gain (Loss) from Sale of Investments	11,694,321	9,032,166	1,417,411	91,917	133,675	(3)	-	-	(26)	(2,303,052)
Change in Unrealized Gain/(Loss) on Investment Funds	(278,808,630)	(194,985,176)	(30,422,255)	(875,695)	(2,773,379)	6,625	2,963,355	807,684	209,465	1,495,034
Increase (Decrease) in Receivables - Net (1)	(68,476)	60,134	(12,451)	(1,015)	(1,874)	(34)	(80)	(1,011)	(3,575)	(5,720)
Distributions	(453,002,988)	(319,223,363)	(52,195,711)	(2,387,266)	(5,506,575)	(15,771)	(2,785,287)	(748,134)	(477,683)	(124,589)
Cash and Investments at June 30, 2003	$9,846,385,367	$6,987,505,054	$1,174,533,551	$60,487,554	$125,228,836	$618,770	$59,336,225	$16,318,578	$17,032,318	$ -

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, 2003

	SCHOOL FUND	AGRICULTURAL 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	$ -	$ -	$ -	$ -	$ -	$45,329,264
Interest & Dividends Receivable	447	37	125	60	126	-
Investments in Combined Investment Funds, at Fair Value	8,565,179	565,939	1,924,412	905,128	1,812,802	-
Total Assets	$8,565,626	$565,976	$1,924,537	$905,188	$1,812,928	$45,329,264
LIABILITIES & FUND BALANCE						
Due to Other Funds	$ 109,018	$ 20,980	$71,373	$33,621	$ -	$ -
Fund Balance	8,456,608	544,996	1,853,164	871,567	1,812,928	45,329,264
Total Liabilities & Fund Balance	$8,565,626	$565,976	$1,924,537	$905,188	$1,812,928	$45,329,264

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

STATEMENT OF REVENUE AND EXPENDITURES

	SCHOOL FUND	AGRICULTURAL COLLEGE FUND	IDA EATON COTTON FUND	ANDREW C. CLARK FUND	HOPEMEAD STATE PARK TRUST FUND
REVENUE					
Net Investment Income	$326,479	$20,980	$ 71,373	$33,621	$ 66,787
Realized Gain on Investments	-	-	-	-	-
Change in Unrealized Gain (Loss) on Investments	294,444	18,635	63,410	29,842	59,206
Increase (Decrease) in Cash Reserve Fund Income Receivables - (1)	(716)	(39)	(131)	(59)	(199)
Total Revenue	$620,207	$39,576	$134,652	$63,404	$125,794
EXPENDITURES					
Excess of Revenue over Expenditures	$620,207	$39,576	$134,652	$63,404	$125,794

(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	AGRICULTURAL COLLEGE FUND	IDA EATON COTTON FUND	ANDREW C. CLARK FUND	HOPEMEAD STATE PARK TRUST FUND	MISC. AGENCY TRUST FUNDS
Fund Balance at July 1, 2002	$8,162,880	$526,399	$1,789,886	$841,784	$1,687,134	$42,467,522
Excess of Revenue over Expenditures	620,207	39,576	134,652	63,404	125,794	-
Net Cash Transactions	-	-	-	-	-	2,140,254
Transfer from Other Funds	30,653	-	-	-	-	721,488
Transfer to Other Funds	(346,967)	(18,722)	(64,088)	(30,653)	-	-
Increase in Due to Other Funds	(10,165)	(2,257)	(7,286)	(2,968)	-	-
Fund Balance at June 30, 2003	$8,456,608	$544,996	$1,853,164	$871,567	$1,812,928	$45,329,264

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, 2003

	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	$ 620,207	$ 39,576	$134,652	$63,404	$125,794
Realized Gain on Investments	-	-	-	-	-
Change in Unrealized (Gain) Loss on Investments	(294,444)	(18,635)	(63,410)	(29,842)	(59,206)
(Increase) Decrease in Cash Reserve Fund Income Receivables	716	39	131	59	199
Net Cash Provided by Operations	$ 326,479	$ 20,980	$ 71,373	$ 33,621	$ 66,787
Cash Flows from Non Capital Financing Activities:					
Operating Transfers - Out to Other Funds	(346,967)	(18,722)	(64,088)	(30,653)	-
Operating Transfers - In from Other Funds	30,653	-	-	-	-
Net Cash Used for Non-Capital Financing Activities	(316,314)	(18,722)	(64,088)	(30,653)	-
Cash Flows from Investing Activities:					
Net Purchase and Redemptions of Cash Reserve Fund	224,835	7,740	27,715	12,031	11,913
Purchase of Investments	(235,000)	(10,000)	(35,000)	(15,000)	(78,700)
Proceeds from Sale of Investment	-	-	-	-	-
Net Cash Provided by (Used for) Investing Activities	(10,165)	(2,258)	(7,285)	(2,968)	(66,787)
Net Increase (Decrease) In Cash	-	-	-	-	-
Cash June 30, 2002	-	-	-	-	-
Cash June 30, 2003	$ -	$ -	$ -	$ -	$ -

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

NON-CIVIL LIST TRUST FUNDS

STATEMENT OF CONDITION, AT COST
JUNE 30, 2003

	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	$ -	$ -	$ -	$ -	$ -	$45,329,264
Interest & Dividends Receivable	447	37	125	60	126	-
Investments in Combined Investment Funds	6,301,202	416,490	1,407,448	682,426	1,358,175	-
Total Assets	$6,301,649	$416,527	$1,407,573	$682,486	$1,358,301	$45,329,264
LIABILITIES						
Due to Other Funds	$ 109,018	$ 20,980	$ 71,373	$ 33,621	$ -	$ -
Fund Balance	6,192,631	395,547	1,336,200	648,865	1,358,301	45,329,264
Total Liabilities & Fund Balance	$6,301,649	$416,527	$1,407,573	$682,486	$1,358,301	$45,329,264

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Civil List and Non-Civil list trust funds (the "trust funds") are entrusted to the Treasurer for investment purposes. Civil List trust funds are mandated by the State Legislature and are administered by the Office of the State Comptroller. Accordingly, the presentation of the Civil List funds in the Treasurer's Annual Report (see Civil List trust funds cash and investments schedules in the Supplemental Information section of these 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, 2002, Public Act No. 02-1 was enacted which affected section 37(a) of the Connecticut General Statutes to credit the General Fund the balance of 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, 2003

ASSETS	
CURRENT ASSETS:	
Cash and Cash Equivalents	$ 11,658,910
Receivables, Net of Allowance for Uncollectible Accounts, $20,518,411	18,369,604
Other Assets	81,098
TOTAL CURRENT ASSETS	30,109,612
NONCURRENT ASSETS:	
Trustee Cash and Cash Equivalents	37,258,861
Capital Assets:	
Computers	24,374
Office Equipment	16,122
Less Accumulated Depreciation	(9,414)
TOTAL NONCURRENT ASSETS	37,289,943
TOTAL ASSETS	67,399,555
LIABILITIES	
CURRENT LIABILITIES:	
Special Assessment Revenue Bonds Payable - Current Portion	13,705,000
Accounts Payable and Accrued Liabilities	11,651,188
Interest Payable	2,798,696
Compensated Absences	214,642
TOTAL CURRENT LIABILITIES	28,369,526
NONCURRENT LIABILITIES:	
Special Assessment Revenue Bonds Payable	97,425,000
Accounts Payable and Accrued Liabilities	961,000
Compensated Absences	177,462
TOTAL NONCURRENT LIABILITIES	98,563,462
TOTAL LIABILITIES	126,932,988
NET ASSETS	
Restricted for Debt Service	35,307,929
Unrestricted Deficit	(94,841,362)
TOTAL NET ASSETS (DEFICIT) (See Note 10)	$ (59,533,433)

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, 2003

OPERATING REVENUES	
Assessment Revenues	$88,712,928
Fund Recoveries	1,198,528
Other Income	5,234,223
TOTAL OPERATING REVENUES	95,145,679
OPERATING EXPENSES	
Injured Worker Benefits:	
Settlements	10,097,962
Indemnity Claims Benefits	22,548,391
Medical Claims Benefits	7,755,403
Total Injured Worker Benefits	40,401,756
Administrative Expenses	7,607,225
TOTAL OPERATING EXPENSES	48,008,981
OPERATING INCOME	47,136,698
NON-OPERATING REVENUES (EXPENSES)	
Interest Income	961,570
Interest Expense	(7,455,234)
Bond and BAN Expense	(91,354)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(6,585,018)
INCOME BEFORE EXTRAORDINARY ITEM	40,551,680
EXTRAORDINARY ITEM	
Loss on Early Extinguishment of Long-term Debt	(4,010,121)
Change in Net Assets	36,541,559
NET ASSETS (DEFICIT) AT JUNE 30, 2002	**(96,074,992)**
NET ASSETS (DEFICIT) AT JUNE 30, 2003	**($59,533,433)**

See accompanying Notes to the Financial Statements.

SECOND INJURY FUND

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

CASH FLOWS FROM OPERATING ACTIVITIES	
SOURCE:	
Assessment Revenues	$ 89,706,535
Trustee Cash and Cash Equivalents	1,587,932
Fund Recoveries	1,216,058
Other Income	5,234,223
Other Assets	24,501
Depreciation	6,732
	97,775,981
USE:	
Injured Worker Benefits	40,160,467
Administrative Expenses	7,590,189
	47,750,656
NET CASH PROVIDED BY OPERATING ACTIVITIES	50,025,325
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
1996 Series A Bonds	17,310,000
2000 Series A Bonds	25,580,000
Interest Expense	8,550,376
Bond & BAN Expense	102,614
Loss in Early Extinguishment of Debt	4,010,121
NET CASH USED FROM NONCAPITAL FINANCING ACTIVITIES	55,553,111
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Income	(1,023,304)
Capital Financing Activity	13,676
NET CASH USED BY INVESTING ACTIVITIES	(1,009,628)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(4,518,158)
Cash and Cash Equivalents, July 1, 2002	16,177,068
CASH AND CASH EQUIVALENTS, JUNE 30, 2003	$ 11,658,910

Reconciliation of Operating Income to Net Cash Provided by Operating Activities

Operating Income	$ 47,136,698
Adjustments to Reconcile Operating Income to Net Cash:	
Provided by Operating Activities:-	
Depreciation Expense	6,732
Decrease (Increase) in Assets:	
Decrease in Trustee Cash and Cash Equivalents	1,587,932
Increase in Receivables, Net	(285,174)
Decrease in Other Assets	24,501
Increase (Decrease) in Liabilities	
Increase in Accounts Payable & Accrued Expenses	1,582,834
Decrease in Compensated Absences	(28,198)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 50,025,325

See accompanying Notes to the 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 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 10)

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, 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 are 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 C.G.S. 31-301 or C.G.S. 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 2003, 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. (See Note 6)

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 include an Operating Reserve Account, Redemption Sub-Sub account, Debt Service Reserve Sub-Sub account, 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 the Fund's future exposure on injured worker 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 as well as widow and dependent death benefits. The Fund has estimated the amount of liability as of June 30, 2003. The long-term portion of accounts payable and accrued liabilities represents an estimate of amount of liability as of June 30, 2003 of the concurrent employment claims and widow and dependent death benefits that will not be submitted to the Fund until a year or more for reimbursement. (See Note 7)

Accrued Interest Payable

Accrued interest payable is comprised of the interest amounts due on the 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. (See Note 7)

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 via a one-time lump sum payout (referred to as "Settlement".) The bonds are 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 2011 and bear fixed interest rates ranging from 4.5% to 6.00%. On January 1, 2003, $13,070,000 of bonds was retired. (See Note 9 regarding the 2003 Cash Defeasance.) At June 30, 2003, 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
2004	$ 13,705,000	4.500% - 5.000%
2005	14,345,000	4.500% - 5.500%
2006	15,050,000	5.000% - 6.000%
2007	15,830,000	4.625% - 5.100%
2008	16,590,000	5.000% - 5.200%
2009-2011	35,610,000	4.750% - 5.250%
	$111,130,000	

The following summarizes activity in long-term special assessment revenue bonds for the year ended June 30, 2003:

	Beginning Balance	Additions	Reductions	Defeasance (See Note 9)	Ending Balance	Amount Due Within One Year
1996 Series A Bonds	$58,385,000	$0	$ 5,875,000	$11,435,000	$41,075,000	$6,195,000
2000 Series A Bonds	95,635,000	0	7,195,000	18,385,000	70,055,000	7,510,000
Total Long-Term Bonds	$154,020,000	$0	$13,070,000	$29,820,000	$111,130,000	$13,705,000

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, 2003, the Trustee Accounts included the following:

Debt Service Reserve Sub-Sub account	$19,332,277
Principal Sub-Sub-Sub account	10,278,750
Interest Sub-Sub-Sub account	4,579,392
Redemption Sub-Sub account	6,673
Operating Reserve Account	3,061,769
Total Trustee Accounts	$37,258,861

NOTE 4: BOND ANTICIPATION NOTES (BANs)

The Bond Indenture allows for the periodic issuance of subordinated Bond Anticipation Notes (BANs) in the form of commercial paper. There was a Revolving Credit Agreement that ensured that the BANs could be financed on a long-term basis with an aggregate commitment line of $88.8 million. Since the payoff of the last BANs in June 2002, the line had been unused. The credit line was only available for final settlements. However, these payments have been paid from assessment revenue for most of fiscal year 2002 and all of fiscal year 2003. As of March 20, 2003, the aggregate commitment was terminated.

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, 2003 was 8.0%.

The method of assessment for self-insured employers is a quarterly billing based on the previous calendar year's paid losses. The annual assessment rate for self-insured employers for the fiscal year ending June 30, 2003 was 11.6%.

The Fund began a formal assessment auditing program in 1999, to examine the assessment information reported by insurance companies and self-insured employers. During fiscal year 2003, additional assessment revenue and interest in the amount of $6,302,670 was collected.

NOTE 6: RECEIVABLES

The following is an analysis of the changes in the Fund receivable balances as of June 30, 2003:

	Beginning Balance	Additions	Cash Receipts	Ending Write-Offs	Balance	Amount Due Within One Year	Allowance for Uncollectible
Assessments	$22,378,004	$116,987,598	$116,277,447	$ 71,994	$23,016,161	$18,369,222	$ 4,646,939
Non-Compliance 355	20,737,749	2,218,542	487,115	8,582,106	13,887,070	0	13,887,070
Other Receivables	2,170,076	825,316	784,282	226,327	1,984,783	381	1,984,402
Total Receivables	$45,285,829	$120,031,456	$117,548,844	$8,880,427	$38,888,014	$18,369,603	$20,518,411

NOTE 7: LIABILITES AND COMPENSATED ABSENCES

The following is an analysis of the changes in the Fund liabilities and compensated absences as of June 30, 2003:

	Beginning Balance	Additions	Deletions	Ending Balance	Amount Due Within One Year
Accounts Payable & Accrued Expenses	$11,040,614	$1,571,575	$ 0	$12,612,189	$11,651,189
Compensated Absences	420,301	0	28,197	392,104	214,642
Total Liabilities & Compensated Absences	$11,460,915	$1,571,575	$28,197	$13,004,293	$11,865,831

NOTE 8: SETTLEMENTS

At June 30, 2003, negotiations were at various stages of completion for settlements valued and accrued at $1.8 million.

NOTE 9: EARLY EXTINGUISHMENT OF LONG-TERM DEBT

The Fund used $33.8 million in excess cash to defease some of the Special Assessment Revenue Bonds. A summary below reflects the pro-rata 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			
2013	$ 7,195,000	5.125%	$ 0
2012	10,770,000	5.000%	0
2011	420,000	5.125%	9,850,000
Total	$ 18,385,000		$ 9,850,000
Series 1996 A			
2011	$ 1,515,000	5.250%	$ 0
2010	8,465,000	5.200%	0
2009	1,455,000	5.250%	6,590,000
Total	$ 11,435,000		$ 6,590,000
Grand Total	$ 29,820,000		$16,440,000

NOTE 10: ADOPTION OF GASB NO. 34 PRONOUNCEMENT

As a result of the Fund's implementation of GASB No. 34 in fiscal year 2002, 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 deficit balance reported at June 30,2002 of $96.1 million has been reduced by $36.6 million this year leaving a deficit net asset balance at June 30, 2003 of $59.5 million.

NOTE 11: SUBSEQUENT EVENTS

Effective July 1, 2003, the assessment rates for insured employers decreased from 8% to 6.5%. The assessment rate will remain at 11.6% for self-insured employers.

CONNECTICUT HIGHER EDUCATION TRUST

STATEMENTS OF FINANCIAL CONDITION

	June 30, 2003	June 30, 2002
ASSETS		
Investments, at value (cost: $335,099,645 and $223,592,360)	$331,292,019	$207,945,735
Cash	198,030	275,402
Due from transfer agent	448,467	372,341
Receivable for securities transactions	94,319	-
Dividends and interest receivable	468,455	421,839
TOTAL ASSETS	$332,501,290	$209,015,317
LIABILITIES		
Due to custodian	$ 42,590	$ 49,719
Accrued management fee	120,992	81,920
Payable for securities transactions	234,482	895,498
Payable for Program shares redeemed	89,673	18,996
TOTAL LIABILITIES	487,737	1,046,133
PROGRAM EQUITY	332,013,553	207,969,184
TOTAL LIABILITIES AND PROGRAM EQUITY	$332,501,290	$209,015,317

See notes to financial statements.

CONNECTICUT HIGHER EDUCATION TRUST

STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED JUNE 30,

INVESTMENT INCOME	2003	2002
Income:		
Interest	$1,874,577	$491,495
Dividends	6,037,981	4,579,109
TOTAL INCOME	7,912,558	5,070,604
Expenses—Note 3:		
Management fee	1,220,453	759,907
Other expenses of the Trust	15,249	50,951
TOTAL EXPENSES	1,235,702	810,858
NET INVESTMENT INCOME	6,676,856	4,259,746
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS—Note 4		
Net realized loss on investments	(3,388,037)	(2,281,120)
Net change in unrealized appreciation (depreciation) on investments	11,838,999	(9,755,078)
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS	8,450,962	(12,036,198)
OTHER INCOME		
Penalty fees on non-qualified withdrawals	-	1,214
NET INCREASE (DECREASE) IN PROGRAM EQUITY RESULTING FROM OPERATIONS	$15,127,818	$(7,775,238)

See notes to financial statements.

CONNECTICUT HIGHER EDUCATION TRUST

STATEMENTS OF CHANGES IN PROGRAM EQUITY
FOR THE YEARS ENDED JUNE 30,

	2003	2002
FROM OPERATIONS		
Net investment income	$6,676,856	$4,259,746
Net realized loss on investments	(3,388,037)	(2,281,120)
Net change in unrealized appreciation (depreciation) on investments	11,838,999	(9,755,078)
Penalty fees on non-qualified withdrawals	-	1,214
NET INCREASE (DECREASE) IN PROGRAM EQUITY RESULTING FROM OPERATIONS	15,127,818	(7,775,238)
FROM ACCOUNT OWNER TRANSACTIONS		
Subscriptions	117,622,540	126,810,454
Redemptions	(8,705,989)	(4,997,734)
NET INCREASE IN PROGRAM EQUITY RESULTING FROM ACCOUNT OWNER TRANSACTIONS	108,916,551	121,812,720
NET INCREASE IN PROGRAM EQUITY	124,044,369	114,037,482
PROGRAM EQUITY:		
Beginning of year	207,969,184	93,931,702
End of year	$332,013,553	$207,969,184

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1—ORGANIZATION

The Connecticut Higher Education Trust Program (the "Program") was formed on July 1, 1997 by Connecticut law, to help people save for the costs of education after high school. The Program is administered by the Treasurer of the State of Connecticut, as trustee of the Connecticut Higher Education Trust (the "Trust"). The Trustee has the authority to enter into contracts for program management services, adopt regulations for the administration of the Program and establish investment policies for the Program. TIAA-CREF Tuition Financing, Inc. ("TFI"), 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 institutional class of 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 institutional class of 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 an annual 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 Program, 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 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 non-qualified 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 Higher Equity Option, TFI, and related entities, are paid an annual aggregate management fee of 0.57% of the average daily net assets of the Trust, so invested, excluding certain administrative funds, plus the specific 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 of the Trust invested in such investment options excluding certain administrative funds. 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, 2003 were $1,514,745, which includes $1,220,453 due directly from the Program and $294,292 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, 2003, $15,249 was withdrawn from the administrative account for reimbursement of expenses of the Trust.

NOTE 4—INVESTMENTS

At June 30, 2003, net unrealized depreciation of portfolio investments was $3,807,626, consisting of gross unrealized appreciation of $6,191,332 and gross unrealized depreciation of $9,998,958. 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, 2003 and 2002 were $134,195,123 and $19,299,801 and $112,866,078 and $10,218,345, respectively.

At June 30, 2003 and 2002, the Program's investments consist of the following:

	2003		2002	
TIAA-CREF Institutional Mutual Funds (Institutional Class):	COST	VALUE	COST	VALUE
International Equity Fund	$ 25,999,375	$ 23,697,206	$ 18,565,951	$ 15,996,810
Growth & Income Fund	35,171,054	33,072,008	21,682,478	18,924,051
Equity Index Fund	93,683,809	88,086,066	70,701,035	58,887,136
Bond Fund	99,111,074	105,302,406	72,903,522	74,398,364
Money Market Fund	17,165,092	17,165,092	15,315,357	15,315,357
TIAA-CREF Life Insurance Company:				
Funding Agreement	63,819,208	63,819,208	24,260,808	24,260,808
TIAA-CREF Mutual Funds:				
Money Market Fund*	150,033	150,033	163,209	163,209
	$335,099,645	$331,292,019	$223,592,360	$207,945,735

*Represents the assets of the administrative account.

CONNECTICUT HIGHER EDUCATION TRUST

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, 2003 and 2002, 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, 2003, 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, 2003 and 2002, 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 29, 2003

TAX EXEMPT PROCEEDS FUND, INC.

STATEMENT OF NET ASSETS
JUNE 30, 2003

Face Amount		Maturity Date	Yield	Value (Note 1)	Ratings (a) Moody's	Ratings (a) Standard & Poor's
Put Bonds (b) (8.93%)						
$5,000,000	Houston, TX Independant School District (Limited Tax Schoolhouse)	06/03/04	1.08%	$4,998,621	VMIG-1	A1+
2,000,000	Intermountain Power Agency (Utah Power Supply) - Series F Insured by AMBAC Indemnity Corp.	09/15/03	1.00	2,000,000	VMIG-1	A1+
3,000,000	Metropolitan Government of Nashville & Davidson Counties, TN (Vanderbilt University) - Series 1985A	01/15/04	1.15	3,000,000	VMIG-1	A1+
2,000,000	Puerto Rico PFC P-Floats PA 843 Insured by FSA	01/08/04	1.20	2,000,000		A1+
5,000,000	Richardson, TX Independent School District (Unlimited Tax School Building Bond) - Series 2000	04/01/04	1.35	5,000,000	VMIG-1	
17,000,000	**Total Put Bonds**			**16,998,621**		
Tax Exempt Commercial Paper (6.30%)						
$5,000,000	Harris County, TX - Series C	07/15/03	1.05%	$5,000,000	P1	A1+
4,000,000	Maryland HEFA (John Hopkins University) - Series A	07/02/03	1.05	4,000,000	P1	A1+
1,000,000	Nebraska Public Power - Series A	07/15/03	1.05	1,000,000	P1	A1
2,000,000	York County, PA IDA PCRB (Philadelphia Electric Co.) LOC Bank One	07/17/03	1.05	2,000,000	P1	A1+
12,000,000	**Total Tax Exempt Commercial Paper**			**12,000,000**		
Tax Exempt General Obligation Notes & Bonds (11.59%)						
$7,000,000	City of Cincinnati, OH School District Classroom Facilities BAN	01/20/04	0.85%	$7,017,220	MIG-1	SP1+
3,000,000	City of Lawrence, KS GO Temporary Notes - Series 2002-II	10/01/03	1.50	3,005,602	MIG-1	
3,000,000	Indiana Bond Bank Advanced Funding Note - Series A Insured by AMBAC Indemnity Corp.	01/27/04	1.10	3,015,350	MIG-1	SP1+
3,000,000	State of Illinois	05/15/04	0.96	3,013,969	MIG-1	SP1+
6,000,000	State of Texas TRAN	08/29/03	1.40	6,012,909	MIG-1	SP1+
22,000,000	**Total Tax Exempt General Obligation Notes & Bonds**			**22,065,050**		
Variable Rate Demand Instruments (c) (76.45%)						
$4,000,000	Ashland, KY PCRB (Ashland Oil Inc. Project) LOC Suntrust Bank	04/01/09	0.85%	$4,000,000	VMIG-1	
700,000	Bloomington, IL Normal Airport Authority - Series 1995A	01/01/13	1.10	700,000	VMIG-1	
3,650,000	City & County of Denver, CO Refunding MHRB (Cottonwood Creek Project) Guaranteed by Federal Home Loan Mortgage Corporation	04/15/14	1.00	3,650,000		A1+
900,000	Cohasset, MN RB (Minnesota Power & Light Co.) LOC ABN AMRO Bank N.A.	06/01/13	1.00	900,000		A1+

See accompanying Notes to the Financial Statements.

TAX EXEMPT PROCEEDS FUND, INC.

STATEMENT OF NET ASSETS (Continued)
JUNE 30, 2003

Face Amount		Maturity Date	Yield	Value (Note 1)	Ratings (a) Moody's	Ratings (a) Standard & Poor's
Variable Rate Demand Instruments (c) (Continued)						
$3,000,000	Commonwealth of Puerto Rico Public Improvement Bonds Tender Option Certificates - Series 2001-1 Insured by FSA	07/01/27	0.95%	$3,000,000		A1+
6,000,000	Connecticut State HEFA (Yale University) - Series U	07/01/33	1.00	6,000,000	VMIG-1	A1+
5,000,000	Cuyahoga County, OH (Cleveland Health Education Museum Project) LOC Key Bank, N.A.	03/01/32	1.05	5,000,000	VMIG-1	
600,000	Dekalb County, GA Development Authority IDRB (Pet Inc. Project) LOC Credit Suisse First Boston	02/01/04	1.05	600,000	P1	
6,450,000	Dekalb County, GA Housing Authority MHRB (Wood Hills Apartments) LOC Fleet Bank	12/01/07	1.05	6,450,000		A1+
3,000,000	District of Columbia (George Washington University) - Series C Insured by MBIA Insurance Corp.	09/15/29	1.05	3,000,000	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	1.04	2,100,000		A1
4,000,000	Fulton County, GA Housing Authority MHRB (Greenhouse Holcomb Project) Collateralized by Federal National Mortgage Association	04/01/30	0.90	4,000,000		A1+
310,000	Greystone RB Certificate (Variable Senior Certificates of Beneficial Ownership) LOC Credit Suisse First Boston	05/01/28	1.13	310,000	VMIG-1	A1+
3,200,000	Harris County, TX IDRB (Baytank Houston Inc. Project) LOC Rabobank Nederland	02/01/20	0.95	3,200,000		A1+
1,560,000	Houston County, GA Development Authority (Middle Georgia Community Action) (d) LOC Columbus Bank & Trust Company	01/01/31	1.13	1,560,000		
1,100,000	Illinois Development Finance Authority RB (Saint Augustine College Project) - Series 2002 LOC Bank One	11/01/31	1.00	1,100,000	VMIG-1	
3,300,000	Illinois Educational Facilities Authority RB (Chicago Children's Museum) - Series 1994 LOC National Bank of Detroit	02/01/28	1.05	3,300,000	VMIG-1	A1+
2,880,000	Illinois Health Facilities Authority RB (Bromenn Healthcare) LOC Harris Trust & Saving Bank	08/15/32	1.00	2,880,000		A1+
1,710,000	Illinois HEFA RB (Rush-Presbyterian St. Luke's) LOC Northern Trust Bank	11/15/06	0.97	1,710,000	VMIG-1	A1+
2,200,000	Indiana HEFA (Rehabilitation Hospital of Indiana) LOC National Bank of Detroit	11/01/20	0.95	2,200,000	VMIG-1	

See accompanying Notes to the Financial Statements.

TAX EXEMPT PROCEEDS FUND, INC.

STATEMENT OF NET ASSETS (Continued)
JUNE 30, 2003

Face Amount		Maturity Date	Yield	Value (Note 1)	Ratings (a) Moody's	Ratings (a) Standard & Poor's
Variable Rate Demand Instruments (c) (Continued)						
$2,200,000	Iowa Finance Authority RB (Burlington Medical Center) Insured by FSA	06/01/27	1.05%	$2,200,000		A1
2,000,000	Jacksonville, FL Electric Authority (Electric System) - Series F	10/01/30	1.00	2,000,000	VMIG-1	A1+
1,700,000	Jacksonville, FL Electric Authority (Electric System) - Series 2001B	10/01/30	1.00	1,700,000	VMIG-1	A1+
2,500,000	Lakeview, MI School District (2002 School Building & Site) - Series B	05/01/32	0.90	2,500,000		A1+
690,000	Lancaster, PA Higher Education Authority RB (Franklin & Marshall College) LOC Chase Manhattan Bank, N.A.	04/15/27	1.08	690,000	VMIG-1	A1
6,680,000	Lisle, IL MHRB Collateralized by Federal National Mortgage Association	09/15/26	0.90	6,680,000		A1+
6,200,000	Macomb County, MI Hospital Finance Authority RB (Mt. Clements General) - Series A1 LOC Comerica Bank	10/01/20	1.00	6,200,000	VMIG-1	
2,625,000	Massachusetts HEFA (Capital Asset Program) - Series B Insured by MBIA Insurance Corp.	07/01/10	0.90	2,625,000	VMIG-1	A1+
2,300,000	Massachusetts State GO (Central Artery) - Series A	12/01/30	0.95	2,300,000	VMIG-1	A1+
1,315,000	Michigan HEFA (Concordia College Harbor Project) (d) LOC Allied Irish Bank	09/01/14	1.05	1,315,000		
3,000,000	Michigan Higher Education Facility Authority RB (Hope College Project) - Series 2002A LOC Fifth Third Bank	04/01/32	1.03	3,000,000		A1+
2,260,000	Missouri HEFA (Washington University)	09/01/10	0.95	2,260,000	VMIG-1	A1+
4,420,000	Montgomery County, MD Housing Opportunities Commission MHRB (Oakwood-Gainesburg) Guaranteed by Federal Home Loan Mortgage Corporation	11/01/07	1.00	4,420,000		A1+
970,000	Multnomah County, OR (Concordia University Portland) LOC Allied Irish Bank	12/01/29	1.05	970,000	VMIG-1	
7,000,000	New Jersey EDA (Senior Care Bayshore Health) - Series A LOC Kredietbank	04/01/28	0.90	7,000,000	VMIG-1	
2,500,000	New York City, NY GO - Series H, Sub-Series H-3 Insured by FSA	08/01/23	0.85	2,500,000	VMIG-1	A1+
2,000,000	New York City, NY Municipal Water Finance Authority RB (Fiscal 2003) - Subseries C-3	06/15/18	0.85	2,000,000	VMIG-1	A1+
400,000	North Carolina Medical Care Commission HRB (Pooled Financing Equipment) LOC Bank of America	10/01/20	0.90	400,000	VMIG-1	

See accompanying Notes to the Financial Statements.

TAX EXEMPT PROCEEDS FUND, INC.

STATEMENT OF NET ASSETS (Continued)
JUNE 30, 2003

Face Amount		Maturity Date	Yield	Value (Note 1)	Ratings (a) Moody's	Ratings (a) Standard & Poor's
	Variable Rate Demand Instruments (c) (Continued)					
$2,600,000	North Central Texas Health Facilities (Methodist Hospitals of Dallas) - Series 1985B Insured by MBIA Insurance Corp.	10/01/15	0.95%	$ 2,600,000		A1+
1,000,000	Oklahoma State Industrial Authority (Integris Baptist Group) - Series B Insured by MBIA Insurance Corp.	08/15/29	1.00	1,000,000	VMIG-1	A1+
3,100,000	Pinal County, AZ IDA PCRB (Magma Copper Company Project) LOC BNP Paribas	12/01/11	0.97	3,100,000	VMIG-1	A1
3,000,000	Port Authority of New York and New Jersey Special Versatile Structure Obligation	08/01/24	0.94	3,000,000	VMIG-1	A1+
4,800,000	Private Hospital Authority of Dekalb, GA (Egleston Childrens Hospital) LOC Suntrust Bank	03/01/24	0.95	4,800,000	VMIG-1	A1+
2,000,000	Puerto Rico Commonwealth ROC II - Series 185 Insured by FGIC	07/01/16	1.01	2,000,000	VMIG-1	
5,000,000	Quakertown, PA Hospital Authority RB (HPS Group Pooled Financing) LOC PNC Bank	07/01/05	0.95	5,000,000	VMIG-1	
650,000	Reading, PA (York County General Authority) Insured by AMBAC Indemnity Corp.	09/01/26	1.00	650,000		A1+
2,970,000	Regents of the University of Colorado (Master Lean Purchase Agreement) LOC Bayerische Landesbank, A.G.	07/01/18	0.90	2,970,000	VMIG-1	A1+
500,000	St. Paul, MN Housing & Redevelopment Authority RB (Public Radio Project) - Series 2002 LOC Allied Irish Bank	05/01/22	1.05	500,000	VMIG-1	
3,500,000	Tulsa County, OK IDA RB (First Mortgage - Montercau) - Series A LOC BNP Paribas	07/01/32	0.95	3,500,000		A1+
5,000,000	University of North Carolina at Chapel Hill RB - Series 2001B	12/01/25	1.00	5,000,000	VMIG-1	A1+
1,200,000	University of Toledo, OH RB - Series 2002 Insured by FGIC	06/01/32	1.05	1,200,000	VMIG-1	A1
2,000,000	Utah Transit Authority (Sales Tax Revenue Bond) - Series 2 LOC Bayerische Landesbank, A.G.	09/01/32	0.90	2,000,000	VMIG-1	A1+
1,850,000	Wisconsin HEFA RB (Meriter Hospital Project) - Series 2002 LOC Marshall & Isley	12/01/32	1.05	1,850,000		A1
145,590,000	**Total Variable Rate Demand Instruments**			**145,590,000**		
	Total Investments (103.27%) (Cost $196,653,671†)			**196,653,671**		
	Liabilities in excess of cash and other assets (-3.27%) (Note 4)			**(6,231,715)**		
	Net Assets (100.00%), 190,442,566 shares outstanding (Note 3)			**$190,421,956**		
	Net Asset Value, offering and redemption price per share			**$ 1.00**		

† Aggregate cost for federal income tax purposes is identical.

See accompanying Notes to the Financial Statements.

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
EDA	=	Economic Development Authority	LOC	=	Letter of Credit
FGIC	=	Financial Guaranty Insurance Company	MHRB	=	Multi-Family Housing Revenue Bond
FSA	=	Financial Security Assurance	PCRB	=	Pollution Control Revenue Bond
GIC	=	Guaranteed Investment Contract	PFC	=	Public Finance Corporation
GO	=	General Obligation	RB	=	Revenue Bond
HEFA	=	Health and Education Facilities Authority	ROC	=	Reset Option Certificate
HRB	=	Hospital Revenue Bond	TRAN	=	Tax and Revenue Anticipation Note
IDA	=	Industrial Development Authority			

See accompanying Notes to the Financial Statements.

STATEMENT OF OPERATIONS
JUNE 30, 2003

INVESTMENT INCOME	
Interest income	$ 2,688,421
Expenses (Note 2)	(814,541)
Net investment income	1,873,880
REALIZED GAIN (LOSS) ON INVESTMENTS	
Net realized gain (loss) on investments	-0-
Net increase in net assets from operations	$ 1,873,880

See accompanying Notes to the Financial Statements.

TAX EXEMPT PROCEEDS FUND, INC.

STATEMENT OF CHANGES IN NET ASSETS
JUNE 30, 2003 and 2002

	Year Ended June 30, 2003	Year Ended June 30, 2002
INCREASE (DECREASE) IN NET ASSETS		
Operations:		
Net investment income	$ 1,873,880	$ 3,200,816
Net realized gain (loss) on investments	-0-	-0-
Net increase in net assets from operations	1,873,880	3,200,816
Dividends to shareholders from net investment income	(1,873,880)	(3,200,816)
Net increase (decrease) from capital share transactions (Note 3)	(11,302,662)	(5,816,119)
Total increase (decrease) in net assets	(11,302,662)	(5,816,119)
Net assets:		
Beginning of year	201,724,618	207,540,737
End of year	$ 190,421,956	$ 201,724,618

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 affect 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 including accretion of discount and amortization of premium, 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, 2003, 20,000,000,000 shares of $.001 par value stock were authorized and paid in capital amounted to $190,440,606. Transactions in capital stock, all at $1.00 per share, were as follows:

	Year Ended June 30, 2003	Year Ended June 30, 2002
Sold	776,093,996	702,034,867
Issued on reinvestment of dividends	556,525	711,567
Redeemed	(787,953,183)	(708,562,553)
Net (decrease)	(11,302,662)	(5,816,119)

4. Liabilities

At June 30, 2003, the Fund had the following liabilities:

Securities purchase payable	$ 7,017,220
Accrued management fee	2,085
Dividends payable	76,537
Total liabilities	$ 7,095,842

5. Tax Information

Accumulated undistributed realized losses at June 30, 2003 amounted to $18,429. This amount represents tax basis capital losses which may be carried forward to offset future gains. Such losses expire through June 30, 2008.

At June 30, 2003, the Fund had undistributed tax exempt income of $76,537 for income tax purposes included in dividends payable.

6. Financial Highlights

	Year Ended June 30,				
	2003	2002	2001	2000	1999
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	0.009	0.015	0.034	0.033	0.029
Less distributions:					
Dividends from net investment income	(0.009)	(0.015)	(0.034)	(0.033)	(0.029)
Net asset value, end of year	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00
Total Return	0.92%	1.48%	3.50%	3.30%	2.92%
Ratios/Supplemental Data					
Net assets, end of year (000)	$190,422	$201,725	$207,541	$208,171	$189,536
Ratios to average net assets:					
Expenses	0.40%	0.40%	0.40%	0.40%	0.40%
Net investment income	0.92%	1.48%	3.45%	3.29%	2.89%

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, 2003 and the related statement of operations for the year then ended and the statements of changes in net assets and the financial highlights for each of the two years in the period then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits. The financial highlights for each of the three years in the period ended June 30, 2001, were audited by other auditors whose report, dated July 27, 2001 expressed an unqualified opinion on this information.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of June 30, 2003 by correspondence with the Fund's custodian. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide~~s~~ a reasonable basis for our opinion.

In our opinion, 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, 2003, the results of its operations for the year then ended and the changes in its net assets, and its financial highlights for each of the two years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

Sanville & Company

New York, New York
July 16, 2003

Sanville & Company
Certified Public Accountants

Supplemental Information

PENSION FUNDS MANAGEMENT DIVISION

COMBINED INVESTMENT FUNDS
TOTAL NET ASSET VALUE BY PENSION PLANS AND TRUST FUNDS
JUNE 30, 2003

Retirement Funds	Net Asset Value
Teachers' Retirement Fund	$ 9,846,014,159
State Employees' Retirement Fund	6,987,179,350
Municipal Employees' Retirement Fund	1,174,440,124
State Judges' Retirement Fund	125,215,777
The Probate Court Retirement Fund	60,482,838
State's Attorneys Retirement Fund	618,719
Non-retirement Trust Funds	
Soldiers' Sailors' & Marines' Fund	59,336,142
Police & Firemans' Survivors' Benefit Fund	17,026,908
Connecticut Arts Endowment Fund	16,317,596
School Fund	8,565,179
Ida Eaton Cotton Fund	1,924,412
Hopemead Fund	1,812,802
Andrew Clark Fund	905,128
Agricultural College Fund	565,939
Tobacco and Health Trust Fund[1]	-
TOTAL	$18,300,405,073

(1) Funds were distributed during fiscal year.

PENSION FUNDS MANAGEMENT DIVISION

COMBINED INVESTMENT FUNDS
STATEMENT OF INVESTMENT ACTIVITY BY PENSION PLAN
FOR THE FISCAL YEAR ENDING JUNE 30, 2003

	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, 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
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
Shares Purchased	704,071,657	-	-	-	3,542,141	-	74,277,563	781,891,361
Shares Redeemed	(614,905,514)	-	(144,905,762)	-	(12,533,731)	(3,719,762)	-	(776,064,770)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	-	13,374,309	-	(1,441,444)	(238,544)	-	11,694,321
Net Investment Income Earned	6,347,249	44,820,448	180,410,703	20,379,859	23,645,650	4,184,928	173,214,151	453,002,988
Net Investment Income Distributed	(6,347,249)	(44,820,448)	(180,410,703)	(20,379,859)	(23,645,650)	(4,184,928)	(173,214,151)	(453,002,988)
Changes in Market Value of Fund Shares	-	(38,269,347)	186,208,499	(105,162,560)	(14,297,647)	3,424,735	(310,712,311)	(278,808,630)
Market Value at June 30, 2003	$ 314,412,366	$ 3,609,903,114	$3,530,422,912	$ 1,110,450,868	$232,032,151	$ 39,426,609	$ 1,009,366,137	$ 9,846,014,159
Book Value at June 30, 2003	314,412,366	989,170,649	3,133,291,711	740,984,430	273,040,309	40,204,455	1,376,400,279	6,867,504,200
Shares Outstanding	314,412,366	5,324,972	30,544,686	5,887,525	4,033,228	537,232	15,465,345	376,205,355
Market Value per Share	$ 1.00	$ 677.92	$ 115.58	$ 188.61	$ 57.53	$ 73.39	$ 65.27	
State Employees' Retirement Fund								
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
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
Shares Purchased	370,798,960	-	-	-	2,501,743	-	52,242,150	425,542,853
Shares Redeemed	(228,214,961)	-	(103,232,490)	-	(8,852,321)	(2,619,718)	-	(342,919,490)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	-	10,185,031	-	(999,747)	(153,118)	-	9,032,166
Net Investment Income Earned	3,816,931	31,015,277	128,526,612	14,388,880	16,700,443	2,947,318	121,827,902	319,223,363
Net Investment Income Distributed	(3,816,931)	(31,015,277)	(128,526,612)	(14,388,880)	(16,700,443)	(2,947,318)	(121,827,902)	(319,223,363)
Changes in Market Value of Fund Shares	-	(26,481,988)	132,000,001	(74,248,363)	(10,116,454)	2,397,059	(218,535,430)	(194,985,176)
Market Value at June 30, 2003	$ 288,463,958	$2,498,015,185	$2,515,112,880	$ 784,016,290	$163,879,606	$ 27,766,991	$ 709,924,440	$ 6,987,179,350
Book Value at June 30, 2003	288,463,958	702,395,453	2,216,540,823	522,189,936	192,487,005	28,163,673	967,559,365	4,917,800,213
Shares Outstanding	288,463,958	3,684,825	21,760,377	4,156,794	2,848,587	378,357	10,877,348	332,170,246
Market Value per Share	$ 1.00	$ 677.92	$ 115.58	$ 188.61	$ 57.53	$ 73.39	$ 65.27	
Municipal Employees' Retirement Fund								
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
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
Shares Purchased	63,081,062	-	-	-	391,675	-	8,381,193	71,853,930
Shares Redeemed	(34,267,645)	-	(16,853,296)	-	(1,385,928)	(410,349)	-	(52,917,219)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	-	1,588,661	-	(150,338)	(20,913)	-	1,417,411
Net Investment Income Earned	1,253,234	5,131,900	20,982,708	2,206,751	2,614,640	461,664	19,544,814	52,195,711
Net Investment Income Distributed	(1,253,234)	(5,131,900)	(20,982,708)	(2,206,751)	(2,614,640)	(461,664)	(19,544,814)	(52,195,711)
Changes in Market Value of Fund Shares	-	(4,381,807)	21,623,862	(11,387,111)	(1,590,026)	372,402	(35,059,575)	(30,422,255)
Market Value at June 30, 2003	$ 86,362,487	$ 413,330,740	$ 410,606,606	$ 120,240,773	$ 25,657,162	$ 4,349,387	$ 113,892,968	$ 1,174,440,124
Book Value at June 30, 2003	86,362,487	113,692,994	363,628,298	80,092,276	30,015,837	4,380,345	153,623,146	831,795,383
Shares Outstanding	86,362,487	609,705	3,552,506	637,507	445,978	59,265	1,745,050	93,412,498
Market Value per Share	$ 1.00	$ 677.92	$ 115.58	$ 188.61	$ 57.53	$ 73.39	$ 65.27	

COMBINED INVESTMENT FUNDS
STATEMENT OF INVESTMENT ACTIVITY BY PENSION PLAN (Continued)
FOR THE FISCAL YEAR ENDING JUNE 30, 2003

	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, 2002	$ 2,981,449	$ 5,608,744	$ 20,589,814	$ 4,984,897	$ 1,789,812	$ 285,331	$ 4,338,420	$ 40,578,466
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
Shares Purchased	4,106,905	-	-	-	22,412	-	251,963	4,381,280
Shares Redeemed	(3,003,361)	-	(932,005)	-	(79,304)	(23,933)	-	(4,038,602)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	-	102,494	-	(8,935)	(1,642)	-	91,917
Net Investment Income Earned	63,774	261,147	1,160,366	137,867	149,612	26,927	587,573	2,387,266
Net Investment Income Distributed	(63,774)	(261,147)	(1,160,366)	(137,867)	(149,612)	(26,927)	(587,573)	(2,387,266)
Changes in Market Value of Fund Shares	-	(222,977)	1,181,184	(711,402)	(90,650)	22,142	(1,053,992)	(875,695)
Market Value at June 30, 2003	$ 4,084,994	$ 21,033,177	$ 22,706,970	$ 7,511,961	$ 1,468,121	$ 253,669	$ 3,423,948	$ 60,482,838
Book Value at June 30, 2003	4,084,994	5,608,744	19,760,303	4,984,897	1,723,985	259,756	4,590,382	41,013,061
Shares Outstanding	4,084,994	31,026	196,457	39,828	25,519	3,457	52,461	4,433,742
Market Value per Share	$ 1.00	$ 677.92	$ 115.58	$ 188.61	$ 57.53	$ 73.39	$ 65.27	
Judges' Retirement Fund								
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
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
Shares Purchased	6,638,557	-	-	-	36,155	-	847,132	7,521,844
Shares Redeemed	(2,881,467)	-	(1,881,447)	-	(127,932)	(40,422)	-	(4,931,268)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	-	152,188	-	(16,551)	(1,961)	-	133,675
Net Investment Income Earned	172,080	511,832	2,342,440	217,896	241,352	45,476	1,975,499	5,506,575
Net Investment Income Distributed	(172,080)	(511,832)	(2,342,440)	(217,896)	(241,352)	(45,476)	(1,975,499)	(5,506,575)
Changes in Market Value of Fund Shares	-	(437,023)	2,439,183	(1,124,368)	(144,099)	36,584	(3,543,657)	(2,773,379)
Market Value at June 30, 2003	$ 11,972,003	$ 41,223,801	$ 45,838,781	$ 11,872,627	$ 2,368,363	$ 428,440	$ 11,511,764	$ 125,215,777
Book Value at June 30, 2003	11,972,003	12,521,422	41,193,767	7,984,311	2,822,638	430,482	15,579,909	92,504,533
Shares Outstanding	11,972,003	60,809	396,590	62,948	41,167	5,838	176,381	12,715,737
Market Value per Share	$ 1.00	$ 677.92	$ 115.58	$ 188.61	$ 57.53	$ 73.39	$ 65.27	
State's Attorneys' Retirement Fund								
Book Value at June 30, 2002	$ 50,478	$ 92,347	$ 157,239	$ -	$ 5,471	$ -	$ -	$ 305,535
Market Value at June 30, 2002	$ 50,478	$ 372,739	$ 186,178	$ -	$ 5,465	$ -	$ -	$ 614,857
Shares Purchased	21,432	-	-	-	75	-	-	21,507
Shares Redeemed	(24,000)	-	-	-	(267)	-	-	(24,267)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	-	-	-	(3)	-	-	(3)
Net Investment Income Earned	853	4,580	9,834	-	504	-	-	15,771
Net Investment Income Distributed	(853)	(4,580)	(9,834)	-	(504)	-	-	(15,771)
Changes in Market Value of Fund Shares	-	(3,910)	10,867	-	(332)	-	-	6,625
Market Value at June 30, 2003	$ 47,909	$ 368,829	$ 197,045	$ -	$ 4,938	$ -	$ -	$ 618,719
Book Value at June 30, 2003	47,909	92,347	157,239	-	5,276	-	-	302,772
Shares Outstanding	47,909	544	1,705	-	86	-	-	50,244
Market Value per Share	$ 1.00	$ 677.92	$ 115.58		$ 57.53			

PENSION FUNDS MANAGEMENT DIVISION

COMBINED INVESTMENT FUNDS
STATEMENT OF INVESTMENT ACTIVITY BY TRUST
FOR THE FISCAL YEAR ENDING JUNE 30, 2003

	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, 2002	$ 60,037	$ 1,095,686	$ 49,098,734	$ -	$ -	$ -	$ -	$ 50,254,458
Market Value at June 30, 2002	$ 60,037	$ 4,699,746	$ 51,613,000	$ -	$ -	$ -	$ -	$ 56,372,782
Shares Purchased	2,785,287	-	-	-	-	-	-	2,785,287
Shares Redeemed	(2,785,281)	-	-	-	-	-	-	(2,785,281)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	-	-	-	-	-	-	-
Net Investment Income Earned	1,321	57,739	2,726,227	-	-	-	-	2,785,287
Net Investment Income Distributed	(1,321)	(57,739)	(2,726,227)	-	-	-	-	(2,785,287)
Changes in Market Value of Fund Shares	-	(49,300)	3,012,654	-	-	-	-	2,963,355
Market Value at June 30, 2003	$ 60,043	$ 4,650,446	$ 54,625,655	$ -	$ -	$ -	$ -	$ 59,336,142
Book Value at June 30, 2003	60,043	1,095,686	49,098,734	-	-	-	-	50,254,463
Shares Outstanding	60,043	6,860	472,613	-	-	-	-	539,516
Market Value per Share	$ 1.00	$ 677.92	$ 115.58	$ -	$ -	$ -	-	
Endowment for the Arts								
Book Value at June 30, 2002	$ 1,989,726	$ -	$ 12,472,429	$ -	$ -	$ -	$ -	$ 14,462,155
Market Value at June 30, 2002	$ 1,989,726	$ -	$ 12,561,684	$ -	$ -	$ -	$ -	$ 14,551,408
Shares Purchased	1,805,308	-	2,000,000	-	-	-	-	3,805,308
Shares Redeemed	(2,846,804)	-	-	-	-	-	-	(2,846,804)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	-	-	-	-	-	-	-
Net Investment Income Earned	19,503	-	728,631	-	-	-	-	748,134
Net Investment Income Distributed	(19,503)	-	(728,631)	-	-	-	-	(748,134)
Changes in Market Value of Fund Shares	-	-	807,684	-	-	-	-	807,684
Market Value at June 30, 2003	$ 948,230	$ -	$ 15,369,367	$ -	$ -	$ -	$ -	$ 16,317,596
Book Value at June 30, 2003	948,230	-	14,472,429	-	-	-	-	15,420,659
Shares Outstanding	948,230	-	132,973	-	-	-	-	1,081,204
Market Value per Share	$ 1.00	$ -	$ 115.58	$ -	$ -	$ -	-	
Agricultural College Fund								
Book Value at June 30, 2002	$ 43,023	$ 34,969	$ 336,240	$ -	$ -	$ -	$ -	$ 414,232
Market Value at June 30, 2002	$ 43,023	$ 153,240	$ 348,781	$ -	$ -	$ -	$ -	$ 545,046
Shares Purchased	20,931	-	10,000	-	-	-	-	30,931
Shares Redeemed	(28,674)	-	-	-	-	-	-	(28,674)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	-	-	-	-	-	-	-
Net Investment Income Earned	631	1,882	18,467	-	-	-	-	20,980
Net Investment Income Distributed	(631)	(1,882)	(18,467)	-	-	-	-	(20,980)
Changes in Market Value of Fund Shares	-	(1,608)	20,243	-	-	-	-	18,635
Market Value at June 30, 2003	$ 35,280	$ 151,632	$ 379,025	$ -	$ -	$ -	$ -	$ 565,939
Book Value at June 30, 2003	35,280	34,969	346,240	-	-	-	-	416,490
Shares Outstanding	35,280	224	3,279	-	-	-	-	38,783
Market Value per Share	$ 1.00	$ 677.92	$ 115.58	$ -	$ -	$ -	-	

PENSION FUNDS MANAGEMENT DIVISION

COMBINED INVESTMENT FUNDS
STATEMENT OF INVESTMENT ACTIVITY BY TRUST (Continued)
FOR THE FISCAL YEAR ENDING JUNE 30, 2003

	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, 2002	$ 145,762	$ 120,193	$ 1,134,206	$ -	$ -	$ -	$ -	$ 1,400,161
Market Value at June 30, 2002	$ 145,762	$ 521,049	$ 1,186,904	$ -	$ -	$ -	$ -	$ 1,853,716
Shares Purchased	71,207	-	35,000	-	-	-	-	106,207
Shares Redeemed	(98,921)	-	-	-	-	-	-	(98,921)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	-	-	-	-	-	-	-
Net Investment Income Earned	2,127	6,399	62,847	-	-	-	-	71,373
Net Investment Income Distributed	(2,127)	(6,399)	(62,847)	-	-	-	-	(71,373)
Changes in Market Value of Fund Shares	-	(5,465)	68,875	-	-	-	-	63,410
Market Value at June 30, 2003	$ 118,049	$ 515,583	$ 1,290,779	$ -	$ -	$ -	$ -	$ 1,924,412
Book Value at June 30, 2003	118,049	120,193	1,169,206	-	-	-	-	1,407,448
Shares Outstanding	118,049	761	11,168	-	-	-	-	129,977
Market Value per Share	$ 1.00	$ 677.92	$ 115.58	$ -	$ -	$ -	-	
Andrew Clark Fund								
Book Value at June 30, 2002	$ 68,684	$ 56,908	$ 553,867	$ -	$ -	$ -	$ -	$ 679,459
Market Value at June 30, 2002	$ 68,684	$ 245,311	$ 558,323	$ -	$ -	$ -	$ -	$ 872,318
Shares Purchased	33,544	-	15,000	-	-	-	-	48,544
Shares Redeemed	(45,576)	-	-	-	-	-	-	(45,576)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	-	-	-	-	-	-	-
Net Investment Income Earned	1,051	3,013	29,557	-	-	-	-	33,621
Net Investment Income Distributed	(1,051)	(3,013)	(29,557)	-	-	-	-	(33,621)
Changes in Market Value of Fund Shares	-	(2,573)	32,416	-	-	-	-	29,842
Market Value at June 30, 2003	$ 56,651	$ 242,738	$ 605,739	$ -	$ -	$ -	$ -	$ 905,128
Book Value at June 30, 2003	56,651	56,908	568,867	-	-	-	-	682,426
Shares Outstanding	56,651	358	5,241	-	-	-	-	62,250
Market Value per Share	$ 1.00	$ 677.92	$ 115.58	$ -	$ -	$ -	-	
School Fund								
Book Value at June 30, 2002	$ 654,630	$ 535,691	$ 5,100,716	$ -	$ -	$ -	$ -	$ 6,291,037
Market Value at June 30, 2002	$ 654,630	$ 2,321,638	$ 5,284,302	$ -	$ -	$ -	$ -	$ 8,260,570
Shares Purchased	354,997	-	235,000	-	-	-	-	589,997
Shares Redeemed	(579,832)	-	-	-	-	-	-	(579,832)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	-	-	-	-	-	-	-
Net Investment Income Earned	10,933	28,523	287,023	-	-	-	-	326,479
Net Investment Income Distributed	(10,933)	(28,523)	(287,023)	-	-	-	-	(326,479)
Changes in Market Value of Fund Shares	-	(24,354)	318,798	-	-	-	-	294,444
Market Value at June 30, 2003	$ 429,795	$ 2,297,284	$ 5,838,100	$ -	$ -	$ -	$ -	$ 8,565,179
Book Value at June 30, 2003	429,795	535,691	5,335,716	-	-	-	-	6,301,202
Shares Outstanding	429,795	3,389	50,510	-	-	-	-	483,694
Market Value per Share	$ 1.00	$ 677.92	$ 115.58	$ -	$ -	$ -	-	

PENSION FUNDS MANAGEMENT DIVISION

COMBINED INVESTMENT FUNDS
STATEMENT OF INVESTMENT ACTIVITY BY TRUST (Continued)
FOR THE FISCAL YEAR ENDING JUNE 30, 2003

	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, 2002	$ 130,253	$ 110,967	$ 1,050,169	$ -	$ -	$ -	$ -	$ 1,291,388
Market Value at June 30, 2002	$ 130,253	$ 477,503	$ 1,079,053	$ -	$ -	$ -	$ -	$ 1,686,809
Shares Purchased	66,197	-	78,700	-	-	-	-	144,897
Shares Redeemed	(78,109)	-	-	-	-	-	-	(78,109)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	-	-	-	-	-	-	-
Net Investment Income Earned	2,452	5,868	58,467	-	-	-	-	66,787
Net Investment Income Distributed	(2,452)	(5,868)	(58,467)	-	-	-	-	(66,787)
Changes in Market Value of Fund Shares	-	(5,009)	64,214	-	-	-	-	59,206
Market Value at June 30, 2003	$ 118,340	$ 472,494	$ 1,221,968	$ -	$ -	$ -	$ -	$ 1,812,802
Book Value at June 30, 2003	118,340	110,967	1,128,869	-	-	-	-	1,358,175
Shares Outstanding	118,340	697	10,572	-	-	-	-	129,609
Market Value per Share	$ 1.00	$ 677.92	$ 115.58	$ -	$ -	$ -	$ -	
Police & Fireman's Survivors' Benefit Fund								
Book Value at June 30, 2002	$ 4,905,947	$ 6,859,157	$ 5,134,231	$ -	$ 405,842	$ 66,175	$ -	$ 17,371,351
Market Value at June 30, 2002	$ 4,905,947	$ 6,329,550	$ 5,087,528	$ -	$ 420,301	$ 58,179	$ -	$ 16,801,503
Shares Purchased	477,818	-	-	-	5,798	-	-	483,616
Shares Redeemed	(441,716)	-	-	-	(20,517)	(5,416)	-	(467,649)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	-	-	-	489	(515)	-	(26)
Net Investment Income Earned	86,396	77,763	268,726	-	38,705	6,093	-	477,683
Net Investment Income Distributed	(86,396)	(77,763)	(268,726)	-	(38,705)	(6,093)	-	(477,683)
Changes in Market Value of Fund Shares	-	(66,397)	296,960	-	(26,252)	5,154	-	209,465
Market Value at June 30, 2003	$ 4,942,048	$ 6,263,152	$ 5,384,488	$ -	$ 379,819	$ 57,402	$ -	$ 17,026,908
Book Value at June 30, 2003	4,942,048	6,859,157	5,134,231	-	391,612	60,244	-	17,387,292
Shares Outstanding	4,942,048	9,239	46,586	-	6,602	782	-	5,005,257
Market Value per Share	$ 1.00	$ 677.92	$ 115.58	$ -	$ 57.53	$ 73.39	$ -	
Tobacco and Health Trust Fund								
Book Value at June 30, 2002	$ 3,208,337	$ 9,045,806	$ 25,328,256	$ -	$ -	$ -	$ -	$ 37,582,400
Market Value at June 30, 2002	$ 3,208,337	$ 8,171,194	$ 24,707,834	$ -	$ -	$ -	$ -	$ 36,087,365
Shares Purchased	289,422	-	-	-	-	-	-	289,422
Shares Redeemed	(3,497,759)	(7,461,041)	(24,609,969)	-	-	-	-	(35,568,770)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	(1,584,764)	(718,288)	-	-	-	-	(2,303,052)
Net Investment Income Earned	12,480	13,541	98,568	-	-	-	-	124,589
Net Investment Income Distributed	(12,480)	(13,541)	(98,568)	-	-	-	-	(124,589)
Changes in Market Value of Fund Shares	-	874,612	620,422	-	-	-	-	1,495,034
Market Value at June 30, 2003	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Book Value at June 30, 2003	-	-	-	-	-	-	-	-
Shares Outstanding	-	-	-	-	-	-	-	-
Market Value per Share	$ -	$ -	$ -	$ -	$ -	$ -	$ -	

PENSION FUNDS MANAGEMENT DIVISION

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

	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
Investment Income[1]	$846,268	$741,812	$787,287	$1,002,774	$731,983	$734,928	$648,136	$621,540	$510,890	$453,150
Expenses[1]	48,428	60,570	67,282	50,552	54,417	40,817	38,316	36,558	36,623	45,682
Net Investment Income	797,840	681,242	720,005	952,222	677,566	694,111	609,820	584,982	474,267	407,468
Realized Gains/(Losses)	(566,526)	(449,961)	269,330	1,522,994	673,802	1,350,408	277,293	1,240,686	(7,954)	539,865
Change in Unrealized Gains/(Losses)	123,786	(1,563,253)	(1,776,378)	90,500	530,276	681,413	1,727,651	(103,966)	998,758	(473,565)
Total	**$355,100**	**$(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) Securities lending income and expenses are shown net in the Investment Income line above for all periods presented.

Source: Amounts were dervied from custodial records.

COMBINED INVESTMENT FUNDS
PENSION AND TRUST FUNDS
BALANCES (1) IN COMBINED INVESTMENT FUNDS (Dollars in Thousands)
AT JUNE 30, 2003

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	$ 314,412	3.19%	$ 288,464	4.13%	$ 86,362	7.35%	$ 11,972	9.56%	$ 4,085	6.75%	$ 48	7.75%	$ 6,708	6.30%
MEF	3,609,903	36.66%	2,498,015	35.75%	413,331	35.20%	41,224	32.92%	21,033	34.78%	369	59.61%	14,593	13.71%
ISF	3,530,423	35.86%	2,515,113	35.99%	410,607	34.96%	45,839	36.62%	22,707	37.54%	197	31.83%	84,715	79.58%
REF	1,110,451	11.28%	784,016	11.22%	120,241	10.24%	11,873	9.48%	7,512	12.42%	-	0.00%	-	0.00%
MFIF	232,032	2.36%	163,880	2.35%	25,657	2.18%	2,368	1.89%	1,468	2.43%	5	0.81%	380	0.36%
CMF	39,427	0.40%	27,767	0.40%	4,349	0.37%	428	0.34%	254	0.42%	-	0.00%	57	0.05%
PIF	1,009,366	10.25%	709,924	10.16%	113,893	9.70%	11,512	9.19%	3,424	5.66%	-	0.00%	-	0.00%
Total	$9,846,014	100.00%	$6,987,179	100.00%	$1,174,440	100.00%	$125,216	100.00%	$60,483	100.00%	$619	100.00%	$106,453	100.00%

(1) Based on Net Asset Value

Source: Amounts were dervied from custodial records.

PENSION FUNDS MANAGEMENT DIVISION

COMBINED INVESTMENT FUNDS

INVESTMENT SUMMARY AT JUNE 30, 2003 (1)

Cash Reserve Account (2)

	Book Value	Market Value	% of Total Fund MV	Rate of Return
2003	$710,832,993	$710,832,993	3.75%	1.80%
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%

Mutual Equity Fund

	Book Value	Market Value	% of Total Fund MV	Rate of Return
2003	$6,047,280,312	$6,603,061,918	34.77%	0.48%
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%

International Stock Fund

	Book Value	Market Value	% of Total Fund MV	Rate of Return
2003	$2,047,590,656	$2,026,297,000	10.67%	(6.39%)
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%

Real Estate Fund

	Book Value	Market Value	% of Total Fund MV	Rate of Return
2003	$399,402,161	$425,893,012	2.24%	3.30%
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%)

Mutual Fixed Income Fund

	Book Value	Market Value	% of Total Fund MV	Rate of Return
2003	$7,082,889,175	$7,308,417,293	38.49%	12.03%
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%)

International Bond Fund (3)

	Book Value	Market Value	% of Total Fund MV	Rate of Return
2003	—	—	—%	—%
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%

Commercial Mortgage Fund

	Book Value	Market Value	% of Total Fund MV	Rate of Return
2003	$69,871,489	$71,990,878	0.38%	20.62%
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%)

Residential Mortgage Fund (4)

	Book Value	Market Value	% of Total Fund MV	Rate of Return
2003	—	—	—%	—%
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%)

COMBINED INVESTMENT FUNDS
INVESTMENT SUMMARY AT JUNE 30, 2003 (Continued)

Private Investment Fund [5]

	Book Value	Market Value	% of Total Fund MV	Rate of Return
2003	$2,413,582,348	$1,842,900,019	9.70%	(11.94%)
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%

Connecticut Programs Fund [5]

	Book Value	Market Value	% of Total Fund MV	Rate of Return
2003	—	—	—%	—%
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%

Total Fund

	Book Value	Market Value	% of Total Fund MV	Rate of Return
2003	$18,771,449,134	$18,989,393,113	100.00%	2.49%
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%

(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.

COMBINED INVESTMENT FUNDS

TOP TEN HOLDINGS BY FUND AT JUNE 30, 2003

MUTUAL EQUITY FUND

Security Name	Industry Sector	Market Value	%
General Electric	Technology	$ 184,895,916	2.80%
Pfizer Inc	Health Care	176,901,201	2.68%
Microsoft	Technology	128,298,622	1.94%
Exxon Mobil Corp	Energy	125,360,876	1.90%
Wal Mart Stores Inc	Consumer Non-Durables	114,836,840	1.74%
CitiGroup Inc	Financial	107,395,986	1.63%
Merck & Co Inc	Health Care	103,365,995	1.57%
Intel Corp	Technology	102,608,218	1.55%
Bank America Corp	Financial	94,694,141	1.43%
International Business Machines	Technology	94,290,735	1.43%
TOTAL		**$1,232,648,530**	**18.67%**

INTERNATIONAL STOCK FUND

Security Name	Country	Market Value	%
Total SA Eur 10 Serie B	France	$ 34,010,186	1.68%
Vodafone Group ORD USD .10	United Kingdom	26,755,655	1.32%
Glaxosmithkline ORD GBP .25	United Kingdom	26,509,635	1.31%
ENI EUR1	Italy	23,544,524	1.16%
Novartis AG CHF .50 REGD	Switzerland	22,255,030	1.10%
Nokia AB OY EUR .06	Finland	21,331,074	1.05%
Deutsche Telekom NPV	Germany	20,061,572	0.99%
Telefonica SA EUR 1	Spain	19,720,441	0.97%
Royal Dutch Petrol EUR .56	Netherlands	19,034,995	0.94%
Deutsche Bank AG ORD NPV	Germany	18,583,273	0.92%
TOTAL		**$ 231,806,385**	**11.44%**

REAL ESTATE FUND

Property Name	Location	Property Type	Market Value	%
Westport Senior Living Inv FD	Various	Senior Living	$ 75,976,846	17.84%
Walton Street RE II LP Fnd 2	Various	Various	75,224,577	17.66%
AEW Partners III	Various	Various	71,275,452	16.74%
Apollo Real Est Invest Fd III	Various	Various	71,232,718	16.72%
Tishman Goodwin Center	Hartford, CT	Mixed Use	47,043,121	11.05%
Union Station LTD LP	Washington, DC	Mixed Use	33,172,443	7.79%
New Boston Fund IV	Various	Various	16,495,150	3.87%
Timberland Fund A - Duplin	Various	Timber	15,046,650	3.53%
Worcester Center	Worchester, MA	Mixed Use	12,400,831	2.91%
Timberland Fund A - Ball's Qtr.	Various	Timber	2,248,349	0.53%
Top Ten			**$ 420,116,137**	**98.64%**

COMBINED INVESTMENT FUNDS

TOP TEN HOLDINGS BY FUND AT JUNE 30, 2003 (Continued)

MUTUAL FIXED INCOME FUND

Security Name	Coupon	Maturity	Security Type	Market Value	%
GNMA TBA	6.50%	12/15/2033	U.S. Govt Agency	$ 141,881,250	1.94%
FNMA TBA	6.00%	12/31/2033	U.S. Govt Agency	112,010,938	1.53%
FNMA TBA	5.50%	12/31/2033	U.S. Govt Agency	108,024,141	1.48%
U.S. Treasury Notes	1.00%	07/17/2003	U.S. Govt Agency	106,555,497	1.46%
FNMA TBA	6.50%	12/01/2033	U.S. Govt Agency	98,988,977	1.35%
GNMA TBA	7.00%	12/15/2033	U.S. Govt Agency	57,335,469	0.78%
FNMA TBA	7.00%	12/31/2033	U.S. Govt Agency	56,211,425	0.77%
U.S. Treasury Notes	1.625%	03/31/2005	U.S. Govt Agency	55,378,125	0.76%
U.S. Treasury Bonds	5.375%	02/15/2031	U.S. Govt Agency	48,785,746	0.67%
Germany FED REP	4.50%	08/17/2007	Foreign Sovereign	47,600,668	0.65%
TOTAL				**$ 832,772,236**	**11.39%**

COMMERCIAL MORTGAGE FUND

Property Name	Location	Property Type	Market Value	%
SASCO	Various	Other	$ 17,901,104	24.87%
Greenhill Apts	Detroit, MI	Residential	13,740,471	19.09%
Sheraton Denver West	Lakewood, CO	Hotel	6,864,418	9.53%
Bidderman	Secaucus, NJ	Warehouse	5,559,545	7.72%
North Haven Crossing	North Haven, CT	Retail	5,420,219	7.53%
Yankee Mac Series E 0.92%	Various	Residential	459,741	0.64%
Yankee Mac Series G 0.78%	Various	Residential	147,793	0.20%
Yankee Mac Series F 1.08%	Various	Residential	128,898	0.18%
Yankee Mac Series C 1.43%	Various	Residential	84,398	0.12%
Yankee Mac Series B 1.15%	Various	Residential	44,149	0.06%
TOTAL			**$ 50,350,736**	**69.94%**

PRIVATE INVESTMENT FUND

Date of Purchase	Company	Industry	Market Value	%
11/1/98	Integrated Defense Technologies	Electronics	$ 104,467,104	5.65%
6/28/01	Raytheon Aerospace Company	Services	75,662,047	4.11%
6/26/01	Citadel Broadcasting Corporation	Communications	69,451,536	3.77%
9/21/00	Global Beverage Systems, Inc.	Consumer	36,512,982	1.98%
10/16/96	AMFM, Inc.	Communications	34,114,242	1.85%
9/30/00	TRAK Communications, Inc.	Communications	29,467,759	1.60%
12/23/99	Elixia, B.V.	Medical/Health Related	29,265,074	1.59%
9/13/99	N & W Global Vending	Manufacturing	25,439,854	1.38%
4/30/99	Honsel AG	Manufacturing	23,319,352	1.27%
3/2/98	LIN Holdings Corporation	Communications	22,581,605	1.23%
TOTAL			**$ 450,281,555**	**24.43%**

PENSION FUNDS MANAGEMENT DIVISION

SCHEDULE OF EXPENSES IN EXCESS OF $5,000 (1)

FISCAL YEAR ENDED JUNE 30, 2003(1)

Name of Firm	Description of Services	Contract Date	Aggregate Comp. Paid in FY 2003	Status at June 30, 2003
INVESTMENT ADVISORY SERVICES				
Domestic Equity Investment Advisory Services				
AXA Rosenberg Institutional Equity Management	Equity Advisor	Mar-96	$4,415,980	Active
Barclay's Global Investors	Equity Advisor	Mar-96	3,660,715	Active
Brown Capital Management	Equity Advisor	Mar-96	3,570,359	Active
J. P. Morgan Investment Management	Equity Advisor	Mar-96	495,062	Terminated
State Street Global Advisors	Equity Advisor	Mar-96	180,278	Active
TCW Asset Management	Equity Advisor	Mar-96	2,811,532	Active
Thomas Weisel Partners Asset Management	Equity Advisor	Mar-96	1,843,059	Active
Travelers Investment Management	Equity Advisor	Mar-96	1,954,445	Active
Total Domestic Equity Advisor Compensation			**$18,931,430**	
Fixed Income Investment Advisory Services				
Blackrock Financial Management	Fixed Income Advisor	Mar-96	$1,564,472	Active
J. P. Morgan Investment Management	Fixed Income Advisor	Mar-96	1,040,985	Terminated
Loomis Sayles & Co., Inc.	Fixed Income Advisor	Mar-96	349,996	Active
Oaktree Capital Management	Fixed Income Advisor	Mar-96	3,972,291	Active
Phoenix Investment Counsel	Fixed Income Advisor	Nov-97	548,544	Active
State Street Global Advisors	Fixed Income Advisor	Mar-96	595,189	Active
W. R. Huff Asset Management	Fixed Income Advisor	Mar-96	220,244	Active
Wellington Asset Management	Fixed Income Advisor	Nov-97	1,020,074	Active
Western Asset Management	Fixed Income Advisor	Nov-97	1,394,515	Active
Total Fixed Income Advisor Compensation			**$10,706,310**	
Cash Reserve Account Advisory Services				
State Street Global Advisors	Cash Reserve Account Advisor	Mar-96	$337,930	Active
Total Cash Reserve Account Advisor Compensation			**$ 337,930**	
International Equity Investment Advisory Services				
DSI International Management	International Equity Advisor	Mar-96	$387,630	Active
Grantham, Mayo, Van Otterloo & Co.	International Equity Advisor	Mar-96	5,272,027	Active
Morgan Stanley Asset Management	International Equity Advisor	Mar-96	7,934,234	Active
Pictet International Management	International Equity Advisor	Mar-96	399,250	Active
Salomon Smith Barney Capital Management	International Equity Advisor	Mar-96	139,644	Active
State Street Global Advisors	International Equity Advisor	Mar-96	389,283	Active
Total International Equity Advisor Compensation			**$14,522,068**	
Real Estate Investment Advisory Services (2)				
AEW Capital Management, LP	Real Estate Advisor	Aug-87	$128,528	Active
AEW Partners III, LP	Real Estate Advisor	Mar-98	841,315	Active
Apollo Real Estate Investment Fund III	Real Estate Advisor	May-98	915,423	Active
CIGNA/TimesSquare Real Estate Investors	Real Estate Advisor	Apr-83	11,921	Active
Wachovia Corporation	Real Estate Advisor	Mar-94	161,884	Active
Westport Senior Living Fund	Real Estate Advisor	Sep-98	1,800,000	Active
Total Real Estate Advisor Compensation			**$3,859,071**	
Commercial Mortgage Investment Advisory Services				
AEW Capital Management, LP	Commercial Mortgage Advisor	Aug-87	$417,400	Active
Total Commercial Mortgage Advisor Compensation			**$417,400**	
Private Investment Advisory Services (2)				
AIG Global Emerging Mkts Fund LP	Private Investment Advisor	Dec-97	$1,876,712	Active
Blackstone Management Partners	Private Investment Advisor	Jul-97	111,459	Active
Carlyle Asia Partners	Private Investment Advisor	Dec-98	1,500,000	Active
Carlyle Europe Partners	Private Investment Advisor	Dec-97	1,523,965	Active
Compass European Partners LP	Private Investment Advisor	Dec-97	2,664,509	Active
CT Greene Venture LP	Private Investment Advisor	Jan-93	5,500	Active

PENSION FUNDS MANAGEMENT DIVISION

SCHEDULE OF EXPENSES IN EXCESS OF $5,000 [1] (Continued)
FISCAL YEAR ENDED JUNE 30, 2003

Name of Firm	Description of Services	Contract Date	Aggregate Comp. Paid in FY 2002	Status at June 30, 2002
DLJ Merchant Banking Fund II	Private Investment Advisor	Nov-96	709,948	Active
Forstmann Little & Company	Private Investment Advisor	Apr-97	410,644	Active
Garmark Partners LP	Private Investment Advisor	Apr-98	977,298	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	552,972	Active
Green Equity III LP	Private Investment Advisor	Sep-98	204,303	Active
Greenwich Street Capital Partners	Private Investment Advisor	Oct-98	783,424	Active
Kelso Investment Associates VI LP	Private Investment Advisor	Feb-98	623,856	Active
KKR Millennium Fund LP	Private Investment Advisor	Dec-01	1,202,159	Active
Pioneer Venture Associates LP	Private Investment Advisor	Jan-98	494,888	Active
SCP Private Equity Fund LP	Private Investment Advisor	Sep-97	912,661	Active
Shawmut Capital Partners LP	Private Investment Advisor	Jun-97	1,640,625	Active
SW Pelham Fund II LP	Private Investment Advisor	Dec-02	150,000	Active
Thayer Equity Investors IV LP	Private Investment Advisor	Nov-98	898,189	Active
THE Equity Advisors IV LLC	Private Investment Advisor	Dec-97	278,114	Active
Triumph Connecticut LP	Private Investment Advisor	Feb-93	191,212	Active
Triumph Partners III LP	Private Investment Advisor	Jul-97	576,721	Active
Veritas Capital Fund LP	Private Investment Advisor	Mar-97	819,982	Active
Wellspring Capital Partners II LP	Private Investment Advisor	Jan-98	693,423	Active
Wellspring Capital Partners III LP	Private Investment Advisor	Apr-03	1,000,000	Active
Total Private Equity Advisor Compensation			**$23,052,564**	
TOTAL COMPENSATION TO INVESTMENT ADVISORS			**$71,826,773**	
CUSTODY SERVICES				
State Street Bank & Trust	Custody of Fund Assets	Jan-96	$584,990	Active
TOTAL CUSTODY SERVICES COMPENSATION			**$584,990**	
CONSULTING SERVICES				
CRA Rogers Casey	Consultant - Pension Funds	Jan-01	$576,576	Active
Greystone Capital Management	Consultant - Pension Funds	Sep-01	10,230	Active
Invesco Private Capital	Consultant - Pension Funds	Apr-00	978,286	Active
Pension Consulting Alliance	Consultant - Pension Funds	Jul-02	138,098	Active
TOTAL CONSULTING SERVICES COMPENSATION			**$1,703,190**	
MISCELLANEOUS SERVICES				
ASAP Software Express, Inc.	Software	N/A`	$6,561	Terminated
Bloomberg LP	Subscription	N/A	15,953	Active
Council of Institutional Investors	Dues	N/A	22,825	Active
Graystone Group Advertising	Advertising	N/A	10,090	Active
Institutional Sharelholder Services	Proxy Voting	Nov-99	84,350	Active
Interfaith Center on Corporate Responsibility	Subscription	N/A	6,000	Active
Investor Responsibility Research Corporation	Subscription	N/A	22,450	Active
Investor Responsibility Support Services	Asset Recovery	Dec-02	12,500	Active
KLD Reseach & Analytics	Research	Jul-02	20,000	Active
Nixon Peabody, LLP	Legal Services	May-01	33,459	Active
Paul, Hastings, Janofsky & Walker, LLP	Legal Services	Jan-02	634,005	Active
Xerox Corporation	Copier Maintenance	N/A	10,323	Active
TOTAL MISCELLANEOUS SERVICES COMPENSATION			**$878,516**	
GRAND TOTAL			**$74,993,469**	

(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. Not Included in the above amounts are those amounts that are netted. Netted amounts include credits and fees paid out of cash on hand at the partnership level. Netted amounts are disclosed in Note 1 of the Combined Investment Funds Financial Statements.

PENSION FUNDS MANAGEMENT DIVISION

COMBINED INVESTMENT FUNDS
LIST OF INVESTMENT ADVISORS AND NET ASSETS UNDER MANAGMENT
JUNE 30, 2003

Name of Fund	Investment Strategy		Net Assets Under Management	Percent of Fund Total
CASH RESERVE ACCOUNT (CRA)				
State Street Global Advisors	Active	$	1,852,825,784	100.00%
SUBTOTAL CRA		**$**	**1,852,825,784**	**100.00%**
MUTUAL EQUITY FUND (MEF)				
Large Cap		**$**	**4,948,286,441**	**74.99%**
BGI Barclays Global Investors, N.A.	Passive - Enhanced		2,834,136,432	42.95%
State Street Global Advisors	Passive - Indexed		2,114,150,009	32.04%
Small/Mid Cap		**$**	**704,392,859**	**10.68%**
AXA Rosenberg Investment Management	Passive-Enhanced		387,640,242	5.88%
SSB Citigroup (The Travelers)	Passive-Enhanced		316,752,617	4.80%
Small/Mid Cap		**$**	**926,669,028**	**14.04%**
TCW Cowen Asset Management	Active		345,963,282	5.24%
Brown Capital Management, Inc.	Active		299,604,813	4.54%
Thomas Weisel Asset Management	Active		281,100,933	4.26%
Other [1]		**$**	**19,119,848**	**0.29%**
SUBTOTAL MEF		**$**	**6,598,468,176**	**100.00%**
INTERNATIONAL STOCK FUND (ISF)				
EAFE - Europe		**$**	**451,327,190**	**22.19%**
State Street Global Advisors	Passive - Enhanced		451,327,190	22.19%
Core		**$**	**1,229,005,357**	**60.42%**
Grantham, Mayo, Van Otterloo & Co.	Active		508,094,277	24.98%
Morgan Stanley Asset Management	Active		474,015,628	23.30%
DSI International Management	Active		123,665,001	6.08%
Smith Barney Capital Management	Active		123,230,451	6.06%
Emerging		**$**	**349,272,313**	**17.17%**
Morgan Stanley Asset Management	Active		198,388,606	9.75%
Pictet International Management	Active		150,883,707	7.42%
Other [1]		**$**	**4,487,659**	**0.22%**
SUBTOTAL ISF		**$**	**2,034,092,519**	**100.00%**
REAL ESTATE FUND (REF)				
AEW Capital Management	Active	$	104,447,895	24.53%
Westport Senior Living	Active		75,976,846	17.85%
Walton Street Real Estate	Active		75,224,577	17.66%
Apollo Real Estate	Active		71,232,718	16.72%
Tishman Hotel Corporation	Active		47,043,121	11.05%
Evergreen Investments	Active		17,294,999	4.06%
New Boston Fund	Active		16,495,150	3.87%
CIGNA Realty Investors	Active		12,400,831	2.91%
Other [1]	**Active**		**5,674,022**	**1.36%**
SUBTOTAL REF		**$**	**425,790,159**	**100.00%**
MUTUAL FIXED INCOME FUND (MFIF)				
Core		**$**	**5,786,698,371**	**87.55%**
Western Asset Management Co.	Active		1,578,091,449	23.87%
State Street Global Advisors	Passive-Enhanced		1,562,280,692	23.64%
BlackRock Financial Management, Inc.	Active		1,251,837,018	18.94%
Wellington	Active		1,070,671,136	16.20%
Phoenix	Active		323,818,076	4.90%
High Yield		**$**	**807,818,592**	**12.22%**
Loomis Sayles & Co., Inc.	Active		326,963,012	4.95%
W.R. Huff Asset Management	Active		254,881,050	3.85%
Oaktree Capital Management, L.L.C.	Active		225,880,502	3.42%
Triumph II LP	Active		94,028	0.00%
Other [1]		**$**	**15,083,351**	**0.23%**
SUBTOTAL MFIF		**$**	**6,609,600,314**	**100.00%**

COMBINED INVESTMENT FUNDS
LIST OF INVESTMENT ADVISORS AND NET ASSETS UNDER MANAGMENT (Continued)
JUNE 30, 2003

Name of Fund	Investment Strategy		Net Assets Under Management	Percent of Fund Total
COMMERCIAL MORTGAGE FUND (CMF)				
AEW Capital Management	Active	$	49,754,439	68.83%
Other (2)			**22,528,060**	**31.17%**
SUBTOTAL CMF		**$**	**72,282,499**	**100.00%**
PRIVATE INVESTMENT FUND (PIF)				
Buyout		**$**	**678,428,495**	**36.71%**
Veritas Capital Fund	Active		228,946,125	12.39%
Hicks, Muse Tate & Furst Equity Fund III	Active		87,343,235	4.73%
Thomas H. Lee Equity Fund IV	Active		49,428,160	2.67%
DLJ Merchant Banking Fund II	Active		47,702,824	2.58%
KKR 1996 Fund	Active		37,560,709	2.03%
SCP Private Equity Partners	Active		32,680,003	1.77%
Kelso Investment Associates VI	Active		31,028,608	1.68%
Wellspring Capital Partners II	Active		29,463,944	1.59%
Forstmann Little Equity Fund VI	Active		28,972,970	1.57%
Welsh Carson Anderson & Stowe VIII	Active		26,837,760	1.45%
Blackstone Capital Partners III	Active		24,093,965	1.30%
Green Equity Investors III	Active		22,840,152	1.24%
Wellspring Capital Partners III	Active		14,553,161	0.79%
Thayer Equity Investors IV	Active		11,544,879	0.62%
KKR Millennium Fund	Active		5,432,000	0.30%
Venture Capital			**141,237,412**	**7.64%**
Pioneer Ventures Associates	Active		33,920,260	1.83%
Shawmut Equity Partners	Active		28,296,091	1.53%
Crescendo World Fund	Active		19,381,649	1.05%
Grotech Partners V	Active		18,863,705	1.02%
Conning Capital Partners V	Active		15,176,417	0.82%
RFE Investment Partners VI	Active		13,641,473	0.74%
Crescendo III	Active		6,099,472	0.33%
Connecticut Futures Fund	Active		3,274,852	0.18%
Connecticut Greene Ventures	Active		2,443,577	0.13%
CT Financial Development Fund	Active		139,916	0.01%
Mezzanine		**$**	**126,547,846**	**6.85%**
GarMark Partners	Active		62,721,873	3.39%
SW Pelham Fund	Active		51,560,313	2.79%
Triumph Connecticut	Active		12,145,410	0.66%
SW Pelham Fund II LP	Active		120,250	0.01%
International		**$**	**269,601,358**	**14.59%**
Compass Partners European Equity Fund	Active		95,775,876	5.18%
Carlyle Europe Partners	Active		78,695,555	4.26%
AIG Global Emerging Markets Fund	Active		39,052,656	2.12%
Gilbert Global Equity Partners	Active		36,276,725	1.96%
Carlyle Asia Partners	Active		19,800,546	1.07%
Fund of Funds		**$**	**305,262,774**	**16.52%**
Crossroads Constitution Fund	Active		154,285,998	8.35%
Landmark Private Equity Fund VIII	Active		80,719,975	4.37%
Goldman Sachs Private Equity Partners Connecticut	Active		50,274,566	2.72%
Lexington Capital Partners II	Active		19,982,235	1.08%
Special Situations		**$**	**231,715,463**	**12.53%**
Welsh Carson Anderson & Stowe Capital Partners III	Active		88,578,197	4.79%
Triumph Partners III	Active		78,574,736	4.25%
Greenwich Street Capital Partners II	Active		39,469,686	2.14%
Forstmann Little MBO VII	Active		21,683,250	1.17%
Triumph Capital Investors II	Active		3,409,594	0.18%
Other (1)		**$**	**95,325,908**	**5.16%**
SUBTOTAL PIF		**$**	**1,848,119,256**	**100.00%**

PENSION FUNDS MANAGEMENT DIVISION

COMBINED INVESTMENT FUNDS
LIST OF INVESTMENT ADVISORS AND NET ASSETS UNDER MANAGMENT (Continued)
JUNE 30, 2003

Name of Fund	Investment Strategy	Net Assets Under Management	Percent of Fund Total
TOTAL		**$ 19,441,178,707**	
Adjustments [3]		(1,140,773,631)	
GRAND TOTAL		**$ 18,300,405,073**	

(1) Other represents moneys earmarked for distribution to participants, reinvestment, and expenses as well as terminated advisor balances and $25,461,714 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, 2003

Broker Name	$ Commission	Shares/ Par Value	Avg Comm
ABEL NOSER CORPORATION	3,099.20	101,800.00	0.030
ABG SECURITIES	20,832.92	1,332,063.00	0.016
ABG SUNDAL COLLIER LTD	70.33	3,302.00	0.021
ABG SUNDAL COLLIER NORGE ASA	1,541.78	34,800.00	0.044
ABN AMRO	11,460.22	317,400.00	0.036
ABN AMRO ASIA LIMITED	9,413.05	4,443,040.00	0.002
ABN AMRO EQUITIES (UK) LTD	17,947.05	1,560,184.00	0.012
ABN AMRO EQUITIES (UK) LTD LONDON	28,460.99	47,582,325.00	0.001
ABN AMRO SECURITIES (USA) INC	407.85	24,100.00	0.017
ABN AMRO SECURITIES LLC	467.59	301,100.00	0.002
ACCIONES Y VALORES DE MEXICO	1,108.32	141,100.00	0.008
ACF INTERNATIONAL	237.12	7,000.00	0.034
ADAMS HARKNESS + HILL,INC	17,439.00	427,900.00	0.041
ADVEST INC	44,763.00	1,112,500.00	0.040
AMERICAS/DEUTSCHE BANK AG LONDON	187.20	5,900.00	0.032
ARCHIPELAGO BCC CAPITAL CLEAR	14,243.20	740,717.00	0.019
ARNHOLD S BLEICHROEDER INC	1,094.00	33,910.00	0.032
ATA SECURITIES INC. (ISTANBUL)	1,650.54	34,841,000.00	0.000
AUERBACH GRAYSON	1,485.77	11,867.00	0.125
AUERBACH GRAYSON AND COMPANY	4,364.41	6,372,160.00	0.001
AVALON RESEARCH GROUP INC	2,360.00	47,200.00	0.050
BAIRD, ROBERT W., & COMPANY INCORPORATED	993.00	98,800.00	0.010
BANC AMERICA SECURITY LLC MONTGOMERY DIV	121,503.85	2,644,635.00	0.046
BANC OF AMERICA SECS LTD LONDO	7,113.92	373,913.00	0.019
BANC OF AMERICA SECURITIES LLC	68,466.72	1,704,486.00	0.040
BANC/AMERICA SECUR.LLC MONTGOMEY DIV	24,095.04	483,426.00	0.050
BANCO BBA	132.71	22,100.00	0.006
BANCO BBACREDITANSTALT S.A.	2,024.71	53,006,049.00	0.000
BANCO BILBAO VIZCAYA	4,166.19	129,387.00	0.032
BANCO ICATU	608.39	26,816,000.00	0.000
BANCO ICATU S.A.	267.15	10,653,000.00	0.000
BANCO PACTUAL S.A.	1,259.95	23,679,000.00	0.000
BANCO SANTANDER CENTRAL HISPANO	1,851.62	169,718,000.00	0.000
BANCO SANTANDER CENTRAL HISPANO SA	293.38	5,720,400.00	0.000
BANCO SANTANDER DE NEGOCIOS	285.12	154,400.00	0.002
BANCOVAL S.A	4,881.79	177,500.00	0.028
BANK AM BELLEVUE	3,509.26	21,538.00	0.163
BANK INSINGER DE BEAUFORT N V	1,839.24	26,900.00	0.068
BANK OF AMERICA, N.A. LONDON	16,816.86	609,659.00	0.028
BANK OF CHINA GROUP SECURITIES LTD	429.21	594,000.00	0.001
BANK OF NEW YORK (THE) UBS LIMITED	1,344.00	49,600.00	0.027
BANK OF NEW YORK BRUSSELS	746.06	25,000.00	0.030
BANQUE NATIONALE DE PARIS, LON	1,006.38	76,600.00	0.013
BARING SECURITIES (HONG KONG)	2,163.50	1,033,985.00	0.002
BARNARD JACOBS MELLETT AND CO (PTY)	7,563.18	472,708.00	0.016
BAYERISCHE HYPO- UND VEREINSBANK MUNICH	6,506.94	194,397.00	0.033
BEAR STEARNS + CO INC	98,827.66	2,557,712.00	0.039
BEAR STEARNS ASIA LTD	415.36	148,994.00	0.003
BEAR STEARNS INTERNATIONAL TRADING	3,048.32	5,197,700.00	0.001
BEAR STEARNS SECURITIES CORP	31,429.24	21,435,071.00	0.001
BENDER MENKUL DEGERLER A.S.	2,640.41	245,575,000.00	0.000
BENDER SECS ISTANBUL	2,856.76	106,511,000.00	0.000
BENDER SECURITIES	660.32	58,099,000.00	0.000
BEREAN CAPITAL, INC. 2	22,979.00	459,580.00	0.050
BHF SECURITIES CORPORATION	2,429.57	2,668.00	0.911
BLAYLOCK PARTNERS	903.00	30,500.00	0.030
BMO NESBITT BURNS CORP	6,644.00	166,100.00	0.040
BNP PARIBUS SECURITIES CORP	48.00	20,200.00	0.002
BNP PRIMEPEREGRINE	6,781.44	7,467,800.00	0.001
BNY BROKERAGE INC	4,389.61	102,431.00	0.043
BNY CLEARING SERVICES LLC	166.85	3,337.00	0.050
BNY CLEARING SERVICES LLC (BNY)	2,487.00	53,200.00	0.047
BNY ING BANK NV LONDON BRANCH	369.37	51,661.00	0.007
BNYESI TRANSITION MANAGEMENT	515.00	10,300.00	0.050
BRIDGE TRADING	37,358.10	794,842.00	0.047
BROADCORTCAPITAL (THRU ML)	7,874.40	158,548.00	0.050
B-TRADE SERVICES LLC	34,456.89	1,613,297.00	0.021
BUCKINGHAM RESEARCH GROUP	990.00	19,800.00	0.050
C. L. GLAZER & COMPANY, INC.	64,661.15	1,368,521.00	0.047
CAIS INC CHEUVREUX DIV NY	572.35	15,000.00	0.038
CANADIAN IMPERIAL BANK OF COMMERCE	903.96	65,000.00	0.014
CANTOR FITZGERALD + CO.	193,810.34	5,313,880.00	0.036
CAPEL, JAMES HSBC SECURITIES INC.	1,508.00	37,700.00	0.040
CAPITAL INSTITUTIONAL SERVICES	95,446.00	1,910,920.00	0.050
CAPITAL SECURITIES CORP.	33.32	17,000.00	0.002
CARNEGIE FONDKOMISSION	4,255.50	142,400.00	0.030
CARNEGIE INT'L LND	569.34	35,400.00	0.016

Broker Name	$ Commission	Shares/ Par Value	Avg Comm
CAZENOVE	1,122.94	164,800.00	0.007
CAZENOVE + CO	20,566.14	2,001,136.00	0.010
CAZENOVE + CO LTD	1,909.03	47,800.00	0.040
CAZENOVE + CO.	7,031.32	1,106,461.00	0.006
CAZENOVE ASIA LIMITED	1,504.57	764,000.00	0.002
CAZENOVE INCORPORATED	2,168.84	192,200.00	0.011
CAZENOVE SOUTH SFRICA (PTY) LIMITED	251.19	30,000.00	0.008
CDC LABOUCHERE SECURITIES SERVICES	2,221.35	23,080.00	0.096
CHARLES SCHWAB CO INC	35,659.84	1,253,744.00	0.028
CHASE MANHATTAN BANK	10,058.18	6,539,200.00	0.002
CHEVREUX INTERNATIONAL	2,827.39	174,290.00	0.016
CHINA SECURITIES CO LTD	2,984.64	2,536,610.00	0.001
CI NORDICSECURITIES AB	1,749.88	16,150.00	0.108
CIBC WORLD MARKETS CORP	35,467.74	830,838.00	0.043
CITATION GROUP	2,635.00	52,700.00	0.050
CITIBANK,N.A.	152.50	6,550.00	0.023
CITIGROUP	24.81	6,800.00	0.004
CITIGROUPGLOBAL MARKETS ASIA LIMITED	6,675.26	2,024,190.00	0.003
CITIGROUPGLOBAL MARKETS INC	266,813.38	9,936,066.00	0.027
CITIGROUPGLOBAL MARKETS INC/SALOMON BRO	6,180.65	579,520.00	0.011
CITIGROUPGLOBAL MARKETS LIMITED	34,536.57	207,594,782.00	0.000
COLLINS STEWART	3,555.63	359,800.00	0.010
COLLINS STEWART + CO	1,563.75	115,200.00	0.014
COMMERCE CAPITAL MARKETS	453.00	15,100.00	0.030
COMMERZBANK AG	2,294.06	9,161.00	0.250
COMMERZBANK CAPITAL MARKETS CORP	411.33	78,000.00	0.005
COMMERZBANK CAPITAL MARKETS CORPORATION	2,592.11	24,100.00	0.108
CORRESPONDENT SERVICES, INC	22,065.28	567,354.00	0.039
CREDIT AGRICOLE INDOSUEZ	4,466.05	202,683.00	0.022
CREDIT AGRICOLE INDOSUEZ CHEUVREUX	11,963.38	244,604.00	0.049
CREDIT LYONNAIS	36,509.16	22,370,049.00	0.002
CREDIT LYONNAIS SECS	4,833.70	478,000.00	0.010
CREDIT LYONNAIS SECURITIES	1,931.30	465,900.00	0.004
CREDIT LYONNAIS SECURITIES (USA) INC	22,118.19	9,422,370.00	0.002
CREDIT SUISSE FIRST BOSTON	19,610.93	7,121,220.00	0.003
CREDIT SUISSE FIRST BOSTON CORPORATION	495,574.09	16,185,004.00	0.031
CREDIT SUISSE FIRST BOSTON EQUITIES (EUR)	1,011.22	1,174,799.00	0.001
CREDIT SUISSE FIRST BOSTON LONDON	87,310.33	365,464,765.00	0.000
CREDIT USA	2,422.54	57,940.00	0.042
CS FIRST BOSTON (HONG KONG) LIMITED	81,701.99	18,445,947.00	0.004
DAIWA SECURITES SB CAPITAL MA	1,755.17	192,000.00	0.009
DAIWA SECURITIES AMERICA INC	33,086.25	1,886,603.00	0.018
DAIWA SECURITIES CO LTD	1,185.93	44,500.00	0.027
DBS BANK LTD. SINGAPORE	448.56	130,000.00	0.003
DBS SECURITIES (S) PTE LTD.	2,276.18	239,000.00	0.010
DBS VICKERS SECS PTE LTD	1,485.14	54,000.00	0.028
DBTC/MORGAN GRENFELL & CO. LONDON	2,198.73	72,880.00	0.030
DEN DANSKE BANK	2,174.73	26,773.00	0.081
DEUTCHE BANK	744.67	17,100,000.00	0.000
DEUTSCHE ALEX BROWN LONDON	213.84	1,599,380.00	0.000
DEUTSCHE ASIA AND PARTNERS SECURITIES	16,696.08	1,609,748.00	0.010
DEUTSCHE BANC ALEX BROWN	1,634.26	733,564.00	0.002
DEUTSCHE BANK AG LONDON	51,496.09	66,091,079.00	0.001
DEUTSCHE BANK SECS	269.46	65,000.00	0.004
DEUTSCHE BANK SECURITIES	3,742.05	100,500.00	0.037
DEUTSCHE BANK SECURITIES INC	246,774.00	90,163,943.00	0.003
DEUTSCHE BANK SECURITIES, INC	46,396.38	3,932,125.00	0.012
DEUTSCHE BANK TRUST CO	635.32	15,883.00	0.040
DEUTSCHE BANK TRUST COMPANY AMERICAS	1,083.18	32,000.00	0.034
DEUTSCHE MORGAN GRENFELL INC.	20,366.43	1,865,249.00	0.011
DEUTSCHE SECURITIES ASIA LIMITED	38,993.88	11,599,744.00	0.003
DEXIA BANK S A	1,732.35	30,784.00	0.056
DIVIDEND REINVEST	3,656.75	173,196.00	0.021
DONALDSON, LUFKIN & JENRETTE SECURITIES	36,515.78	850,937.00	0.043
DONGWON SECURITIES	1,133.52	78,320.00	0.014
DOWLING &PARTNERS SECURITIES, LLC.	12,621.15	267,463.00	0.047
DRESDNER	7,400.18	79,700.00	0.093
DRESDNER ABNK AG	2,079.81	7,000.00	0.297
DRESDNER KLEINWORT BENSON NORTH AMERICA	34,337.41	715,054.00	0.048
DRESDNER KLEINWORT BENSON SECS	115.03	6,000.00	0.019
DRESDNER KLEINWORT BENSONS	10,730.95	868,300.00	0.012
EDWARDS AG SONS INC	7,960.00	165,000.00	0.048
ENGELMANSECURITIES	4,040.50	88,000.00	0.046
ENSKILDA SECURITIES AB	27,277.63	1,028,621.00	0.027
EXANE GENEVE	719.66	4,500.00	0.160
EXANE INC	9,669.79	169,355.00	0.057
EXANE S.A.	9,370.66	247,430.00	0.038

PENSION FUNDS MANAGEMENT DIVISION

COMBINED INVESTMENT FUNDS SCHEDULE OF BROKERAGE COMMISSIONS (Continued)

FOR THE FISCAL YEAR ENDED JUNE 30, 2003

Broker Name	$ Commission	Shares/ Par Value	Avg Comm
F P MAGLIO + CO INC	885.00	29,500.00	0.030
FACTSET DATA SYSTEMS (THRU BEAR STEARNS)	113,599.40	2,292,488.00	0.050
FIDELITY CAPITAL MARKETS	112,218.80	2,282,302.00	0.049
FINANCIALBROKERAGE GROUP (FBG)	2,159.88	54,400.00	0.040
FIRST ALBANY CORP.	335.00	6,700.00	0.050
FIRST CLEARING, LLC	1,079.50	21,590.00	0.050
FIRST OPTIONS OF CHICAGO	162.00	8,100.00	0.020
FIRST TENNESSEE SECURITIES CORP	2,439.00	81,300.00	0.030
FIRST UNION CAPITAL MARKETS	60,305.10	1,319,792.00	0.046
FORSYTH BARR LTD	1,163.09	123,000.00	0.009
FORTIS BANK	1,814.32	20,000.00	0.091
FOX PITT KELTON INC	23,293.49	492,200.00	0.047
FOX-PITT KELTON LTD	19,464.64	807,634.00	0.024
FRANK CHARLESLY CO	602.47	162,064,000.00	0.000
FRIEDMAN BILLINGS + RAMSEY	50.00	1,000.00	0.050
FULCRUM GLOBAL PARTNERS LLC	35,231.00	772,857.00	0.046
GARANTIA DTVM S/A	5,009.30	82,405,900.00	0.000
GARBAN EQUITIES LIMITED LONDON	420.52	147,400.00	0.003
GERARD KLAUER MATTISON + CO	1,752.00	38,600.00	0.045
GLOBAL SECURITIES INC. (ISTANBUL)	10,853.57	738,714,833.00	0.000
GOLDMAN SACHS + CO	498,827.28	533,686,064.00	0.001
GOLDMAN SACHS AND COMPANY	44,037.07	17,073,060.00	0.003
GOLDMAN SACHS INTERNATIONAL LONDON	59,242.39	2,270,920.00	0.026
GOLDMAN SACHS INTL LTD	4,091.98	74,500.00	0.055
GOODBODY STOCKBROKERS	969.50	300,000.00	0.003
GREENTREEBROKERAGE SERVICES INC	450.00	9,000.00	0.050
GRISWOLD COMPANY	342.00	11,400.00	0.030
GUZMAN + CO	2,340.10	58,465.00	0.040
HANJIN INVESTMENT AND SECURITIES	3,330.77	86,100.00	0.039
HC ISTANBUL	8,767.31	764,386,900.00	0.000
HC ISTANBUL MENKUL DEGERL	4,480.58	503,370,000.00	0.000
HEFLIN + CO., LLC	74,915.64	1,612,505.00	0.046
HENDERSONCROSTHWAITE	309.38	12,900.00	0.024
HENDERSONCROSTHWAITE LIMITED	1,211.91	81,400.00	0.015
HOARE GOVETT SECURITIES LTD	18,834.04	8,106,370.00	0.002
HOENIG (FAR EAST) LIMITED	20,994.57	7,249,760.00	0.003
HOENIG + COMPANY INC	750.00	15,000.00	0.050
HSBC	5,292.81	75,000.00	0.071
HSBC BANKPLC	10,011.60	112,414,730.00	0.000
HSBC INVESTMENT BANK PLC	41,228.81	167,630,684.00	0.000
HSBC SECURITIES (SINGAPORE) PTE LTD	24,102.34	8,344,195.00	0.003
HSBC SECURITIES INC	3,673.30	6,360.00	0.578
HSBC SECURITIES INC (JAMES CAPEL)	5,642.54	237,273.00	0.024
HSBC SECURITIES(ASIA)LIMITED	1,263.03	100,000.00	0.013
HVB CAPITAL MARKETS INC	3,026.03	48,000.00	0.063
HVB CAPITOL	197.55	11,000.00	0.018
ICATU	111.82	451,609.00	0.000
ICATU BRAZIL	59.46	247,000.00	0.000
ICATU DTVM LTDA	265.26	1,016,000.00	0.000
IMI BANK LUX SA	7,493.02	310,000.00	0.024
ING BANK N V	2,736.45	157,700.00	0.017
ING BARING SECURITIES	26,581.87	319,644,160.00	0.000
ING BARING SECURITIES (SINGAPORE)	56,188.49	14,857,250.00	0.004
ING BARINGS CORP	4,542.91	272,300.00	0.017
ING BARINGS SEC LTD	3,737.67	511,650.00	0.007
ING SECURITIES	1,161.18	188,000.00	0.006
INSTINET	127,579.11	7,506,556.00	0.017
INSTINET CLEARING SERVICES INC	14.00	700.00	0.020
INSTINET INVESTMENT SERVICES LIMITED	7,283.40	285,951.00	0.025
INSTINET PACIFIC LIMITED	15,866.76	8,861,190.00	0.002
INSTINET U.K. LTD	4,241.24	660,382.00	0.006
INTERMONTE SEC SIM SPA	36,693.70	1,522,516.00	0.024
INVESTEC BANK LTD	2,298.08	204,800.00	0.011
INVESTEC HENDERSON CROSTHWAITE	1,462.52	37,800.00	0.039
INVESTEC SECS	2,147.05	262,790.00	0.008
INVESTEC SECURITIES	5,047.91	849,710.00	0.006
INVESTEC SECURITIES LTD	2,237.35	1,175,200.00	0.002
INVESTMENT TECHNOLOGY GROUP INC.	1,229,468.01	44,352,600.00	0.028
INVESTMENT TECHNOLOGY GROUP LTD	1,410.09	443,732.00	0.003
ISI GROUPINC	52,696.95	1,200,199.00	0.044
ISLAND EXECUTION SERVICES LLC	121.10	12,110.00	0.010
J B WERE AND SON	5,287.89	612,623.00	0.009
J B WERE AND SON INC.	28,108.30	5,087,560.00	0.006
J P MORGAN SECURITIES INC	94,642.42	3,817,535.00	0.025
JACKSON PARTNERS + ASSOCIATES INC	2,048.00	79,100.00	0.026
JACKSON SECURITIES	13,443.65	268,873.00	0.050
JANNEY MONTGOMERY, SCOTT INC	8,143.00	167,700.00	0.049

Broker Name	$ Commission	Shares/ Par Value	Avg Comm
JEFFERIESCOMPANY INC	149,977.66	4,131,779.00	0.036
JOHNSON RICE + CO	942.00	31,400.00	0.030
JONES & ASSOCIATES INC	99,602.40	2,489,637.00	0.040
JONES + ASSOCIATES	54,154.40	1,312,350.00	0.041
JP MORGAN	1,092.07	1,133,500.00	0.001
JP MORGANINTERNATIONAL BANK LTD	395.77	19,000.00	0.021
JP MORGANSECURITIES INC	8,438.93	1,612,418.00	0.005
JP MORGANSECURITIES LIMITED	63,109.04	306,681,717.00	0.000
JPMORGAN CHASE BANK CHEMICAL CP IPA	2,928.44	44,980,900.00	0.000
JPMORGAN SECURITIES(ASIA PACIFIC)LTD	43,593.26	22,773,658.00	0.002
JPP EURO SEC	694.92	16,200.00	0.043
JPP EURO SECURITIES	4,733.03	41,000.00	0.115
JULIUS BAER SECURITIES	12,416.18	581,692.00	0.021
KAUFMAN BROTHERS	2,700.10	54,002.00	0.050
KAY HIAN PTE LTD	1,841.70	101,100.00	0.018
KB SECURITIES ANTWERP	2,239.88	60,340.00	0.037
KB SECURITIES N V	978.98	5,507.00	0.178
KEEFE BRUYETTE + WOODS INC	33,078.13	728,603.00	0.045
KIMBALL &CROSS	159.56	9,000.00	0.018
KING, CL, & ASSOCIATES, INC	347,285.50	7,520,350.00	0.046
KLEINWORTBENSON SECURITIES LIMITED	28,071.59	1,109,487.00	0.025
KNIGHT SECURITIES	10,738.95	389,064.00	0.028
KOKUSAI SECURITIES CO., LTD	1,057.93	168,000.00	0.006
KV EXECUTION SERVICES LLC	858.00	28,600.00	0.030
LA BRANCHE FINANCIAL #2	28,851.00	961,700.00	0.030
LA BRANCHE FINANCIAL SERVICES INC	192.60	6,420.00	0.030
LAZARD FRERES & CO.	9,682.00	238,700.00	0.041
LEERINK SWANN AND COMPANY	42.00	1,400.00	0.030
LEGG MASON WOOD WALKER INC	14,325.00	312,950.00	0.046
LEHMAN BROTHERS INC	43,590.23	2,217,345.00	0.020
LEHMAN BROTHERS ASIA LTD	470.68	132,000.00	0.004
LEHMAN BROTHERS INC	344,103.64	152,760,920.00	0.002
LEHMAN BROTHERS INTERNATIONAL (EUROPE)	81,697.95	6,186,179.00	0.013
LEHMAN BROTHERS JAPAN INC, TOKYO	1,833.12	302,125.00	0.006
LEHMAN BROTHERS SECS (ASIA)	386.15	1,334,000.00	0.000
LIQUIDNETINC	43,985.88	1,435,223.00	0.031
LOMBARD ODIER + CIE	3,344.35	6,400.00	0.523
LOOP CAPITAL MKTS LLC	8,951.12	236,979.00	0.038
MACQUARIEEQUITIES (USA) INC	991.33	110,428.00	0.009
MACQUARIEEQUITIES LIMITED (SYDNEY)	525.93	43,948.00	0.012
MACQUARIEEQUITIES LTD	1,493.83	251,000.00	0.006
MACQUARIES EQUITIES MUNICH	686.78	58,052.00	0.012
MCDONALDAND COMPANY SECURITIES, INC.	5,502.50	122,200.00	0.045
MERRIL LYNCH PEIRCE FENNER + SMITH	1,037.39	3,605,400.00	0.000
MERRILL LYNCH	1,840.81	43,000.00	0.043
MERRILL LYNCH + CO INC	19,937.32	3,963,490.00	0.005
MERRILL LYNCH FAR EAST LTD	24,668.86	6,426,073.00	0.004
MERRILL LYNCH INTERNATIONAL	134,506.82	1,554,255,946.00	0.000
MERRILL LYNCH PEIRCE, FENNER AND S	2,601.55	2,542,600.00	0.001
MERRILL LYNCH PIERCE FENNER + SMITH	544,597.54	19,353,498.00	0.028
MERRILL LYNCH PROFESSIONAL CLEARING CORP	984.00	24,200.00	0.041
MERRILLYNCH PIERCE FENNER + SMITH ROPE	6,158.81	374,400.00	0.016
MERRION	170.53	9,000.00	0.019
MERRION CAPITAL GROUP	260.48	14,108.00	0.018
MIDWEST RESEARCH SECURITIES	6,063.68	151,592.00	0.040
MIZUHO CORP BANK LTD	3,733.30	223,100.00	0.017
MIZUHO SEC	1,981.90	42,900.00	0.046
MIZUHO SECURITIES USA INC	1,613.40	32,900.00	0.049
MONTROSE SECURITIES EQUITIES	5,728.00	139,900.00	0.041
MOORS + CABOT INC	56,341.25	1,137,789.00	0.050
MORGAN GRENFELL AND CO LIMITED	1,121.90	79,500.00	0.014
MORGAN GRENFELL AND CO LIMITED	56,350.19	479,308,744.00	0.000
MORGAN GRENFELL INV FUND MANAGERS	1,581.03	112,064.00	0.014
MORGAN GRENFELL NEW YORK	192.53	18,000.00	0.011
MORGAN STANLEY	1,975.59	226,300.00	0.009
MORGAN STANLEY AND CO. INTERNATIONAL	4,812.60	89,264,400.00	0.000
MORGAN STANLEY CO INCORPORATED	499,751.52	26,425,121.00	0.019
MORGAN STANLEY SECURITIES LIMITED	1,990.37	474,799.00	0.004
NBCN CLEARING INC.	918.00	30,600.00	0.030
NCB STOCKBROKERS	1,172.23	36,000.00	0.033
NCB STOCKBROKERS LTD	2,711.20	144,200.00	0.019
NEEDHAM +COMPANY	8,762.50	194,650.00	0.045
NESBITT BURNS	40,419.12	1,601,864.00	0.025
NEUBERGERAND BERMAN	83,334.08	2,271,379.00	0.037
NOMURA BANK	546.81	64,000.00	0.009
NOMURA INTERNATIONAL (HONG KONG) LTD	21,915.53	1,731,221.00	0.013
NOMURA INTERNATIONAL PLC	5,128.31	165,500.00	0.031

PENSION FUNDS MANAGEMENT DIVISION

COMBINED INVESTMENT FUNDS SCHEDULE OF BROKERAGE COMMISSIONS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

Broker Name	$ Commission	Shares/ Par Value	Avg Comm
NOMURA SECURITIES CO LTD	209.64	24,000.00	0.009
NOMURA SECURITIES CO., LTD.	1,180.44	125,000.00	0.009
NOMURA SECURITIES INTERNATIONAL INC	38,171.73	1,952,114.00	0.020
NOMURA SECURITIES TOKYO	1,446.43	19,000.00	0.076
NORDEA BANK DENMARK A/S	4,095.16	106,000.00	0.039
NORDIC PARTNERS	4,854.19	164,600.00	0.029
NORDIC PARTNERS INC NY, NY	2,709.82	100,000.00	0.027
NUTMEG SECURITIES	127,736.93	2,722,979.00	0.047
O NEIL, WILLIAM AND CO. INC/BCC CLRG	2,180.00	43,600.00	0.050
ODD LOT SALE	5.05	64.00	0.079
ODDO FINANCE	1,915.62	16,500.00	0.116
ORMES CAPITAL MARKETS INC	24,845.00	510,100.00	0.049
OYAK MENKUL DEGERELER A S	4,140.72	468,478,000.00	0.000
PACIFIC AMERICAN SECURITIES, LLC	3,918.50	82,600.00	0.047
PARETO FONDS	4,502.62	253,698.00	0.018
PCS SECURITIES INC	6,179.15	123,583.00	0.050
PENSION FINANCIAL SERVICES INC	390.00	112,339.00	0.003
PERCIVAL FINANCIAL PARTNERS, LTD	7,960.00	159,200.00	0.050
PERSHING DIV OF DLJ	246.00	26,720.00	0.009
PERSHING DIVISION OF DONALDSON LUFKIN	2,629.50	58,600.00	0.045
PERSHING LLC	2,565.05	56,401.00	0.045
PERSHING SECURITIES LIMITED	4,221.38	560,736.00	0.008
PETRIE PARKMAN + CO	4,485.00	89,700.00	0.050
PICTET AND CIE	4,927.84	50,584.00	0.097
PICTET OVERSEAS INC	779.54	7,500.00	0.104
POSIT	16.00	800.00	0.020
PRUDENTIAL SECURITIES INCORPORATED	94,369.58	3,031,281.00	0.031
PULSE TRADING LLC	21,150.61	1,015,151.00	0.021
RABO SECURITIES NV	4,743.69	89,762.00	0.053
RBC DAIN RAUSCHER INC	37,958.80	825,800.00	0.046
REYNDERS,GRAY + COMPANY,INC	4,000.00	100,000.00	0.040
ROBERT VAN SECURTIES	1,459.84	36,496.00	0.040
ROCHDALE SEC CORP.(CLS THRU 443)	47,322.00	1,057,800.00	0.045
RUSSELL FRANK SECURITIES INC	67.50	1,500.00	0.045
SALOMAN BROS	1,966.67	2,329,800.00	0.001
SALOMON BROS HONG KONG	31,572.50	7,582,512.00	0.004
SALOMON BROS INC	95,874.85	455,782.00	0.210
SALOMON BROTHERS INC	9.92	2,800.00	0.004
SALOMON BROTHERS INC, NY	26,421.82	6,292,210.00	0.004
SALOMON BROTHERS INTERNATIONAL	72,470.96	818,545,171.00	0.000
SALOMON BROTHERS INTL LONDON	165.10	4,201.00	0.039
SALOMON BROTHERS NY	576.10	3,725,900.00	0.000
SALOMON SMITH BARNEY	5,766.53	1,000,990.00	0.006
SALOMON SMITH BARNEY INC	505,045.22	19,213,567.00	0.026
SALOMON SMITH BARNEY INC/SALOMON BROS.	24,585.87	2,689,842.00	0.009
SALOMON SMITH BARNEY KOREA LTD	1,093.59	1,000.00	1.094
SAMSUNG SECURITIES CO LTD	7,960.96	107,700.00	0.074
SANDERS MORRIS MUNDY	3,705.00	74,100.00	0.050
SANDLER ONEILL + PART LP	75.00	2,500.00	0.030
SANFORD C. BERNSTEIN LTD	22,134.49	1,101,759.00	0.020
SANFORD CBERNSTEIN CO LLC	16,034.70	463,494.00	0.035
SANTANDERINVESTMENT SECURITIES INC	40.39	5,800.00	0.007
SBS FINANCIAL	345.00	13,800.00	0.025
SCOTIA CAPITAL (USA) INC	2,944.41	88,700.00	0.033
SCOTT & STRINGFELLOW, INC	69.00	2,300.00	0.030
SG COWEN SECURITIES CORP	29,181.60	886,792.00	0.033
SG SECURITIES (LONDON)LTD	1,756.13	533,992.00	0.003
SG SECURITIES SINGAPORE PTE LTD	4,859.92	1,566,500.00	0.003
SIMMONS +COMPANY INTERNATIONAL	4,750.00	95,000.00	0.050
SK INTERNATIONAL SECURITIES	1,190.00	23,800.00	0.050
SPEAR, LEEDS & KELLOGG	48,770.23	1,159,270.00	0.042
SPEAR, LEEDS & KELLOGG CAPITAL MARKETS	7,995.35	187,255.00	0.043
SSANGYONGINVESTMENT AND SECURITIES	5,820.84	229,100.00	0.025
STANDARD + POORS SECURITIES INC	16,199.25	326,025.00	0.050
STATE STREET BROKERAGE SERVICES	1,947.00	99,900.00	0.019
SUN	1,551.47	52,870.00	0.029
SUNTRUST CAPITAL MARKETS, INC.	1,068.00	35,600.00	0.030
SVENSKA HANDELSBANKEN	4,579.22	178,700.00	0.026
SWISS AMERICAN SECURITIES INC	1,091.37	87,720.00	0.012
THOMAS WEISEL PARTNERS	43,019.20	1,067,255.00	0.040
TOKYO MITSUBISHI INTERNATIONAL PLC	1,027.20	17,800.00	0.058
TOKYO-MITSUBISHI SECURITIES (USA)	5,101.01	612,500.00	0.008
TOYOTA FINANCAL SERVICES	1,673.36	22,175,100.00	0.000
TSUBASA SECURITIES	1,926.00	112,500.00	0.017
U S BANCORP PIPER JAFFRAY INC	357.00	8,100.00	0.044
U.S. CLEARING CORPORATION	751.00	35,300.00	0.021
UBS AG	34,633.20	126,415,087.00	0.000
UBS AG (FORMERLY SWISS BANK CO) ZURICH	168.47	8,000.00	0.021
UBS AG LONDON	107,128.42	1,025,217,383.00	0.000
UBS WARBURG	629.35	17,100.00	0.037
UBS WARBURG LLC	1,007,077.57	29,527,134.00	0.034
USCC/SANTANDER	11,679.76	732,198.00	0.016
VONTOBEL SECURITIES	1,042.47	7,000.00	0.149
WACHOVIA SECURITIES LLC	18,156.34	397,065.00	0.046
WARBURG DILLION READ (ASIA) LTD	69,647.73	21,706,634.00	0.003
WARBURG FORMERLY S G WARBURG SECS	1,437.88	53,587,084.00	0.000
WAVE SECURITIES LLC	160.00	12,400.00	0.013
WEEDEN + CO.	172,455.51	4,189,076.00	0.041
WEEDEN+COLP FBO INSEARCH ASSO	47,720.00	963,500.00	0.050
WELLS FARGO INVT LLC	6,091.45	121,829.00	0.050
WELLS FARGO VAN KASPER LLC	1,155.00	23,100.00	0.050
WESTLB SECURITIES PACIFIC LIMITED	482.02	128,000.00	0.004
WESTMINSTER RESEARCH ASSOCIATE	50,726.60	1,014,532.00	0.050
WILLIAM BLAIR & COMPANY, L.L.C	2,139.00	71,300.00	0.030
WILLIAMS CAPITAL GROUP(THE)	45,306.00	946,200.00	0.048
WIT SOUNDVIEW CORP	42,491.50	1,003,100.00	0.042
YATIRIN FINANSMAN	296.39	32,728,000.00	0.000
YORK SECURITIES INC	665.67	18,000.00	0.037
YORKTON SECURITIES INC	1,611.57	47,200.00	0.034
YORKTON SECURITIES INC.	1,067.86	33,500.00	0.032
Total	**12,056,247.98**		

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.

Fitch Investor Services - A financial services bond rating agency.

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.

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 - A financial services company which is one of the best known bond rating agencies in the country.

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.

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.

GLOSSARY OF INVESTMENT TERMS (Continued)

Trust - A fiduciary relationship in which a person, called a trustee, holds title to property for the benefit of another person, called a beneficiary.

TUCS - Trust Universe Comparison Service. TUCS is based upon a pooling of quarterly trust accounting data from participating banks and other organizations that provide custody for trust assets.

Turnover - Security purchases or sales divided by the fiscal year's beginning and ending market values for a given portfolio.

Unrealized Gain (Loss) - A profit (loss) that has not been realized through the sale of a security. The gain (loss) is realized when a security or futures contract is actually sold or settled.

Variable Rate Note - Floating rate notes with a coupon rate adjusted at set intervals, such as daily, weekly, or monthly, based on different interest rate indices, such as LIBOR, Fed Funds, and Treasury Bills.

Volatility - A statistical measure of the tendency of a market price or yield to vary over time. Volatility is said to be high if the price, yield, or return typically changes dramatically in a short period of time.

Yield - The return on an investor's capital investment.

Yield Curve - A graph showing the term structure of interest rates by plotting the yields of all bonds of the same quality with maturities ranging from the shortest to the longest possible. The Y-axis represents the interest rate and the X-axis represents time, generally with a normal curve that is convex in shape.

Zero Coupon Bond - A bond paying no interest that sells at a discount and returns principal only at maturity.

UNDERSTANDING INVESTMENT PERFORMANCE

Introduction

This section discusses the Treasury's approach to measuring performance, including risk and return of the Retirement Plans and Trust Funds (CRPTF).

Understanding Performance

To measure success in achieving the primary objective of the Asset Allocation Plan, the Fund's performance is evaluated in two principal areas: risk and return. The results of these reviews, coupled with information on portfolio characteristics, are used to monitor and improve the performance of the Fund's external investment advisors.

To bring accountability and perspective to Fund performance and measurements of risk and return, The Connecticut Retirement Plans and Trust Funds are compared to those of similarly structured peer groups and indices. These comparisons enable plan participants, the Treasurer and the Investment Advisory Council, to determine whether and by how much Fund returns exceeded or fell short of the benchmarks. Each Fund's benchmark is selected on the basis of portfolio composition, investment style, and objectives.

Comparative performance is reviewed over both the near-term and the long-term for two reasons. First, pension management is, by its very nature, a long-term process. While both young and old employees comprise the pool of plan beneficiaries, the average age of plan participants is relatively low and requires that plan assets be managed for the long term. Second, as experience has shown, results attained in the short term are not necessarily an indicator of results to be achieved over the long term. Performance must be viewed in a broader context.

Overall performance is measured by calculating monthly returns and linking them to provide one-, three-, five- and ten-year histories of overall investment performance. Short-term performance is measured by total return over one-month, quarter-end, and trailing one-year time periods. Risk is also measured over both short- and the long-term periods.

Risk

The measurement of risk is a critical component in investment management. It is the basis for both strategic decision-making and investment evaluation. As an investment tool, investors assume risk to enhance portfolio returns. These enhancements, viewed as returns in excess of those available on "risk-free" investments, such as Treasury Bills, vary in magnitude according to the degree of risk assumed. Many investors focus on the negative aspects of risk and in doing so forego substantial upside potential, which can significantly enhance long-term returns. Thus, while risk can never be completely eliminated from a portfolio, the prudent management of risk can maximize investment returns at acceptable levels of risk.

Risk can take several forms and include: market risk, the risk of fluctuations in the overall market for securities; company risk, the risk of investing in any single company's stock or bonds; currency-exchange risk, the risk that a foreign country's currency may appreciate or depreciate relative to the U.S. dollar, thus impacting the value of foreign investments; and political risk, risk incurred through investing in foreign countries with volatile economies and political systems.

With respect to fixed income investments, investors also assume: reinvestment risk, the risk that cash flows received from a security will be reinvested at lower rates due to declining interest rates; credit or default risk, the risk that the issuer of a fixed income security may fail to make principal and interest payments on the security; interest rate risk, the risk that prices of fixed coupon bonds will decline in the event of rising market interest rates; and inflation or purchasing power risk, the risk that the real value of a security and its cash flows may be reduced by inflation. The level of risk incurred in fixed income investing increases as the investment time horizon is lengthened. This is demonstrated by the comparatively higher yields available on "long bonds," or bonds maturing in 20 to 30 years, versus those available on short-term fixed income securities.

In the alternative investment category, risks are significantly greater than those of publicly traded investments. Assessment of progress is more tenuous and valuation judgments are more complex. The investor

UNDERSTANDING INVESTMENT PERFORMANCE (Continued)

assumes not only management, product, market, and operations risk, similar to equity investing, but also assumes liquidity risk, the risk that one's investment cannot be immediately liquidated at other than substantially discounted value.

Volatility

To measure the effects of risk on the portfolio, the volatility of returns is calculated over time. Volatility, viewed as deviation of returns from an average of these returns over time, is measured statistically by standard deviation. Standard deviation is one of the most widely accepted and descriptive risk measures used by investment professionals today. Funds with high standard deviations are considered riskier than those with low standard deviations.

To evaluate the significance of the Funds' standard deviation, each Fund's relative volatility, or the ratio of the Fund's standard deviation to that of the benchmark is calculated. A relative volatility greater than 1.0 indicates that the Fund is more volatile than the benchmark while a measure less than 1.0 indicates less volatility. A relative volatility of 1.0 signifies an equal degree of volatility between the Fund and the benchmark.

As an extension of standard deviation, each Fund's beta, or a measure of the relative price fluctuation of the Fund to its benchmark, is also calculated. The measurement of beta allows one to evaluate the sensitivity of Fund returns to given movements in the market and/or its benchmark. A beta greater than 1.0 compared to the selected market benchmark signifies greater price sensitivity while a beta less than 1.0 indicates less sensitivity.

To measure the degree of correlation between Fund returns and the benchmark, the Division calculates the coefficient of determination, or R^2. This calculation, which is used in conjunction with beta, allows one to evaluate how much of the volatility in Fund returns is explained by returns in the selected market benchmark. An R^2 of 1.0 indicates that Fund returns are perfectly explained by returns of the benchmark, while a value less than 1.0 indicates that the returns of the benchmark explain only a portion of the fund return.

Finally, to evaluate how well each of the above measures actually predicted returns of the Fund, a calculation is performed on the Fund's alpha. This calculation measures the absolute difference between the Fund's monthly return and that predicted by its beta. Used together, these measures provide a comprehensive view of a Fund's relative risk profile.

Return

The Pension and Trust Funds are managed for maximum return with minimal risk. Return, viewed in this context, includes realized and unrealized gains in the market value of a security, including those attributable to currency fluctuations, as well as income distributed from a security such as dividends and interest. Return is measured through two calculations: compounded annual total return and cumulative total return.

Compounded Annual Total Return - This return measure evaluates performance over the short and long-term. Compounded annual total return measures the implicit annual percentage change in value of an investment, assuming reinvestment of dividends, interest, and realized and unrealized capital gains, including those attributable to currency fluctuations. In effect, compounded annual total return "smoothes" fluctuations in long-term investment returns to derive an implied year-to-year annual return.

Cumulative Total Return - This calculation measures the absolute percentage change in value of an investment over a specified period, assuming reinvestment of dividends, interest income, and realized capital gains. While this calculation does not "smooth" year-to-year fluctuations in long-term returns to derive implied annual performance, cumulative total return allows one to see on an absolute basis the percentage increase in the total Fund's value over a specified time. Viewed graphically, cumulative total return shows one what a $10 million investment in the CRPTF a set number of years ago would be worth today.

DEBT MANAGEMENT DIVISION

CHANGES IN DEBT OUTSTANDING*

FOR THE FISCAL YEAR ENDED JUNE 30, 2003

Bond Finance Type	Outstanding June 30, 2002	FY 2003 Issued	FY 2003 Retired	FY 2003 Refunded or Defeased	Outstanding June 30, 2003	FY 2003 Interest Paid
General Obligation - Tax Supported (1)	$ 7,314,873,949	$1,600,460,000	$ 563,387,485	$ 331,197,036	$ 8,020,749,428	$ 403,113,984
General Obligation - Revenue Supported	98,574,088	-	83,060,000	2,477,964	13,036,124	2,989,701
General Obligation - Transportation	22,881,576	-	9,035,000	2,120,000	11,726,576	892,687
Economic Recovery Notes (2)	-	219,235,000	-	-	219,235,000	2,589,415
Special Tax Obligation	3,144,907,825	636,980,000	216,315,000	379,455,000	3,186,117,825	145,201,395
Bradley International Airport	263,935,000	-	5,775,000	-	258,160,000	14,158,520
Clean Water Fund	593,925,000	-	27,050,000	-	566,875,000	29,486,116
UCONN 2000 (3)	610,637,147	96,210,000	37,650,000	-	669,197,147	28,329,921
CDA Increment Financing (4)	32,710,000	-	1,410,000	-	31,300,000	1,808,280
CDA Governmental Lease Revenue (5)	6,950,000	-	405,000	-	6,545,000	448,108
Second Injury Fund Bonds (6)	154,020,000	-	13,070,000	29,820,000	111,130,000	7,787,676
CHEFA Childcare Facilities Program (7)	40,275,000	-	700,000	-	39,575,000	2,144,860
Bradley International Parking Operations (8)	53,800,000	-	-	-	53,800,000	3,582,480
Juvenile Training School Energy Center (9)	19,165,000	-	340,000	-	18,825,000	901,600
TOTAL	**$12,356,654,585**	**$2,552,885,000**	**$ 958,197,485**	**$ 745,070,000**	**$13,206,272,100**	**$ 643,434,743**

(1) Debt outstanding at June 30, 2003 includes $26,740,000 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) Economic Recovery Notes were issued in December 2002 to fund the State's Fiscal 2002 defecit. The notes, issued in a combination of fixed and variable rate securities, have a final maturity of December 2007 and are General Obligations of the State.

(3) UCONN 2000 Bonds in a total amount of $962 Million are authorized over a ten year period to be paid by the University of Connecticut from a State Debt Service commitment. 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.

(4) The Connecticut Development Authority has issued tax increment bonds for certain economic development projects. The debt service on the bonds is deemed appropriated from the State's General Fund.

(5) The Connecticut Development Authority has issued its lease revenue bonds for the New Britain Government Center. The State is obligated to pay base rent subject to the annual appropriation of funds. These payments are budgeted in the Treasurer's debt service budget as lease payments.

(6) Money from positive cash flow was used to defease $29,820,000 in bonds.

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

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

(9) A lease purchase financing of the heating and cooling plant at the Juvenile Training School in Middletown.

* For a detailed listing of debt oustanding for the fiscal year ended June 30, 2003, please see Statutory Appendix.

DEBT MANAGEMENT DIVISION

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

JUNE 30, 2003

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	$ 35,700,000	08/15/04	$ 36,574,959	State and Local Government Series Bonds
02/19/98	10,700,000	08/15/04	11,749,938	State and Local Government Series Bonds
11/05/99	13,110,595	06/01/13	15,767,211	U.S. Treasury Notes
12/29/99	84,135,000	03/15/06	84,409,910	State and Local Government Series Bonds
06/28/01	429,330,000	11/01/06	441,213,161	State and Local Government Series Bonds
11/20/01	299,025,000	06/15/10	320,204,163	State and Local Government Series Bonds
06/15/02	134,175,000	06/15/10	151,913,688	U.S. Treasury Notes
09/05/02	236,785,000	12/15/10	267,469,958	State and Local Government Series Bonds
04/30/03	9,160,000	08/01/03	9,598,083	CT ST Treasury Short Term Investment Fund (STIF)
SUBTOTAL	**$ 1,252,120,595**		**$ 1,338,901,071**	
BOND TYPE: SPECIAL TRANSPORTATION FUND				
09/25/97	$ 9,580,000	10/01/03	$ 9,867,847	State and Local Government Series Bonds
04/15/98	195,180,000	10/01/04	200,065,027	State and Local Government Series Bonds
12/01/99	75,540,362	06/01/08	95,696,900	State and Local Government Series Bonds
10/11/01	498,995,000	11/01/07	516,086,240	State and Local Government Series Bonds
01/23/03	379,455,000	10/01/11	416,669,959	State and Local Government Series Bonds
SUBTOTAL	**$ 1,158,750,362**		**$ 1,238,385,973**	
BOND TYPE: CLEAN WATER FUND				
05/25/99	$ 24,810,000	06/01/04	$ 25,547,682	State and Local Government Series Bonds
SUBTOTAL	**$ 24,810,000**		**$ 25,547,682**	
BOND TYPE: CHEFA NURSING HOMES				
01/05/99	$ 55,650,000	11/01/04	$ 61,925,835	U.S. Treasury Notes
SUBTOTAL	**$ 55,650,000**		**$ 61,925,835**	
BOND TYPE: BRADLEY INTERNATIONAL AIRPORT				
03/27/01	$ 16,600,000	10/01/04	$ 17,343,224	State and Local Government Series Bonds
SUBTOTAL	**$ 16,600,000**		**$ 17,343,224**	
BOND TYPE: SECOND INJURY FUND				
06/20/02	$ 45,235,000	01/01/11	$ 46,595,791	State and Local Government Series Bonds
06/25/03	29,820,000	01/01/11	33,830,121	State and Local Government Series Bonds
SUBTOTAL	**$ 75,055,000**		**$ 80,425,912**	
TOTAL	**$ 2,582,985,957**		**$ 2,762,529,697**	

(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, 2003

Name of Firm	Description of Services	Aggregate Compensation Paid in FY 2003	Status as of 06/30/03
A. C. Advisory, Inc.	Financial Advisor	$ 70,000	Active
AG Edwards & Sons	Management Fee	105,000	Active
AMBAC	Bond Insurance	1,815,605	N/A
AMTEC	Arbitrage Calculation Fee	12,850	N/A
Bank of New York	Administrative/Trustee/Auction Agent Fee	10,250	Active
Bayerische Landesbanke	Liquidity Fee	97,656	Active
Bear Stearns & Co, Inc.	Broker/Dealer/Management Fee	181,830	Active
Bloomberg LP	Subscription	15,420	Active
Commerzbank	Liquidity Fee	221,444	Active
Credit Agricole	Liquidity Fee	100,014	Active
Day, Berry & Howard	Bond Counsel	1,095,543	Active
Dexia Public Finance Bank	Liquidity Fees	240,995	Active
DiSanto Bertoline & Company	Auditor	67,850	Active
Financial Security Assurance, Inc.	Bond Insurance	742,214	N/A
Financial Guaranty Insurance Co.	Bond Insurance	401,089	N/A
Fitch	Rating Agency	137,500	Active
Fleet Bank	Liquidity Fee	24,385	Active
Goldman Sachs	Remarketing Agent	49,618	Active
Hawkins, Delafield & Wood	Bond Counsel/Arbitrage Calculation Fee	451,314	Expired
Hunton & Williams	Bond Counsel	180,643	Active
ImageMaster	Financial Printer	154,040	Active
IRS	Arbitrage Rebate Payments	3,530,959	N/A
JP Morgan Chase Securities	Remarketing/Management Fee	76,000	Active
Joseph C Reid PA	Bond Counsel	60,021	Active
Lamont Financial Services	Financial Advisor	82,628	Active
Landesbank Hessen-Thuringen	Liquidity Fee	112,811	Active
Lehman Brothers Inc.	Remarketing Fee	300,349	Active
Levy & Droney, P.C	Bond Counsel	144,014	Active
Lewis & Munday	Bond Counsel	175,118	Active
MBIA Insurance Corp	Bond Insurance	267,000	Active
McGladrey & Pullen	Verification Agent	23,500	Active
Merrill Lynch	Management Fee	574,500	Active
Moody's	Rating Agency	372,898	Active
Morgan Stanley & Co, Inc.	Broker/Dealer/Management Fees	342,361	Active
Nixon Peabody LLP	Bond Counsel	107,300	Active
P.G. Corbin & Co.	Financial Advisor	163,222	Active
Public Financial Management	Financial Advisor	56,938	Active
Public Resources Advisory Group	Financial Advisor	75,699	Active
Pullman & Comley, LLC	Bond Counsel	70,003	Active
Robinson & Cole	Bond Counsel	163,134	Active
Seward and Monde	Auditor	27,300	Active
Shipman & Goodwin LLP	Bond Counsel	145,576	Active
Siebert, Brandford & Shank	Management Fee	75,000	Active
Squire, Sanders & Dempsey	Bond Counsel	13,229	Active
Standard & Poor's	Rating Agency	250,500	Active
State Street Bank	Administrative/Trustee Fees	379,088	Active
UBS PaineWebber	Management Fee	75,000	Active
U. S. Bank	Administrative/Trustee Fees	26,148	Active
Updike, Kelly & Spellacy	Bond Counsel	450,271	Active
Wachovia Bank	Administrative/Trustee Fees	10,582	Active
WestLB Public Finance	Liquidity Fees	122,927	Active
Total		**$14,449,337**	

(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, 2003

Description	Total
INFLOWS	
Receipts:	
Deposits	$18,013,926,627.92 (2)
Bad Checks	(10,896,432.44)(3)
Receipts initiated by OSC	94,871,771.49 (4)
Total Receipts	18,097,901,966.97
Transfers:	
CD Sell	41,470,006.02 (11)
Income/Cash Transfers	3,878,334,148.59 (5)
Investments - Sells	10,248,722,103.50 (6)
Total Transfers	14,168,526,258.11
Other Inflows:	
Internal Bank Transfers	34,765,516,607.60 (7)
Interbank Transfers	15,093,441,048.16 (8)
Total Other Inflows	49,858,957,655.76
Total Inflows	82,125,385,880.84
OUTFLOWS	
Disbursements:	
Vendor	15,312,739,358.45 (9)
Payroll	5,284,192,917.86 (10)
Disbursements initiated by OTT	317,163,042.99 (4)
Total Disbursements	20,914,095,319.30
Transfers:	
CD Purchases	657,284.01 (11)
Income/Cash Transfers	1,334,989,524.10 (5)
Investments - Buys	10,052,565,786.12 (6)
Total Transfers	11,388,212,594.23
Other Outflows:	
Internal Bank Transfers	34,765,516,607.60 (7)
Interbank Transfers	15,093,441,048.16 (8)
Total Other Outflows	49,858,957,655.76
Total Outflows	$82,161,265,569.29

(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, federal grants, and other sources.

(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 zero balance accounts 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 and retirement payrolls.

(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, 2003

Fund Name	Adjusted Cash Balance July 1, 2002 (2)	FY 2003 Treasury Receipts (2)	FY 2003 Treasury Disbursements	Transfers	Transfers ST & GT Recorded by OTC but not OTT (3)	Other Net Adjustments (4)	Adjusted Cash Balance June 30, 2003
General Fund	$(1,226,407,384.40)	$13,885,436,239.64	$13,555,049,260.03	$1,179,287,607.64	$(1,037,731,592.15)	$24,796,799.22	$(729,667,590.08)
Special Revenue Funds	996,370,451.58	2,259,328,135.87	3,045,753,996.58	(310,363,622.64)	563,438,791.28	(2,401,763.43)	460,617,996.08
Debt Service Funds	425,497.06	3,866,738.97	0.00	(4,292,778.10)	0.00	0.00	(542.07)
Capital Project Funds	(156,688,819.30)	508,140,846.17	1,567,622,617.08	1,225,008,131.43	(44,573,086.74)	0.00	(35,735,545.52)
Internal Service Funds	(29,215,034.91)	23,000,956.35	93,472,299.64	82,644.14	70,938,523.18	0.00	(28,665,210.88)
Enterprise Service Funds	4,157,819.04	227,266,742.37	263,278,050.48	90,371,397.36	(33,914,095.66)	(652,907.17)	23,950,905.46
Fiduciary Funds	170,768,883.89	1,190,862,307.60	2,388,919,095.49	600,220,284.05	481,841,460.09	0.00	54,773,840.14
TOTAL FUNDS	**$(240,588,587.04)**	**$18,097,901,966.97**	**$20,914,095,319.30**	**$2,780,313,663.88**	**$0.00**	**$21,742,128.62**	**$(254,726,146.87)**

(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, 2003, 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, 2003

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]	$(254,726,146.87)	$(729,667,590.08)	$460,617,996.08	$(542.07)	$(35,735,545.52)	$(28,665,210.88)	$23,950,905.46	$54,773,840.14
STIF	1,198,822,269.85	174,744,553.16	150,397,107.12	286,071,506.13	446,398,728.78	0.00	129,765,455.32	11,444,919.34
TEPF	62,989,148.02	805,226.57	43,873,916.93	0.00	277,094.05	0.00	18,032,910.47	0.00
Investments with Treasurer as Trustee								
Short-Term	787,933,777.42	0.00	390,165.46	0.00	0.00	0.00	76,249,573.00	711,294,038.96
Long-Term	17,575,337,583.90	0.00	0.00	0.00	0.00	0.00	0.00	17,575,337,583.90
Investments with Others as Trustee								
Short-Term	644,908,328.49	0.00	0.00	27,981,321.40	0.00	0.00	116,144,033.47	500,782,973.62
Long-Term	739,937,998.49	0.00	0.00	350,749,652.50	0.00	0.00	389,188,345.99	0.00
Total	**$20,755,202,959.30**	**$(554,117,810.35)**	**$655,279,185.59**	**$664,801,937.96**	**$410,940,277.31**	**$(28,665,210.88)**	**$753,331,223.71**	**$18,853,633,355.96**

Reconcilation Between Treasurer & Comptroller [2]

Office of the Comptroller	
Cash and STIF June 30, 2003 (Annual Statutory Report)	$1,349,851,758.40
Investment with the State Treasurer	76,639,738.46
STIF classified as Long Term Investments Fund #2025	236,649,881.97
Stif investment Fund #3952	60,567,950.82
Cash and invest with Trustee Fund #6300	24,209,313.05
Cash and invest with Trustee Fund #6310	47,100,405.71
Difference in STIF balance Fund #3831	0.01
Total	**$1,795,019,048.42**
Office of the Treasurer	
Cash	$(254,726,146.87)
STIF	1,198,822,269.85
TEPF	62,989,148.02
STIF/Investments with Treasurer as Trustee	787,933,777.42
Total	**$1,795,019,048.42**

(1) For a detailed listing of the Civil List Investments for the Fiscal Year Ending June 30, 2003, 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, 2003

Fund	Participant	Agency	SID	Interest Earned During the Year	June 30, 2003 Fund Balance
0000	**General Fund**				
	INVESTMENT FUND	1201	300	$130,002.03	$5,008,389.49
	SECOND INJURY	1201	302	19,063.11	270,955.56
	LOCAL EMERGENCY RELIEF ACCT.	1310	360	25.27	1,567.29
	LOCAL LAW ENFORCEMENT BLOCK GRANTS PROGRAM	1310	401	3,051.52	451,978.94
	FY 2002 JUV ACCOUNTABILITY INCENTIVE BLOCK GRANT	1310	403	34,164.06	2,605,592.94
	LOCAL LAW ENFORCEMENT BLOCK GRANT PROGRAM	1310	410	387.79	45,748.21
	LOCAL LAW ENFORCEMENT BLOCK GRANTS PROGRAM	1310	411	304.12	15,613.26
	JUVENILE ACCOUNTABILITY INCENTIVE BLOCK GRANT PROG	1310	458	43,500.75	1,687,453.67
	WARNER OIL SETTLEMENT	1310	484	310.08	19,229.94
	EXXON OVERCHARGE	1310	496	20,072.81	1,231,597.68
	DIAMOND SHAMROCK OVERCHARGE	1310	497	708.65	43,948.24
	STRIPPER WELL OVERCHARGE	1310	498	34,642.18	1,975,599.37
	SETTLEMENT AGREEMENT	1501	360	30,233.65	6,061,649.34
	ENHANCED 911 TELECOMMUNICATIONS FUND	2000	371	235,409.01	13,284,436.89
	COOPERATIVE/COMMUNITY POLICING PROGRAM	2000	426	1,518.69	3,450.29
	FEDERAL ASSET FORFEITURE	2000	498	3,546.31	160,868.56
	MILITARY DEPT'S - ASSET FORFEITURE	2201	326	10.10	1,959.87
	OFFICE OF TOURISM	3500	326	44.99	43,119.22
	JOB INCENTIVE ACCOUNT	3500	361	439.65	27,265.38
	MRD ESCROW ACCT.	3500	364	33,772.62	2,003,119.54
	MRS ESCROW ACCT.	3500	365	164.99	10,005.57
	RESEARCH IN PLANT SCIENCE	3601	307	5,607.55	410,567.94
	ADMINISTRATION OF GRANTS	3601	309	6,283.15	116,003.06
	DMHAS-COMMUNITY MENTAL HEALTH STRATEGIC INVESTMENT	4402	362	251,472.45	10,242,258.76
	DMHAS-COMMISSIONER'S OFFICE PRE-TRIAL ACCOUNT	4402	363	27,076.70	2,591,503.96
	WESTERN CONNECTICUT MENTAL HEALTH NETWORK	4405	362	502.20	23,243.09
	SOUTHEASTERN MENTAL HEALTH AUTHORITY	4406	362	1,435.47	41,440.29
	CONNECTICUT MENTAL HEALTH NETWORK	4409	362	792.62	66,693.90
	CAPITAL REGION MENTAL HEALTH CENTER	4412	362	271.08	(331.35)
	SOUTHWEST CONNECTICUT MENTAL HEALTH SYSTEM	4417	362	449.34	10,195.55
	LIONS CLUBS WORKSHOP FUND	7101	300	46.29	1,042.12
	FAUCHTSWANGER FUND	7101	301	113.54	7,041.11
	FRAUENHOFER FUND	7101	302	273.78	16,978.86
	MISCELLANEOUS GRANTS	7101	304	386.71	25,276.21
	SARA BROWN FUND	7101	306	4,126.36	255,488.61
	CHARLES PRECOURT MEMORIAL FUND	7101	307	52.76	3,365.38
	ANN COROTEAU MEMORIAL FUND	7101	308	128.30	8,012.45
	VENDING FACILITIES PROGRAM-STATE AND LOCAL INCOME	7101	361	49,075.37	3,544,493.40
	CONN STATE LIBRARY ACCOUNT	7104	305	1,580.79	98,900.31
	CT LIBRARY & MUSEUM FUND	7104	306	33,990.86	2,076,220.66
	HISTORIC DOCUMENTS PRESERVATION ACCOUNT	7104	361	41,364.10	3,406,949.46
	PRIVATE OCCUPATIONAL STUDENT PROTECTION FUND	7250	360	45,807.36	2,413,162.67
	CONNECTICUT FUTURES ACCOUNT	7250	361	30,901.97	2,375,028.84
	BOARD FOR STATE ACADEMIC AWARD	7401	370	25,578.41	1,380,114.72
	CORRECTIONAL MEMORIAL FUND	8000	300	372.62	31,878.37
	CORRECTION GENERAL WELFARE FUND	8000	360	46,007.99	3,310,218.77
	CORRECTION MEMORIAL FUND	8005	300	112.26	0.00
	CORRECTIONAL GENERAL WELFARE FUND	8005	360	9,542.78	0.00
	BOARD OF PAROLE'S ASSET FORFEITURE ACCOUNT	8091	401	55.24	4,212.85
	CHILDREN'S WELFARE FUND	8102	310	253.84	8,460.87
	RICHARD A. FORESTER MEMORIAL FUND	8103	305	174.49	10,821.04
	CHILDREN'S TRUST FUND	8129	329	7,143.27	374,543.30
	LAW LIBRARY-DONATED COPIER RECEIPTS	9001	333	3,248.66	208,411.22
	DERBY COURTHOUSE MAINTENANCE RESERVE	9001	370	20,749.06	1,318,700.36
	MERIDEN COURTHOUSE MAINTENANCE RESERVE	9001	371	20,016.39	1,284,818.56
	CRIMINAL VIOLENCE VICTIMS ESCROW ACCT.	9001	373	34.16	2,118.55
	CLIENT SECURITY FUND	9001	374	76,847.80	5,683,243.00
Total				$1,303,248.09	$76,304,626.14

CASH MANAGEMENT DIVISION

CIVIL LIST FUNDS
INTEREST CREDIT PROGRAM [1] (Continued)
FISCAL YEAR ENDED JUNE 30, 2003

Fund	Participant	Agency	SID	Interest Earned During the Year	June 30, 2003 Fund Balance
1104	**Insurance Fund**				
	INSURANCE FUND	2403		$117,610.24	$10,913,006.98
Total				$117,610.24	$10,913,006.98
1108	**Workers Compensation**				
	ADMINISTRATION FUND	2904		$285,873.54	$14,935,606.28
Total				$285,873.54	$14,935,606.28
1139	**Criminal Injuries Compensation Fund**				
	VICTIM SERVICES	9001		$43,658.52	$3,249,402.63
Total				$43,658.52	$3,249,402.63
1143	**Vending Facilities Operators Fringe Benefits**				
	VENDING FACILITY PROGRAM - FEDERAL INCOME	7101		$288.70	$24,616.68
Total				$288.70	$24,616.68
1161	**University of Connecticut Operating Fund**				
	OPERATING FUND	7301		$1,961,775.99	$99,215,597.07
Total				$1,961,775.99	$99,215,597.07
1162	**University Health Center Operating Fund**				
	OPERATING FUND	7302		$263,487.14	$11,267,206.03
	STUDENT SCHOLARSHIPS AND LOANS	7302	400	58,358.96	3,637,707.96
Total				$321,846.10	$14,904,913.99
1163	**State University Operating Fund**				
	STATE UNIVERSITIES	7800		$28,144.46	$0.28
	BOARD OF STATE UNIVERSITY	7801		101,705.23	5,961,488.18
	CENTRAL CT STATE UNIVERSITY	7802		561,043.63	26,207,421.19
	WESTERN CT STATE UNIVERSITY	7803		175,186.80	6,157,465.00
	SOUTHERN CT STATE UNIVERSITY	7804		268,109.86	12,697,008.10
	EASTERN CT STATE UNIVERSITY	7805		154,494.96	3,733,819.40
Total				$1,288,684.93	$54,757,202.15
1164	**Regional Community/Technical Colleges Operating Fund (Tuition Account)**				
	BOARD FOR REGIONAL COMM-TECH COLLEGE	7701		$259,795.21	$15,443,139.59
	MANCHESTER COMM-TECH COLLEGE	7702		85,846.19	5,002,392.31
	NORTHWESTERN COMM-TECH COLLEGE	7703		21,655.04	1,473,503.47
	NORWALK COMM-TECH COLLEGE	7704		76,989.73	4,340,366.10
	HOUSATONIC COMM-TECH COLLEGE	7705		87,218.14	4,053,999.34
	MIDDLESEX COMM-TECH COLLEGE	7706		34,775.27	2,175,333.76
	CAPITAL COMM-TECH COLLEGE	7707		20,244.90	1,608,327.63
	NAUGATUCK COMM-TECH COLLEGE	7708		33,080.15	2,911,110.12
	GATEWAY COMM-TECH COLLEGE	7709		23,719.64	1,736,563.79
	TUNXIS COMM-TECH COLLEGE	7710		76,798.90	3,997,932.59
	THREE RIVERS COMM-TECH COLLEGE	7711		31,129.28	3,122,504.27
	QUINBAUG VALLEY COMM-TECH COLLEGE	7712		20,746.73	1,955,374.06
	ASNUNTUCK COMM-TECH COLLEGE	7713		28,713.25	1,657,369.16
Total				$800,712.44	$49,477,916.19
1171	**University of Connecticut Research Foundation**				
	RESEARCH	7301		$138,115.19	$12,562,487.92
Total				$138,115.19	$12,562,487.92
1177	**Environmental Quality Fund**				
	MUNICIPAL SOLID WASTE RECYCLING	3100	155	$28,208.48	$1,391,118.61
Total				$28,208.48	$1,391,118.61

CASH MANAGEMENT DIVISION

CIVIL LIST FUNDS

INTEREST CREDIT PROGRAM (1) (Continued)

FISCAL YEAR ENDED JUNE 30, 2003

Fund	Participant	Agency	SID	Interest Earned During the Year	June 30, 2003 Fund Balance
1181	**Conservation Fund**				
	MIGRATORY BIRD CONSERVATION	3100	182	$5,397.97	$270,049.74
Total				$5,397.97	$270,049.74
1401	**Employment Security - Administration**				
	PENALTY & INTEREST	2620	141	$38,744.79	$3,516,424.67
	TITLE XII EXCESS FUNDS	2620	302	40,260.08	2,075,547.99
Total				$79,004.87	$5,591,972.66
4003	**Correctional Industries**				
	CORRECTIONAL COMMISSARY FUND	8000	123	$59,764.73	$4,395,413.38
	CORRECTIONAL COMMISSARY FUND	8020	123	12,751.71	1,111,588.55
Total				$72,516.43	$5,507,001.93
6300	**Bradley International Airport Operations**				
	BRADLEY ENTERPRISE FUND	5000		$249,907.28	$14,098,208.84
Total				$249,907.28	$14,098,208.84
7220	**Tobacco and Health Trust Fund**				
	TOBACCO HEALTH TRUST FUND	1310		$62,350.14	$1,113,555.06
Total				$62,350.14	$1,113,555.06
7306	**Various Treasurer's Trust Funds**				
	FITCH HOME FOR SOLDIERS	1312	100	$193.74	$11,680.43
	POSTHUMOUS FITCH	1312	200	384.37	23,173.70
	R. GRAEME SMITH	2000	100	92.02	5,707.58
	IRWIN LEPOW TRUST FUND	4090	100	597.97	36,485.77
	JOHN H. KING	9001	100	3,007.68	181,829.88
	WHITE FUND	9001	200	53.31	3,187.66
Total				$4,329.09	$262,065.02
Grand Total				**$6,763,528.01**	**$364,579,347.89**

(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, 2003

Name of Firm	Description of Services	Contract Date	Aggregate Compensation Paid in FY 2003	Status As of 6/30/03
Fleet Bank	Banking Services	Various	$ 2,091,213 (2)	Active
People's Bank	Banking Services	Mar-97	183,881 (2)	Active
Webster Bank	Banking Services	Jun-98	180,257 (2)	Active
State Street Bank & Trust	Bond Trustee & Paying Agent	Jun-90	163,301 (2)	Active
First Union Bank	Banking Services	Feb-97	52,716 (2)	Active
Standard & Poors	Subscription & Rating	N/A	34,200	Active
State Street Bank & Trust	STIF Custodian Fees	Aug-99	32,250	Active
Bloomberg L P	Subscription	N/A	30,840	Active
Moodys Investors Services	Subscription & Research	N/A	17,850	Active
Fitch Information Inc.	Credit Research	N/A	7,650	Active
Scillia Dowling & Natarellia LLP	AIMR Attestation Services	Sep-02	7,500	Active
TOTAL			**$ 2,801,658**	

(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, 2003

Name of Firm	Description of Services	Contract Date		Aggregate Compensation Paid in FY 2003	Status
ACS Unclaimed Property Clearing House	Securities Services & Claims Processing	Mar-01	$	718,029	Active
ACS Unclaimed Property Clearing House	Identification & Collection of Property	Aug-94		776,883	Active
National Abandoned Property Processing Corporation	Identification & Collection of Property	Dec-91		63,516	Active
BGI Transition Services	Securities Liquidation Services	Apr-01		25,559	Active
ASAP Software Express Inc.	Software Licenses	N/A		11,437	Active
Connecticut Community Providers Assoc.	Temporary Services	N/A		23,529	Active
DataPrep Incorporated	Data Entry Services	N/A		9,611	Active
Hitchcock Printer & Dist Services	Publication of Unclaimed Property Holder Manual	N/A		5,484	Terminated
New England Solutions Systems	EDP Consulting Services	N/A		12,870	Terminated
Xerox Corporation	Photocopier Lease	N/A		15,081	Active
TOTAL			**$**	**1,661,999**	

(1) Expenses are presented on a cash basis.

UNCLAIMED PROPERTY DIVISION

FIVE YEAR SELECTED FINANCIAL INFORMATION

	Fiscal Year Ended June 30,				
	2003	2002	2001	2000	1999
Receipts (Net of fees)	$70,409,889	$34,362,362	$39,522,597	$37,102,017	$47,270,291
Fees netted from proceeds (1)	865,958	1,049,491	742,514	619,508	1,191,231
Gross Receipts	**71,275,847**	**35,411,853**	**40,265,111**	**37,721,525**	**48,461,522**
Claims paid	9,441,860	10,117,462	9,838,935	9,475,207	8,951,783
Administrative Expenses:					
Salaries&Fringe benefits	2,144,697	2,112,937	1,900,906	1,691,026	1,212,850
Data processing & hardware	779,771	640,557	883,587	600,610	395,016
All other	113,144	286,749	313,763	148,606	428,420
Fees netted from proceeds (1)	865,958	1,049,491	742,514	619,508	1,191,231
Total Disbursements	**13,345,430**	**14,207,196**	**13,679,705**	**12,534,957**	**12,179,300**
Excess of Receipts over Disbursements (2)	**$57,930,417**	**$21,204,657**	**$26,585,406**	**$25,186,568**	**$36,282,222**
Approximate Market Value of Securities at Fiscal Year End:					
Stocks and bonds (3)	$27,228,349	$49,405,062	$53,362,736	$49,569,572	$50,139,146
Mutual funds (3)	7,340,330	11,363,341	13,373,611	14,420,453	12,567,907
Total Securities Inventory	**$34,568,679**	**$60,768,403**	**$66,736,347**	**$63,990,025**	**$62,707,053**
Securities liquidated	**$21,092,998**	**$ 172,928**	**$ 0**	**$ 67,860**	**$ 9,092,811**
Mutual Funds liquidated	**$ 4,451,091**	**$ 0**	**$ 0**	**$ 0**	**$ 0**
Number of checks paid	**9,507**	**10,007**	**11,605**	**4,466**	**6,941**

(1) Fees include amounts for liquidation of securities, property recovered in out-of-state audits, and appraisal and 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 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 and mutual funds liquidated in a given year.

Summary of Gross Receipts
Fiscal Year Ended June 30, 2003

Financial institutions	$11,435,269
Other corporations	19,683,966
Insurance companies	8,844,598
Governmental agencies and public authorities	2,046,605
Dividends on securities held	866,459
Estates	1,004,635
Proceeds from court settlement	420,000
Securities tendered	269,509
Securities liquidated	21,118,557
Mutual funds liquidated	4,451,091
Interest penalty assessments	330,220
Sale of property lists, copying and other charges	1,455
Reciprocal exchange program with other states	803,483
Total Gross Receipts	**$71,275,847**

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 advises the Treasurer with respect to the hiring of outside investment advisors and on the appointment of the Chief Investment Officer. 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.

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.

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 multifamily developers, and construction financing. The members of the board include the Treasurer, Commissioner of Housing, Secretary of OPM, Banking Commissioner, and six members appointed by the Governor.

CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY (CHEFA) BOARD OF DIRECTORS

CHEFA is a conduit bond issuer for hospitals, nursing homes, private universities, private secondary schools and day care facilities. The board members include the Treasurer, Secretary of OPM, and eight members appointed by the Governor.

CONNECTICUT HIGHER EDUCATION SUPPLEMENTAL LOAN AUTHORITY (CHESLA) BOARD OF DIRECTORS

CHESLA finances supplemental student loans and issues bonds every two years. The Board consists of eight members including the Treasurer, Commissioner of Higher Education, Secretary of OPM, and five additional members appointed by the Governor.

WATERBURY FINANCIAL PLANNING AND ASSISTANCE BOARD

Special Act 01-01 created the Waterbury Financial Planning and Assistance Board. The board members include the Treasurer, the Secretary of OPM, the Mayor of Waterbury, and four members appointed by the Governor. The Board is responsible for reviewing the financial affairs of the city of Waterbury, all in order to achieve or maintain access to public credit markets, to fund the city's accumulated deficits and to restore financial stability to the city of Waterbury.

EXECUTIVE OFFICE

TOTAL ADMINISTRATION EXPENDITURES
FISCAL YEARS ENDED JUNE 30,

Fiscal Years Ended June 30,

	2003	%	2002	%	2001	%	2000	%	1999	%
GENERAL FUND										
Personal Services	$2,779,972	3.90%	$2,869,876	3.72%	$2,970,332	4.60%	$2,916,411	4.69%	$2,531,740	4.50%
Other Expenses	286,417	0.40%	330,875	0.43%	400,249	0.62%	407,325	0.65%	407,548	0.73%
Capital Equipment	1,000	0.00%	1,000	0.00%	5,000	0.01%	-	0.00%	4,700	0.01%
TOTAL	**3,067,389**	**4.30%**	**3,201,751**	**4.15%**	**3,375,581**	**5.23%**	**3,323,736**	**5.34%**	**2,943,988**	**5.24%**
PENSION FUNDS										
Personal Services	$2,172,561	3.05%	$1,563,812	2.03%	$1,435,232	2.23%	$1,344,697	2.16%	$1,414,580	2.52%
Other Expenses	53,752,772	75.40%	58,941,558	76.49%	47,641,305	73.88%	46,437,634	74.66%	40,572,960	72.20%
Capital Equipment	2,736	0.00%	6,132	0.01%	28,971	0.04%	18,856	0.03%	13,171	0.02%
TOTAL	**55,928,069**	**78.45%**	**60,511,502**	**78.53%**	**49,105,508**	**76.15%**	**47,801,187**	**76.85%**	**42,000,711**	**74.74%**
SECOND INJURY FUND										
Personal Services	$6,435,233	9.03%	$6,474,238	8.40%	$5,813,536	9.02%	$5,983,086	9.62%	$5,992,293	10.66%
Other Expenses	816,008	1.14%	1,473,097	1.92%	1,444,644	2.24%	1,106,723	1.78%	1,880,142	3.35%
Capital Equipment	22,312	0.03%	34,059	0.04%	9,321	0.01%	41,380	0.07%	26,200	0.05%
TOTAL	**7,273,553**	**10.20%**	**7,981,394**	**10.36%**	**7,267,501**	**11.27%**	**7,131,189**	**11.47%**	**7,898,635**	**14.06%**
UNCLAIMED PROPERTY FUND										
Personal Services	$2,144,697	3.01%	$2,112,937	2.74%	$1,900,906	2.94%	$1,691,026	2.72%	$1,212,850	2.16%
Other Expenses	885,567	1.24%	922,617	1.20%	1,193,757	1.85%	739,246	1.19%	792,410	1.41%
Capital Equipment	7,348	0.01%	4,689	0.01%	3,593	0.01%	9,970	0.02%	31,027	0.06%
TOTAL	**3,037,612**	**4.26%**	**3,040,243**	**3.95%**	**3,098,256**	**4.80%**	**2,440,242**	**3.93%**	**2,036,287**	**3.63%**
SHORT-TERM INVESTMENT FUND										
Personal Services	$739,208	1.04%	$688,926	0.89%	$667,846	1.04%	$698,605	1.12%	$607,104	1.08%
Other Expenses	168,490	0.24%	194,809	0.25%	188,240	0.29%	214,230	0.34%	187,442	0.33%
Capital Equipment	912	0.00%	2,066	0.00%	6,550	0.01%	2,584	0.00%	2,674	0.00%
TOTAL	**908,610**	**1.28%**	**885,801**	**1.14%**	**862,636**	**1.34%**	**915,419**	**1.47%**	**797,220**	**1.41%**
Other Financing Sources (1)	**$1,078,353**	**1.51%**	**$1,437,947**	**1.87%**	**$779,096**	**1.21%**	**$587,334**	**0.94%**	**$516,589**	**0.92%**
TOTAL AGENCY	**$71,293,586**	**100.00%**	**$77,058,638**	**100.00%**	**$64,488,578**	**100.00%**	**$62,199,107**	**100.00%**	**$56,193,430**	**100.00%**

(1) 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, 2003

Name of Firm	Description of Services	Contract Date	Aggregate Compensation Paid in FY 2003	Status
ASAP Software Express	Computer Software	N/A	15,216	Terminated
BankOne NA	Purchasing Card Expenditures	N/A	10,784	Active
Bloomberg	Subscription	N/A	15,420	Active
Corporate Express	Office Supplies	Oct-95	5,568	Active
Statewide Data Supplies, Inc.	Computer Hardware	N/A	9,491	Terminated
Suburban Stationers	Office Supplies	N/A	5,676	Active
University of Connecticut	Subscription	N/A	6,500	Active
West Group	Subscription	N/A	15,519	Active
Xerox Corporation	Copier Lease and Maintenance	N/A	24,890	Active
Yankee Clipper	News Clipping Service	N/A	5,798	Active
TOTAL			$ 114,862	

(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, 2003

Name of Firm	Description of Services	Contract Date	Aggregate Compensation Paid in FY 2003	Status As of 6/30/03
ASAP Software Express Inc.	Computer Software	N/A	$ 20,485	Terminated
Automatic Data Processing	Check Processing	May-01	22,236	Active
Beneficial Investigation	Surveillance Services	Jan-01	16,563	Active
Computer Plus Center Inc.	Computer Hardware	N/A	11,373	Terminated
Concentra Managed Care	Provider Bill Audit Services	Aug-01	112,152	Active
Concentra Managed Care	IME/Case Mgmt./Job Placement	Jan-01	27,308	Active
Corporate Express	Office Supplies	Oct-00	6,929	Active
Corvel Corporation	IME/Case Mgmt./Job Placement	Jan-01	66,235	Active
Deloitte & Touche LLP	Assessment Audit & Implementation	Nov-99	24,258	Active
Hawkins Delafield & Wood	Legal Services	N/A	52,974	Terminated
Insurance Services Office Inc.	Actuarial Services	Jun-02	45,543	Terminated
Iron Mountain	Records Management Services	Jan-02	7,384	Active
Nextel Communications	Telephone/Radio Service	Jul-99	6,942	Active
Public Financial Management	Bond Financial Services	Jun-00	18,420	Terminated
Security Services of Connecticut	Surveillance Services	Jan-01	57,145	Active
Statewide Data Supplies Inc.	Computer Hardware	N/A	14,389	Active
Suburban Stationers	Office Supplies	Sep-01	6,870	Active
Xerox Corporation	Photocopier Lease	N/A	30,565	Active
TOTAL			**$ 547,771**	

(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, 2003

BOND TYPE: GENERAL OBLIGATION - TAX SUPPORTED

Issue Date	Outstanding June 30, 2002	FY 2003 Issued	FY 2003 Retired	FY 2003 Refunded or Defeased	Outstanding June 30, 2003	Low Rate (%)	High Rate (%)	Next Maturity Date	Last Maturity Date	Interest Accreted Through FY 2003 (2)	Interest Paid During FY 2003
12/22/88	$ 44,113,387	$ -	$ 4,378,780	$ -	$ 39,734,607	7.400	7.525	12/01/03	12/01/08	$75,629,157	$ 7,617,220
05/11/89	56,838,850	-	5,437,353	-	51,401,497	7.391	7.416	07/01/03	07/01/08	92,205,678	8,620,647
11/14/89	45,820,375	-	3,813,258	-	42,007,117	6.961	7.017	11/01/03	11/01/09	65,275,513	5,401,741
05/15/90	41,540,718	-	4,595,462	-	36,945,256	7.210	7.318	05/15/04	05/15/10	57,478,341	6,963,538
11/20/90	33,739,693	-	5,285,172	-	28,454,521	7.228	7.378	11/15/03	11/15/10	42,018,543	7,026,828
01/01/91	13,005,595	-	1,580,622	-	11,424,973	6.753	6.753	07/01/03	01/01/11	-	851,942
05/16/91	28,752,656	-	3,636,306	-	25,116,350	6.824	7.026	05/15/04	05/15/11	32,465,821	4,406,694
11/15/91	2,500,000	-	2,500,000	-	-				11/15/02	-	75,625
12/12/91	25,724,132	-	3,021,370	-	22,702,762	6.389	6.727	12/15/03	12/15/11	25,258,467	2,955,630
01/21/92	15,318,426	-	1,398,131	-	13,920,295	6.034	6.034	08/01/03	02/01/12	-	903,272
05/14/92	23,265,247	-	2,218,022	-	21,047,225	6.539	6.795	05/15/04	05/15/12	22,680,198	2,236,978
10/15/92	20,000,000	-	10,000,000	10,000,000	-				11/15/02	-	290,000
11/15/92	11,490,000	-	11,490,000	-	-				12/15/02	-	425,130
11/17/92	27,564,176	-	5,337,604	-	22,226,572	5.952	6.402	11/15/03	11/15/12	20,368,809	4,176,396
02/01/93	283,650,000	-	32,795,000	-	250,855,000	5.000	5.600	11/15/03	11/15/10	-	14,246,213
03/15/93	85,510,000	-	8,675,000	-	76,835,000	5.100	5.500	03/15/04	03/15/12	-	4,546,088
03/15/93	57,790,000	-	565,000	-	57,225,000	5.000	5.500	09/15/03	09/15/10	-	3,045,020
05/01/93	8,665,000	-	4,335,000	-	4,330,000	4.900	4.900	05/01/04	05/01/04	-	504,782
05/19/93	36,958,638	-	6,528,239	-	30,430,399	5.461	5.953	06/15/04	06/15/12	23,757,545	4,617,761
06/15/93	12,000,000	-	6,000,000	-	6,000,000	6.250	6.250	07/01/03	07/01/03	-	561,000
07/01/93	27,680,000	-	9,260,000	9,160,000	9,260,000	4.700	4.700	08/01/03	08/01/03	-	1,083,300
10/01/93	236,130,000	-	2,915,000	-	233,215,000	4.500	6.000	03/15/04	03/15/12	-	11,425,875
10/15/93	19,000,000	-	3,800,000	7,600,000	7,600,000	4.400	4.500	12/01/03	12/01/04	-	421,800
11/16/93	30,649,379	-	2,900,379	-	27,749,000	4.762	5.383	12/01/03	12/01/12	17,342,598	1,502,621
01/01/94	14,200,000	-	7,100,000	-	7,100,000	6.000	6.000	01/15/04	01/15/04	-	852,000
03/15/94	65,804,097	-	12,185,000	-	53,619,097	5.200	5.650	03/15/04	03/15/12	-	3,520,833
05/01/94	14,370,000	-	3,820,000	-	10,550,000	5.250	5.500	05/01/04	05/01/08	-	760,865
05/26/94	38,558,342	-	3,218,330	-	35,340,012	5.928	6.414	06/01/04	06/01/13	26,180,425	2,185,670
08/15/94	41,304,779	-	10,365,000	-	30,939,779	5.375	5.800	08/15/03	08/15/08	-	1,971,594
11/01/94	8,135,000	-	4,060,000	4,060,000	15,000	5.900	5.900	12/01/06	12/01/06	-	112,535
11/22/94	39,939,864	-	5,235,487	-	34,704,377	5.676	6.398	12/15/03	12/15/13	23,249,143	2,925,513
12/01/94	24,780,000	-	8,260,000	-	16,520,000	8.400	8.400	12/01/03	12/01/04	-	1,732,535
03/15/95	61,622,036	-	19,390,000	34,167,036	8,065,000	5.300	5.300	03/15/04	03/15/04	-	3,036,762
03/15/95	41,155,000	-	590,000	40,565,000	-				03/15/03	-	2,191,245
10/01/95	106,260,000	-	21,500,000	-	84,760,000	5.000	6.000	10/01/03	10/01/06	-	5,155,650
03/28/96	5,969,061	-	420,626	-	5,548,435	5.030	5.030	11/01/03	05/01/18	-	295,033
04/15/96	79,700,000	-	16,000,000	-	63,700,000	5.000	6.250	05/15/04	05/15/07	-	4,574,352
04/15/96	19,610,000	-	19,610,000	-	-				10/15/02	-	588,300
08/15/96	26,590,000	-	4,400,000	-	22,190,000	5.000	6.500	08/15/03	08/15/16	-	1,379,237

DEBT MANAGEMENT DIVISION

SCHEDULE OF DEBT OUTSTANDING [1] (Continued)

JUNE 30, 2003

Issue Date	Outstanding June 30, 2002	FY 2003 Issued	FY 2003 Retired	Refunded or Defeased	Outstanding June 30, 2003	Low Rate (%)	High Rate (%)	Next Maturity Date	Last Maturity Date	Interest Accreted Through FY 2003 [2]	Interest Paid During FY 2003
11/01/96	47,325,000	-	10,350,000	-	36,975,000	4.600	6.000	11/01/03	11/01/04	-	2,266,365
11/01/96	7,750,000	-	-	-	7,750,000	5.000	5.000	11/01/08	11/01/08	-	387,500
12/01/96	38,750,000	-	7,750,000	-	31,000,000	5.000	5.000	12/01/03	12/01/06	-	1,743,750
03/01/97	64,560,000	-	-	16,150,000	48,410,000	4.625	6.000	03/01/04	03/01/17	-	3,003,771
05/14/97	99,235,000	-	-	-	99,235,000	3.750	3.750	05/15/05	05/15/14	-	1,206,670
08/01/97	199,522,415	-	12,470,000	49,880,000	137,172,415	4.400	5.500	08/01/03	08/01/17	-	8,658,515
09/01/97	16,707,907	-	779,864	-	15,928,043	5.081	5.081	03/01/04	03/01/20	-	848,929
09/15/97	123,885,000	-	580,000	-	123,305,000	4.300	5.500	12/01/03	12/01/12	-	6,425,835
09/30/97	4,040,000	-	315,000	-	3,725,000	5.081	5.081	03/01/04	03/01/20	-	205,273
02/01/98	145,500,000	-	350,000	-	145,150,000	4.100	5.250	03/15/04	03/15/15	-	7,566,506
03/15/98	175,825,000	-	6,000,000	63,575,000	106,250,000	4.150	5.500	03/15/04	03/15/18	-	5,496,875
03/15/98	53,000,000	-	13,000,000	-	40,000,000	6.110	6.170	03/15/04	03/15/06	-	3,235,000
07/15/98	55,945,000	-	16,500,000	-	39,445,000	5.900	6.140	08/01/03	08/01/08	-	2,835,691
07/30/98	50,000,000	-	10,000,000	-	40,000,000	5.900	6.120	11/01/03	11/01/06	-	2,701,500
08/01/98	28,595,000	-	1,855,000	-	26,740,000 [3]	4.100	4.750	12/15/03	12/15/13	-	1,266,326
10/15/98	164,445,000	-	10,000,000	14,800,000	139,645,000	3.700	5.250	10/15/03	10/15/18	-	6,345,513
12/15/98	141,660,000	-	8,340,000	12,840,000	120,480,000	3.625	5.250	12/15/03	12/15/18	-	5,362,440
05/01/99	17,340,480	-	672,480	-	16,668,000	4.633	4.633	09/01/03	09/01/22	-	787,806
05/06/99	4,630,000	-	145,000	-	4,485,000	4.633	4.633	09/01/03	09/01/22	-	211,149
06/15/99	255,000,000	-	15,000,000	25,325,000	214,675,000	4.500	5.250	06/15/04	06/15/19	-	11,551,688
11/01/99	168,220,000	-	12,250,000	10,840,000	145,130,000	4.400	5.875	11/01/03	11/01/18	-	7,845,233
04/15/00	110,425,000	-	7,500,000	3,450,000	99,475,000	4.800	5.625	04/15/04	04/15/20	-	5,529,228
06/15/00	298,950,000	-	22,500,000	11,305,000	265,145,000	4.700	5.750	06/15/04	06/15/20	-	14,706,980
12/01/00	60,000,000	-	20,000,000	-	40,000,000	6.450	6.500	12/01/03	12/01/04	-	3,235,000
12/15/00	387,000,000	-	13,000,000	17,480,000	356,520,000	4.250	5.500	12/15/03	12/15/16	-	17,741,245
02/22/01	100,000,000	-	-	-	100,000,000	3.750	3.750	02/15/17	02/15/20	-	1,258,904
06/12/01	3,550,000	-	110,000	-	3,440,000	4.650	4.650	10/01/03	10/01/22	-	163,796
06/12/01	10,398,696	-	-	-	10,398,696	4.652	4.652	10/01/03	10/01/22	-	483,727
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	360,000,000	-	20,000,000	-	340,000,000	3.300	5.375	06/15/04	06/15/21	-	17,505,540
06/15/01	20,000,000	-	-	-	20,000,000	4.330	4.330	06/15/12	06/15/12	-	812,197
11/15/01	400,000,000	-	8,375,000	-	391,625,000	3.000	5.125	11/15/03	11/15/21	-	18,640,590
11/15/01	334,245,000	-	830,000	-	333,415,000	3.000	5.125	11/15/03	11/15/19	-	16,734,944
11/15/01	98,590,000	-	11,855,000	-	86,735,000	5.000	5.000	11/15/03	11/15/08	-	4,514,575
12/15/01	175,000,000	-	-	-	175,000,000	3.000	5.000	12/15/04	12/15/11	-	7,991,105
04/15/02	335,000,000	-	26,750,000	-	308,250,000	3.000	5.375	04/15/04	04/15/22	-	15,216,904
05/01/02	47,000,000	-	-	-	47,000,000	4.250	4.250	05/01/05	05/01/12	-	818,453
05/01/02	53,000,000	-	-	-	53,000,000	4.250	4.250	05/01/05	05/01/12	-	926,690
06/15/02	224,000,000	-	11,200,000	-	212,800,000	2.550	5.500	06/15/04	06/15/22	-	9,641,168
06/15/02	155,500,000	-	14,250,000	-	141,250,000	3.000	5.500	12/15/03	12/15/18	-	6,985,350
08/15/02	-	400,000,000	-	-	400,000,000	2.000	5.375	11/15/03	11/15/22	-	13,832,656
08/15/02	-	256,375,000	2,040,000	-	254,335,000	3.000	5.500	11/15/03	11/15/15	-	9,724,688
11/01/02	-	231,000,000	-	-	231,000,000	3.000	5.000	10/15/03	10/15/22	-	4,554,856

DEBT MANAGEMENT DIVISION

SCHEDULE OF DEBT OUTSTANDING (1) (Continued)

JUNE 30, 2003

Issue Date	Outstanding June 30, 2002	FY 2003 Issued	FY 2003 Retired	Refunded or Defeased	Outstanding June 30, 2003	Low Rate (%)	High Rate (%)	Next Maturity Date	Last Maturity Date	Interest Accreted Through FY 2003 (2)	Interest Paid During FY 2003
04/15/03	-	70,385,000	-	-	70,385,000	4.000	6.000	04/15/04	04/15/07	-	-
04/15/03	-	300,000,000	-	-	300,000,000	2.000	5.000	04/15/04	04/15/23	-	-
04/15/03	-	77,700,000	-	-	77,700,000	4.250	4.250	04/30/04	04/30/13	-	-
05/01/03	-	265,000,000	-	-	265,000,000	2.000	5.250	05/01/04	05/01/23	-	-
SUBTOTAL	**$7,314,873,949**	**$1,600,460,000**	**$563,387,485**	**$331,197,036**	**$8,020,749,428**					**$523,910,238**	**$403,113,984**
BOND TYPE: GENERAL OBLIGATION - REVENUE SUPPORTED											
07/01/72	$ 80,000,000	$ -	$80,000,000	$ -	$ -				07/01/02	$ -	$ 2,100,000
03/15/93	5,275,000	-	525,000	-	4,750,000	5.100	5.500	03/15/04	03/15/12	-	280,403
03/15/94	1,945,903	-	645,000	-	1,300,903	5.200	5.500	03/15/04	03/15/10	-	101,537
08/15/94	1,005,221	-	335,000	-	670,221	5.375	5.800	08/15/03	08/15/08	-	45,028
03/15/95	2,112,964	-	1,055,000	1,057,964	-				03/15/03	-	74,013
10/01/95	2,505,000	-	500,000	-	2,005,000	5.000	6.000	10/01/03	10/01/06	-	121,750
03/01/97	5,730,000	-	-	1,420,000	4,310,000	4.625	6.000	03/01/04	03/01/17	-	266,970
SUBTOTAL	**$ 98,574,088**	**$ -**	**$83,060,000**	**$ 2,477,964**	**$ 13,036,124**					**$ -**	**$ 2,989,701**
BOND TYPE: GENERAL OBLIGATION - TRANSPORTATION											
12/22/88	$ 343,991	$ -	$ -	$ -	$ 343,991	7.513	7.525	12/01/06	12/01/08	$ 660,477	$ -
11/15/91	8,505,000	-	8,505,000	-	-				11/15/02	-	257,276
08/01/97	8,477,585	-	530,000	2,120,000	5,827,585	4.400	5.500	08/01/03	08/01/17	-	363,906
10/15/98	5,555,000	-	-	-	5,555,000	4.500	5.250	10/15/12	10/15/13	-	271,505
SUBTOTAL	**$ 22,881,576**	**$ -**	**$ 9,035,000**	**$ 2,120,000**	**$ 11,726,576**					**$ 660,477**	**$ 892,687**
BOND TYPE: ECONOMIC RECOVERY NOTES (4)											
12/01/02	$ -	$ 149,095,000	$ -	$ -	$ 149,095,000	2.000	4.000	12/01/03	12/01/06	$ -	$ 2,231,000
12/19/02	-	70,140,000	-	-	70,140,000	3.500	3.500	12/01/06	12/01/07	-	358,415
SUBTOTAL	**$ -**	**$ 219,235,000**	**$ -**	**$ -**	**$ 219,235,000**					**$ -**	**$ 2,589,415**
BOND TYPE: SPECIAL TAX OBLIGATION											
06/15/88	$ 3,417,825	$ -	$ -	$ -	$ 3,417,825	7.750	7.750	06/01/07	06/01/08	$ 7,308,820	$ -
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	156,100,000	-	13,200,000	-	142,900,000	6.171	6.171	12/01/03	12/01/10	-	2,258,256
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	24,710,000	-	12,000,000	-	12,710,000	6.000	6.000	02/15/04	02/15/04	-	1,470,600
09/01/92	128,740,000	-	12,450,000	-	116,290,000	6.000	6.150	09/01/06	09/01/12	-	7,452,018
03/01/93	508,365,000	-	46,875,000	-	461,490,000	5.000	5.400	09/01/03	09/01/10	-	25,222,198
09/01/93	135,930,000	-	33,565,000	-	102,365,000	4.300	4.600	10/01/03	10/01/06	-	5,221,625
09/15/93	30,010,000	-	8,135,000	13,400,000	8,475,000	4.400	4.400	10/01/03	10/01/03	-	886,870
03/01/94	14,035,000	-	6,860,000	-	7,175,000	5.100	5.100	04/01/04	04/01/04	-	708,925

DEBT MANAGEMENT DIVISION

SCHEDULE OF DEBT OUTSTANDING [1] (Continued)

JUNE 30, 2003

Issue Date	Outstanding June 30, 2002	FY 2003 Issued	FY 2003 Retired	FY 2003 Refunded or Defeased	Outstanding June 30, 2003	Low Rate (%)	High Rate (%)	Next Maturity Date	Last Maturity Date	Interest Accreted Through FY 2003 [2]	Interest Paid During FY 2003
09/15/94	17,410,000	-	8,485,000	-	8,925,000	5.500	5.500	10/01/03	10/01/03	-	724,213
05/15/95	16,750,000	-	5,300,000	-	11,450,000	5.100	5.100	06/01/04	06/01/05	-	854,250
09/01/95	51,360,000	-	14,155,000	-	37,205,000	4.800	6.250	10/01/03	10/01/05	-	2,595,759
09/01/95	22,815,000	-	7,270,000	-	15,545,000	4.600	4.700	10/01/03	10/01/04	-	886,590
06/01/96	19,460,000	-	6,050,000	-	13,410,000	5.000	6.000	06/01/04	06/01/06	-	1,037,600
10/01/96	79,555,000	-	65,000	-	79,490,000	4.700	6.000	10/01/03	10/01/09	-	4,769,145
10/01/96	66,290,000	-	4,730,000	35,250,000	26,310,000	4.700	6.000	10/01/03	10/01/06	-	2,563,359
10/15/97	55,660,000	-	135,000	-	55,525,000	4.300	5.500	11/01/03	11/01/07	-	2,959,990
10/15/97	117,910,000	-	5,525,000	53,760,000	58,625,000	4.400	5.500	11/01/03	11/01/12	-	4,453,150
04/15/98	196,695,000	-	-	-	196,695,000	5.250	5.500	10/01/08	10/01/14	-	10,669,075
09/15/98	201,275,000	-	8,870,000	81,580,000	110,825,000	4.000	5.500	11/01/03	11/01/13	-	7,699,070
11/15/99	138,025,000	-	6,385,000	86,645,000	44,995,000	4.625	5.500	12/01/06	12/01/11	-	4,826,283
07/15/00	118,420,000	-	6,920,000	18,690,000	92,810,000	4.500	5.500	09/01/03	09/01/12	-	5,372,556
09/15/00	100,000,000	-	-	-	100,000,000	4.500	5.000	09/01/13	09/01/20	-	1,213,562
09/15/01	175,000,000	-	9,340,000	90,130,000	75,530,000	2.300	5.375	10/01/03	10/01/14	-	5,314,439
09/15/01	533,335,000	-	-	-	533,335,000	3.250	5.375	10/01/03	10/01/15	-	27,036,673
05/01/02	112,000,000	-	-	-	112,000,000	3.000	5.375	07/01/03	07/01/22	-	3,471,784
11/01/02	-	215,000,000	-	-	215,000,000	2.500	5.250	12/01/03	12/01/22	-	5,640,859
01/23/03	-	120,385,000	-	-	120,385,000	3.293	3.293	02/01/04	02/01/22	-	488,137
01/23/03	-	100,000,000	-	-	100,000,000	3.288	3.288	02/01/04	02/01/22	-	405,479
01/23/03	-	201,595,000	-	-	201,595,000	3.284	3.284	02/01/04	02/01/22	-	817,426
SUBTOTAL	**$3,144,907,825**	**$ 636,980,000**	**$216,315,000**	**$379,455,000**	**$3,186,117,825**					**$ 7,308,820**	**$145,201,395**

BOND TYPE: BRADLEY INTERNATIONAL AIRPORT

Issue Date	Outstanding June 30, 2002	FY 2003 Issued	FY 2003 Retired	FY 2003 Refunded or Defeased	Outstanding June 30, 2003	Low Rate (%)	High Rate (%)	Next Maturity Date	Last Maturity Date	Interest Accreted Through FY 2003 [2]	Interest Paid During FY 2003
09/30/92	$ 50,755,000	$ -	$ 4,150,000	$ -	$ 46,605,000	7.400	7.650	10/01/03	10/01/11	$ -	$ 3,695,732
03/01/01	194,000,000	-	1,390,000	-	192,610,000	3.500	5.250	10/01/03	10/01/31	-	9,659,005
03/01/01	19,180,000	-	235,000	-	18,945,000	3.400	4.300	10/01/03	10/01/12	-	803,783
SUBTOTAL	**$ 263,935,000**	**$ -**	**$ 5,775,000**	**$ -**	**$ 258,160,000**					**$ -**	**$14,158,520**

BOND TYPE: CLEAN WATER FUND

Issue Date	Outstanding June 30, 2002	FY 2003 Issued	FY 2003 Retired	FY 2003 Refunded or Defeased	Outstanding June 30, 2003	Low Rate (%)	High Rate (%)	Next Maturity Date	Last Maturity Date	Interest Accreted Through FY 2003 [2]	Interest Paid During FY 2003
01/01/91	$ 5,550,000	$ -	$ 1,010,000	$ -	$ 4,540,000	6.700	7.000	07/01/03	01/01/11	$ -	$ 362,086
01/01/92	19,375,000	-	5,615,000	-	13,760,000	5.700	6.125	08/01/03	02/01/12	-	1,042,749
01/01/93	33,800,000	-	2,780,000	-	31,020,000	5.400	6.000	10/01/03	10/01/12	-	1,914,318
06/01/94	29,625,000	-	3,405,000	-	26,220,000	5.400	6.500	12/01/03	06/01/16	-	1,712,131
03/01/96	64,305,000	-	3,450,000	-	60,855,000	4.500	5.875	11/01/03	05/01/18	-	3,291,934
03/15/96	46,125,000	-	535,000	-	45,590,000	4.800	5.600	07/01/03	01/01/11	-	2,387,881
09/01/97	96,730,000	-	4,515,000	-	92,215,000	4.450	6.000	03/01/04	03/01/20	-	4,973,617
04/15/99	120,420,000	-	4,670,000	-	115,750,000	4.000	5.125	09/01/03	09/01/22	-	5,461,814
05/01/99	77,995,000	-	1,070,000	-	76,925,000	3.750	5.250	07/15/03	07/15/16	-	3,617,713
06/01/01	100,000,000	-	-	-	100,000,000	4.000	5.500	10/01/03	10/01/22	-	4,721,873
SUBTOTAL	**$ 593,925,000**	**$ -**	**$27,050,000**	**$ -**	**$ 566,875,000**					**$ -**	**$29,486,116**

DEBT MANAGEMENT DIVISION

SCHEDULE OF DEBT OUTSTANDING* (Continued)

JUNE 30, 2003

Issue Date	Outstanding June 30, 2002	FY 2003 Issued	FY 2003 Retired	Refunded or Defeased	Outstanding June 30, 2003	Low Rate (%)	High Rate (%)	Next Maturity Date	Last Maturity Date	Interest Accreted Through FY 2003 [2]	Interest Paid During FY 2003
BOND TYPE: GENERAL FUND APPROPRIATION - UCONN 2000 [5]											
01/01/96	$ 54,035,000	$ -	$ 4,505,000	$ -	$ 49,530,000	4.300	5.500	02/01/04	02/01/16	$ -	$ 2,604,892
02/21/96	4,369,715	-	-	-	4,369,715	5.050	5.100	02/01/10	02/01/11	1,948,468	-
04/01/97	84,500,000	-	6,500,000	-	78,000,000	4.800	5.375	04/01/04	04/01/17	-	4,330,625
04/24/97	7,392,432	-	-	-	7,392,432	5.200	5.300	04/01/08	04/01/09	2,791,248	-
06/01/98	79,600,000	-	4,975,000	-	74,625,000	4.050	5.250	06/01/04	06/01/18	-	3,747,357
03/01/99	68,000,000	-	4,000,000	-	64,000,000	3.650	4.850	04/01/04	04/01/19	-	2,890,500
03/01/00	117,740,000	-	7,465,000	-	110,275,000	4.650	5.750	03/01/04	03/01/20	-	6,088,718
03/15/01	95,000,000	-	5,205,000	-	89,795,000	3.300	5.375	04/01/04	04/01/21	-	4,122,444
04/01/02	100,000,000	-	5,000,000	-	95,000,000	3.000	5.375	04/01/04	04/01/22	-	4,545,385
03/01/03	-	96,210,000	-	-	96,210,000	2.000	5.250	02/15/04	02/15/23	-	-
SUBTOTAL	**$ 610,637,147**	**$ 96,210,000**	**$37,650,000**	**$ -**	**$ 669,197,147**					**$ 4,739,716**	**$28,329,921**
BOND TYPE: CDA INCREMENT FINANCING [6]											
10/01/94	$ 8,865,000	$ -	$ 180,000	$ -	$ 8,685,000	5.650	6.375	10/15/03	10/15/24	$ -	$ 556,036
10/15/94	760,000	-	135,000	-	625,000	5.550	6.000	10/15/03	10/15/06	-	39,836
12/01/95	7,870,000	-	395,000	-	7,475,000	4.750	5.550	12/15/03	12/15/15	-	411,014
01/01/97	15,215,000	-	700,000	-	14,515,000	4.700	5.500	05/01/04	05/01/17	-	801,394
SUBTOTAL	**$ 32,710,000**	**$ -**	**$ 1,410,000**	**$ -**	**$ 31,300,000**					**$ -**	**$ 1,808,280**
BOND TYPE: CDA GOVERNMENTAL LEASE REVENUE [7]											
12/15/94	$ 6,950,000	$ -	$ 405,000	$ -	$ 6,545,000	6.050	6.600	06/15/04	06/15/14	$ -	$ 448,108
SUBTOTAL	**$ 6,950,000**	**$ -**	**$ 405,000**	**$ -**	**$ 6,545,000**					**$ -**	**$ 448,108**
BOND TYPE: SECOND INJURY FUND BONDS [8]											
10/01/96	$ 58,385,000	$ -	$ 5,875,000	$11,435,000	$ 41,075,000	5.000	6.000	01/01/04	01/01/09	$ -	$ 3,113,195
10/01/00	95,635,000	-	7,195,000	18,385,000	70,055,000	4.500	5.250	01/01/04	01/01/11	-	4,674,481
SUBTOTAL	**$ 154,020,000**	**$ -**	**$13,070,000**	**$29,820,000**	**$ 111,130,000**					**$ -**	**$ 7,787,676**
BOND TYPE: CHEFA CHILDCARE FACILITIES PROGRAM [9]											
04/15/98	$ 5,375,000	$ -	$ -	$ -	$ 5,375,000	6.750	6.750	07/01/04	07/01/28	$ -	$ 362,812
04/15/98	190,000	-	90,000	-	100,000	9.500	9.500	07/01/03	07/01/03	-	13,775
11/01/98	8,755,000	-	180,000	-	8,575,000	3.850	5.000	07/01/03	07/01/28	-	412,787
09/01/99	18,150,000	-	365,000	-	17,785,000	4.350	5.625	07/01/03	07/01/29	-	962,548
08/01/00	3,940,000	-	65,000	-	3,875,000	4.500	5.500	07/01/03	07/01/30	-	207,649
04/01/01	3,865,000	-	-	-	3,865,000	4.000	5.000	07/01/03	07/01/31	-	185,289
SUBTOTAL	**$ 40,275,000**	**$ -**	**$ 700,000**	**$ -**	**$ 39,575,000**					**$ -**	**$ 2,144,860**

DEBT MANAGEMENT DIVISION

SCHEDULE OF DEBT OUTSTANDING* (Continued)
JUNE 30, 2003

Issue Date	Outstanding June 30, 2002	FY 2003 Issued	FY 2003 Retired	FY 2003 Refunded or Defeased	Outstanding June 30, 2003	Low Rate (%)	High Rate (%)	Next Maturity Date	Last Maturity Date	Interest Accreted Through FY 2003 (2)	Interest Paid During FY 2003
BOND TYPE: BRADLEY INTERNATIONAL PARKING OPERATIONS (10)											
03/15/00	$ 47,665,000	$ -	$ -	$ -	$ 47,665,000	6.125	6.600	07/01/07	07/01/24	$ -	$ 3,091,680
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 ENERGY CENTER (11)											
02/15/01	$ 19,165,000	$ -	$ 340,000	$ -	$ 18,825,000	3.500	5.250	12/15/03	12/15/30	$ -	$ 901,600
SUBTOTAL	**$ 19,165,000**	**$ -**	**$ 340,000**	**$ -**	**$ 18,825,000**					**$ -**	**$ 901,600**
TOTAL	**$12,356,654,585**	**$2,552,885,000**	**$958,197,485**	**$745,070,000**	**$13,206,272,100**					**$536,619,251**	**$643,434,743**

(1) Includes all outstanding debt issued by the State of Connecticut as of June 30, 2003. 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, 2003.
(3) Debt outstanding at June 30, 2003 includes $26,740,000 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) Economic Recovery Notes were issued in December 2002 to fund the State's Fiscal 2002 deficit. The notes, issued in a combination of fixed and variable rate securities, have a final maturity of December 2007 and are General Obligations of the State.
(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 $29,820,000 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) A lease purchase finanacing of the heating and cooling plant at the Juvenile Training School in Middletown.

DEBT MANAGEMENT DIVISION

SCHEDULE OF AUTHORIZED AND ISSUED DEBT OUTSTANDING (1)

JUNE 30, 2003

Fund No.	Name	Inception to Date Amount Authorized	Inception to Date Amount Issued (2)	Outstanding June 30, 2003	Interest Accreted Through Fiscal Year 2003(3)	Outstanding Incl. Accreted Interest June 30, 2003
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	$34,456,884	53,669,952
1502	ECONOMIC DEVELOPMENT ASSISTANCE	616,800,000	519,489,293	221,755,128	-	221,755,128
1504	ECONOMIC STABILIZATION FUND	95,000,000	86,462,706	22,520,000	-	22,520,000
1800	HOUSING BONDS	485,977,506	442,180,235	70,446,520	27,003,777	97,450,297
1841	HOUSING IMPROVEMENTS	11,000,000	11,000,000	90,989	163,184	254,173
1843	CHILD CARE FACILITIES	7,775,000	5,184,409	225,000	-	225,000
1861	HOUSING IMPROVEMENTS	35,661,594	35,661,594	9,453,485	16,941,331	26,394,816
1865	HOUSING SITE DEVELOPMENT	3,000,000	3,000,000	2,841,053	4,768,543	7,609,596
1870	LOCAL CAPITAL IMPROVEMENT FUND	405,000,000	387,500,000	169,815,508	13,354,108	183,169,616
1871	HOUSING IMPROVEMENTS	209,500,000	209,500,000	14,493,531	26,047,210	40,540,741
1872	CAPITAL EQUIPMENT PURCHASE FUND	248,440,000	219,483,428	45,416,291	-	45,416,291
1873	GRANTS TO LOCAL GOVTS. & OTHERS	1,197,890,327	815,613,728	437,747,516	30,963,954	468,711,470
1874	ECONOMIC DEVELOPMENT & OTHER GRANTS	104,193,324	101,193,948	33,276,469	30,627,974	63,904,443
1877	SHELLFISH FUND	1,300,000	1,300,000	1,200,000	2,302,061	3,502,061
1878	COMMUNITY HSG LAND BANK & TRUST	1,000,000	1,000,000	1,000,000	1,300,266	2,300,266
1879	HOUSING HOMELESS PERSONS	8,100,000	5,926,260	1,235,027	-	1,235,027
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	2,000,000	1,750,000	-	1,750,000
1971	HARTFORD REDEVELOPMENT	493,000,000	287,130,000	275,930,000	-	275,930,000
3001	GENERAL STATE PURPOSES	310,766,060	199,395,004	199,395,004	-	199,395,004
3011	GENERAL STATE PURPOSES	490,668,191	256,019,398	256,019,398	-	256,019,398
3021	GENERAL STATE PURPOSES	223,858,100	64,843,003	64,843,003	-	64,843,003
3051	RENTAL HOUSING FOR THE ELDERLY	145,600,000	145,600,000	7,761,286	14,534,870	22,296,156
3080	ELIMINATION OF WATER POLLUTION	398,000,000	397,965,862	8,817,105	6,259,080	15,076,185
3081	CAPITAL IMPROVEMENTS	248,048,985	248,048,985	4,100,000	7,348,331	11,448,331
3089	SCHOOL CONSTRUCTION	1,658,439,500	1,651,319,500	189,033,634	55,444,950	244,478,584
3090	MAGNET SCHOOLS	1,682,330,770	1,613,029,694	1,358,649,725	-	1,358,649,725
3094	CAPITAL IMPROVEMENTS	53,621,491	52,929,178	40,868	-	40,868
3732	CAPITAL IMPROVEMENTS	4,216,000	4,216,000	4,216,000	7,966,098	12,182,098
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	12,611,868	19,213,568
3775	CONGREGATE HOUSING FOR ELDERLY	21,000,000	21,000,000	9,455,258	12,343,417	21,798,675
3781	CAPITAL IMPROVEMENTS	90,246,303	85,746,729	400,000	-	400,000
3783	AGRICULTURAL LAND PRESERVATION	87,750,000	78,498,716	7,522,682	-	7,522,682
3791	CAPITAL IMPROVEMENTS	40,802,535	39,677,932	6,335,442	12,178,337	18,513,779
3795	GRANTS FOR URBAN ACTION	799,987,544	578,871,891	372,397,058	21,282,405	393,679,463
3804	ELDERLY HOUSING PROJECT	3,000,000	3,000,000	150,000	195,392	345,392
3841	CAPITAL IMPROVEMENTS	117,260,158	114,613,828	588,900	622,608	1,211,508
3861	CAPITAL IMPROVEMENTS	119,859,926	111,084,971	6,429,203	9,384,753	15,813,956

DEBT MANAGEMENT DIVISION

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

JUNE 30, 2003

Fund No.	Name	Inception to Date: Amount Authorized	Inception to Date: Amount Issued [2]	Outstanding June 30, 2003	Interest Accreted Through Fiscal Year 2003[3]	Outstanding Incl. Accreted Interest June 30, 2003
3871	CAPITAL IMPROVEMENTS	521,848,335	506,869,325	53,414,091	64,524,388	117,938,479
3874	STATE CAPITOL RENOVATION	10,000,000	10,000,000	984,732	1,517,266	2,501,998
3891	GENERAL STATE PURPOSES	416,558,089	410,073,686	35,119,238	9,494,530	44,613,768
3901	GENERAL STATE PURPOSES	534,336,591	528,220,942	97,959,881	54,199,995	152,159,876
3911	GENERAL STATE PURPOSES	148,919,844	141,037,252	40,838,870	10,795,662	51,634,532
3921	GENERAL STATE PURPOSES	322,135,563	320,382,563	190,660,589	1,980,976	192,641,565
3931	GENERAL STATE PURPOSES	630,190,874	614,440,971	256,176,281	24,199,449	280,375,730
3951	GSP/UCONN BABBIDGE LIBRARY & PLAZA DECK	209,833,281	190,950,003	87,369,806	-	87,369,806
3961	GENERAL STATE PURPOSES	229,443,847	195,344,280	142,274,280	-	142,274,280
3971	GENERAL STATE PURPOSES	198,772,694	186,057,040	138,391,512	-	138,391,512
3981	GENERAL STATE PURPOSES	217,617,383	200,699,838	174,884,793	-	174,884,793
3983	CT JUVENILE TRAINING SCHOOL	27,500,000	27,500,000	8,230,000	-	8,230,000
3991	GENERAL STATE PURPOSES	307,720,348	250,028,315	250,028,315	-	250,028,315
6024	CONNECTICUT INNOVATIONS, INC.	114,800,500	114,290,319	25,550,300	-	25,550,300
6864	CLEAN WATER FUND	660,449,874	533,253,884	270,054,535	9,096,571	279,151,106
6866	CLEAN WATER FUND - LONG ISLAND SOUND	70,181,466	50,502,782	10,764,646	-	10,764,646
9962	GO 2003 SERIES B REFUNDING BONDS [4]	-	70,385,000	70,385,000	-	70,385,000
9964	GO 2002 SERIES E REFUNDING BONDS [4]	-	256,375,000	254,335,000	-	254,335,000
9965	GO 2002 SERIES C REFUNDING BONDS [4]	-	155,500,000	141,250,000	-	141,250,000
9966	GO 2002 SERIES E & F REFUNDING BONDS [4]	-	432,835,000	420,150,000	-	420,150,000
9970	GO 2001 SERIES C REFUNDING BONDS [4]	-	504,575,000	504,575,000	-	504,575,000
9972	MIDDLETOWN COURTHOUSE REFUNDING BONDS [4][5]	-	34,375,000	26,740,000	-	26,740,000
9973	GO 1996 SERIES A TAXABLE REFUNDING BONDS [4]	-	80,000,000	40,000,000	-	40,000,000
9974	GO 1998 SERIES A TAXABLE REFUNDING BONDS [4]	-	105,445,000	39,445,000	-	39,445,000
9976	GO FEBRUARY 1998 REFUNDING BONDS [4]	-	146,780,000	145,150,000	-	145,150,000
9978	GO 1997 SERIES D REFUNDING BONDS [4]	-	126,765,000	123,305,000	-	123,305,000
9979	GO 1996 SERIES C REFUNDING BONDS [4]	-	81,555,000	36,975,000	-	36,975,000
9986	GO OCTOBER 1993 REFUNDING BONDS [4]	-	259,125,000	233,215,000	-	233,215,000
9989	GO MARCH 1993 SERIES B REFUNDING BONDS [4]	-	157,745,000	57,225,000	-	57,225,000
9991	GO FEBRUARY 1993 REFUNDING BONDS [4]	-	389,090,000	250,855,000	-	250,855,000
TOTAL		**$15,259,685,062**	**$16,092,325,163**	**$8,020,749,428**	**$523,910,238**	**$8,544,659,666**

BOND TYPE: GENERAL OBLIGATION - REVENUE SUPPORTED

Fund No.	Name	Amount Authorized	Amount Issued	Outstanding June 30, 2003	Interest Accreted Through Fiscal Year 2003	Outstanding Incl. Accreted Interest June 30, 2003
3016	REGIONAL MARKETS	$3,793,963	$3,793,963	$20,000	-	$20,000
3876	UNIV.& STATE UNIVERSITY FACILITIES	104,363,266	104,192,153	13,016,124	-	13,016,124
TOTAL		**$108,157,229**	**$107,986,116**	**$13,036,124**	**-**	**$13,036,124**

BOND TYPE: GENERAL OBLIGATION - TRANSPORTATION

Fund No.	Name	Amount Authorized	Amount Issued	Outstanding June 30, 2003	Interest Accreted Through Fiscal Year 2003	Outstanding Incl. Accreted Interest June 30, 2003
3071	SPECIFIC INTERIOR HIGHWAY PROJECT	$459,400,000	$459,400,000	$5,400,000	-	$5,400,000
3092	SPECIFIC HIGHWAY PURPOSES	142,050,000	140,597,585	5,827,585	-	5,827,585

DEBT MANAGEMENT DIVISION

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

JUNE 30, 2003

Fund No.	Name	Inception to Date Amount Authorized	Inception to Date Amount Issued (2)	Outstanding June 30, 2003	Interest Accreted Through Fiscal Year 2003(3)	Outstanding Incl. Accreted Interest June 30, 2003
3803	RAMPS - RT 72 CENTER ST. EXPRESSWAY	500,000	498,991	498,991	$660,477	1,159,468
TOTAL		**$601,950,000**	**$600,496,576**	**$11,726,576**	**$660,477**	**$12,387,053**
BOND TYPE: ECONOMIC RECOVERY NOTES (6)						
2030	ECONOMIC RECOVERY NOTES	$1,184,945,000	$1,184,945,000	$219,235,000	-	$219,235,000
TOTAL		**$1,184,945,000**	**$1,184,945,000**	**$219,235,000**	**-**	**$219,235,000**
BOND TYPE: SPECIAL TAX OBLIGATION						
3842	INFRASTRUCTURE IMPROVEMENT	$5,369,814,104	$4,996,650,752	$1,285,322,825	$7,308,820	$1,292,631,645
9963	STO 2003 SERIES 1 & 2 REFUNDING BONDS (4)	-	421,980,000	421,980,000	-	421,980,000
9967	STO 2001 SERIES B REFUNDING BONDS (4)	-	533,335,000	533,335,000	-	533,335,000
9975	STO 1998 SERIES A REFUNDING BONDS (4)	-	197,500,000	196,695,000	-	196,695,000
9977	STO 1997 SERIES B REFUNDING BONDS (4)	-	65,415,000	55,525,000	-	55,525,000
9980	STO 1996 SERIES C REFUNDING BONDS (4)	-	79,795,000	79,490,000	-	79,490,000
9987	STO 1993 SERIES B REFUNDING BONDS (4)	-	254,770,000	102,365,000	-	102,365,000
9988	STO 1992 A & 1995 C REFUNDING BONDS (4)	-	286,345,000	49,915,000	-	49,915,000
9990	STO 1993 SERIES A REFUNDING BONDS (4)	-	560,750,000	461,490,000	-	461,490,000
TOTAL		**$5,369,814,104**	**$7,396,540,752**	**$3,186,117,825**	**$7,308,820**	**$3,193,426,645**
BOND TYPE: BRADLEY INTERNATIONAL AIRPORT						
6310	BRADLEY AIRPORT EXPANSION REVENUE BONDS	$194,000,000	$194,000,000	$192,610,000	-	$192,610,000
9969	BRADLEY AIRPORT REFUNDING BONDS 2001 SERIES B (4)	-	19,180,000	18,945,000	-	18,945,000
9992	BRADLEY AIRPORT REFUNDING BONDS 1992 SERIES (4)	-	94,065,000	46,605,000	-	46,605,000
TOTAL		**$194,000,000**	**$307,245,000**	**$258,160,000**	**-**	**$258,160,000**
BOND TYPE: CLEAN WATER FUND						
6865	CLEAN WATER FUND - FEDERAL ACCOUNT	$1,180,121,540	$715,385,253	$414,745,253	-	$414,745,253
6868	DRINKING WATER FUND FEDERAL REVOLVING	58,278,460	29,614,747	29,614,747	-	29,614,747
9971	CLEAN WATER FUND 1999 REFUNDING BONDS (4)	-	78,995,000	76,925,000	-	76,925,000
9983	CLEAN WATER FUND REFUNDING BONDS (4)	-	48,445,000	45,590,000	-	45,590,000
TOTAL		**$1,238,400,000**	**$872,440,000**	**$566,875,000**	**-**	**$566,875,000**
BOND TYPE: GENERAL FUND APPROPRIATION - UCONN 2000 (7)						
3952	UCONN 2000	$818,427,147	$814,637,147	$669,197,147	$4,739,716	$673,936,863
TOTAL		**$818,427,147**	**$814,637,147**	**$669,197,147**	**$4,739,716**	**$673,936,863**

DEBT MANAGEMENT DIVISION

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

JUNE 30, 2003

Fund No.	Name	Inception to Date Amount Authorized	Inception to Date Amount Issued (2)	Outstanding June 30, 2003	Interest Accreted Through Fiscal Year 2003(3)	Outstanding Incl. Accreted Interest June 30, 2003
BOND TYPE: CDA INCREMENT FINANCING (8)						
8000	AMPHITHEATER - TIF	$9,885,000	$9,885,000	$8,685,000	-	$8,685,000
8001	NORWICH YANKEE - TIF	1,545,000	1,545,000	625,000	-	625,000
8002	OAKDALE THEATER - TIF	9,900,000	9,900,000	7,475,000	-	7,475,000
8003	LAKE COMPOUNCE - TIF	18,000,000	18,000,000	14,515,000	-	14,515,000
TOTAL		**$39,330,000**	**$39,330,000**	**$31,300,000**	**-**	**$31,300,000**
BOND TYPE: CDA GOVERNMENTAL LEASE REVENUE (9)						
8500	New Britain Gov't Center	$9,275,000	$9,275,000	$6,545,000	-	$6,545,000
TOTAL		**$9,275,000**	**$9,275,000**	**$6,545,000**	**-**	**$6,545,000**
BOND TYPE: SECOND INJURY FUND BONDS (10)						
8900	SECOND INJURY FUND REVENUE BONDS	$750,000,000	$224,100,000	$111,130,000	-	$111,130,000
TOTAL		**$750,000,000**	**$224,100,000**	**$111,130,000**	**-**	**$111,130,000**
BOND TYPE: CHEFA CHILDCARE FACILITIES PROGRAM (11)						
7800	CHEFA CHILDCARE NOW	-	$5,375,000	$5,375,000	-	$5,375,000
7801	CHEFA CHILDCARE NOW TAXABLE	-	420,000	100,000	-	100,000
7802	CHEFA CHILDCARE POOL 1 SERIES A	-	10,175,000	8,575,000	-	8,575,000
7804	CHEFA CHILDCARE SERIES C	-	18,690,000	17,785,000	-	17,785,000
7805	CHEFA CHILDCARE SERIES D	-	3,940,000	3,875,000	-	3,875,000
7806	CHEFA CHILDCARE SERIES E	-	3,865,000	3,865,000	-	3,865,000
TOTAL		**-**	**$42,465,000**	**$39,575,000**	**-**	**$39,575,000**
BOND TYPE: BRADLEY INTERNATIONAL PARKING OPERATIONS (12)						
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 (13)						
8800	CT JUVENILE TRAINING SCHOOL ENERGY CENTER	-	$19,165,000	$18,825,000	-	$18,825,000
TOTAL		**-**	**$19,165,000**	**$18,825,000**	**-**	**$18,825,000**
GRAND TOTAL		**$25,628,983,542**	**$27,764,750,754**	**$13,206,272,100**	**$536,619,251**	**$13,742,891,351**

DEBT MANAGEMENT DIVISION

SCHEDULE OF AUTHORIZED AND ISSUED DEBT OUTSTANDING (1) (Continued)
JUNE 30, 2003

(1) Includes all outstanding debt issued by the State of Connecticut as of June 30, 2003. All debt is authorized by the General Assembly and the State Bond Commission prior to issuance.
(2) The total amount issued includes refunding issues for which no additional authorization is required.
(3) 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, 2003.
(4) 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.
(5) Debt outstanding at June 30, 2003 includes $26,740,000 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.
(6) Economic Recovery Notes were issued in December 2002 to fund the State's Fiscal 2002 deficit. The notes, issued in a combination of fixed and variable rate securities, have a final maturity of December 2007 and are General Obligations of the State.
(7) 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.
(8) The Connecticut Development Authority has issued tax increment bonds for certain economic development projects. The debt service on the bonds is deemed appropriated from the State's General Fund.
(9) 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 .
(10) Money from positive cash flow was used to defease $29,820,000 in bonds.
(11) On July 1, 1999, the Treasurer's Office assumed the responsibility for the CHEFA Childcare debt service appropriation per Public Act 97-259.
(12) Includes Bradley International Airport Special Obligation Parking Revenue Bonds, 2000 Series A $47,665,000 and 2000 Series B $6,135,000.
(13) A lease purchase financing of the heating and cooling plant at the Juvenile Training School in Middletown.

CASH MANAGEMENT DIVISION

CIVIL LIST FUNDS

SCHEDULE OF INVESTMENTS [1] [2]

FISCAL YEAR ENDED JUNE 30, 2003

Legal No.	Type	GAAP No.	Type	Fund Name	STIF Investments 6/30/03	Tax Exempt Proceeds Fund Investments 6/30/03	Investments with Treasurer as Trustee Short-Term 6/30/03	Investments with Treasurer as Trustee Long-Term 6/30/03	Investments with Others as Trustee Short-Term 6/30/03	Investments with Others as Trustee Long-Term 6/30/03	Total
GENERAL FUND[3]											
0000	Gen. Fund	050	Gen.Fund	General Fund	$174,744,553.16	$ 805,226.57					$175,549,779.73
SUBTOTAL GENERAL FUND					$174,744,553.16	$ 805,226.57	$ -	$-	$-	$-	$175,549,779.73
SPECIAL REVENUE FUNDS											
1105	Spec.Rev.	180	Spec.Rev.	Probate Court Administration	$ 16,237,666.64						$ 16,237,666.64
1115	Spec.Rev.	130	Spec.Rev.	Soldiers, Sailors and Marines	82,992.34 [14]						82,992.34
1123	Spec.Rev.	180	Spec.Rev.	Municipal Employees Retirement Administration	788,190.01						788,190.01
1129	Spec.Rev.	120	Spec.Rev.	Regional Market Operation	707,256.56						707,256.56
1154	Spec.Rev.	165	Spec.Rev.	Recreation & Natural Heritage Trust Fund		$ 1,670,319.08					1,670,319.08
1162	Spec.Rev.	922	Discrete	University Health Center Operating Fund	79,024.93						79,024.93
1169	Spec.Rev.	180	Spec.Rev.	Inter-Agency/Intra-Agency Grants - Tax Exempt Proceeds		35,866,805.09					35,866,805.09
1172	Spec.Rev.	922	Discrete	University Health Center Research Foundation	17,824,399.68						17,824,399.68
1175	Spec.Rev.	165	Spec.Rev.	Low-Level Radioactive Waste Mgmt							-
1201	Spec.Rev.	100	Spec.Rev.	Transportation	72,346,415.46						72,346,415.46
1400	Spec.Rev.	510	Exp.Trust	Special Assessment Unemployment Compensation Adv Fd	1,755,201.89						1,755,201.89
1405	Spec.Rev.	140	Spec.Rev.	Employment Security - Special Administration	51,686.68						51,686.68
1502	Spec.Rev.	160	Spec.Rev.	Economic Assistance Bond Fund							-
1503	Spec.Rev.	160	Spec.Rev.	Economic Assistance Revolving Fund		3,798,009.67					3,798,009.67
1507	Spec.Rev.	160	Spec. Rev.	Tobacco Settlement Fund							
1508	Spec. Rev.	160	Spec. Rev.	Individual Development Account Reserve Fund			$390,165.46				390,165.46
1602	Spec.Rev.	170	Spec.Rev.	Housing Repayment and Revolving Loan Fund - Tax Exempt		2,538,783.09					2,538,783.09
1802	Spec.Rev.	170	Spec.Rev.	Housing Assistance Bond Fund - Tax Exempt	13,654,531.45						13,654,531.45
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	5,574.92						5,574.92
1872	Spec.Rev.	180	Spec.Rev.	Capital Equipment Purchase Fund	11,396,960.66						11,396,960.66
1873	Spec.Rev.	160	Spec.Rev.	Grants to Local Governments & Others	13,260,000.00						13,260,000.00
1874	Spec.Rev.	165	Spec.Rev.	Economic Development & Other Grants	1,323,189.01						1,323,189.01
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							-
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							-
SUBTOTAL SPECIAL REVENUE FUNDS					$150,397,107.12	$43,873,916.93	$390,165.46	$-	$-	$-	$194,661,189.51

CASH MANAGEMENT DIVISION

CIVIL LIST FUNDS

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

FISCAL YEAR ENDED JUNE 30, 2003

Legal No.	Legal Type	GAAP No.	GAAP Type	Fund Name	STIF Investments 6/30/03	Tax Exempt Proceeds Fund Investments 6/30/03	Investments with Treasurer as Trustee Short-Term 6/30/03	Investments with Treasurer as Trustee Long-Term 6/30/03	Investments with Others as Trustee Short-Term 6/30/03	Investments with Others as Trustee Long-Term 6/30/03	Total
DEBT SERVICE FUNDS											
2002	Debt Serv.	907	Discrete	University Bond Liquidation	$ 4,834,606.62						$ 4,834,606.62
2008	Debt Serv.	949	Discrete	State University Dormitory	44,587,017.54						44,587,017.54
2020	Debt Serv.	405	Enterprise	Rental Housing Fund							-
2025	Debt Serv.	250	Debt Serv.	Transportation Fund Reserve	236,649,881.97 (6)				$27,981,321.40 (4)	$350,749,652.50 (4)	615,380,855.87
SUBTOTAL DEBT SERVICE FUNDS					$286,071,506.13	$ -	$-	$-	$27,981,321.40	$350,749,652.50	$664,802,480.03
CAPITAL PROJECTS FUNDS											
3001	Cap. Proj.	300	Cap.Proj.	Capital Improvements and Other Purposes	$ 29,889,443.14						$ 29,889,443.14
3011	Cap. Proj.	300	Cap.Proj.	Capital Improvements and Other Purposes							-
3012	Cap. Proj.	405	Enterprise	Rental Housing Fund		$277,094.05					277,094.05
3016	Cap. Proj.	300	Cap.Proj.	Regional Market Fund	25,696.96						25,696.96
3021	Cap. Proj.	300	Cap.Proj.	General State Purposes	26,266,158.17						26,266,158.17
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	46,393.41						46,393.41
3089	Cap. Proj.	160	Spec.Rev.	School Construction	12,581,323.22						12,581,323.22
3090	Cap. Proj.	160	Spec.Rev.	School Construction - Magnet Schools	26,263,296.35						26,263,296.35
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							-
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	55,161,386.24						55,161,386.24
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	3,048,590.21						3,048,590.21
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

CASH MANAGEMENT DIVISION

CIVIL LIST FUNDS

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

FISCAL YEAR ENDED JUNE 30, 2003

Legal No.	Type	GAAP No.	Type	Fund Name	STIF Investments 6/30/03	Tax Exempt Proceeds Fund Investments 6/30/03	Investments with Treasurer as Trustee Short-Term 6/30/03	Investments with Treasurer as Trustee Long-Term 6/30/03	Investments with Others as Trustee Short-Term 6/30/03	Investments with Others as Trustee Long-Term 6/30/03	Total
3837	Cap. Proj.	350	Cap.Proj.	Transportation Purposes	103,368.26						103,368.26
3838	Cap. Proj.	350	Cap.Proj.	Highway Resurfacing	52,136.35						52,136.35
3841	Cap. Proj.	300	Cap.Proj.	Capital Improvements and Other Purposes	2,275,617.33						2,275,617.33
3842	Cap. Proj.	325	Cap.Proj.	Infrastructure Improvement Fund	118,576,645.37						118,576,645.37
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							-
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 and State University Facilities	1,634,729.05						1,634,729.05
3877	Cap. Proj.	300	Cap.Proj.	University Athletic Facilities Increased Costs							-
3891	Cap. Proj.	300	Cap.Proj.	Capital Improvements and Other Purposes	493,124.23						493,124.23
3901	Cap. Proj.	300	Cap.Proj.	Capital Improvements and Other Purposes	3,362,799.22						3,362,799.22
3911	Cap. Proj.	300	Cap.Proj.	Capital Improvements and Other Purposes							-
3912	Cap. Proj.	300	Cap.Proj.	Public Works Service Fund							-
3921	Cap. Proj.	300	Cap.Proj.	Capital Improvements and Other Purposes	14,304,862.38						14,304,862.38
3931	Cap. Proj.	300	Cap.Proj.	Capital Improvements and Other Purposes							-
3951	Cap. Proj.	300	Cap.Proj.	Capital Improvements and Other Purposes	7,072,950.37						7,072,950.37
3952	Cap. Proj.	300	Cap.Proj.	UConn 2000	60,567,950.82						60,567,950.82
3961	Cap. Proj.	300	Cap.Proj.	Capital Improvements and Other Purposes	159,410.56						159,410.56
3971	Cap. Proj.	300	Cap.Proj.	Capital Improvements and Other Purposes	12,121,930.58						12,121,930.58
3981	Cap. Proj.	300	Cap.Proj.	Capital Improvements and Other Purposes	10,434,584.18						10,434,584.18
3983	Cap. Proj.	300	Cap.Proj.	Connecticut Juvenile Training School	1,076,316.84						1,076,316.84
3991	Cap. Proj.	300	Cap.Proj.	Capital Improvements and Other Purposes	43,844,682.77						43,844,682.77
SUBTOTAL CAPITAL PROJECTS FUNDS					$446,398,728.78	$277,094.05	$-	$-	$ -	$ -	$446,675,822.83
ENTERPRISE FUNDS											
6001	Enterprise	160	Spec.Rev.	Teacher Incentive Loans							$ -
6005	Enterprise	924	Discrete	University Health Center Hospital					$161,357.49[5]	$594,300.92 [5]	755,658.41
6018	Enterprise	440	Enterprise	Vocational Education Extension							-
6024	Enterprise	438	Comp. Unit	Connecticut Innovations Inc.							-
6031	Enterprise	180	Spec.Rev.	Auto Emissions Inspection	$ 10,391,108.84						10,391,108.84
6033	Enterprise	160	Spec.Rev.	Academic Scholarship Loans							-
6037	Enterprise	160	Spec.Rev.	Substance Abuse Revolving Loans							-

CASH MANAGEMENT DIVISION

CIVIL LIST FUNDS

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

FISCAL YEAR ENDED JUNE 30, 2003

Legal No.	Legal Type	GAAP No.	GAAP Type	Fund Name	STIF Investments 6/30/03	Tax Exempt Proceeds Fund Investments 6/30/03	Investments with Treasurer as Trustee Short-Term 6/30/03	Investments with Treasurer as Trustee Long-Term 6/30/03	Investments with Others as Trustee Short-Term 6/30/03	Investments with Others as Trustee Long-Term 6/30/03	Total
6299	Enterprise	410	Enterprise	Bradley International Parking Operations					4,544,640.09 [13]	5,121,130.00 [13]	9,665,770.09
6300	Enterprise	410	Enterprise	Bradley International Airport Operations	24,209,313.05 [6]					8,175,000.00 [7]	32,384,313.05
6301	Enterprise	160	Spec.Rev.	Local Bridge Revolving Fund - Bond Financed		$18,027,164.28					18,027,164.28
6303	Enterprise	160	Spec.Rev.	Local Bridge Revolving Fund - Revenue Financed	24,018,429.57						24,018,429.57
6310	Enterprise	160	Spec.Rev.	Bradley International General Revenue Bonds	47,100,405.71 [6]					77,001,387.49 [15]	124,101,793.20
6864	Enterprise	165	Spec.Rev.	Clean Water Fund - State	24,045,959.22	1,289.54			1,822,756.06 [8]	17,300,000.00 [8]	43,170,004.82
6865	Enterprise	610	Non.-Exp.	Clean Water Fund - Federal	210.99	3,914.56	$ 56,208,634.87 [9]		105,016,527.55 [10]	257,812,534.46 [10]	419,041,822.43
6866	Enterprise	165	Spec.Rev.	Clean Water Fund - Long Island Sound	27.94	542.09					570.03
6867	Enterprise	165	Spec.Rev.	Drinking Water Fund - State					84,828.30 [8]		84,828.30
6868	Enterprise	610	Spec.Rev.	Drinking Water Fund - Federal Revolving Loan			20,040,938.13		4,513,923.98 [8]	23,183,993.12 [8]	47,738,855.23
SUBTOTAL ENTERPRISE FUNDS					$ 129,765,455.32	$18,032,910.47	$ 76,249,573.00	$ -	$116,144,033.47	$389,188,345.99	$ 729,380,318.25
FIDUCIARY FUNDS											
7047	Fiduciary	700	Pension	Municipal Employees' Retirement - Fund A							$ -
7048	Fiduciary	700	Pension	Municipal Employees' Retirement - Fund B			$ 86,362,488.38	$ 1,088,077,638.94 [11]			1,174,440,127.32
7049	Fiduciary	780	Agency	Policemen and Firemen Survivors' Benefit Fund			4,942,048.49	12,084,861.59 [11]			17,026,910.08
7050	Fiduciary	710	Pension	Probate Judges and Employees Retirement Fund			4,084,994.33	56,397,845.67 [11]			60,482,840.00
7051	Fiduciary	640	Non.-Exp.	Anthen Demutalization Fund							-
7201	Fiduciary	540	Exp.Trust	Connecticut Health Club Guaranty Fund	356,710.34						356,710.34
7203	Fiduciary	540	Exp.Trust	Real Estate Guaranty Fund	516,868.46						516,868.46
7205	Fiduciary	500	Exp.Trust	Unemployment Compensation Fund					$500,782,973.62 [12]		500,782,973.62
7207	Fiduciary	923	Discrete	John Dempsey Hospital Malpractice Trust Fund	4,878,953.65						4,878,953.65
7209	Fiduciary	540	Exp.Trust	Home Improvement Guaranty Fund	355,337.96						355,337.96
7220	Fiduciary	180	Spec. Rev.	Tobacco & Health Trust Fund							-
7221	Fiduciary	540	Exp.Trust	Biomedical Research Fund							-
7303	Fiduciary	640	Non.-Exp.	Endowed Chair Investment Fund	5,261,987.51						5,261,987.51
7304	Fiduciary	640	Non.-Exp.	Connecticut Arts Endowment Fund			948,229.96	15,369,366.88 [11]			16,317,596.84
7305	Fiduciary	630	Non.-Exp.	Soldiers, Sailors and Marines Trust Fund			60,041.91	59,276,100.25 [11]			59,336,142.16
7801	Fiduciary	650	Pension	State Employees' Retirement Fund			288,463,958.67	6,698,715,390.17 [11]			6,987,179,348.84
7803	Fiduciary	670	Pension	State Attorneys' Retirement Fund			47,907.44	570,812.68 [11]			618,720.12
7804	Fiduciary	670	Pension	General Assembly Retirement Fund	30,090.20						30,090.20
7805	Fiduciary	680	Pension	Judges and Compensation Commissioners' Retirement Fund			11,972,004.33	113,243,775.10 [11]			125,215,779.43
7806	Fiduciary	670	Pension	Public Defenders Retirement Fund	44,971.22						44,971.22
7807	Fiduciary	660	Pension	Teachers' Retirement Fund			314,412,365.45	9,531,601,792.62 [11]			9,846,014,158.07
SUBTOTAL FIDUCIARY FUNDS					$ 11,444,919.34	$ -	$711,294,038.96	$17,575,337,583.90	$500,782,973.62	$ -	$18,798,859,515.82
TOTAL CIVIL LIST FUNDS					**$1,198,822,269.85**	**$62,989,148.02**	**$787,933,777.42**	**$17,575,337,583.90**	**$644,908,328.49**	**$739,937,998.49**	**$21,009,929,106.17**

CASH MANAGEMENT DIVISION

CIVIL LIST FUNDS

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

FISCAL YEAR ENDED JUNE 30, 2003

(1) Detailed information on the adjusted cash balances and total STIF balances within each individual fund can be obtained from the Comptroller's Annual Report.

(2) Short-term investments shown at cost which, due to their short-term nature, approximates market.

(3) Represents assets of the Common Cash Pool which is not a component of the General Fund. The Common Cash Pool is comprised of the inevitable balances of a number of individual funds and, for purposes of administration only, is shown as an investment of the General Fund. The General Fund is commonly in a net borrowing position from the resources of the other funds within the pool.

(4) Short-term investments consist of STIF Accounts held by US Bank as Trustee. Long-term investments consist of US Treasury securities and taxable municipal bonds. Investments are held by US Bank 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 8/15/03 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, 2003. At June 30, 2003, the aggregate historical cost of this portfolio was $226,558, the par value was $873,000. Although the portfolio is considered long-term in nature, securities totaling $166,000 in par value, $161,357 in accreted value, mature by June 30, 2004. These funds are held by US Bank 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 US Bank 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 US Bank 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 US Bank 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 and GIC's. Investments are held by Wachovia Bank, NA as Trustee. For description of the program, see Debt Management Division.

(14) Included $82,992.34 investment recognized by the Comptroller.

(15) Long-term investments consist of portfolio of Federal agency securities and Guaranteed Investment Contracts held by US Bank as Trustee. For a description of the program, se Debt Management Division.

CASH MANAGEMENT DIVISION

CIVIL LIST FUNDS

GENERAL FUND AGENCY DEPOSITS [1]

FISCAL YEAR ENDED JUNE 30, 2003

Agency Number	Description		Total
1001	Legislative Management	$	145,897.76
1005	Auditors of Public Accounts		8,071.45
1012	Permanent Commission on Status of Women		40,504.50
1013	Commission on Children		34,690.84
1014	Commission on Latino and Puerto Rican Affairs		66,175.64
1018	African American Affairs		7,731.84
1101	Governor's Office		3,868.98
1102	Office of the Secretary of the State		24,301,865.82
1103	Lieutenant Governor's Office		342.97
1104	Elections Enforcement Commission		76,004.45
1105	Ethics Commission		612,849.90
1106	Freedom of Information Commission		3,904.55
1201	Office of the State Treasurer		
	Miscellaneous		1,995,618.11
	Escheats		68,326,653.80
	Dividends on Securities Held		866,834.15
	Penalties - Examinations or Late Filing		330,220.00
	Reciprocal States		803,482.82
	Miscellaneous Private Donations		20,475.08
	Investments		346,967.91
	Recoveries - Negotiated Settlements		4,948.48
	Grants Other than Federal - Restricted		57,701,686.80
1202	Office of the State Comptroller		
	Miscellaneous		249,947.58
	Fringe Benefit Recovery		11,872.80
	Loan Agreement Interest		74,812.50
	Unemployment Compensation		772,588.59
	Workers' Compensation - Recoveries - Fringe Benefits		90,949.78
	Recoveries - Employees Fringe Benefits		1,264,978.82
	Recoveries - Negotiated Settlements		32,130.59
	Principal on Loans		75,000.00
	Non-Check Payroll Deductions		(2,774.04)
1203	Department of Revenue Services		
	Business Entity Tax		24,070,887.08
	Hospital and Medical Service Corporations		42,022,457.27
	Insurance Companies		187,462,158.54
	Gas Companies		40,003,114.93
	Gas and Electric Companies		77,425,500.88
	Electric and Power Companies		31,898,847.03
	Community Antenna Television Systems		37,314,875.47
	Steam Railroad Companies		77,716.00
	Petroleum Companies		111,080,402.43
	Inheritance Tax		184,320,383.86
	Gift Tax		27,334,615.95
	Alcoholic Beverages		44,327,335.29
	Cigarettes		248,362,642.51
	Retail Tire Fee		1,691.77
	Tobacco Products		4,558,658.78

CASH MANAGEMENT DIVISION

CIVIL LIST FUNDS

GENERAL FUND AGENCY DEPOSITS [1] (Continued)

FISCAL YEAR ENDED JUNE 30, 2003

Agency Number	Description	Total
	Controlled Substance Tax	153,421.09
	Admissions, Dues and Cabarets	31,665,611.70
	Corporation	480,018,864.06
	Capital Gains, Dividends and Interest	339,753.19
	Personal Income Tax	2,988,121,221.92
	Personal Incame Tax - Estimated Payments/Tax Returns	1,214,688,020.13
	Unrelated Business Income Tax	903,944.17
	Sales and Use Tax	3,105,303,364.50
	Rental Surcharge	110,497.95
	Occupational Tax	6,014,635.73
	Tourism Fund Surcharge	96,786.00
	Generators of Hazardous Waste	10,744.66
	Real Estate Conveyance	129,576,769.16
	Controlling Interest Transfer Tax	1,907,508.18
	Licenses Fees	793,839.98
	Miscellaneous	471,913.17
	Grants Other than Federal - Restricted	6,622.23
1204	Division of Special Revenue	6,020,879.04
1205	Connecticut Lottery Corporation	266,148,527.68
1220	State Insurance & Risk Management Board	548,305.02
1221	Connecticut Housing Finance Authority	10,159,393.26
1310	Office of Policy and Management	418,502,576.74
1312	Department of Veterans' Affairs	9,898,752.08
1315	Office of Workforce Competitiveness	8,579.12
1320	Department of Administrative Services	1,400,716.66
1323	DAS/Collection Services Business Center	54,569,485.28
1324	DAS/BGTS/Technical Services Division	2,110,007.91
1326	Department of Public Works	9,291,666.79
1501	Office of the Attorney General	8,028,145.57
1502	Office of the Claims Commissioner	13,641.04
1504	Division of Criminal Justice	5,145,081.90
1507	State Marshal Commission	60,470.22
2000	Department of Public Safety	43,325,403.78
2003	Police Officer Standards and Training Council	1,734.46
2004	Board of Firearms Permit Examiners	8.74
2101	Department of Motor Vehicles	1,262,050.70
2201	Military Department	13,691,179.86
2304	Commission on Fire Prevention and Control	1,043,043.50
2402	Department of Banking	29,798.79
2403	Department of Insurance	21,405,170.55
2407	Department of Public Utility Control	444,611.30
2500	Department of Consumer Protection	21,736,449.57
2610	Department of Labor	29,289,383.60
2620	Employment Security Division	(2,617.62)
2900	Office of Victim Advocate	393.05
2901	Commission on Human Rights and Opportunities	1,237,068.67
2902	Office of Advocacy for Persons with Disabilities	1,196,824.12
2903	Office of the Child Advocate	93.20

CASH MANAGEMENT DIVISION
CIVIL LIST FUNDS
GENERAL FUND AGENCY DEPOSITS (1) (Continued)
FISCAL YEAR ENDED JUNE 30, 2003

Agency Number	Description	Total
2904	Workers' Compensation Commission	0.00
3002	Department of Agriculture	2,696,725.28
3100	Department of Environmental Protection	40,573,952.25
3190	Council on Environmental Quality	0.00
3400	Connecticut Historical Commission	1,195,207.73
3500	Department of Economic and Community Development	53,879,262.92
3504	Connecticut Development Authority	3,120,000.00
3601	Connecticut Agricultural Experiment Station	2,520,840.28
4001	Department of Public Health	133,253,809.62
4050	Office of Health Care Access	3,684,817.62
4090	Office of the Chief Medical Examiner	771,123.03
4100	Department of Mental Retardation Parent-Account	0.00
4101	Southbury Training School	346,539.25
4114	Office of Mental Retardation	1,474,521.71
4121	DMR - Region 1	881,349.65
4122	DMR - Region 2	962,461.97
4123	DMR - Eastern Region	1,072,950.94
4124	DMR - Region 4	1,395,794.87
4125	DMR - Region 5	1,449,657.45
4400	Department of Mental Health and Addiction Services	2,000.00
4402	DMH/Office of the Commissioner	40,243,365.61
4403	Connecticut Valley Hospital	75,792,266.98
4405	Western Connecticut Mental Health Network	52,739.45
4406	Southeast Mental Health Authority	21,784.77
4407	River Valley Services	18,365.30
4409	Connecticut Mental Health Center - New Haven	5,351,812.25
4412	Capital Region Mental Health Center	35,548.87
4415	Cedarcrest Regional Hospital	16,748,447.23
4417	Southwest CT Mental Health System	10,551,044.01
4430	Psychiatric Security Review Board	0.00
5000	Department of Transportation	16,138.39
6100	Department of Social Services	2,660,613,316.40
6301	Soldiers, Sailors and Marines	125.00
7001	Department of Education	347,939,666.23
7101	Board of Education and Services for the Blind	6,542,523.85
7102	Commission on the Deaf and Hearing Impaired	892,782.92
7104	State Library	7,270,560.43
7250	Department of Higher Education	6,802,508.93
7301	University of Connecticut	105,472.08
7302	University of Connecticut Health Center	142,408.69
7401	Charter Oak State College	3,407,843.36
7601	Teachers' Retirement Board	50,850.00
7701	Board for Regional Community-Technical Colleges	1,520.95
7702	Manchester Community-Technical College	5,982.26
7703	Northwestern Community-Technical College	586.05
7704	Norwalk Community-Technical College	3,295.49
7705	Housatonic Community College	14,407.43
7706	Middlesex Community-Technical College	0.00
7707	Capital Community-Technical College	6,781.98

CASH MANAGEMENT DIVISION

CIVIL LIST FUNDS

GENERAL FUND AGENCY DEPOSITS [1] (Continued)

FISCAL YEAR ENDED JUNE 30, 2003

Agency Number	Description	Total	
7708	Naugatuck Valley Community College	15,529.36	
7709	Gateway Community-Technical College	40.00	
7710	Tunxis Community College	19,533.43	
7711	Three Rivers Community College	3,762.73	
7712	Quinebaug Valley-Technical Community College	1,231.16	
7713	Asnuntuck-Technical Communty College	2,031.95	
8000	Department of Correction (Parent Account)	12,217,898.94	
8090	Board of Pardons	252.13	
8091	Board of Parole	3,182.27	
8102	DCF/Office of the Commissioner	54,898,802.10	
8103	Connecticut Juvenile Training School	103,802.38	
8104	Connecticut Children's Place	1,333,907.94	
8113	DCF/High Meadows	12,615.28	
8115	DCF/Riverview Hospital for Children and Youth	15,361.57	
8121	DCF/Region 1	277,670.67	
8122	DCF/Region 2	15,208.43	
8123	DCF/Region 3	82,400.75	
8124	DCF/Region 4	351,869.50	
8125	DCF/Region 5	29,250.04	
8129	Childrens Trust Fund Council	508,055.25	
9001	Judicial Department	9,362,030.13	
9007	Public Defender Services Commission	125,874.78	
9403	Workers' Compensation Claims - D.A.S.	186,968.74	
9910	Higher Education Alternative Retirement System	20,967,235.09	
9913	Group Life Insurance	2,013,894.55	
9916	Tuition Reimb/Training and Travel (Union Contracts)	36.50	
9926	Employer Social Security Tax	58,047,259.79	
9932	Health Service Cost	92,217,011.10	
9933	Retired State Employees Health Cost	558,659.45	
SUB-TOTAL		13,790,564,468.15	
Adjustments as of June 30, 2002		(9,800,850.86)	(2)
Adjustments as of June 30, 2003		7,336,574.46	(3)
TOTAL		$13,788,100,191.75	

(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 2002, but not deposited until the fiscal year 2003. These cash receipts were recorded by the Treasurer as fiscal year 2003 receipts and have been netted against the sub-total to accurately reflect fiscal year 2003 cash receipts.
(3) Cash received by agencies on June 30, 2003 but deposited after June 30, 2003.

CASH MANAGEMENT DIVISION

SECURITIES HELD IN TRUST FOR POLICYHOLDERS

JUNE 30, 2003

Name of Insurance Company		Par Amount of Collateral		Market Value
Securities are held on deposit with the State Treasurer on behalf of the Insurance Department under Sec 38a-83:				
Ace Fire Underwriters	$	1,910,000.00	$	2,126,101.00
Action Auto Rental Inc.		170,000.00		170,000.00
Aetna Health and Life Insurance		2,025,000.00		2,319,979.50
Aetna Insurance Company Of Connecticut		2,000,000.00		2,168,120.00
Aetna Life Insurance Company		1,500,000.00		1,898,971.85
AIG Annuity Insurance Company		100,000.00		133,938.00
Allianz Insurance Company		629,000.00		663,003.74
American Centennial Insurance Company		50,000.00		58,573.15
American Employers Insurance Company		2,260,000.00		2,900,311.86
American Maturity Life Insurance Company		4,636,000.00		4,990,733.56
American Mayflower Life Insurance Of New York		250,000.00		363,282.50
American Phoenix Life & Reassurance		5,050,000.00		5,576,925.50
American Security Insurance Company		35,000.00		35,995.40
American Skandia Life Assurance Corp.		1,500,000.00		1,596,570.00
Argonaut Insurance Company		3,300,000.00		3,449,898.00
Associated Indemnity Corporation		1,073,000.00		1,168,012.11
Automobile Insurance Company of Hartford, CT		4,050,000.00		4,457,277.75
AXIS Specialty Insurance Company		2,800,000.00		3,595,880.40
Berkshire Mutual Insurance Company		600,000.00		664,878.00
Blue Ridge Indemnity Company		500,000.00		548,440.00
Blue Ridge Insurance Company		2,000,000.00		2,193,760.00
Carolina Casualty Insurance Company		200,000.00		224,228.00
Century Indemnity Company		1,560,000.00		1,825,200.00
Charter Oak Fire Insurance Company		4,525,000.00		5,014,632.00
Chicago Title Insurance Company		100,000.00		110,344.00
CIGNA Life Insurance Company		2,015,000.00		2,156,880.90
CM Assurance Company		2,000,000.00		2,168,120.00
CM Life Insurance Company		1,600,000.00		1,872,000.00
Cologne Reinsurance Company Of America		3,455,000.00		3,814,997.55
Connecticut Attorneys Title Insurance Company		100,000.00		110,125.00
Connecticut Indemnity Company		1,950,000.00		2,188,875.00
Connecticut Medical Insurance		100,000.00		112,250.00
Converium Reinsurance		3,000,000.00		3,665,010.00
Covenant Insurance Company		850,000.00		975,826.00
CT General Life Insurance Company		1,650,000.00		1,930,500.00
Electric Insurance Company		7,245,000.00		7,977,748.55
Employers' Fire Insurance Company		810,000.00		1,039,562.91
Executive Risk Specialty Insurance Company		2,500,000.00		2,754,700.00
Fairfield Insurance Company		2,500,000.00		2,777,060.00
Farmington Casualty Company		3,000,000.00		3,277,975.50
Fireman's Fund Insurance Company		4,479,000.00		6,091,031.25
First State Insurance Company		2,100,000.00		2,276,526.00
Freemont Industrial Indemnity Company		890,000.00		975,705.04
GE Group Life Assurance Company		5,000,000.00		5,029,700.00
GE Mortgage Insurance Corp of North Carolina		60,000.00		63,862.80
General & Cologne Life		1,500,000.00		1,607,497.00
General Star Indemnity Company		2,975,000.00		3,141,639.82
Genesis Insurance Company		3,000,000.00		3,207,180.00
Greenwich Insurance		250,000.00		268,946.00
Guaranty Insurance		2,800,000.00		2,816,632.00
Gulf Insurance Company		2,500,000.00		2,816,650.00
Gulf Underwriters' Insurance Company		2,500,000.00		2,848,450.00
Harleysville Worcester Insurance Company		4,860,000.00		5,105,046.80
Hart Life Insurance		5,059,000.00		5,349,884.54
Hartford Fire Insurance Company		3,830,000.00		4,043,500.10
Hartford Life and Annuity		2,421,000.00		2,527,679.37
Highlands Insurance Company		100,000.00		110,063.00

CASH MANAGEMENT DIVISION

SECURITIES HELD IN TRUST FOR POLICYHOLDERS (Continued)

JUNE 30, 2003

Name of Insurance Company	Par Amount of Collateral	Market Value
Highmark Life Insurance Company	5,000,000.00	5,098,450.00
Homesite Insurance Company	2,500,000.00	2,515,625.00
Houston General Insurance Company	65,000.00	74,059.70
Hartford Accident & Indemnity Company	3,325,000.00	3,474,705.70
Hartford International Life Reassurance Corp.	2,069,000.00	2,193,260.14
Hartford Life Insurance Company	2,019,000.00	2,116,745.89
Hartford Life & Accident Insurance Company	2,026,000.00	2,168,355.56
Hartford Steam Boiler Inspection & Insurance Co.	4,000,000.00	4,500,000.00
Hartford Steam Boiler Inspection & Ins Co of CT	3,100,000.00	3,487,500.00
Hartford Underwriters' Insurance Company	3,470,000.00	3,868,476.80
IdeaLife Insurance Company	1,500,000.00	1,725,000.00
IL Annuity and Insurance Company	250,000.00	271,015.00
Industrial Alliance	30,000.00	32,883.00
ING Life Insurance & Annuity	2,600,000.00	2,558,962.00
ING Life Insurance Company of America	12,125,000.00	12,933,355.00
Integon National Insurance Company	75,000.00	80,179.50
Integon Preferred Insurance Company	75,000.00	84,258.00
Knights' of Columbus	2,000,000.00	2,052,280.00
Liberty Mutual Insurance Company	135,575,000.00	149,278,345.50
Liberty Mutual Fire Insurance Company	19,560,000.00	21,662,891.80
Lumber Mutual Insurance Company	1,880,000.00	2,072,667.80
Massachusetts Mutual	1,810,000.00	1,901,972.40
Members Life Insurance Company	350,000.00	374,171.00
Middlesex Mutual Assurance Company	1,525,000.00	1,686,286.25
MML Bay State Life	1,500,000.00	1,755,000.00
Munich American Reassurance Company	40,000.00	40,237.60
National Fire Insurance of Hartford	2,500,000.00	2,816,377.50
National Liability & Fire Insurance	2,600,000.00	2,617,888.00
New England Insurance Company	2,600,000.00	2,754,806.00
New England Reinsurance Corporation	3,225,000.00	4,150,188.00
New London County Mutual Insurance Co.	600,000.00	687,936.00
North American Lumber Insurance Company	495,000.00	551,170.00
Nutmeg Insurance Company	3,000,000.00	3,171,910.00
Odyssey America	2,500,000.00	2,525,000.00
OneBeacon American Insurance	7,700,000.00	9,806,419.70
Orion Insurance Company	3,630,000.00	4,005,487.20
Pacific Insurance Company	2,820,000.00	2,921,233.00
Patrons Fire Insurance Company	120,000.00	138,642.00
PHL Variable Insurance Company	5,070,000.00	5,932,930.50
Phoenix Insurance Company	4,635,000.00	4,882,246.90
Phoenix Life & Annuity	5,150,000.00	5,473,304.50
PXRE Reinsurance Company	7,425,000.00	8,311,444.50
Quadrant Indemnity Company	3,300,000.00	3,879,117.00
Radian Guaranty	315,000.00	344,886.89
Royal Surplus Lines Insurance Company	2,625,000.00	2,616,258.75
RVI America Insurance Company	2,540,000.00	2,263,604.00
Safeco Insurance Company	100,000.00	110,125.00
Safeguard Insurance Company	3,350,000.00	3,696,524.00
Seaco Insurance Company	5,219,000.00	6,595,189.85
Security Insurance Company of Hartford	3,193,000.00	3,454,007.84
Seneca Insurance Company	260,000.00	269,505.60
Sentinel Insurance Company, Limited	3,200,000.00	3,518,923.54
Servus Life Insurance Company	5,049,000.00	5,317,597.69
Standard Fire Insurance Company	4,000,000.00	4,487,520.00
Swiss Re Life & Health	5,290,000.00	6,036,600.80
Thames Insurance Company	200,000.00	229,312.00
T.H.E. Insurance Company	300,000.00	325,058.00
The CT Surety Company	1,000,000.00	1,080,237.50
TIG Insurance Company	13,936,000.00	15,733,110.00
Travco Insurance Company	4,875,000.00	5,319,843.75
Travelers Casualty & Surety	3,000,000.00	3,403,800.00
Travelers Casualty & Surety of America	3,180,000.00	3,487,430.80
Travelers Casualty Company of Connecticut	2,500,000.00	2,739,995.50

SECURITIES HELD IN TRUST FOR POLICYHOLDERS (Continued)
JUNE 30, 2003

Name of Insurance Company		Par Amount of Collateral		Market Value
Travelers Commercial Insurance Company		2,125,000.00		2,489,805.00
Travelers Commercial Casualty Insurance Company		3,200,000.00		3,322,128.00
Travelers Excess & Surplus Lines Company		2,500,000.00		2,742,200.00
Travelers Home & Marine Insurance Company		5,125,000.00		5,592,656.25
Travelers Indemnity Company of America		3,565,000.00		3,999,502.20
Travelers Indemnity Company of Connecticut		3,000,000.00		3,681,105.00
Travelers Indemnity Company		4,130,000.00		4,234,505.07
Travelers Insurance Company		2,625,000.00		2,923,978.13
Travelers Life & Anuity Company		2,600,000.00		2,994,994.00
Travelers Property Casualty Insurance Company		2,050,000.00		2,407,351.00
Travelers Personal Security Insurance Company		4,100,000.00		4,704,708.00
Trenwick America Reinsurance Corporation		5,550,000.00		6,255,550.50
Truck Insurance Exchange		370,000.00		425,980.63
Trumbull Insurance Company		2,910,000.00		3,161,003.86
United Guaranty Residential Ins Company Of NC		50,000.00		56,179.00
United Healthcare Insurance Company		1,506,000.00		1,541,752.64
United Illuminating		210,000.00		214,134.90
VantisLife Insurance Company		5,500,000.00		5,806,080.00
Vision Service Plan Insurance Company		2,300,000.00		2,660,824.00
Westchester Surplus		100,000.00		115,594.00
Zenith Insurance Company		1,010,000.00		1,082,404.50
TOTAL	$	504,419,000.00	$	557,431,434.08

Assets Held In STIF:

American Mutual Insurance Of Boston	$	2,094,703.60
American Mutual Liability		22,566,889.71
Covenant Mutual Liquidating Trust		6,381,660.38
First State Insurance Company		6,049,614.78
Suburban Health Plan		1,877,907.52
Westbrook Insurance Company		5,023,708.90
Connecticut Surety Company		1,256,157.48
TOTAL	$	45,250,642.37

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, 2002		**$ 675,426,131.79**
Deposits	$ 559,676,200.00	
Combined Wage Transfers to Connecticut	6,225,404.81	
Earnings	33,741,447.46	
Federal Employee & Ex-Servicemen Contributions	4,471,900.00	
Temporary Emergency Unemployment Compensation	192,600,000.00	$ 796,714,952.27
TOTAL CASH AVAILABLE		**$ 1,472,141,084.06**
Withdrawals	$ 966,663,260.44	
Federal Employee & Ex-Servicemen Withdrawals	4,471,900.00	
EUC Repayments	216,000.00	
FSB Repayments	3,050.00	
FSC Repayments	3,900.00	971,358,110.44
BALANCE, JUNE 30, 2003		**$ 500,782,973.62**

Office of the State Treasurer

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