STATE OF CONNECTICUT

2005

ANNUAL REPORT OF THE TREASURER

For the fiscal year ended June 30, 2005

STATE OF CONNECTICUT
Office of the State Treasurer

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

STATE OF CONNECTICUT

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ANNUAL REPORT OF THE TREASURER
TABLE OF CONTENTS

TABLE OF CONTENTS

Financial Statements

TABLE OF CONTENTS

Supplemental Information

Statutory Appendix

Introduction

State of Connecticut

Office of the Treasurer

DENISE L. NAPPIER
TREASURER

HOWARD G. RIFKIN
DEPUTY TREASURER

September 28, 2006

The Honorable M. Jodi Rell, Governor of Connecticut

The Honorable Members of the Connecticut General Assembly:

The People of the State of Connecticut

I am pleased to provide the 2005 Annual Report of the Office of the Treasurer of the State of Connecticut, which highlights a year of significant financial achievement.

This report includes quantitative data and explanatory comments on the operations of the Office of the Treasurer including the Connecticut Retirement Plans and Trust Funds (CRPTF), Short-Term Investment Fund (STIF), and the Connecticut Higher Education Trust (CHET). Additionally, financial information regarding the operations of the Debt Management, the Second Injury Fund, and Unclaimed Property divisions of the Treasurer's Office are also presented.

The management of the Office of the Treasurer is responsible for the financial information presented in this report, and sufficient accounting controls exist to provide reasonable assurance regarding the safekeeping of assets and fair presentation of the financial statements, supporting schedules, and tables.

A Performance Overview & Executive Summary of the financial information outlined in the Report, highlighting the substantial achievements and accomplishments of the past fiscal year, follows this letter of transmittal. A more detailed presentation of the areas of responsibility within the Treasury unfolds in succeeding sections.

However, I do want to highlight some of the more notable achievements in this letter:

- The Connecticut Retirement Plans and Trust Funds outperformed its benchmark by 44 basis points and took on less risk than 81 percent of other funds as measured by the Trust Universe Comparison Services (TUCS).
- The Short Term Investment Fund outperformed its benchmark by 41 basis points, resulting in $17 million in additional interest income for the state, state agencies and municipalities and their taxpayers.
- The Treasury executed $456 million in refunding bond sales of General Obligation, Special Tax Obligation, and Bradley International Airport bonds with savings of $24.3 million over the life of the bonds.
- The remaining debt of the Second Injury Fund was defeased, totally eliminating the debt ten years before its scheduled maturity. Since January 1999, debt refundings and defeasances have produced $472 million in debt service savings.

55 ELM STREET, HARTFORD, CONNECTICUT 06106-1773, TELEPHONE: (860) 702-3000
AN EQUAL OPPORTUNITY EMPLOYER

- The Office of the Treasurer recovered $18.4 million in the fiscal year from litigation efforts that included class action litigation of $2.3 million and individual litigation of $16.1 million under the Asset Recovery program.
- The Treasury returned $20.5 million to rightful owners of unclaimed property, representing the highest dollar total returned in the 70-year history of the program.
- The historic Housing Trust Fund for Economic Growth and Opportunity, an initiative of the Treasury, was established and will provide $100 million over five years for low and no-interest loans and grants to support the construction and rehabilitation of affordable housing, for both homeownership and renting.

The preparation of this Annual Report involves the dedicated effort of Treasury employees who work diligently throughout the year to protect the future financial security of all Connecticut residents. I acknowledge their work with sincere gratitude, and trust that this Report will prove both informative and useful. In accordance with our practice of recent years, this Report will be available both in print and electronically via the Treasury website, www.state.ct.us/ott, along with past annual reports and additional information about the Office.

Sincerely,

Denise L. Nappier

Denise L. Nappier
Treasurer

Connecticut Retirement Plans and Trust Funds Investments

For the fiscal year ended June 30, 2005, the Connecticut Retirement Plans and Trust Funds investment portfolio returned a positive one-year annualized return of 10.76% before management fees, or 10.42% net of all fees and expenses, and increased in value to $21.299 billion.

Total annual investment returns, comprising interest income, dividends, securities lending income, and net realized and unrealized capital gains, net of Fund operating expenses were $2.053 billion as shown below:

	($ Billions)			
	Total CRPTF	Teachers' Retirement Fund	State Employees' Retirement Fund	All Other Pension and Trust Funds
Net Investment Income from Operations	$2.053	$1.108	$0.786	$0.159
Net Outflows to Funds	(0.943)	(0.576)	(0.321)	(0.046)
Net Increase in Net Assets	$1.110	$0.532	$0.465	$0.113
Net Assets, June 30, 2005	$21.299	$11.392	$8.175	$1.732

All of the Combined Investment Funds posted positive investment returns for the fiscal year led by the Real Estate Fund 27.74%, International Stock Fund 19.23%, Private Investment Fund 9.58%, Mutual Equity Fund 8.06%, Mutual Fixed Income Fund 7.70%, and the Cash Reserve Account 2.38%.

The pension and trust assets increased $1.110 billion over the previous fiscal year after $0.943 billion in net pension benefit payments (minus contributions) were deducted from the annual investment returns as presented above.

The CRPTF placed in the 30th percentile of the Trust Universe Comparison Services (TUCS), a database of plan sponsor information of public funds with assets greater than $1 billion, and outperformed 70 percent of other public pension plans meeting TUCS criteria.

Short-Term Investment Fund Investments

At the end of the 2005 fiscal year, the Short Term Investment Fund had more than $4.3 billion in assets under management representing 1,078 accounts for 261 municipal and local government entities and 60 State agencies and authorities.

STIF achieved an annual return of 2.32%, net of operating expenses and allocations to the Fund designated surplus reserve. This solid performance exceeded its primary benchmark by 41 basis points, resulting in $17 million in additional interest income for the state, state agencies and municipalities and their taxpayers.

	($ Billions)			
	Total STIF	State	Political Subdivisions Of the State	Municipal Entities
Number of Accounts	1,078	84	446	548
Net Investment Income from Operations	$0.095			
Net Inflows to STIF	0.390			
Net Increase in Net Assets	$0.485			
Participant Net Assets, June 30, 2005	$4.271	$2.186	$1.422	$0.663
Designated Surplus Reserve	$0.043			
Total Net Assets, June 30, 2005	$4.314			

Standard & Poor's reaffirmed STIF's AAAm rating in March 2005, the highest rating available for money market funds and investment pools. STIF assets recently exceeded just over $5.3 billion in September 2005, its highest investment total since inception in 1972.

Connecticut Higher Education Trust Investments

The Connecticut Higher Education Trust reached 46,516 accounts with total net assets of $595.7 million at the end of the 2005 fiscal year. This compares to 41,569 accounts and $472.6 million in net assets in the prior fiscal year, an increase of $123.2 million or 26% as presented below:

	($ Billions)
Net Investment Income from Dividends/Interest	$0.034
Net inflows to CHET	0.089
Net Increase in CHET Net Assets	$0.123
Total Net Assets, June 30, 2005	$0.596

During fiscal year 2005, the program's age band fund structure was revised to allow accountholders to more closely match the investment needs of their beneficiaries, while an expanded array of new underlying mutual funds were introduced to broaden and diversify the asset allocation of the program's investment options.

Debt Management

In fiscal year 2005, Debt Management managed the sale of $1.35 billion in new money bonds issued to fund state programs and capital projects, including the UCONN 2000 program. Due to low interest rates during the year, Debt Management executed $456 million in refunding bond sales of General Obligation, Special Tax Obligation, and Bradley International Airport bonds, and assisted the Connecticut Development Authority in issuing $22 million of refunding bonds which will save the state a total of $27.7 million over the life of all the above bonds.

Total state debt at the end of fiscal year 2005 was $13.93 billion, an increase of $149 million over the previous fiscal year.

Second Injury Fund

The Second Injury Fund reduced the assessment rates charged to Connecticut businesses that cover the costs of injured worker claims. The new rates, effective July 1, 2005, were reduced to 4% for businesses (from 6.5%) and 8.4% for self-insured employers (from 11.6%). Rates are now at their lowest levels in more than a decade and will save businesses approximately $29 million annually.

The Fund also cash defeased $46.4 million of remaining debt in fiscal year 2005, ten years before its scheduled maturity in 2016 by using its positive cash flow. This early repayment of debt will save Connecticut employers $43.7 million in future interest.

The effect of all rate reductions and early pay-off of Second Injury Fund debt over the past six years will result in cumulative savings of about $169 million for Connecticut businesses.

The Fund's unfunded liability for future claim payments to injured workers is estimated at $465 million, down from $838 million in 1999.

Unclaimed Property

In fiscal year 2005, Unclaimed Property returned $20.5 million to rightful owners on nearly 12,000 claims, representing the highest dollar total returned in the 70-year history of the unclaimed property program. This was also $9.6 million above what was returned in 2004, which at the time established an all-time record.

UCP also collected $158.6 million of unclaimed property for Connecticut, which represents the largest one-year amount collected in state history. The sale of securities and the receipt of proceeds from demutualization of insurance companies account for a large portion of the receipts collected in fiscal year 2005. In addition, the most successful amnesty program ever undertaken by the Treasury, encouraging voluntary compliance by allowing holders to report past due unclaimed assets without penalty, resulted in $1.7 million remitted to the state.

Asset Recovery

The Office of the Treasurer recovered $18.4 million in the fiscal year that ended June 30, 2005 from litigation efforts that included class action litigation of $2.3 million and individual litigation of $16.1 million under the Asset Recovery from Claims and Litigation program. Initiated in fiscal year 2000 to prevent losses due to the malfeasance of others and, whenever possible, to recover lost assets, Treasury vendor contract language was further refined in fiscal year 2005 to address new policy and legal requirements. These include the assessment of security risks associated with global investments, integrity disclosure obligations, and changes in the private equity and opportunistic real estate fund investment contracts that give the state pension funds more favorable terms and conditions.

Housing Trust Fund

During fiscal year 2005, the Treasury successfully advocated for the establishment of a Housing Trust Fund for Economic Growth and Opportunity, the first of its kind in state history. The Fund, designed to benefit state residents and businesses, creates a five-year, $100 million Housing Trust Fund that will provide low and no-interest loans and grants to support the construction and rehabilitation of affordable housing, for both homeownership and renting. The Housing Trust Fund is to be operated under the jurisdiction of the Department of Economic and Community Development, which has already begun work to operationalize this important new initiative. The Trust Fund also seeks to leverage other public and private sources of capital, which will have a positive impact on the overall state economy.

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.

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 $21 billion in State pension and trust fund assets and over $4 billion in State and local short-term investments. The Treasurer maintains an accurate account of all funds through sophisticated security measures and procedures.

Boards, Committees, and Commissions

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

- State Bond Commission
- Banking Commission
- Connecticut Lottery Corporation Board of Directors
- Council of Fiscal Officers
- Information and Telecommunication Systems Executive Steering Committee
- Connecticut Development Authority
- Connecticut Health and Educational Facilities Authority Board of Directors
- Student Financial Aid Information Council
- 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-41 and S-42.

Office of the State Treasurer Organization

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

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

The Pension Funds Management Division, under the direction of 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 $21 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 $11.4 billion, followed by the State Employees' Retirement Fund containing $8.2 billion and the Municipal Employees' Retirement Fund with $1.4 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 reconciliation, bank administration and check processing, and short-term investing. Over 3 million banking transactions are accounted for and reconciled annually. The division maintains accountability over the state's internal and external cash flows through the Treasury's 19 bank accounts annually. The Division prudently and productively manages clients' cash, including that of 60 State agencies and authorities and 261 municipal and local government entities utilizing the Short-Term Investment Fund, which had an average market value of $4.1 billion during the year.

The Debt Management Division, under the direction of an Assistant Treasurer, administers the state's bond and debt financing program, including the sale of state bonds. Monitoring the bond markets, financing structures and economic trends that affect interest rates are critical requirements for favorable bond issuances. The Division 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. As of June 30, $13.93 billion of state debt was outstanding.

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 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.

2005 Annual Report Year at a Glance

COMBINED INVESTMENT FUNDS, JUNE 30

Market Value of Assets Under Management	$ 21,573,264,617
Net Assets Under Management	$ 21,299,149,602
Total Investment Returns for the Fiscal Year	$ 2,053,328,516
Total Management Fees for the Fiscal Year	$ 71,092,291
Total Number of Advisors	79
Increase in Total Advisors from Prior Year	9
One-Year Total Return	10.46%
Five-Year Compounded Annual Total Return	3.30%
Ten-Year Compounded Annual Total Return	8.90%

2005 TREASURY OVERVIEW

DEBT MANAGEMENT, JUNE 30

Total Debt Outstanding	$	13,933,916,561
General Obligation Debt included above	$	8,862,536,589
Total New Debt Issued During the Fiscal Year	$	1,828,960,000
General Obligation Debt Issued included above	$	1,315,550,000
Total Debt Retired and Defeased During the Fiscal Year	$	1,679,982,794
General Obligation Debt Retired and Defeased included above	$	1,108,132,794
Total Debt Service Paid on Outstanding Debt During the Fiscal Year	$	1,818,293,655
General Obligation Debt Service Paid included above	$	1,228,678,898

CASH MANAGEMENT, JUNE 30

Total Cash Inflows During the Fiscal Year	$	70,467,616,033
Total Cash Outflows During the Fiscal Year	$	70,585,168,315
Number of State Bank Accounts at June 30, 2005		380
Number of State Bank Accounts at June 30, 2004		395

SHORT-TERM INVESTMENT FUND, JUNE 30

Total Net Assets of the Fund	$	4,313,863,837
One-Year Total Return		2.32%
Five-Year Compounded Annual Total Return		2.75%
Ten-Year Compounded Annual Total Return		4.25%
Weighted Average Maturity		32 days
Number of Participant Accounts		1,078

SECOND INJURY FUND, JUNE 30

Number of Claims Settled During the Fiscal Year		169
Total Cost of Claims Settled and Paid	$	8,705,420
Second Injury Fund Estimated Unfunded Liability (expressed as reserves)	$	465,000,000
Number of Claims Outstanding		2,225

UNCLAIMED PROPERTY, JUNE 30

Dollar Value of Gross Unclaimed Property Receipts	$	161,065,512
Dollar Value of Claims Paid	$	20,476,540
Number of Property Claims Paid		10,108

CONNECTICUT HIGHER EDUCATION TRUST, JUNE 30

Number of Participant Accounts		46,516
Net Assets	$	595,566,634

Division Overview

2005 investment advisory council

October 14, 2005

The Honorable M. Jodi Rell
Governor
State of Connecticut
Executive Chambers
Hartford, Connecticut

Dear Governor Rell:

As Chairman of the Investment Advisory Council ("IAC"), I am pleased to present this report on the performance of the State of Connecticut Retirement Plans and Trust Funds ("CRPTF" or "the Funds") for the fiscal year ended June 30, 2005.

The CRPTF outperformed the Connecticut Multiple Market Index ("CMMI") benchmark by 44 basis points in 2005. Fiscal 2005 performance produced a net total return (after all expenses) of 10.46%, significantly exceeding the assumed long-term investment return of 8.5% for the second consecutive year. For the two years ended June 30, investment performance generated a compounded annual return of 12.82%, adding nearly $4.8 billion of investment income and gains to the fund. This performance compares favorably with the CRPTF's peers, 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. Evidence of this longer term view is CRPTF's ranking in the top 31 percent and 35 percent of public funds greater than $1 billion over the last 7 and 10 years, respectively.

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. During fiscal 2005, a quarterly "watch list" review was instituted to monitor portfolios of those managers with performance or organizational issues.

Throughout the fiscal year, the IAC focused on a number of important policy initiatives. The Council reviewed the Treasurer's Best Practices for Private Equity Investments, as well as a Private Equity Investment Pacing Plan. These initiatives are evidence of the CRPTF's sustained commitment to improving the standards applied to this asset class. The IAC also endorsed a number of commitments to real estate, as the implementation of the Real Estate Fund Investment Plan (adopted in 2004) continues. In addition, the Council reviewed and endorsed policies for the use of derivatives in the Mutual Fixed Income Fund as part of that fund's restructure. And finally, the IAC began its review of the asset liability study now underway with an asset allocation seminar in which we began to address the Treasurer's potential introduction of new asset classes to the portfolio, such as hedge funds.

During fiscal 2005, the CRPTF received contributions of $187 million and withdrew monies for payment of pension benefits of $1.13 billion, resulting in a negative cash flow of $943 million from pension activities (i.e., excluding the investment returns discussed above). This represents a 14% increase over fiscal 2004's pension outflow, a trend that is likely to continue, due principally to the maturing population of the members of the largest pension funds that comprise the total Fund, Teachers' Retirement Plan and State Employees Retirement Plan.

The IAC is united in continuing to stress that the legislature must address the significant systemic underfunding of the pension plans. Actuarial studies have been completed for the Teachers' plan and the State

Employees' plan, which together represent 92% of the CRPTF's assets under management. The most recent reports (reflecting data as of June 30, 2004) indicate that the Teacher's plan was 65.3 percent funded and the State Employees' plan was 54.4 percent funded as of that date. The amount of this shortfall was approximately $12.1 billion. Only two years earlier, that unfunded amount was $8.3 billion. Internal analysis has shown that even strong performance of the investment assets is unlikely to close the gap. Eventually, state taxpayers will have to fund this deficit in order to pay the pension commitments that have been made.

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

Sincerely,

Clarence L. Roberts, Jr.

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 2005 include:

CLARENCE L. ROBERTS, JR., Chairman, as appointed by the Governor, Former Assistant Treasurer, Unilever United States, Inc. (Retired)

MICHAEL FREEMAN, Representative of State Teachers' unions, Teacher, Stonington High School.

ROBERT L. GENUARIO, Secretary, State Office of Policy and Management (Ex-officio member) (effective January 2005).

DAVID HIMMELREICH, Principal, Hynes, Himmelreich, Glennon & Company.

JAMES T. LARKIN, President, Global Strategy Advisors

REGINALD U. MARTIN, Managing Partner, Insurance Planning Associates.

WILLIAM MURRAY, Representative of State Teachers' unions, NEA, Danbury

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

SHARON M. PALMER, Representative of State Teachers' unions, President, AFT Connecticut.

DAVID M. ROTH, Principal and Managing Director, WLD Enterprises, Inc.

MARC S. RYAN, Secretary, State Office of Policy and Management (Ex-officio member) (retired December 2004).

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

PETER THOR, Representative of State Employees' unions, Coordinator, Policy & Planning, AFSCME Council 4.

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 $21.3 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" or "the Division") is responsible for the day-to-day administration of the CRPTF.

Prudent investment management requires properly safeguarding pension assets in order to ensure the retirement security of the beneficiaries. Funding of the pension benefit liability is dependent on investment returns, state contributions and the contribution requirements of retirement plan participants.

As shown in Figure 1-1, over the last ten years pension and trust assets have grown from $12.2 billion to $21.3 billion, or 74.7%. The Teachers' Retirement Fund ("TERF"), with $11.4 billion of assets under management at June 30, 2005, is the largest participating fund, followed by the State Employees' Retirement Fund ("SERF") and the Municipal Employees' Retirement Fund ("MERF") with $8.2 billion and $1.4 billion of assets, respectively. During the fiscal year ended June 30, 2005, total investment return (comprised of interest income, dividends, securities lending income, and net realized and unrealized capital gains, net of Fund operating expenses) was approximately $2.1 billion. (See figure 1-2.)

CRPTF's asset allocation as of June 30, 2005 is illustrated below:

COMBINED INVESTMENT FUNDS
Investment Summary at June 30, 2005

	Fair Value (1)	% of Total Fund Fair Value
Cash Reserve Account ("CRA")(2)	$395,948,288	1.84%
Mutual Equity Fund ("MEF")	8,284,992,409	38.40%
International Stock Fund ("ISF")	4,372,185,115	20.27%
Real Estate Fund ("REF")	399,727,575	1.85%
Mutual Fixed Income Fund ("MFIF")	6,662,163,634	30.88%
Commercial Mortgage Fund ("CMF")	20,267,798	0.09%
Private Investment Fund ("PIF")	1,437,979,798	6.67%
Total Fund	$21,573,264,617	100.00%

(1) "Fair Value" includes securities and cash invested in CRA, and excludes receivables (FX contracts, interest, dividends, due from brokers, foreign tax, securities lending receivables, reserve for doubtful accounts, invested securities lending collateral and prepaid expenses), payables (FX contracts, due to brokers, income distribution, securities lending collateral and accrued expenses), and cash not invested in CRA.(2) The market value of CRA 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.

(2) The market value of CRA 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.

Fund Management

Under the supervision of a Chief Investment Officer, the Division executes and manages the investment programs of the pension and trust funds with a thirteen-member professional staff. Additionally, internal resources are augmented by several outside consulting firms that provide research and analytical expertise to the Treasurer, the Chief Investment Officer and Division staff. State Street Bank and Trust, as the custodian of record for the CRPTF, retains physical custody, safeguards plan assets and provides record keeping services under the supervision of PFM staff.

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, 2005, 79 external advisors were employed by the Treasury to invest the pension and trust assets, an increase of nine advisors from June 30, 2004. (See figure 1-5.)

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.

Investment Policy

One of the immutable principles of investment management is that asset allocation decisions are responsible for 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 CRPTF 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. As of June 30, 2005, multiple asset classes were included in the Investment Policy Statement, including Domestic Equity, International Equity, Fixed Income, Real Estate, and Private Investments.

At fiscal year-end, domestic and international equities comprised the largest asset allocation, at 59%. 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 of the Funds is designed to replicate one or more of the six asset classes outlined in the Policy.

Domestic Equity Investments

Management of the Mutual Equity Fund (“MEF”) entails pure indexing, enhanced indexing, and active management strategies executed by external managers. 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.

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. For performance measurement purposes, the MEF is benchmarked against the Russell 3000 Index.

As currently structured, the MEF replicates the approximate capitalization of the U. S. equity market as a whole with 77% of the portfolio invested in large-cap stocks and 21% in small/mid-cap stocks. Approximately 89% of the entire domestic equity portfolio adheres to an indexing or enhanced indexing strategy.

International Equity Investments

The International Stock Fund ("ISF") consists 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. Approximately 50% of the ISF is comprised of passive indexing, risk controlled, and core developed markets strategies, all of which entail benchmark sensitive investment management approaches. Mandates for active and small cap developed market strategies represent roughly 23% and 10% of the ISF, respectively, and introduce greater flexibility with regard to benchmark weightings. The currency exposure of the aggregated 83% of the ISF investments in developed markets is managed through a currency hedging overlay strategy. Finally, the ISF targets a 17% exposure to emerging markets.

The ISF's hybrid benchmark is 83% of the Citigroup Europe Pacific Asia Composite Broad Market Index -50%-hedged and 17% of the Morgan Stanley Emerging Markets Free Index.

Fixed Income Investments

The Mutual Fixed Income Fund ("MFIF") serves to reduce volatility of the CRPTF returns under various economic scenarios. Further, the fixed income portfolio provides cashflow to the CRPTF over all economic cycles, through interest payments and bond maturities. The MFIF's target allocation includes passively indexed core fixed income (20%), active core fixed income (50%), inflation-linked bonds (3%), high yield bonds (16%), and emerging markets debt (10%).

The MFIF benchmark is a hybrid comprised of 73% Lehman Brothers Aggregate (LB Aggregate), 17% Citigroup High Yield Market Index, and 10% JP Morgan Emerging Markets Bond Index (JP EMBI+).

Real Estate and Private Equity Investments

The asset allocation for the real estate asset class is 5%, and 11% for private equity. The externally managed Real Estate Fund ("REF") invests in real estate properties and mortgages 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. The REF will invest in the following types: core investments; value added (investments involving efforts to increase property value through repositioning, development and redevelopment); opportunistic (investments that represent niche opportunities, market inefficiencies, or special purpose markets); and publicly traded (primarily Real Estate Investment Trusts and Real Estate Operating Companies). Leverage within the REF is limited to 50%.

The Private Investment Fund ("PIF") is comprised of externally managed separate accounts or limited partnerships that focus on private equity investments. PIF 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 funds-of-funds focusing on, for example, venture capital partnerships too small to be otherwise appropriate for PIF.

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 fiscal year ended June 30, 2005, securities with a market value of approximately $2.6 billion had been loaned against collateral of approximately $2.7 billion. Income generated by securities lending totaled $7.8 million for the fiscal year.

The Year in Review

Total Fund Performance

During the fiscal year ended June 30, 2005, the State of Connecticut Retirement Plans and Trust Funds achieved an annual total return of 10.46%, net of expenses, which was 44 basis points ahead the benchmark return of 10.02%. During the fiscal year, the value of CRPTF's portfolio increased from $20.2 billion to $21.3 billion. The $1.1 billion increase was primarily due to net realized gain on investments of $2.0 billion partly offset by cash outflows of $0.9 billion. This latter amount was comprised of pension payments to beneficiaries of $1.130 billion that were offset by net contributions from unit holders of $187 million, for a net outflow of $943 million. Funds from operations were comprised of net investment income of $730 million, realized gains of $735 million and unrealized appreciation of approximately $589 million.

For the Fiscal Year ending June 30, 2005, markets were strong across the board with all markets posting positive returns. While returns continued to be positive, market volatility was high. In the U.S. equity markets, high oil prices, rising interest rates, and the financial troubles within the auto sector all contributed to high market volatility. The U.S. economy grew approximately 3.4%, helped by a booming housing market and rising corporate profits. The unemployment rate was 5.0% as of June 2005, in comparison to the 5.6% rate at the beginning of the fiscal year. As anticipated, the Federal Open Market Committee raised the overnight lending rate in several instances to 3.25% as of June 30, 2005, a tightening of 200 basis points since the start of the fiscal year.

The Mutual Equity Fund essentially matched its index (Russell 3000) with a fiscal year return of 8.06%. The U.S. equity market experienced a volatile, yet overall positive fiscal year powered by the robust gains generated in the fourth quarter of 2004. The fourth quarter of 2004 demonstrated an impressive post-election rally, as most major indices posted double-digit quarterly gains. As a result, all broad U.S. equity indices posted positive results for fiscal year 2005. The broad market Russell 3000 Index gained 8.06% in the fiscal year ending June 30, 2005. Within the asset class, mid cap stocks bested small cap stocks, which in turn, fared better than large cap stocks, gaining 17.11% over the fiscal year versus 9.45% and 7.92%, respectively (as measured by the Russell indices). In terms of investment style, value stocks significantly outperformed growth stocks across the capitalization spectrum.

The International Stock Fund returned 19.23% and outperformed its benchmark return of 18.88% by 35 basis points largely due to skillful active management decisions of the currency overlay managers and strong relative performance of the Fund's emerging markets managers. The International Stock Fund benchmark is comprised of 83% Citigroup EPAC BMI Index 50% Hedged Index, and 17% MSCI Emerging Markets Free Index. International economies experienced a partial slowdown in global growth over the latter portion of the fiscal year 2005, although these markets continued to generate healthy returns. Global equity markets posted double-digit gains during this time period. The S&P/Citigroup EPAC BMI Index, a broad measure of international equity markets, advanced 15.6% in U.S. dollar terms. The dollar depreciated against a basket of foreign currencies during the first half of the fiscal year, yet rallied over the latter half, which overall hampered hedged mandate performance over the fiscal year. In terms of style, international value stocks beat their growth counterparts, and small caps outpaced large caps. The emerging markets were strong throughout the first half of the fiscal year, yet cooled off during the second half, producing smaller gains. Despite this retraction, the MSCI Emerging Markets Index returned 34.89% during the year.

The Mutual Fixed Income Fund returned 7.70% for the fiscal year but underperformed its composite benchmark by 112 basis points due to the program's underweight to emerging market debt and an overweight to core fixed income, as emerging market debt significantly outperformed core fixed income during the fiscal year. On a positive note, individual manager selection within core fixed income was beneficial, as three out of the five core/core plus managers outpaced the LB Aggregate Index for the fiscal year. The Mutual Fixed Income benchmark, consisting of 73% Lehman Brothers Aggregate Index (LBA), 17% Citigroup High Yield Market Index, and 10% JPM Emerging Markets Bond Index, was 8.8% for fiscal year 2005. The market environment for U.S. fixed income was volatile as the yield curve flattened during the fiscal year. The short to intermediate-term sectors experienced the largest impact. U.S. Treasuries were out of favor and creditors were hurt by increased volatility in the auto sector amid the downgrades of GM and Ford . As a result, investors sought yield in the high yield and emerging market debt sectors, the fiscal year's strongest performers within the fixed income markets.

The Private Investment Fund returned 9.58% for the 2005 fiscal year but underperformed its benchmark Venture Economics All Private Equity (One Quarter Lag) Index by 779 basis points. The private equity markets were still positive, yet cooled down in comparison to last year. An expanding initial public offering market coupled with higher expected returns benefited performance of the index for the fiscal year. The PIF's recent return to an active commitment pace after a hiatus of several years has created a “J curve” dynamic in the portfolio, as new commitments draw capital in their early years before generating expected long term gains.

The Real Estate Fund outperformed its benchmark of 15.55% by 1,219 basis points with a return of 27.74%. Significant valuation adjustments reflecting the strong real estate market boosted the fiscal year performance. 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. The CRPTF generated compounded net annual total returns of 9.26%, 3.30%, and 8.90% 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 Fund benchmark; 5% NCREIF Property Index; 11% Venture Economics All Private Equity 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 Index. The Mutual Fixed Income Fund benchmark consists of 73% Lehman Brothers Aggregate Index, 17% S&P/Citigroup High Yield Market Index, and 10% JPM Emerging Markets Bond Index.

2005 Management Initiatives

During the fiscal year the Office of the Treasurer funded the currency hedging overlay mandate for the International Stock Fund. Two managers will actively hedge the currencies in the developed markets portion of the portfolio. This completed the implementation of the ISF's restructuring.

In June 2005, following a competitive search and due diligence process, the Treasurer selected State Street Bank for master custodian services for the CRPTF and Short Term Investment Fund. State Street will provide state of the art custodial and transfer agency services, including securities lending, compliance monitoring, advanced performance analytics, proxy voting support and class action filings. Overall, the services to be rendered will help PFM to enhance operational efficiency and was negotiated with significant cost savings.

New mandates were funded during the year for two Inflation Linked Bonds managers and an Emerging Markets Debt manager for the MFIF. These mandates represent a continuation of the implementation of the restructuring of the MFIF. In the process of implementing certain fixed income mandates, the Treasurer reviewed with the Investment Advisory Council the Investment Policy Statement language regarding the use of derivatives.

The Connecticut Horizon Fund was launched by the Treasurer during the fiscal year. Reviewed and approved by the IAC at its January 2004 meeting, the program will initially be implemented through four fund-of-fund managers to invest portions of the MEF, ISF and MFIF. These sub-managers will be minority- and/or women-owned, Connecticut-based and/or emerging firms who would normally not be of a sufficient scale to manage funds directly for the CRPTF. Account structures and sub-manager selections were established by the fund-of-fund managers in June 2005 and the mandates were scheduled for funding in August 2005.

Progress continued in the implementation of the Real Estate Fund's long term strategic plan to bring this asset class to its target asset allocation of 5% and build the core segment of the portfolio. An investment commitment of $250 million was made to a new core separate account, and $75 million of commitments were made to opportunistic funds targeting urban-focused investments. REF actively pursued the disposition of investments targeted for liquidation, also in line with its plan. In excess of $60 million of investments were liquidated during the year, and as of June 30, 2005 another $100 million of wholly-owned assets was positioned for sale in fiscal 2006.

During fiscal 2005, a pacing study was completed for the PIF which projected future cash flows and commitments to private equity. This study will be updated annually and will serve as the base for building this fund to its target asset allocation of 11%. Also during fiscal 2005, $445 million of commitments were made to 5 funds, including 3 new managers.

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.

This year the CRPTF engaged with over 22 companies – ranging from writing letters, to filing shareholder resolutions, appearing at annual meetings, holding discussions with management, and meeting with member of the board of directors. The Treasury also worked together with numerous other investors representing public pension funds, labor funds, socially responsible investors and faith based investors. CRPTF filed and co-filed a total of 22 shareholder resolutions this proxy season on critical corporate governance issues.

One of the Corporate Governance / Proxy Voting program's more noteworthy successes during the year was a settlement with Walt Disney Company on behalf of a shareholder resolution filed by the CRPTF requesting permanent separation of the positions of chairman of the board and CEO. The company agreed to amend its corporate governance guidelines to provide that the board chairman will be an independent director, except when the board decides it is in the best interest of the shareholders not to do so, and if the chair is not independent, a lead independent director with specific responsibilities will be named, and the reasons for a non-independent chair will be stated in the proxy statement.

Other successes include, a majority vote for the third year in a row at Stanley Works on a resolution requesting annual election of all directors. In response to a shareholder resolution co-filed by the CRPTF, and subsequent dialogue in which the CRPTF participated, Ford Motor Company agreed to write a climate risk report to shareholder, and numerous initiatives with many companies and other investors on climate change – including the Treasurer co-chairing the second Institutional Investor Summit on Climate Change held at the Untied Nations in May of 2005.

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

Over the past few years, the Office of the Treasurer, pursuant to the policies of Treasurer Nappier, has implemented and institutionalized the most comprehensive loss prevention and asset recovery effort in the history of the Treasury. During the Fiscal Year ended June 30, 2005, significant attention was placed on negotiation of revisions to the terms of contracts and the finalization of the development of best practices contract terms. Members of the Treasury staff have actively worked with vendors to insure contract compliance. In cases where contract disputes arose, staff negotiated carefully thought out resolutions to such disputes.

With the execution of a renegotiated custodial contract, the framework for the development of enhanced monitoring tools was established. These tools will give the CRPTF the enhanced ability to prepare a variety of reports that will provide increased analysis for the pension funds. Additionally, the custodian will augment class action proof of claim filings to aid in asset recovery.

The Office of the Treasurer continues to consider making application to serve as lead plaintiff in class action litigation, encourages of other institutional investor lead plaintiffs to aggressively negotiate reasonable legal fees.

Finally, the Office of the Treasurer gained a Compliance Officer, who is developing systems and procedures to insure compliance with contract deliverables.

Class Action Securities Litigation

The CRPTF collected more than $2.3 million from class action settlements in this fiscal year and closely monitors opportunities to recover lost assets through participation in class action litigation.

In addition, the CRPTF is serving as Lead Plaintiff in two national class action lawsuits, which allege corporate misconduct and malfeasance of certain corporate insiders by JDS Uniphase and Redback Networks.

Other Litigation

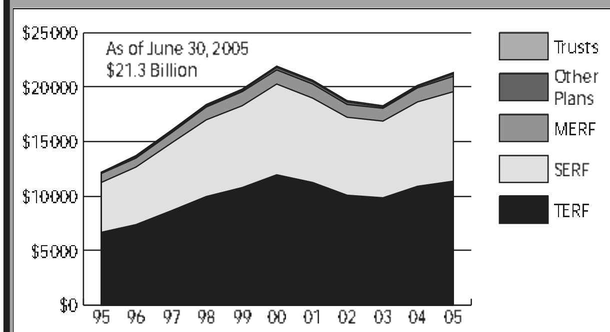
On the 20th of September 2004, Forstmann Little & Co. and its partners paid $15 million to the CRPTF as settlement of all claims in connection with a certain civil action filed by the Office of the Treasurer against the firm, alleging breach of contract and breach of fiduciary duty. The defendants paid an additional $1.2 million, which reflected Connecticut's pro rata share of a $20 million reserve of undistributed investment proceeds that Forstmann Little established to reimburse itself for legal expenses. The distribution of the reserve to all limited partners was an important part of settlement negotiations. The case was tried before a jury in Connecticut Superior Court – Complex Litigation docket throughout the month of June 2004. The jury rendered a verdict on the 1st of July 2004, determining that Forstmann Little had indeed breached its fiduciary duty to and the terms of its contract with the State of Connecticut. The jury further found that these breaches were in bad faith, grossly negligent or constituted willful misconduct. The jury did not, however, award damages, finding in favor of the Defendants' reliance on two special defenses. Confident that appealable error had occurred, Connecticut filed two motions with the trial court asking, in the alternative, that the judge award damages or grant a new trial. The Forstmann defendants entered into settlement negotiations following the filing of Connecticut's motions. This case was carefully watched nationally with regard to the responsibility of general partners to limited partners in the private equity sector.

The Office of the Treasurer is one of five (5) limited partner plaintiffs in a derivative action filed against the Philadelphia-based law firm Ballard Spahr Andrews & Ingersoll LLP, alleging legal malpractice in the advice given to Keystone Venture V L.P., a private equity fund in which the CRPTF invested. The action, filed in the Philadelphia Court of Common Pleas, was necessary to obtain court approval of a negotiated settlement with the firm. The trial court did not approve the settlement and the defendants appealed the trial court's ruling to the Commonwealth Court. The Commonwealth Court reversed the trial court's ruling and remanded the case for further consideration. On the 12th of September 2005, the Court of Common Pleas approved the settlement and settlement proceeds were distributed in September 2005. Prior to the ruling of the Commonwealth Court, the plaintiffs learned that the defendant, Ballard Spahr, had withheld material information from the settlement negotiations. The Office of the Treasurer was instrumental in negotiating an additional $1 million payment from the law firm. The amount recovered as a result of the pursuit of the law firm is nearly 2.5 times the proceeds received from the liquidation of partnership assets. The limited partners have referred this matter to the Securities and Exchange Commission and the Department of Justice for further action. The limited partners have requested that any disgorged assets obtained by these federal agencies be turned over to the investors.

In February 2005, the CRPTF filed a separate action against Safety-Kleen Corp. and certain corporate insiders. This action was filed to protect certain claims under the Securities Exchange Act of 1934, which were decertified by the court in the matter known as In re Safety-Kleen Corp. Bondholders Litigation. The class action matter and the separate lawsuit settled in June 2005. The net recovery from the separate action was 1.5 times the class action recovery.

Figure 1-1

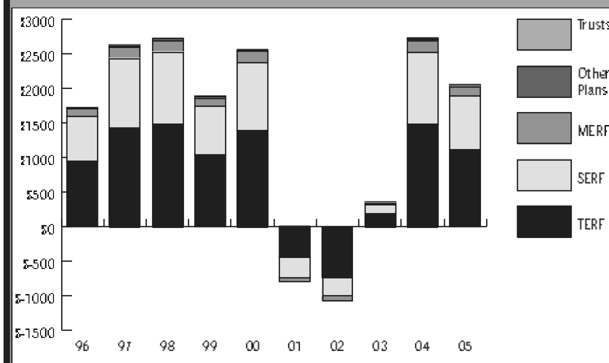
PENSION AND TRUST FUNDS
Growth in Assets ($ in millions)



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

Figure 1-2

PENSION AND TRUST FUNDS
Investment Returns ($ in millions)



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

Figure 1-3

PENSION AND TRUST FUNDS
Asset Class Diversification

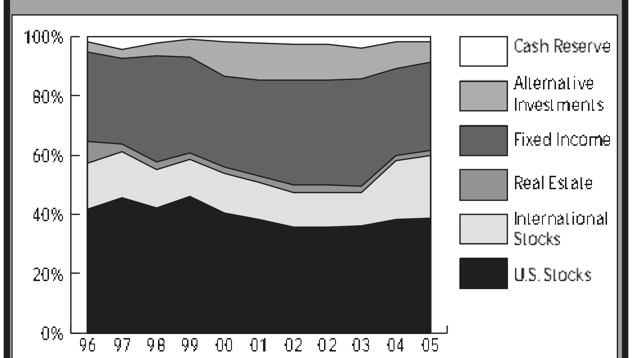


Figure 1-4

PENSION AND TRUST FUNDS ASSET ALLOCATION
Actual vs. Policy at June 30, 2005

	Actual	Target Policy	Lower Range	Upper Range
U.S. EQUITY	38.8%	36.0%	29.0%	43.0%
Mutual Equity Fund (MEF)	38.8%			
INTERNATIONAL EQUITY	21.1%	18.0%	14.0%	22.0%
International Stock Fund (ISF)	21.1%			
REAL ESTATE	1.9%	5.0%	4.0%	6.0%
Real Estate Fund (REF)	1.9%			
FIXED INCOME	31.4%	30.0%	26.0%	34.0%
Mutual Fixed Income Fund (MFIF)	29.5%			
Commercial Mortgage Fund (CMF)	0.1%			
Cash Reserve Account (CRA)	1.8%			
PRIVATE EQUITY	6.8%	11.0%	6.0%	11.0%
Private Investment Fund (PIF)	6.8%			
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, 2005	June 30, 2004
MEF	6	6
ISF	10	13
PIF	44	37
MFIF	11	8
CMF	1	1
REF	10	8
CRA	1	1
Total (1)	83	74

(1) Actual total advisors was 79 and 70, respectively when factoring in advisors across multiple funds.

Figure 1-6

PENSION AND TRUST FUNDS
Periods ending June 30, 2005

	1 YR	3 YRS	5 YRS	10 YRS
Compounded, Annual Total Return (%)				
CRPTF	10.46	9.26	3.30	8.90
CRPTF CMMI (Without Objective) Benchmark	10.02	9.91	1.88	N/A
CRPTF CMMI (With Objective) Benchmark	11.46	11.36	3.23	N/A
Cumulative Total Return (%)				
CRPTF	10.46	30.45	17.62	134.61
CRPTF CMMI (Without Objective) Benchmark	10.02	32.78	9.76	N/A
CRPTF CMMI (With Objective) Benchmark	11.46	38.09	17.21	N/A

Figure 1-7

PENSION AND TRUST FUNDS
Annual Total Return

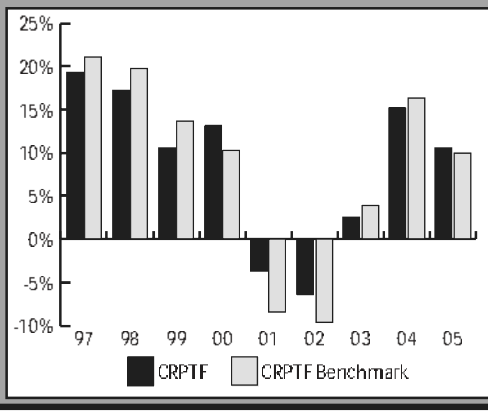


Figure 1-8

PENSION AND TRUST FUNDS
Annualized Standard Deviation

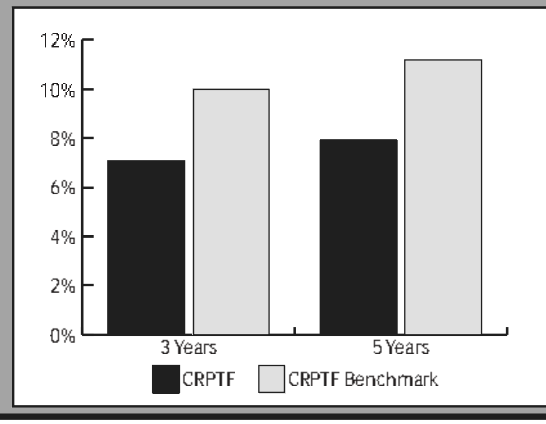


Figure 1-9

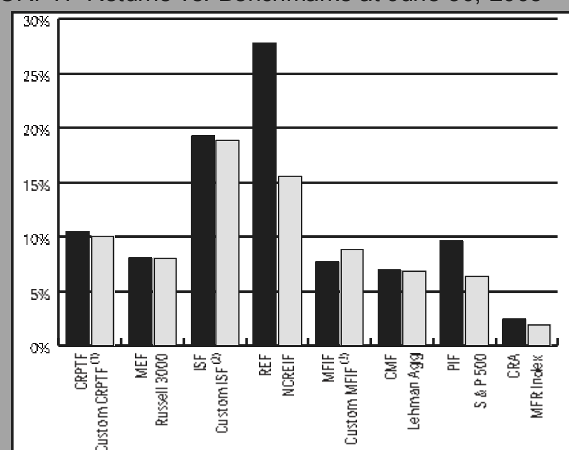
PENSION AND TRUST FUNDS
TUCS Ranking for Periods ending June 30, 2005

	1 YR	3 YRS	5 YRS	10 YRS
Public Funds >$1 Billion				
Percentile Return				
5th	13.41	11.67	5.81	10.64
25th	10.88	10.44	4.15	9.28
50th	9.95	9.71	3.49	9.00
75th	8.90	8.97	2.57	8.38
95th	7.26	7.22	2.04	7.62
CT Pension and Trust Funds				
Return[1]	10.76	9.45	3.49	9.13
Public Funds Ranking	30	62	50	35
Total Master Trusts Ranking	46	67	53	64

Source: State Street Bank
(1) Gross Return

Figure 1-10

PENSION AND TRUST FUNDS
CRPTF Returns vs. Benchmarks at June 30, 2005



(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% MFR Rated Index.

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

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

Combined Investment Funds Total Return Analysis (%)

Asset Class (% of Total Fund at 6/30) (Investment performance is calculated using a time-weighted rate of return.)	Fiscal Years Ending June 30, 2005	2004	2003	2002	2001	Annualized 3 Years	5 Years	10 Years
Total Fund (100.0%)								
Combined Investment Funds	10.46%	15.23%	2.49%	(6.39)%	(3.68)%	9.26%	3.30%	8.90%
Connecticut Multiple Market Index (Without Objective)	10.02	16.27	3.88	(9.60)	(8.37)	9.91	1.88	N/A
Connecticut Multiple Market Index (With Objective)	11.46	17.79	5.26	(8.39)	(7.14)	11.36	3.23	N/A
U.S. Stocks (38.8%)								
Mutual Equity Fund (38.8%)	8.06	20.84	0.48	(14.95)	(9.55)	9.48	0.19	10.69
Russell 3000 Index	8.06	20.46	0.77	(17.24)	(13.93)	9.46	(1.35)	10.05
International Stocks (21.1%)								
International Stock Fund (21.1%)	19.23	29.69	(6.39)	(9.00)	(13.29)	13.12	2.69	6.83
International Stock Fund Hybrid Benchmark	18.88	29.79	(6.62)	(10.88)	(19.80)	12.94	0.59	6.14
Equity Commercial Real Estate (1.9%)								
Real Estate Fund (1.9%)	27.74	0.67	3.30	0.81	14.45	9.93	8.89	9.93
Russell NCREIF(1 Qtr. Lag)	15.55	9.71	7.13	6.40	11.88	10.74	10.15	11.02
U.S. Fixed Income (29.6%)								
Mutual Fixed Income Fund (29.5%)	7.70	2.79	12.03	5.64	8.03	7.44	7.19	7.13
Fixed Income Fund Hybrid Benchmark	8.82	2.44	15.53	5.04	9.26	8.80	8.13	7.30
Commercial Mortgage Fund (0.1%)	6.95	7.87	20.62	1.19	10.88	11.64	9.32	9.45
Lehman Aggregate Bond Index	6.80	0.32	10.41	8.63	11.23	5.76	7.40	6.83
Alternative Assets (6.8%)								
Private Investment Fund (6.8%)	9.58	20.21	(11.94)	(10.81)	(6.25)	5.07	(0.61)	10.11
S & P 500	6.32	19.11	0.26	(17.99)	(14.83)	8.28	(2.37)	9.94
Venture Economics All Private Equity (1 Qtr. Lag)	17.37	21.49	(14.67)	(14.45)	(7.41)	8.16	(0.49)	17.53
Cash (1.8%)								
Cash Reserve Account (1.8%)	2.38	1.30	1.80	3.03	6.35	1.82	2.96	4.36
MFR First Tier Rated Inst. (Formally IBC Rated)	1.91	0.73	1.21	2.22	5.74	1.29	2.35	3.84

2005 cash reserve account

Fund Facts at June 30, 2005

Investment Strategy/Goals: To serve as a cash management 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: $1,578,309,209	Number of Advisors: 1external
Management Fees: $298,665	Operating Expenses: $264,967
Expense Ratio: 0.04%	

Performance Summary

For the fiscal year ended June 30, 2005, the Cash Reserve Account (CRA) generated a return of 2.38%, outperforming the benchmark MFR Prime Institutional Money Fund Index return of 1.91% by 47 basis points. The fund outperformed the 90 day Treasury Bill Index of 2.04% by 34 basis points for the period.

The fund's compounded annual total return for the trailing three year, five year and ten year periods as of June 30, 2005 were 1.82%, 2.96% and 4.36% respectively, net of all expenses. These returns exceed those of the fund's benchmark for the time periods listed by 53, 61 and 52 basis points respectively.

Description of the Fund

The Cash Reserve Account (CRA) is a cash management pool investing primarily in high quality money market securities, Asset Backed Securities (ABS) and corporate bonds. It serves as a cash management tool for the pension, trust and Combined Investment Funds while also being considered a separate asset class of the fund providing a competitive return with the primary focus being preservation of capital with a high degree of liquidity.

CRA is managed as an enhanced cash strategy whereby the fund maintains a relatively short weighted average maturity through the purchase of fixed rate money market instruments such as Commercial Paper, Certificates of Deposit, Bank Notes and other cash equivalents. The fund also will invest in high quality, floating rate corporate bonds and Asset Backed Securities. The focus on floating rate product is primarily in maturities or average lives in excess of 13 months. By focusing on maturities in this range, CRA is able to take advantage of wider credit spreads than would otherwise be available to a typical money market fund. CRA also maintains an adequate amount of overnight liquidity in order to meet any unexpected withdrawals from the fund. The fund also maintains adequate back up liquidity in the form of highly liquid money market instruments in order to meet any cash needs over and above our overnight liquidity.

Economic Review

The period began with a hike in the Fed Funds target to 1.25% after a year with the target rate holding steady at 1.00%. By the spring of 2004, it became clear to both the Fed and market participants that the US economy was out of the deflation woods with the prospects for growth appearing to be strong. The rate hike on 6/30/04 would prove to be the first of nine consecutive 25 basis point rate hikes by the FOMC during the fiscal year, bringing the benchmark short term rate to 3.25% by 6/30/05. The removal of monetary accommodation was deemed necessary by the Fed in response to strong economic growth with the renewed threat of rising inflation. Economic growth was robust during the period with quarterly GDP readings between 3.3% and 4.0% during the fiscal year. Inflation measures also showed growth during the period as readings on prices at both the producer and consumer levels posted consistent gains. Job growth was also strong as monthly nonfarm payroll gains averaged about 175,00 jobs with the unemployment rate falling from 5.6% to 5.0%. The price of oil remained elevated during the period with the front crude oil futures contract trading at $56 a barrel on June 30th, up approximately 51% from a year earlier. Oil remained a hotly debated topic as investors began to weigh the possibility of slower future growth versus a potential spike in inflation due to the rising cost of oil. Towards the end of the fiscal year, readings on core measures of both CPI and the PCE eased somewhat while the price of oil continued to climb. This caused some market participants to begin to expect a pause in the Fed's tightening campaign. However, the period came to a close with yet another 25 basis point hike in the Fed Funds target. The FOMC again cited the belief that the rate "remained accommodative" and that the accommodation could be removed "at a pace that is likely to be measured." After a full year of rate hikes it was clear that the Fed had more work to do in order to bring the fed funds target closer to its "neutral" level.

Portfolio Characteristics & Strategy

The portfolio performed quite well during the fiscal year despite the challenging environment in the market due to the Fed's "measured" removal of monetary accommodation. The transparent nature of the FOMC allowed the fund to pare down its interest rate risk at the beginning of the period when it became clear that rates would be rising. With the Fed Funds target near its all time low at 1.25% (6/30/04), our "base case" called for 25 basis point rate hikes at each meeting throughout the fiscal year. Despite the historically low level of rates, market participants were not consistently pricing in rate hikes at every Fed meeting throughout the period. Term rates were almost always priced for 25 basis point moves at the next 2 meetings (generally about an 85 day period) and sometimes priced for the expectations of 25 basis point hikes at the next four meetings (generally a 168 day period). Expectations for hikes in excess of 25 basis points were rare throughout the period. Given our outlook for the FOMC's policy moves and the reluctance of market participants to price in a more aggressive Fed, most fixed rate term trades in the portfolio were concentrated in the 1-3 month area of the curve. At many points throughout the year, these were the only maturities that fully discounted future Fed rate hikes. On rare occasions when valuations looked more compelling, the portfolio would opportunistically add longer dated securities when we were being compensated for the risk of more rate hikes. As a result, the portfolio maintained a somewhat short duration profile during the period, generally maintaining a weighted average maturity of between 30-45 days.

Floating rate bonds remained an important part of the fund's strategy as they allow for significant yield pick up compared to money market instruments without taking on significant interest rate risk. CRA's floating rate exposure was increased slightly from 59% of assets to 61% during the period. The fund held 30% in high quality corporate and CD floaters and approximately 32% in AAA rated floating rate Asset Backed Securities. Credit spreads on high quality corporate and ABS floaters narrowed during the period as demand for these types of securities remained very strong with the Fed hiking rates. Moving forward, we expect to maintain a large allocation to floating rate bonds while looking for opportunities to extend duration through the purchase of fixed rate securities when we feel we are being adequately compensated for the risk of doing so. This will require keeping a close watch on economic data as well as any shift in Fed rhetoric. As always, preservation of the fund's capital, a high degree of liquidity and a strong focus on credit fundamentals will remain the core of our investment philosophy.

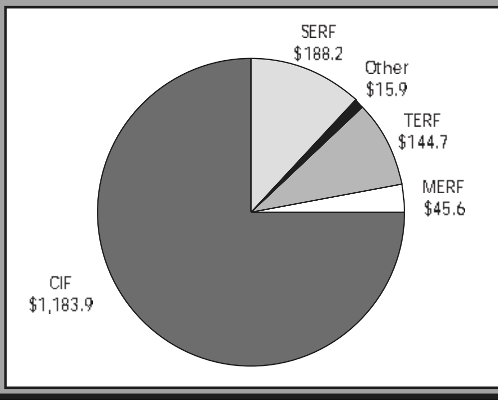
Risk Profile

Due to the short-term nature of CRA, it is generally considered to be low-risk. Consequently, returns that are 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 1.00. The standard deviation of the Fund of 0.24 suggests comparatively low overall volatility, while its beta of 0.91 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 0.61.

Figure 2-1

CASH RESERVE ACCOUNT
Ownership Analysis at June 30, 2005 ($ 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(1)
Risk Profile at June 30, 2005

Relative Volatility	1.00
Standard Deviation	0.24
R^2	0.95
Beta	0.91
Alpha	0.61

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

Figure 2-3

CASH RESERVE ACCOUNT
Quarterly Weighted Average Maturity

Quarter End	CRA	MFR Index
06/30/2005	44 days	37 days
03/31/2005	40 days	39 days
12/31/2004	36 days	39 days
09/30/2004	34 days	44 days
06/30/2004	48 days	46 days

Figure 2-4

CASH RESERVE ACCOUNT
Security Maturity(1) Analysis at June 30, 2005

(1) Or Interest Rate Reset Period.

Figure 2-5

CASH RESERVE ACCOUNT
Distribution by Yield (1) at June 30,2005

Yield	
.75% - 3.00%	0.0%
3.01% -3.25%	27.0%
3.26% - 3.50%	66.1%
3.51% -3.75%	5.5%
3.76% - 4.00%	1.4%
4.01+%	0.0%
TOTAL	100.0%

(1) Represents yield to reset if floating and yield to maturity if fixed.

Figure 2-6

CASH RESERVE ACCOUNT
Distribution by Security Type at June 30, 2005

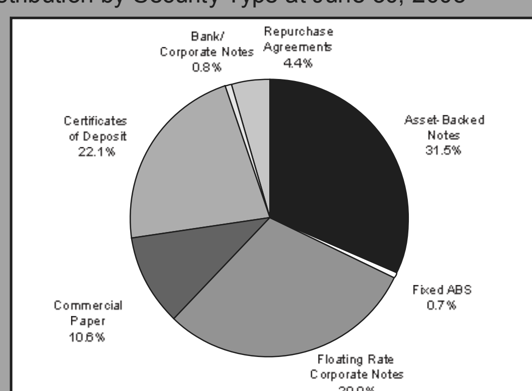


Figure 2-7

CASH RESERVE ACCOUNT
Comprehensive Profile

Date	Number of Issues	Yield(1)	Average Maturity	Average Quality
2005	100	2.38%	44 days	A-1+/AA+
2004	92	1.30%	48 days	A-1+/AA+
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

(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
06/30/2005	3.12%	2.76%
03/31/2005	2.88%	2.28%
12/31/2004	2.28%	1.80%
09/30/2004	1.56%	1.20%
06/30/2004	1.38%	0.75%

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

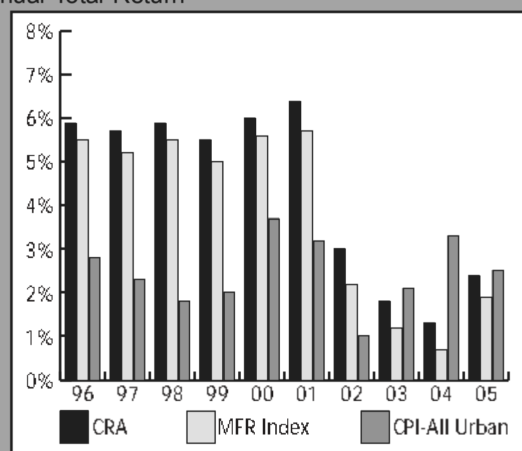
Figure 2-9

CASH RESERVE ACCOUNT
Periods ending June 30, 2005

	1 YR	3 YRS	5 YRS	10 YRS
Compounded, Annual Total Return (%)				
CRA	2.38	1.82	2.96	4.36
MFR Index	1.91	1.29	2.35	3.84
CPI-Urban	2.52	2.63	2.44	2.46
CitiGroup 90-Day CD	2.28	1.65	2.74	4.22
CitiGroup 90-Day T-Bill	2.04	1.47	2.49	3.83
Cumulative Total Return (%)				
CRA	2.38	5.58	15.69	53.22
MFR Index	1.91	3.89	12.30	45.76
CPI-Urban	2.52	8.11	12.82	27.55
CitiGroup 90-Day CD	2.28	5.02	14.46	51.18
CitiGroup 90-Day T-Bill	2.04	4.47	13.07	45.60

Figure 2-10

CASH RESERVE ACCOUNT
Annual Total Return



2005 mutual equity fund

Fund Facts at June 30, 2005

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: $8,275,121,405	Number of Advisors: 6 external
Management Fees: $22,668,229	Operating Expenses: $1,465,366
Expense Ratio: 0.30%	Turnover: 47.2%

Performance Summary

For the fiscal year ended June 30, 2005, the Mutual Equity Fund (MEF) generated a positive return of 8.06%, net of fees, which essentially matched the Russell 3000 Index return of 8.06%. Strong stock selection and positive style exposures were the main contributors to performance over the fiscal year. During this same period, MEF's net assets grew from $7.781 billion to $8.275 billion, an increase of $494 million. Of this net total change, $620 million was due to net investment income including realized gains, partly offset by $126 million in net cash outflows to participating pension plans and trusts.

While volatility in investment returns is expected in the short-term, the Fund's long-term performance remains the most important comparative measure. As Figure 3-4 below illustrates, MEF has generated annualized total returns, net of fees, of 9.48%, 0.19%, and 10.69% 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 2, 154, and 64 basis points, respectively.

The MEF's cumulative total returns for the three, five, and ten year periods ending June 30, 2005, were 31.22%, 0.94%, and 175.99%, 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 six externally managed equity portfolios structured to approximate the composition of the Russell 3000 Index. Two advisors actively managed approximately 8% of the portfolio in small to mid-capitalization stocks. Two advisors invested approximately 12% 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 34% was invested using a passive strategy) managed the balance of the portfolio, or approximately 77%. At fiscal year end, approximately $7.4 billion, or 89%, of the Fund's net assets were invested in indexed or enhanced index portfolios.

Portfolio Characteristics

At fiscal year-end, MEF was 97.0% invested in domestic stocks, reflecting the Fund's policy that it be fully invested. The largest industry weighting at June 30, 2005 was financials (19.0%), followed by information technology (18.1%) and health care (14.8%). (See figure 3-3.)

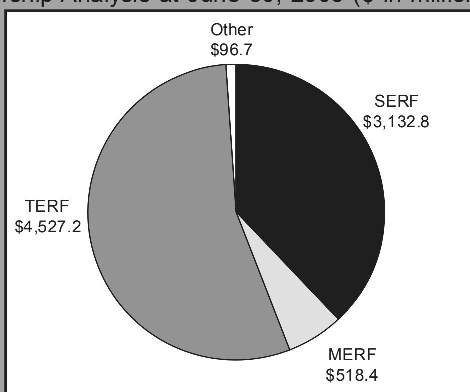
The MEF's ten largest holdings, aggregating to 17.8% of Fund investments, included a variety of blue chip companies. (See figure 3-9.)

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 1.54%. (See figure 3-2.)

Figure 3-1

MUTUAL EQUITY FUND
Ownership Analysis at June 30, 2005 ($ 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, 2005

Relative Volatility	0.99
Standard Deviation	15.90
R^2	0.99
Beta	0.98
Alpha	1.54

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

Figure 3-3

MUTUAL EQUITY FUND
Fiscal 2005 Industrial Sector vs. Index (%)
Based on Investments in Securities,at Value (1)

At 6/30/2005:	MEF		Russel 3000	
	% of Net Assets	Annual Return	%of Net Assets	Annual Return
Energy	5.9	46.7	6.0	40.0
Materials	3.7	7.9	3.3	6.3
Industrials	11.3	5.8	11.8	6.5
Consumer Discretionary	15.1	9.0	13.4	6.9
Consumer Staples	6.8	2.4	7.8	4.7
Health Care	14.8	8.2	13.9	4.5
Financials	19.0	6.4	21.2	9.0
Information Technology	18.1	(3.2)	16.3	(4.2)
Telecommunication Services	3.0	9.7	3.2	11.4
Utilities	2.3	39.5	3.1	37.0
	100.0		100.0	

(1) Excludes the Cash Reserve Account.

Figure 3-4

MUTUAL EQUITY FUND
Periods ending June 30, 2005

	1 YR	3 YRS	5 YRS	10 YRS
Compounded, Annual Total Return (%)				
MEF	8.06	9.48	0.19	10.69
Russell 3000	8.06	9.46	-1.35	10.05
Cumulative Total Return (%)				
MEF	8.06	31.22	0.94	175.99
Russell 3000	8.06	31.16	-6.58	160.64

Figure 3-5

MUTUAL EQUITY FUND
Annual Total Return

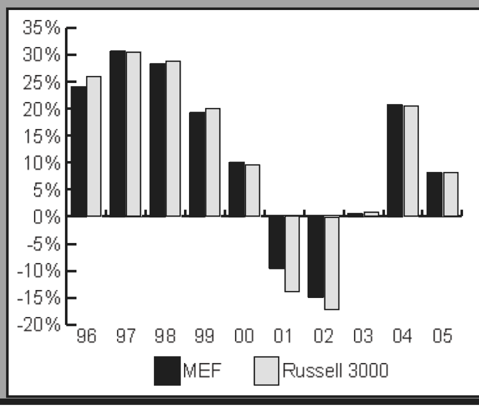


Figure 3-6

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

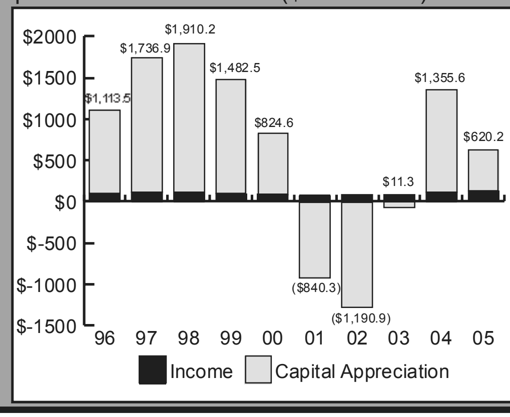


Figure 3-7

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

	2005		2004		2003		2002		2001	
	MEF	Russell	MEF	Russell	MEF	Russell	MEF	Russell	MEF	Russell
# of Issues	1,719	3,000	2,114	3,000	2,119	3,000	2,274	3,000	2,333	3,000
Cap ($ Bil)	$69.0	$70.7	$70.0	$74.6	$65.1	$71.7	$66.8	$70.2	$87.7	$94.9
P/E	19.1	20.5	22.0	22.5	23.2	23.9	29.3	30.4	24.1	26.3
Div Yield	1.60%	1.70%	1.50%	1.60%	1.50%	1.70%	1.50%	1.60%	1.20%	1.30%
ROE	17.4%	17.3%	16.7%	16.7%	16.0%	16.2%	15.5%	16.4%	20.0%	20.9%
P/B	3.6x	3.8x	3.9x	4.0x	3.9x	4.0x	4.2x	4.3x	5.3x	5.5x
Cash & Equiv.	3.1%	0.0%	0.8%	0.0%	1.1%	0.0%	1.2%	0.0%	1.3%	0.0%

Figure 3-8

MUTUAL EQUITY FUND
Investment Advisors at June 30, 2005

Investment Advisor	Net Asset Value	% of Fund
Large Cap (Passive - Enhanced)	$6,373,367,151	77.02%
BGI Barclays Global Investors, N.A. (Passive - Indexed)	3,527,459,856	42.63%
State Street Global Advisors	2,845,907,295	34.39%
Small/Mid Cap (Passive - Enhanced)	1,027,402,326	12.42%
AXA Rosenberg Investment Management	570,583,580	6.90%
SSB Citigroup (The Travelers)	456,818,746	5.52%
Small/Mid Cap (Active)	683,222,654	8.26%
TCW Cowen Asset Management	500,442,229	6.05%
Brown Capital Management, Inc.	182,780,425	2.21%
Other (1)	191,129,274	2.30%
TOTAL MEF	$8,275,121,405	100.00%

(1) Other represents (i) cash earmarked for distribution to participants, (ii) reinvestment and expenses as well as terminated advisor balances, (iii) Currency Overlay Managers, and (iv) CT Financial Development Fund, Keystone Venture V Partnerships and a new unfunded committment to GarMark Partners II LP.

Figure 3-9

MUTUAL EQUITY FUND
Ten Largest Holdings at June 30, 2005

Security Name	Sector	Market Value	%
Microsoft	Technology	$181,840,897	2.19%
General Electric	Technology	181,448,606	2.19%
Exxon Mobil Corp	Energy	180,716,714	2.18%
CitiGroup Inc	Financial	176,065,291	2.13%
Johnson & Johnson	Health Care	147,898,855	1.79%
Bank America Corp	Financial	143,086,871	1.73%
Intel Corp	Technology	129,152,526	1.56%
Wal Mart Stores Inc	Non-Durables	124,842,483	1.51%
Cisco Systems Inc	Technology	109,166,334	1.32%
Pfizer Inc	Health Care	98,089,842	1.18%
Top Ten		$1,472,308,419	17.78%

2005 international stock fund

Fund Facts at June 30, 2005

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: $4,488,849,109
Number of Advisors: 10 external	Management Fees: $23,670,373
Operating Expenses: $1,992,067	Expense Ratio: 0.60%
Turnover: 49.5%	

Performance Summary

For the fiscal year ended June 30, 2005, the International Stock Fund (ISF) generated a return of 19.23%, net of fees, which outperformed its hybrid benchmark index return of 18.88% by 35 basis points. The outperformance was largely attributable to the strong active management of the currency overlay managers. In addition, the program's decision to be half-hedged was beneficial to fiscal year results as the U.S. dollar experienced notable fluctations.

During fiscal year 2005, ISF net assets increased from $4.003 billion to $4.489 billion, an increase of $486 million. This included realized and unrealized net capital gains of $662 million and net investment income of $95 million partly offset by $271 million due to net cash outflows to participating pension plans and trusts.

The Fund returned 13.12%, 2.69% and 6.83% for the three, five and ten year periods outperforming the benchmark returns of 12.94%, 0.59% and 6.14% by 18, 210 and 69 basis points respectively. The cumulative returns for the Fund for the three, five and ten years were 44.75%, 14.22% and 93.70% respectively as illustrated in Figure 4-4 below.

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 Fund returns.

Established in 1988, the 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 a 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 international 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 2005 there were seven mandates in the Fund; Passive Large-Cap EAFE, Active Small-Cap EAFE, Active Risk Controlled EAFE, Active Core EAFE, Active Specialist EAFE, Active Emerging Markets, and Currency Overlay. Within Active Core EAFE, one manager was terminated on March 10, 2005. 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 ten managers.

At the end of fiscal year 2005, the Fund had ten external advisors, selected on the basis of expected future performance and investment style. Two of the advisors each managed two portfolios: the first advisor manages both an emerging market and an active large cap value portfolio, while the second advisor handles both a large cap core and a small cap portfolio. (See figure 4-8.) Based on the Fund's holdings, as of June 30, 2005, approximately 54% of the portfolio was actively managed in core, growth, value and small cap, while 17% was actively managed within the emerging markets, 17% was actively managed within risk controlled and 12% was allocated to one advisor for passive management against the Citigroup Europe, Pacific, Asia Composite Primary Market Index (Citigroup EPAC PMI).

Portfolio Composition

At fiscal year-end, ISF was 97.0% invested in international securities. Investments in Japan were the largest percentage of Fund assets, at 19.4%. The United Kingdom accounted for 18.2% of investments followed by France at 7.6%. 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 1,643 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 1.6% of investment securities, was the U.K.'s GlaxoSmithKline. (See figure 4-9.)

In the aggregate, these ten holdings accounted for 10.8% of the Fund's investments at June 30, 2005.

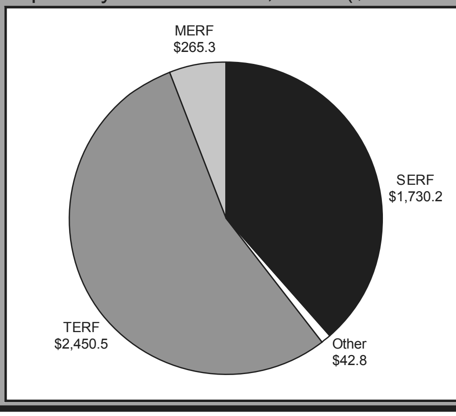
Risk Profile

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. The Treasurer determined that a 50% hedge ratio would provide the greatest reduction in portfolio risk over time. The currency hedging strategy was implemented during the fiscal year ending June 30, 2004 with the hiring of two dedicated currency overlay managers. As a result, currency hedging will not be part of any of the other international equity managers within the Fund.

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 to its benchmark over the five-year period ending June 30, 2005 has been 1.00%, while its high R2 of 0.97 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 2.10%. (See Figure 4-2.)

Figure 4-1

INTERNATIONAL STOCK FUND
Ownership Analysis at June 30, 2005 ($ in millions)



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

Figure 4-2

INTERNATIONAL STOCK FUND(1)
Risk Profile at June 30, 2005

Relative Volatility	1.00
Standard Deviation	15.52
R^2	0.97
Beta	0.99
Alpha	2.10

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

Figure 4-3

INTERNATIONAL STOCK FUND
Comprehensive Profile at June 30, 2005

	ISF	ISF Hybrid Benchmark
Number of Issues	1,643	4,806
European Allocation (%)	54.9	55.3
Pacific Allocation (%)	26.8	25.2
Other (%)	18.3	19.5
Annual Total Return (%)	19.23	18.88

Figure 4-4

INTERNATIONAL STOCK FUND
Periods ending June 30, 2005

	1 YR	3 YRS	5 YRS	10 YRS
Compounded, Annual Total Return (%)				
ISF	19.23	13.12	2.69	6.83
ISF Hybrid Benchmark	18.88	12.94	0.59	6.14
Cumulative Total Return (%)				
ISF	19.23	44.75	14.22	93.70
ISF Hybrid Benchmark	18.88	44.08	2.99	81.53

Figure 4-5

INTERNATIONAL STOCK FUND
Annual Total Return

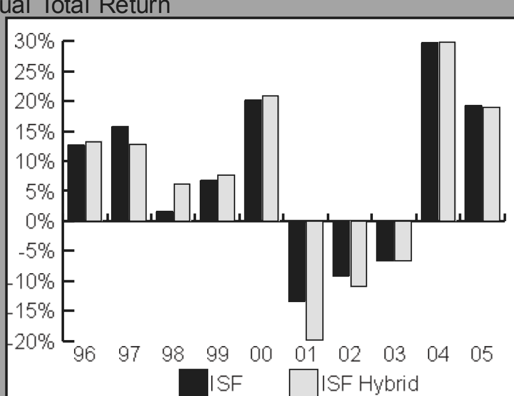


Figure 4-6

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

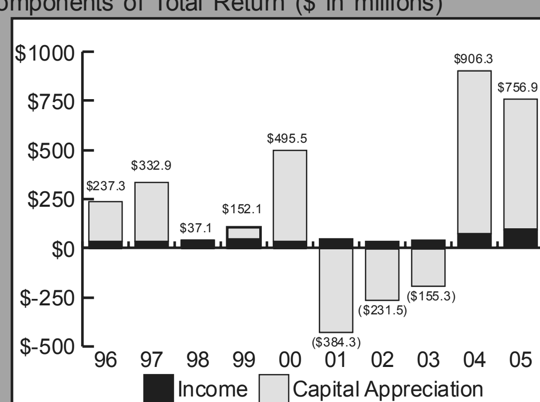


Figure 4-7

INTERNATIONAL STOCK FUND
Diversification by Benchmark Country with Return (%) at June 30, 2005 (1)

	ISF			ISF Hybrid Benchmark		
	% of Net Assets 6/30/04	% of Net Assets 6/30/05	Total Return	% of Net Assets 6/30/04	% of Net Assets 6/30/05	Total Return
Japan	13.3	19.4	-2.1	20.0	17.8	-0.9
United Kingdom	14.7	18.2	16.4	20.1	19.9	17.8
Germany	10.7	5.2	16.2	5.4	5.4	13.7
France	8.7	7.6	19.2	7.0	7.1	18.4
Italy	6.1	3.4	25.5	3.4	3.5	21.4
Switzerland	4.8	5.2	11.2	5.4	5.2	11.4
Netherlands	3.6	4.9	16.3	3.7	3.9	18.1
Spain	4.0	2.8	21.8	2.9	3.4	25.8
Hong Kong	1.8	2.8	30.2	1.7	1.9	27.8
Sweden	1.5	1.6	18.7	1.9	1.9	19.8
Australia	1.4	3.2	34.1	4.0	4.5	40.3
Finland	1.5	1.6	23.2	1.1	1.2	24.9
Belgium	1.4	1.2	27.3	1.0	1.1	31.4
Singapore	1.2	1.0	24.5	0.7	0.8	21.5
Denmark	0.8	0.9	27.9	0.7	0.7	30.5
Ireland	0.9	0.8	30.0	0.6	0.7	19.0
Norway	1.8	0.8	55.2	0.4	0.6	54.0
Malaysia	0.5	0.7	19.1	0.8	0.6	9.5
Austria	0.9	0.6	56.8	0.3	0.4	46.8
New Zealand	0.5	0.4	22.3	0.1	0.2	32.0
Portugal	0.4	0.2	-4.4	0.4	0.3	3.2
Other	19.5	17.5		18.4	18.9	
Total	100.0	100.0		100.0	100.0	

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

Figure 4-8

INTERNATIONAL STOCK FUND
Investment Advisors at June 30, 2005

Investment Advisor	Net Asset Value	% of Fund
Index	$556,046,402	12.39%
State Street Global Advisor	556,046,402	12.39%
Active-Core	861,534,750	19.19%
Invesco Global Asset Mgmt.	543,561,214	12.11%
Morgan Stanley Asset Management	317,973,536	7.08%
Active-Growth	503,013,251	11.20%
Clay Finlay, Inc.	328,232,179	7.31%
MFS Institutional Advisors, Inc.	174,781,072	3.89%
Active-Value	444,259,311	9.90%
Grantham, Mayo, Van Otterloo	444,259,311	9.90%
Small Cap	455,558,834	10.15%
Morgan Stanley Asset Management	230,312,089	5.13%
Schroder Investment Mgmt.	225,246,745	5.02%
Emerging	755,784,696	16.83%
Grantham, Mayo, Van Otterloo	386,671,707	8.61%
Emerging Markets Management	369,112,989	8.22%
Risk Controlled	740,450,443	16.50%
Merrill Lynch Investment	455,943,168	10.16%
Fidelity Management Trust Co.	284,507,275	6.34%
Other (1)	172,201,422	3.84%
TOTAL ISF	$4,488,849,109	100.00%

(1) Other represents (i) cash earmarked for distribution to participants, (ii) reinvestment and expenses as well as terminated advisor balances, (iii) Currency Overlay Managers, and (iv) CT Financial Development Fund, Keystone Venture V Partnerships and a new unfunded committment to GarMark Partners II LP.

Figure 4-9

INTERNATIONAL STOCK FUND
Ten Largest Holdings at June 30, 2005

Security Name	Country	Market Value	%
Glaxosmithkline ORD GBP .25	United Kingdom	$69,890,475	1.60%
Total SA Eur 10 Serie B	France	58,501,495	1.34%
BP PLC Ord USD .25	United Kingdom	50,481,868	1.15%
Vodafone Group ORD USD .10	United Kingdom	47,045,151	1.08%
ENI EUR 1	Italy	46,733,434	1.07%
Novartis AG CHF .50 Regd	Switzerland	42,716,939	0.98%
Roche Holdings AG NPV	Switzerland	40,595,073	0.93%
Royal BK Scot GRP Ord GBP .25	United Kingdom	40,193,301	0.92%
Royal Dutch Petroleum Euro .56	Netherlands	39,520,077	0.90%
ING Groep NV CVA Euro .24	Netherlands	36,583,961	0.84%
Top Ten		$472,261,774	10.81%

2005 real estate fund

Fund Facts at June 30, 2005

Investment Strategy/Goals: (1) to provide diversification to the overall CRPTF investment program; (2) to preserve investment capital and generate attractive risk-adjusted rates of return; (3) to provide current income; and (4) to provide a hedge against inflation.

Performance Objective: An annual total return which is equal to or greater than CRPTF's actuarially determined assumed rate of return (currently 8.5%) and competitive with that of other asset classes in which CRPTF invests, on a risk adjusted basis.

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

Date of Inception: July 1, 1982

Total Net Assets: $399,610,417

Number of Advisors: 10 external

Management Fees [(1)]: $946,826

Operating Expenses: $543,597

Expense Ratio: 0.39%

Capitalized and Netted Fees: $3,810,931

(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, 2005, the Real Estate Fund (REF) generated a total return of 27. 74%, net of fees, which out performed the National Council of Real Estate Investment Fiduciaries Index (NCREIF) of 15.55% by 1,219 basis points. This result is primarily attributable to REF's over exposure to mature Opportunistic strategies that recognized broad valuation increases and realized significant gains by selling holdings into robust real estate capital markets during the fiscal year. In addition, REF benefited from its overexposure to hotels and other nontraditional property types such as senior living facilities, two sectors which have rebounded recently.

During the fiscal year, the value of REF's portfolio increased from $369 million to $400 million, a $31 million increase that was primarily due to $89 million generated by operations. This was offset by redemptions paid out to unit holders of $31 million and net distributions to unit holders of $27 million. The funds generated from operations were comprised of net investment income of $6 million, realized gains of $14 million and unrealized appreciation of $69 million.

For the trailing three, five and ten-year periods, REF's compounded annual total return was 9.93%, 8.89%, and 9.93%, 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 81 basis points, 126 basis points and 109 basis points, respectively. The under performance for the three and five year periods are indicative of the “J curve” effect of the older Opportunity fund investments, which comprise a significant portion of the Fund. REF's concentration in Opportunistic investments has resulted in a focus on value creation and capital gain generation strategies and features significant exposure to non-traditional property types. Over these time periods, markets favored highly occupied, cash generating properties in traditional property types, putting REF at a relative disadvantage in that the properties held by REF's Opportunistic funds were not generating significant cash flow nor were they positioned for a ready sale. Reasons for underperformance in the ten-year period include adverse asset selection and major asset sales transacted in a weak domestic real estate market (the early and mid nineteen nineties). Operating losses 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

REF is an externally managed fund that invests in real estate, real estate related investments and mortgages. These 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.

REF is benchmarked against the NCREIF index. Its strategic objectives are: (1) to provide diversification to the overall CRPTF investment program; (2) to preserve investment capital and generate attractive risk-adjusted rates of return; (3) to provide current income; and (4) to provide a hedge against inflation. Its returns are expected to be equal to or greater than CRPTF's actuarially determined assumed rate of return (currently 8.5%) and competitive with that of other asset classes in which CRPTF invests, on a risk adjusted basis.

Portfolio Activity

During the fiscal year, the State of Connecticut Retirement Plans and Trust Funds (CRPTF) continued to implement the REF investment plan. New investment opportunities were considered. Of these, a select group was identified and awarded with investment commitments totaling $325 million. The largest single commitment was made to a Core separate account that will be managed by AEW Capital Management, LP. This is a $250 million commitment. The other commitments were made to Opportunistic urban-focused investment funds. One is a $50 million commitment to the Canyon-Johnson Urban Fund II, LP ("CJUF II"). CJUF II has a target return minimum of 20 %, net of fees and will focus on property investments in inner city areas that have high concentrations of ethnically diverse and underserved communities. It is anticipated that the Fund will generate strong returns for REF and also generate collateral benefits in the communities that they invest in by providing enhanced residential stock and community oriented retail in areas where these product types are lacking. Such projects are significant in magnitude and spur employment during the construction phase as well as on an ongoing operating basis. In employing this strategy, the Fund will work closely with local and other governmental and community organizations to tailor its investments to meet local needs and to fully access available economic incentives. This commitment is intended to help diversify REF's existing Opportunistic real estate portfolio. The other is a $25 million commitment to the RLJ Urban Hospitality Fund, L.P. ("RLJ"). RLJ seeks to generate returns of 20% (approximately 17% net of fees) by utilizing a niche strategy to identify and acquire existing focused and limited service hotels in urban areas that present barriers to competitors. RLJ will reposition, renovate and/or re-brand these hotels and apply aggressive management to improve operations subsequent to acquisition.

REF pursued liquidation strategies for assets that were acquired in the late nineteen eighties and early nineties and are inconsistent with REF's portfolio objectives. Consistent with this approach, REF's investment in Worcester Center was sold during the fiscal year and two other investments were under contract to be sold as of June 30. The sale of Worcester Center generated proceeds of roughly $1 million. In addition, REF is positioning its last remaining single-asset investment for sale. The focus during this process is on maximizing returns. REF's 1997 and 1998 vintage year Opportunistic funds, currently in their liquidation phases, ramped up their sale and refinancing activity. This generated proceeds of almost $60 million comprised primarily of $38 million from AEW Partners Fund III, LP; $8 million from the Westport Senior Living Fund; $7 million from Apollo Real Estate Fund III, LP and $6 million from Walton Street Real Estate Fund II, LP.

REF has unfunded outstanding commitments of $332 million to five investments at fiscal year end. During the fiscal year, REF funded $40 million of capital commitments to four of these funds.

During the fiscal year, the U.S. economy continued to grow at a steady pace. The corresponding increase in commercial activity and the associated job creation resulted in modest improvement in property level fundamentals in the office, industrial and apartment sectors. The retail sector continued its strong performance of prior years. The most significant impact on the performance of commercial real estate over the fiscal year was the strong and sustained level of capital flows from institutional and individual investors into real estate investments. This trend has been fed by the seemingly insatiable investor demand for cash flowing real estate investments and the continued availability of ample amounts of low interest rate mortgage debt.

Portfolio Characteristics

At June 30, 2005, the portfolio consisted of 10 externally managed portfolios/investments, with 20% of the Fund's net assets invested in real estate separate accounts, 79% invested in commingled funds and 1% invested in cash and other net assets. The Fund's ten largest holdings aggregated to 97.7% of REF investments. (See figure 5-12.)

As currently structured, office properties constitute the single largest component of REF's portfolio at 23%, with industrial (2%), retail (14%), apartments (4%), and hotel (14%) comprising 57% of the Fund. The "other" category, which accounts for 43% of net assets, includes significant exposures in senior living (25%), mixed-use/real estate securities (8%) and land (5%). The balance of the portfolio is comprised of timberland, storage facilities, and cash and other monetary assets. (See figure 5-7.)

The portfolio is reasonably well diversified geographically with 33% of its assets invested in the East, 16% in the West, 36% in the South, and 6% in the Midwest. The remaining 9% is comprised of "other" and includes investments distributed nationally across the U.S. (4%), and internationally (4%), while cash and other net assets account for the remainder (1%). (See figure 5-6.)

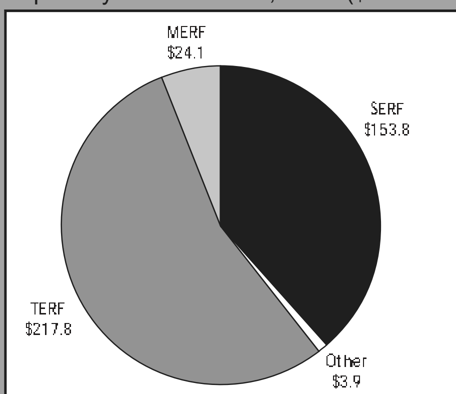
Risk Profile

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 R2 of 0.39, signifying almost no correlation between Fund returns and those of the benchmark. Its beta of 0.17 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 1.26 over the five-year time period. (See figure 5-2.)

Figure 5-1

REAL ESTATE FUND
Ownership Analysis at June 30, 2005 ($ 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, 2005

Relative Volatility	3.69
Standard Deviation	6.80
R^2	0.39
Beta	0.17
Alpha	-1.26

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

Figure 5-3

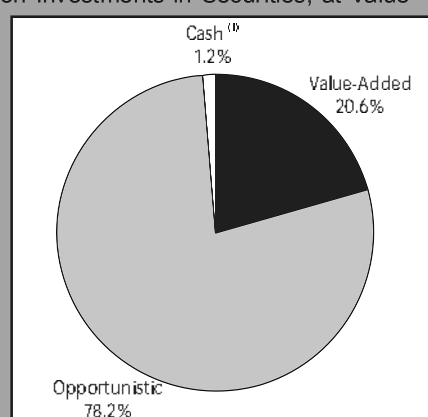
REAL ESTATE FUND
Investments Analysis (1)

At	No. of REF Investments	REF Book Value	REF Market Value
6/30/2005	11	304,926,401	394,855,227
6/30/2004	10	324,142,113	344,673,596
6/30/2003	10	393,641,512	420,132,363
6/30/2002	10	413,693,249	467,819,628
6/30/2001	10	403,106,638	471,662,581
6/30/2000	11	434,881,420	478,966,334
6/30/1999	14	395,221,763	380,769,286
6/30/1998	20	407,989,996	379,124,673
6/30/1997	24	540,133,490	475,213,540
6/30/1996	41	1,111,459,897	924,414,185

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

Figure 5-4

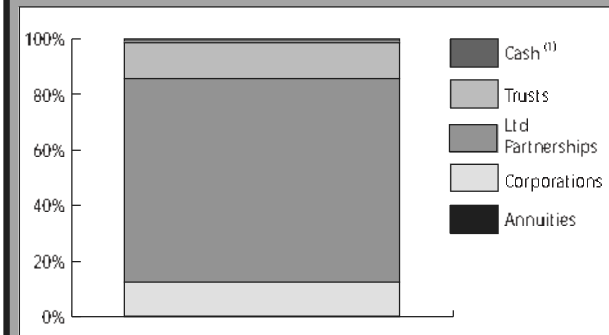
REAL ESTATE FUND
Distribution by Investment Type at June 30, 2005
Based on Investments in Securities, at Value



(1) Cash Reserve Account and other monetary assets.

Figure 5-5

REAL ESTATE FUND
Distribution by Investment Type at June 30, 2005
Based on Investments in Securities, at Value



(1) Cash Reserve Account.

Figure 5-6

REAL ESTATE FUND
Distribution by Geographic Location at June 30, 2005
Based on Investments in Securities, at Value

	REF	NCREIF	Variance
East	33.2%	32.0%	1.2%
Midwest	6.0%	12.8%	-6.8%
South	35.5%	20.5%	15.0%
West	16.3%	34.7%	-18.4%
Cash and Other Assets(1)	9.0%	0.0%	9.0%
	100.0%	100.0%	

(1) Includes national (3.6%) and non-U.S. (4.2%) and cash and monetary assets (1.2%).

Figure 5-7

REAL ESTATE FUND
Diversification by Property Type at June 30, 2005
Based on Investments in Securities, at Value

	REF	NCREIF	Variance
Apartment	3.9%	20.1%	-16.2%
Industrial	1.8%	18.1%	-16.3%
Office	22.8%	37.4%	-14.6%
Retail	14.6%	22.5%	-7.9%
Hotel	13.8%	1.9%	11.9%
Cash and Other Assets(1)	43.1%	0.0%	43.1%
	100.0%	100.0%	

(1) Other includes senior living (25.4%), real estate securities/mixed use (7.6%), land (4.8%), timberland (3.1%), storage facilities (1.0%) and cash and other assets (1.2%).

Figure 5-8

REAL ESTATE FUND
Periods ending June 30, 2005

	1 YR	3 YRS	5 YRS	10 YRS
Compounded, Annual Total Return (%)				
REF	27.74	9.93	8.89	9.93
NCREIF Property	15.55	10.74	10.15	11.02
Cumulative Total Return (%)				
REF	27.74	32.84	53.12	157.75
NCREIF Property	15.55	35.81	62.15	184.42

Figure 5-9

REAL ESTATE FUND
Annual Total Return

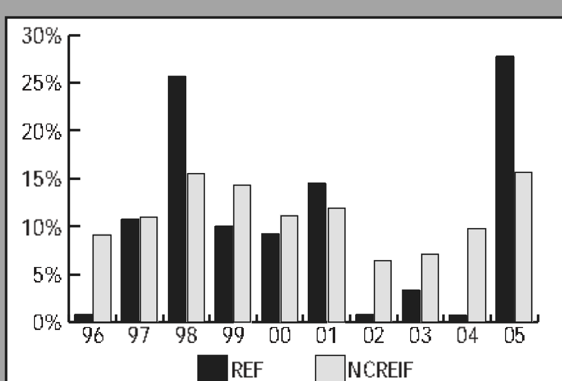


Figure 5-10

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

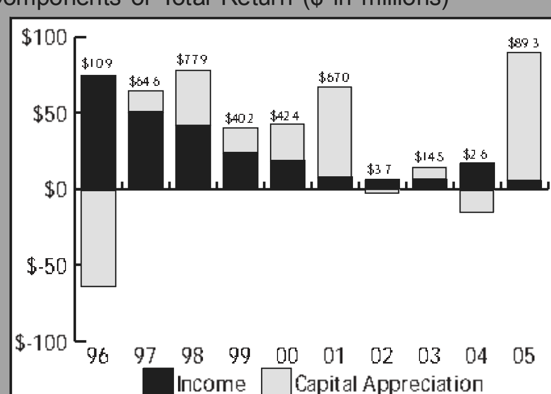


Figure 5-11

REAL ESTATE FUND
Investment Advisors at June 30, 2005

Investment Advisor	Net Asset Value	% of Fund
AEW Capital Management	$113,307,325	28.36%
Westport Advisors	95,915,868	24.00%
Walton Street Real Estate	63,871,089	15.98%
Apollo Real Estate	56,196,794	14.06%
Rockwood Capital	33,030,054	8.27%
RMK Timberland	12,869,554	3.22%
New Boston Fund	10,640,856	2.66%
RLJ Urban Lodging Funds	4,831,132	1.21%
Canyon Johnson Urban Funds	3,863,286	0.97%
CIGNA Realty Investors	248,801	0.06%
Other (1)	4,835,658	1.21%
TOTAL REF	$399,610,417	100.00%

(1) Other represents (i) cash earmarked for distribution to participants, (ii) reinvestment and expenses as well as terminated advisor balances, (iii) Currency Overlay Managers, and (iv) CT Financial Development Fund, Keystone Venture V Partnerships and a new unfunded committment to GarMark Partners II LP.

Figure 5-12

REAL ESTATE FUND
Ten Largest Holdings at June 30, 2005

Property Name	Type	Market Value	%
Westport Sr. Living Inv FD	Sr Living	$95,915,868	24.00%
Walton Street RE II LP Fnd 2	Various	63,871,089	15.98%
Apollo Real Est Invest Fd III	Various	56,196,794	14.06%
Union Station LTD LP	Mixed	41,891,633	10.48%
Goodwin Square	Mixed	36,187,120	9.05%
AEW Partners III	Various	35,228,572	8.81%
Rockwood Captial Fund V	Various	33,030,054	8.27%
Timberland Fund A - Duplin	Timber	12,869,554	3.22%
New Boston Fund IV	Various	10,640,856	2.66%
RLJ Urban Lodging Fund LP	Hotel	4,831,132	1.21%
Top Ten		$390,662,672	97.74%

2005 mutual fixed income fund

Fund Facts at June 30, 2005

Investment Strategy/Goals: To invest in interest bearing securities, thereby providing diversification to the retirement funds' overall performance in different economic environments.

Performance Objective: To achieve a net return that exceeds its composite benchmark by 65 - 135 basis points per annum, over rolling three to 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: $6,280,381,600
Number of Advisors: 11 external	Management Fees: $6,121,336
Operating Expenses: $788,722	Expense Ratio: 0.11%
Turnover: 367.7%	

Performance Summary

For the fiscal year ended June 30, 2005 the Mutual Fixed Income Fund (MFIF) generated a total return of 7.70% net of fees, underperforming the hybrid benchmark return of 8.82% by 112 basis points. Fiscal year underperformance was primarily driven by the program's underweight to emerging market debt and an overweight to core fixed income. Comparative returns from other indexes include: The Citigroup High Yield Market Index 10.38%, and JP Morgan Emerging Markets Bond Index 21.38% (JP EMBI+).

During the fiscal year, the Fund increased $431 million, from $5.849 billion to $6.280 billion, resulting from net investment income of $285 million and $163 million from net realized and unrealized losses.

For the trailing three, five and ten-year periods, MFIF's compounded annual total return was 7.44%, 7.19% and 7.13% respectively, net of fees. These returns were essentially close to those of the Fund's benchmark for the ten year period, but were behind the benchmark for the three and five-year periods by 136 and 94 basis points respectively.

The cumulative total returns for the three, five, and ten-year periods ending June 30, 2005, were 24.01%, 41.53% and 99.05%, 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 2002, the Office of the Treasurer conducted 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. In May 2005, one emerging market debt manager was funded, and two inflation linked bond managers were funded in June 2005.

At June 30, 2005, eleven advisors managed investments in the Fund. The Fund's investments were allocated to five advisors investing approximately 75% of the portfolio in core/core-plus strategies, three advisors actively investing 14% of the portfolio in domestic high yield strategies, two advisors actively investing 3% of the portfolio in inflation linked bonds, and one advisor actively investing 3% of the portfolio in emerging markets debt. (See figure 6-11.)

Since inception, the MFIF's objective has been an annual return, net of management fees and operating expenses, of 50 basis points in excess of the LB Aggregate, which is widely considered to be parallel to the performance of the U.S. bond market. During fiscal year 2000, another performance measurement benchmark for the MFIF was added to reflect the Fund's strategic allocation to other fixed income markets, such as high yield securities and emerging market debt. The new benchmark is a hybrid comprising 73% LB Aggregate, 17% 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 three to five year periods.

Portfolio Characteristics

MFIF continues to be well diversified across the spectrum of available fixed income securities. The Fund maintained a substantial concentration in corporate securities, comprising approximately 28.1% of the Fund's investment securities at fiscal year-end. The Fund also maintained a concentration in Treasury and Agency securities of 45.3%. 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 54.7% 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. (See figure 6-4.)

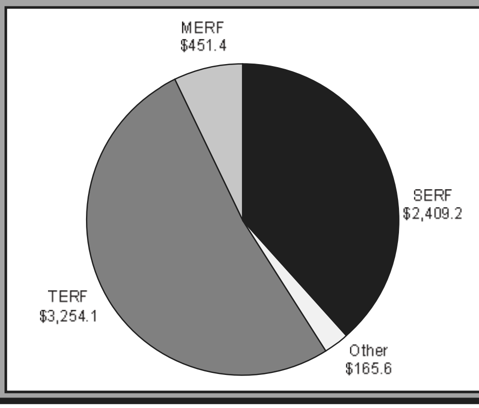
Risk Profile

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, 2005, the Fund held a duration-neutral stance relative to the LB Aggregate Index of 4.4 years. While often viewed as an indicator of risk, duration can, if managed effectively, contribute significantly to total Fund returns. (See figure 6-3)

Figure 6-1

MUTUAL FIXED INCOME FUND
Ownership Analysis at June 30, 2005 ($ in millions)



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

Figure 6-2

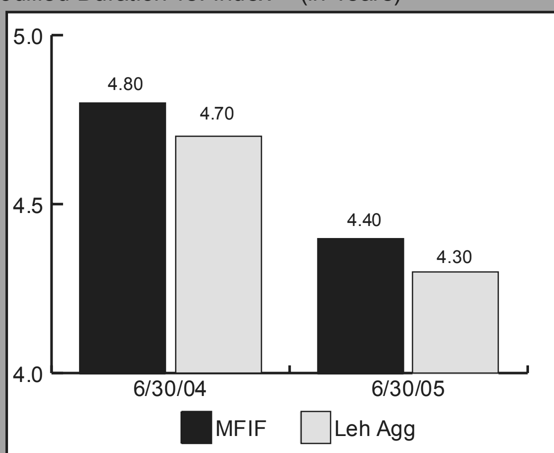
MUTUAL FIXED INCOME FUND (1)
Risk Profile at June 30, 2005

Relative Volatility	0.91
Standard Deviation	3.67
R^2	0.92
Beta	0.87
Alpha	-0.94

(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, 2005
Based on Investments in Securities, at Value

	MFIF	LB Aggregate	Variance
Treasury	25.2%	25.3%	-0.1%
Agency	20.1%	11.0%	9.1%
Corporate	28.1%	19.9%	8.2%
Mortgage-Backed	9.4%	35.0%	-25.6%
Asset-Backed	2.3%	1.4%	0.9%
Other[1]	14.9%	7.4%	7.5%
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, 2005
Based on Investments in Securities, at Value

Aaa	52.5%
Aa	0.9%
A	4.4%
Baa	6.4%
Less than Baa	15.6%
Not Rated (1)	9.7%
Cash (2)	10.5%
Total	100.0%

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

Figure 6-6

MUTUAL FIXED INCOME FUND
Distribution by Coupon at June 30, 2005
Based on Investments in Securities, at Value

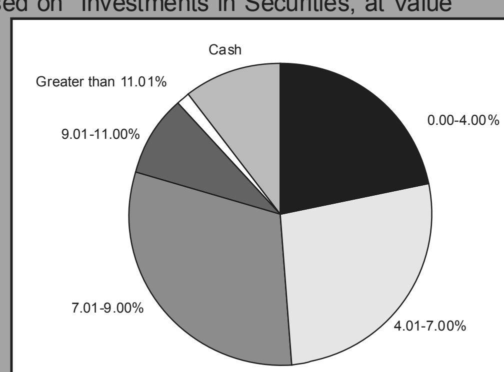


Figure 6-7

MUTUAL FIXED INCOME FUND
Macauley Duration Distribution at June 30, 2005
Based on Investments in Securities, at Value

0-3 Years	24.8%
3-5 Years	20.7%
5-7 Years	13.6%
7-10 Years	12.6%
10+ Years	14.9%
Unknown (1)	2.9%
Cash (2)	10.5%
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 and cash equivalents.

Figure 6-8

MUTUAL FIXED INCOME FUND
Periods ending June 30, 2005

	1 YR	3 YRS	5 YRS	10 YRS
Compounded, Annual Total Return (%)				
MFIF	7.70	7.44	7.19	7.13
MFIF Hybrid Benchmark	8.82	8.80	8.13	7.30
Cumulative Total Return (%)				
MFIF	7.70	24.01	41.53	99.05
MFIF Hybrid Benchmark	8.82	28.78	47.80	102.21

Figure 6-9

MUTUAL FIXED INCOME FUND
Annual Total Return

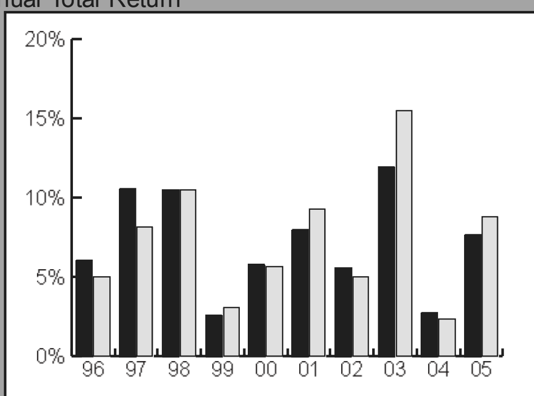


Figure 6-10

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

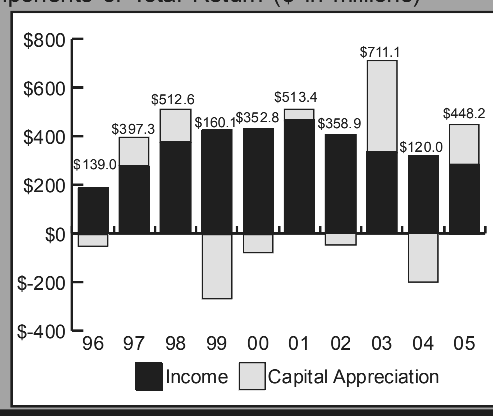


Figure 6-11

MUTUAL FIXED INCOME FUND
Investment Advisors at June 30, 2005

Investment Advisor	Net Asset Value	% of Fund
Core	$4,729,979,393	75.32%
State Street Global Advisors	1,328,885,354	21.16%
BlackRock Financial Mgmt, Inc.	1,142,586,706	18.19%
Wellington	1,032,985,288	16.45%
Western Asset Management Co.	909,824,849	14.49%
Phoenix	315,697,196	5.03%
High Yield	875,387,388	13.94%
Loomis Sayles & Co., Inc.	370,599,574	5.90%
W.R. Huff Asset Management	274,869,144	4.38%
Oaktree Capital Management, LLC	229,918,670	3.66%
Emerging Market Debt	157,823,588	2.51%
Ashmore Emerging Mrkts Debt Fund	157,823,588	2.51%
Inflation Linked Bonds	211,093,507	3.36%
Brown Brothers Harriman	141,085,766	2.25%
Hartford Investment Mgmt Co.	70,007,741	1.11%
Other (1)	306,097,724	4.87%
TOTAL MFIF	$6,280,381,600	100.00%

Figure 6-12

MUTUAL FIXED INCOME FUND
Ten Largest Holdings at June 30, 2005

Security Name	Maturity	Market Value	%
GNMA TBA	12/01/2035	$74,743,464	1.12%
U.S. Treasury Notes	02/28/2007	66,627,473	1.00%
U.S. Treasury Notes	01/31/2007	65,990,157	0.99%
U.S. Treasury Notes	07/15/2013	48,002,229	0.72%
U.S. Treasury Bonds	02/15/2021	46,002,736	0.69%
FNMA TBA	12/01/2035	45,270,471	0.68%
U.S. Treasury Notes	12/15/2009	43,643,912	0.66%
GNMA TBA	12/01/2034	42,865,182	0.64%
FHLMC TBA	12/01/2034	41,566,952	0.62%
U.S. Treasury Bonds	08/15/2020	41,148,928	0.62%
Top Ten		$515,861,504	7.74%

(1) Other represents (i) cash earmarked for distribution to participants, (ii) reinvestment and expenses as well as terminated advisor balances, (iii) Currency Overlay Managers, and (iv) CT Financial Development Fund, Keystone Venture V Partnerships and a new unfunded committment to GarMark Partners II LP.

Figure 6-13

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

	2005		2004		2003		2002		2001	
	MFIF	LB Agg	MFIF	LB Agg	MFIF	LB Agg	MFIF	LB Agg	MFIF	LB Agg
Number of Issues	4,511	5,859	4,566	6,976	4,319	7,472	4,071	6,892	3,633	6,414
Average Coupon	5.60%	5.30%	5.90%	5.40%	6.20%	6.10%	6.60%	6.50%	6.90%	6.90%
Yield Maturity	5.00%	4.40%	5.20%	4.60%	4.50%	3.40%	6.50%	5.30%	7.60%	6.20%
Average Maturity	7.10	6.30	7.70	6.70	7.50	6.20	8.40	7.30	9.70	8.30
Modified Duration (2)	4.40	4.30	4.80	4.70	4.60	4.20	4.70	4.40	5.30	4.80
Average Quality	AA-3	AA-1	AA-2	AA-1	AA-3	AA-1	AA-3	AA-1	AA-3	AA-1
Cash (1)	10.5%	0.0%	12.0%	0.0%	12.8%	0.0%	10.9%	0.0%	10.3%	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 (%)

	6/30/05	3/31/05	12/31/04	9/30/04	6/30/04
MFIF	4.68	4.89	4.88	4.83	5.06
Leh Agg	4.98	5.08	5.01	5.03	5.17
Citigroup 3 Month T-Bill	3.13	2.79	2.22	1.71	1.32
Lehman Treasury	4.34	4.43	4.34	4.34	4.49
Lehman Agency	4.27	4.27	4.19	4.19	4.21
Lehman Mortgage	5.31	5.39	5.33	5.35	5.45
Lehman Corporate	5.51	5.70	5.60	5.63	5.87
Lehman Asset Backed	4.43	4.46	4.37	4.39	4.48

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

2005 commercial mortgage fund

Fund Facts at June 30, 2005

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: $20,337,595

Number of Advisors: 1 external

Management Fees: $249,911

Operating Expenses: $17,941

Expense Ratio: 0.94%

Performance Summary

For the fiscal year ended June 30, 2005, the Commercial Mortgage Fund (CMF or the Fund) generated a return of 6.95%, net of management fees and operating expenses, out performing the Lehman Aggregate Bond Index (LABI) of 6.80% by 15 basis points. The Fund's favorable performance is attributable to its yield advantage versus the benchmark and the receipt of a significant prepayment penalty.

During the fiscal year, CMF assets declined from $36 million to $20 million, a decrease of $16 million. This decrease was due to cash outflows to the Fund's unit holders of $18 million offset by $2 million generated by operations. The outflows were paid from loan maturity and amortization proceeds. The $2 million generated from operations consisted of $3 million of net operating income offset by $.5 million of realized loss and $.5 million of unrealized loss.

For the trailing three, five, and ten-year periods, CMF's total compounded annual portfolio return was 11.64%, 9.32% and 9.45%, respectively, net of all expenses. The Fund's results over the three, five and ten-year periods exceeded the benchmark by 588 basis points, 192 basis points and 262 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, 2005, the Fund consisted of 2 commercial mortgage loans with a combined value of $19.4 million and five residential mortgage pools with a combined value of $0.5 million. The balance of the Fund's assets consisted of short-term cash investments. During the fiscal year two portfolio loans were paid off. These payments resulted in the receipt of $11.8 million including a $0.9 million prepayment penalty. The Fund continued to be inactive regarding new loans and is being managed to maximize the total return on its remaining holdings.

In the fiscal year ended June 30, 2005, the U.S. economic expansion continued at a steady pace. As noted in the prior year, optimism regarding economic growth continues to be tempered by prospects of higher interest rates and energy prices as well as the unsettled global economic and security situations. The Federal Reserve Board has continued to increase the short term Federal Funds Rate and is expected to continue doing so in a consistent and measured way. Despite this longer term interest rates have remained relatively low. These low rates, in combination with improved property market fundamentals, have enhanced valuations of real property and seasoned, high yielding mortgage loans.

Portfolio Characteristics

As its existing loans mature, CMF's portfolio diversification has decreased. Virtually all of Fund's net assets (98%) were invested in the residential sector at fiscal year-end. The remaining 2% is held in the Cash Reserve Account. (See figure 7-4.) The Fund has some diversification across geographic regions with 51% in the East North Central, 45% in the Mountain region and 2% in the Northeast. (See figure 7-5.)

The CMF's seven holdings aggregated to 98% of Fund investments. (See figure 7-11.)

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

Risk Profile

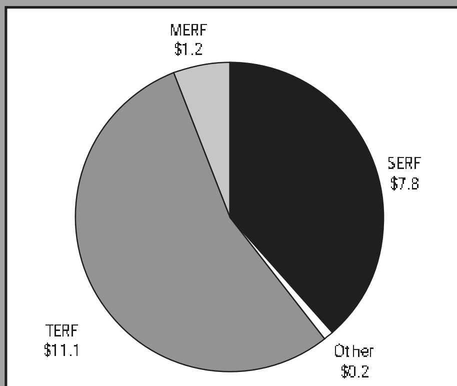
Given CMF's investment policies and objectives, the Fund is exposed to several forms of risk. These include risks specific to fixed income investing, such as purchasing power risk, market risk, and default risk. Moreover, falling interest rates subject commercial mortgages to the risk of prepayment, 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, 2005, the Fund's duration was 2.8 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 1.51, 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 0.15 signifies a limited 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, 2005 was 1.92. (See figure 7-2.)

Figure 7-1

COMMERCIAL MORTGAGE FUND
Ownership Analysis at June 30, 2005 ($ in millions)



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

Figure 7-2

COMMERCIAL MORTGAGE FUND (1)
Risk Profile at June 30, 2005

Relative Volatility	1.51
Standard Deviation	5.92
R^2	0.01
Beta	0.15
Alpha	1.92

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

Figure 7-3

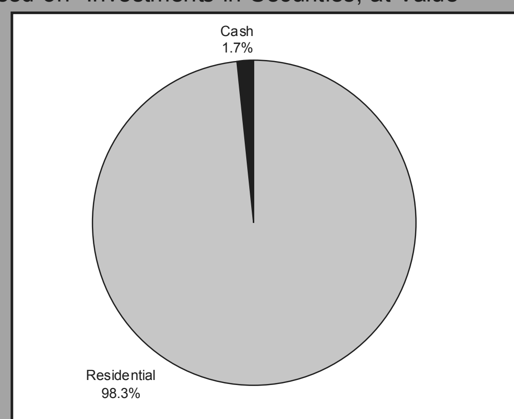
COMMERCIAL MORTGAGE FUND
Quarterly Current (1) Yield Analysis

	CMF	LB Aggregate
6/30/2005	8.65%	4.98%
3/31/2005	8.65%	5.08%
12/31/2004	8.78%	5.01%
9/30/2004	8.76%	5.03%
6/30/2004	8.99%	5.17%

(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, 2005
Based on Investments in Securities, at Value



(1) Includes senior ground leases.

Figure 7-5

COMMERCIAL MORTGAGE FUND
Distribution by Location at June 30, 2005
Based on Investments in Securities, at Value

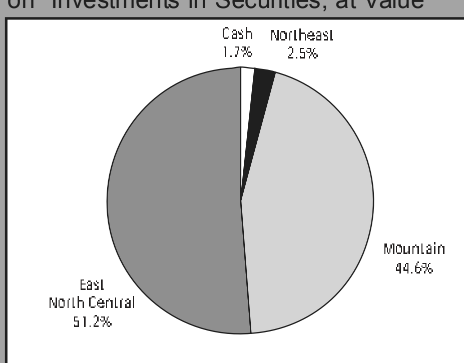


Figure 7-6

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

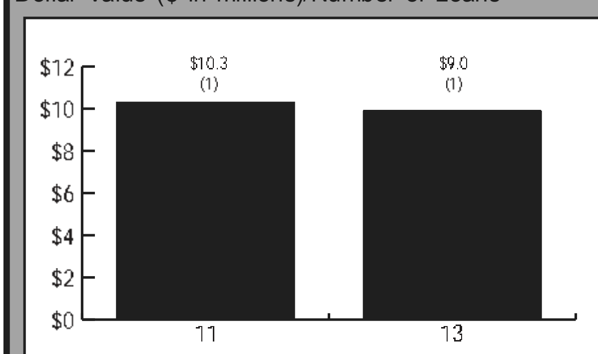


Figure 7-7

COMMERCIAL MORTGAGE FUND
Periods ending June 30, 2005

	1 YR	3 YRS	5 YRS	10 YRS
Compounded, Annual Total Return (%)				
CMF	6.95	11.64	9.32	9.45
Lehman Agg	6.80	5.76	7.40	6.83
Cumulative Total Return (%)				
CMF	6.95	39.15	56.12	146.78
Lehman Agg	6.80	18.29	42.92	93.52

Figure 7-8

COMMERCIAL MORTGAGE FUND
Annual Total Return

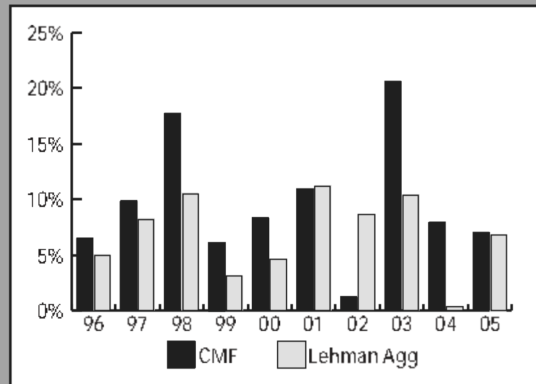


Figure 7-9

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

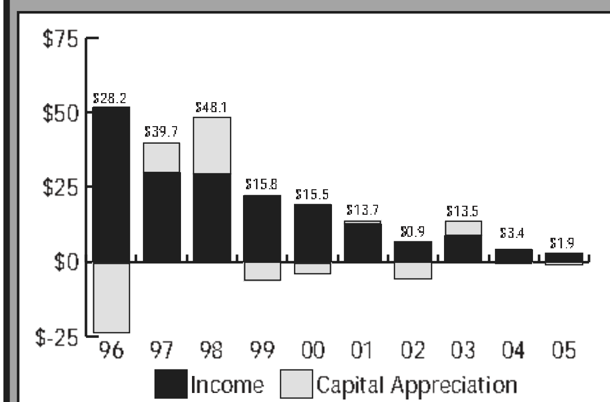


Figure 7-10

COMMERCIAL MORTGAGE FUND
Investment Advisors at June 30, 2005

Investment Advisor	Net Asset Value	% of Fund
AEW Capital Management	19,486,665	95.82%
Other [1]	850,930	4.18%
SUBTOTAL CMF	20,337,595	100.00%

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

Figure 7-11

COMMERCIAL MORTGAGE FUND
Seven Largest Holdings at June 30, 2005

Property Name	Property Type	Market Value	%
Greenhill Apts	Residential	$10,250,746	50.58%
SASCO	Other	9,170,255	45.25%
Yankee Mac E 11.056%	Residential	217,579	1.07%
Yankee Mac G 11.125%	Residential	136,488	0.67%
Yankee Mac F 12.981%	Residential	109,015	0.54%
Yankee Mac C 14.1505%	Residential	29,969	0.15%
Yankee Mac A 13.075%	Residential	17,445	0.09%
Top Seven		19,931,497	98.35%

2005 private investment fund

Fund Facts at June 30, 2005

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: $1,440,501,575
Number of Advisors: 44 external	Expensed Management Fees (1): $2,962,173
Operating Expenses: $2,921,484	Expense Ratio: 0.36%
Capitalized and Netted Fees: $26,943,065	

(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, 2005, the Private Investment Fund ("PIF") generated a one year 9.58% compounded annual rate of return which is also known as a Time Weighted Return ("TWR"). While the PIF's TWR under performed the Venture Economics All Private Equity time-weighted benchmark of 17.37%, several factors must be considered. First, the PIF is undergoing the "J curve" effect of new fund investments made over the last two fiscal years after a period of inactivity. Second, 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. Third, the TWR metric is not the best way to measure private equity performance since it eliminates the effects created by the amounts and timing of cash inflows and outflows.

The institutional standard for measuring private equity performance is the Internal Rate of Return ("IRR"), which is a dollar-weighted return that considers both cash flows and time. For the fiscal year ended June 30, 2005, the Private Investment Fund ("PIF") generated a 7.71% Internal Rate of Return since its inception in 1987. Another performance measure which is used by major institutional investors is a customized dollar-weighted public U.S. equity market equivalent ("PME"). The PME serves as a proxy for the return the investor would have received had it invested in public equities versus private equity. From inception through June 30, 2005, the PIF has generated 510 basis points in excess of the PME and its Performance Objective.

Portfolio Activity

During fiscal 2005, the Private Investment Fund added $445 million of new commitments to five private equity fund managers. Two of those managers are Connecticut-based, with one being minority and women-owned; in aggregate these managers accounted for $275 million of fiscal 2005's total commitments. Moreover, $55 million of PIF's fiscal 2005 commitments were committed to an emerging minority-owned fund-of-fund manager to identify and provide opportunities to the next generation of private equity entrepreneurs. The PIF also successfully completed the transition to two new private equity consulting groups. Furthermore, a comprehensive portfolio analysis was completed that has helped shape future allocations and commitments while reporting that the PIF had outperformed the PME since inception.

During fiscal year 2005, PIF's assets decreased from $1.785 billion to $1.440 billion, a decrease of $345 million to net cash outflows from participating pension plans and trusts. In reporting values for PIF, private market valuations are often imprecise. Accordingly, the PIF investment advisors typically adopt a valuation policy, carrying the investments at cost unless and until there is substantive evidence to change valuations. These determinations are made on an on-going basis independently by the investment advisors.

Private Equity Market Update

Along with the overall economy, the private equity market has continued to perform well in fiscal 2005. Investment activity has been amplified by improved business performance in most industries, robust debt markets and low interest rates. M&A transactions increased 17% to $548.3 billion for the first six months of 2005, versus $466.9 billion for the same period in 2004. M&A activity has been fueled by both strategic buyers and private equity firms. Consequently, purchase multiples have increased to 8.3x for the year ended June 2005, versus 7.8x for the prior year period, according to S&P's Leveraged Commentary and Data. The debt markets have been supplying debt capital on increasingly favorable terms primarily been driven by the improved operating performance of companies and the aggressive posture of the lenders. On the venture capital side, Sarbanes Oxley compliance, has raised the bar for companies trying to complete initial public offerings and has resulted in a slowing of venture-backed companies going to the public equity markets.

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:

Buyout focused investments can be defined as controlling or majority investments in private equity or equity-like securities of more established companies on the basis of the company's asset values and/or cash flow.

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 narrowly defined as investments in the private equity or equity-like securities of developing companies in need of growth or expansion capital. These investments can range from early-stage financing, where 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, 2005, the PIF had aggregate capital commitments in the amount of $3.9 billion to 45 partnerships of which approximately 79 percent, or $3.1 billion has been "drawn down" for investment purposes while the balance of approximately $842 million or 21 percent is committed but uninvested. (See Figure 8-6.)

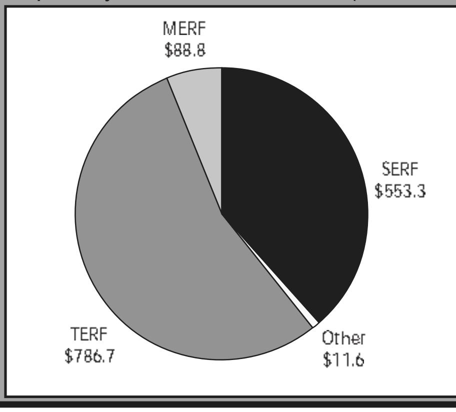
Risk Profile

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 1.05 with a correlation .84 for the most recent fiscal year. The Fund has returned an annual alpha, or return relative to that predicted by its benchmark, of negative 0.12 (See Figure 8-2.)

Figure 8-1

PRIVATE INVESTMENT FUND
Ownership Analysis at June 30, 2005 ($ in millions)



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

Figure 8-2

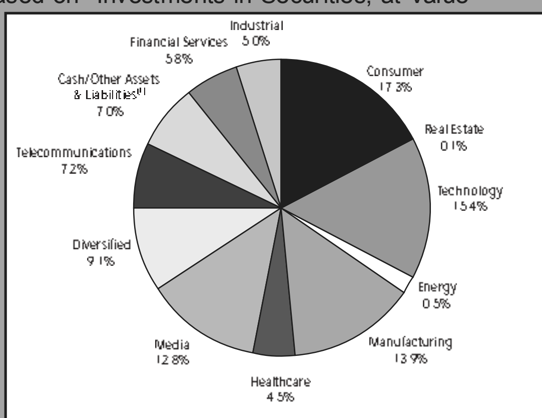
PRIVATE INVESTMENT FUND (1)
Risk Profile at June 30, 2005

Relative Volatility	1.05
Standard Deviation	11.70
R^2	0.70
Beta	0.80
Alpha	-0.12

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

Figure 8-3

PRIVATE INVESTMENT FUND
Distribution by Industry at June 30, 2005
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, 2005
Based on Investments in Securities, at Value

Region	%
International	21.65%
Mid-Atlantic	19.90%
Southwest	11.93%
West Coast	13.01%
Southeast	6.62%
Cash/Other Assets & Liabilities (1)	7.04%
MidWest	7.96%
Northeast (Excludes Connecticut)	8.57%
Connecticut	3.32%
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, 2005

	1 YR	3 YRS	5 YRS	10 YRS
Compounded, Annual Total Return (%)				
PIF	9.58	5.07	-0.61	10.11
S & P 500	6.32	8.28	-2.37	9.94
Venture Economics				
All Private Equity	17.37	8.16	-0.49	17.53
Cumulative Total Return (%)				
PIF	9.58	15.99	-3.02	161.98
S & P 500	6.32	26.96	-11.32	157.91
Venture Economics				
All Private Equity	17.37	26.55	-2.43	402.75

Figure 8-6

PRIVATE INVESTMENT FUND
Distributed by Committed and Invested Capital
As of June 30, 2005 ($ in millions)

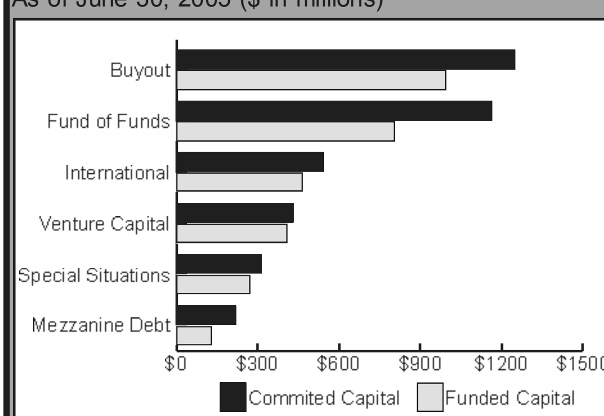


Figure 8-7

PRIVATE INVESTMENT FUND
Annual Total Return

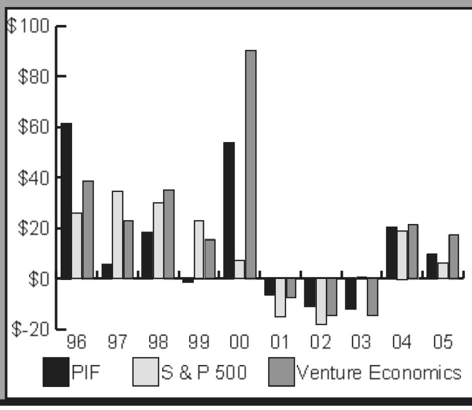


Figure 8-8

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

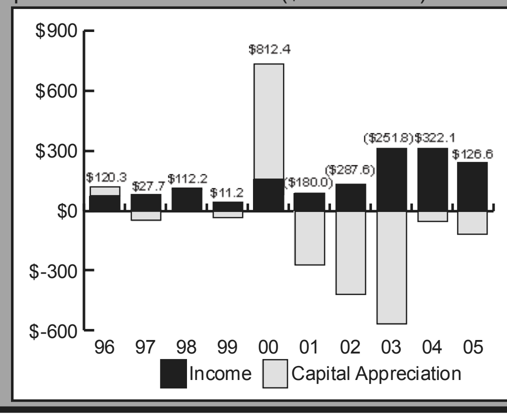


Figure 8-9

PRIVATE INVESTMENT FUND
Ten Largest Holdings at June 30, 2005

Partnership Name	Partnership Type	Market Value	%
Constitution Liquidating Fund	Fund of Funds	$219,562,584	15.27%
Compass Partners European Equity Fund	International	117,139,258	8.15%
SW Pelham Fund	Mezzanine	64,148,512	4.46%
Landmark Private Equity Fund VIII	Fund of Funds	63,472,963	4.42%
Gilbert Global Equity Partners	International	52,721,179	3.67%
KKR Millennium Fund	Buyout	51,246,885	3.56%
Welsh Carson Anderson & Stowe Capital Partners III	Special Situations	47,788,089	3.32%
Carlyle Europe Partners	International	46,355,798	3.22%
Hicks, Muse Tate & Furst Equity Fund III	Buyout	45,756,190	3.18%
Thomas H. Lee Equity Fund IV	Buyout	38,668,389	2.69%
Top Ten		$746,859,847	51.94%

Figure 8-10

PRIVATE INVESTMENT FUND
New Investments Made in Fiscal Year 2005(1) (in Excess of $3 Million)

Partnership Name	Commitment Amount	Partnership Type	Inv. Date
AIG Healthcare Partners LP	$40 million	Buyout	September 30, 2004
Charterhouse Equity Partners IV	$75 million	Buyout	February 15, 2005
Parish Capital I LP	$55 million	Fund of Funds	March 21, 2005
Fairview Constitution II LP	$200 million	Fund of Funds	May 24, 2005
GarMark Partners II LP	$75 million	Mezzanine	June 20, 2005
Total:	$445 million		

(1) These represent new private equity partnerships that were invested in by the Fund during fiscal year 2005.

Figure 8-11

PRIVATE INVESTMENT FUND
Investment Advisors at June 30, 2005

Investment Advisor	Net Asset Value	% of Fund
Buyout	$444,477,992	30.86%
KKR Millennium Fund	51,246,890	3.56%
Hicks, Muse Tate & Furst Equity Fund III	45,756,174	3.18%
Thomas H. Lee Equity Fund IV	38,668,407	2.68%
Welsh Carson Anderson & Stowe VIII	34,490,987	2.39%
Wellspring Capital Partners III	33,575,268	2.33%
SCP Private Equity Partners	32,082,560	2.23%
Charterhouse Equity Partners IV	27,970,806	1.94%
Forstmann Little Equity Fund VI	27,969,805	1.94%
DLJ Merchant Banking Fund II	25,796,535	1.79%
KKR 1996 Fund	22,177,582	1.54%
FS Equity Partners V	21,259,412	1.48%
Blackstone Capital Partners III	15,554,228	1.08%
Thayer Equity Investors IV	14,854,083	1.03%
Kelso Investment Associates VI	13,641,256	0.95%
Green Equity Investors III	13,546,915	0.94%
Wellspring Capital Partners II	12,513,325	0.87%
Veritas Capital Fund	7,726,936	0.54%
AIG Healthcare Partners LP	5,646,823	0.39%
Venture Capital	101,686,856	7.06%
Pioneer Ventures Associates	25,314,522	1.76%
RFE Investment Partners VI	16,980,424	1.18%
Conning Capital Partners V	16,568,911	1.15%
Crescendo World Fund	15,585,507	1.08%
Grotech Partners V	11,559,371	0.80%
Shawmut Equity Partners	10,707,558	0.74%
Crescendo III	4,450,351	0.31%
Connecticut Futures Fund	520,212	0.04%
Mezzanine	95,977,934	6.66%
SW Pelham Fund	64,148,492	4.45%
GarMark Partners	15,928,516	1.11%
SW Pelham Fund II	15,900,926	1.10%
International	263,271,216	18.27%
Compass Partners European Equity Fund	117,139,200	8.13%
Gilbert Global Equity Partners	52,721,173	3.66%
Carlyle Europe Partners	46,355,796	3.22%
AIG Global Emerging Markets Fund	31,188,174	2.16%
Carlyle Asia Partners	15,866,873	1.10%
Fund of Funds	331,003,203	22.98%
The Constitution Liquidating Fund	219,562,506	15.24%
Landmark Private Equity Fund VIII	63,472,990	4.41%
Goldman Sachs Private Equity Partners Connecticut	26,936,877	1.87%
Lexington Capital Partners II	16,113,523	1.12%
Parish Capital I LP	4,519,297	0.31%
Fairview Constitution II LP	398,010	0.03%
Special Situations	100,403,850	6.97%
Welsh Carson Anderson & Stowe Capital Partners III	47,788,092	3.32%
Greenwich Street Capital Partners II	27,883,284	1.94%
Forstmann Little MBO VII	19,645,167	1.36%
KPS Special Situations Fund II	5,087,307	0.35%
Other (1)	103,680,524	7.20%
TOTAL PIF	$1,440,501,575	100.00%

(1) Other represents (i) cash earmarked for distribution to participants, (ii) reinvestment and expenses as well as terminated advisor balances, (iii) Currency Overlay Managers, and (iv) CT Financial Development Fund, Keystone Venture V Partnerships and a new unfunded committment to GarMark Partners II LP.

2005

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 are in continual contact and actively participate in rating presentations with Fitch Investors Service, Moody's Investor Services and Standard and Poor's Ratings Group, the three major rating agencies.

Over the last several Legislative sessions, the Division staff has been involved in the drafting of new laws with the 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, the restructuring of the Connecticut Resources Recovery Authority, Transportation Strategy Board Project Funding, Unclaimed Property Securitization, securitization to preserve Conservation and Clean Energy Programs, and the establishment of a Housing Trust Fund.

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, the Connecticut Higher Education Supplemental Loan Authority, and the Capital City Economic Development Authority.

The active public financing programs for the state include:

	Amount Outstanding June 30, 2005
GENERAL OBLIGATION BONDS	$8,652,976,589
General Obligation bonds are paid out of the revenues of the State's 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	$857,627,147
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 originally established under P.A. 95-230 and extended in 2002, up to $2.262 billion of Debt Service Commitment bonds will be issued under a twenty-year $3.5 billion capital program to rebuild and refurbish the University of Connecticut. ($767,767,147)	
Connecticut Health and Educational Facilities Authority special obligation bonds for a childcare 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. ($37,420,000)	
Other appropriation debt includes CDA Tax Incremental Financing and CDA lease revenue financing for a state facility, ($34,330,000) and a Certificate of Participation issue for the CT Juvenile Training School Energy Center Project. ($18,110,000)	
ECONOMIC RECOVERY BONDS	$209,560,000
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. Economic recovery notes were issued to finance the state's FY 2002 and FY 2003 budget deficits.	

SPECIAL TAX OBLIGATION BONDS	$3,101,517,825
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 that totaled $411 million on June 30, 2005.	
CLEAN WATER FUND REVENUE BONDS	$571,540,000
The Clean Water Fund and the Drinking Water Fund constitute the state's revolving fund programs. Revenue bonds provide below-market-rate loans to Connecticut municipalities for planning, design and construction of wastewater treatment projects and to Connecticut municipalities and private water companies for drinking water quality improvement projects. The bonds are secured by loan repayments from Connecticut municipalities and private borrowers, general revenues of the program and debt service reserves of $182.5 million as of June 30, 2005. Reserves are funded with state G.O Bonds and Federal Capitalization Grants. An interest rate subsidy is provided to borrowers from earnings on the reserve fund and from state G.O. subsidy bonds. The state also provides grants and some loans for the program through its general obligation bond program.	
CAPITAL CITY ECONOMIC DEVELOPMENT AUTHORITY BONDS	$72,500,000
The Capital City Economic Development Authority (CCEDA) Bonds were issued to provide funding for the Adriaen's Landing Development project in Hartford. The state is required to make all debt service payments on the bonds up to a maximum annual amount of $6.75 million pursuant to a contract assistance agreement between CCEDA, the Treasurer, and OPM. CCEDA is required to reimburse the state for the debt service payments from net parking and central utility plant revenues.	
BRADLEY INTERNATIONAL AIRPORT REVENUE BONDS	$236,515,000
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	$51,915,000
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.	
SPECIAL OBLIGATION RATE REDUCTION BONDS	$179,765,000
The Rate Reduction Bonds are payable from charges on the electric bills of the state's two investor-owned electric companies. The bonds were issued to provide revenue for the General Fund budgets for fiscal years 2004 and 2005.	
Total debt outstanding at June 30, 2005	$13,933,916,561

In FY 2005, the Debt Management Division managed the sale of nearly $1.4 billion in new money bonds issued to fund state programs and capital projects, including the UCONN 2000 program and $478 million in refunding bonds for the General Obligation, Special Tax Obligation, CDA TIF and Bradley Airport programs. 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				
2004 Series D	$300,000,000	3.78%	9.07	December 22, 2004
2005 Series A	300,000,000	3.57%	13.18	March 16, 2005
2005 Series C	315,000,000	3.79%	10.46	June 14, 2005
2005 Series A Taxable	65,000,000	4.28%	5.15	June 29, 2005
GENERAL FUND APPROPRIATION				
UCONN 2005 Series A	98,110,000	4.15%	10.21	March 16, 2005
CAPITAL CITY ECONOMIC DEVELOPMENT AUTHORITY				
CCEDA BONDS	72,500,000	3.95%	19.84	July 21, 2004
SPECIAL TAX OBLIGATION				
2005 Series A	200,000,000	4.18%	11.70	November 15, 2004
2005 Subtotal New Money Issues	$1,350,610,000			

REFUNDING BONDS:				
Bradley Airport Refunding Bonds	$30,640,000	3.78	3.74	July 8, 2004
Special Tax Obligation 2004 B	89,725,000	3.85%	10.53	November 15, 2004
General Obligation 2005 Series B	335,550,000	4.31%	13.54	April 27, 2005
CDA TIF Refunding Bonds	22,435,000	3.75%	9.89	October 5, 2004
Subtotal Refunding Issues	$478,350,000			
TOTAL	$1,828,960,000			

(1) An industry defined term representing a composite overall present-value based interest rate for an entire bond issue.

The Year in Review

Highlights of the Division's accomplishments and important initiatives in fiscal year 2005 include:

- Issued almost $1.4 billion of new money bonds to fund local school construction, state grants and projects, transportation improvements and economic development initiatives.
- Took advantage of historically low interest rates by issuing $456 million in refunding bonds in three refundings of General Obligation, Special Tax Obligation, and Bradley Airport bonds, which will save the state $24.3 million over the life of the bonds. The Division also assisted the Connecticut Development Authority in the issuance of $22.4 million of CDA refunding bonds which will save the state $3.4 million over the life of the bonds. The bonds are repaid by the state's General Fund.
- Worked with the Attorney General's Office to develop standard Clean Water and Drinking Water loan documents which will streamline the processing of new loans under the state's Clean Water programs, allowing funding to reach eligible projects more quickly. Also instituted a new loan tracking system for the Clean Water program.
- Managed the first issuance of UCONN bonds under a new indenture developed for the UCONN Health Center which were authorized by the ten year extension of the UCONN 2000 program.
- Worked closely with OPM and the Capital City Economic Development Authority on the issuance of $72.5 million of the CCEDA Parking and Energy Fee Revenue bonds to provide additional funding for the Adriaen's Landing project. These bonds are backed by the state through a new "contract assistance" credit structure.
- Consulted with OPM and the Legislature on initiatives including the funding of a new $100 million Housing Trust fund and bonding matters related to the Governor's new transportation initiatives.
- Defeased the remaining $46.4 million of the Second Injury Fund's long-term debt resulting in the total elimination of debt for the program ten years ahead of schedule. The elimination of the debt also will help to stabilize the assessment on the state's employers.
- Worked with disclosure counsel, the Comptroller's Office and the Auditors of Public Accounts to monitor and continuously disclose to the financial community the status of the delay in the completion of the 2004 Comprehensive Annual Financial Statements delayed due to the implementation of a new state accounting system.
- Used the latest technology to take electronic bids for two state bonds issues on an internet based bidding system. These were the state's first competitive bonds sales in six years and provided excellent market data for future use.
- Issued $65 million of Taxable General Obligation bond, the first such issue in two years, to fund major economic development and housing projects in the state.
- Competively bid two $140 million interest rate swap agreement among seven pre-qualified swap bidders. These interest rate swaps resulted in $20.2 million in debt service savings compared to traditional fixed rate bonds. These were the first major interest rate swap agreements for the state's General Obligation bonding program.

- Assisted Bradley International Airport with a major refunding of its bonds and the development of a new supplemental indenture to reflect a favorable reallocation of debt service among revenue sources; also assisted with the establishment of a Bradley Air Service Development Fund.
- Developed and issued the first major bond underwriting Request for Proposal in six years which will cover underwriter selection for all of the state's major bonding programs.

2005 Division Performance

The continued pressure on the state's budget provided continuing challenges for the Debt Management Division in fiscal year 2005.

The Division communicated throughout the year with the credit rating agencies and the investment community to address concerns regarding the state budget, the economy, and the delay in financial reporting associated with the implementation of the state's new accounting system.

The division coordinated the personal introduction of Governor Jodi Rell and her budget chief to the credit rating agencies. These communications assisted in ensuring continued access to capital by maintaining financial community confidence in the state's credit.

Fiscal year 2005 was an active year for the Division in terms of debt refunding and debt issuance. The Division took advantage of the continued low interest rate environment by managing the sale of $478 million of refunding bonds that will save taxpayers $27.7 million in future debt service. Overall, the Division completed or assisted with ten sales of General Obligation, Special Tax Obligation, UCONN 2000, Bradley Airport bonds, CDA TIF Bonds, and CCEDA Bonds totaling $1.8 billion, at historically low interest rates. This provides significant relief to the state budget during fiscal years 2005 and beyond.

The Division worked closely with the legislature on several important initiatives including the funding of the Housing Trust Fund, funding additional transportation investment, municipal finance issues, and active monitoring of other proposed legislation as it may impact the state's debt programs.

Figure 9-1

DEBT MANAGEMENT
General Fund Debt Service Appropriation as a Percent of the General Fund Appropriation

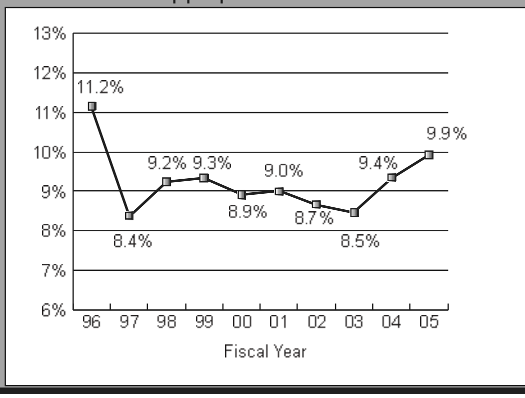


Figure 9-2

DEBT MANAGEMENT
Total Debt Outstanding ($ in millions) at June 30, 2005

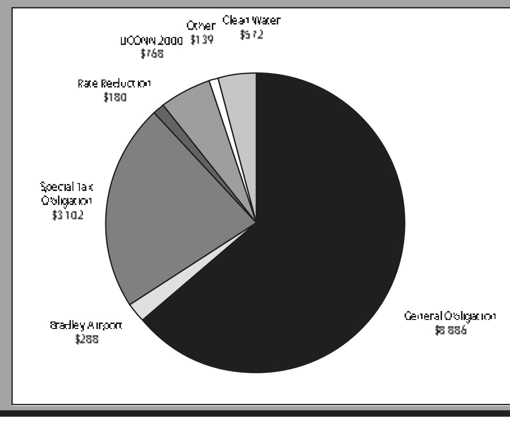
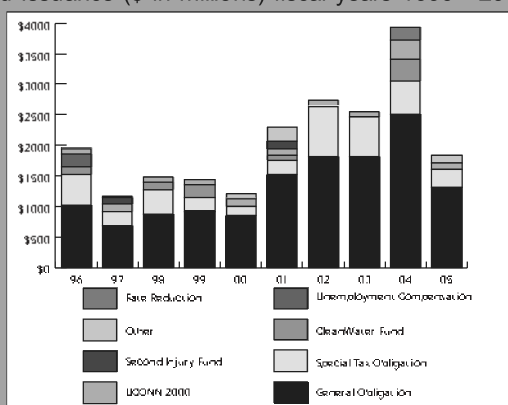


Figure 9-3

DEBT MANAGEMENT
Bond Issuance ($ in millions) fiscal years 1996 - 2005



cash management division

Division Overview

The Cash Management Division is responsible for managing the state's cash movements, banking relationships and Short-Term Investment Fund (STIF). 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 with technical assistance on cash management and banking issues.

Bank Control and Reconciliation

The Bank Control and Reconciliation unit maintains accountability of the state's annual internal and external cash flow. The unit tracks the flow of funds through 19 Treasury bank accounts and authorizes 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 primary retirement funds, and monitors actual cash receipts and disbursements. During fiscal year 2005, the unit controlled movement of $20 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 2005, the unit invested an average of $4.1 billion in short-term money market instruments. As of June 30, 2005, the unit administered 1,078 active STIF accounts for 60 state agencies and authorities and 261 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.

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, reviews bank invoices and compensation, and manages the division's procurement efforts for new bank services. 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, 2005, approximately $508 million in securities was pledged to the program and $34 million was deposited in STIF.

The Year in Review

Highlights of the Division's accomplishments and important initiatives in fiscal year 2005 include:

- Commenced two electronic check pilot projects that will speed the receipt of funds via the Internet at substantially lower costs than those charged for credit cards;
- Continued to improve protections against check fraud by upgrading additional agency bank accounts to include bank "positive pay" fraud protection services that match checks presented for clearance against a state-supplied issue file;
- Worked with state agencies, the Comptroller's Office and the Office of Information Technology in implementing upgrades to the Core-CT statewide financial management system;
- Expanded with the State Comptroller's Office a system for making electronic payments to municipalities and vendors, which totaled $2.4 billion during the year, up 26 percent from a year ago; assisted a state university campus with initiation of such a system;
- Continued to consolidate separate state agency bank accounts to reduce bank fees and streamline the flow and increase the investment of funds;
- Developed initial guidelines to implement CGS 3-24k, 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;
- Held our tenth annual meeting of STIF investors;
- Continued to increase 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;
- Began implementation of a new system that will allow STIF investors to view account information and initiate deposits and withdrawals over the Internet;
- Completed contracts for investment management, custodian and transfer agency services for an investment fund that will provide higher yields for more stable investment balances of the state, state agencies and authorities and municipalities;
- Developed a new process to streamline the handling and reinvestment of trust fund investment income;
- Worked with the Comptroller's Office and state agencies to control the timing of large grant payments made to towns via various payment modes including checks, ACH transactions and STIF direct deposits.
- Expanded use of Internet-based systems for the viewing of bank balances and the electronic movement of funds, thereby allowing more efficient investment of funds;
- Assisted agencies with the implementation of systems providing them with digitized images of cleared checks and deposited items to allow more efficient research on questioned items;
- Worked with state agencies to overcome problems presented by the conversion of bank computer systems resulting from the merger of the state's primary bank; and
- Worked with the Judicial Branch to streamline handling of child support payments, consolidate some 30 separate court bank accounts in order to reduce banking fees and expedite the investment of available funds, and implement a system for accepting electronic payments from attorneys to the Client Security Fund.

2005 Division Performance

As a result of these initiatives, the Cash Management Division successfully realized many achievements throughout the 2005 fiscal year including:

- Total annual return of 2.32 percent in STIF. This exceeded its primary benchmark by 41 basis points (an extraordinary 55 percent), resulting in $17 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.);
- STIF's Comprehensive Annual Financial Report (CAFR) was awarded the Certificate of Achievement for Excellence in Financial Reporting for 2004 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 21 local government STIF accounts with $35 million of assets;
- Aggressively managed bank account balances to allow higher account balances and maximize investment balances, thereby increasing investment income by approximately $280,000.
- Closed 15 state bank accounts bringing total reduction in accounts to 511 over the past fourteen years, thereby reducing servicing and transfer fees and unproductive balances;
- The identification and recapture of $46,000 in annualized bank overcharges; and
- Expansion of Grant Express program, in which certain state grants are deposited directly into municipal STIF accounts. Since the inception of this program, $11.75 billion has been deposited into municipal STIF accounts, thereby accelerating the availability of municipal funds.

Figure 10-1

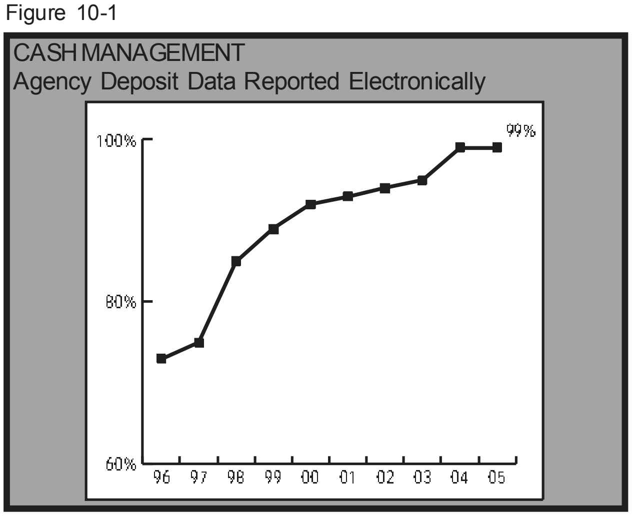
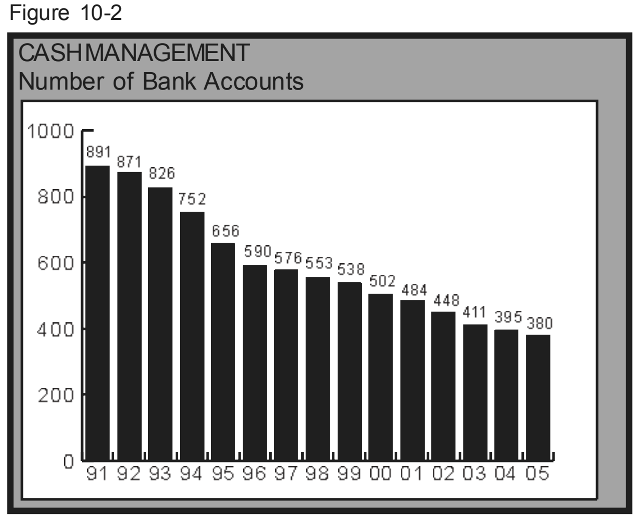


Figure 10-2



2005 short-term investment fund

Fund Facts at June 30, 2005

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: Rated Money Fund Report Averages™ – Taxable Institutional (MFR Index), Federal Reserve Three-Month CD, Federal Reserve Three-Month T-Bill.

Date of Inception: 1972 Total Net Assets: $4,313,863,837

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 2005 fiscal year, STIF's portfolio averaged $4.1 billion.

STIF employs a top-down approach to developing its investment strategy for the management of its funds. Starting with the objectives of the fund, STIF considers constraints outlined in its investment policy, which includes among other parameters: liquidity management, limitations on the portfolio's maintenance of weighted average maturity targets (see figure 11-2), and permissible investment types. Next, an asset allocation is developed to identify securities that are expected to perform well in the current market environment. Over the long-term, STIF continually analyzes expectations of future interest rate movements and changes in the shape of the yield curve to ensure the most prudent and effective short-term money management for its clients. Ongoing credit analysis enables STIF to enhance its yield by identifying high-quality credits in undervalued sectors of the economy.

STIF pays interest monthly based on the daily earnings of the Fund less Fund expenses and an allocation to the Fund's Designated Surplus Reserve. The daily reserve allocations equal one-tenth of one percent of the Fund's daily balances divided by the number of days in the year, until the reserve totals one percent of the Fund's daily balance. This reserve, currently just over $43 million, contributes significantly to STIF's low risk profile.

To help the Fund and its investors evaluate performance, STIF compares its returns to three benchmarks. The first is iMoneyNet's RATED MONEY FUND REPORT AVERAGES™ – TAXABLE INSTITUTIONAL ("MFR" index). This index represents an average of institutional money market mutual funds rated AAA 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 average Federal Reserve three-month T-Bill rate and the Federal Reserve three-month CD rate. The former benchmark 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 benchmarks, 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. Additionally, it is important to note that the 90-day benchmarks exceed STIF's shorter average maturity. In order to maintain its AAAm rating, the STIF cannot exceed a 60-day weighted average maturity limit. Furthermore, these benchmarks are "unmanaged" and are not affected by management fees or operating expenses. (See figure 11-3.)

Among the Fund's several achievements during the 2005 fiscal year was the continuation of an AAAm rating by Standard & Poor's in March 2005. 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 since STIF's inception in 1972, 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 (Fed) and economic indicators, adjusting the Fund's portfolio and characteristics as required. At the beginning of the fiscal year, STIF's weighted average maturity equaled 33 days. During the year the Fund's average maturity ranged from 19 to 56 days as market interest rates rose. At the end of the 2005 fiscal year, the average maturity was 32 days. As the Federal Reserve aggressively increased interest rates during the last fiscal year, the portfolio was managed to place maturities around each Federal Reserve meeting that reviewed interest rates to ensure that its performance kept pace with the movements in short-term rates.

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 98.6 percent concentration in investments rated A-1+ or AAA (the highest ratings of Standard & Poor's) or overnight repurchase agreements. Seventy-four 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 64 percent at the previous year-end. The Fund's three largest security weightings included secured liquidity notes (34.1 percent), deposit instruments (27.8 percent), and security-backed, asset-backed commercial paper (14.4 percent). (See figure 11-5.)

Performance Summary

For the one-year period ending June 30, 2005, STIF reported an annual total return of 2.32 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 1.91 percent, by 41 basis points. Additionally, the performance was competitive compared to the three-month T-Bills, which yielded 2.25 percent and three-month CDs, which yielded 2.48 percent. It is important to note that while the STIF underperformed the 90-day CD benchmark, there are technical differences in the calculation of the benchmark that explain the underperformance. First, the performance of the STIF is measured by an annual total return measure as outlined above. The 90-day CD benchmark, however, is an average of the daily posted spot rates, which implies the ability to buy a three-month security daily and to sell the previous day's purchase without gain or loss. During a rising interest rate environment, which was experienced during FY 2005, any benchmark that is an average of daily spot rates would overstate performance relative to a portfolio of investments made up of securities purchased during previous weeks and months when rates were lower.

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 1.70 percent, 2.75 percent, 3.58 percent, and 4.25 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 $15.2 million at June 30, 2005, versus $14.6 million for a hypothetical investment in the MFR Index. (See figure 11-6.)

Economic Report for Fiscal Year 2005

Fiscal Year (FY) 2005 began with short-term interest rates near their lowest levels since the 1950s, a tentative economy, and an employment picture that was beginning to firm. The bright spots of the economy were a powerful housing market and brisk consumer spending spurred by gains in net worth from housing price appreciation.

Throughout FY 2005, the economy continued to gain steam and strength. Gross Domestic Product (GDP) grew 3.6 percent during FY 2005, paced by an annualized 3.8 percent average quarterly increase in personal consumption.

The higher personal spending resulted from an improved employment picture (employment grew by 2.1 million jobs as the unemployment rate fell from 5.5 percent to 5.0 percent), a 6.6 percent increase in personal income, and a 12.5 percent increase in housing values from March 2004 to March 2005.

On the business front, business leaders began the year with caution in their approach to investment in their companies. While corporate profits continued to increase throughout FY 2005, it did not prompt high levels of reinvestment. Business investment increased on average 4.2 percent during the fiscal year.

Faced with positive economic indicators, the Federal Reserve began to move back from the simulative low interest rates and steadily increased interest rates to ward against over stimulation and inflation. The overnight Federal Funds rate nearly tripled from 1.25 percent as of June 2004 to 4.00 percent as of November 2005.

Meanwhile, inflation stayed at relatively benign levels. The Consumer Price Index (CPI) rose by 3.2 percent on a year-over-year basis as of July 2005, and the Personal Consumption Index, the Fed's preferred measure of core consumption prices, rose by 1.8 percent for the same period.

Outlook for Fiscal Year 2006

As Fiscal Year 2006 got underway, the economy's condition was best summarized by an excerpt of the August 9, 2005 text of the Fed's Federal Open Market Committee meeting, which stated that "aggregate spending, despite high energy prices, appears to have strengthened since late winter, and labor market conditions continue to improve gradually. Core inflation has been relatively low in recent months and longer-term inflation expectations remain well contained, but pressures on inflation have stayed elevated." As we entered the year, the economy had plenty of momentum with regard to spending, business growth and housing. Given that outlook, it was likely that short-term rates would continue to rise in the near term to keep inflation contained.

Several factors, however, could threaten the generally optimistic expectations. First, Hurricane Katrina — along with its absolutely horrific human impact – has exacerbated already high oil prices (sweet crude oil prices have soared from $35 per barrel in June 2004 to over $70 per barrel in August 2005) in the short-term.

Second, the housing market could be subject to a valuation adjustment during the next fiscal year. The high level of price appreciation, past access to low mortgage rates, more risky and creative credit products, and purchases of homes that are bordering on the unaffordable level, may ultimately contribute to a decline in housing values, particularly if interest rates increase.

Third, the yield curve is at historically flat levels with the difference between the two-year and ten-year Treasury notes a minimal 20 basis points. Flat yield curves such as this have a high correlation with economic recessions.

Finally, January 2006 will mark the end of an impressive career for Federal Reserve Chairman Alan Greenspan. The transition to a new Chair will be closely monitored by market participants.

In the event that these economic risks develop and the nation's economy experiences substantial price increases or declines in business activity, it may become necessary, at some point, for the Federal Reserve's FOMC to change its current course.

Figure 11-1

SHORT-TERM INVESTMENT FUND
Ownership Analysis at June 30, 2005 ($ in millions)

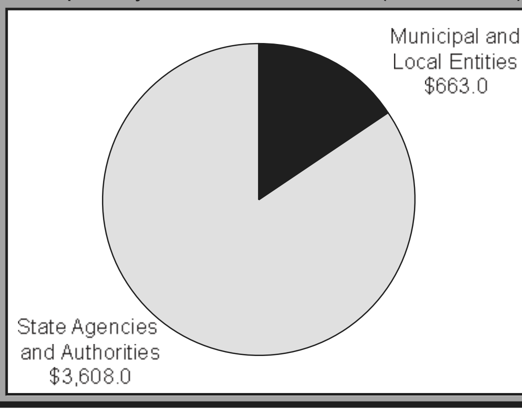


Figure 11-2

SHORT-TERM INVESTMENT FUND
Maturity Analysis

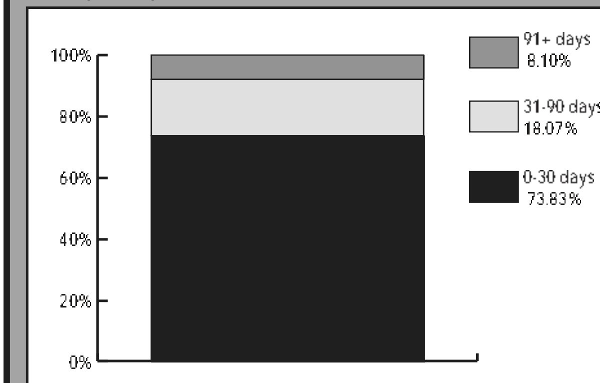


Figure 11-3

SHORT-TERM INVESTMENT FUND
Quarterly Yield vs. Benchmark

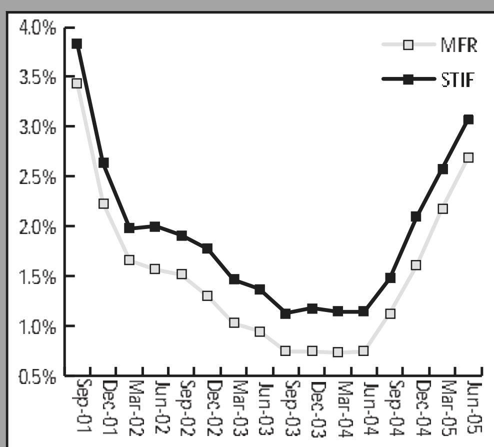


Figure 11-4

SHORT-TERM INVESTMENT FUND
Distribution by Quality Rating at June 30, 2005
Based on Investments in Securities, at Value

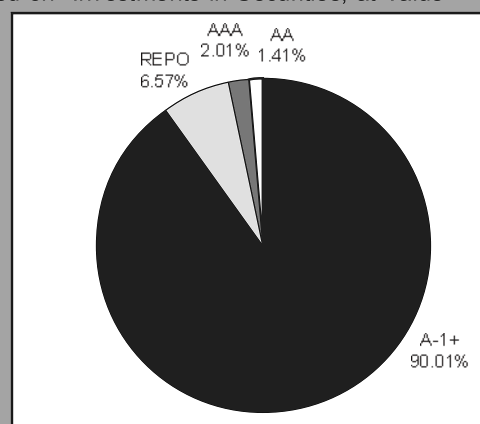


Figure 11-5

SHORT-TERM INVESTMENT FUND
Distribution by Security Type at June 30, 2005

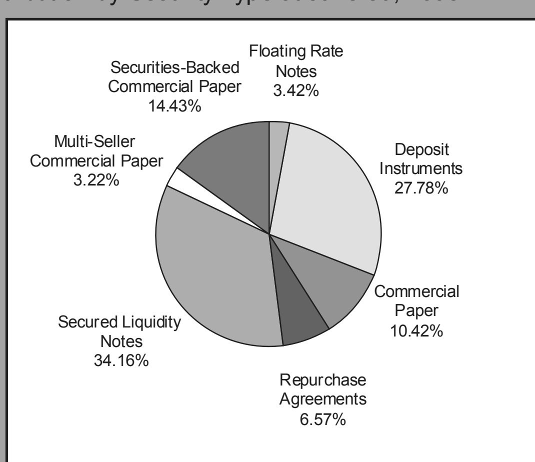


Figure 11-6

SHORT-TERM INVESTMENT FUND
Period ending June 30, 2005

	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs
Compounded Annual Total Return (%)					
STIF	2.32	1.70	2.75	3.58	4.25
MFR Index*	1.91	1.29	2.35	3.19	3.85
Fed. Three-Month T-Bill	2.25	1.51	2.38	3.12	3.74
Fed. Three-Month CD	2.48	1.66	2.56	3.41	4.08
Cumulative Total Return (%)					
STIF	2.32	5.20	14.55	27.95	51.58
MFR Index*	1.91	3.91	12.31	24.55	45.85
Fed. Three-Month T-Bill	2.25	4.59	12.49	23.98	44.37
Fed. Three-Month CD	2.48	5.06	13.48	26.45	49.10

*Represents Rated Money Fund Report Averages™- Taxable Institutional (MFR) Index for the period January 1, 1996 through June 30, 2005 and First Tier Institutions-Only Money Fund Report™ (MFR) Index prior to December 31, 1995.

2005 unclaimed property division

Division Overview

Public Service

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 2005, the Unclaimed Property Division collected a record $158.6 million—the largest amount collected in one year in the state's history. This total was in large part due to changes in Connecticut Unclaimed Property law in 2003 which reduced dormancy periods and clarified the obligation to escheat the value of several types of property such as gift certificates. The total was also a result of proceeds received from the demutualization of insurance companies. Unclaimed financial assets are received from banks, insurance companies and businesses that are required to relinquish this property to the State Treasurer following a loss of contact with the owner of record, generally three years.

Organization

Under the administration of an Assistant Treasurer, the 24 employees of the Division 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 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 2005, the Division paid 11,985 claims for an unprecedented return of $20,476,540 to rightful owners.

In 2003, the Division, in collaboration with Treasury legislative staff, proposed revisions to Connecticut unclaimed property law. The new unclaimed property law, known as Public Act 03-1, (sections 66 through 84 inclusive) shortened dormancy periods for unclaimed property and eliminated dormancy fees and expiration dates for gift certificates and gift cards. Passage of PA 03-1 strengthened Connecticut consumer protection and increased the State's General Fund.

In May 2004, Public Act 04-2 was passed which allows dormancy charges or fees to be applied to specific unclaimed property types, such as savings deposits, matured time deposits, and proceeds from the sale of safe deposit box contents. Another law passed during the 2004 legislative session related to unclaimed property, known as Public Act 04-216, permits the Treasurer to liquidate securities upon receipt.

In 2004, several life insurance mutual companies reorganized into public companies. As a result of this demutualization, Unclaimed Property received $8.8 million in cash receipts and securities valued at $41.8 million for the benefit of rightful property owners.

In 2005, PA 05-189 was passed which exempts the escheatment of gift cards values from Connecticut's unclaimed property law. As a result, businesses are no longer required to turn over the unused value of gift cards to the State Treasury. Treasurer Nappier raised concerns regarding the deleterious impact of the law to consumer protection: the law will eliminate an important consumer protection function served by the escheats law, permit the unused value of gift cards in the possession of Connecticut consumers to be escheated to other states instead of Connecticut, and eliminate a revenue stream to the State of Connecticut.

2005 Division Performance

- Paid $20.4 million in claims to 10,108 owners;
- Received $158.6 million in unclaimed property receipts voluntarily reported by holders which includes $89 million from sale of securities;
- Paid $1.1 million in claims to businesses
- Collected $2 million as a result of UCPD compliance examinations of holders and $865,894 in gift certificates;
- Collected $1.7 million from 147 holders participating in a UCPD amnesty program conducted from March 21st through June 30th

Figure 12-1

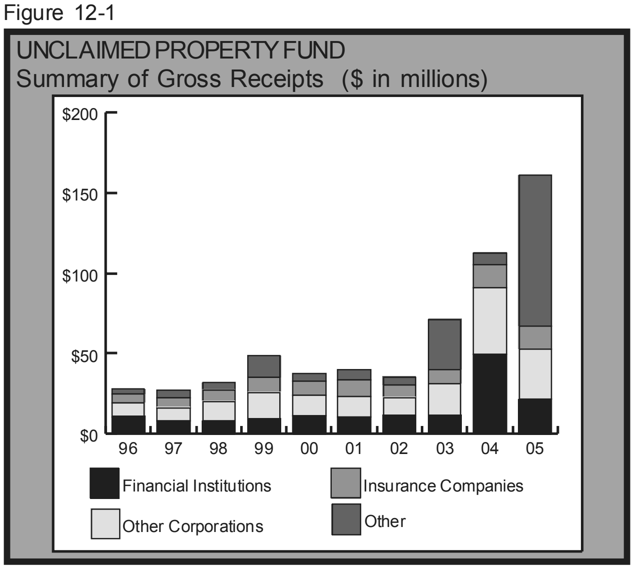


Figure 12-2

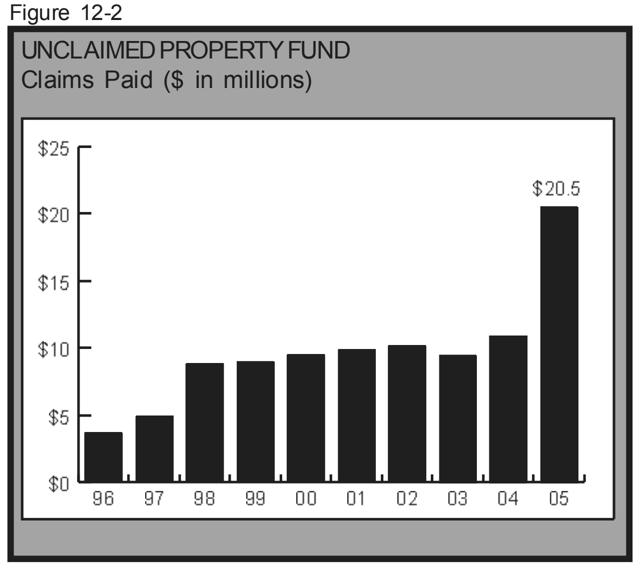


Figure 12-3

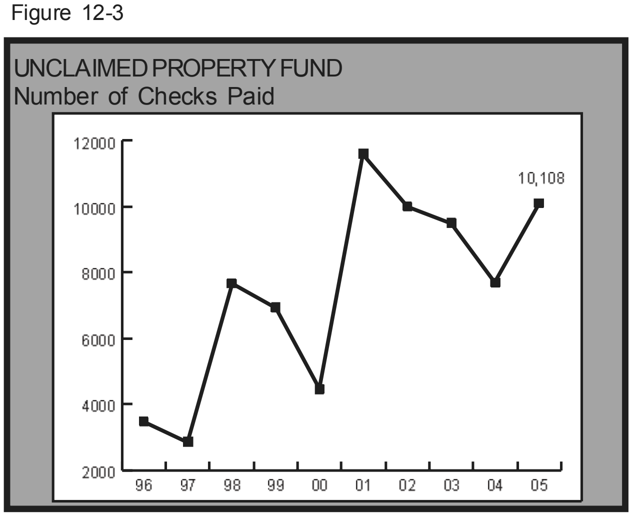
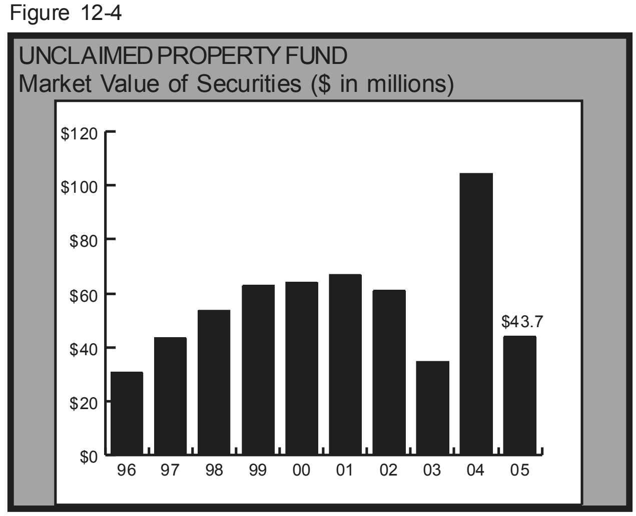


Figure 12-4



DIVISION OVERVIEW

The Second Injury Fund ("SIF" or "the Fund"), is a state operated workers' compensation insurance fund established in 1945 to discourage discrimination against veterans and encourage the assimilation of workers with a pre-existing injury into the workforce. Prior to July 1, 1995, the Fund provided relief to employers where a worker, who already had a pre-existing injury or condition, was hurt on the job and that second injury was made "materially and substantially" worse by the first injury. Such employers transferred liability for these workers' compensation claims to the Fund after 104 weeks, if certain criteria were met under the Connecticut Workers' Compensation Act (thus the term "Second Injury Fund").

After 50 years, the Fund had become the largest disburser of workers' compensation benefits in the State and over time, its annual benefit payout increased seven fold, peaking at $120 million in fiscal year 1994. Its operations, which are financed by assessments on Connecticut employers, reached a dollar value high of $146.5 million in 1996. In response, the Connecticut General Assembly closed the Fund to new "second injury" claims sustained on or after July 1, 1995.

The Fund continues to be liable for claims which involve an uninsured employer, for dependent and widow claims and, on a pro rata basis, for reimbursement to employers of any worker who had more than one employer at the time of the injury. In addition the Fund is still responsible for "second injury claims" which were transferred to the Fund prior to July 1, 1999.

The mission of the Second Injury Fund is to provide quality service both to the injured workers and employers of Connecticut. The Fund accomplishes this by adjudicating qualifying workers' compensation claims fairly and in accordance with applicable law, industry standards and best practices. Where possible, the Second Injury Fund seeks to return injured workers to gainful employment or seeks settlement of claims, which will ultimately reduce the burden of Second Injury Fund liabilities on Connecticut taxpayers and businesses.

Under the supervision of an Assistant Treasurer,the Fund employs 41 people within the Treasury. The Assistant Treasurer maintains general oversight over the division which includes a management team, a claims unit, an accounting and collections unit, an investigations unit, and other administrative support functions. The Fund also pays for attorneys and support staff in the Office of the Attorney General who represent the Fund before the State's Workers' Compensation Commission. In addition the Second Injury 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.

Legislative Reforms

The Workers' Compensation Reform Act of 1993 was responsible for significantly reducing Connecticut employers' cost of business. However, legislation that had the greatest impact on the Fund was enacted in 1995, 1996 and 2005. Highlights are listed below:

Public Act 95-277

- Closed the Fund to new "second injury" claims for injuries sustained on or after July 1, 1995
- Closed the Fund to new "acknowledgement of defect claims" after July 1, 1995
- Eliminated Fund liability for payments to insurers during appeals
- Eliminated Fund liability for reimbursements to employers for the cost of group health insurance
- Expanded enforcement, fines and penalities against employers who fail to provide workers' compensation coverage

Public Act 96-242

- Imposed a July 1, 1999 deadline for transfer of all eligible “second injury” claims to the Fund
- Authorized the issuance of up to $750 million in bonds to finance settlement of claims against the Fund

Public Act 05-199 (Effective 07/01/06)

- Sets an annual interest rate of six (6) percent on underpaid assessments determined after an audit, and further distinguishes between interest and penalty by making clear that the penalty of a flat fifteen (15) percent is payable only when there has been a failure to pay the assessment.
- Limits the Fund’s liability to two years for retroactive reimbursement claims; and exempts the Fund from liability for claims brought on behalf of insolvent insurers and from liability for apportionment claims.
- Clarifies that insurance carriers act as collection agents for the Fund in that the assessment liability is imposed upon the insured employer and that the insurer’s role is that of collection agent for the Fund. These changes define the assessment as a surcharge on the premium.
- Changes the method of assessment for insured employers, and defines the “Second Injury Fund Surcharge” for those insurers who are subject to it. In addition, it clarifies definitions for all employers, and explains what employers must include and exclude when they report their paid losses to the Fund.
- Changes the process by which the Fund reaches settlements with injured workers and/or uninsured employers by allowing settlements prior to the issuance of a Finding & Award against the employer or Supplemental Order against the Fund (subject to approval by the Commission); and eliminates the need for additional formal hearings on the same claim for benefits.

Assessments

Second Injury Fund operations are financed by assessments on all Connecticut employers. The Treasurer, as Custodian of the Fund, establishes the assessment rate on or before May 1st of each year. An assessment audit program helps ensure uniform methods of reporting.

Both insured and self insured employers pay an assessment based on standard premium (insured employers) or paid losses (self-insured employers). PA 05-199 revises the definitions of these categories effective in July, 2006.

Reforms implemented by the Treasurer and the fund over the last six years have achieved significant reduction in assessment rates. The latest (for fiscal year 2006) reductions to 4% for insured employers (collected and paid by insurers) and 8.4% for self-insured employers are the lowest in a decade.

Fiscal year 2005 quarterly assessments on insured employers totaled $ 72.4 million. Assessments of self insured employers during fiscal year 2005 totaled $13.2 million. Total assessment on all Connecticut employers for fiscal year 2005 totaled $85.6 million.

The Year in Review

Fiscal Year 2005 Highlights

The Second Injury Fund's major achievements during the past year result from the continued implementation of a series of management reforms instituted by Treasurer Nappier. The highlights for FY 2005 include:

- Eliminated all its long-term debt originally projected to be paid out until 2016. The Fund defeased long-term debt of $46.4 million in bonds that remained outstanding from the original debt. This will save Connecticut employers $43.7 million in future interest costs.
- Dramatically reduced the rates to be charged to Connecticut businesses in fiscal year 2006 to the lowest levels in more than a decade, and saving businesses $29 million annually. The new rates are lower than they have been in a decade. For insurers, the new assessment rate is 4% and for self-insured employers, the new assessment rate is 8.4%.
- New legislative revisions to state law as recommended by a working group of businesses and the Treasurer will ensure that businesses making a good-faith effort to comply with state law are not penalized unnecessarily. See legislative reforms on previous page.
- Recoveries: Assessment audits of insurance companies and self-insured employers resulted in the recovery of $8.9 million in fiscal year 2005. Also, recovery of outstanding receivables amount to $1,032,199 of which, $552,905 was collected from uninsured employers.
- The Fund achieved a total of 169 settlements at a cost of $8,705,420.
- The number of injured workers receiving benefits is 405 compared to 422 last year. Total benefit payments to injured workers totaled $34.7 million for fiscal year 2005.
- The number of open, active claims is now at 2,225, a reduction of 34 and unfunded reserves were reduced from $497 million last year to $465 million.

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 percent.

TIAA-CREF Tuition Financing, Inc. ("TFI"), a wholly-owned subsidiary of Teachers Insurance and Annuity Association of America ("TIAA"), and the Treasurer of the State of Connecticut have entered into a Management Agreement under which TFI serves as Program Manager. In 2005, that Management Agreement was extended to March 2010. 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 may be allocated 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 six age bands, according to the beneficiary's age. Effective March 10, 2005, the number and configuration of the age bands in the Managed Allocation Option was changed from ten bands to six age bands, shifting the grouping of beneficiaries to bands grouped according to age (at the end of each quarter period), rather than year of birth. Each age band invests varying percentages in the institutional class of the International Equity, Equity Index, Real Estate Securities, Bond and Inflation Linked 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 following TIAA-CREF Mutual Funds: Growth Equity, Growth & Income, International Equity, Large Cap Value and Small Cap Equity, and Bond and Inflation Linked Bond Funds. All allocation percentages are determined by the Treasurer and are subject to change. The assets in the Principal Plus Interest Option are allocated to 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 of 3% for the current term.

The Year in Review

Changes to the CHET program in recent years, including revisions by Treasurer Nappier to make the program more accessible and affordable to Connecticut residents, and subsequent federal tax revisions, and expanded program marketing and outreach efforts have contributed to solid growth in the number of account owners. In fiscal year 2005, the number of CHET accounts grew from 41,569 to 46,516 at fiscal year's end. During that time, program equity of account holders grew from $472.6 to $595.6 million, an increase of $123.2 million or 26 percent.

(1) This provision of the 2001 Federal Tax Reduction Act is scheduled to expire on December 31, 2010. While Congress may or may not extend these benefits beyond this date, both the House and Senate introduced bi-partisan legislation in May 2005 now undergoing committee review calling for permanency of such tax benefits, thereby nullifying the scheduled sunset date.

In March of 2005, the Managed Allocation option's age bands were reconfigured to six bands and the asset allocation plans for both the Managed Allocation and High Equity options were expanded through newly added equity and fixed income instruments. The reduction in number of age bands enabled accountholders to realize the benefits of a selected asset allocation strategy over a longer investment horizon, while age band realignments allowed for investment allocations to track more closely to the beneficiary's age. CHET's expanded asset allocation plan under the Managed Allocation and High Equity investment options provided for an expanded, more diversified array of underlying mutual funds supporting the program's investment options, and based upon historical and projected performance, were designed to improve investment performance in all investment option categories. New underlying mutual funds under the revised asset allocation plan include the TIAA-CREF Institutional Growth Equity, Large Cap Value and Small Cap Equity Funds, and Real Estate Securities and Inflation Linked Bond Funds.

Fees charged to CHET account owners continued to be among the lowest offered in the nation throughout the fiscal year. Total fees for the CHET program ranged from .68 to .70 percent, and consisted of underlying mutual fund expenses and program manager fees relating to the Managed Allocation and High Equity investment options. Participants in the Principal Plus Interest investment option were not subject to additional fees, and there were no other fees, charges or penalties imposed by or payable to the Trustee in connection with opening or maintaining of accounts under any of the investment options (other than applicable taxes or related penalties). The program's low relative fee levels were particularly noteworthy at a time of increasing federal regulatory scrutiny of fees charged throughout the Section 529 college savings industry. In response to national attention on fee and other disclosure issues, CHET was also an early adopter of new voluntary fee disclosure guidelines developed by the National Association of State Treasurers in collaboration with the College Savings Plan Network. Still committed to the maintenance of low overall fees, for the first time in the past five years, the Trust approved collection of a previously authorized state fee of 0.01 percent of the average daily net assets (annualized rate, applied on daily basis), applicable on all investment options. This fee which will become effective July 1, 2005 will cover costs associated with the state's oversight of the Trust.

Several enhancements to CHET marketing and new account opening practices were also implemented over the past fiscal year. During the fall and winter of 2004, TFI launched the largest multi-media marketing campaign in CHET's history. The successful integrated campaign employed several means of communication including television, radio, print, direct mail and newly introduced internet banner advertising. On-line enrollment continued to realize strong growth, and now accounts for 66 percent of new accounts being opened. In addition, the volume and percent of employee contributions through payroll deduction, as well as automated banking account contributions to CHET increased substantially, and now collectively account for 24 percent of all contributions. Other new enhancements to CHET marketing practices include the introduction of unique customer inquiry tracking devices which monitor effectiveness of various marketing channels.

Finally, the Trustee conducted a comprehensive review of TFI's investment, customer service and operational performance as Program Manager under the initial five year term of the CHET contractual performance agreement. The agreement's term, which was set to end on March 13, 2005, and was extended until May 12, 2005, carried a provision for an automatic full term extension upon successful review of contract performance. The Trustee subsequently completed its review and determined that TFI met the performance standards set forth in the initial agreement, and therefore based on that agreement, the contract was extended for a second five year term through March 13, 2010.

CHET Advisory Committee

There is a statutorily established CHET Advisory Committee, which meets annually. The Committee met on December 13, 2004.

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

ROBERT L. GENUARIO, Secretary Office of Policy and Management, Designee: John Mengacci

VALERIE F. LEWIS, Commissioner, Department of Higher Education, Designee: Mary Johnson

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

REP ANDREW M. FLEISCHMANN, 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, Designee: Chatam Carillo

REP. CAMERON STAPLES, House Chair, Finance, Revenue and Bonding Committee, Designee: Dorian Hayes

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

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

MARGARET WOLF, Director of Financial Aid, Capitol Community College

JAMES BLAKE, Executive Vice President of Finance & Administration, Southern Connecticut State University

WILLIAM LUCAS, Vice President Finance, Fairfield University, Designee: Ray Bordeau

JULIE SAVINO, Dean of Student Financial Assistance, Sacred Heart University, Designee: Silvie Hangan

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 statements of condition of the other Non-Civil List Trust Funds as of June 30, 2005, together with the related statements of revenue and expenditures and statements of changes in fund balance and the statement of cash flows for the other Non-Civil List Trust Funds, for the fiscal year ended June 30, 2005. We have also audited the statement of net assets of the Second Injury Fund as of June 30, 2005, together with the related statement of revenues and expenses and changes in fund net assets and the statement of cash flows for the Second Injury Fund, for the fiscal year ended June 30, 2005. We have also examined the schedules of Civil List Funds investments, as of June 30, 2005, the Civil List Funds cash receipts and disbursements for the fiscal year ended June 30, 2005, and debt outstanding, as of June 30, 2005, and changes in debt outstanding during the fiscal year ended June 30, 2005. 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. 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.

As described in the notes to the financial schedules, the State Treasury has prepared the schedules of Civil List Funds investments, as of June 30, 2005, the Civil List Funds cash receipts and disbursements for the fiscal year ended June 30, 2005 and debt outstanding, as of June 30, 2005, and changes in debt outstanding during the fiscal year ended June 30, 2005, using accounting practices prescribed by the State Comptroller which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial schedules of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the schedules referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the cash and investments of the Civil List Funds as of June 30, 2005, the Civil List Funds cash receipts and disbursements for the fiscal year ended June 30, 2005, the balance of bonds outstanding as of June 30, 2005, and bonds issued, retired and refunded, and bond interest payments made during the year ended on that date.

CERTIFICATION BY AUDITORS OF PUBLIC ACCOUNTS AND STATE COMPTROLLER

In our opinion, the schedules referred to above present fairly, in all material respects the cash and investments of the Civil List Funds as of June 30, 2005, the Civil List Funds cash receipts and disbursements for the fiscal year ended June 30, 2005, the balance of bonds outstanding as of June 30, 2005, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the other Non-Civil List Trust Funds and the Second Injury Fund as of June 30, 2005, and the results of their operations, the changes in fund balance for the other Non-Civil List Trust Funds and the changes in net assets for the Second Injury Fund, and cash flows for the other Non-Civil List Trust Funds and the Second Injury Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The introduction section, supplemental information section and the statutory appendix have not been audited except as specifically noted in this auditors' opinion. 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.

In accordance with Section 3-37 of the Connecticut General Statutes, we have issued separate auditors' reports for the Combined Investment Funds, dated December 15, 2005, and the Short-Term Investment Fund, dated November 30, 2005. These reports are an integral part of the State Treasurer's Annual Report and should be read in conjunction with this report in considering the results of our audit.

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

September 27, 2006
State Capitol
Hartford, Connecticut

STATE OF CONNECTICUT

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

KEVIN P. JOHNSTON

ROBERT G. JAEKLE

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying statement of net assets of the Combined Investment Funds as of June 30, 2005, and the statement of changes in net assets for the fiscal years ended June 30, 2005, and 2004. These financial statements are the responsibility of the management of the State Treasury. Our responsibility is to express an opinion on these financial statements based on our audit.

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 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, 2005, 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 as of June 30, 2005, and the results of their operations and changes in net assets for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As explained in Note 1B, 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 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 are presented at the cash adjusted fair values, which utilize the investment advisors' March 31, 2005, quarter ending estimated values adjusted for cash flows of the Funds during the subsequent quarter that affect the value at the Funds' level. Adjustments are made for underlying investments that experienced significant changes in value during the quarter, if deemed appropriate. We have reviewed the investment advisors' values, the relevant cash flows and the procedures used by the State Treasurer in reviewing the estimated values and have read underlying documentation and, in the circumstances, we believe the procedures to be reasonable and the documentation appropriate. However, because of the inherent uncertainty of valuation, those estimated values may differ significantly from the values that would have been used had a ready market for the investments existed, and the differences could be material.

CERTIFICATION BY AUDITORS OF PUBLIC ACCOUNTS AND STATE COMPTROLLER

Our audit was made for the purpose of forming an opinion on the financial statements of the Combined Investment Funds taken as a whole. The Combined Investment Funds Statement of Net Assets, Statements of Changes in Net Assets, Total Net Asset Value by Pension Plans and Trusts and the Statements of Investment Activity by Pension Plan and by Trust, contained within the Statistical 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.

This opinion is being issued for inclusion in an annual report for the State Treasurer's Combined Investment Funds for the fiscal year ended June 30, 2005. Other information contained within the Statistical Section and the Investment and Introductory Sections of this document has not been audited.

Kevin P. Johnston
Kevin P. Johnston
Auditor of Public Accounts

Robert G. Jaekle
Auditor of Public Accounts

December 15, 2005
State Capitol
Hartford, Connecticut

STATE OF CONNECTICUT

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

KEVIN P. JOHNSTON

ROBERT G. JAEKLE

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying statement of net assets of the Short-Term Investment Fund, including the list of investments, as of June 30, 2005, and the statements of changes in net assets for the fiscal years ended June 30, 2005, and 2004. These financial statements are the responsibility of the management of the State Treasury. Our responsibility is to express an opinion on these financial statements based on our audit.

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 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, 2005, by correspondence with the custodian. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our 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 Short-Term Investment Fund as of June 30, 2005, and the results of its operations and changes in net assets for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the financial statements of the Short-Term Investment Fund 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 Statistical Section contained herein is presented for purposes of additional analysis and is not a required part of the financial statements of the Short-Term Investment Fund. Except as noted below, such information has been subjected to the auditing procedures applied in the audit of the financial statements of the Short-Term Investment Fund and, in our opinion, is fairly presented in all material respects in relation to the financial statements of the Short-Term Investment Fund taken as a whole. We did not audit the information contained in the Introductory and Investment Sections of this Short-Term Investment Fund annual report, or the Schedules of Rates of Return contained in the Statistical Section.

Kevin P. Johnston
Auditor of Public Accounts

Robert G. Jaekle
Auditor of Public Accounts

November 30, 2005
State Capitol
Hartford, Connecticut

This Management's Discussion and Analysis (MD&A) of the Annual Report of the Treasurer presents management's discussion and analysis of the financial activities of the Office of the Treasurer for the fiscal year ended June 30, 2005 presented as a narrative overview and analysis. Management of the State of Connecticut's Office of the Treasurer 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. However, as noted in the Treasurer's letter found at the beginning of this report, complete fiscal year cash and receipts data from the State's Core-CT accounting system is not available as of October 14, 2005. When the information is received, final financial results of the Office of the Treasurer will be submitted.

The Treasurer is the chief fiscal officer of State government, overseeing a wide variety of activities regarding the prudent conservation and management of State funds. These include the administration of a $21.3 billion portfolio for six State pension and eight State trust funds, a short-term investment fund with an average daily balance approximating $4.1 billion, and the Connecticut Higher Education Trust, a qualified state tuition program designed to promote and enhance affordability and accessibility of higher education to State residents, containing $0.6 billion.

The organizational structure of the Treasury comprises an Executive Office which coordinates all financial reporting, administration and support functions within the Treasury oversees administration of the Connecticut Higher Education Trust, and five divisions including: Pension Funds Management responsible for managing the assets of over 160,000 teachers, state, and municipal employees as well as trust funds financing academic programs, grants, and initiatives throughout the state; Debt Management, the public finance department for the State, responsible for issuing and managing the State's debt including issuing bonds to finance State capital projects and managing debt service payments and cash flow borrowing, administering the Clean Water Fund and Tax Exempt Proceeds Fund and maintaining the State's rating agency relationships; Cash management, responsible for all the State's cash inflows and outflows and managing the State's cash transactions, banking relationships and short-term investments; Unclaimed Property responsible for returning unclaimed property to rightful owners or heirs; and the Second Injury Fund, responsible for managing the largest workers' compensation claim operation in Connecticut, serving injured workers whose claims are paid by the Fund.

FINANCIAL HIGHLIGHTS

Combined Investment Funds

Net Assets - The net assets of the Combined Investment Funds at the close of the fiscal year were $21.30 billion, an increase of $1.11 billion from the previous year. The change in net assets resulted from net investment income from operations of $2.05 billion partly offset by cash outflows to the Connecticut Retirement Plans and Trust Funds of $0.86 billion. As is the case with any pension fund, a portion of the total net investment income of $2.05 billion ($0.86 billion) was used, coupled with contributions of participants and the plan sponsors, to make payments to beneficiaries of the Connecticut Retirement Plans and Trust Funds.

Operating Income – Favorable performance results achieved a positive return of 10.46%, net of all management fees and expenses, resulting in an increase in net assets from operations of $2.05 billion in the 2005 fiscal year, compared to a return of 15.23%, net of all expenses for the previous fiscal year. Returns were positive in all the Funds investment classes in fiscal year 2005 despite higher market volatility as a result of higher oil prices and rising interest rates.

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 $4.31 billion, an increase of $0.48 billion from the previous year. The principal reasons for the increase was an overall increase of $552 million in State Agencies and Authorities STIF investments and a decline of $68 million in investments in the Fund from its municipal and local customers.

Operating Income - General financial market conditions produced an annual total return of 2.32%, net of operating expenses and allocations to Fund reserves, compared to an annual total return of 1.16%, 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 1.91%, by 41 basis points, resulting in $16.9 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 fiscal year 2005 were $26.7 million, an increase of $38.6 million from the previous year deficit net asset balance of -$11.9 million.

Operating Income – The $38.6 million positive change in net assets resulted from net operating income of $53.7 million partly offset by non-operating expenses of $13.8 million, mainly one time refunds of overpayments and interest. At the request of the Treasurer's Office, the Attorney General issued a formal legal opinion clarifying an interpretation of legislative intent regarding application of the 15% interest penalty as set forth in the law. The opinion stated that statutory language approved applying interest penalties to assessments only after a firm has been notified of errors, rather than from the date of the assessment should have been paid. The Fund, as a result of this opinion, has modified its practice.

Connecticut Higher Education Trust

Net Assets - The net assets of the Connecticut Higher Education Trust at the close of the fiscal year was $595.7 million, an increase of $123.1 million from the previous year.

Changes in Net Assets – The change in net assets of the Connecticut Higher Education Trust due to operations in fiscal year 2005 resulted from $33.7 million in net realized and unrealized gain on investments and net investment income, and $89.4 million from contributions to active accounts, net of redemptions.

Special Obligation Rate Reduction Bonds

Net Deficit - The net deficit of the Special Obligation Rate Reduction Bonds presented at the close of the calendar year December 31, 2004 was $178.5 million. The Special Obligation Rate Reduction Bonds were issued in 2004 pursuant to Connecticut General Statutes to sustain for two years the funding of energy conservation and load management and renewable energy investment programs by providing money to the State's General Fund. The repayment of the bonds including principal, interest and all fees and expenses are payable from a State RRB charge on the electric bills of the State's two electric utilities.

Changes in Net Assets – The total decrease in the net deficit of the Special Obligation Rate Reduction Bonds in calendar year 2004 was the result of net income generated from the utilities revenues.

Tax Exempt Proceeds Fund

Net Assets - The net assets of the Tax Exempt Proceeds Fund at the close of the fiscal year were $150.8 million, a decrease of $19.6 million from the previous year.

Changes in Net Assets – The total decrease in net assets of the Tax Exempt Proceeds Fund in fiscal year 2005 was the result of a net redemption of fund investments.

More detailed information regarding these activities and funds begins on page F-71.

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 begin on page F-13 and provide detailed information. This financial information is included in the activities of the State of Connecticut's Fund Financial Statements as presented in the Comprehensive Annual Financial Report of the State of Connecticut prepared by the State Comptroller.

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

Combined Investment Funds: The Statement of Net Assets and the Statement of Changes in Net Assets 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-14) 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 Changes in Net Assets (page F-15) 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-17 – F-28 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-30) 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-31) 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-32 – F-36 of this report.

Civil And Non-Civil List Trust Funds: The Civil List Pension and Trust Funds schedule (page F-44) includes all cash and investment balances, and activity for the fiscal year 2005. The Non-Civil List Trust Funds Financial Statements (page F-45) 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-48 of this report.

Connecticut Higher Education Trust: The Statements of Assets & Liabilities and Statements of Operations (pages F-57 – F-58) are two financial statements that report information about the Connecticut Higher Education Trust Program as of June 30, 2005 and June 30, 2004.

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-60 – F-62 of this report.

Special Obligation Rate Reduction Bonds: The Statement of Net Assets, Statement of Revenues, Expenses and Changes in Net Assets, and Statement of Cash Flows (pages F-64 – F-66) are financial statements that report information about the Special Obligation Rate Reduction Bonds.

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the Special Obligation Rate Reduction Bonds financial statements. The notes can be found on pages F-67 – F-69 of this report.

Tax Exempt Proceeds Fund: The Statement of Net Assets, Statement of Operations and Statement of Changes in Net Assets (pages F-71 – F-78) 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-79 – F-81 of this report.

The Second Injury Fund: The Statement of Net Assets and Statement of Revenues, Expenses and Changes in Fund Net Assets (pages F-49 and F-50) 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-52 – F-56 of this report.

REQUIRED SUPPLEMENTARY INFORMATION

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, 2005, the Combined Investment Funds reported investment balances of $21.30 billion. The Short-Term Investment Fund reported a fund balance of $4.31 billion. These two funds account for 99% of the investments in the fiduciary funds managed by the Office of the Treasurer.

Combined Investment Fund Highlights

The Combined Investment Funds represent the pension funds of the State employees and teachers, municipal employees, as well as academic programs, grants and initiatives throughout the State. The total fund balance rose during the fiscal year by $1.11 billion, as a result of earning net investment income from operations of $2.05 billion partly offset by cash outflows to the Connecticut Retirement Plans and Trust Funds of $0.86 billion. The value of the fund portfolio rose from $20.19 billion to $21.30 billion. Favorable performance results produced a positive return of 10.46%, net of all expenses, compared to a return of 15.23%, 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 rose during the fiscal year by $0.48 billion principally from a $0.55 billion increase in STIF investments from State Agencies and Authorities resulting from the State's improving economic condition. STIF produced an annual total return of 2.32%, net of operating expenses and allocations to Fund reserves, compared to an annual total return of 1.16%, net of operating expenses and allocations to Fund reserves in the previous fiscal year. The total annual return of 2.32 percent in STIF exceeded its primary benchmark by 41 basis points, resulting in $16.9 million in additional interest income for the state, municipalities, other units of local government and their taxpayers. The higher return resulted from increases in market interest rates due to the Federal Reserve move to raise interest rates in order to ward against inflation in a growing U.S. economy.

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, 2005, the State had $13.9 billion in bonds and notes outstanding versus $13.8 billion at June 30, 2004, an increase of $0.15 billion. Outstanding debt at June 30, 2005 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 and other transportation investments.

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

Outstanding Debt as of June 30,

Bond Type	2005	2004	Change
General obligation – Tax supported	$8,644,138,889	$8,369,746,683	$274,392,206
General obligation - Revenue supported	6,371,124	9,161,124	(2,790,000)
General obligation – Transportation	2,466,576	2,996,576	(530,000)
Economic Recovery Notes	209,560,000	273,215,000	(63,655,000)
Special Tax Obligation	3,101,517,825	3,142,057,825	(40,540,000)
Bradley International Airport	236,515,000	252,020,000	(15,505,000)
Clean Water Fund	571,540,000	611,260,000	(39,720,000)
UCONN 2000	767,767,147	717,907,147	49,860,000
CDA Increment Financing	28,670,000	29,825,000	(1,155,000)
CDA Governmental Lease revenue	5,660,000	6,115,000	(455,000)
Second Injury Fund Bonds	-	54,255,000	(54,255,000)
CHEFA Childcare Facilities program	37,420,000	38,760,000	(1,340,000)
Bradley Parking operations	51,915,000	53,800,000	(1,885,000)
CT Juvenile Training school	18,110,000	18,475,000	(365,000)
Special Obligation Rate Reduction Bonds	179,765,000	205,345,000	(25,580,000)
CCEDA Bonds	72,500,000	-	72,500,000
Total	$13,933,916,561	$13,784,939,355	$148,977,206

During fiscal year 2005, the State issued $1.35 billion in new bonds to fund state programs and issued refunding bonds totaling $0.48 billion to refinance amounts outstanding on previously issued bonds to lower rates and having a total savings to taxpayers of over $27.7 million.

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

During fiscal year 2005, the State's economic performance improved over the previous fiscal year, as several budgetary initiatives by the Governor and General Assembly geared to address the economic climate within the state resulted in an estimated $335 million state surplus at the end of 2005 fiscal year. Over the last three years, the state has limited and reduced programs, raised taxes, depleted deposits made to the rainy day fund, and borrowed funds using Economic Recovery Notes to fund fiscal year deficits. However, the Governor's Office report on Connecticut's economic outlook looks optimistic as its citizens growth in personal income was 4.1% in fiscal year 2003-04 and is projected to be 4.5% in the current fiscal year and remain at a rate of 4.5% in the coming fiscal year. Connecticut has also returned to job growth this year since the beginning of the economic slowdown, with a projected gain of over 7,000 jobs in fiscal year 2004-05 and projected job growth of approximately 17,000 jobs in fiscal year 2005-06, however manufacturing employment in Connecticut has declined 0.9% while increasing 2.1% nationwide. Job growth increases in education and health service offset the state's nonmanufacturing industries in telecommunications, broadcasting and data processing. After a notable improvement in the economy over the past year, the state's economy in fiscal year 2006 will also benefit from higher household net worth and strong corporate earnings due to improved consumer spending, business investment and increased job creation. Yet, higher energy costs, rising inflation, consumer debt, and weakness in job growth could potentially negatively affect the state's and the national economic recovery.

CONTACTING THE OFFICE OF THE TREASURER

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

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

State of Connecticut

Office of the Treasurer

DENISE L. NAPPIER
TREASURER

HOWARD G. RIFKIN
DEPUTY TREASURER

To the Honorable
M. Jodi Rell, 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, 2005

	TOTAL
ASSETS	
Investments in Securities, at Fair Value	
Cash Equivalents	$ 708,309,597
Asset Backed Securities	550,401,439
Government Securities	1,694,411,378
Government Agency Securities	1,391,637,374
Mortgage Backed Securities	683,403,901
Corporate Debt	2,227,231,261
Convertible Securities	33,213,522
Common Stock	12,080,218,637
Preferred Stock	77,335,950
Real Estate Investment Trust	117,111,777
Mutual Fund	327,370,192
Limited Liability Corporation	16,963,641
Trusts	52,612,985
Limited Partnerships	1,612,794,154
Annuities	248,809
Total Investments in Securities, at Fair Value	21,573,264,617
Cash	21,757,836
Receivables	
Foreign Exchange Contracts	9,101,560,782
Interest Receivable	72,576,788
Dividends Receivable	17,338,659
Due from Brokers	437,500,208
Foreign Taxes	2,754,435
Securities Lending Receivable	1,014,733
Reserve for Doubtful Receivables	(7,508,342)
Total Receivables	9,625,237,263
Invested Securities Lending Collateral	2,563,149,382
Other Funds on Deposit	-
Prepaid Expenses	2,597,964
Total Assets	33,786,007,062
LIABILITIES	
Payables	
Foreign Exchange Contracts	9,002,523,832
Due to Brokers	893,476,575
Income Distribution	1,035,529
Total Payables	9,897,035,936
Securities Lending Collateral	2,563,149,382
Accrued Expenses	26,672,142
Total Liabilities	12,486,857,460
NET ASSETS	$ 21,299,149,602

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, 2005

		TOTAL
ADDITIONS		
OPERATIONS		
Investment Income		
Dividends	$	500,239,842
Interest		302,052,601
Other Income		17,941,401
Securities Lending		58,077,771
Total Investment Income		878,311,615
Investment Expenses		
Investment Advisory Fees		56,704,256
Salary and Fringe Benefits		2,679,648
Custody and Transfer Agent Fees		1,907,792
Professional Fees		3,217,508
Security Lending Fees		2,941,450
Security Lending Rebates		47,351,701
Investment Expenses		-
Total Investment Expenses		114,802,355
Net Investment Income		763,509,260
Net Realized Gain (Loss)		698,664,153
Net Change in Unrealized Gain/(Loss) on Investments and Foreign Currency		591,155,103
Net Increase (Decrease) in Net Assets Resulting from Operations		2,053,328,516
Unit Transactions		
Purchase of Units by Participants		1,632,323,184
TOTAL ADDITIONS		3,685,651,700
DEDUCTIONS		
Distributions to Unit Owners:		
Income Distributed		(859,641,755)
Total Distributions		(859,641,755)
Unit Transactions		
Redemption of Units by Participants		(1,716,250,119)
TOTAL DEDUCTIONS		(2,575,891,874)
CHANGE IN NET ASSETS		1,109,759,826
Net Assets- Beginning of Period		20,189,389,776
Net Assets- End of Period	$	21,299,149,602

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, 2004

		TOTAL
ADDITIONS		
OPERATIONS		
Investment Income		
Dividends	$	607,529,263
Interest		303,029,185
Other Income		29,512,876
Securities Lending		23,252,981
Total Investment Income		963,324,305
Investment Expenses		
Investment Advisory Fees		38,985,392
Salary and Fringe Benefits		2,256,308
Custody and Transfer Agent Fees		1,414,764
Professional Fees		6,310,197
Security Lending Fees		2,498,875
Security Lending Rebates		14,182,849
Investment Expenses		164,290
Total Investment Expenses		65,812,675
Net Investment Income		897,511,630
Net Realized Gains		880,979,032
Net Change in Unrealized Gains on Investments and Foreign Currency		936,915,624
Net Increase (Decrease) in Net Assets Resulting from Operations		2,715,406,286
Unit Transactions		
Purchase of Units by Participants		2,889,513,843
TOTAL ADDITIONS		5,604,920,129
DEDUCTIONS		
Distributions to Unit Owners:		
Income Distributed to unit owners		(816,130,191)
Total Distributions Paid and Payable		(816,130,191)
Unit Transactions		
Redemption of Units by Participants		(2,899,805,226)
TOTAL DEDUCTIONS		(3,715,935,417)
CHANGE IN NET ASSETS		1,888,984,712
Net Assets		
Beginning of Period		18,300,405,068
End of Period	$	20,189,389,780

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 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

The financial statements and corresponding footnotes include the application of GASB 40, "Deposit and Investment Risk Disclosures." Application is mandated for periods beginning after June 15, 2004. Management believes this presentation provides a more comprehensive and meaningful representation of the funds' risks inherent in deposit and investment transactions.

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, 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.

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, 2005, the Fund held MBSs of $628,204,896 and ABSs of $150,953,023.

Interest-only stripped mortgage backed securities (IOs), a specialized type of Collateralized Mortgage Obligation (CMO), are included as Mortgage 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, 2005 the Fund's holdings had a fair value of $3.0 million and a cost of $42.8 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, 2005, 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 $10.7 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.

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, 2005, 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 $26.2 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, and Commercial Mortgage Funds 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 underlying (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, 2005, 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. 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, 2005:

	Netted	Capitalized	Expensed	Total
Private Investment Fund	$15,214,028	$11,753,106	$2,962,173	$29,929,307

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, 2005:

Private Investment Fund	$ 164,225,940

Past practice of partnerships was to distribute realized gains on a consistent basis. Since inception $6.8 million has not been distributed.

Periodically the Private Investment Fund may receive stock distributions in lieu of cash. These securities are included as common stock on the Statement of Net Assets. When one of these individual securities is sold the realized gain or loss is presented on the Statement of Operations. Realized gains for such transactions for the fiscal year ended June 30, 2005 were $10,069,297.

The Mutual Fixed Income Fund includes an investment in a mutual fund. Fees incurred are deducted from the operations of the fund and are not separately presented on the Statement of Operations. The corresponding fees incurred for the fiscal year ended June 30, 2005 totaled $820,869.

The International Stock Fund includes an investment in a mutual fund. Fees incurred are deducted from the operations of the fund and are not separately presented on the Statement of Operations. The corresponding fees incurred for the fiscal year ended June 30, 2005 totaled $612,768.

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, 2005:

	Netted	Capitalized	Expensed	Total
Real Estate Fund	$1,179,002	$2,631,929	$946,826	$4,757,757

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: DEPOSITS, INVESTMENTS AND SECURITIES LENDING

Deposits:

The Funds minimize custodial credit risk by maintaining certain restrictions set forth in the Investment Policy Statement. Custodial credit risk is risk associated with the failure of a depository financial institution. In the event of a depository financial institution's failure the Funds would not be able to recover its deposits or collateralized securities that are in the possession of the outside parties. The Funds utilize a Cash Reserve Account that is a cash management pool investing primarily in highly liquid money market securities such as commercial paper, certificates of deposit, bank notes and other cash equivalents, asset backed securities, and floating rate corporate bonds. Deposits shall consist of cash instruments generally maturing in less than one year and having a quality rating, by at least one widely recognized rating agency, of A-1 or P-1 and earn interest at a rate equal to or better than the International Business Communications ("IBC") First Tier Institutions-Only Rated Money Fund Report Index.

At June 30, 2005, the reported amount of Funds deposits were $21,757,836 and the bank balance was $21,757,836. Of the bank amount, $21,757,836 was uncollateralized. Through the Securities Lending Program $2,671,206,648 was collateralized with securities held by the counterparty's trust department or agent but not in the State's name.

Investments:

Pursuant to the Connecticut General Statutes, the Treasurer is the principal fiduciary of the Funds, authorized to invest in a broad range of equity and fixed income securities, as well as real estate properties, mortgages and private equity. The Funds minimize credit risk, the risk of loss due to the failure of the security issuer or backer, in accordance with a comprehensive Investment Policy Statement (IPS), as developed by The Office of the Treasurer and the State's Investment Advisory Council (IAC), that provides policy guidelines for the Funds and includes an asset allocation plan. The asset allocation plan's main objective is to maximize investment returns over the long term at an acceptable level of risk. There have been no violations of these investment restrictions during the 2005 fiscal year.

The Funds concentration of credit risk, the risk attributed to the magnitude of an investment in a single issuer. There are no restrictions in the amount that can be invested in Government Securities and Government Agency Securities. However, there can be no more than 5% of the total portfolio market value invested in other securities.

The following table provides average credit quality and exposure levels information on the credit ratings associated with Funds investments in debt securities.

	Fair Value	Cash Equivalents	Asset Backed Securities	Government Securities	Government Agency Securities	Mortgage Backed Securities	Corporate Debt	Convertible Debt	Mutual Fund
Aaa	$4,088,153,026	$7,996,643	$540,415,452	$1,529,446,988	$1,345,159,059	$466,323,019	$195,305,469	$3,506,396	$ -
Aa	553,094,903	50,000,000	-	23,814,151	-	4,256,445	474,887,857	136,450	-
A	304,991,394	-	-	15,537,932	-	2,167,831	286,746,570	539,061	-
Baa	509,602,934	-	8,471,308	54,069,135	-	14,911,476	432,085,136	65,879	-
Ba	291,112,879	-	-	12,305,580	-	16,773,122	261,971,240	62,937	-
B	419,174,781	-	-	32,847,347	-	2,122,796	384,204,638	-	-
Caa	27,240,999	-	-	-	-	6,600,091	9,198,537	11,442,371	-
Ca	78,797,401	-	-	-	-	83,831	78,713,570	-	-
C	122,138	-	-	-	-	122,138	-	-	-
Prime - 1	174,626,293	174,626,293	-	-	-	-	-	-	-
Not Rated	1,065,055,137	475,686,661	1,514,679	26,390,245	46,478,315	170,043,152	104,118,244	17,460,428	223,363,413
	$7,511,971,885	$708,309,597	$550,401,439	$1,694,411,378	$1,391,637,374	$683,403,901	$2,227,231,261	$33,213,522	$223,363,413

The investments in the Private Equity Fund, Real Estate Fund and Commercial Mortgage Fund 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 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. 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 breakdown of Securities Lending is as follows:

Investment	Fair Value
Government Securities	$43,892,446
Government Agency Securities	36,049,315
U.S. Corporate Stock	12,808,420
International Equity	14,154,471
Collateral Securities held by Investment Pools under Securities Lending Arrangements:	
Other	380,946,549
Corporate Debt	2,183,355,447
Total	$2,671,206,648

The following table provides information about the interest rate risks associated with the Funds investments. Interest rate risk is the risk that the value of fixed income securities will decline because of rising interest rates. The prices of fixed income securities with a longer time to maturity tend to be more sensitive to changes in interest rates and therefore, more volatile than those with shorter maturities. Investment Managers that manage the CRPTF portfolio are given full discretion to manage their portion of CRPTF assets within their respective guidelines and constraints. The guidelines and constraints require each manager to maintain a diversified portfolio at all times. In addition, each core manager is required to maintain a target duration that is similar to its respective benchmark which is typically the Lehman Brother Aggregate - an intermediate duration index.

The investments include certain short-term cash equivalents, various long-term items, and restricted assets by maturity in years.

		Investment Maturities (in Years)			
Investment Type	Fair Value	Less Than 1	1 - 5	6 - 10	More Than 10
Cash Equivalents	$708,309,597	$654,141,454	$54,168,142	$ -	$ -
Asset Backed Securities	550,401,439	-	397,157,989	152,552,277	691,173
Government Securities	1,694,411,378	104,220,236	712,475,844	379,632,038	498,083,260
Government Agency Securities	1,391,637,374	339	54,004,156	79,915,891	1,257,716,988
Mortgage Backed Securities	683,403,901	-	14,399,573	58,216,020	610,788,308
Corporate Debt	2,227,231,261	135,452,583	821,914,261	791,800,597	478,063,820
Convertible Debt	33,213,522	2,340,771	12,559,243	16,300,558	2,012,950
Mutual Fund	223,363,413	-	-	65,539,854	157,823,559
Total	$7,511,971,885	$896,155,384	$2,066,679,208	$1,543,957,235	$3,005,180,058

Exposure to foreign currency risk results from investment in foreign currency-denominated equity or fixed income securities. As a means of limiting its exposure, the CRPTF utilizes a strategic hedge ratio of 50% for the developed market portion of the International Stock Fund. This strategic hedge ratio represents the neutral stance or desired long-term exposure to currency for the ISF. To implement this policy, currency specialists actively manage the currency portfolio as an overlay strategy to the equity investment managers. These specialists may manage the portfolio passively or actively depending on opportunities in the market place. While managers within the fixed income portion of the portfolio are allowed to invest in non-U.S. dollar denominated securities, mangers are required to limit that investment to a portion of their respective portfolios. The following table provides information on deposits and investments held in various foreign currencies, which are stated in U.S. dollars.

			Fixed Income Securities			Equities		
Foreign Currency	Total	Cash	Government Securities	Corporate Debt	Convertible Securities	Common Stock	Preferred Stock	Real Estate Investment Trust
Argentine Peso	$222,273	$16,863	$ -	$ -	$ -	$205,410	$ -	$ -
Australian Dollar	133,950,383	1,557,776	-	-	-	132,392,607	-	-
Brazilian Real	49,242,436	58,022	-	3,929,688	-	8,640,859	36,613,867	-

Canadian Dollar	24,627,571	26,978	-	989,447	-	23,611,146	-	-
Chilean Peso	653,262	19,171	-	-	-	398,379	235,712	-
Czech Koruna	469,856	1	-	-	-	469,855	-	-
Danish Krone	35,872,191	381,230	-	-	-	35,490,961	-	-
Egyptian Pound	1,737,248	538	-	-	-	1,736,710	-	-
Euro Currency	1,195,785,951	4,400,599	5,044,764	2,958,222	62,937	1,171,925,812	11,393,617	-
Hong Kong Dollar	123,836,594	165,559	-	-	-	123,671,035	-	-
Hungarian Forint	369,069	9	-	-	-	369,060	-	-
Indonesian Rupiah	12,110,161	1,074,042	-	-	-	11,036,119	-	-
Israeli Shekel	6,795,405	(5)	-	-	-	6,795,410	-	-
Japanese Yen	821,919,515	5,329,936	-	11,026,795	920,074	804,642,710	-	-
Malaysian Ringgit	28,034,133	12,822	-	-	-	28,021,311	-	-
Mexican Peso	37,768,561	28,834	16,150,230	3,134,176	-	18,455,321	-	-
New Taiwan Dollar	63,459,226	1,347,937	-	-	-	62,111,289	-	-
New Turkish Dollar	16,690,079		-	-	-	16,690,079	-	-
New Zealand Dollar	25,618,485	2,399,737	3,018,943	4,885,097	-	15,314,708	-	-
Norwegian Krone	32,967,891	(150,424)	-	-	-	33,118,315	-	-
Pakistan Rupee	624,159	19,322	-	-	-	604,837	-	-
Philippine Peso	4,195,117	45	-	-	-	4,195,072	-	-
Polish Zloty	6,524,265	-	-	-	-	6,524,265	-	-
Pound Sterling	764,486,588	1,230,892	-	10,415,527	-	752,840,169	-	-
Singapore Dollar	56,962,554	388,418	7,480,761	7,125,744	-	41,885,298	-	82,333
South African Rand	64,287,196	84,340	-	5,411	-	64,197,445	-	-
South Korean Won	238,806,983	348,209	-	-	-	212,741,265	25,717,509	-
Swedish Krona	65,294,333	389,637	-	-	-	64,904,696	-	-
Swiss Franc	215,153,858	320,997	-	-	-	214,832,861	-	-
Thailand Baht	27,981,983	11,650	-	10,554,801	-	17,415,532	-	-
Total	$4,056,447,326	$19,463,135	$31,694,698	$55,024,908	$983,011	$3,875,238,536	$73,960,705	$82,333

Securities Lending

Certain of the 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, 2005, 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, 2005, 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, 2005 were $ 2,673,731,962 and $ 2,595,342,505 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, 2005 was 37 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, 2005:

Fund	Fair Value of Collateral	Fair Value of Securities Lent
Mutual Equity	$ 702,738,591	$ 679,394,414
International Stock	701,998,505	667,788,924
Mutual Fixed Income	1,274,312,708	1,248,159,167
Total	$2,679,049,804	$2,595,342,505

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	$102,130,916	$ 585,352,702	$ 687,483,618
International Stock	101,898,990	584,023,441	685,922,431
Mutual Fixed Income	176,916,643	1,013,979,304	1,190,895,947
Total	$380,946,549	$2,183,355,447	$2,564,301,996

These amounts 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, 2005, 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	$ 3,663,024,554	$ 3,846,490,198
Mutual Fixed Income	20,975,441,623	20,391,363,733
International Stock	2,741,520,825	3,025,603,526
Real Estate	44,737,180	63,952,893
Commercial Mortgage	-	15,220,544
Private Investment	244,640,581	173,534,879

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, 2005, 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	$1,669,748,674	$376,553,509	$1,293,195,165
Mutual Fixed Income	208,270,885	113,275,902	94,994,983
International Stock	875,613,310	90,973,231	784,640,079
Real Estate	96,013,031	6,084,204	89,928,827
Commercial Mortgage	471,256	-	471,256
Private Investment	100,330,952	709,077,714	(608,746,762)

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, 2005, 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	$ 554,815,762	$ (4,251,504)
Canadian Dollar	18,453,326	526,935
Danish Krone	9,814,246	16,936
Euro Currency	610,481,868	(30,286,660)
Hong Kong Dollar	25,186,076	(5,429)
Japanese Yen	585,946,643	(35,804,317)
Malaysian Ringgit	107,270	(73)
New Zealand Dollar	4,667,552	(71,484)
Norwegian Krone	11,460,901	28,921
Pound Sterling	378,581,505	(24,309,550)
Singapore Dollar	159,057,149	(3,447,546)
South Korean Won	17,337,679	(356,733)
Swedish Krona	68,828,326	(2,147,348)
Swiss Franc	143,589,229	(3,264,870)
Thailand Baht	295,510	(286)
	2,588,623,042	(103,373,008)
Contracts to Sell:		
Australian Dollar	486,698,608	857,780
Canadian Dollar	47,294,391	(1,301,622)
Danish Krone	30,170,480	978,426
Euro Currency	2,397,531,521	88,547,432
Hong Kong Dollar	71,820,718	(57,699)
Indonesian Rupiah	96,211	296
Japanese Yen	1,792,745,174	61,021,186
Malaysian Ringgit	90,659	(60)
New Turkish Lira	27,503	(36)
New Zealand Dollar	16,530,805	378,187
Norwegian Krone	33,293,066	753,566
Pound Sterling	966,637,049	25,643,966
Singapore Dollar	222,212,058	3,792,699
South Korean Won	49,550,311	1,061,251
Swedish Krona	124,992,487	7,162,885
Swiss Franc	340,988,475	13,446,843
	6,580,679,516	202,285,100
Total	$ 9,169,302,558	$ 98,912,092

Financial Statement Amounts:

	Receivable	Payable	Net
Amount In US Dollars	$9,169,302,558	$ 9,169,302,558	$ -
Unrealized Gain (Loss)	(103,373,008)	202,285,100	98,912,092
Net	$9,065,929,550	$ 8,967,017,458	$ 98,912,092

Mutual Fixed Income Fund:

Foreign Currency	Value	Unrealized Gain/(Loss)
Contracts to Buy:		
Euro Currency	$ 3,676,345	$ 6,935
British Pound	-	(942)
Mexican Peso	1,733,395	21,544
	5,409,740	27,537
Contracts to Sell:		
Euro Currency	13,506,387	39,657
Mexican Peso	7,842,898	(266,784)
New Zealand Dollar	8,844,670	324,448
	30,193,955	97,321
Total	$ 35,603,695	$ 124,858

Financial Statement Amounts:

	Receivable	Payable	Net
Amount In US Dollars	$ 35,603,695	$ 35,603,695	$ -
Unrealized Gain (Loss)	27,537	97,321	124,858
Net	$ 35,631,232	$ 35,506,374	$ 124,858

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, 2005, were as follows:

Fund	Total Commitment	Cumulative Amounts Funded	Unfunded Commitment
Real Estate	$ 726,684,364	$ 395,145,962	$ 331,538,402
Private Investment	3,971,172,760	3,129,197,720	841,975,040

NOTE 7: CONTINGENCY

There was no pending or threatened litigation against the Connecticut Retirement Plans and Trust Funds during the fiscal year ending June 30, 2005. 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. Related to the action in the Commonwealth of Pennsylvania, members of the advisory board of the limited partnership in this matter entered into settlement discussions with the partnership's former law firm, having alleged participation by the law firm in the actions leading to apparent losses. In the fall of 2003, following extensive mediation, the parties agreed to settle all claims against the law firm for $5.8 million, subject to court approval. The settlement was rejected by the trial court and the law firm appealed to the Pennsylvania Court of Common Pleas. The Court of Common Pleas reversed the trial court's decision and remanded the matter to the trial court. On September 12, 2005 the settlement was approved by the court. Settlement Proceeds have been distributed. Additionally, in the course of addressing court approval of the settlement, limited partners learned that information furnished by the defendant law firm, and relied upon by the limited partners in connection with settlement discussions, was materially incomplete in that, among other things, it failed to disclose additional liabilities. The Connecticut Retirement Plans and Trust Funds lead an effort to seek additional compensation for this failure to furnish adequate information. The defendant law firm agreed to pay an additional $1 million to the partnership. The proceeds have been distributed.

Additionally, another limited partnership in the Private Investment Fund notified the Connecticut Retirement Plans and Trust Funds that it had been named a defendant in a matter pending in California state courts involving the bankruptcy of a portfolio company. The partnership engaged counsel and is defending all claims. The current status of this matter is that all claims against the partnership have been dismissed in California on jurisdictional grounds.

NOTE 8: SUBSEQUENT EVENTS

Subsequent to June 30, 2005, net proceeds of $36.2 million were received on the sale of one Real Estate Fund investment. The cost basis of this investment at the time of the sale was $25 million, resulting in a realized gain of $11.2 million. The proceeds of this sale and the fair value of the investment included on the Statement of Net Assets were substantially the same. This sale was negotiated after June 30, 2005. No adjustments were made to the financial statements.

Also, one of the Private Investment Fund partnerships entered into an Assignment and Liquidation Agreement. Net proceeds received were $18.5 million including a distribution of four private and public securities. The cost basis of this investment at the time of sale was $49.9 million, resulting in a realized loss of $31.4 million. The fair value of this the investment included on the Statement of Net Assets exceeded the sale proceeds by approximately $6.8 million. This sale was negotiated after June 30, 2005. No adjustments were made to the financial statements.

The investments in the Private Investment Fund are carried at their cash adjusted fair values. On October 7, 2005 one of the Private Investment Fund partnerships submitted an audited financial statement resulting in a reduction of approximately $2.3 million of value as compared to CRPTF's cash adjusted fair value for the same investment. This amount represents approximately 29% of the individual investment and 0.17% of the Private Investment Fund. No adjustment has been made to these financial statements. Consistent with standard valuation practices this amount will be recorded along with next quarter's market adjustments.

NOTE 9: COST BASIS OF INVESTMENTS

The aggregate cost values of investments in the Funds are as follows at June 30, 2005:

	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	$ -	$257,237,359	$692,480,535	$127,875,996	$4,872,348	$336,300	$101,158,770
Cash Equivalents	700,122,619	-	8,199,288		-	-	-
Asset Backed Securities	399,448,416	-	152,377,991		-	-	-
Government Securities	13,011,652	-	1,621,617,187	-	-	-	-
Government Agency Securities	55,600,905	-	1,326,807,708	-	-	-	-
Mortgage Backed Securities	54,688,508	-	662,436,692	-	-	510,497	-
Corporate Debt	357,037,496	225	1,817,295,336	-	-	-	-
Convertible Securities	-	-	38,533,959	1,327,829	-	-	-
Common Stock	-	6,642,451,715	31,180,313	3,326,946,823	32,888,836	18,949,745	-
Preferred Stock	-	-	3,110,422	41,982,907	-	-	-
Real Estate Investment Trust	-	92,107,945	2,934,977	477,304	-	-	-
Mutual Fund	-	-	210,194,243	88,934,177	-	-	-
Limited Liability Corporation	-	-	-	-	-	-	52,687,381
Trusts	-	-	-	-	22,442,265	-	-
Limited Partnerships	-	-	-	-	249,550,428	-	1,892,880,409
Partnerships	-	-	-	-	-	-	-
Annuities	-	-	-	-	44,871	-	-
Total Investments, at Cost	$1,579,909,596	$6,991,797,244	$6,567,168,651	$3,587,545,036	$309,798,748	$19,796,542	$2,046,726,560

COMBINED INVESTMENT FUNDS

SUPPLEMENTAL SCHEDULE OF FINANCIAL HIGHLIGHTS

	MUTUAL EQUITY FISCAL YEAR ENDED JUNE 30,					PRIVATE INVESTMENT FISCAL YEAR ENDED JUNE 30,				
	2005	2004	2003	2002	2001	2005	2004	2003	2002	2001
PER SHARE DATA										
Net Asset Value- Beginning of Period	$807.00	$677.92	$685.11	$814.49	$909.17	$65.23	$65.27	$86.33	$103.96	$115.01
INCOME FROM INVESTMENT OPERATIONS										
Net Investment Income (Loss)	12.76	11.50	8.82	8.24	7.54	8.09	12.98	10.40	4.98	3.66
Net Gains or (Losses) on Securities (Both Realized and Unrealized)	51.57	128.78	(7.59)	(130.49)	(93.84)	(2.96)	(1.69)	(19.74)	(15.98)	(10.59)
Total from Investment Operations	64.33	140.28	1.23	(122.25)	(86.30)	5.13	11.29	(9.34)	(11.00)	(6.93)
LESS DISTRIBUTIONS										
Dividends from Net Investment Income	(13.08)	(11.20)	(8.42)	(7.13)	(8.38)	(12.91)	(11.33)	(11.72)	(6.63)	(4.12)
Net Asset Value - End of Period	$858.25	$807.00	$677.92	$685.11	$814.49	$57.45	$65.23	$65.27	$86.33	$103.96
TOTAL RETURN	8.06%	20.84%	0.48%	-14.95%	-9.55%	9.58%	20.21%	-11.94%	-10.81%	-6.25%
RATIOS										
Net Assets - End of Period ($000,000 Omitted)	$8,275	$7,781	$6,599	$6,677	$7,931	$1,441	$1,785	$1,848	$2,281	$2,607
Ratio of Expenses to Average Net Assets (excl. sec. lending fees & rebates)	0.30%	0.11%	0.23%	0.27%	0.38%	0.36%	0.65%	0.40%	0.48%	0.38%
Ratio of Expenses to Average Net Assets	0.44%	0.16%	0.28%	0.34%	0.59%	na	na	na	na	na
Ratio of Net Investment Income (Loss) to Average Net Assets	1.53%	1.55%	1.29%	1.10%	0.88%	12.87%	20.36%	13.69%	5.31%	3.38%

	INTERNATIONAL STOCK FISCAL YEAR ENDED JUNE 30,					MUTUAL FIXED INCOME FISCAL YEAR ENDED JUNE 30,				
	2005	2004	2003	2002	2001	2005	2004	2003	2002	2001
PER SHARE DATA										
Net Asset Value- Beginning of Period	$241.09	$188.61	$206.47	$232.07	$271.68	$113.15	$115.58	$109.21	$109.74	$108.38
INCOME FROM INVESTMENT OPERATIONS										
Net Investment Income (Loss)	5.73	4.50	3.60	3.24	4.50	5.50	6.95	5.70	6.87	7.81
Net Gains or (Losses) on Securities (Both Realized and Unrealized)	40.22	51.38	(18.00)	(24.70)	(40.14)	3.09	(3.89)	6.41	(0.86)	0.75
Total from Investment Operations	45.95	55.88	(14.40)	(21.46)	(35.64)	8.59	3.06	12.11	6.01	8.56
LESS DISTRIBUTIONS										
Dividends from Net Investment Income	(4.95)	(3.40)	(3.46)	(4.14)	(3.97)	(5.37)	(5.49)	(5.74)	(6.54)	(7.20)
Net Asset Value - End of Period	$282.09	$241.09	$188.61	$206.47	$232.07	$116.37	$113.15	$115.58	$109.21	$109.74
TOTAL RETURN	19.23%	29.69%	-6.39%	-9.00%	-13.29%	7.70%	2.79%	12.03%	5.64%	8.03%
RATIOS										
Net Assets - End of Period ($000,000 Omitted)	$4,489	$4,003	$2,034	$2,227	$2,503	$6,280	$5,849	$6,610	$6,526	$6,586
Ratio of Expenses to Average Net Assets (excl. sec. lending fees & rebates)	0.60%	0.62%	0.61%	0.67%	0.40%	0.11%	0.14%	0.15%	0.17%	0.20%
Ratio of Expenses to Average Net Assets	0.92%	0.76%	0.77%	1.05%	1.44%	0.53%	0.28%	0.34%	0.45%	0.87%
Ratio of Net Investment Income (Loss) to Average Net Assets	2.25%	2.37%	1.82%	1.47%	1.79%	4.70%	5.12%	5.07%	6.24%	7.13%

	COMMERCIAL MORTGAGE FISCAL YEAR ENDED JUNE 30,					REAL ESTATE FISCAL YEAR ENDED JUNE 30,				
	2005	2004	2003	2002	2001	2005	2004	2003	2002	2001
PER SHARE DATA										
Net Asset Value- Beginning of Period	$62.75	$73.39	$67.71	$72.91	$73.17	$52.76	$57.53	$61.42	$63.31	$60.56
INCOME FROM INVESTMENT OPERATIONS										
Net Investment Income (Loss)	6.13	6.63	8.39	6.58	6.89	0.82	2.22	2.95	0.79	0.99
Net Gains or (Losses) on Securities (Both Realized and Unrealized)	(2.99)	(1.11)	4.68	(5.81)	0.52	12.83	(1.94)	(1.08)	(0.31)	7.54
Total from Investment Operations	3.14	5.52	13.07	0.77	7.41	13.65	0.28	1.87	0.48	8.53
LESS DISTRIBUTIONS										
Dividends from Net Investment Income	(7.13)	(16.16)	(7.39)	(5.97)	(7.67)	(4.10)	(5.05)	(5.76)	(2.37)	(5.78)
Net Asset Value - End of Period	$58.76	$62.75	$73.39	$67.71	$72.91	$62.31	$52.76	$57.53	$61.42	$63.31
TOTAL RETURN	6.95%	7.87%	20.62%	1.19%	10.88%	27.74%	0.67%	3.30%	0.81%	14.45%
RATIOS										
Net Assets - End of Period ($000,000 Omitted)	$20	$36	$72	$73	$101	$400	$369	$426	$471	$476
Ratio of Expenses to Average Net Assets (excl. sec. lending fees & rebates)	0.94%	0.62%	0.60%	0.53%	0.42%	0.39%	0.40%	0.35%	0.31%	0.22%
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	10.19%	7.79%	11.92%	7.75%	9.21%	1.43%	4.22%	1.40%	1.28%	1.57%

Source: Amounts were derived from custodial records.

SHORT-TERM INVESTMENT FUND

STATEMENT OF NET ASSETS
JUNE 30, 2005

		June 30, 2005
ASSETS		
Investment in Securities, at Amortized Cost (Note 8)	$	4,319,415,620
Accrued Interest and Other Receivables		4,934,027
Prepaid Assets		53,649
TOTAL ASSETS		4,324,403,296
LIABILITIES		
Distribution Payable		10,424,248
Payable to Transfer Agent (Note 6)		10,968
Interest Payable		91,221
Other Liabilities		13,022
TOTAL LIABILITIES		10,539,459
NET ASSETS	$	4,313,863,837
NET ASSETS CONSIST OF:		
Participant Units Outstanding($1.00 Par)	$	4,270,377,726
Designated Surplus Reserve (Note 2)		43,486,111
TOTAL NET ASSETS	$	4,313,863,837
Participant Net Asset Value, Offering Price and Redemption Price per share ($4,270,377,726 in Net Assets divided by 4,270,377,726 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, 2005 AND JUNE 30, 2004

	For the Year Ended June 30, 2005	2004
ADDITIONS		
Operations		
Interest Income	$ 96,613,691	$ 45,108,665
Interest Expense on Reverse Repurchase Agreements	-	(14,559)
Operating Expenses	(1,083,961)	(930,074)
Net Investment Income	95,529,730	44,164,032
Net Realized Gains	-	176,116
Net Increase in Net Assets Resulting from Operations	95,529,730	44,340,148
Share Transactions at Net Asset Value of $1.00 per Share		
Purchase of Units	12,857,155,268	12,774,720,082
TOTAL ADDITIONS	12,952,684,998	12,819,060,230
DEDUCTIONS		
Distribution to Participants (Notes 2 & 7)		
Distributions to Participants	(93,828,235)	(43,374,797)
Total Distributions Paid and Payable	(93,828,235)	(43,374,797)
Share Transactions at Net Asset Value of $1.00 per Share		
Redemption of Units	(12,374,248,933)	(12,222,508,246)
TOTAL DEDUCTIONS	(12,468,077,168)	(12,265,883,043)
CHANGE IN NET ASSETS	484,607,830	553,177,187
Net Assets		
Beginning of Year	3,829,256,007	3,276,078,820
End of Year	$ 4,313,863,837	$ 3,829,256,007

See accompanying Notes to the 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. Section 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 investors 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 investors 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 Investors.

Distributions to investors 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 investors 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 investors 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, 2005, the balance in the Designated Surplus Reserve was $43,486,111, an increase of $1,701,495 from the June 30, 2004 balance of $41,784,616.

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: DEPOSIT AND INVESTMENT DISCLOSURES

STIF's investment practice is to invest all cash balances; as such, there was no uninvested cash at June 30, 2005. All 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.

Custodial Credit Risk – Deposits

The custodial credit risk for deposits is the risk that in the event of a bank failure, the STIF's deposits may not be recovered. The STIF follows policy parameters that limit deposits in any one entity to a maximum of ten percent of total assets. Further, the certificates of deposits must be issued from commercial banks whose short-term debt is rated at least A-1 by Standard and Poor's and F-1 by Fitch and whose long-term debt is rated at least A and its issuer rating is at least "C".

Certificates of Deposit in banks are insured up to $100,000, any amount above this limit is considered uninsured. Additionally, state banking regulation requires all financial institutions that accept State of Connecticut public deposits to segregate collateral against these deposits in an amount equal to ten percent of the outstanding deposit. As of fiscal year-end, deposits in the Short-Term Investment Fund totaled $1.2 billion. Of that amount, $1,079,700,000 was exposed to custodial credit risk representing the portion that was uninsured and uncollateralized.

Interest Rate Risk – Investments

Interest rate risk is the risk that changes in the general level of interest rates will adversely affect the fair value of an investment. The STIF's policy for managing interest rate is to limit investments to a very short weighted average maturity, not to exceed 90-days, and to comply with Standard and Poor's requirement that the weighted average maturity not exceed 60 days. The weighted-average maturity is calculated daily, and reported to Standard and Poor's weekly to ensure compliance. As of June 30, 2005 the weighted average maturity of the STIF was 32 days. The breakdown of the STIF's maturity profile is outlined below.

Investments	Amortized Cost	Maturities Less than one year
Certificates of Deposit	$1,200,000,000	$1,200,000,000
Commercial Paper	450,000,000	450,000,000
Asset Backed CP:		
Multi-Seller	138,925,887	138,925,887
Secured Liquidity Notes	1,475,437,551	1,475,437,551
Securities backed	623,262,845	623,262,845
Floating Rate Bonds	147,874,335	147,874,335
Repurchase Agreements	283,915,000	283,915,000
Liquidity Management Control System	1	1
Total	$4,319,415,619	$4,319,415,619

Additionally, STIF is allowed by policy, to invest in floating-rate debt securities, and limit total exposure to 20 percent. For purposes of the weighted average maturity calculation, variable-rate securities are calculated using their interest rate reset date. Because these securities reprice frequently to prevailing market rates, interest rate risk is substantially reduced. As of fiscal year-end, the STIF portfolio held $147.9 million in variable rate securities.

Credit Risk of Debt Securities

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The STIF manages its credit risk by investment only in debt securities that fall within the highest short-term or long-term rating categories by nationally recognized rating organizations

Investments	Amortized Cost	A-1+	A-1	AAA	AA
Certificates of Deposit	1,200,000,000	1,200,000,000			
Commercial Paper	450,000,000	450,000,000			
Asset Backed CP:					
Multi-Seller	138,925,887	138,925,887			
Secured Liquidity Notes	1,475,437,551	1,475,437,551			
Securities backed	623,262,845	623,262,845			
Floating Rate Bonds	147,874,335			86,909,245	60,965,090
Repurchase Agreements*	283,915,000			283,915,000	
LMCS	1	1			
Total	4,319,415,619	3,887,626,284	-	370,824,245	60,965,090

Concentration of Credit Risk

The Short-Term Investment Fund limits the amount it may invest in any one issuer to an amount not to exceed 10 percent. As of June 30, 2005, the table below lists issuers with concentrations of greater than 5 percent but less than 10 percent of the total portfolio.

Issuer	Fair Value	Percent of Total Portfolio
Albis Capital Corp	266,831,824	6.2%
ASAP Funding	259,905,278	6.0%
Freedom Park	267,335,614	6.2%
GE Capital Corp	411,910,265	9.5%
JP Morgan Chase Bank	400,000,000	9.3%
Wachovia Bank	400,000,000	9.3%
Citizens Bank	400,000,000	9.3%

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 $100,000.

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 investor purchase and sale activity are made. Occasionally, the timing of cash movements by investors may not exactly match the net activity of purchases and sales, resulting in a difference between investments held in securities relative to investors' net account value. As of June 30, 2005, STIF recorded a liability of $10,968, payable to the transfer agent, for investments purchased which did not match actual movements of cash by investors into the Fund.

NOTE 7: DISTRIBUTIONS TO INVESTORS

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

Distributions:	2005	2004
July	$ 4,488,148	$ 3,459,841
August	5,455,631	3,999,517
September	6,113,181	3,696,228
October	6,591,446	3,507,310
November	6,268,350	3,246,255
December	6,750,839	3,139,363
January	8,060,413	3,614,655
February	8,336,789	3,686,284
March	9,919,350	3,712,929
April	10,410,745	3,703,840
May	11,009,094	3,943,286
June (Payable at June 30)	10,424,248	3,665,289
Total Distribution Paid & Payable	$93,828,235	$43,374,797

NOTE 8: INVESTMENTS IN SECURITIES

The following is a summary of investments in securities, at amortized cost and fair value as of June 30, 2005:

Investment	Amortized Cost	Fair Value
Commercial Paper	$ 450,000,000	$ 450,000,000
Deposit Instruments	1,200,000,000	1,200,000,000
Extendable Commercial Notes	1,475,437,552	1,475,438,662
Floating Rate Notes	147,874,335	147,861,428
Money Market Funds	1	1
Multi-Backed Commercial Paper	138,925,887	138,925,887
Repurchase Agreements	283,915,000	283,915,000
Securities-Backed Commercial Paper	623,262,845	623,262,845
TOTAL	$4,319,415,620	$4,319,403,823

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, 2005, the Short-Term Investment Fund held adjustable-rate corporate notes and bank notes whose interest rates vary directly with short-term money market indices and are reset either daily, monthly or quarterly. 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. These 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, 2005, STIF was rated AAAm, its highest rating, by Standard and Poor’s Corporation (“S&P”). In March 2005, 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.

LIST OF INVESTMENTS AT JUNE 30, 2005

Par Value	Security (Coupon, Maturity or Reset Date)	Yield %	Amortized Cost	Fair Value	Asset ID	Quality Rating
DEPOSIT INSTRUMENTS (27.78% of total investments)						
$ 50,000,000	CITIZENS BANK 3.25, 7/1/05	3.25	$ 50,000,000	$ 50,000,000	17399R004	A-1+
50,000,000	CITIZENS BANK 3.25, 7/1/05	3.25	50,000,000	50,000,000	17399R004	A-1+
50,000,000	CITIZENS BANK 3.25, 7/1/05	3.25	50,000,000	50,000,000	17399R004	A-1+
50,000,000	CITIZENS BANK 3.25, 7/1/05	3.25	50,000,000	50,000,000	17399R004	A-1+
50,000,000	CITIZENS BANK 3.25, 7/1/05	3.25	50,000,000	50,000,000	17399R004	A-1+
50,000,000	CITIZENS BANK 3.25, 7/1/05	3.25	50,000,000	50,000,000	17399R004	A-1+
50,000,000	CITIZENS BANK 3.25, 7/1/05	3.25	50,000,000	50,000,000	17399R004	A-1+
50,000,000	CITIZENS BANK 3.25, 7/1/05	3.25	50,000,000	50,000,000	17399R004	A-1+
50,000,000	JP MORGAN CHASE 3.24, 1/3/06	3.24	50,000,000	50,000,000	43499K004	A-1+
50,000,000	JP MORGAN CHASE 3.24, 1/3/06	3.24	50,000,000	50,000,000	43499K004	A-1+
50,000,000	JP MORGAN CHASE 3.24, 1/3/06	3.24	50,000,000	50,000,000	43499K004	A-1+
50,000,000	JP MORGAN CHASE 3.24, 1/3/06	3.24	50,000,000	50,000,000	43499K004	A-1+
50,000,000	JP MORGAN CHASE 3.24, 1/3/06	3.24	50,000,000	50,000,000	43499K004	A-1+
50,000,000	JP MORGAN CHASE 3.24, 1/3/06	3.24	50,000,000	50,000,000	43499K004	A-1+
50,000,000	JP MORGAN CHASE 3.24, 1/3/06	3.24	50,000,000	50,000,000	43499K004	A-1+
50,000,000	JP MORGAN CHASE 3.24, 1/3/06	3.24	50,000,000	50,000,000	43499K004	A-1+
50,000,000	WACHOVIA 3.25, 1/3/06	3.25	50,000,000	50,000,000	32099S004	A-1+
50,000,000	WACHOVIA 3.25, 1/3/06	3.25	50,000,000	50,000,000	32099S004	A-1+
50,000,000	WACHOVIA 3.25, 1/3/06	3.25	50,000,000	50,000,000	32099S004	A-1+
50,000,000	WACHOVIA 3.25, 1/3/06	3.25	50,000,000	50,000,000	32099S004	A-1+
50,000,000	WACHOVIA 3.25, 1/3/06	3.25	50,000,000	50,000,000	32099S004	A-1+
50,000,000	WACHOVIA 3.25, 1/3/06	3.25	50,000,000	50,000,000	32099S004	A-1+
50,000,000	WACHOVIA 3.25, 1/3/06	3.25	50,000,000	50,000,000	32099S004	A-1+
50,000,000	WACHOVIA 3.25, 1/3/06	3.25	50,000,000	50,000,000	32099S004	A-1+
$1,200,000,000			$ 1,200,000,000	$ 1,200,000,000		
COMMERCIAL PAPER (10.42% of total investments)						
$ 200,000,000	GE CAPITAL 3.40, 7/1/05	3.40	$ 200,000,000	$ 200,000,000	36965WQH2	A-1+
200,000,000	GE CAPITAL 3.40, 7/1/05	3.40	200,000,000	200,000,000	36959HU13	A-1+
50,000,000	UBS 3.39, 7/1/05	3.39	50,000,000	50,000,000	90262CU13	A-1+
$ 450,000,000			$ 450,000,000	$ 450,000,000		
FLOATING RATE NOTES (3.42% of total investments)						
$ 19,850,000	CITIGROUP 3.48, 3/16/07	3.53	$ 19,871,989	$ 19,864,292	17307EBA0	AA-
12,065,000	CITIGROUP 3.50, 12/12/06	3.53	12,082,892	12,078,633	17307EAV5	AA-
3,690,000	CITIGROUP 3.50, 12/12/06	3.53	3,695,388	3,694,170	17307EAV5	AA-
50,000,000	FIVE FINANCE 3.32, 5/27/07	3.34	50,000,000	50,006,000	33828WAR1	AAA
5,000,000	GE CAPITAL CORP 3.39, 12/8/06	3.50	5,000,625	5,000,950	36962GK52	AAA
6,900,000	GE CAPITAL CORP 3.46, 3/9/07	3.50	6,909,733	6,909,315	36962GE91	AAA
10,000,000	ROYAL BANK OF SCOTLAND 3.24, 4/21/10	3.15	10,000,000	10,001,500	78010JAB8	AA
25,000,000	SIGMA FINANCE 3.17, 9/23/05	3.30	24,998,887	24,998,000	8265QOEN8	AAA
15,000,000	SOUTHTRUST 3.49, 3/19/07	3.53	15,014,605	15,008,400	8447HACJ1	AA-
300,000	SOUTHTRUST 3.49, 3/19/07	3.53	300,216	300,168	8447HACJ1	AA-
$ 147,805,000			$ 147,874,335	$ 147,861,428		
SECURED LIQUIDITY NOTES (34.16% of total investments)						
$ 69,636,000	FREEDOM PARK 3.14, 7/6/05	3.14	$ 69,605,631	$ 69,605,631	35644EGU5	A-1+
65,101,000	FREEDOM PARK 3.20, 7/12/05	3.20	65,037,346	65,037,346	35644EGW1	A-1+
50,241,000	FREEDOM PARK 3.21, 7/13/05	3.21	50,187,242	50,187,242	35644EGX9	A-1+
46,246,000	FREEDOM PARK 3.23, 7/15/05	3.23	46,187,910	46,187,910	35644EGY7	A-1+
36,385,000	FREEDOM PARK 3.34, 7/21/05	3.35	36,317,486	36,317,486	35644EGZ4	A-1+
25,000,000	AJAX BAMBINO 3.11, 12/28/05*	3.11	25,000,000	25,000,000	00959NHU7	A-1+
150,000,000	ASAP FUNDING 3.45, 9/29/05*	3.45	150,000,000	150,000,000	04341GTK0	A-1+
110,000,000	ASAP FUNDING 3.10, 10/11/05*	3.10	109,905,278	109,905,278	04341GNX8	A-1+
25,000,000	ALBIS CAPITAL CORP 3.21, 1/6/06*	3.21	24,977,708	24,977,708	01344EBD3	A-1+
23,685,000	ALBIS CAPITAL CORP 2.28, 1/27/06*	2.29	23,615,945	23,615,945	01344TV22	A-1+
25,315,000	ALBIS CAPITAL CORP 3.27, 1/27/06*	3.28	25,241,418	25,241,418	01344EAL6	A-1+
25,000,000	ALBIS CAPITAL CORP 3.30, 1/31/06*	3.31	24,922,083	24,922,083	01344EBB7	A-1+
33,800,000	ALBIS CAPITAL CORP 3.29, 1/31/06*	3.30	33,694,976	33,694,976	01344EAU6	A-1+
15,000,000	ALBIS CAPITAL CORP 3.28, 2/1/06*	3.29	14,952,167	14,952,167	01344TV55	A-1+
25,000,000	ALBIS CAPITAL CORP 3.31, 2/3/06*	3.32	24,912,653	24,912,653	01344EBC5	A-1+
25,000,000	ALBIS CAPITAL CORP 3.35, 2/10/06*	3.36	24,892,986	24,892,986	01344EBG6	A-1+
25,000,000	ALBIS CAPITAL CORP 3.38, 2/10/06*	3.39	24,892,028	24,892,028	01344EBJO	A-1+

SHORT-TERM INVESTMENT FUND

LIST OF INVESTMENTS AT JUNE 30, 2005 (Continued)

Par Value	Security (Coupon, Maturity or Reset Date)	Yield %	Amortized Cost	Fair Value	Asset ID	Quality Rating
25,000,000	ALBIS CAPITAL CORP 3.50, 2/28/06*	3.51	24,849,306	24,849,922	01344EBX9	A-1+
20,000,000	ALBIS CAPITAL CORP 3.50, 2/28/06*	3.51	19,879,444	19,879,938	01344EBX9	A-1+
25,000,000	BROADHOLLOW FUNDING 3.25, 7/5/05	3.25	24,990,972	24,990,972	11133XA53	A-1+
80,000,000	BROADHOLLOW FUNDING 3.25, 7/6/05	3.25	79,963,889	79,963,889	11133XZT4	A-1+
29,000,000	BROADHOLLOW FUNDING 3.25, 7/7/05	3.25	28,984,292	28,984,292	11133XZX5	A-1+
50,000,000	BROADHOLLOW FUNDING 3.30, 7/19/05	3.31	49,917,500	49,917,500	11133XA95	A-1+
25,000,000	BROADHOLLOW FUNDING 3.38, 8/15/05	3.39	24,894,375	24,894,375	11133WAK2	A-1+
75,000,000	HARWOOD STREET I 3.09, 7/6/05	3.09	74,967,812	74,967,812	41801JSG	A-1+
33,023,000	MAIN STREET WAREHOUSE 3.16, 1/4/06*	3.16	33,002,709	33,002,709	56036EGW3	A-1+
50,000,000	MAIN STREET WAREHOUSE 3.30, 1/13/06*	3.31	49,922,083	49,922,083	56036TTS5	A-1+
40,000,000	MASTER FUNDING 3.14, 12/30/05*	3.14	39,982,556	39,982,556	57634GBK3	A-1+
50,000,000	OCALA FUNDING 3.17, 11/2/05*	3.17	49,982,389	49,982,389	67456EE29	A-1+
75,000,000	OCALA FUNDING 3.16, 11/4/05*	3.16	74,960,500	74,960,500	67456EAL1	A-1+
50,000,000	OCALA FUNDING 3.30, 11/15/05*	3.31	49,922,083	49,922,083	67456ED46	A-1+
50,000,000	PARK GRANADA 3.16, 7/20/05	3.17	49,916,611	49,916,611	7005A54E6	A-1+
25,000,000	PARK GRANADA 3.17, 7/20/05	3.18	24,958,174	24,958,174	7005A54L0	A-1+
$1,477,432,000			$ 1,475,437,552	$ 1,475,438,662		
MULTI-SELLER COMMERCIAL PAPER (3.22% of total investments)						
$ 110,000,000	TASMAN FUNDING 3.22, 7/7/05	3.22	$ 109,940,967	$ 109,940,967	87651TU78	A-1+
29,000,000	FORRESTAL CERTIFICATES 3.12, 7/7/05	3.12	28,984,920	28,984,920	34656JU77	A-1+
$ 139,000,000			$ 138,925,887	$ 138,925,887		
SECURITIES-BACKED COMMERCIAL PAPER (14.43% of total investments)						
$ 90,300,000	BELLE HAVEN 3.305, 7/21/05*	3.31	$ 90,159,069	$ 90,159,069	07843PCR9	A-1+
210,000,000	CHESHAM FINANCE 3.44, 7/1/05	3.44	210,000,000	210,000,000	16536HU17	A-1+
25,000,000	LAGUNA 3.32, 7/12/05*	3.32	24,986,167	24,986,167	50716PCV4	A-1+
50,000,000	LAGUNA 3.23, 7/28/05*	3.24	49,892,333	49,892,333	50716PCS1	A-1+
50,000,000	LAGUNA 3.17, 8/3/05*	3.18	49,876,722	49,876,722	50716PCK8	A-1+
28,070,000	LAGUNA 3.35, 8/8/05*	3.36	27,983,802	27,983,802	50716PCN2	A-1+
90,363,000	PERRY GLOBAL FUNDING 3.29, 8/1/05	3.29	90,107,775	90,107,775	71464LV18	A-1+
46,364,000	PINNACLE POINT 3.29, 7/21/05	3.30	46,279,257	46,279,257	72347JUM9	A-1+
34,000,000	STEAMBOAT FUNDING 3.37, 7/8/05	3.37	33,977,720	33,977,720	85788KU85	A-1+
$ 624,097,000			$ 623,262,845	$ 623,262,845		
REPURCHASE AGREEMENTS (6.57% of total investments)						
$ 215,000,000	BEAR STEARNS 3.48, 7/1/05	3.48	$ 215,000,000	$ 215,000,000	073993008	A-1
68,915,000	LEHMAN BROTHERS 3.37, 7/1/05	3.37	68,915,000	68,915,000	525180006	A-1
$ 283,915,000			$ 283,915,000	$ 283,915,000		
MONEY MARKET FUNDS (0.00% of total investments)						
$ 1	LIQUIDITY MNGT SYSTEM 2.25, 7/1/05	2.25	$ 1	$ 1	536991003	A-1+
$ 1			$ 1	$ 1		
$ 4,322,249,001	TOTAL INVESTMENT IN SECURITIES		$ 4,319,415,620	$ 4,319,403,823		

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REPORT OF INDEPENDENT ACCOUNTANTS

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 F40 to F43 of the State of Connecticut Fiscal Year 2005 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, 2005. 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 performance examination (Level II) 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 periods from July 1, 2001 to June 30, 2005, 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, 1994 to June 30, 2001 were examined by other independent accountants whose report, dated September 24, 2001, expressed an unqualified opinion thereon.

UHY LLP

Hartford, Connecticut
October 10, 2005

SHORT-TERM INVESTMENT FUND

SCHEDULE OF ANNUAL RATES OF RETURN

	Year Ended June 30,									
	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
STIF Total Rate of Return (%)	2.32	1.16	1.64	2.61	6.11	6.01	5.37	5.82	5.66	5.95
Rated Money Fund Report Averages™ - Taxable Institutional (MFR) Index (%) (1)	1.91	0.75	1.20	2.22	5.74	5.58	5.04	5.49	5.27	5.44
Total Assets in STIF, End of Period ($ - Millions)	4,314	3,829	3,280	3,546	4,565	3.701	3,646	3,190	2,527	2,014
Percent of State Assets in Fund	84	81	69	67	71	71	71	70	73	68
Number of Participant Accounts in Composite, End of Year (2)										
State	84	124	115	112	55	55	54	n/a	n/a	n/a
Municpal Entities	548	556	551	544	496	433	415	n/a	n/a	n/a
Policital Subdivision of the State	446	474	440	428	346	312	313	n/a	n/a	n/a
Total	1,078	1,154	1,106	1,084	897	800	782	654	644	590

(1) Represents Rated Money Fund Report Averages™- Taxable Institutional (MFR) Index for the period January 1, 1996 through June 30, 2005 and First Tier Institutions-Only Money Fund Report™ (MFR) Index prior to December 31, 1995. These Index rates have been taken from published sources and have not been examined by UHY LLP (formerly Scillia Dowling & Natarelli LLC) or Deloitte & Touche LLP.

(2) In 2005, inactive accounts were closed and only active accounts were included in the total number of participant accounts.

See Notes to Schedules of Rates of Return.

SHORT-TERM INVESTMENT FUND

SCHEDULE OF QUARTERLY RATES OF RETURN

FISCAL YEAR	Rate of Return(%)	Rated Money Fund Report Avereages ™- Taxable Institutional (MFR) Index(%)(1)
2005		
Sep-04	.38	.29
Dec-04	.53	.41
Mar-05	.64	.54
Jun-05	.77	.67
YEAR	2.32	1.91
2004		
Sep-03	.28	.19
Dec-03	.30	.19
Mar-04	.29	.19
Jun-04	.29	.18
YEAR	1.16	0.75
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

FISCAL YEAR	Rate of Return(%)	Rated Money Fund Report Avereages ™- Taxable Institutional (MFR) Index(%)(1)
2000		
Sep-99	1.33	1.23
Dec-99	1.46	1.33
Mar-00	1.48	1.40
Jun-00	1.60	1.51
YEAR	6.01	5.58
1999		
Sep-98	1.42	1.34
Dec-98	1.37	1.26
Mar-99	1.24	1.19
Jun-99	1.23	1.16
YEAR	5.37	5.04
1998		
Sep-97	1.43	1.34
Dec-97	1.45	1.36
Mar-98	1.41	1.35
Jun-98	1.40	1.34
YEAR	5.82	5.49
1997		
Sep-96	1.40	1.28
Dec-96	1.36	1.28
Mar-97	1.37	1.28
Jun-97	1.40	1.33
YEAR	5.66	5.27
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

(1) Represents Rated Money Fund Report Averages™- Taxable Institutional (MFR) Index for the period January 1, 1996 through June 30, 2005 and First Tier Institutions-Only Money Fund Report™ (MFR) Index prior to December 31, 1995. These Index rates have been taken from published sources and have not been examined by UHY LLP (formerly Scillia Dowling & Natarelli LLC) or Deloitte & Touche LLP.

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

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

NOTES TO SCHEDULES OF RATES OF RETURN
FOR THE 10 YEAR INVESTMENT PERIOD JULY 1, 1995 THROUGH JUNE 30, 2005

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 2005 fiscal year, STIF's portfolio averaged $4.1 billion.

NOTE 2: PERFORMANCE RESULTS

STIF has prepared and presented this report in compliance with the Performance Presentation Standards of the Association for Investment Management and Research (AIMR-PPS) for the period July 1, 1995 through June 30, 2005. AIMR has not been involved with the preparation or review of this report. The performance presentation for the period July 1, 1995 through June 30, 2005 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).

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, 2005, the balance in the Designated Surplus Reserve was $43,486,111, an increase of $1,701,495 from the June 30, 2004 balance of $41,784,616.

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 33 year history of the Fund.

NOTE 5: ADDITIONAL DISCLOSURES

These results solely reflect the performance of STIF. The Fund's principal investment officer was hired in February 2005, and has been responsible for the managment of the Fund since that time. The previous principal investment officer had been the portfolio manager since 1983. The performance for FY 2005 is a result of the combined management of both principal investment officers over the July 1, 2004 to June 30, 2005 time frames.

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, 2005

	Teachers' Retirement	State Employees' Retirement	Municipal Employees' Retirement	Probate Court Retirement	Judges' Retirement	State's Attorneys' Retirement	Soldiers Sailors & Marines Fund	Arts Endowment Fund	Police & Firemen's Survivor's Fund
Cash	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Income Receivable	397,116	482,379	116,416	11,208	21,447	129	192	2,259	2,789
Interest in Investment Funds	11,392,146,672	8,175,319,667	1,394,837,426	72,081,636	152,715,296	718,214	60,943,437	16,406,611	19,045,043
Total Cash and Investments	$11,392,543,788	$8,175,802,046	$1,394,953,842	$72,092,844	$152,736,743	$718,343	$60,943,629	$16,408,870	$19,047,832
Schedule of Activity:									
Cash and Investments at July 1, 2004	$10,860,484,815	$7,709,754,117	$1,303,857,705	$67,076,238	$140,390,730	$716,094	$59,072,262	$16,003,270	$18,085,296
Shares Purchased (Excluding Cash Reserve Fund)	231,139,939	167,778,140	29,396,832	1,354,350	3,314,467	78,009	-	-	1,245,056
Shares Redeemed (Excluding Cash Reserve Fund)	(298,783,466)	(210,628,552)	(32,962,092)	(1,612,774)	(3,266,404)	(71,065)	-	-	(55,043)
Net Purchase and Redemptions of Cash Reserve Fund	(47,889,015)	51,935,522	20,546,773	808,063	4,702,141	(29,390)	(1)	(23,297)	(989,565)
Net Investment Income	460,613,365	329,385,107	55,982,163	2,417,624	6,070,209	26,255	2,620,826	732,977	593,948
Realized Gain (Loss) from Sale of Investments	2,275,332	1,948,216	230,464	210,228	(2,784)	6,020	-	-	(7,241)
Change in Unrealized Gain/(Loss) on Investment Funds	645,128,201	454,670,646	73,792,476	4,249,386	7,580,786	18,627	1,871,249	427,579	768,692
Increase (Decrease) in Receivables - Net (1)	187,982	343,957	91,684	7,353	17,807	48	119	1,318	637
Distributions	(460,613,365)	(329,385,107)	(55,982,163)	(2,417,624)	(6,070,209)	(26,255)	(2,620,826)	(732,977)	(593,948)
Cash and Investments at June 30, 2005	$11,392,543,788	$8,175,802,046	$1,394,953,842	$72,092,844	$152,736,743	$718,343	$60,943,629	$16,408,870	$19,047,832

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, 2005

	SCHOOL FUND	AGRICUL-TURAL COLLEGE FUND	IDA EATON COTTON FUND	ANDREW C. CLARK FUND	HOPEMEAD STATE PARK TRUST FUND	MISC. AGENCY TRUST FUNDS
STATEMENT OF CONDITION, at Market						
ASSETS						
Cash & Cash Equivalents	$ -	$ -	$ -	$ -	$ -	$34,266,641
Interest & Dividends Receivable	768	89	299	144	294	-
Investments in Combined Investment Funds, at Fair Value	9,197,637	608,026	2,067,563	972,431	2,089,961	-
Total Assets	$9,198,405	$608,115	$2,067,862	$972,575	$2,090,255	$34,266,641
LIABILITIES & FUND BALANCE						
Due to Other Funds	$114,079	$ 22,036	$ 74,976	$ 35,252	$ -	$ -
Fund Balance	9,084,326	586,079	1,992,886	937,323	2,090,255	34,266,641
Total Liabilities & Fund Balance	$9,198,405	$608,115	$2,067,862	$972,575	$2,090,255	$34,266,641

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

STATEMENT OF REVENUE AND EXPENDITURES

	SCHOOL FUND	AGRICUL-TURAL COLLEGE FUND	IDA EATON COTTON FUND	ANDREW C. CLARK FUND	HOPEMEAD STATE PARK TRUST FUND
REVENUE					
Net Investment Income	$342,386	$22,036	$74,976	$35,254	$72,831
Realized Gain on Investments	-	-	-	-	48,775
Change in Unrealized Gain (Loss) on Investments	322,793	20,838	70,919	33,324	22,229
Increase (Decrease) in Cash Reserve Fund Income Receivables(1)	464	49	179	89	150
Total Revenue	$665,643	$42,923	$146,074	$68,667	$143,985
EXPENDITURES	-	-	-	-	-
Excess of Revenue over Expenditures	$665,643	$42,923	$146,074	$68,667	$143,985

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

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

STATEMENT OF CHANGES IN FUND BALANCE

	SCHOOL FUND	AGRICUL-TURAL COLLEGE FUND	IDA EATON COTTON FUND	ANDREW C. CLARK FUND	HOPEMEAD STATE PARK TRUST FUND	MISC. AGENCY TRUST FUNDS
Fund Balance at July 1, 2004	$8,761,069	$565,192	$1,921,788	$903,910	$1,946,270	$41,159,326
Excess of Revenue over Expenditures	665,643	42,923	146,074	68,667	143,985	-
Net Cash Transactions	-	-	-	-	-	(7,724,361)
Transfer from Other Funds	34,423	-	-	-	-	831,676
Transfer to Other Funds	(368,229)	(21,531)	(73,281)	(34,423)	-	-
Increase in Due to Other Funds	(8,580)	(505)	(1,695)	(831)	-	-
Fund Balance at June 30, 2005	$9,084,326	$586,079	$1,992,886	$937,323	$2,090,255	$34,266,641

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, 2005

	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	$665,643	$42,923	$146,074	$68,667	$143,985
Realized Gain on Investments	-	-	-	-	(48,775)
Change in Unrealized (Gain) Loss on Investments	(322,793)	(20,838)	(70,919)	(33,324)	(22,229)
(Increase) Decrease in Cash Reserve Fund Income Receivables	(464)	(49)	(179)	(89)	(150)
Net Cash Provided by Operations	342,386	22,036	74,976	35,254	72,831
Cash Flows from Non Capital Financing Activities:					
Operating Transfers - Out to Other Funds	(368,229)	(21,531)	(73,281)	(34,423)	-
Operating Transfers - In from Other Funds	34,423	-	-	-	-
Net Cash Used for Non-Capital Financing Activities	(333,806)	(21,531)	(73,281)	(34,423)	-
Cash Flows from Investing Activities:					
Net Purchase and Redemptions of Cash Reserve Fund	(8,580)	(505)	(1,695)	(831)	23,169
Purchase of Investments	-	-	-	-	(156,000)
Proceeds from Sale of Investment	-	-	-	-	60,000
Net Cash Provided by (Used for) Investing Activities	(8,580)	(505)	(1,695)	(831)	(72,831)
Net Increase (Decrease) In Cash	-	-	-	-	-
Cash June 30, 2004	-	-	-	-	-
Cash June 30, 2005	$ -	$ -	$ -	$ -	$ -

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

NON-CIVIL LIST TRUST FUNDS

STATEMENT OF CONDITION, AT COST
JUNE 30, 2005

	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	$ -	$ -	$ -	$ -	$ -	$34,266,641
Interest & Dividends Receivable	768	89	299	144	294	-
Investments in Combined Investment Funds	6,668,530	444,201	1,501,291	726,703	1,549,284	-
Total Assets	$6,669,298	$444,290	$1,501,590	$726,847	$1,549,578	$34,266,641
LIABILITIES						
Due to Other Funds	$ 114,079	$ 22,036	$ 74,976	$ 35,252	$ -	$ -
Fund Balance	6,555,219	422,254	1,426,614	691,595	1,549,578	34,266,641
Total Liabilities & Fund Balance	$6,669,298	$444,290	$1,501,590	$726,847	$1,549,578	$34,266,641

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

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, 2005

ASSETS	
CURRENT ASSETS:	
Cash and Cash Equivalents	$ 17,023,792
Receivables, Net of Allowance for Uncollectible Accounts, $16,175,475	20,079,102
Other Assets	120,928
TOTAL CURRENT ASSETS	37,223,822
NONCURRENT ASSETS:	
Long-Term Receivable	3,019,647
Capital Assets:	
Computers	24,374
Office Equipment	16,122
Less Accumulated Depreciation	(25,612)
TOTAL NONCURRENT ASSETS	3,034,531
TOTAL ASSETS	40,258,353
LIABILITIES	
CURRENT LIABILITIES:	
Accounts Payable and Accrued Liabilities	12,059,420
Compensated Absences	320,130
TOTAL CURRENT LIABILITIES	12,379,550
NONCURRENT LIABILITIES:	
Accounts Payable and Accrued Liabilities	960,000
Compensated Absences	171,444
TOTAL NONCURRENT LIABILITIES	1,131,444
TOTAL LIABILITIES	13,510,994
NET ASSETS	
Unrestricted Net Assets	26,747,359
TOTAL NET ASSETS	$ 26,747,359

See accompanying Notes to the Financial Statements.

SECOND INJURY FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

OPERATING REVENUES	
Assessment Revenues	$93,569,858
Fund Recoveries	975,102
Other Income	1,251,061
TOTAL OPERATING REVENUES	95,796,021
OPERATING EXPENSES	
Injured Worker Benefits:	
Settlements	8,251,120
Indemnity Claims Benefits	20,598,325
Medical Claims Benefits	5,863,137
Total Injured Worker Benefits	34,712,582
Administrative Expenses	7,348,053
TOTAL OPERATING EXPENSES	42,060,635
OPERATING INCOME (LOSS)	53,735,386
NON-OPERATING REVENUES (EXPENSES)	
Interest Income	1,122,468
Interest Expense	(2,453,850)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(1,331,382)
INCOME BEFORE EXTRAORDINARY ITEMS	52,404,004
EXTRAORDINARY ITEMS	
Refunds of Overpayments-Interest Penalty (Note 9)	(11,896,356)
Interest Expense on Refunds (Note 9)	(498,646)
Loss on Early Extinguishment of Long-term Debt (Note 8)	(1,366,236)
Total Extraordinary Items	(13,761,238)
Change in Net Assets	38,642,766
NET ASSETS (DEFICIT) AT JUNE 30, 2004	(11,895,407)
NET ASSETS (DEFICIT) AT JUNE 30, 2005	$26,747,359

See accompanying Notes to the Financial Statements.

SECOND INJURY FUND

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

CASH FLOWS FROM OPERATING ACTIVITIES	
SOURCE:	
Assessment Revenues	$ 91,165,000
Trustee Cash and Cash Equivalents	21,475,876
Fund Recoveries	975,681
Other Income	1,251,060
Other Assets	14,780
Depreciation	8,099
	114,890,496
USE:	
Injured Worker Benefits	34,410,379
Administrative Expenses	7,465,201
	41,875,580
NET CASH PROVIDED BY OPERATING ACTIVITIES	73,014,916
CASH FLOWS FROM EXTRAORDINARY AND NONCAPITAL FINANCING ACTIVITIES	
2000 Series A Bonds	54,255,000
Interest Expense on Bonds	3,768,975
Refunds of Overpayments-Interest/Penalty	11,896,356
Interest Expense on Refunds	498,646
Loss in Early Extinguishment of Debt	1,366,236
NET CASH USED FROM NONCAPITAL FINANCING ACTIVITIES	71,785,213
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Income	(1,073,703)
NET CASH USED BY INVESTING ACTIVITIES	(1,073,703)
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,303,406
Cash and Cash Equivalents, July 1, 2004	14,720,386
CASH AND CASH EQUIVALENTS, JUNE 30, 2005	$ 17,023,792

Reconciliation of Operating Income to Net Cash Provided by Operating Activities

Operating Income	$ 53,735,386
Adjustments to Reconcile Operating Income to Net Cash:	
Provided by Operating Activities:-	
Depreciation Expense	8,099
Decrease (Increase) in Assets:	
Decrease in Trustee Cash and Cash Equivalents	21,475,876
Decrease in Receivables, Net	1,430,693
Decrease in Other Assets	14,780
Increase (Decrease) in Liabilities	
Decrease in Accounts Payable & Accrued Expenses	(3,630,416)
Decrease in Compensated Absences	(19,502)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 73,014,916

See accompanying Notes to the Financial Statements.

SECOND INJURY FUND

NOTES TO FINANCIAL STATEMENTS

NOTE 1: INTRODUCTION AND BASIS OF PRESENTATION

The Second Injury Fund ("SIF" or the "Fund") is an extension of the Workers' Compensation Act managed by the Treasurer of the State of Connecticut and operates under Chapter 568, of the Connecticut General Statutes (C.G.S.). Prior to July 1, 1995, the Fund provided relief to employers where a worker, who already had a preexisting injury or medical condition, was hurt on the job and that second injury was made "materially and substantially" worse by the 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 Note 2)

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). Custodial Credit Risk for Cash and Cash Equivalents is the risk that in the event of a bank failure, the SIF deposits may not be returned to them. STIF Investment Policy ensures strong asset diversification by security type and issuer, comprised of high quality, very liquid securities with a relatively short average maturity. Deposits are presented in the basic financial statements at cost plus accrued interest which is also the market or fair value.

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 2005, 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 5)

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 claims. 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, 2005. The long-term portion of accounts payable and accrued liabilities represents an estimate of amount of liability as of June 30, 2005 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 6)

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 6)

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 1996 bonds were totally defeased in June 2004 and the 2000 bonds were totally defeased in June 2005.

The following summarizes activity in long-term special assessment revenue bonds for the year ended June 30, 2005:

	Beginning Balance	Additions	Reductions	Defeasance (See Note 8)	Ending Balance
1996 Series A Bonds	$0	$0	$0	$0	$0
2000 Series A Bonds	54,255,000	0	7,840,000	46,415,000	0
Total Long-Term Bonds	$54,255,000	$0	$7,840,000	$46,415,000	$0

The Trustee cash balances were released for the defeasance of the 2000 bonds. As of June 30, 2005, the Trustee cash balance is zero. In addition, the restricted net asset account for debt service has been reclassified to the unrestricted net asset account as of June 30, 2005.

NOTE 4: 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, 2005 was 6.50%.

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, 2005 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 2005, additional assessment revenue and interest in the amount of $8,915,399 was collected.

NOTE 5: RECEIVABLES

The following is an analysis of the changes in the Fund receivable balances as of June 30, 2005:

	Beginning Balance	Additions	Cash Receipts	Write-Offs	Ending Balance	Amount Due Within One Year	Allowance for Uncollectible
Assessments	$30,692,096	$101,750,986	$108,250,030	$0	$24,193,052	$24,193,052	$4,114,226
Non-Compliance 355	10,569,478	2,483,075	552,905	1,742,541	10,757,107	0	10,756,831
Other Receivables	1,450,874	386,736	479,294	53,898	1,304,418	0	1,304,418
Total Receivables	$42,712,448	$104,620,797	$109,282,229	$1,796,439	$36,254,577	$24,193,052	$16,175,475

Legislation enacted by the Senate and House of Representatives in General Assembly and effective October 1, 2004, provides an employer mutual association organized prior to June 6, 1996, with a membership composed exclusively of health care providers and whose premium base is derived entirely from health care organizations to make payments without penalty or interest over a five-year period for any outstanding assessment due from the association for the period commencing January 1, 1996 and ending December 31, 2004. The association converted from an assessment basis of paid losses to standard premium. The additional payment of $5,032,745 represents the conversion amount from one assessment basis to another. The first payment of $1,006,549 was paid on May 15, 2005 and the same amount is due on May 15, 2006. The long-term portion of $3 million is payable in the next three subsequent years. The current financial statements reflect the short-term and long-term portions of this receivable. (See Notes 2 and 4)

NOTE 6: LIABILITES AND COMPENSATED ABSENCES

The following is an analysis of the changes in the Fund liabilities and compensated absence balances as of June 30, 2005:

	Beginning Balance	Additions	Cash Disbursements	Ending Balance	Amount Due Within One Year
Accounts Payable & Accrued Expenses	$16,649,837	$42,240,634	$45,871,051	$13,019,420	$12,059,420
Compensated Absences	511,076	2,510,674	2,530,176	491,574	320,130
Total Liabilities & Compensated Absences	$17,160,913	$44,751,308	$48,401,227	$13,510,994	$12,379,550

NOTE 7: SETTLEMENTS

At June 30, 2005, negotiations were at various stages of completion for settlements valued and accrued at $3 million.

NOTE 8: EARLY EXTINGUISHMENT OF LONG-TERM DEBT

The Fund used $46.415 million in excess cash to defease some of the Special Assessment Revenue Bonds. A summary below reflects the allocation of the available cash to the oldest bond issue first and then to the next bond issue with any remaining cash were defeased:

Series/Maturity	Par Amount Defeased	Interest Rate	Par Amount Remaining
Series 2000 A			
2011	$ 1,560,000	5.250%	$ 0
2010	9,805,000	4.875/5.25%	0
2009	9,365,000	4.750%	0
2008	8,945,000	5.000%	0
2007	8,555,000	4.625%	0
2006	8,185,000	5.000%	0
Grand Total	$ 46,415,000		$ 0

NOTE 9: REFUNDS OF OVERPAYMENTS - INTEREST/PENALTY

The refunds follow a formal legal opinion issued by the Attorney General, in response to a request by the Treasurer's Office, for an interpretation of legislative intent regarding application of the 15% interest penalty as set forth in the law. The Attorney General's opinion indicates that the legislature's intent at the time the statutory language was approved was for interest penalties to apply only after a firm has been notified of errors, rather than from the date the assessment should have been paid. Therefore, the Fund has modified its practice and will from this date forward apply an interest penalty for self-insurers beginning thirty (30) days from giving notice that an additional amount is due. For insured employers, it will be from the date of notice of the error or discrepancy.

The Fund issued 43 refund checks totaling $11.9 million plus interest at the annual federal rate for the applicable years totaling $.5 million.

NOTE 10: SUBSEQUENT EVENTS

Effective July 1, 2005, the assessment rates for insured employers decreased from 6.5% to 4% on voluntary policies and on assigned risk policies, the assessment rates have decreased from 5.2% to 3.2%. The assessment rate for self-insured employers decreased from 11.6% to 8.4%.

Legislation enacted by the Connecticut General Assembly and effective July 1, 2006, PA 05-199. Some of the provisions of the act are as follows: exempts the Fund from 31-299b liability; limits the Fund's liability for retroactive claims for reimbursement to two years after the date on which the employer or insurer paid such benefits; modifies the method of assessing insured employers; clarifies definitions used for all employers in calculating the assessment and codifies the Treasurer's authority to audit employers and insurance companies to ensure accurate and timely payment of surcharges and assessments; authorizes the Fund to reach stipulated agreements with claimants and uninsured employers, subject to the approval of the Workers' Compensation Commission, that result in the settlement of a claim prior to the issuance of a finding and award by the Workers' Compensation Commission; sets an annual interest rate of six (6) percent on underpaid assessments and surcharges determined after an audit and prevents inappropriate transfers of claims from insolvent insurers to the Fund from the Connecticut Insurance Guarantee Association.

As of August 29, 2006, the Fund invested $25 million of the accumulated cash in a certificate of deposit with Wachovia Bank at a rate of 5.38% maturing June 1, 2007. The yield rate is 5.45%. Cash accumulated due to the defeasance of the bonds and the process the Fund took to review and settle active payroll cases, both of which have resulted in cost savings to the Fund. Since the Fund is forecasting a shortfall in future revenues due to the planned reductions in the assessment base, an increase in settlements for uninsured employers, recent decisions that may negatively impact the Fund, and potential liability for future cases, it has retained the accumulated cash to meet these forecasts.

CONNECTICUT HIGHER EDUCATION TRUST

STATEMENTS OF ASSETS AND LIABILITIES

	June 30, 2005	June 30, 2004
ASSETS		
Investments, at value (cost: $574,669,853 and $455,778,694)	$595,953,116	$471,790,028
Cash	581,787	788,599
Receivable for securities transactions	43,571	70,087
Receivable for Program shares sold	217,664	506,393
Dividends and interest receivable	62,833	32,872
TOTAL ASSETS	$596,858,971	$473,187,979
LIABILITIES		
Due to custodian	$ -	$ 78,397
Accrued management fee	686,484	175,060
Payable for securities transactions	215,727	248,824
Payable for Program shares sold	238,583	122,939
TOTAL LIABILITIES	1,140,794	625,220
NET ASSETS	595,718,177	472,562,759

See notes to financial statements.

CONNECTICUT HIGHER EDUCATION TRUST

STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED JUNE 30,

INVESTMENT INCOME	2005	2004
Income:		
Interest	$2,534,176	$2,087,958
Dividends	14,628,484	16,203,960
TOTAL INCOME	17,162,660	18,291,918
Expenses—Note 3:		
Management fee	2,484,891	1,891,068
TOTAL EXPENSES	2,484,891	1,891,068
NET INVESTMENT INCOME	14,677,769	16,400,850
REALIZED AND UNREALIZED GAIN ON INVESTMENTS—Note 4		
Net realized gain (loss) on investments	13,275,675	(842,006)
Net change in unrealized appreciation on investments	5,271,929	19,818,960
Realized gain distributions from underlying funds	489,429	-
NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS	19,037,033	18,976,954
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	$33,714,802	$35,377,804

See notes to financial statements.

CONNECTICUT HIGHER EDUCATION TRUST

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

	2005	2004
FROM OPERATIONS		
Investment income - net	$14,677,769	$16,400,850
Net realized gain (loss) on investments	13,765,104	(842,006)
Net change in unrealized appreciation on investments	5,271,929	19,818,960
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	33,714,802	35,377,804
FROM ACCOUNT OWNER TRANSACTIONS		
Subscriptions	116,624,060	123,041,659
Exchanges	(18,811,555)	-
Redemptions	(27,183,444)	(17,870,257)
Transfers in (out)	18,811,555	-
NET INCREASE IN NET ASSETS RESULTING FROM ACCOUNT OWNER TRANSACTIONS	89,440,616	105,171,402
NET INCREASE IN NET ASSETS	123,155,418	140,549,206
NET ASSETS:		
Beginning of year	472,562,759	332,013,553
End of year	$595,718,177	$472,562,759

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 (the "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 entered into a Management Agreement under which TFI serves as Program Manager. The Management Agreement which was for an initial five-year term ending on March 13, 2005, has been automatically extended for a second five-year term through March 13, 2010. 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 may be allocated 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 six age bands, based on the age of the beneficiary. Effective March 11, 2005, the age band structure of the Managed Allocation Option has been changed from ten age bands to six age bands grouping beneficiaries according to age rather than year of birth. Each age band invests in varying percentages in the institutional class of the International Equity, Equity Index, Real Estate Securities, Inflation-Linked Bond, Bond and Money Market Funds of the TIAA-CREF Institutional Mutual Funds. Contributions in the High Equity Option may be allocated in varying percentages in the institutional class of the Growth & Income, Growth Equity, International Equity, Large-Cap Value, Small-Cap Equity, Inflation-Linked Bond and Bond Funds of the TIAA-CREF Institutional Mutual Funds. All allocation percentages are determined by the Treasurer and are subject to change. The assets in the Principal Plus Interest Option are allocated to 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. The term of the funding agreement has been extended until June 30, 2007.

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, LLC ("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 is based on the net asset values of the respective classes of the mutual funds on the close of business on the valuation date. The value of the TIAA-CREF Life Funding Agreement, an illiquid investment restricted as to resale, is stated at the principal contributed and earnings credited less any withdrawals to date which in the good faith judgment of the Program Manager approximates fair value.

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 and capital gain distributions from TIAA-CREF Institutional Mutual Funds are recorded on the ex-dividend date. Realized gains and losses are based upon the specific identification method.

Federal and State 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 exempts earnings on qualified withdrawals from federal income tax, and does not expect to have any unrelated business income subject to tax. Earnings on qualified withdrawals are exempt from Connecticut income tax.

Units: The beneficial interest of each participant in the net assets of the portfolios are represented by units. Contributions to and redemptions from the portfolios are subject to terms and limitations defined in the Participation Agreement between the participant and the Program. Contributions and redemptions are recorded upon receipt of participant's instructions in good order, based on the next determined net asset value per unit (unit value). Unit values for each portfolio are determined daily. There are no distributions of net investment gains or net investment income to the portfolio's participants or beneficiaries.

NOTE 3—MANAGEMENT AGREEMENTS

For its services as Program Manager with respect to the Managed Allocation Option and the High Equity Option, TFI, and related entities, are paid (i) an annual aggregate management fee of 0.57% of the average daily net assets of the Trust, so invested, excluding certain administrative funds, plus (ii) the specific investment management fees for the underlying investments in the TIAA-CREF Institutional Mutual Funds, the total of which shall not exceed 0.79% of the average daily net assets of the Trust invested in such investment options excluding certain administrative funds. Except for the State Fee (described below), 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. On July 1, 2005, the Trustee began collecting a State Fee of 0.01 percent of the average daily net assets of the Trust annually to pay for expenses related to the oversight of the Trust. The Trustee is authorized to withdraw a State Fee of up to 0.02 percent of the average daily net assets of the Trust. Total fees earned by TFI, and related entities, for the year ended June 30, 2005 were $3,030,850, which includes $2,484,891 due directly from the Program and $545,959 due on Program investments in the TIAA-CREF Institutional Mutual Funds. The fees charged to each portfolio are disclosed in the Statement of Operations. 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.

NOTE 4—INVESTMENTS

At June 30, 2005, net unrealized appreciation of portfolio investments was $21,283,263, consisting of gross unrealized appreciation of $21,513,299 and gross unrealized depreciation of $230,036.

Purchases and sales of portfolio securities for the year ended June 30, 2005 were $607,878,677 and $527,462,336, respectively.

At June 30, 2005, the Program's investments consist of the following:

	2005	
	COST	VALUE
TIAA-CREF Institutional Mutual Funds (Institutional Class):		
International Equity Fund	$24,928,707	$29,204,923
Inflation-Linked Bond Fund	49,791,475	50,578,662
Equity Index Fund	138,880,756	150,051,532
Growth & Income Fund	21,599,087	23,905,356
Growth Equity Fund	21,386,363	21,572,396
Large-Cap Value Fund	25,134,607	24,904,571
Small-Cap Equity Fund	5,382,769	5,474,932
Real Estate Securities Fund	17,751,473	19,484,382
Bond Fund	151,424,401	152,386,121
Money Market Fund	26,611,867	26,611,893
TIAA-CREF Life Insurance Company:		
Funding Agreement	91,626,805	91,626,805
TIAA-CREF Mutual Funds:		
Money Market Fund	151,543	151,543
	$574,669,853	$595,953,116

At June 30, 2005, the State of Connecticut held assets in an administrative account of the Trust. The assets were invested in the Money Market Fund of the TIAA-CREF Mutual Funds. At June 30, 2005, the value of the administrative account was $151,543.

NOTE 5—CHANGE IN FINANCIAL STATEMENTS PRESENTATION

The accompanying financial statements present separately the financial position, results of operations and financial highlights of each of the investment options of the Program, as required by generally accepted accounting principles. For the year ended June 30, 2004 and prior periods, the Program had presented its financial statements reflecting the balances and activity of all the investment options of the Program in aggregate and the separate financial statements of each investment option as supplementary data. Accordingly, various captions in the former financial statements have been reclassified. These changes had no effect on the net assets or results of operations of any of the investment options of the Program.

REPORT OF INDEPENDENT AUDITORS

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

In our opinion, the accompanying statement of assets and liabilities and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of the eighteen portfolios constituting The Connecticut Higher Education Trust Program (hereafter referred to as the "Program") at June 30, 2005, the results of each of their operations, the changes in each of their net assets and each of their financial highlights for the year then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Program Manager. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these financial statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the Program Manager, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 5 to the financial statements, the Program has changed the basis of presentation of the financial statements to present separately the financial position, results of operations and financial highlights of each of the investment options of the Program, as required by generally accepted accounting principles.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
New York, New York
September 15, 2005

STATEMENT OF NET ASSETS
AS OF DECEMBER 31, 2004

ASSETS	
Current assets:	
Cash and cash equivalents	$ 1,245,248
Receivables	3,864,155
Total Current Assets	5,109,403
Noncurrent assets:	
Trustee cash and cash equivalents	20,534,500
Total noncurrent assets	20,534,500
Total Assets	25,643,903
LIABILITIES	
Current liabilities:	
Special obligation bonds payable - current portion	26,145,000
Accounts payable and accrued liabilities	17,300
Interest payable	-
Total current liabilities	26,162,300
Noncurrent liabilities:	
Special obligation bonds payable	166,595,000
Premium on special obligation bonds, net of amortization	11,390,038
Total Noncurrent liabilities	177,985,038
Total Liabilities	204,147,338
NET ASSETS	
Restricted for Debt Service	21,779,748
Unrestricted Deficit	(200,283,183)
Total Net Deficit	$ (178,503,435)

See accompanying Notes to the Financial Statements.

STATE OF CONNECTICUT SPECIAL OBLIGATION RATE REDUCTION BONDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE PERIOD ENDED DECEMBER 31, 2004

Operating Revenues	
Utilities Revenues	$ 21,787,952
Total Operating Revenues	21,787,952
Operating Expenses	
Administrative Expenses	150,000
Total Operating Expenses	150,000
Operating Income	21,637,952
Non-Operating Revenues (Expenses)	
Interest Income	410,146
Amortization of Bond Premium	876,157
Interest Expense	(4,839,976)
Costs of Issuance	(1,090,648)
Total Non-Operating Revenues (Expenses)	(4,644,320)
Net Income before special and extraordinary items	16,993,632
Special and Extraordinary Items	
Bonds Issued	(205,345,000)
Deferred Revenue	(12,266,195)
Capital Contribution	22,114,128
	(195,497,067)
Change in Net Assets	16,993,632
Net Assets at inception June 23, 2004	-
Net Assets at December 31, 2004 (Deficit)	$ (178,503,435)

See accompanying Notes to the Financial Statements.

STATE OF CONNECTICUT SPECIAL OBLIGATION RATE REDUCTION BONDS

STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED DECEMBER 31, 2004

Cash Flows from Operating Activities		
Source:		
Collection revenues	$	17,923,797
Trustee cash		1,579,628
Total Sources		19,503,425
Use:		
Administrative expenses		150,000
Total Uses		150,000
Net cash provided by operating activities		19,353,425
Cash Flows from Extraordinary & Noncapital Financing Activities		
Special Obligation Bonds		12,605,000
Interest expense on Bonds		4,839,976
Cost of issuance		1,073,348
Net cash used from noncapital financing activities		18,518,324
Cash Flows from Investing Activities		
Interest income		(410,146)
Net Cash used by investing activities		(410,146)
Net Increase (Decrease) in cash and cash equivalents		1,245,248
Cash and cash equivalents, June 23, 2004		-
Cash and cash equivalents, December 31, 2004	$	1,245,248
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	$	21,637,952
Adjustments to reconcile operating income to net cash:		
Decrease (increase) in assets:		
Decrease in trustee cash		1,579,628
Increase in receivables		(3,864,155)
Increase (decrease) in liabilities		
Decrease in accounts payable & accrued expenses		
Net Cash provided by Operating Activities	$	19,353,425

See accompanying Notes to the Financial Statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1: INTRODUCTION AND BASIS OF PRESENTATION:

The Rate Reduction Fund ("The Fund") was established in 2004 to account for the trustee-held assets, receipts and expenses associated with State of Connecticut Special Obligation Rate Reduction Bonds. The Special Obligation Rate Reduction Bonds were issued in 2004 to sustain for two years the funding of energy conservation and load management and renewable energy investment programs by providing money to the State's General Fund.

The bonds were issued pursuant to Connecticut General Statutes Section 16-245e through 16-245k, 16-245m and 16-245n, as amended. The statutes authorize the Connecticut Department of Public Utility Control to issue a financing order authorizing a non-by passable State RRB Charge on the electric bills of the State's two investor-owned electric utilities: The Connecticut Light and Power Company (CL&P) and The United Illuminating Company (UI). The charge is calculated, billed and collected by the two utilities pursuant to servicing agreements with the State. Collections from the State RRB Charge are remitted to the bond trustee in an aggregate amount sufficient to cover principal, interest and other fees associated with the bonds.

The State of Connecticut, acting through the Office of the Treasurer, was authorized to issue the bonds. Repayment of the bonds including principal and interest, servicing fees, trustee fees, rating agency fees, legal and accounting fees and other related fees and expenses are payable solely from the State RRB Charge. Neither the full faith and credit nor the taxing power of the State is pledged to the bonds.

For State of Connecticut financial reporting purposes, the RRB Fund is reported as an Enterprise Fund. (See Notes 2 and 4)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial reporting entity

The accompanying financial statements of the Fund 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, 2004. GASB No. 34, Paragraph 67, requires the Fund 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 against each customer and applied equally to each Company's retail customers of the same class. Companies are defined as CL&P and UI, who service the Transition Property and collect the State RRB Charge.

Receivables

The receivables balance is composed of collection receivables.

Trustee cash and cash equivalents

Trustee cash and cash equivalents consist of funds in various accounts held by Wachovia Bank, N.A. as required by the Indenture of Trust dated June 23, 2004 covering the 2004 Series A Special Obligation Rate Reduction Bonds.

These accounts include a Collection Account, Bond Account, Reserve Account, Rebate Account and Cost of Issuance Account. All investments of Wachovia Bank, N.A. 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.

Bond Premiums

The premium on the revenue bonds is being amortized over the term of the bonds on a straight-line basis, which yields results equivalent to the interest method. The initial amount of premium received on the Special Obligation Rate Reduction Bonds was $12,266,194.80. As of December 31, 2004 the amount of premium remaining is $11,390,038.03.

NOTE 3: SPECIAL ASSESSMENT REVENUE BONDS

The Special Obligation Rate Reduction Bonds were issued to sustain for two years the funding of energy conservation and load management and renewable energy investment programs by providing money to the State's General Fund. The bonds are payable entirely from the State RRB Charge and the State of Connecticut has no contingent obligation either directly or indirectly for the payment of such bonds.

Bonds were issued on June 23, 2004 for $205,345,000. The outstanding maturities of the remaining 2004 bond issue mature on June 30 and December 30 of each year through 2011 and bear fixed interest rates ranging from 3.0% to 5.00%. On December 30, 2004, $12,605,000 of bonds was matured. At December 31, 2004, amounts needed to pay principal and the respective interest rates payable on the remaining 2004 bond issue amounts were as follows:

Maturity	Principal	Interest Rate
06/30/2005	$12,975,000	3.00%
12/30/2005	13,170,000	4.00%
06/30/2006	9,760,000	5.00%
06/30/2006	3,675,000	2.50%
12/30/2006	13,720,000	5.00%
06/30/2007	11,025,000	5.00%
06/30/2007	3,040,000	3.00%
12/30/2007	14,385,000	5.00%
06/30/2008	11,745,000	5.00%
06/30/2008	3,000,000	3.00%
12/30/2008	15,085,000	5.00%
06/30/2009	12,460,000	5.00%
06/30/2009	3,000,000	3.50%
12/30/2009	15,825,000	5.00%
06/30/2010	14,985,000	5.00%
06/30/2010	1,235,000	3.50%
12/30/2010	16,620,000	5.00%
06/30/2011	14,020,000	5.00%
06/30/2011	3,015,000	4.00%
	$ 192,740,000	

The Trustee for these bonds is Wachovia Bank, National Association who holds the accounts as required by the Bond Indenture. Collections are wire transferred to the Trustee daily by CL&P and UI in accordance with the servicing agreements.

At December 31, 2004, the Trustee Accounts included the following:

Reserve Account	$20,534,500.00
Collection Account	738,966.27
Cost of Issuance Account	506,281.54
Total Trustee Accounts	$21,779,747.81

NOTE 4: ADOPTION OF NEW GASB No. 34 PRONOUNCEMENTS – DEFICIT NET ASSETS

As a result of the Fund's implementation of GASB No. 34, the long-term debt liability is reflected on the books of the Fund, creating a deficit net asset balance. The deficit balance has been reduced by $17.0 million this period leaving a deficit net asset balance at December 31, 2004 of $178.5 million.

NOTE 5: PREMIUM ON SPECIAL ASSESSMENT REVENUE BONDS

The premium received on the 2004 Series A Special Obligation Rate Reduction Bonds will be amortized over the term of the bonds as shown in the table below.

	Semi-Annual Premium	Bond Premium Balance
09/23/2004		$12,266,194.80
12/30/2004	$876,156.77	11,390,038.03
06/30/2005	876,156.77	10,513,881.26
12/30/2005	876,156.77	9,637,724.49
06/30/2006	876,156.77	8,761,567.71
12/30/2006	876,156.77	7,885,410.94
06/30/2007	876,156.77	7,009,254.17
12/30/2007	876,156.77	6,133,097.40
06/30/2008	876,156.77	5,256,940.63
12/30/2008	876,156.77	4,380,783.86
06/30/2009	876,156.77	3,504,627.09
12/30/2009	876,156.77	2,628,470.31
06/30/2010	876,156.77	1,752,313.54
12/30/2010	876,156.77	876,156.77
06/30/2011	876,156.77	0.00

STATE OF CONNECTICUT

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

KEVIN P. JOHNSTON

ROBERT G. JAEKLE

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying Statement of Net Assets as of December 31, 2004 and the related Statements of Revenues, Expenses, and Changes in Net Assets, and Cash Flows for the year ended December 31, 2004, for the State Of Connecticut Special Obligation Rate Reduction Bonds. These financial statements are the responsibility of the management of the State Treasury. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the State Rate Reduction Bond charge is calculated, billed, and collected by two investor-owned electric utilities pursuant to servicing agreements with the State. We did not audit the electric utilities' compliance with the servicing agreements, which were examined by other auditors.

The financial statements present only the Statement of Net Assets as of December 31, 2004 and the Statements of Revenues, Expenses, and Changes in Net Assets, and Cash Flows for the year ended December 31, 2004, for the State Of Connecticut Special Obligation Rate Reduction Bonds and are not intended to present fairly the financial position and results of operations of the Enterprise Funds of the State of Connecticut, in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the State of Connecticut Special Obligation Rate Reduction Bonds as of December 31, 2004, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Kevin P. Johnston
Auditor of Public Accounts

Robert G. Jaekle
Auditor of Public Accounts

August 17, 2005
State Capitol
Hartford, Connecticut

TAX EXEMPT PROCEEDS FUND, INC.

STATEMENT OF NET ASSETS
JUNE 30, 2005

Face Amount		Maturity Date	Yield	Value (Note 1)	Ratings (a) Moody's	Ratings (a) Standard & Poor's
Put Bonds (b) (1.33%)						
$ 2,000,000	Plaquemines, LA Port & Harbor (International Marine Terminal Project) - Series 198 4B (d) LOC KBC Bank	03/15/06	2.60%	$ 2,000,000		
2,000,000	Total Put Bonds			2,000,000		
Tax Exempt Commercial Paper (1.33%)						
$ 2,000,000	York County, PA IDA PCRB (Philadelphia Electric Co.) LOC JP Morgan Chase & Co.	10/11/05	2.52%	$ 2,000,000	P1	A1+
2,000,000	Total Tax Exempt Commercial Paper			2,000,000		
Tax Exempt General Obligation Notes & Bonds (16.31%)						
$ 2,900,000	City of Peabody, MA BAN	09/30/05	1.75%	$ 2,908,881	MIG-1	
4,000,000	Lakewood, OH City School District BAN	09/14/05	2.00	4,002,827	MIG-1	
5,000,000	Michigan Municipal Bond Authority Revenue Notes - Series B-2 LOC JP Morgan Chase & Co.	08/23/05	1.57	5,010,218		SP-1+
4,650,000	Richardson, TX Independent School District (Unlimited Tax School Building Bond) - Series 2000	04/01/06	2.75	4,650,000	VMIG-1	A1+
5,000,000	State of Michigan GO - Series A	09/30/05	2.00	5,018,390	MIG-1	SP-1+
3,000,000	Texas State TRAN	08/31/05	1.60	3,006,904	MIG-1	SP-1+
24,550,000	Total Tax Exempt General Obligation Notes & Bonds			24,597,220		
Variable Rate Demand Instruments (c) (81.91%)						
$ 2,000,000	City of Lakeland, FL Educational Facilities RB (South College Project) LOC Suntrust Bank	09/01/29	2.28%	$ 2,000,000	VMIG-1	
2,000,000	City of Pulaski and Giles, TN IDRB (Martin Methodist College Project) - Series 2004 LOC Amsouth Bank, N.A.	01/01/24	2.40	2,000,000	VMIG-1	
3,895,000	Commonwealth of Massachusetts (Central Artery Tunnel) - Series 2000	12/01/30	2.31	3,895,000	VMIG-1	A1+
3,500,000	Commonwealth of Puerto Rico Public Improvement Refunding Bonds, TICS / TOCS Trust - Series 2001-1 Insured by FSA	07/01/27	2.30	3,500,000		A1+
4,365,000	Connecticut State HEFA (Central Connecticut Coast YMCA) Series 2003 LOC Citizens Bank of Rhode Island Subsidiary of Royal Bank of Scotland	07/01/33	2.27	4,365,000	VMIG-1	
4,000,000	Connecticut State HEFA (Yale University)	07/01/29	2.22	4,000,000	VMIG-1	A1+
3,045,000	Connecticut State HEFA RB (The Hotchkiss School Issue) - Series A	07/01/30	2.35	3,045,000	VMIG-1	A1+
4,940,000	Cuyahoga County, OH (Cleveland Health Education Museum Project) LOC Key Bank, N.A.	03/01/32	2.32	4,940,000	VMIG-1	

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

STATEMENT OF NET ASSETS (Continued)
JUNE 30, 2005

Face Amount		Maturity Date	Yield	Value (Note 1)	Ratings (a) Moody's	Standard & Poor's
Variable Rate Demand Instruments (c) (Continued)						
$ 6,450,000	Dekalb County, GA Housing Authority MHRB (Wood Hills Apartments)LOC Bank of America	12/01/07	2.33%	$ 6,450,000		A1+
4,800,000	Dekalb, GA Private Hospital Authority (Egleston Childrens Hospital)LOC SunTrust Bank	03/01/24	2.28	4,800,000	VMIG-1	A1+
1,000,000	District of Columbia (George Washington University) - Series C Insured by MBIA Insurance Corp.	09/15/29	2.40	1,000,000	VMIG-1	A1+
1,400,000	Emmaus, PA General Authority Local Government (Westchester Area School District Project) - Series B-24 LOC Depfa Bank PLC	03/01/24	2.27	1,400,000		A1+
4,500,000	Florida Gulf Coast University Financing Corp. RB - Series 2003 LOC Wachovia Bank & Trust Company, N.A.	12/01/33	2.40	4,500,000	VMIG-1	
4,700,000	Franklin County, OH HRB (US Health Corp.) - Series A LOC Citibank, N.A.	12/01/21	2.27	4,700,000	VMIG-1	
4,000,000	Fulton County, GA Housing Authority MHRB (Greenhouse Holcomb Project) Collateralized by Federal National Mortgage Association	04/01/30	2.25	4,000,000		A1+
300,000	Greystone RB Certificate Trust Senior Certificates of Beneficial Ownership LOC Credit Suisse First Boston	05/01/28	2.42	300,000	VMIG-1	A1+
3,200,000	Harris County, TX IDC RB (Odfjell Terminal Project) LOC Danske Bank	02/01/20	2.32	3,200,000		A1+
1,520,000	Houston County, GA Development Authority (Middle Georgia Community Action) LOC Columbus Bank & Trust Company subsidiary of Synovus Financial Corp.	01/01/31	2.43	1,520,000	P1	A1
2,000,000	Houston, TX Independent School District Limited Tax Schoolhouse & Refunding Bonds	06/15/33	2.35	2,000,000	VMIG-1	A1+
2,000,000	Hurley, NM PCRB (Kennecott Santa Fe - British Petroleum)	12/01/15	2.30	2,000,000	P1	A1+
1,320,000	Illinois Development Finance Authority RB (Jewish Federation of Metropolitan Chicago Project) Insured by AMBAC Indemnity Corp.	09/01/32	2.30	1,320,000	VMIG-1	
1,515,000	Illinois HEFA RB (Rush-Presbyterian St. Luke's Medical Center) LOC Northern Trust Bank	11/15/06	2.25	1,515,000	VMIG-1	A1+
1,000,000	Illinois State GO Bonds - Series B	10/01/33	2.40	1,000,000	VMIG-1	A1+
2,000,000	Indiana HEFA (Rehabilitation Hospital of Indiana) LOC National City Bank of the Midwest	11/01/20	2.28	2,000,000	VMIG-1	

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

STATEMENT OF NET ASSETS (Continued)
JUNE 30, 2005

Face Amount		Maturity Date	Yield	Value (Note 1)	Ratings (a) Moody's	Standard & Poor's
Variable Rate Demand Instruments (c) (Continued)						
$ 2,000,000	Iowa Higher Educational Loan Authority RB (Loras College Project) LOC LaSalle National Bank subsidiary of ABN Amro Bank, N.A.	11/01/30	2.30%	$ 2,000,000		A1+
3,700,000	Jacksonville, FL Electric Authority RB (Electric System) – Series 2001B	10/01/30	2.30	3,700,000	VMIG-1	A1+
2,500,000	Lakeview, MI School District 2002 School Building & Site - Series B	05/01/32	2.20	2,500,000		A1+
2,300,000	Lancaster County, NE Hospital Authority #1 – Series A (Immanuel Health - Williamsburg) LOC LaSalle National Bank subsidiary of ABN Amro Bank, N.A.	07/01/30	2.32	2,300,000		A1+
680,000	Lancaster, PA Higher Education Authority RB (Franklin & Marshall College) LOC JP Morgan Chase & Co.	04/15/27	2.38	680,000	VMIG-1	A1
2,680,000	Lisle, IL MHRB Collateralized by Federal National Mortgage Association	09/15/26	2.25	2,680,000		A1+
5,375,000	Marion County Hospital District LOC Amsouth Bank, N.A.	10/01/30	2.31	5,375,000	VMIG-1	
4,000,000	Michigan Higher Education Facility Authority RB (Hope College Project) - Series 2002A LOC Fifth Third Bank	04/01/32	2.33	4,000,000		A1+
4,420,000	Montgomery County, MD Housing Opportunities Commission MHRB (Oakwood-Gaithersburg) Guaranteed by Federal Home Loan Mortgage Corporation	11/01/07	2.30	4,420,000		A1+
1,400,000	New Ulm, MN Hospital Facility RB (Health Center System Project) - Series 1985 LOC Wells Fargo Bank, N.A.	08/01/14	2.10	1,400,000		A1+
1,700,000	Oregon State GO – Series 73H	12/01/19	2.30	1,700,000	VMIG-1	A1+
5,000,000	Piedmont, SC Municipal Power Agency RB - Series B Insured by MBIA Insurance Corp.	01/01/19	2.40	5,000,000	VMIG-1	A1+
5,100,000	Port of Port Authur Navigation, TX (Jefferson County for Texaco)	10/01/24	2.30	5,100,000	VMIG-1	A1
300,000	Quakertown, PA Hospital Authority RB (HPS Group Pooled Financing) LOC PNC Bank	07/01/05	2.35	300,000	VMIG-1	
545,000	Reading, PA (York County General Authority) Insured by AMBAC Indemnity Corp.	09/01/26	2.29	545,000		A1+
1,800,000	University of North Florida, Capital Improvement LOC Wachovia Bank & Trust, N.A.	11/01/24	2.43	1,800,000	VMIG-1	
2,230,000	Utah State Building Ownership Authority Lease RB LOC Landesbank Hessen	05/15/22	2.40	2,230,000	VMIG-1	A1+

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

STATEMENT OF NET ASSETS (Continued)
JUNE 30, 2005

Face Amount		Maturity Date	Yield	Value (Note 1)	Ratings (a) Moody's	Standard & Poor's
Variable Rate Demand Instruments (c) (Continued)						
$ 2,000,000	Utah Transit Authority Sales Tax RB Series - 2 LOC Bayerische Landesbank, A.G.	09/01/32	2.25 %	$ 2,000,000	VMIG-1	A1+
5,000,000	Valdez, AK Marine Terminal (British Petroleum Pipelines CO. Project) – Series A	06/01/37	2.30	5,000,000	VMIG-1	A1+
835,000	Valdez, AK Marine Terminal (British Petroleum Pipelines CO. Project) – Series B	07/01/37	2.30	835,000	VMIG-1	A1+
500,000	Wisconsin HEFA (Alverno College Project) LOC Allied Irish Bank	11/01/17	2.35	500,000	VMIG-1	
123,515,000	Total Variable Rate Demand Instruments			123,515,000		
	Total Investments (100.88%) (Cost $152,112,220†)			152,112,220		
	Liabilities in excess of other assets (-0.88%) (Note 4)			(1,328,696)		
	Net Assets (100.00%), 150,788,891 shares outstanding (Note 3)			$ 150,783,524		
	Net Asset Value, offering and redemption price per share			$ 1.00		

† Aggregate cost for federal income tax purposes is identical.

The accompanying notes are an integral part of these 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	LOC	=	Letter of Credit
FSA	=	Financial Security Assurance	MHRB	=	Multi-Family Housing Revenue Bond
GO	=	General Obligation	PCRB	=	Pollution Control Revenue Bond
HEFA	=	Health and Education Facilities Authority	RB	=	Revenue Bond
HRB	=	Hospital Revenue Bond	TAN	=	Tax Anticipation Note
IDA	=	Industrial Development Authority	TICs	=	Trust Inverse Certificates
IDC	=	Industrial Development Corporation	TOC	=	Tender Option Certificates
IDRB	=	Industrial Development Revenue Bond	TRAN	=	Tax and Revenue Anticipation Note

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

BREAKDOWN OF PORTFOLIO HOLDINGS (UNAUDITED)
JUNE 30, 2005

States	Value	% of Portfolio
Alaska	$5,835,000	3.84%
Connecticut	11,410,000	7.50
District of Columbia	1,000,000	0.66
Florida	17,375,000	11.42
Georgia	16,770,000	11.03
Illinois	6,515,000	4.28
Indiana	2,000,000	1.31
Iowa	2,000,000	1.31
Louisiana	2,000,000	1.31
Maryland	4,420,000	2.91
Massachusetts	6,803,881	4.47
Michigan	16,528,608	10.87
Minnesota	1,400,000	0.92
Nebraska	2,300,000	1.51
New Mexico	2,000,000	1.31
Ohio	13,642,827	8.97
Oregon	1,700,000	1.12
Pennsylvania	4,925,000	3.24
Puerto Rico	3,500,000	2.30
South Carolina	5,000,000	3.29
Tennessee	2,300,000	1.51
Texas	17,956,904	11.81
Utah	4,230,000	2.78
Wisconsin	500,000	0.33
Total	$152,112,220	100.00%

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

TAX EXEMPT PROCEEDS FUND, INC.

STATEMENT OF OPERATIONS
JUNE 30, 2005

INVESTMENT INCOME	
Interest income	$ 2,997,774
Expenses (Note 2)	(690,019)
Net investment income	2,307,755
REALIZED GAIN ON INVESTMENTS	
Net realized gain on investments	15,243
Net increase in net assets from operations	$ 2,322,998

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

STATEMENT OF CHANGES IN NET ASSETS
JUNE 30, 2005 and 2004

	Year Ended June 30, 2005	Year Ended June 30, 2004
INCREASE (DECREASE) IN NET ASSETS		
Operations:		
Net investment income	$ 2,307,755	$ 1,036,189
Net realized gain (loss) on investments	15,243	-0-
Net increase in net assets from operations	2,322,998	1,036,189
Dividends to shareholders from net investment income	(2,307,755)	(1,036,189)
Capital share transactions (Note 3)	(19,593,543)	(20,060,132)
Total (decrease)	(19,578,300)	(20,060,132)
Net assets:		
Beginning of year	170,361,824	190,421,956
End of year	$ 150,783,524	$ 170,361,824
Undistributed net investment income	-0-	-0-

The accompanying notes are an integral part of these 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, 2005, 20,000,000,000 shares of $.001 par value stock were authorized and paid in capital amounted to $150,786,710. Transactions in capital stock, all at $1.00 per share, were as follows:

	Year Ended June 30, 2005	Year Ended June 30, 2004
Sold	761,007,007	749,730,925
Issued on reinvestment of dividends	797,205	350,465
Redeemed	(781,397,755)	(770,141,522)
Net (decrease)	(19,593,543)	(20,060,132)

4. Liabilities

At June 30, 2005, the Fund had the following other assets and liabilities:

Other Assets:	
Interest Receivable	$ 805,630
Liabilities	
Fees payable to Affiliates*	$ 1,649
Due to Custodian	1,964,189
Dividends payable	168,488
Total liabilities	$ 2,134,326
Total liabilities in excess of other assets	$ 1,328,696

* Includes fees payable to Reich & Tang Asset Management, LLC.

5. Tax Information

Accumulated undistributed realized losses at June 30, 2005 amounted to $3,186. This amount represents tax basis capital losses which may be carried forward to offset future gains. Such losses expire through June 30, 2008.

The tax character of all distributions paid during the years ended June 30, 2005 and 2004 were tax-exempt.

At June 30, 2005, the Fund had no distributable earnings.

6. Financial Highlights

	Year Ended June 30, 2005	2004	2003	2002	2001
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.................	0.014	0.006	0.009	0.015	0.034
Less distributions:					
Dividends from net investment income	(0.014)	(0.006)	(0.009)	(0.015)	(0.034)
Net asset value, end of year.............	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00
Total Return	1.36%	0.60%	0.92%	1.48%	3.50%
Ratios/Supplemental Data					
Net assets, end of year (000)...........	$150,784	$170,362	$190,422	$201,725	$207,541
Ratios to average net assets:					
Expenses...	0.40%	0.40%	0.40%	0.40%	0.40%
Net investment income	1.34%	0.59%	0.92%	1.48%	3.45%

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, 2005 and the related statement of operations for the year then ended and the statements of changes in net assets for each of the two years in the period then ended and the financial highlights for each of the four 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 the year 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 the standards of the Public Company Accounting Oversight Board (United States). 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, 2005 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 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, 2005, the results of its operations for the year then ended and the changes in its net assets for each of the two years in the period then ended, and its financial highlights for each of the four 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 19, 2005

Sanville & Company
Certified Public Accountants

Supplemental Information

COMBINED INVESTMENT FUNDS

STATEMENT OF NET ASSETS

JUNE 30, 2005

	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	$ -	$ 257,237,359	$ 692,480,535	$ 127,875,996	$ 4,872,348	$ 336,300	$ 101,158,770	$(1,183,961,308)	$ -
Cash Equivalents	700,122,619	-	8,186,978	-	-	-	-	-	708,309,597
Asset Backed Securities	399,448,416	-	150,953,023	-	-	-	-	-	550,401,439
Government Securities	13,011,652	-	1,681,399,726	-	-	-	-	-	1,694,411,378
Government Agency Securities	55,600,905	-	1,336,036,469	-	-	-	-	-	1,391,637,374
Mortgage Backed Securities	54,688,508	-	628,204,896	-	-	510,497	-	-	683,403,901
Corporate Debt	357,037,496	-	1,870,193,765	-	-	-	-	-	2,227,231,261
Convertible Securities	-	-	32,230,511	983,011	-	-	-	-	33,213,522
Common Stock	-	7,913,200,008	33,702,366	4,064,838,596	49,056,666	19,421,001	-	-	12,080,218,637
Preferred Stock	-	-	3,375,245	73,960,705	-	-	-	-	77,335,950
Real Estate Investment Trust	-	114,555,042	2,036,707	520,028	-	-	-	-	117,111,777
Mutual Fund	-	-	223,363,413	104,006,779	-	-	-	-	327,370,192
Limited Liability Corporation	-	-	-	-	-	-	16,963,641	-	16,963,641
Trusts	-	-	-	-	52,612,985	-	-	-	52,612,985
Limited Partnerships	-	-	-	-	292,936,767	-	1,319,857,387	-	1,612,794,154
Annuities	-	-	-	-	248,809	-	-	-	248,809
Total Investments in Securities, at Fair Value	1,579,909,596	8,284,992,409	6,662,163,634	4,372,185,115	399,727,575	20,267,798	1,437,979,798	(1,183,961,308)	21,573,264,617
Cash	-	215,284	4,424,760	17,117,792	-	-	-	-	21,757,836
Receivables									
Foreign Exchange Contracts	-	-	35,631,232	9,065,929,550	-	-	-	-	9,101,560,782
Interest Receivable	3,049,382	656,410	71,580,468	294,143	14,829	66,517	277,581	(3,362,542)	72,576,788
Dividends Receivable	-	8,367,664	105,192	8,865,803	-	-	-	-	17,338,659
Due from Brokers	-	49,934,630	367,017,882	20,547,696	-	-	-	-	437,500,208
Foreign Taxes	-	7,423	-	2,747,012	-	-	-	-	2,754,435
Securities Lending Receivable	-	178,941	245,117	590,675	-	-	-	-	1,014,733
Reserve for Doubtful Receivables	-	-	(7,453,931)	(54,411)	-	-	-	-	(7,508,342)
Total Receivables	3,049,382	59,145,068	467,125,960	9,098,920,468	14,829	66,517	277,581	(3,362,542)	9,625,237,263
Invested Securities Lending Collateral	-	687,174,605	1,190,360,657	685,614,120	-	-	-	-	2,563,149,382
Prepaid Expenses	-	-	-	-	-	3,280	2,594,684	-	2,597,964
Total Assets	1,582,958,978	9,031,527,366	8,324,075,011	14,173,837,495	399,742,404	20,337,595	1,440,852,063	(1,187,323,850)	33,786,007,062
LIABILITIES									
Payables									
Foreign Exchange Contracts	-	-	35,506,374	8,967,017,458	-	-	-	-	9,002,523,832
Due to Brokers	-	51,187,971	816,202,475	26,086,129	-	-	-	-	893,476,575
Income Distribution	4,313,896	-	-	-	-	-	-	(3,278,367)	1,035,529
Total Payables	4,313,896	51,187,971	851,708,849	8,993,103,587	-	-	-	(3,278,367)	9,897,035,936
Securities Lending Collateral	-	687,174,605	1,190,360,657	685,614,120	-	-	-	-	2,563,149,382
Accrued Expenses	335,873	18,043,385	1,623,905	6,270,679	131,987	-	350,488	(84,175)	26,672,142
Total Liabilities	4,649,769	756,405,961	2,043,693,411	9,684,988,386	131,987	-	350,488	(3,362,542)	12,486,857,460
NET ASSETS	$1,578,309,209	$8,275,121,405	$6,280,381,600	$4,488,849,109	$399,610,417	$20,337,595	$1,440,501,575	$(1,183,961,308)	21,299,149,602
Units Outstanding	1,578,309,209	9,641,841	53,971,106	15,912,868	6,413,117	346,131	25,074,232		
Net Asset Value and Redemption Price per Unit	$1.00	$ 858.25	$116.37	$ 282.09	$ 62.31	$58.76	$57.45		

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, 2005

	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
ADDITIONS									
OPERATIONS									
Investment Income									
Dividends	$ -	$141,133,094	$ 3,879,735	$115,606,645	$ 6,757,260	$3,143,831	$229,719,277	$ -	$500,239,842
Interest	36,687,375	2,297,117	286,037,238	680,412	225,403	13,924	2,307,175	(26,196,043)	302,052,601
Other Income	-	2,437,742	-	364,146	5,215	74	15,134,224	-	17,941,401
Securities Lending	-	12,536,196	27,643,006	17,898,569	-	-	-	-	58,077,771
Total Investment Income	36,687,375	158,404,149	317,559,979	134,549,772	6,987,878	3,157,829	247,160,676	(26,196,043)	878,311,615
Investment Expenses									
Investment Advisory Fees	298,665	22,668,229	6,121,336	23,670,373	946,826	249,911	2,962,173	(213,257)	56,704,256
Salary and Fringe Benefits	140,692	991,718	479,672	491,217	198,689	15,525	462,594	(100,459)	2,679,648
Custody and Transfer Agent Fees	64,966	161,176	123,059	1,330,557	36,437	1,510	236,475	(46,388)	1,907,792
Professional Fees	59,309	312,472	185,991	170,293	308,471	906	2,222,415	(42,349)	3,217,508
Security Lending Fees	-	492,527	901,319	1,547,604	-	-	-	-	2,941,450
Security Lending Rebates	-	10,793,561	24,559,261	11,998,879	-	-	-	-	47,351,701
Investment Expenses	-	-	-	-	-	-	-	-	-
Total Investment Expenses	563,632	35,419,683	32,370,638	39,208,923	1,490,423	267,852	5,883,657	(402,453)	114,802,355
Net Investment Income	36,123,743	122,984,466	285,189,341	95,340,849	5,497,455	2,889,977	241,277,019	(25,793,590)	763,509,260
Net Realized Gain (Loss)	(258,639)	439,057,365	24,035,026	353,155,991	14,357,352	(437,252)	(131,430,367)	184,677	698,664,153
Net Change in Unrealized Gain/(Loss) on Investments and Foreign Currency	-	58,160,686	138,945,161	308,428,991	69,397,342	(546,694)	16,769,617	-	591,155,103
Net Increase (Decrease) in Net Assets Resulting from Operations	35,865,104	620,202,517	448,169,528	756,925,831	89,252,149	1,906,031	126,616,269	(25,608,913)	2,053,328,516
Unit Transactions									
Purchase of Units by Participants	3,532,661,527	-	261,462,800	81,000,000	18,000,000	-	74,000,000	(2,334,801,143)	1,632,323,184
TOTAL ADDITIONS	3,568,526,631	620,202,517	709,632,328	837,925,831	107,252,149	1,906,031	200,616,269	(2,360,410,056)	3,685,651,700
DEDUCTIONS									
Distributions to Unit Owners:									
Income Distributed	(35,865,104)	(126,079,905)	(278,621,458)	(82,360,081)	(27,479,388)	(3,364,012)	(331,480,730)	25,608,923	(859,641,755)
Returns of Capital	-	-	-	-	-	-	-	-	-
Total Distributions	(35,865,104)	(126,079,905)	(278,621,458)	(82,360,081)	(27,479,388)	(3,364,012)	(331,480,730)	25,608,923	(859,641,755)
Unit Transactions									
Redemption of Units by Participants	(3,354,158,052)	(60,000)	(70,500)	(270,000,000)	(48,700,000)	(14,608,900)	(214,000,000)	2,185,347,333	(1,716,250,119)
TOTAL DEDUCTIONS	(3,390,023,156)	(126,139,905)	(278,691,958)	(352,360,081)	(76,179,388)	(17,972,912)	(545,480,730)	2,210,956,256	(2,575,891,874)
CHANGE IN NET ASSETS	178,503,475	494,062,612	430,940,370	485,565,750	31,072,761	(16,066,881)	(344,864,461)	(149,453,800)	1,109,759,826
Net Assets- Beginning of Period	1,399,805,734	7,781,058,793	5,849,441,230	4,003,283,359	368,537,656	36,404,476	1,785,366,036	(1,034,507,508)	20,189,389,776
Net Assets- End of Period	$1,578,309,209	$8,275,121,405	$6,280,381,600	$4,488,849,109	$399,610,417	$20,337,595	$1,440,501,575	$(1,183,961,308)	$21,299,149,602
Other Information:									
Units									
Purchased	3,532,661,527	-	2,275,425	306,694	337,459	-	1,237,320		
Redeemed	(3,354,158,052)	70	(609)	(998,631)	(909,481)	(234,027)	(3,539,298)		
Net Increase (Decrease)	178,503,475	70	2,274,816	(691,937)	(572,022)	(234,027)	(2,301,978)		

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, 2004

	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
ADDITIONS									
OPERATIONS									
Investment Income									
Dividends	$ -	$114,031,024	$6,410,034	$85,964,184	$18,235,050	$4,553,897	$378,335,074	$ -	$607,529,263
Interest	21,155,254	746,596	294,849,438	510,421	109,081	19,048	1,414,839	(15,775,492)	303,029,185
Other Income	-	2,830,195	24,490,944	296,041	-	-	1,895,696	-	29,512,876
Securities Lending	-	4,845,114	10,650,359	7,757,508	-	-	-	-	23,252,981
Total Investment Income	21,155,254	122,452,929	336,400,775	94,528,154	18,344,131	4,572,945	381,645,609	(15,775,492)	963,324,305
Investment Expenses									
Investment Advisory Fees	313,350	6,459,864	8,070,224	17,336,519	1,120,127	327,489	5,591,485	(233,666)	38,985,392
Salary and Fringe Benefits	181,142	803,795	497,222	387,188	152,407	8,432	361,200	(135,078)	2,256,308
Custody and Transfer Agent Fees	64,856	161,062	124,947	837,845	30,493	1,885	242,039	(48,363)	1,414,764
Professional Fees	44,689	215,527	130,906	108,717	266,083	1,026	5,576,574	(33,325)	6,310,197
Security Lending Fees	-	462,618	803,808	1,232,449	-	-	-	-	2,498,875
Security Lending Rebates	-	3,197,537	7,885,199	3,100,113	-	-	-	-	14,182,849
Investment Expenses	110,519	57,655	30,861	33,537	2,499	165	11,468	(82,414)	164,290
Total Investment Expenses	714,556	11,358,058	17,543,167	23,036,368	1,571,609	338,997	11,782,766	(532,846)	65,812,675
Net Investment Income	20,440,698	111,094,871	318,857,608	71,491,786	16,772,522	4,233,948	369,862,843	(15,242,646)	897,511,630
Net Realized Gain (Loss)	232,621	565,299,222	69,116,799	247,550,316	(8,191,028)	315,547	6,829,021	(173,466)	880,979,032
Net Change in Unrealized Gain/(Loss) on Investments and Foreign Currency	-	679,252,870	(267,934,874)	587,209,136	(5,959,369)	(1,101,440)	(54,550,699)	-	936,915,624
Net Increase (Decrease) in Net Assets Resulting from Operations	20,673,319	1,355,646,963	120,039,533	906,251,238	2,622,125	3,448,055	322,141,165	(15,416,112)	2,715,406,286
Unit Transactions									
Purchase of Units by Participants	4,881,927,560	-	379,251,940	1,200,000,000	2,000,000	-	29,000,000	(3,602,665,657)	2,889,513,843
TOTAL ADDITIONS	4,902,600,879	1,355,646,963	499,291,473	2,106,251,238	4,622,125	3,448,055	351,141,165	(3,618,081,769)	5,604,920,129
DEDUCTIONS									
Distributions to Unit Owners:									
Income Distributed	(20,673,319)	(108,195,347)	(280,450,557)	(54,060,398)	(36,874,628)	(11,397,679)	(319,894,385)	15,416,122	(816,130,191)
Returns of Capital	-	-	-	-	-	-	-	-	-
Total Distributions	(20,673,319)	(108,195,347)	(280,450,557)	(54,060,398)	(36,874,628)	(11,397,679)	(319,894,385)	15,416,122	(816,130,191)
Unit Transactions									
Redemption of Units by Participants	(5,334,947,610)	(64,861,000)	(979,000,000)	(83,000,000)	(25,000,000)	(27,928,399)	(94,000,000)	3,708,931,783	(2,899,805,226)
TOTAL DEDUCTIONS	(5,355,620,929)	(173,056,347)	(1,259,450,557)	(137,060,398)	(61,874,628)	(39,326,078)	(413,894,385)	3,724,347,905	(3,715,935,417)
CHANGE IN NET ASSETS	(453,020,050)	1,182,590,616	(760,159,084)	1,969,190,840	(57,252,503)	(35,878,023)	(62,753,220)	106,266,136	1,888,984,712
Net Assets - Beginning 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	(1,140,773,639)	18,300,405,068
Net Assets - End of Period	$1,399,805,734	$7,781,058,792	$5,849,441,230	$4,003,283,359	$368,537,656	$36,404,476	$1,785,366,036	$(1,034,507,503)	$20,189,389,780
Other Information:									
Units									
Purchased	4,881,927,560	-	3,254,328	6,168,629	34,769	-	447,705		
Redeemed	(5,334,947,610)	(91,497)	(8,743,313)	(348,440)	(450,800)	404,771	(1,392,409)		
Net Increase (Decrease)	(453,020,050)	(91,497)	(5,488,985)	5,820,188	(416,030)	404,771	(944,704)		

The accompanying notes are an integral part of these financial statements

COMBINED INVESTMENT FUNDS
TOTAL NET ASSET VALUE BY PENSION PLANS AND TRUST FUNDS
JUNE 30, 2005

Retirement Funds	Net Asset Value
Teachers' Retirement Fund	$11,392,146,654
State Employees' Retirement Fund	8,175,319,667
Municipal Employees' Retirement Fund	1,394,837,426
State Judges' Retirement Fund	152,715,296
The Probate Court Retirement Fund	72,081,636
State's Attorneys Retirement Fund	718,214
Non-retirement Trust Funds	
Soldiers' Sailors' & Marines' Fund	60,943,437
Police & Firemans' Survivors' Benefit Fund	19,045,043
Connecticut Arts Endowment Fund	16,406,611
School Fund	9,197,637
Ida Eaton Cotton Fund	2,067,563
Hopemead Fund	2,089,961
Andrew Clark Fund	972,431
Agricultural College Fund	608,026
TOTAL	$ 21,299,149,602

PENSION FUNDS MANAGEMENT DIVISION

COMBINED INVESTMENT FUNDS
STATEMENT OF INVESTMENT ACTIVITY BY PENSION PLAN
FOR THE FISCAL YEAR ENDING JUNE 30, 2005

	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, 2004	$ 192,546,258	$ 979,878,706	$2,759,994,104	$1,367,394,040	$257,510,098	$ 23,681,927	$1,324,819,966	$ 6,905,825,099
Market Value at June 30, 2004	$ 192,546,258	$4,256,905,461	$3,029,570,786	$2,185,470,643	$ 200,832,694	$ 19,856,899	$ 975,092,922	$10,860,275,663
Shares Purchased	714,055,325	-	136,695,724	44,219,484	9,809,006	-	40,415,726	945,195,265
Shares Redeemed	(761,944,340)	-	-	(147,398,278)	(26,538,812)	(7,968,448)	(116,877,929)	(1,060,727,807)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	-	-	64,043,000	(6,797,739)	(1,584,554)	(53,385,375)	2,275,332
Net Investment Income Earned	4,517,929	68,976,511	144,306,260	44,961,975	14,974,753	1,834,902	181,041,035	460,613,365
Net Investment Income Distributed	(4,517,929)	(68,976,511)	(144,306,260)	(44,961,975)	(14,974,753)	(1,834,902)	(181,041,035)	(460,613,365)
Changes in Market Value of Fund Shares	-	270,327,659	87,838,248	304,215,627	40,460,485	789,277	(58,503,095)	645,128,201
Market Value at June 30, 2005	$ 144,657,243	$ 4,527,233,120	$3,254,104,758	$ 2,450,550,476	$ 217,765,634	$ 11,093,174	$ 786,742,249	$11,392,146,654
Book Value at June 30, 2005	144,657,243	979,878,706	2,896,689,828	1,328,258,246	233,982,553	14,128,925	1,194,972,388	6,792,567,889
Shares Outstanding	144,657,243	5,274,951	27,964,484	8,687,145	3,494,795	188,798	13,694,506	203,961,922
Market Value per Share	$ 1.00	$ 858.25	$ 116.37	$ 282.09	$ 62.31	$ 58.76	$ 57.45	
State Employees' Retirement Fund								
Book Value at June 30, 2004	$ 136,247,491	$ 695,797,381	$2,040,233,510	$ 964,476,488	$181,539,913	$ 16,589,456	$ 931,305,927	$ 4,966,190,166
Market Value at June 30, 2004	$ 136,247,491	$ 2,945,734,038	$2,242,969,642	$ 1,543,017,014	$141,844,062	$ 13,984,624	$ 685,818,824	$ 7,709,615,695
Shares Purchased	388,732,060	-	101,203,893	31,220,467	6,927,903	-	28,425,877	556,510,200
Shares Redeemed	(336,796,538)	-	-	(104,068,225)	(18,743,825)	(5,611,942)	(82,204,560)	(547,425,090)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	-	-	45,272,673	(4,758,680)	(1,080,045)	(37,485,732)	1,948,216
Net Investment Income Earned	3,869,494	47,731,025	106,838,418	31,744,694	10,576,364	1,292,271	127,332,841	329,385,107
Net Investment Income Distributed	(3,869,494)	(47,731,025)	(106,838,418)	(31,744,694)	(10,576,364)	(1,292,271)	(127,332,841)	(329,385,107)
Changes in Market Value of Fund Shares	-	187,063,911	65,031,827	214,730,512	28,533,995	519,956	(41,209,555)	454,670,646
Market Value at June 30, 2005	$ 188,183,013	$ 3,132,797,949	$2,409,205,362	$1,730,172,441	$153,803,455	$ 7,812,593	$ 553,344,854	$ 8,175,319,667
Book Value at June 30, 2005	188,183,013	695,797,381	2,141,437,403	936,901,403	164,965,311	9,897,469	840,041,512	4,977,223,492
Shares Outstanding	188,183,013	3,650,211	20,703,754	6,133,422	2,468,303	132,965	9,631,851	230,903,519
Market Value per Share	$ 1.00	$ 858.25	$ 116.37	$ 282.09	$ 62.31	$ 58.76	$ 57.45	
Municipal Employees' Retirement Fund								
Book Value at June 30, 2004	$ 25,062,195	$ 112,624,999	$ 390,307,993	$ 147,923,484	$ 28,309,236	$ 2,580,187	$ 147,884,666	$ 854,692,760
Market Value at June 30, 2004	$ 25,062,195	$ 487,411,942	$ 420,290,303	$ 236,645,032	$ 22,207,254	$ 2,190,535	$ 110,025,712	$ 1,303,832,973
Shares Purchased	79,051,564	-	18,963,705	4,788,132	1,084,640	-	4,560,355	108,448,396
Shares Redeemed	(58,504,791)	-	-	(15,960,439)	(2,934,552)	(879,048)	(13,188,053)	(91,466,883)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	-	-	6,942,872	(730,699)	(161,767)	(5,819,942)	230,464
Net Investment Income Earned	910,138	7,897,750	20,019,508	4,868,528	1,655,847	202,421	20,427,971	55,982,163
Net Investment Income Distributed	(910,138)	(7,897,750)	(20,019,508)	(4,868,528)	(1,655,847)	(202,421)	(20,427,971)	(55,982,163)
Changes in Market Value of Fund Shares	-	30,952,279	12,185,740	32,932,555	4,452,987	74,035	(6,805,120)	73,792,476
Market Value at June 30, 2005	$ 45,608,968	$ 518,364,221	$ 451,439,748	$ 265,348,152	$ 24,079,630	$ 1,223,755	$ 88,772,952	$ 1,394,837,426
Book Value at June 30, 2005	45,608,968	112,624,999	409,271,698	143,694,049	25,728,625	1,539,372	133,437,026	871,904,737
Shares Outstanding	45,608,968	603,977	3,879,494	940,653	386,440	20,827	1,545,235	52,985,594
Market Value per Share	$ 1.00	$ 858.25	$ 116.37	$ 282.09	$ 62.31	$ 58.76	$ 57.45	

COMBINED INVESTMENT FUNDS
STATEMENT OF INVESTMENT ACTIVITY BY PENSION PLAN (Continued)
FOR THE FISCAL YEAR ENDING JUNE 30, 2005

	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, 2004	$ 3,571,215	$ 5,608,744	$ 16,891,743	$ 9,222,992	$ 1,625,941	$ 153,005	$ 4,419,222	$ 41,492,862
Market Value at June 30, 2004	$ 3,571,215	$ 25,038,151	$ 18,972,620	$ 14,784,238	$ 1,270,715	$ 127,758	$ 3,307,686	$ 67,072,383
Shares Purchased	4,182,544	-	856,054	299,135	62,064	-	137,097	5,536,894
Shares Redeemed	(3,374,481)	-	-	(997,118)	(167,918)	(51,267)	(396,471)	(4,987,255)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	-	-	434,839	(42,580)	(10,451)	(171,580)	210,228
Net Investment Income Earned	83,370	405,704	903,715	304,159	94,748	11,806	614,122	2,417,624
Net Investment Income Distributed	(83,370)	(405,704)	(903,715)	(304,159)	(94,748)	(11,806)	(614,122)	(2,417,624)
Changes in Market Value of Fund Shares	-	1,590,006	550,085	2,056,352	255,573	5,334	(207,964)	4,249,386
Market Value at June 30, 2005	$ 4,379,278	$ 26,628,157	$ 20,378,759	$ 16,577,446	$ 1,377,854	$ 71,374	$ 2,668,768	$ 72,081,636
Book Value at June 30, 2005	4,379,278	5,608,744	17,747,797	8,959,848	1,477,507	91,287	3,988,268	42,252,729
Shares Outstanding	4,379,278	31,026	175,127	58,767	22,112	1,215	46,454	4,713,979
Market Value per Share	$ 1.00	$ 858.25	$ 116.37	$ 282.09	$ 62.31	$ 58.76	$ 57.45	
Judges' Retirement Fund								
Book Value at June 30, 2004	$ 4,015,562	$ 12,521,422	$ 47,813,501	$ 14,680,434	$ 2,661,955	$ 253,571	$ 14,997,351	$ 96,943,796
Market Value at June 30, 2004	$ 4,015,562	$ 49,073,314	$ 50,545,209	$ 23,366,435	$ 2,049,908	$ 215,781	$ 11,120,881	$ 140,387,090
Shares Purchased	7,193,074	-	2,280,625	472,782	100,121	-	460,939	10,507,541
Shares Redeemed	(2,490,933)	-	-	(1,575,941)	(270,883)	(86,593)	(1,332,987)	(5,757,337)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	-	-	681,149	(73,642)	(15,698)	(594,593)	(2,784)
Net Investment Income Earned	149,182	795,156	2,407,598	480,722	152,848	19,940	2,064,763	6,070,209
Net Investment Income Distributed	(149,182)	(795,156)	(2,407,598)	(480,722)	(152,848)	(19,940)	(2,064,763)	(6,070,209)
Changes in Market Value of Fund Shares	-	3,116,319	1,465,489	3,256,169	417,240	7,057	(681,488)	7,580,786
Market Value at June 30, 2005	$ 8,717,703	$ 52,189,633	$ 54,291,323	$ 26,200,594	$ 2,222,744	$ 120,547	$ 8,972,752	$ 152,715,296
Book Value at June 30, 2005	8,717,703	12,521,422	50,094,126	14,258,424	2,417,551	151,280	13,530,710	101,691,216
Shares Outstanding	8,717,703	60,809	466,558	92,881	35,672	2,052	156,185	9,531,860
Market Value per Share	$ 1.00	$ 858.25	$ 116.37	$ 282.09	$ 62.31	$ 58.76	$ 57.45	
State's Attorneys' Retirement Fund								
Book Value at June 30, 2004	$ 84,676	$ 38,583	$ 407,239	$ -	$ 4,978	$ -	$ -	$ 535,476
Market Value at June 30, 2004	$ 84,676	$ 183,441	$ 443,622	$ -	$ 4,274	$ -	$ -	$ 716,013
Shares Purchased	121,682	-	77,800	-	209	-	-	199,691
Shares Redeemed	(151,072)	-	(70,500)	-	(565)	-	-	(222,137)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	-	6,101	-	(81)	-	-	6,020
Net Investment Income Earned	1,571	2,973	21,393	-	318	-	-	26,255
Net Investment Income Distributed	(1,571)	(2,973)	(21,393)	-	(318)	-	-	(26,255)
Changes in Market Value of Fund Shares	-	11,649	6,181	-	797	-	-	18,627
Market Value at June 30, 2005	$ 55,286	$ 195,090	$ 463,204	$ -	$ 4,634	$ -	$ -	$ 718,214
Book Value at June 30, 2005	55,286	38,583	420,640	-	4,541	-	-	519,050
Shares Outstanding	55,286	227	3,981	-	74	-	-	59,568
Market Value per Share	$ 1.00	$ 858.25	$ 116.37	$ -	$ 62.31	$ -	$ -	

(1) Mathmatical calculations may differ due to multiple decimal places used in such calculations.

COMBINED INVESTMENT FUNDS
STATEMENT OF INVESTMENT ACTIVITY BY TRUST
FOR THE FISCAL YEAR ENDING JUNE 30, 2005

	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, 2004	$ 60,042	$ 1,095,686	$ 49,098,734	$ -	$ -	$ -	$ -	$ 50,254,462
Market Value at June 30, 2004	$ 60,042	$ 5,535,948	$ 53,476,199	$ -	$ -	$ -	$ -	$ 59,072,189
Shares Purchased	2,620,826	-	-	-	-	-	-	2,620,826
Shares Redeemed	(2,620,827)	-	-	-	-	-	-	(2,620,827)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	-	-	-	-	-	-	-
Net Investment Income Earned	1,858	89,701	2,529,267	-	-	-	-	2,620,826
Net Investment Income Distributed	(1,858)	(89,701)	(2,529,267)	-	-	-	-	(2,620,826)
Changes in Market Value of Fund Shares	-	351,550	1,519,699	-	-	-	-	1,871,249
Market Value at June 30, 2005	$ 60,041	$ 5,887,498	$ 54,995,898	$ -	$ -	$ -	$ -	$ 60,943,437
Book Value at June 30, 2005	60,041	1,095,686	49,098,734	-	-	-	-	50,254,461
Shares Outstanding	60,041	6,860	472,613	-	-	-	-	539,514
Market Value per Share [1]	$ 1.00	$ 858.25	$ 116.37	$ -	$ -	$ -	$ -	
Endowment for the Arts								
Book Value at June 30, 2004	$ 956,370	$ -	$ 14,472,429	$ -	$ -	$ -	$ -	$ 15,428,799
Market Value at June 30, 2004	$ 956,370	$ -	$ 15,045,959	$ -	$ -	$ -	$ -	$ 16,002,329
Shares Purchased	673,149	-	-	-	-	-	-	673,149
Shares Redeemed	(696,446)	-	-	-	-	-	-	(696,446)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	-	-	-	-	-	-	-
Net Investment Income Earned	21,347	-	711,630	-	-	-	-	732,977
Net Investment Income Distributed	(21,347)	-	(711,630)	-	-	-	-	(732,977)
Changes in Market Value of Fund Shares	-	-	427,579	-	-	-	-	427,579
Market Value at June 30, 2005	$ 933,073	$ -	$ 15,473,538	$ -	$ -	$ -	$ -	$ 16,406,611
Book Value at June 30, 2005	933,073	-	14,472,429	-	-	-	-	15,405,502
Shares Outstanding	933,073	-	132,973	-	-	-	-	1,066,046
Market Value per Share [1]	$ 1.00	$ -	$ 116.37	$ -	$ -	$ -	$ -	
Agricultural College Fund								
Book Value at June 30, 2004	$ 35,830	$ 28,626	$ 379,240	$ -	$ -	$ -	$ -	$ 443,696
Market Value at June 30, 2004	$ 35,830	$ 147,766	$ 403,087	$ -	$ -	$ -	$ -	$ 586,683
Shares Purchased	22,036	-	-	-	-	-	-	22,036
Shares Redeemed	(21,531)	-	-	-	-	-	-	(21,531)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	-	-	-	-	-	-	-
Net Investment Income Earned	578	2,394	19,064	-	-	-	-	22,036
Net Investment Income Distributed	(578)	(2,394)	(19,064)	-	-	-	-	(22,036)
Changes in Market Value of Fund Shares	-	9,383	11,455	-	-	-	-	20,838
Market Value at June 30, 2005	$ 36,335	$ 157,149	$ 414,542	$ -	$ -	$ -	$ -	$ 608,026
Book Value at June 30, 2005	36,335	28,626	379,240	-	-	-	-	444,201
Shares Outstanding	36,335	183	3,562	-	-	-	-	40,081
Market Value per Share [1]	$ 1.00	$ 858.25	$ 116.37	$ -	$ -	$ -	$ -	

COMBINED INVESTMENT FUNDS
STATEMENT OF INVESTMENT ACTIVITY BY TRUST (Continued)
FOR THE FISCAL YEAR ENDING JUNE 30, 2005

	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, 2004	$ 119,958	$ 98,432	$ 1,281,206	$ -	$ -	$ -	$ -	$ 1,499,596
Market Value at June 30, 2004	$ 119,958	$ 502,636	$ 1,372,355	$ -	$ -	$ -	$ -	$ 1,994,949
Shares Purchased	74,976	-	-	-	-	-	-	74,976
Shares Redeemed	(73,281)	-	-	-	-	-	-	(73,281)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	-	-	-	-	-	-	-
Net Investment Income Earned	1,924	8,145	64,907	-	-	-	-	74,976
Net Investment Income Distributed	(1,924)	(8,145)	(64,907)	-	-	-	-	(74,976)
Changes in Market Value of Fund Shares	-	31,919	39,000	-	-	-	-	70,919
Market Value at June 30, 2005	$ 121,653	$ 534,555	$ 1,411,355	$ -	$ -	$ -	$ -	$ 2,067,563
Book Value at June 30, 2005	121,653	98,432	1,281,206	-	-	-	-	1,501,291
Shares Outstanding	121,653	623	12,129	-	-	-	-	134,404
Market Value per Share (1)	$ 1.00	$ 858.25	$ 116.37	$ -	$ -	$ -	$ -	
Andrew Clark Fund								
Book Value at June 30, 2004	$ 57,453	$ 46,552	$ 621,867	$ -	$ -	$ -	$ -	$ 725,872
Market Value at June 30, 2004	$ 57,453	$ 236,374	$ 644,449	$ -	$ -	$ -	$ -	$ 938,276
Shares Purchased	35,254	-	-	-	-	-	-	35,254
Shares Redeemed	(34,423)	-	-	-	-	-	-	(34,423)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	-	-	-	-	-	-	-
Net Investment Income Earned	943	3,831	30,480	-	-	-	-	35,254
Net Investment Income Distributed	(943)	(3,831)	(30,480)	-	-	-	-	(35,254)
Changes in Market Value of Fund Shares	-	15,011	18,313	-	-	-	-	33,324
Market Value at June 30, 2005	$ 58,284	$ 251,385	$ 662,762	$ -	$ -	$ -	$ -	$ 972,431
Book Value at June 30, 2005	58,284	46,552	621,867	-	-	-	-	726,703
Shares Outstanding	58,284	293	5,696	-	-	-	-	64,272
Market Value per Share (1)	$ 1.00	$ 858.25	$ 116.37	$ -	$ -	$ -	$ -	
School Fund								
Book Value at June 30, 2004	$ 312,024	$ 444,960	$ 5,902,966	$ -	$ -	$ -	$ -	$ 6,659,950
Market Value at June 30, 2004	$ 312,024	$ 2,271,532	$ 6,282,708	$ -	$ -	$ -	$ -	$ 8,866,264
Shares Purchased	343,748	-	-	-	-	-	-	343,748
Shares Redeemed	(335,168)	-	-	-	-	-	-	(335,168)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	-	-	-	-	-	-	-
Net Investment Income Earned	8,426	36,807	297,153	-	-	-	-	342,386
Net Investment Income Distributed	(8,426)	(36,807)	(297,153)	-	-	-	-	(342,386)
Changes in Market Value of Fund Shares	-	144,249	178,544	-	-	-	-	322,793
Market Value at June 30, 2005	$ 320,604	$ 2,415,781	$ 6,461,252	$ -	$ -	$ -	$ -	$ 9,197,637
Book Value at June 30, 2005	320,604	444,960	5,902,966	-	-	-	-	6,668,530
Shares Outstanding	320,604	2,815	55,525	-	-	-	-	378,944
Market Value per Share (1)	$ 1.00	$ 858.25	$ 116.37	$ -	$ -	$ -	$ -	

PENSION FUNDS MANAGEMENT DIVISION

COMBINED INVESTMENT FUNDS
STATEMENT OF INVESTMENT ACTIVITY BY TRUST (Continued)
FOR THE FISCAL YEAR ENDING JUNE 30, 2005

	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, 2004	$ 143,152	$ 110,967	$ 1,173,559	$ -	$ -	$ -	$ -	$ 1,427,678
Market Value at June 30, 2004	$ 143,152	$ 562,462	$ 1,240,512	$ -	$ -	$ -	$ -	$ 1,946,126
Shares Purchased	75,598	-	156,000	-	-	-	-	231,598
Shares Redeemed	(98,767)	(60,000)	-	-	-	-	-	(158,767)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	48,775	-	-	-	-	-	48,775
Net Investment Income Earned	2,915	9,101	60,815	-	-	-	-	72,831
Net Investment Income Distributed	(2,915)	(9,101)	(60,815)	-	-	-	-	(72,831)
Changes in Market Value of Fund Shares	-	(13,567)	35,796	-	-	-	-	22,229
Market Value at June 30, 2005	$ 119,983	$ 537,670	$ 1,432,308	$ -	$ -	$ -	$ -	$ 2,089,961
Book Value at June 30, 2005	119,983	99,742	1,329,559	-	-	-	-	1,549,284
Shares Outstanding	119,983	626	12,309	-	-	-	-	132,918
Market Value per Share (1)	$ 1.00	$ 858.25	$ 116.37	$ -	$ -	$ -	$ -	
Police & Fireman's Survivors' Benefit Fund								
Book Value at June 30, 2004	$ 2,086,002	$ 6,859,157	$ 8,134,231	$ -	$ 369,546	$ 35,486	$ -	$ 17,484,422
Market Value at June 30, 2004	$ 2,086,002	$ 7,455,733	$ 8,183,791	$ -	$ 328,748	$ 28,870	$ -	$ 18,083,144
Shares Purchased	678,548	-	1,229,000	-	16,056	-	-	1,923,604
Shares Redeemed	(1,668,113)	-	-	-	(43,441)	(11,602)	-	(1,723,156)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	-	-	-	(4,529)	(2,712)	-	(7,241)
Net Investment Income Earned	34,692	120,807	411,264	-	24,512	2,673	-	593,948
Net Investment Income Distributed	(34,692)	(120,807)	(411,264)	-	(24,512)	(2,673)	-	(593,948)
Changes in Market Value of Fund Shares	-	473,464	234,000	-	59,632	1,596	-	768,692
Market Value at June 30, 2005	$ 1,096,437	$ 7,929,197	$ 9,646,791	$ -	$ 356,466	$ 16,152	$ -	$ 19,045,043
Book Value at June 30, 2005	1,096,437	6,859,157	9,363,231	-	337,632	21,172	-	17,677,629
Shares Outstanding	1,096,437	9,239	82,901	-	5,721	275	-	1,194,572
Market Value per Share (1)	$ 1.00	$ 858.25	$ 116.37	$ -	$ 62.31	$ 58.76	$ -	

(1) Mathmatical calculations may differ due to multiple decimal places used in such calculations.

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

	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Investment Income [1]	$828,019	$946,643	$846,384	$741,812	$787,287	$1,002,774	$731,983	$734,928	$648,136	$621,540
Expenses [1]	64,509	49,131	48,428	60,570	67,282	50,552	54,417	40,817	38,316	36,558
Net Investment Income	763,510	897,512	797,956	681,242	720,005	952,222	677,566	694,111	609,820	584,982
Realized Gains/(Losses)	698,664	880,979	(566,640)	(449,961)	269,330	1,522,994	673,802	1,350,408	277,293	1,240,686
Change in Unrealized Gains/(Losses)	591,155	936,916	123,784	(1,563,253)	(1,776,378)	90,500	530,276	681,413	1,727,651	(103,966)
Total	$2,053,329	$2,715,407	$355,100	$(1,331,972)	$(787,043)	$2,565,716	$1,881,644	$2,725,932	$2,614,764	$1,721,702

(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, 2005

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	$ 144,657	1.27%	$ 188,183	2.30%	$ 45,609	3.27%	$ 4,379	6.08%	$ 8,718	5.71%	$ 55	7.66%	$ 2,747	2.47%
MEF	4,527,233	39.74%	3,132,798	38.32%	518,364	37.16%	26,628	36.94%	52,190	34.17%	195	27.16%	17,713	15.91%
FIF	3,254,105	28.56%	2,409,206	29.47%	451,440	32.37%	20,379	28.27%	54,291	35.54%	463	64.48%	90,498	81.28%
ISF	2,450,551	21.51%	1,730,172	21.16%	265,348	19.02%	16,577	23.00%	26,200	17.16%	-	0.00%	-	0.00%
REF	217,766	1.91%	153,803	1.88%	24,079	1.73%	1,378	1.91%	2,223	1.46%	5	0.70%	356	0.32%
CMF	11,093	0.10%	7,813	0.10%	1,224	0.09%	71	0.10%	120	0.08%	-	0.00%	17	0.02%
PIF	786,742	6.91%	553,345	6.77%	88,773	6.36%	2,669	3.70%	8,973	5.88%	-	0.00%	-	0.00%
Total	$11,392,147	100.00%	$8,175,320	100.00%	$1,394,837	100.00%	$72,081	100.00%	$152,715	100.00%	$718	100.00%	$111,331	100.00%

(1) Based on Net Asset Value

Source: Amounts were dervied from custodial records.

COMBINED INVESTMENT FUNDS

INVESTMENT SUMMARY AT JUNE 30, 2005 (1)

Cash Reserve Account (2) / Mutual Equity Fund

	Cash Reserve Account (2)				Mutual Equity Fund			
	Book Value	Market Value	% of Total Fund MV	Rate of Return	Book Value	Market Value	% of Total Fund MV	Rate of Return
2005	$395,948,288	$395,948,288	1.84%	2.38%	$6,991,797,244	$8,284,992,409	38.40%	8.06%
2004	363,170,856	363,170,856	1.76%	1.30%	6,544,070,199	7,779,104,677	37.67%	20.84%
2003	710,832,993	710,832,993	3.75%	1.80%	6,047,280,312	6,603,061,918	34.77%	0.48%
2002	481,664,484	481,664,484	2.46%	3.03%	6,401,472,709	6,688,728,705	34.20%	-14.95%
2001	391,346,777	391,346,777	1.85%	6.35%	6,649,619,519	7,949,775,481	37.49%	-9.55%
2000	378,683,486	378,683,486	1.67%	5.96%	6,578,261,062	8,876,068,150	39.08%	10.03%
1999	227,101,012	227,101,012	1.11%	5.46%	6,321,181,834	9,137,539,233	44.77%	19.38%
1998	409,767,394	409,767,394	2.17%	5.86%	5,597,631,659	7,735,628,862	41.04%	28.40%
1997	640,227,925	640,227,925	3.57%	5.70%	5,740,662,847	8,072,686,952	44.95%	30.74%
1996	217,728,153	217,728,153	1.57%	5.90%	5,473,247,153	5,722,251,986	41.19%	23.98%

International Stock Fund / Real Estate Fund

	International Stock Fund				Real Estate Fund			
	Book Value	Market Value	% of Total Fund MV	Rate of Return	Book Value	Market Value	% of Total Fund MV	Rate of Return
2005	$3,587,545,036	$4,372,185,115	20.27%	19.23%	$309,798,748	$399,727,575	1.85%	27.74%
2004	3,407,481,400	3,995,868,265	19.35%	29.69%	348,015,445	368,546,928	1.78%	0.67%
2003	2,047,590,656	2,026,297,000	10.67%	-6.39%	399,402,161	425,893,012	2.24%	3.30%
2002	2,306,936,221	2,272,810,463	11.62%	-9.00%	417,067,553	471,193,932	2.41%	0.81%
2001	2,449,711,883	2,466,657,788	11.63%	-13.29%	407,455,431	476,011,373	2.24%	14.45%
2000	2,315,776,890	2,928,693,346	12.89%	20.13%	464,709,616	510,010,943	2.25%	9.18%
1999	1,937,731,869	2,436,960,573	11.94%	6.77%	442,674,319	428,221,842	2.10%	9.96%
1998	1,988,516,841	2,394,774,756	12.71%	1.52%	445,482,545	416,617,227	2.21%	25.63%
1997	2,056,745,949	2,988,188,715	16.64%	15.67%	553,333,465	488,413,514	2.72%	10.69%
1996	2,013,932,947	2,080,961,453	14.98%	12.58%	1,172,793,083	985,747,371	7.09%	0.83%

Mutual Fixed Income Fund / Commercial Mortgage Fund

	Mutual Fixed Income Fund				Commercial Mortgage Fund			
	Book Value	Market Value	% of Total Fund MV	Rate of Return	Book Value	Market Value	% of Total Fund MV	Rate of Return
2005	$6,567,168,651	$6,662,163,634	30.88%	7.70%	$19,796,542	$20,267,798	0.09%	6.95%
2004	6,368,703,625	6,325,884,136	30.63%	2.79%	35,210,421	36,228,371	0.18%	7.87%
2003	7,082,889,175	7,308,417,293	38.49%	12.03%	69,871,489	71,990,878	0.38%	20.62%
2002	7,412,105,698	7,295,007,838	37.30%	5.64%	69,553,258	71,468,307	0.37%	1.19%
2001	7,363,064,249	7,218,746,648	34.04%	8.03%	92,793,153	100,727,402	0.47%	10.88%
2000	7,463,463,748	7,282,002,823	32.06%	5.77%	168,263,689	175,216,208	0.77%	8.26%
1999	6,943,741,512	6,762,463,935	33.13%	2.64%	231,513,066	235,232,350	1.15%	6.10%
1998	6,798,694,018	6,826,179,407	36.22%	10.52%	262,476,294	271,419,535	1.44%	17.71%
1997	4,612,052,907	4,902,597,809	27.30%	10.62%	343,534,264	324,002,103	1.80%	9.82%
1996	3,946,699,249	3,961,751,213	28.51%	5.97%	467,004,415	442,659,307	3.19%	6.46%

Private Investment Fund (3) / Connecticut Programs Fund

	Private Investment Fund (3)				Connecticut Programs Fund			
	Book Value	Market Value	% of Total Fund MV	Rate of Return	Book Value	Market Value	% of Total Fund MV	Rate of Return
2005	$2,046,726,560	$1,437,979,798	6.67%	9.58%	—	—	—%	—%
2004	2,406,829,047	1,781,312,669	8.63%	20.21%	—	—	—%	—%
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%	$172,656,335	$179,638,107	1.29%	14.24%

COMBINED INVESTMENT FUNDS

INVESTMENT SUMMARY AT JUNE 30, 2005 (Continued)

	Total Fund			
	Book Value	Market Value	% of Total Fund MV	Rate of Return
2005	$19,918,781,069	$21,573,264,617	100.00%	10.46%
2004	$19,473,480,993	$20,650,115,902	100.00%	15.23%
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%

(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 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, 2005

MUTUAL EQUITY FUND

Security Name	Industry Sector	Market Value	%
Microsoft	Technology	$ 181,840,897	2.19%
General Electric	Technology	181,448,606	2.19%
Exxon Mobil Corp	Energy	180,716,714	2.18%
CitiGroup Inc	Financial	176,065,291	2.13%
Johnson & Johnson	Health Care	147,898,855	1.79%
Bank America Corp	Financial	143,086,871	1.73%
Intel Corp	Technology	129,152,526	1.56%
Wal Mart Stores Inc	Consumer Non-Durables	124,842,483	1.51%
Cisco Systems Inc	Technology	109,166,334	1.32%
Pfizer Inc	Health Care	98,089,842	1.18%
Top Ten		$1,472,308,419	17.78%
Total Market Value		$8,284,992,409	

INTERNATIONAL STOCK FUND

Security Name	Country	Market Value	%
Glaxosmithkline ORD GBP .25	United Kingdom	$ 69,890,475	1.60%
Total SA Eur 10 Serie B	France	58,501,495	1.34%
BP PLC Ord USD .25	United Kingdom	50,481,868	1.15%
Vodafone Group ORD USD .10	United Kingdom	47,045,151	1.08%
ENI EUR 1	Italy	46,733,434	1.07%
Novartis AG CHF .50 Regd	Switzerland	42,716,939	0.98%
Roche Holdings AG NPV	Switzerland	40,595,073	0.93%
Royal BK Scot GRP Ord GBP .25	United Kingdom	40,193,301	0.92%
Royal Dutch Petroleum Euro .56	Netherlands	39,520,077	0.90%
ING Groep NV CVA Euro .24	Netherlands	36,583,961	0.84%
Top Ten		$ 472,261,774	10.81%
Total Market Value		$4,372,185,115	

REAL ESTATE FUND

Property Name	Location	Property Type	Market Value	%
Westport Senior Living Inv FD	Various	Senior Living	$ 95,915,868	24.00%
Walton Street RE II LP Fnd 2	Various	Various	63,871,089	15.98%
Apollo Real Est Invest Fd III	Various	Various	56,196,794	14.06%
Union Station LTD LP	Washington, DC	Mixed Use	41,891,633	10.48%
Goodwin Square	Hartford, CT	Mixed Use	36,187,120	9.05%
AEW Partners III	Various	Various	35,228,572	8.81%
Rockwood Captial Fund V	Various	Various	33,030,054	8.27%
Timberland Fund A - Duplin	Various	Timber	12,869,554	3.22%
New Boston Fund IV	Various	Various	10,640,856	2.66%
RLJ Urban Lodging Fund LP	Various	Hotel	4,831,132	1.21%
Top Ten			$ 390,662,627	97.74%
Total Market Value			$ 399,727,575	

COMBINED INVESTMENT FUNDS

TOP TEN HOLDINGS BY FUND AT JUNE 30, 2005 (Continued)

MUTUAL FIXED INCOME FUND

Security Name	Coupon	Maturity	Security Type	Market Value	%
GNMA TBA	6.00%	12/01/2035	U.S. Govt Agency	$ 74,743,464	1.12%
U.S. Treasury Notes	3.375%	02/28/2007	U.S. Govt Agency	66,627,473	1.00%
U.S. Treasury Notes	3.125%	01/31/2007	U.S. Govt Agency	65,990,157	0.99%
U.S. Treasury Notes	1.875%	07/15/2013	U.S. Govt Agency	48,002,229	0.72%
U.S. Treasury Bonds	7.875%	02/15/2021	U.S. Govt Agency	46,002,736	0.69%
FNMA TBA	6.00%	12/01/2035	U.S. Govt Agency	45,270,471	0.68%
U.S. Treasury Notes	3.50%	12/15/2009	U.S. Govt Agency	43,643,912	0.66%
GNMA TBA	6.50%	12/01/2034	U.S. Govt Agency	42,865,182	0.64%
FHLMC TBA	5.50%	12/01/2034	U.S. Govt Agency	41,566,952	0.62%
U.S. Treasury Bonds	8.75%	08/15/2020	U.S. Govt Agency	41,148,928	0.62%
Top Ten				$ 515,861,504	7.74%
Total Market Value				$6,662,163,634	

COMMERCIAL MORTGAGE FUND

Property Name	Location	Property Type	Market Value	%
Greenhill Apts	Detroit, MI	Residential	$ 10,250,746	50.58%
SASCO	Various	Other	9,170,255	45.25%
Yankee Mac Series E 11.056%	Various	Residential	217,579	1.07%
Yankee Mac Series G 11.125%	Various	Residential	136,488	0.67%
Yankee Mac Series F 12.981%	Various	Residential	109,015	0.54%
Yankee Mac Series C 14.1505%	Various	Residential	29,969	0.15%
Yankee Mac Series A 13.075%	Various	Residential	17,445	0.09%
Top Seven			$ 19,931,497	98.35%
Total Market Value			$ 20,267,798	

PRIVATE INVESTMENT FUND

Partnership Name	Partnership Type	Market Value	%
Constitution Liquidating Fund	Fund of Funds	$ 219,562,584	15.27%
Compass Partners European Equity Fund	International	117,139,258	8.15%
SW Pelham Fund	Mezzanine	64,148,512	4.46%
Landmark Private Equity Fund VIII	Fund of Funds	63,472,963	4.42%
Gilbert Global Equity Partners	International	52,721,179	3.67%
KKR Millennium Fund	Buyout	51,246,885	3.56%
Welsh Carson Anderson & Stowe Capital Partners III	Special Situations	47,788,089	3.32%
Carlyle Europe Partners	International	46,355,798	3.22%
Hicks, Muse Tate & Furst Equity Fund III	Buyout	45,756,190	3.18%
Thomas H. Lee Equity Fund IV	Buyout	38,668,389	2.69%
Top Ten		$ 746,859,847	51.94%
Total Market Value		$1,437,979,798	

PENSION FUNDS MANAGEMENT DIVISION

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

FISCAL YEAR ENDED JUNE 30, 2005

Name of Firm	Description of Services	Contract Date	Aggregate Comp. Paid in FY 2005	Status at June 30, 2005
INVESTMENT ADVISORY SERVICES				
Domestic Equity Investment Advisory Services				
AXA Rosenberg Institutional Equity Management	Equity Advisor	Mar-96	$507,722	Active
Barclay's Global Investors	Equity Advisor	Mar-96	3,332,554	Active
Brown Capital Management	Equity Advisor	Mar-96	354,120	Active
State Street Global Advisors	Equity Advisor	Mar-96	274,667	Active
TCW Asset Management	Equity Advisor	Mar-96	2,078,780	Active
Travelers Investment Management	Equity Advisor	Mar-96	421,843	Active
Total Domestic Equity Advisor Compensation			$6,969,686	
Fixed Income Investment Advisory Services				
Blackrock Financial Management	Fixed Income Advisor	Mar-96	$1,525,126	Active
Loomis Sayles & Co., Inc.	Fixed Income Advisor	Mar-96	504,850	Active
Oaktree Capital Management	Fixed Income Advisor	Mar-96	563,305	Active
Phoenix Investment Counsel	Fixed Income Advisor	Nov-97	550,966	Active
State Street Global Advisors	Fixed Income Advisor	Mar-96	526,875	Active
W. R. Huff Asset Management	Fixed Income Advisor	Mar-96	2,216,156	Active
Wellington Asset Management	Fixed Income Advisor	Nov-97	1,026,168	Active
Western Asset Management	Fixed Income Advisor	Nov-97	1,207,359	Active
Total Fixed Income Advisor Compensation			$8,120,805	
Cash Reserve Account Advisory Services				
State Street Global Advisors	Cash Reserve Account Advisor	Mar-96	$377,018	Active
Total Cash Reserve Account Advisor Compensation			$377,018	
International Equity Investment Advisory Services				
Bank of New York	International Equity Advisor	Feb-04	$2,244,689	Active
Bridgewater Associates	International Equity Advisor	Feb-04	2,700,635	Active
Clay Finlay,Inc.	International Equity Advisor	Aug-03	1,122,788	Active
Emerging Markets Management LLC	International Equity Advisor	Aug-03	4,384,291	Active
Fidelity Management Trust Company	International Equity Advisor	Aug-03	1,005,966	Active
Grantham,Mayo,Van Otterloo & Co	International Equity Advisor	Mar-96	7,316,598	Active
Invesco Global Asset Management	International Equity Advisor	Aug-03	1,442,317	Active
Merrill Lynch Investment Managers	International Equity Advisor	Aug-03	656,758	Active
MFS Institutional Advisors	International Equity Advisor	Aug-03	758,685	Active
Morgan Stanley Asset Management	International Equity Advisor	Mar-96	2,989,704	Active
Putnam Advisory Company LLC	International Equity Advisor	Aug-03	1,609,355	Terminated
Salomon Smith Barney Capital Management	International Equity Advisor	Mar-96	28,554	Terminated
Schroder Investment Management	International Equity Advisor	Sep-03	1,169,099	Active
State Street Global Advisors	International Equity Advisor	Mar-96	578,814	Active
Total International Equity Advisor Compensation			$28,008,253	
Real Estate Investment Advisory Services (2)				
AEW Capital Management, LP	Real Estate Advisor	Aug-87	$407,468	Active
AEW Partners III, LP	Real Estate Advisor	Mar-98	528,241	Active
Apollo Real Estate Investment Fund III, LP	Real Estate Advisor	May-98	396,081	Active
Canyon Johnson Urban Fund II, LP	Real Estate Advisor	May-05	368,947	Active
RLJ Urban Lodging Fund, LP	Real Estate Advisor	Oct-04	216,542	Active
RMK Timberland Group	Real Estate Advisor	Mar-94	155,971	Active
Westport Senior Living Investment Fund, LP	Real Estate Advisor	Sep-98	1,518,199	Active
Total Real Estate Advisor Compensation			$3,591,449	
Commercial Mortgage Investment Advisory Services				
AEW Capital Management, LP	Commercial Mortgage Advisor	Aug-87	$249,911	Active
Total Commercial Mortgage Advisor Compensation			$249,911	
Private Investment Advisory Services (2)				
AIG Global Emerging Markets Fund, LP	Private Investment Advisor	Dec-97	$523,153	Active
AIG Altaris Health Partners, LP	Private Investment Advisor	Sep-04	1,983,602	Active
Blackstone Capital Partners, LP	Private Investment Advisor	Jul-97	31,811	Active

PENSION FUNDS MANAGEMENT DIVISION

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

FISCAL YEAR ENDED JUNE 30, 2005

Name of Firm	Description of Services	Contract Date	Aggregate Comp. Paid in FY 2005	Status at June 30, 2005
Carlyle Asia Partners, LP	Private Investment Advisor	Dec-98	692,812	Active
Carlyle Europe Partners, LP	Private Investment Advisor	Dec-97	975,548	Active
Charterhouse Equity Partners IV, LP	Private Investment Advisor	Feb-05	2,462,032	Active
Compass European Partners, LP	Private Investment Advisor	Dec-97	891,750	Active
Constitution Liquidating Fund, LP	Private Investment Advisor	Jul-87	225,000	Active
DLJ Merchant Banking Fund II, LP	Private Investment Advisor	Nov-96	10,991	Active
Fairview Constitution II, LP	Private Investment Advisor	May-05	967,955	Active
Forstmann Little & Company	Private Investment Advisor	Apr-97	297,324	Active
FS Equity Partners V, LP	Private Investment Advisor	Mar-04	802,678	Active
Garmark Partners, LP	Private Investment Advisor	Apr-98	302,879	Active
Gilbert Global Equity Fund, LP	Private Investment Advisor	Oct-97	449,952	Active
Goldman Sachs Private Equity Fund, LP	Private Investment Advisor	May-97	385,329	Active
Green Equity Investors III, LP	Private Investment Advisor	Sep-98	81,831	Active
Greenwich Street Capital Partners II, LP	Private Investment Advisor	Oct-98	911,216	Active
KKR Millennium Fund, LP	Private Investment Advisor	Dec-01	219,643	Active
KPS Special Situation Fund II, LP	Private Investment Advisor	Feb-04	834,979	Active
Parish Capital I, LP	Private Investment Advisor	Mar-05	722,396	Active
Shawmut Capital Partners, LP	Private Investment Advisor	Jun-97	656,250	Active
SW Pelham Fund I, LP	Private Investment Advisor	Dec-02	105,500	Active
SW Pelham Fund II, LP	Private Investment Advisor	Dec-02	214,904	Active
Thayer Equity Investors IV, LP	Private Investment Advisor	Nov-98	609,654	Active
Thomas H.Lee Equity Fund IV, LP	Private Investment Advisor	Dec-97	284,515	Active
Wellspring Capital Partners III, LP	Private Investment Advisor	Apr-03	1,200,595	Active
Total Private Equity Advisor Compensation			$16,844,299	
TOTAL COMPENSATION TO INVESTMENT ADVISORS			$64,161,421	
CUSTODY SERVICES				
State Street Bank & Trust	Custody of Fund Assets	Jan-96	$1,722,997	Active
TOTAL CUSTODY SERVICES COMPENSATION			$1,722,997	
CONSULTING SERVICES				
Alignment Capital Management	Private Investment Advisor	Jul-04	$300,000	Active
Callan Associates	Consultant - Pension Funds	Feb-04	95,000	Active
CRA Rogers Casey	Consultant - Pension Funds	Jan-01	547,890	Active
Franklin Park Associates LLC	Private Investment Advisor	Jul-04	647,154	Active
FTI Consulting Inc.	Consultant - Pension Funds	Apr-04	151,256	Terminated
Greystone Capital Management	Consultant – Pension Funds	Sep-01	7,040	Terminated
Invesco Private Capital	Consultant - Pension Funds	Apr-00	1,026,564	Terminated
Pension Consulting Alliance	Consultant - Pension Funds	Jul-02	196,242	Active
TOTAL CONSULTING SERVICES COMPENSATION			$2,971,146	
MISCELLANEOUS SERVICES				
Buchanan Ingersoll, PC	Legal Services	Mar-03	$117,693	Active
Duane Morris, LLP	Legal Services	Jun-03	27,857	Active
Nixon Peabody, LLP	Legal Services	May-01	19,463	Active
Paul, Hastings, Janofsky & Walker, LLP	Legal Services	Jan-02	1,469,416	Active
Bloomberg LP	Subscription	N/A	16,200	Active
Council of Institutional Investors	Dues	N/A	27,532	Active
Insalco Corporation	Office Furniture	N/A	10,312	Terminated
Institutional Shareholder Services	Proxy Voting	Nov-99	53,473	Active
Investor Responsibility Research Corporation	Subscription	N/A	28,842	Active
Investor Responsibility Support Services	Asset Recovery	Dec-02	33,333	Active
Quality Office Systems	Photocopier Lease	N/A	5,576	Active
TOTAL MISCELLANEOUS SERVICES COMPENSATION			$1,809,697	
GRAND TOTAL			$70,665,261	

(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.

COMBINED INVESTMENT FUNDS
LIST OF INVESTMENT ADVISORS AND NET ASSETS UNDER MANAGMENT
JUNE 30, 2005

Name of Fund	Investment Strategy	Net Assets Under Management	Percent of Fund Total
CASH RESERVE ACCOUNT (CRA)			
State Street Global Advisors	Active	$ 1,578,309,209	100.00%
SUBTOTAL CRA		$ 1,578,309,209	100.00%
MUTUAL EQUITY FUND (MEF)			
Large Cap		$ 6,373,367,151	77.02%
BGI Barclays Global Investors, N.A.	Passive - Enhanced	3,527,459,856	42.63%
State Street Global Advisors	Passive - Indexed	2,845,907,295	34.39%
Small/Mid Cap		1,027,402,326	12.42%
AXA Rosenberg Investment Management	Passive-Enhanced	570,583,580	6.90%
SSB Citigroup (The Travelers)	Passive-Enhanced	456,818,746	5.52%
Small/Mid Cap		683,222,654	8.26%
TCW Cowen Asset Management	Active	500,442,229	6.05%
Brown Capital Management, Inc.	Active	182,780,425	2.21%
Other (1)		191,129,274	2.30%
SUBTOTAL MEF		$ 8,275,121,405	100.00%
INTERNATIONAL STOCK FUND (ISF)			
Index		$ 556,046,402	12.39%
State Street Global Advisors	Index-Passive	556,046,402	12.39%
Core		861,534,750	19.19%
Invesco Global Asset Mgmt.	Active	543,561,214	12.11%
Morgan Stanley Asset Management	Active	317,973,536	7.08%
Active-Growth		503,013,251	11.20%
Clay Finlay, Inc.	Active	328,232,179	7.31%
MFS Institutional Advisors, Inc.	Active	174,781,072	3.89%
Active-Value		444,259,311	9.90%
Grantham, Mayo, Van Otterloo	Active	444,259,311	9.90%
Small Cap		455,558,834	10.15%
Morgan Stanley Asset Management	Active	230,312,089	5.13%
Schroder Investment Mgmt.	Active	225,246,745	5.02%
Emerging		755,784,696	16.83%
Grantham, Mayo, Van Otterloo	Active	386,671,707	8.61%
Emerging Markets Management	Active	369,112,989	8.22%
Risk Controlled		740,450,443	16.50%
Merrill Lynch Investment	Active	455,943,168	10.16%
Fidelity Management Trust Co.	Active	284,507,275	6.34%
Other (1)		172,201,422	3.84%
SUBTOTAL ISF		$ 4,488,849,109	100.00%
REAL ESTATE FUND (REF)			
AEW Capital Management	Active	$ 113,307,325	28.36%
Westport Advisors	Active	95,915,868	24.00%
Walton Street Real Estate	Active	63,871,089	15.98%
Apollo Real Estate	Active	56,196,794	14.06%
Rockwood Capital	Active	33,030,054	8.27%
RMK Timberland	Active	12,869,554	3.22%
New Boston Fund	Active	10,640,856	2.66%
RLJ Urban Lodging Fund	Active	4,831,132	1.21%
Canyon Johnson Urban Funds	Active	3,863,286	0.97%
CIGNA Realty Investors	Active	248,801	0.06%
Other (1)	Active	4,835,658	1.21%
SUBTOTAL REF		$ 399,610,417	100.00%

COMBINED INVESTMENT FUNDS

LIST OF INVESTMENT ADVISORS AND NET ASSETS UNDER MANAGMENT (Continued)

JUNE 30, 2005

Name of Fund	Investment Strategy	Net Assets Under Management	Percent of Fund Total
MUTUAL FIXED INCOME FUND (MFIF)			
Core		$ 4,729,979,393	75.32%
State Street Global Advisors	Passive	1,328,885,354	21.16%
BlackRock Financial Management, Inc.	Active	1,142,586,706	18.19%
Wellington	Active	1,032,985,288	16.45%
Western Asset Management Co.	Active	909,824,849	14.49%
Phoenix	Active	315,697,196	5.03%
High Yield		875,387,388	13.94%
Loomis Sayles & Co., Inc.	Active	370,599,574	5.90%
W.R. Huff Asset Management	Active	274,869,144	4.38%
Oaktree Capital Management, L.L.C.	Active	229,918,670	3.66%
Emerging Market Debt		157,823,588	2.51%
Ashmore Emerging Markets Debt Fund	Active	157,823,588	2.51%
Inflation Linked Bonds		211,093,507	3.36%
Brown Brothers Harriman	Active	141,085,766	2.25%
Hartford Investment Mgmt Co.	Active	70,007,741	1.11%
Other (1)		306,097,724	4.87%
SUBTOTAL MFIF		$ 6,280,381,600	100.00%
COMMERCIAL MORTGAGE FUND (CMF)			
AEW Capital Management	Active	$ 19,486,665	95.82%
Other (2)		850,930	4.18%
SUBTOTAL CMF		$ 20,337,595	100.00%
PRIVATE INVESTMENT FUND (PIF)			
Buyout		$ 444,477,992	30.86%
KKR Millennium Fund	Active	51,246,890	3.56%
Hicks, Muse Tate & Furst Equity Fund III	Active	45,756,174	3.18%
Thomas H. Lee Equity Fund IV	Active	38,668,407	2.68%
Welsh Carson Anderson & Stowe VIII	Active	34,490,987	2.39%
Wellspring Capital Partners III	Active	33,575,268	2.33%
SCP Private Equity Partners	Active	32,082,560	2.23%
Charterhouse Equity Partners IV	Active	27,970,806	1.94%
Forstmann Little Equity Fund VI	Active	27,969,805	1.94%
DLJ Merchant Banking Fund II	Active	25,796,535	1.79%
KKR 1996 Fund	Active	22,177,582	1.54%
FS Equity Partners V	Active	21,259,412	1.48%
Blackstone Capital Partners III	Active	15,554,228	1.08%
Thayer Equity Investors IV	Active	14,854,083	1.03%
Kelso Investment Associates VI	Active	13,641,256	0.95%
Green Equity Investors III	Active	13,546,915	0.94%
Wellspring Capital Partners II	Active	12,513,325	0.87%
Veritas Capital Fund	Active	7,726,936	0.54%
AIG Healthcare Partners LP	Active	5,646,823	0.39%
Venture Capital		101,686,856	7.06%
Pioneer Ventures Associates	Active	25,314,522	1.76%
RFE Investment Partners VI	Active	16,980,424	1.18%
Conning Capital Partners V	Active	16,568,911	1.15%
Crescendo World Fund	Active	15,585,507	1.08%
Grotech Partners V	Active	11,559,371	0.80%
Shawmut Equity Partners	Active	10,707,558	0.74%
Crescendo III	Active	4,450,351	0.31%
Connecticut Futures Fund	Active	520,212	0.04%
Mezzanine		95,977,934	6.66%
SW Pelham Fund	Active	64,148,492	4.45%
GarMark Partners	Active	15,928,516	1.11%
SW Pelham Fund II	Active	15,900,926	1.10%

COMBINED INVESTMENT FUNDS

LIST OF INVESTMENT ADVISORS AND NET ASSETS UNDER MANAGMENT (Continued)

JUNE 30, 2005

Name of Fund	Investment Strategy	Net Assets Under Management	Percent of Fund Total
International		263,271,216	18.27%
Compass Partners European Equity Fund	Active	117,139,200	8.13%
Gilbert Global Equity Partners	Active	52,721,173	3.66%
Carlyle Europe Partners	Active	46,355,796	3.22%
AIG Global Emerging Markets Fund	Active	31,188,174	2.16%
Carlyle Asia Partners	Active	15,866,873	1.10%
Fund of Funds		331,003,203	22.98%
The Constitution Liquidating Fund	Active	219,562,506	15.24%
Landmark Private Equity Fund VIII	Active	63,472,990	4.41%
Goldman Sachs Private Equity Partners Connecticut	Active	26,936,877	1.87%
Lexington Capital Partners II	Active	16,113,523	1.12%
Parish Capital I LP	Active	4,519,297	0.31%
Fairview Constitution II LP	Active	398,010	0.03%
Special Situations		100,403,850	6.97%
Welsh Carson Anderson & Stowe Capital Partners III	Active	47,788,092	3.32%
Greenwich Street Capital Partners II	Active	27,883,284	1.94%
Forstmann Little MBO VII	Active	19,645,167	1.36%
KPS Special Situations Fund II	Active	5,087,307	0.35%
Other (1)		103,680,524	7.20%
SUBTOTAL PIF		$ 1,440,501,575	100.00%
TOTAL		$ 22,483,110,909	
Adjustments (3)		(1,183,961,308)	
GRAND TOTAL		$ 21,299,149,602	

(1) Other represents (i) cash earmarked for distribution to participants, (ii) reinvestment and expenses as well as terminated advisor balances, (iii) Currency Overlay Managers, and (iv) CT Financial Development Fund, Keystone Venture V Partnerships and a new unfunded committment to GarMark Partners II LP.

(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, 2005

Broker Name	$ Commission	Shares/ Par Value	Avg Comm
ABEL NOSER CORPORATION	$ 4,573.00	231,200.00	0.020
ABG SECURITIES	19,247.95	385,119.00	0.050
ABG SECURITIES INC	2,388.27	307,400.00	0.008
ABM AMRO HOARE GOVETT ASIA LTD, SEOUL	8,672.11	137,362.00	0.063
ABN AMRO ASIA LIMITED	6,204.34	624,220.00	0.010
ABN AMRO ASIA SECURITIES (SINGAPORE) PTE	132.91	121,000.00	0.001
ABN AMRO AUSTRALIA LIMITED	2,140.21	300,000.00	0.007
ABN AMRO BANK N. V. HONG KONG	9,730.82	2,429,957.00	0.004
ABN AMRO BANK NV	21,073.98	2,403,111.00	0.009
ABN AMRO BANK NV HONG KONG BRANCH	5,511.75	9,388,579.00	0.001
ABN AMRO EQUITIES (UK) LTD	6,849.16	4,397,462.00	0.002
ABN AMRO EQUITIES (UK) LTD LONDON	28,036.49	2,583,503.00	0.011
ABN AMRO EQUITIES AUSTRALIA LTD.	4,206.20	116,800.00	0.036
ABN AMRO EQUITIES UK LTD LONDON	7,333.50	389,642.00	0.019
ABN AMRO SECURITIES (USA) INC	37,217.26	11,565,691.00	0.003
ABN AMRO SECURITIES LLC	2,344.00	58,600.00	0.040
ACTINVER SECURITIES	6,233.37	607,100.00	0.010
ADAMS HARKNESS + HILL,INC	19,377.00	436,800.00	0.044
ALFA CAPITAL	100.00	2,000.00	0.050
ALPHA BROKERAGE AE	8,808.65	141,957.00	0.062
ALTIUM CAPITAL LTD	75.44	10,000.00	0.008
ARDEN PARTNERS LTD	1,072.69	255,300.00	0.004
ARNHOLD S BLEICHROEDER INC	481.49	13,495.00	0.036
ATA SECURITIES INC. (ISTANBUL)	27,721.00	185,806,149.00	0.000
AVONDALE PARTNERS LLC	29,686.45	627,965.00	0.047
BAIRD, ROBERT W., & COMPANY INCORPORATED	8,872.00	210,200.00	0.042
BANC OF AMERICA SECURITIES	161.99	1,231.00	0.132
BANC/AMERICA SECUR.LLC MONTGOMEY DIV	173,761.30	5,948,531.00	0.029
BANCO BILBAO VIZCAYA	4,173.64	128,587.00	0.032
BANCO BILBAO VIZCAYA ARGENTARI	2,999.96	108,200.00	0.028
BANCO ITAU SA	31,027.68	332,781,513.00	0.000
BANCO PACTUAL S.A.	27,290.28	407,636,004.00	0.000
BANCO SANTANDER CENTRAL HISPANO	62,411.12	385,711,004.00	0.000
BANCO SANTANDER DE NEGOCIOS	9,798.77	1,128,700.00	0.009
BANK AM BELLEVUE	1,415.99	16,203.00	0.087
BANK OF AMERICA INTERNATIONAL, NEW YORK	322.40	9,100.00	0.035
BANQUE NATIONALE DE PARIS, LON	2,366.51	720,000.00	0.003
BARING SECURITIES (HONG KONG)	3,305.28	390,677.00	0.008
BARNARD JACOBS MELLETS NY	8,300.53	441,900.00	0.019
BARNARD JACOBS MELLETT AND CO (PTY)	4,620.84	347,929.00	0.013
BBVA SECURITIES	62.10	2,259.00	0.027
BEAR STEARNS + CO INC	78,240.54	1,942,089.00	0.040
BEAR STEARNS INTERNATIONAL LIMITED	1,232.10	27,100.00	0.045
BEAR STEARNS INTERNATIONAL TRADING	3,049.57	116,006.00	0.026
BEAR STEARNS SECURITIES CORP	361,828.16	26,709,906.00	0.014
BHF BANK	231.50	3,300.00	0.070
BNP PARIBAS PEREGRINE SECS LT ASIA	28,428.14	8,173,013.00	0.003
BNY BROKERAGE INC	44,134.05	1,150,973.00	0.038
BOSTON INSTITUTIONAL SERVICES	12,835.36	320,884.00	0.040
BRIDGE TRADING	195.00	4,900.00	0.040
BRIDGEWELL SECURITIES LIMITED	239.03	65,000.00	0.004
BROCKHOUSE + COOPER INC MONTREAL	282.63	80,654.00	0.004
B-TRADE SERVICES LLC	9,612.44	720,431.00	0.013
BUCKINGHAM RESEARCH GROUP	22,834.50	571,130.00	0.040
C.E. UNTERBERG, TOWBIN	10,360.00	259,000.00	0.040
CAISSE DES DEPOTS ET CONSIGNATIONS	9,180.32	116,000.00	0.079
CALYON (FORMERLY CREDIT AGRICOLE INDOUS)	3,269.34	51,863.00	0.063
CANADIAN IMPERIAL BANK OF COMMERCE	961.14	26,600.00	0.036
CANNON BRIDGE	98.39	26,900.00	0.004
CANTOR FITZ EUR 2	11,473.77	830,570.00	0.014
CANTOR FITZGERALD + CO.	125,380.55	3,765,293.00	0.033
CANTOR FITZGERALD INTERNATIONAL	868.39	27,079.00	0.032
CAPEL CURE SHARP LTD.	683.10	38,391.00	0.018
CARNEGIE A S	1,324.51	19,700.00	0.067
CARNEGIE BK	3,885.84	1,649,961.00	0.002
CARNEGIE FONDKOMISSION	459.76	76,100.00	0.006
CARNEGIE INT'L LND	2,937.17	97,398.00	0.030
CARNEGIE SECURITIES FINLAND	967.32	38,400.00	0.025
CAZENOVE + CO	34,576.10	2,976,290.00	0.012
CAZENOVE + CO.	24,038.12	1,660,890.00	0.014
CAZENOVE ASIA LTD	4,678.84	2,783,000.00	0.002
CDC IXIS SECURITIES	136.00	1,000.00	0.136
CHARLES SCHWAB CO INC	10,916.93	250,191.00	0.044
CHEUVREUXDE VIRIEU	19,195.47	345,241.00	0.056
CHINA INTRTNL CAP CORP HK SECS LTD	4,059.98	10,000,000.00	0.000
CI NORDICSECURITIES AB	437.23	5,625.00	0.078
CIBC WORLD MARKETS CORP	24,362.31	637,390.00	0.038
CIC SECURITIES	230.25	2,813.00	0.082
CITATION GROUP	14.40	360.00	0.040
CITIBANK CAIRO	1,950.74	7,500.00	0.260
CITIBANK NA, SEOUL BRANCH	740.84	102,560.00	0.007
CITIGROUPGLOBAL MARKETS ASIA LIMITED	2,941.49	1,509,000.00	0.002
CITIGROUPGLOBAL MARKETS AUSTRALIA PTR	5,328.34	764,507.00	0.007
CITIGROUPGLOBAL MARKETS INC	1,397,601.34	63,858,276.00	0.022
CITIGROUPGLOBAL MARKETS INC.	35,828.15	4,203,993.00	0.009
CITIGROUPGLOBAL MARKETS INC/SALOMON BRO	3,299.35	402,022.00	0.008
CITIGROUPGLOBAL MARKETS LIMITED	182,934.18	11,627,669.00	0.016
CITIGROUPGLOBAL MARKETS UK EQUITY LTD	18,842.38	1,895,764.00	0.010
CITIGROUPGLOBAL MKT	75.76	2,100.00	0.036
CLSA SECURITIES KOREA LTD.	1,568.16	10,560.00	0.149
COLLINS STEWART	62.30	7,300.00	0.009
COLLINS STEWART + CO	19,144.88	1,715,833.00	0.011
COMMERZBANK AG	1,875.78	70,513.00	0.027
COMMERZBANK AG LONDON	40.16	762.00	0.053
COSMO SECURITIES CO. LTD.	62.90	2,000.00	0.031
CREDIT AGRICOLE INDOSUEZ	130.46	1,625.00	0.080
CREDIT AGRICOLE INDOSUEZ CHEUVREUX	45,504.54	782,088.00	0.058
CREDIT AGRICOLE INDOSUEZ SECURITIES	436.73	13,330.00	0.033
CREDIT LYONAIS SECS	75.49	12,500.00	0.006
CREDIT LYONNAIS SECS	476.55	430.00	1.108
CREDIT LYONNAIS SECURITIES	27,127.60	8,383,622.00	0.003
CREDIT LYONNAIS SECURITIES (USA) INC	100,002.78	21,378,167.00	0.005
CREDIT LYONNAIS SECURITIES ASIA/GUERNSEY	3,035.40	2,852,341.00	0.001
CREDIT LYONNAIS SECURITIES(ASIA)	2,986.85	4,306,950.00	0.001
CREDIT SUISSE FIRST BOSTON	3,433.75	482,892.00	0.007
CREDIT SUISSE FIRST BOSTON (EUROPE)	3,901.34	5,510.00	0.708
CREDIT SUISSE FIRST BOSTON (EUROPE) LTD	76,817.32	3,721,644.00	0.021
CREDIT SUISSE FIRST BOSTON CORPORATION	415,038.77	16,070,908.00	0.026
CREDIT SUISSE FIRST BOSTON LONDON	475.99	13,300.00	0.036
CREDIT USA	2,966.49	79,595.00	0.037
CS FIRST BOSTON	10.78	600.00	0.018
CS FIRST BOSTON (HONG KONG) LIMITED	3,550.28	1,531,871.00	0.002
CS FIRST BOSTON (JAPAN) LIMITED	737.52	37,000.00	0.020
CSFB	32.25	648.00	0.050
CSFB AUSTRALIA EQUITIES LTD	5,854.70	377,085.00	0.016
D CARNEGIE AG	4,296.21	139,700.00	0.031
DAEWOO SECURITIES CO LTD	179.50	12,730.00	0.014
DAIWA SBCM EUROPE	8,249.73	257,601.00	0.032
DAIWA SECURITES SB CAPITAL MA	2,044.41	106,700.00	0.019
DAIWA SECURITIES (HK) LTD.	708.94	585.00	1.212
DAIWA SECURITIES AMERICA INC	15,480.63	420,639.00	0.037
DAVIDSON D.A. + COMPANY INC.	7,020.00	140,400.00	0.050
DAVY (J+E)	14,702.49	662,979.00	0.022
DB CLEARING SERVICES	2,544.00	63,600.00	0.040
DBS SECURITIES (S) PTE LTD.	749.06	42,000.00	0.018
DBS VICKERS (HONG KONG) LIMITED	1,176.14	1,183,133.00	0.001
DBS VICKERS SECS PTE LTD	4,910.66	513,600.00	0.010
DBS VICKERS SECURITIES(THAILAND)	3,442.73	425,200.00	0.008
DEN DANSKE BANK	2,556.40	33,362.00	0.077
DEUTSCHE BANK AG LONDON	84,498.08	1,387,951,267.00	0.000
DEUTSCHE BANK SECURITIES	1,066.34	49,000.00	0.022
DEUTSCHE BANK SECURITIES INC	569,186.60	87,478,661.99	0.007
DEUTSCHE BANK SINGAPORE	834.94	405,000.00	0.002
DEUTSCHE MORGAN GRENFELL SECS	1,237.00	53,000.00	0.023
DEUTSCHE SECURITIES ASIA LIMITED	4,040.20	1,222,248.00	0.003
DEUTSCHE SECURITIES ASIA LTD	3,172.13	4,000.00	0.793
DIVIDEND REINVEST	435.89	455,135.00	0.001
DONGWON SECURITIES	13,931.49	1,268,257.00	0.011
DOUGHERTY COMPANY	1,125.00	37,500.00	0.030
DRESDNER BANK AG NEW YORK	3,982.52	70,900.00	0.056
DRESDNER KLEINWORT BENSON NORTH AMERICA	16,554.44	392,485.00	0.042
DRESDNER KLEINWORT WASSERSTEIN LIMITED	77.98	1,500.00	0.052
DRESDNER KLEINWORTH WASSERSTEIN SEC LLC	20,369.67	2,312,232.00	0.009
E TRADE SECURITIES, INC	3,274.00	82,500.00	0.040
ENSKILDA SECURITIES AB	19,245.16	631,934.00	0.030
EUROMOBILIARE SIM S.P.A.	726.57	77,500.00	0.009
EVOLUTIONBEESON GREGORY LIMITED	497.90	73,749.00	0.007
EXANE INC	6,724.45	99,710.00	0.067
EXANE S.A.	42,659.22	485,076.00	0.088
EXECUTIONLIMITED	1,565.26	293,300.00	0.005
FIDELITY CAPITAL MARKETS	3,252.50	84,900.00	0.038
FIDENTIIS	5,766.66	185,690.00	0.031
FINANCIALBROKERAGE GROUP (FBG)	14,005.54	503,300.00	0.028
FIRST ALBANY CAPITAL INC.	11,697.50	242,590.00	0.048
FIRST CLEARING, LLC	14,715.00	296,300.00	0.050
FONDSFINANS A/S	958.16	32,800.00	0.029
FORTIS BANK (NEDERLAND) N.V.	370.92	13,160.00	0.028
FOX PITT KELTON (ASIA)LTD	1,214.39	51,000.00	0.024
FOX PITT KELTON INC	4,338.00	100,800.00	0.043
FOX-PITT KELTON LTD	3,769.01	97,895.00	0.039
FRIEDMAN BILLINGS + RAMSEY	19,794.95	446,139.00	0.044
G TRADE SERVICES LTD	857.44	70,400.00	0.012
G.K.GOH STOCKBROKERS PTE LTT.	79.80	75,000.00	0.001
GARANTIA DTVM S/A	2,083.35	18,721,600.00	0.000
GARBAN EQUITIES LIMITED LONDON	66.70	14,695.00	0.005
GARP STEARNS & SECURITIES CO	480.00	12,000.00	0.040
GBM GRUPOBURSATIL MEXICANO	1,876.86	130,100.00	0.014
GEDIK INVESTMENT SEC INC	3,215.34	187,600.00	0.017
GERSON LEHRMAN GROUP BROKERAGE SERV LLC	1,236.00	30,900.00	0.040
GOLDMAN SACHS	14.38	3,500.00	0.004
GOLDMAN SACHS (ASIA) LLC	1,064.02	7,740.00	0.137
GOLDMAN SACHS (JAPAN) LTD.	2,812.42	253,000.00	0.011

PENSION FUNDS MANAGEMENT DIVISION

COMBINED INVESTMENT FUNDS SCHEDULE OF BROKERAGE COMMISSIONS (Continued)

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

Broker Name	$ Commission	Shares/ Par Value	Avg Comm
GOLDMAN SACHS + CO	597,127.06	59,332,574.00	0.010
GOLDMAN SACHS AND COMPANY	5,256.83	547,330.00	0.010
GOLDMAN SACHS EQUITY SECURITIES (UK) LTD	3,748.55	133,700.00	0.028
GOLDMAN SACHS EXECUTION + CLEARING	21,149.01	3,241,036.00	0.007
GOLDMAN SACHS INTERNATIONAL LONDON	50,102.54	3,302,168.00	0.015
GOODBODY STOCKBROKERS	17,117.39	2,148,174.00	0.008
GRANVILLEDAVIES LIMITED	3,040.21	113,719.00	0.027
GRW CAPITAL CORPORATION	3,084.00	77,100.00	0.040
GUZMAN + CO	35,398.56	959,700.00	0.037
HARBORSIDE SECURITIES	1,268.22	63,411.00	0.020
HARRIS NESBITT CORP.	6,564.00	161,500.00	0.041
HC ISTANBUL	11,866.48	690,705,796.00	0.000
HEFLIN + CO LLC	18,300.55	525,261.00	0.035
HEFLIN + CO., LLC	89,536.46	2,442,122.00	0.037
HENDERSONCROSTHWAITE LIMITED	84.31	7,674.00	0.011
HG ASIA	85,017.14	42,603,003.00	0.002
HOWARD WEIL DIVISION LEGG MASON	1,605.00	32,100.00	0.050
HSBC BANKPLC	12,506.71	625,340.00	0.020
HSBC SEC NEW YORK	157.15	3,000.00	0.052
HSBC SECURITIES INC (JAMES CAPEL)	38,445.36	1,259,760.00	0.031
HSBC SECURITIES(ASIA)LIMITED	1,906.04	247,900.00	0.008
HVB CAPITAL MARKETS, INC	6,379.64	76,996.00	0.083
HYUNDAI SECURITIES CO. LTD.	4,056.65	142,900.00	0.028
IMPERIAL CAPITAL LLC	2,642.15	74,604.00	0.035
IND RESEARCH GROUP LLC C/O BEAR STEARNS	1,144.35	38,145.00	0.030
ING BANK N V	9,258.10	595,168.00	0.016
ING BARING SECURITIES LTD SEOUL	4,777.47	54,530.00	0.088
ING BARINGS CORP	40,474.42	11,766,139.00	0.003
INSTINET	71,698.84	5,281,239.00	0.014
INSTINET CLEARING SERVICES INC	47,664.61	2,375,344.00	0.020
INSTINET PACIFIC LIMITED	4,382.84	5,798,878.00	0.001
INSTINET U.K. LTD	32,168.03	3,153,405.00	0.010
INTERMOBILIARE SECURITIES SIM SPA	6,565.81	506,400.00	0.013
INVERLAT INTERNATIONAL	3,402.81	212,600.00	0.016
INVESTMENT TECHNOLOGY GROUP INC.	129,475.05	7,534,366.00	0.017
INVESTMENT TECHNOLOGY GROUP LTD	14,801.75	2,075,249.00	0.007
ISI GROUPINC	5,331.50	124,700.00	0.043
ITG AUSTRALIA LTD.	604.92	127,300.00	0.005
ITG INC	403.31	48,400.00	0.008
ITG SECURITIES (HK) LTD	696.29	1,251,500.00	0.001
J AND E DAVY	1,511.46	119,116.00	0.013
J B WERE + SON LIMITED	1,726.55	347,420.00	0.005
J B WERE AND SON	5,933.17	802,104.00	0.007
J B WERE AND SON INC.	3,616.51	295,000.00	0.012
J P MORGAN SECURITIES INC	141,589.18	4,574,928.00	0.031
J.P. MORGAN SECURITIES LIMITED	9,455.49	529,712.00	0.018
JACKSON SECURITIES	32,807.37	775,082.00	0.042
JANNEY MONTGOMERY, SCOTT INC	1,502.75	33,735.00	0.045
JB WERE AND SON (NZ) LTD	592.41	64,317.00	0.009
JEFFERIES+ COMPANY INC	33,393.27	909,839.00	0.037
JEFFERIESCOMPANY INC	182,955.69	45,517,956.00	0.004
JEFFERIESINTERNATIONAL LTD	1,555.07	116,879.00	0.013
JERMYN CAPITAL PARTNERS PLC	1,250.80	31,270.00	0.040
JMP SECURITIES	6,943.60	173,590.00	0.040
JOH BERENBERG GOSSLER AND CO	7,396.77	86,060.00	0.086
JOHNSON RICE + CO	11,917.40	244,560.00	0.049
JONES & ASSOCIATES INC	165,208.74	5,024,872.00	0.033
JP MORGAN	6,067.25	259,296.00	0.023
JP MORGANBROKING HK LIMITED	100.47	53,000.00	0.002
JP MORGANINTERNATIONAL BANK LTD	5,610.58	51,323.00	0.109
JP MORGANSECURITIES AUSTRALIA LTD	5,474.83	482,799.00	0.011
JP MORGANSECURITIES INC	95,164.60	523,716,544.00	0.000
JP MORGANSECURITIES LIMITED	176,393.29	6,512,331.00	0.027
JP MORGNASECURITIES SINGAPORE	887.49	254,000.00	0.003
JPMORG SEC(FAR EAST)LTD SEOUL	864.85	7,810.00	0.111
JPMORGAN CHASE BANK	513.55	51,704.00	0.010
JPMORGAN CHASE BANK/CORRESPONDENT CLR SV	3,025.88	298,797.00	0.010
JPMORGAN SECURITIES(ASIA PACIFIC)LTD	26,941.10	11,094,275.00	0.002
JULIUS BAER BROKERAGE FRANKFURT BRANCH	327.77	2,150.00	0.152
JULIUS BAER BROKERAGE ZURICH BRANCH	697.49	5,121.00	0.136
JULIUS BAER INVESTMENT MGMT INC	75.39	620.00	0.122
KAS-ASSOCIATIE N.V.	1,515.01	3,287.00	0.461
KBC BANK NV	2,598.26	31,988.00	0.081
KBC FINANCIAL PRODUCTS UK LTD	37,148.21	2,466,942.00	0.015
KEEFE BRUYETTE + WOODS INC	13,513.24	304,602.00	0.044
KEMPEN + CO N.V.	385.69	3,702.00	0.104
KIM ENG SECS PTE LTD, SINGAPORE	1,853.67	1,710,000.00	0.001
KIM ENG SECURITIES	14,556.54	4,327,500.00	0.003
KING, CL, & ASSOCIATES, INC	14,660.05	324,725.00	0.045
KING, CL, & ASSOCIATES, INC	26,098.00	523,720.00	0.050
KLEINWORTBENSON SECURITIES LIMITED	73,769.60	5,400,709.00	0.014
KNIGHT SECURITIES	37,139.84	1,053,864.00	0.035
KNIGHT SECURITIES INTL	347.59	16,400.00	0.021
KNIGHT SECURITIES L.P.	316.06	4,200.00	0.075
KOC BANK A.S.	485.42	69,274.00	0.007
LA BRANCHE FINANCIAL #2	30,129.12	1,004,304.00	0.030

Broker Name	$ Commission	Shares/ Par Value	Avg Comm
LARRAIN VIAL	4,054.58	3,032,968.00	0.001
LAZARD CAPITAL MARKETS	6,791.40	1,102,871.00	0.006
LAZARD FRERES & CO.	9,879.00	221,300.00	0.045
LEERINK SWANN AND COMPANY	3,634.00	86,400.00	0.042
LEGG MASON WOOD WALKER INC	2,608.00	58,380.00	0.045
LEHMAN BROTHERS	46.27	3,000.00	0.015
LEHMAN BROTHERS BANKHAUS AG	105.81	11,900.00	0.009
LEHMAN BROTHERS INC	242,935.14	25,443,925.00	0.010
LEHMAN BROTHERS INTERNATIONAL	314.91	2,760.00	0.114
LEHMAN BROTHERS INTERNATIONAL (EUROPE)	186,432.67	23,125,537.00	0.008
LEHMAN BROTHERS INTL (EUROPE) SEOUL BR	1,946.47	31,000.00	0.063
LEHMAN BROTHERS SECS (ASIA)	32,559.97	4,082,536.00	0.008
LG INVESTMENT AND SECURITIES CO	3,301.45	146,210.00	0.023
LIQUIDNETEUROPE LIMITED	1,858.20	93,454.00	0.020
LIQUIDNETINC	205,963.04	9,932,785.00	0.021
LOMBARD, ODIER AND CIE	13,454.65	48,701.00	0.276
LOOP CAPITAL MKTS LLC	5,543.70	179,229.00	0.031
LYNCH JONES AND RYAN INC	4,800.00	120,000.00	0.040
M M WARBURG	423.36	4,350.00	0.097
MACQUARIEEQUITIES LIMITED (SYDNEY)	33,327.04	3,422,402.00	0.010
MACQUARIEEQUITIES LTD	7,732.11	1,993,569.00	0.004
MACQUARIEEQUITIES NEW YORK	2,961.95	10,284,000.00	0.000
MACQUARIESECURITIES LIMITED	11,241.34	946,279.00	0.012
MAGNA SECURITIES CORP	37,145.98	1,019,123.00	0.036
MAINFIRSTBANK DE	947.16	7,500.00	0.126
MCDONALD AND COMPANY SECURITIES, INC.	7,461.00	149,780.00	0.050
MCDONALDAND COMPANY SECURITIES, INC.	19,774.30	541,390.00	0.037
MEDIOBANCA SPA	80.74	3,000.00	0.027
MERRILL LYNCH	57.15	39.00	1.465
MERRILL LYNCH + CO INC	11,320.09	47,975.00	0.236
MERRILL LYNCH FAR EAST LTD	1,763.35	738,000.00	0.002
MERRILL LYNCH INTERNATIONAL	109,316.13	5,070,259.00	0.022
MERRILL LYNCH JAPAN INCORPORATED	983.27	40,400.00	0.024
MERRILL LYNCH PEIRCE FENNER AND S	83,600.36	6,003,485.00	0.014
MERRILL LYNCH PIERCE FENNER + SMITH	55,191.29	2,070,854.00	0.027
MERRILL LYNCH PROFESSIONAL CLEARING CORP	592.00	14,800.00	0.040
MERRILL LYNCH,PIERCE,FENNER & SMITH, INC	68,389.01	3,013,197.00	0.023
MERRILL LYNCH,PIERCE,FENNER + SMITH, INC	596,606.15	164,518,466.00	0.004
MERRIMAN CURHAN FORD + CO	820.00	20,500.00	0.040
MERRION CAPITAL GROUP	1,753.30	83,933.00	0.021
MIDWEST RESEARCH SECURITIES	14,351.50	384,198.00	0.037
MITSUBISHI SECURITIES CO, LTD	392.09	50,000.00	0.008
MIZUHO INTERNATIONAL PLC	2,770.37	43,855.00	0.063
MIZUHO SEC ASIA LTD	6,281.45	586,850.00	0.011
MIZUHO SECURITIES USA INC	11,245.69	308,700.00	0.036
MKM PARTNERS	18,375.92	459,398.00	0.040
MONTROSE SECURITIES EQUITIES	4,221.70	120,620.00	0.035
MOORS + CABOT INC	13,752.36	343,809.00	0.040
MORGAN STANLEY AND CO INTERNATIONAL	3,843.97	218,760.00	0.018
MORGAN STANLEY AND CO. INTERNATIONAL	33,974.69	5,216,442.00	0.007
MORGAN STANLEY CO INCORPORATED	473,052.47	45,948,165.00	0.010
MORGAN STANLEY SECURITIES LIMITED	4,669.79	496,442.00	0.009
NATEXIS BLEICHROEDER INC NY	3,107.19	62,020.00	0.050
NATIONAL FINANCIAL SERVICES CORP.	141,875.64	3,367,310.00	0.042
NATIONAL INVESTOR SERVICES CORP	360.00	9,000.00	0.040
NBGI EQUITIES	684.67	12,000.00	0.057
NCB STOCKBROKERS LTD	2,819.28	96,070.00	0.029
NEEDHAM +COMPANY	6,054.00	146,200.00	0.041
NEONET SECURITIES AB	1,647.50	140,028.00	0.012
NEUBERGERAND BERMAN	24,889.85	782,795.00	0.032
NEUE ZURCHER BANK	441.25	6,245.00	0.071
NOMURA INTERNATIONAL (HONG KONG) LTD	1,046.83	180,000.00	0.006
NOMURA INTERNATIONAL PLC	7,479.28	664,854.00	0.011
NOMURA SECURITIES CO LTD	707.01	700.00	1.010
NOMURA SECURITIES CO., LTD.	245.82	10,000.00	0.025
NOMURA SECURITIES INTERNATIONAL INC	56,528.90	18,972,618.00	0.003
NUMIS SECURITIES LIMITED	2,027.92	215,366.00	0.009
NUTMEG SECURITIES	8,140.00	203,500.00	0.040
NZB NEUE ZUERCHER BANK	839.70	5,455.00	0.154
NZB NEUE ZURCHER BANK	229.44	645.00	0.356
ODDO FINANCE	9,901.29	133,243.00	0.074
OIEN SECURITIES, INC	24,212.82	684,601.00	0.035
OPPENHEIM, SAL.,JR UND CIE KOELN	326.61	3,150.00	0.104
OPPENHEIMER & CO. INC.	19,835.14	486,259.00	0.041
ORIEL SECURITIES LTD	573.63	52,094.00	0.011
PACIFIC AMERICAN SECURITIES, LLC	23,021.13	618,675.00	0.037
PACIFIC GROWTH EQUITIES	2,028.90	63,330.00	0.032
PACTUAL CORP	211.68	5,400.00	0.039
PARIBAS SECURITIES INC	6,843.40	2,882,500.00	0.002
PEEL HUNT+ COMPANY LIMITED	3,163.87	1,138,595.00	0.003
PENSION FINANCIAL SERVICES INC	2,361.00	65,000.00	0.036
PERCIVAL FINANCIAL PARTNERS, LTD	1,160.00	29,000.00	0.040
PERSHING DIVISION OF DONALDSON LUFKIN	4,802.84	131,581.00	0.037
PERSHING DLJ S L	90,413.11	5,978,325.00	0.015
PERSHING LLC	155,713.91	3,826,190.00	0.041
PERSHING SECURITIES LIMITED	98,094.87	11,559,233.00	0.008

PENSION FUNDS MANAGEMENT DIVISION

COMBINED INVESTMENT FUNDS SCHEDULE OF BROKERAGE COMMISSIONS (Continued)

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

Broker Name	$ Commission	Shares/ Par Value	Avg Comm
PETERCAM S.A.	920.11	9,011.00	0.102
PICTET (CANADA) L.P.	1,041.96	7,488.00	0.139
PICTET AND CIE	189.22	1,377.00	0.137
PIPER JAFFRAY & CO.	1,040.00	20,800.00	0.050
PRITCHARDCAPITAL PARTNERS LLC	29,926.00	612,800.00	0.049
PRUDENTIAL EQUITY GROUP	63,125.88	1,575,805.00	0.040
PULSE TRADING LLC	47,158.60	2,357,930.00	0.020
RABO SECURITIES NV	902.90	16,616.00	0.054
RAYMOND JAMES + ASSOCIATES INC	253.79	68,217.00	0.004
RAYMOND JAMES AND ASSOCIATES INC	4,960.00	124,000.00	0.040
RAYMOND JAMES LTD	1,008.67	326,294.00	0.003
RAYMOND JAMES TRUST COMPANY	432.28	124,203.00	0.003
RBC CAPITAL MARKETS	35,681.42	856,894.00	0.042
RBC DOMINION SECURITIES INC.	12,429.99	347,400.00	0.036
REDBURN PARTNERS LLP	7,827.22	118,785.00	0.066
RENAISSANCE CAPITAL GROUP	2,788.00	69,700.00	0.040
RENAISSANCE CAPITAL LTD	2,245.00	101,500.00	0.022
ROBERT VAN SECURITIES	3,079.56	97,091.00	0.032
ROCHDALE SEC CORP.(CLS THRU 443)	40,610.12	1,209,689.00	0.034
RUSSELL FRANK SECURITIES INC	234.00	7,800.00	0.030
S.G. COWEN & CO., LLC	45,466.60	1,467,563.00	0.031
SALOMON SMITH BARNEY KOREA LTD	1,031.01	17,000.00	0.061
SALOMON SMITH BARNEY SINGAPORE SECU	1,954.48	670,000.00	0.003
SAMSUNG SECURITIES CO LTD	110,554.87	1,891,559.00	0.058
SAMUEL A RAMIREZ & COMPANY INC	2,147.58	71,586.00	0.030
SANDERS MORRIS MUNDY	26,023.00	850,280.00	0.031
SANDLER ONEILL + PART LP	3,300.00	66,000.00	0.050
SANFORD C. BERNSTEIN LTD	75,797.68	3,287,937.00	0.023
SANFORD CBERNSTEIN CO LLC	17,225.20	489,652.00	0.035
SANTANDERCENTRAL HISPANO BOLSA	1,804.11	91,900.00	0.020
SANTANDERINVESTMENT SECURITIES INC	1,560.00	39,000.00	0.040
SBC WARBURG LONDON	273.28	11,400.00	0.024
SCOTIA CAPITAL (USA) INC	222.02	6,900.00	0.032
SCOTT & STRINGFELLOW, INC	14,466.42	379,914.00	0.038
SCOTT & STRINGFELLOW, INC	12,498.58	359,986.00	0.035
SEIDLER COMPANIES(THE)	1,867.65	62,255.00	0.030
SG AMERICAS SECURITIES, LLC	6,844.00	171,100.00	0.040
SG COWEN LONDON	92.95	11,400.00	0.008
SG COWEN SECURITIES CORP	1,788.98	6,250.00	0.286
SG COWEN SECURITIES CORP 2	2,312.19	29,140.00	0.079
SHINYOUNGSECURITIES CO LTD	14,856.50	402,480.00	0.037
SHORE CAPITAL STOCKBROKERS LTD	49.99	4,475.00	0.011
SIDOTI + COMPANY LLC	1,935.00	38,700.00	0.050
SIS SEGAINTERSETTLE AG	1,906.09	3,848.00	0.495
SNS SECURITIES N V	618.00	3,890.00	0.159
SOCIETE GENERALE	8,486.78	278,700.00	0.030
SOCIETE GENERALE LONDON BRANCH	21,820.16	1,204,188.00	0.018
SOUTHWESTSECURITIES	2,331.00	77,700.00	0.030
SPEAR, LEEDS & KELLOGG	53,425.09	1,997,399.00	0.027
SSANGYONGINVESTMENT AND SECURITIES	2,579.88	309,400.00	0.008
STANDARD & POOR'S SECURITIES, INC.	4,392.00	109,800.00	0.040
STANLEY (CHARLES) + CO LIMITED	3,595.42	329,500.00	0.011
STATE STREET BANK + TRUST	10,751.29	4,011,045,191.00	0.000
STATE STREET BROKERAGE SERVICES	9,717.48	540,856.00	0.018
STEPHENS,INC.	1,609.25	42,375.00	0.038
SUNTRUST CAPITAL MARKETS, INC.	3,257.35	69,555.00	0.047
SVENSKA HANDELSBANKEN	8,610.32	314,462.00	0.027
SVENSKA HANDELSBANKEN LONDON BRANCH	5,581.72	526,875.00	0.011
SWISS AMERICAN SECURITIES INC	879.00	27,100.00	0.032
TD WATERHOUSE INVESTOR SERVICES (UK EXCH	3,156.41	325,000.00	0.010
TEATHER AND GREENWOOD	46.44	9,363.00	0.005
THE BENCHMARK COMPANY, LLC	10,226.72	251,956.00	0.041
THEMIS TRADING LLC	3,150.25	126,010.00	0.025
THINKEQUITY PARTNERS LLC	4,210.48	94,062.00	0.045
THOMAS WEISEL PARTNERS	35,533.86	922,748.00	0.039
TOKAI BANK EUROPE PLC LONDON	25,277.47	1,468,544.00	0.017
TOKAI TOKYO SECURITIES CO. LTD	227.91	10,000.00	0.023
TOKYO MITSUBISHI INTERNATIONAL PLC	428.95	55,000.00	0.008
TOKYO-MITSUBISHI SECURITIES (USA)	3,473.11	205,715.00	0.017
TORONTO DOMINION SECURITIES	1,433.26	44,200.00	0.032
U.S. BANCORP PIPER JAFFRAY INC	17,881.05	369,661.00	0.048
U.S. CLEARING CORPORATION	1,790.00	35,800.00	0.050
UBS AG	212,538.57	22,875,718.00	0.009
UBS AG LONDON	372,416.90	864,525,974.00	0.000
UBS SECURITIES LLC	821,017.63	21,725,169.00	0.038
UBS SECURITIES SINGAPORE PTE	165.71	151,000.00	0.001
UBS WARBURG (HONG KONG) LIMITED	523.61	45,000.00	0.012
UBS WARBURG (JAPAN) LTD	1,870.06	1,426,709.00	0.001
UBS WARBURG LLC	32,416.27	58,398,959.00	0.001
UFJ INTERNATIONAL PLC	25,000.39	1,094,205.00	0.023
UNITED FINANCIAL GROUP	1,672.12	72,078.00	0.023
UOB KAY HIAN (HONG KONG) LTD	147.34	142,000.00	0.001
UOB KAY HIAN PRIVATE LIMITED	10,910.23	7,602,800.00	0.001
USCC/SANTANDER	17,063.44	426,586.00	0.040
VICKERS BALLAS LTD	11,183.37	2,091,500.00	0.005
VONTOBEL SECURITIES	182.84	1,340.00	0.136
WACHOVIA SECURITIES, LLC	10,169.16	254,229.00	0.040
WACHOVIACAPITAL MARKETS, LLC	15,090.79	474,993.00	0.032
WARBURG DILLION READ (ASIA) LTD	131,828.77	80,443,974.00	0.002
WARBURG DILLON READ SECURITIES LTD	490.18	8,290.00	0.059
WAVE SECURITIES LLC	9,568.85	1,007,641.00	0.009
WEDBUSH MORGAN SECURITIES INC	3,465.25	82,765.00	0.042
WEEDEN + CO.	155,749.70	4,196,462.00	0.037
WELLS FARGO SECURITIES LLC	11,960.00	299,000.00	0.040
WILLIAM BLAIR & COMPANY, L.L.C	3,628.00	90,700.00	0.040
WILLIAMS CAPITAL GROUP LP (THE)	253,020.88	5,665,719.00	0.045
WILLIAMS DE BROE	889.15	75,000.00	0.012
WR HAMBRECHT + CO	20,535.08	513,377.00	0.040
ZANNEX SECURITIES	10,022.15	599,570.00	0.017
Total	$13,401,087.69		

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.

Citigroup Broad Investment-Grade Bond Index (CBIG) - 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.

Citigroup World Government Bond Index Non-U.S. (CWGBI) - An unhedged index measuring government issues of 12 major industrialized countries.

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.

GLOSSARY OF INVESTMENT TERMS (Continued)

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.

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 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.

GLOSSARY OF INVESTMENT TERMS (Continued)

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 rating agency.

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 21 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.

GLOSSARY OF INVESTMENT TERMS (Continued)

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.

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 rating agency.

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.

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% Russell 3000 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 Index. The Mutual Fixed Income benchmark consists of 73% Lehman Brothers U. S. Aggregate Index, 17% S&P/Citigroup High Yield Market Index, and 10% JPM Emerging Markets Bond Index.

Treasury Bill (T-Bill) - Short-term, highly liquid government securities issued at a discount from the face value and returning the face amount at maturity.

Treasury Bond or Note - Debt obligations of the Federal government that make semiannual coupon payments and are sold at or near par value in denominations of $1,000 or more.

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

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

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

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

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

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

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

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

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

UNDERSTANDING INVESTMENT PERFORMANCE

Introduction

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

Understanding Performance

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

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

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

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

Risk

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

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

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

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

UNDERSTANDING INVESTMENT PERFORMANCE (Continued)

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

Volatility

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

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

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

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

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

Return

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

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

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

DEBT MANAGEMENT DIVISION

CHANGES IN DEBT OUTSTANDING - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

Bond Finance Type	Outstanding June 30, 2004	FY 2005 Issued	FY 2005 Retired	FY 2005 Refunded or Defeased	Outstanding June 30, 2005	FY 2005 Interest Paid
General Obligation - Tax Supported (1) (2)	$ 8,369,746,684	$ 1,315,550,000	$ 702,277,794	$ 338,880,000	$ 8,644,138,890	$ 453,569,651
General Obligation - Revenue Supported	9,161,124		2,080,000	710,000	6,371,124	478,383
General Obligation - Transportation	2,996,576		530,000		2,466,576	126,264
Economic Recovery Notes (3)	273,215,000		63,655,000		209,560,000	5,961,806
Special Tax Obligation	3,142,057,825	289,725,000	239,535,000	90,730,000	3,101,517,825	128,073,466
Bradley International Airport	252,020,000	30,640,000	3,995,000	42,150,000	236,515,000	11,238,603
Clean Water Fund	611,260,000		39,720,000		571,540,000	25,567,491
UCONN 2000 (4)	717,907,147	98,110,000	48,250,000		767,767,147	31,667,213
CDA Increment Financing (5)	29,825,000	22,435,000	2,070,000	21,520,000	28,670,000	942,377
CDA Governmental Lease Revenue (6)	6,115,000		455,000		5,660,000	397,995
Second Injury Fund Bonds (7)	54,255,000		7,840,000	46,415,000	-	2,630,250
CHEFA Childcare Facilities Program (8)	38,760,000		820,000	520,000	37,420,000	2,286,655
Bradley International Parking Operations (9)	53,800,000		1,885,000		51,915,000	3,507,080
Juvenile Training School (10)	18,475,000		365,000		18,110,000	877,085
Special Obligation Rate Reduction Bonds (11)	205,345,000		25,580,000		179,765,000	9,309,701
CCEDA Bonds (12)	-	72,500,000		-	72,500,000	2,601,841
TOTAL	$13,784,939,356	$ 1,828,960,000	$1,139,057,794	$ 540,925,000	$ 13,933,916,562	$ 679,235,861

(1) Debt outstanding at June 30, 2005 includes $22,795,000 in Certificates of Participation for the Middletown courthouse which is not debt of the State. However, the State is obligated to pay a base rent under a lease for the courthouse, subject to the annual appropriation of funds or the availablility of other funds therefore. The base rent is appropriated as debt service. The Certificates of Participation are included on the Treasurer's Debt Management System for control purposes.

(2) The debt outstanding at June 30, 2004 includes a prior year principal adjustment in the amount of $9,685 to correct the escrow calculated at the wrong rate. Principal was adjusted to insure adequacy of escrow.

(3) 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. Economic Recovery Notes were also issued in June 2004 to fund the State's Fiscal 2003 deficit. The notes, auction rate securities, have a final maturity of June 2009 and are General Obligations of the State.

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

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

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

(7) Money from positive cash flow was used to defease $46,415,000 in bonds.

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

(9) Includes Bradley International Airport Special Obligation Parking Revenue Bonds, 2000 Series A $47,665,000 and 2000 Series B $4,250,000.

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

(11) Pursuant to legislation passed in 2003, the Special Obligation Rate Reduction bonds were issued in June 2004 to provide revenue for the General Fund budgets for fiscal years 2004 and 2005. The bonds will be repaid from charges on the electric bills of the State's two investor-owned electric companies.

(12) The Capital City Economic Development Authority (CCEDA) Bonds were issued to provide funding for the Adriaen's Landing development project in Hartford. The bonds, issued in a combination of fixed and variable rate securities, have a final maturity of 2034. The State is required to make all debt service payments on the bonds up to a maximum annual amount of $6.75 million pursuant to a contract assistance agreement between CCEDA, the Treasurer, and OPM. CCEDA is required to reimburse the State for the debt service payments from net parking and central utility plant revenues. Interest payments for fiscal year 2005 were paid from Capitalized Interest funds held with Trustee.

Note 1: In accordance with Section 3-115 of the General Statutes, the State Comptroller shall provide accounting statements relating to the financial condition of the State as a whole in the same form and in the same categories as appear in the budget enacted by the General Assembly. The Budget Act enacted for the 2005 fiscal year is presented on a comprehensive basis of accounting other than gererally accepted accounting principles. In order to be consistent with the Comptroller's statements and the budgetary act, the State Treasurer has employed the same comprehensive basis of accounting for the presentation of this schedule.

Note 2: GAAP accounting requires that Long-Term debt obligations be segregated into the portion payable within the next fiscal year (the current portion) and the remaining portion that is not due until after the next fiscal year. This manner of presentation is not used for the budgetary basis presentation.

For a detailed listing of debt oustanding for the fiscal year ended June 30, 2005, please see Statutory Appendix.

DEBT MANAGEMENT DIVISION

RETIREMENT SCHEDULE OF IN-SUBSTANCE DEFEASED DEBT OUTSTANDING [1] - BUDGETARY BASIS

JUNE 30, 2005

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						
11/05/1999	$	6,206,248	06/01/2013	$	8,867,196	U.S. Treasury Notes
12/29/1999		46,500,000	03/15/2006		46,575,522	State and Local Government Series Bonds
06/28/2001		306,880,000	11/01/2006		311,506,612	State and Local Government Series Bonds
11/20/2001		239,605,000	06/15/2010		253,335,164	State and Local Government Series Bonds
06/15/2002		114,345,000	06/15/2010		121,499,540	U.S. Treasury Notes
09/05/2002		229,185,000	12/15/2010		241,314,559	State and Local Government Series Bonds/FNMA
04/08/2004		1,027,755,000	06/30/2012		1,084,556,438	U.S. Treasury Notes/FHLMC/FNMA/Fed Home Loan Bks/Resolution Funding Strips
10/05/2004		13,225,000	05/01/2007		13,903,244	Fixed Income Government Issues
04/27/2005		339,590,000	11/15/2012		359,171,434	State and Local Government Series Bonds
SUBTOTAL	$	2,323,291,248		$	2,440,729,709	
BOND TYPE: SPECIAL TRANSPORTATION FUND						
12/01/1999	$	56,912,456	06/01/2008	$	64,216,747	U.S. Treasury Bonds/Strips
10/11/2001		174,790,000	11/01/2007		179,558,334	State and Local Government Series Bonds
01/23/2003		366,055,000	10/01/2011		392,573,541	State and Local Government Series Bonds
12/02/2004		90,730,000	12/01/2012		98,474,850	US Treasury Notes and Strips; ResCorps
SUBTOTAL	$	688,487,456		$	734,823,472	
BOND TYPE: CLEAN WATER FUND						
07/01/2003	$	202,695,000	10/01/2011	$	215,740,871	U.S. Treasury Notes/Bonds
SUBTOTAL	$	202,695,000		$	215,740,871	
BOND TYPE: UCONN 2000						
01/15/2004	$	223,160,000	04/01/2012	$	238,955,946	State and Local Government Series Bonds
SUBTOTAL	$	223,160,000		$	238,955,946	
BOND TYPE: SECOND INJURY FUND						
06/20/2002	$	45,235,000	01/01/2011	$	46,177,456	State and Local Government Series Bonds
06/25/2003		29,820,000	01/01/2011		32,691,537	State and Local Government Series Bonds
06/25/2004		36,665,000	01/01/2011		38,122,213	State and Local Government Series Bonds
06/24/2005		46,415,000	01/01/2011		48,919,961	State and Local Government Series Bonds
SUBTOTAL	$	158,135,000		$	165,911,167	
TOTAL	$	3,595,768,704		$	3,796,161,165	

(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.

Note 1: In accordance with Section 3-115 of the General Statutes, the State Comptroller shall provide accounting statements relating to the financial condition of the State as a whole in the same form and in the same categories as appear in the budget enacted by the General Assembly. The Budget Act enacted for the 2005 fiscal year is presented on a comprehensive basis of accounting other than gererally accepted accounting principles. In order to be consistent with the Comptroller's statements and the budgetary act, the State Treasurer has employed the same comprehensive basis of accounting for the presentation of this schedule.

Note 2: GAAP accounting requires that Long-Term debt obligations be segregated into the portion payable within the next fiscal year (the current portion) and the remaining portion that is not due until after the next fiscal year. This manner of presentation is not used for the budgetary basis presentation.

DEBT MANAGEMENT DIVISION

SCHEDULE OF EXPENSES IN EXCESS OF $5,000 (1)
FISCAL YEAR ENDED JUNE 30, 2005

Name of Firm	Description of Services	Aggregate Compensation Paid in FY 2005	Status as of 06/30/05
A. C. Advisory, Inc.	Financial Advisor	$ 29,805	Active
AMBAC	Bond Insurance	1,366,970	N/A
Bank of America	Liquidity Fee	164,231	Active
Bank of New York	Administrative/Trustee/Auction Agent Fee	9,125	Active
Bayerische Landesbanke	Liquidity Fee	147,638	Active
Bear Stearns & Co, Inc.	Broker/Dealer/Management Fee	493,014	Active
Bloomberg	Subscription	16,200	Active
Day, Berry & Howard	Bond/Disclosure Counsel	658,158	Active
Dexia Public Finance Bank	Liquidity Fees	552,364	Active
DiSanto Bertoline & Company	Auditor	31,700	Active
Financial Guaranty Insurance Co.	Bond Insurance	284,450	N/A
Financial Security Assurance, Inc.	Bond Insurance	143,350	N/A
Finn Dixon	Disclosure Counsel	14,280	Active
Fitch	Rating Agency	340,920	N/A
Goldman Sachs	Broker/Dealer/Remarketing/Management Fee	99,583	Active
Hunton & Williams	Bond/Tax Counsel	162,102	Active
ImageMaster	Financial Printer	106,202	Active
IRS	Arbitrage Rebate Payments	738,478	N/A
JP Morgan Chase Securities	Administrative/Trustee/Remarketing Fee	169,350	Active
Lamont Financial Services	Financial Advisor	137,104	Active
Landesbank Hessen-Thuringen	Liquidity Fee	112,811	Active
Law Offices of Joseph C Reid PA	Bond Counsel	138,731	Active
Lehman Brothers Inc.	Remarketing/Management Fee	309,083	Active
Levy & Droney, P.C	Bond Counsel	167,870	Active
Lewis & Munday	Bond Counsel	80,240	Active
M.R. Beal & Co.	Management Fee	75,000	Active
MBIA Insurance Corp	Bond Insurance	494,000	N/A
Merrill Lynch & Co.	Remarketing Fee	82,397	Active
Moody’s	Rating Agency	325,400	N/A
Morgan Stanley & Co, Inc.	Broker/Dealer/Management Fee	336,285	Active
Nixon Peabody LLP (AMTEC)	Arbitrage Calc/Bond Counsel/Verification Agent	84,868	Active
Orrick, Herrington & Sutcliffe LLP (BondLogistix)	Arbitrage Calculation Fee	49,825	Active
P.G. Corbin & Co.	Financial Advisor	132,663	Active
Public Resources Advisory Group	Financial Advisor	116,732	Active
Pullman & Comley, LLC	Bond Counsel	388,578	Active
Robinson & Cole	Bond/Tax Counsel	110,159	Active
Seward and Monde	Auditor	32,300	Active
Shipman & Goodwin LLP	Bond Counsel	70,508	Active
Soeder & Associates	Disclosure Counsel	17,374	Active
Squire, Sanders & Dempsey	Bond Counsel	173,857	Active
Standard & Poor’s	Rating Agency	320,573	N/A
U. S. Bank	Administrative/Trustee Fees	269,881	Active
Updike, Kelly & Spellacy	Bond Counsel	144,735	Active
Wachovia Bank	Administrative/Trustee/Management Fee	13,355	Active
Wells Fargo National Assoc	Auction Agent Fee	6,157	Active
WestLB Public Finance	Liquidity Fees	413,540	Active
Wilmington Trust Company	Auction Agent Fee	297,475	Active
Total		$ 10,429,422	

(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. 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

FISCAL YEAR ENDED JUNE 30, 2005

Description	Total
INFLOWS	
Receipts:	
Deposits	19,854,508,492.02 (1)
Bad Checks	(10,663,925.03)(2)
Treasury Initiated Transfers	1,729,738,068.48 (3)
Total Receipts	21,573,582,635.47
Transfers:	
Income/Cash Transfers	893,985,612.16 (4)
Investments - Sells	9,287,612,210.35 (5)
Total Transfers	10,181,597,822.51
Other Inflows:	
Internal Bank Transfers	25,825,349,389.18 (6)
Interbank Transfers	12,887,086,185.59 (7)
Total Other Inflows	38,712,435,574.77
Total Inflows	70,467,616,032.75
OUTFLOWS	
Disbursements:	
Vendor	18,134,613,112.78 (8)
Payroll	2,683,064,593.35 (9)
Total Disbursements	20,817,677,706.13
Transfers:	
Income/Cash Transfers	1,234,322,693.26 (4)
Investments - Buys	9,820,732,340.87 (5)
Total Transfers	11,055,055,034.13
Other Outflows:	
Internal Bank Transfers	25,825,349,389.18 (6)
Interbank Transfers	12,887,086,185.59 (7)
Total Other Outflows	38,712,435,574.77
TOTAL OUTFLOWS	70,585,168,315.03

(1) Deposits - revenue received from taxes, licenses, lottery fees, federal grants and other sources.
(2) Bad Checks - checks issued with insufficient funds in the originator's bank account.
(3) Treasury Initiated Transfers - To record debt service payments to the proper bank account and transfer of investment income to the proper fund.
(4) Income/Cash Transfers - income earned from short and long-term investments, and transfers of cash from one fund to the other.
(5) Investment Sells/Buys - investment activity.
(6) 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 and invest excess cash.
(7) Interbank Transfers - transfers of state moneys between banks to invest excess cash or to cover authorized disbursements.
(8) Vendor - expenditures for goods and services provided to the State by vendors.
(9) Payroll - expenditures for the State's personnel and retirement payrolls.

CASH MANAGEMENT DIVISION

CIVIL LIST FUNDS

SUMMARY SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS (1)
FISCAL YEAR ENDED JUNE 30, 2005
PRESENTED UNDER BUDGETARY BASIS OF ACCOUNTING (3) (4)

Fund Name	Adjusted Cash Balance July 1, 2004 (2)	FY 2005 Receipts (2)	FY 2005 Disbursements	Transfers	Other Net Adjustments (3)	Adjusted Cash Balance June 30, 2005
TOTAL FUNDS	$(124,570,957.34)	$21,573,582,635.47	$20,817,677,706.13	$(873,457,211.62)	$93,708,718.57	$(148,414,521.05)

(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) 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 held in agency checking accounts.
- Petty cash balance.

(3) In accordance with Section 3-115 of the General Statutes, the State Comptroller shall provide accounting statements relating to the financial condition of the State as a whole in the same form and in the same categories as appears in the budget act enacted by the General assembly. The Budget Act enacted for the 2005 fiscal year is presented on a comprehensive basis of accounting other than general accepted accounting principals. In order to be consistent with the Comptroller's statements and the Budgetary Act, the State Treasurer has employed the same comprehensive basis of accounting for the presentation of the Civil List Funds Schedule of Investments.

(4) GAAP accounting requires that investment balances be presented to include the accrued interest earned. This manner of presentation is not used for the budgetary basis presentation.

CASH MANAGEMENT DIVISION

CIVIL LIST FUNDS

SUMMARY SCHEDULE OF CASH AND INVESTMENTS [(1) (2)]

FISCAL YEAR ENDED JUNE 30, 2005

PRESENTED UNDER BUDGETARY BASIS OF ACCOUNTING [(3) (4)]

Description	Total All Funds
General Investments	
Cash	$ (148,414,521.05)
STIF	2,444,067,105.87
TEPF	38,141,474.02
Investments with Treasurer as Trustee	
Short-Term	483,946,709.93
Long-Term	20,890,923,187.52
Investments with Others as Trustee	
Short-Term	832,442,643.07
Long-Term	683,698,945.76
Total	$ 25,224,805,545.12
Reconcilation Between Treasurer & Comptroller [(5)]	
Office of the Comptroller	
Cash and STIF June 30, 2005 (Annual Statutory Report)	$ 2,425,874,680.19
STIF classified as Long Term Investments Fund #14005	208,541,953.44
STIF classified as Long Term Investments Fund #21009	93,068,460.90
Cash and Investment with Trustee Fund #21015	77,242,011.37
Cash and Investment with Trustee Fund #21018	$ 13,013,662.26
Difference in STIF Balance Fund #21015	0.61
Total	$ 2,817,740,768.77
Office of the Treasurer	
Cash	$ (148,414,521.05)
STIF	2,444,067,105.87
TEPF	38,141,474.02
STIF/Investment with Treasurer as Trustee	483,946,709.93
Total	$ 2,817,740,768.77

(1) For a detailed listing of the Civil List Investments for the Fiscal Year Ending June 30, 2005, please see Statutory Appendix.

(2) GAAP accounting requires that investment balances be presented to include the accrued interest earnings. This manner of presentation is not used for the budgetary basis presentation.

(3) In accordance with Section 3-115 of the General Statutes, the State Comptroller shall provide accounting statements relating to the financial condition of the State as a whole in the same form an in the same categories as appears in the budget act enacted by the General Assembly. The Budget Act enacted for the 2005 fiscal year is presented on a comprehensive basis of accounting other than general accepted accounting principals. In order to be consistent with the Comptroller's statements and the budgetary act, the State Treasurer has employed the same comprehensive basis of accounting for the presentation of the Summary Schedule of Cash and Investments.

(4) GAAP accounting requires that investment balances be presented to include the accrued investment earnings. This manner of presentation is not used for the budgetary basis presentation.

(5) Reconciliation of Cash Equivalents Per Comptroller's Books to Cash and General Investments and Short-Term Investments Per Treasury Books.

CASH MANAGEMENT DIVISION

CIVIL LIST FUNDS
INTEREST CREDIT PROGRAM (1)
FISCAL YEAR ENDED JUNE 30, 2005

Fund	Participant	Department	SID	Interest Earned During the Year
12004	Insurance Fund			
	INSURANCE FUND	DOI37500		$179,961.01
Total				179,961.01
12007	Workers Compensation			
	ADMINISTRATION FUND	WCC42000		436,094.26
Total				436,094.26
12014	Criminal Injuries Compensation Fund			
	VICTIM SERVICES	JUD95000		94,373.55
Total				94,373.55
12015	Vending Facilities Operators Fringe Benefits			
	VENDING FACILITY PROGRAM - FEDERAL INCOME	ESB65000		1,897.11
Total				1,897.11
12017	University of Connecticut Operating Fund			
	OPERATING FUND	UOC67000		3,348,446.41
Total				3,348,446.41
12018	University Health Center Operating Fund			
	OPERATING FUND	UHC72000		310,084.87
	STUDENT SCHOLARSHIPS AND LOANS	UHC72000	40014	99,741.34
Total				409,826.21
12019	State University Operating Fund			
	STATE UNIVERSITIES	CSU83000		2,393,713.39
	CENTRAL CONNECTICUT STATE UNIVERSITY	CSU84000		107,035.09
Total				2,500,748.48
12020	Regional Community Colleges Operating Fund (Tuition Account)			
	BOARD FOR REGIONAL COMM COLLEGE	CCC78000		1,700,412.35
Total				1,700,412.35
12022	University of Connecticut Research Foundation			
	RESEARCH	UOC67000		317,625.24
Total				317,625.24
12026	Environmental Quality Fund			
	MUNICIPAL SOLID WASTE RECYCLING	DEP43000	40200	6,799.45
Total				6,799.45
12027	Conservation Fund			
	MIGRATORY BIRD CONSERVATION	DEP43000	40206	7,095.31
Total				7,095.31
12031	Employment Security - Administration			
	PENALTY & INTEREST	DOL40000	40213	132,030.89
	TITLE XII EXCESS FUNDS	DOL40000	40214	46,170.09
Total				178,200.98
12037	Tobacco Settlement Fund			
	TOBACCO SETTLEMENT FUND	OPM20000		183,842.57
Total				183,842.57
12060	GENERAL FUND			
	RESEARCH IN PLANT SCIENCE	AES48000	30099	8,212.73
	ADMINISTRATION OF GRANTS	AES48000	30116	1,231.77
	BOARD FOR STATE ACADEMIC AWARD	BAA77000	35186	15,529.55

CIVIL LIST FUNDS

INTEREST CREDIT PROGRAM (1) (Continued)

FISCAL YEAR ENDED JUNE 30, 2005

Fund	Participant	Agency	SID	Interest Earned During the Year
	CT DISTANT LEARNING CONSORTIUM	BAA77000	35289	6,437.16
	BOARD OF PAROLE'S ASSET FORFEITURE ACCOUNT	BOP90100	20127	97.03
	OFFICE OF TOURISM	CAT45200	30207	570.73
	CONN STATE LIBRARY ACCOUNT	CSL66000	30082	2,152.44
	CT LIBRARY & MUSEUM FUND	CSL66000	30093	47,291.86
	HISTORIC DOCUMENTS PRESERVATION ACCOUNT	CSL66000	35150	83,166.16
	CHILDREN'S TRUST FUND	CTF94000	30219	10,396.17
	RICHARD A. FORESTER MEMORIAL FUND	DCF91000	30084	252.26
	CHILDREN'S WELFARE FUND	DCF91000	30131	132.04
	PRIVATE OCCUPATIONAL STUDENT PROTECTION FUND	DHE66500	35135	60,706.15
	CONNECTICUT FUTURES ACCOUNT	DHE66500	35151	55,562.18
	CORRECTIONAL MEMORIAL FUND	DOC88000	30015	610.40
	CORRECTION GENERAL WELFARE FUND	DOC88000	35137	84,702.12
	COOPERATIVE/COMMUNITY POLICING PROGRAM	DPS32000	20270	1,158.81
	FEDERAL ASSET FORFEITURE	DPS32000	20493	8,913.76
	ENHANCED 911 TELECOMMUNICATIONS FUND	DPS32000	35190	285,513.80
	JOB INCENTIVE ACCOUNT	ECD46000	35146	9.30
	MRD ESCROW ACCT.	ECD46000	35170	896.35
	MRS ESCROW ACCT.	ECD46000	35173	175.87
	LIONS CLUBS WORKSHOP FUND	ESB65000	30013	0.19
	FAUCHTSWANGER FUND	ESB65000	30030	164.72
	FRAUENHOFER FUND	ESB65000	30042	397.21
	MISCELLANEOUS GRANTS	ESB65000	30070	902.42
	SARA BROWN FUND	ESB65000	30092	5,948.37
	CHARLES PRECOURT MEMORIAL FUND	ESB65000	30104	79.88
	ANN COROTEAU MEMORIAL FUND	ESB65000	30113	186.23
	VENDING FACILITIES PROGRAM-STATE AND LOCAL INCOME	ESB65000	35149	69,186.53
	LAW LIBRARY-DONATED COPIER RECEIPTS	JUD95000	30238	5,048.20
	DERBY COURTHOUSE MAINTENANCE RESERVE	JUD95000	35188	32,591.83
	MERIDEN COURTHOUSE MAINTENANCE RESERVE	JUD95000	35195	32,160.63
	CRIMINAL VIOLENCE VICTIMS ESCROW ACCT.	JUD95000	35203	49.56
	CLIENT SECURITY FUND	JUD95000	35205	125,978.04
	DMHAS-COMMUNITY MENTAL HEALTH STRATEGIC INVESTMENT	MHA53000	35160	27,704.57
	DMHAS-COMMISSIONER'S OFFICE PRE-TRIAL ACCOUNT	MHA53000	35166	95,826.41
	DRUG ASSET FORFEITURE PROGRAM	MIL36000	35112	1,472.25
	FY 2002 JUV ACCOUNTABILITY INCENTIVE BLOCK GRANT	OPM20000	20140	42,026.89
	LOCAL LAW ENFORCEMENT BLOCK GRANT PROGRAM	OPM20000	20206	979.84
	JUVENILE ACCOUNTABILITY INCENTIVE BLOCK GRANT PROG	OPM20000	20387	5,768.38
	WARNER OIL SETTLEMENT	OPM20000	20468	192.83
	EXXON OVERCHARGE	OPM20000	20488	5,997.21
	DIAMOND SHAMROCK OVERCHARGE	OPM20000	20490	1,017.15
	STRIPPER WELL OVERCHARGE	OPM20000	20492	43,213.25
	LOCAL LAW ENFORCEMENT BLOCK GRANTS PROGRAM	OPM20001	21468	292.33
	JUVENILE ACCOUNTABILITY INCENTIVE BLOCK GRANT PROG	OPM20000	21672	50,776.23
	LOCAL LAW ENFORCEMENT BLOCK GRANTS PROGRAM	OPM20001	21689	6,782.32
	LOCAL EMERGENCY RELIEF ACCT.	OPM20000	35122	167.68
	INVESTMENT FUND	OTT14000	35101	251,668.28
	SECOND INJURY	OTT14000	35105	22,951.57
	SECOND INJURY STIPULATION & REIMBURSEMENT	OTT14000	35111	42,838.72
	HELP AMERICA VOTE FUND	SOS12500	21465	728,950.58
Total				2,275,038.94
21009	Bradley International Airport Operations			
	BRADLEY ENTERPRISE FUND	DOT57000		353,070.43
Total				353,070.43
22001	Correction Industries			
	CORRECTIONAL COMMISSARY FUND	DOC88000	42304	105,110.02
Total				105,110.02

CASH MANAGEMENT DIVISION

CIVIL LIST FUNDS

INTEREST CREDIT PROGRAM (1) (Continued)

FISCAL YEAR ENDED JUNE 30, 2005

Fund	Participant	Agency	SID	Interest Earned During the Year
31006	Teacher's Retirement Fund			
	TEACHER'S RETIREMENT BOARD OPERATING FUND	TRB77500	40001	86,158.95
	TEACHER'S RETIREMENT BOARD	TRB77500	42358	184,595.51
Total				270,754.46
35001	Health Club Guaranty Fund			
	HEALTH CLUB GUARANTY FUND	DCP39500		3,846.16
Total				3,846.16
35002	Real Estate Guaranty Fund			
	REALESTATE GUARANTY FUND	DCP39500		6,209.06
Total				6,209.06
35003	Home Improvement Guaranty Fund			
	HOME IMPROVEMENT GUARANTY FUND	DCP39500		5,368.86
Total				5,368.86
35006	New Home Construction Guaranty Fund			
	NEW HOME CONSTRUCTION GUARANTY	DCP39500		12,845.69
Total				12,845.69
35007	Tobacco and Health Trust Fund			
	TOBACCO HEALTH TRUST FUND	OPM20000		1,596.42
Total				1,596.42
35012	Various Treasurer's Trust Funds			
	IRWIN LEPOW TRUST FUND	CME49500	42354	757.26
	R. GRAEME SMITH	DPS32000	42353	133.52
	FITCH HOME FOR SOLDIERS	DVA21000	42352	272.88
	POSTHUMOUS FITCH	DVA21000	42356	541.38
	JOHN H. KING	JUD95000	42355	4,121.79
	WHITE FUND	JUD95000	42357	74.57
Total				5,901.40
Grand Total				$ 12,405,064.37

(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, 2005

Name of Firm	Description of Services	Contract Date	Aggregate Compensation Paid in FY 2005	Status As of 6/30/05
Fleet Bank	Banking Services	Various	$ 2,706,492 [2]	Active
Webster Bank	Banking Services	Jun-98	276,313 [2]	Active
People's Bank	Banking Services	Mar-97	192,144 [2]	Active
US Bank National Assn	Bond Trustee & Paying Agent	Jun-90	147,706 [2]	Active
Wachovia Bank National Assn	Banking Services	Feb-97	56,013 [2]	Active
State Street Bank & Trust	STIF Custodian Fees	Aug-99	43,000	Active
Standard & Poors	Subscription & Rating	N/A	33,000	Active
Bloomberg L P	Subscription	N/A	32,400	Active
Moodys Investors Services	Subscription & Research	N/A	25,009	Active
DHR International	Consulting Services	Mar-04	23,914	Active
Fitch Information Inc.	Credit Research	N/A	9,050	Active
New England Systems Solutions	Computer Hardware	N/A	7,338	Active
Scillia Dowling & Natarellia LLP	AIMR Attestation Services	Sep-02	6,000	Active
Callan Associates	Custodian Search Services	Feb-04	5,000	Terminated
TOTAL			$ 3,563,379	

(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, 2005

Name of Firm	Description of Services	Contract Date	Aggregate Compensation Paid in FY 2005	Status
ACS Unclaimed Property Clearing House	Securities Services & Claims Processing	Aug-02	$ 802,083	Active
ACS Unclaimed Property Clearing House	Identification & Collection of Property	Aug-94	2,315,445	Active
Barclay's Global Investors	Securities Liquidation Services	Mar-96	89,294	Active
Connecticut Post	Advertising	N/A	6,680	Terminated
DataPrep Incorporated	Data Entry Services	N/A	23,436	Active
Institutional Shareholder Service	Proxy Voting Services	Nov-99	20,208	Terminated
John Michael Associates Inc.	Promotional Items	N/A	20,893	Terminated
Joseph Merritt Company	Imaging Services	N/A	53,473	Active
Lang Durham & Company	Advertising	N/A	53,530	Active
McLaughlin, Delvecchio & Casey	Advertising	N/A	45,453	Active
MTM Information Technologies	Computer Hardware	N/A	6,968	Terminated
New England Solution System	Computer Hardware	N/A	8,663	Terminated
New Haven Register	Advertising	N/A	9,986	Terminated
Quality Office Systems	Photocopier Lease	N/A	7,183	Active
The Hartford Courant	Advertising	N/A	170,084	Terminated
TOTAL			$ 3,633,379	

(1) Expenses are presented on a cash basis.

UNCLAIMED PROPERTY DIVISION

FIVE YEAR SELECTED FINANCIAL INFORMATION

	Fiscal Year Ended June 30,				
	2005	2004	2003	2002	2001
Receipts (Net of fees) (3)	$158,660,774	$104,424,187	$ 70,409,889	$34,362,362	$ 39,522,597
Fees netted from proceeds (1)	2,404,738	8,168,755	865,958	1,049,491	742,514
Gross Receipts	161,065,512	112,592,942	71,275,847	35,411,853	40,265,111
Claims paid (3)	20,476,540	10,862,104	9,441,860	10,117,462	9,838,935
Administrative Expenses:					
Salaries&Fringe benefits	2,735,640	2,295,637	2,144,697	2,112,937	1,900,906
Data processing & hardware	909,520	1,020,881	779,771	640,557	883,587
All other	436,189	236,078	113,144	286,749	313,763
Fees netted from proceeds (1)	2,404,738	8,168,755	865,958	1,049,491	742,514
Total Disbursements	26,962,627	22,583,455	13,345,430	14,207,196	13,679,705
Excess of Receipts over Disbursements (2)	$134,102,885	$ 90,009,487	$ 57,930,417	$ 21,204,657	$ 26,585,406
Approximate Market Value of Securities (3) at Fiscal Year End:					
Stocks and bonds	$ 30,734,531	$ 93,320,395	$ 27,228,349	$ 49,405,062	$ 53,362,736
Mutual funds	12,949,888	10,951,926	7,340,330	11,363,341	13,373,611
Total Securities Inventory	$ 43,684,419	$104,272,321	$ 34,568,679	$ 60,768,403	$ 66,736,347
Securities liquidated	$ 88,591,287	$ 0	$ 21,092,998	$ 172,928	$ 0
Mutual Funds liquidated	$ 292,939	$ 1,413,120	$ 4,451,091	$ 0	$ 0
Number of checks paid	10,108	7,700	9,507	10,007	11,605

(1) Fees include amounts for liquidation of securities, property recovered in out-of-state audits and appraisal and auction of safe deposit box contents. FY04 includes fees ($6,907,921) associated with the receipt of demutualization cash & securities.

(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 marketablesecurities received by the Unclaimed Property Division, nor the value of the 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, 2005

Financial institutions	$21,554,761
Other corporations	30,844,314
Insurance companies	14,411,311
Governmental agencies and public authorities	2,064,213
Dividends on securities held	635,778
Estates	437,182
Securities tendered	499,248
Securities liquidated	88,591,287
Mutual funds liquidated	292,939
Interest penalty assessments	466,465
Sale of property lists, copying and other charges	1,400
Reciprocal exchange program with other states	1,266,224
Refunds	390
Total Gross Receipts	$161,065,512

EX-OFFICIO DUTIES OF THE STATE TREASURER
BOARDS, COMMITTEES AND COMMISSIONS

STATE BOND COMMISSION (§ 3-20(c) CGS)

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 Cochairpersons and the ranking minority members of the joint standing committee of the General Assembly having cogniznace of matters relating to finance, revenue and bonding.

INVESTMENT ADVISORY COUNCIL (§ 3-13b(a) CGS)

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 (§ 36a-70(h)(1) CGS)

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 (§ 4-93 CGS)

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 Senate members who are members of the Legislature's Appropriations Committee and three House members who are members of the Legislature's Appropriations Committee.

CONNECTICUT LOTTERY CORPORATION BOARD OF DIRECTORS (§ 12-802(b) CGS)

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 (§ 3-22e(a) CGS)

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 Cochairpersons and ranking members of the Legislature's education committee, and 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 (By Charter)

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 (§ 4a-58(a) CGS)

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, and such administrative heads of State departments as are designated for that duty by the Governor.

INFORMATION AND TELECOMMUNICATION SYSTEMS (IT) EXECUTIVE STEERING COMMITTEE (§ 4d-12(b) CGS)

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) (§ 32-11a(c) CGS)

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 and Community Development, Secretary of OPM, four members appointed by the Governor, and four members appointed by legislative leaders.

CONNECTICUT HOUSING FINANCE AUTHORITY (CHFA) (§ 8-244(a) CGS)

CHFA was created to increase the supply of, and encourage and assist in the purchase, development and construction of, housing for low and moderate-income families and persons throughout the State. It provides mortgages for single family homeowners at below market rates, mortgages for multi-family developers, and construction financing. The members of the board include the Treasurer, Commissioner of Economic and Community Development, Secretary of OPM, Banking Commissioner, seven members appointed by the Governor, and four members appointed by legislative leaders.

CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY (CHEFA)
BOARD OF DIRECTORS (§ 10a-179(a) CGS)

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 (§ 10a-224(a) CGS)

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 (SA 01-1)

Special Act 01-1 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.

STUDENT FINANCIAL AID INFORMATION COUNCIL (§ 10a-161b CGS)

The council develops procedures to improve student financial aid policy and increase resources, develops methods to improve financial aid awareness, especially amoung middle and high school students and their families, and coordinates financial aid delivery. The council is assisted in their responsibilities by the Department of Higher Education and the Connecticut Association of Professional Financial Aid Administrators. The Council consists of the Commissioners of Higher Education, the Treasurer, four members appointed by the Governor, and four members appointed by the legislative leadership.

EXECUTIVE OFFICE

TOTAL ADMINISTRATION EXPENDITURES
FISCAL YEARS ENDED JUNE 30,

Fiscal Years Ended June 30,

	2005	%	2004	%	2003	%	2002	%	2001	%
GENERAL FUND										
Personal Services	$3,089,871	4.30%	$2,923,590	4.42%	$2,779,972	3.90%	$2,869,876	3.72%	$2,970,332	4.60%
Other Expenses	314,630	0.44%	340,235	0.51%	286,417	0.40%	330,875	0.43%	400,249	0.62%
Capital Equipment	100	0.00%	100	0.00%	1,000	0.00%	1,000	0.00%	5,000	0.01%
TOTAL	3,404,601	4.74%	3,263,925	4.94%	3,067,389	4.30%	3,201,751	4.15%	3,375,581	5.23%
PENSION FUNDS										
Personal Services	$2,695,010	3.75%	$2,288,348	3.46%	$2,172,561	3.05%	$1,563,812	2.03%	$1,435,232	2.23%
Other Expenses	52,559,960	73.18%	48,530,271	73.42%	53,752,772	75.40%	58,941,558	76.49%	47,641,305	73.88%
Capital Equipment	7,369	0.01%	2,237	0.00%	2,736	0.00%	6,132	0.01%	28,971	0.04%
TOTAL	55,262,339	76.94%	50,820,856	76.89%	55,928,069	78.45%	60,511,502	78.53%	49,105,508	76.15%
SECOND INJURY FUND										
Personal Services	$6,736,792	9.38%	$6,472,773	9.79%	$6,435,233	9.03%	$6,474,238	8.40%	$5,813,536	9.02%
Other Expenses	730,468	1.02%	659,369	1.00%	816,008	1.14%	1,473,097	1.92%	1,444,644	2.24%
Capital Equipment	1,013	0.00%	3,006	0.00%	22,312	0.03%	34,059	0.04%	9,321	0.01%
TOTAL	7,468,273	10.40%	7,135,148	10.79%	7,273,553	10.20%	7,981,394	10.36%	7,267,501	11.27%
UNCLAIMED PROPERTY FUND										
Personal Services	$2,734,640	3.81%	$2,295,637	3.47%	$2,144,697	3.01%	$2,112,937	2.74%	$,900,906	2.94%
Other Expenses	1,339,188	1.86%	1,255,292	1.90%	885,567	1.24%	922,617	1.20%	1,193,757	1.85%
Capital Equipment	7,521	0.01%	1,667	0.00%	7,348	0.01%	4,689	0.01%	3,593	0.01%
TOTAL	4,081,349	5.68%	3,552,596	5.37%	3,037,612	4.26%	3,040,243	3.95%	3,098,256	4.80%
SHORT-TERM INVESTMENT FUND										
Personal Services	$873,497	1.22%	$810,196	1.23%	$739,208	1.04%	$688,926	0.89%	$667,846	1.04%
Other Expenses	207,730	0.29%	201,011	0.30%	168,490	0.24%	194,809	0.25%	188,240	0.29%
Capital Equipment	1,643	0.00%	337	0.00%	912	0.00%	2,066	0.00%	6,550	0.01%
TOTAL	1,082,870	1.51%	1,011,544	1.53%	908,610	1.27%	885,801	1.14%	862,636	1.34%
Other Financing Sources (1)	$526,732	0.73%	$313,399	0.47%	$1,078,353	1.51%	$1,437,947	1.87%	$779,096	1.21%
TOTAL AGENCY	$71,826,164	100.00%	$66,097,468	100.00%	$71,293,586	100.00%	$77,058,638	100.00%	$64,488,578	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, 2005

Name of Firm	Description of Services	Contract Date	Aggregate Compensation Paid in FY 2005	Status As of 6/30/05
BankOne NA	Purchasing Card Expenditures	N/A	8,273	Active
Bloomberg	Subscription	N/A	16,200	Active
CRA RogersCasey Inc.	CHET Consulting Services	Jan-01	40,000	Active
Grant & Eisenhofer PC	Legal Services	Jan-03	14,152	Active
Interfaith Center on Corporate Responsibility	Subscription	N/A	6,000	Actve
New England Solution System	Computer Hardware	N/A	8,364	Active
Quality Office Systems	Photocopier Lease	N/A	18,608	Active
Suburban Stationers Inc.	Office Supplies	Jul-04	12,724	Active
TOTAL			$ 124,321	

(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, 2005

Name of Firm	Description of Services	Contract Date	Aggregate Compensation Paid in FY 2005	Status As of 6/30/05
Automatic Data Processing	Check Processing	May-01	$ 20,117	Active
BankOne	Travel Services	N/A	5,397	Active
Concentra Managed Care	Provider Bill Audit Services	Aug-01	335,813	Active
Concentra Managed Care	IME/Case Mgmt./Job Placement	Jan-01	30,690	Active
Corvel Corporation	IME/Case Mgmt./Job Placement	Jan-01	38,478	Active
IntraCorp	IME/Case Mgmt./Job Placement	Jan-01	7,975	Active
Iron Mountain Data Protection	Records Management Services	N/A	5,073	Active
New England Solution System	Computer Hardware	N/A	7,514	Active
Quality Office Systems	Photocopier Lease	N/A	13,129	Active
Security Services of Connecticut	Surveillance Services	Jan-01	32,397	Active
Suburban Stationers	Office Supplies	Sep-01	8,582	Active
TOTAL			$ 505,165	

(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] - BUDGETARY BASIS

JUNE 30, 2005

Issue Date	Outstanding June 30, 2004	FY 2005 Issued	FY 2005 Retired	Refunded or Defeased	Outstanding June 30, 2005	Low Rate (%)	High Rate (%)	Next Maturity Date	Last Maturity Date	Interest Accreted Through FY2005 [2]	Interest Paid During FY 2005
BOND TYPE: GENERAL OBLIGATION - TAX SUPPORTED											
12/22/88	$ 30,942,123	$ -	$ 5,725,751	$ -	$ 25,216,372	7.482	7.525	12/01/05	12/01/08	$60,034,944	$12,624,250
05/11/89	45,236,855	-	9,072,365	-	36,164,490	7.398	7.416	07/01/05	07/01/08	80,734,617	18,146,635
11/14/89	38,753,146	-	5,705,631	-	33,047,515	6.991	7.017	11/01/05	11/01/09	63,859,982	10,269,369
05/15/90	33,428,201	-	7,127,504	-	26,300,697	7.240	7.318	05/15/06	05/15/10	51,442,528	13,614,496
11/20/90	25,122,108	-	3,005,483	-	22,116,625	7.304	7.378	11/15/05	11/15/10	41,328,321	5,148,517
01/01/91	9,864,352	-	1,540,622	-	8,323,730	6.753	6.753	07/01/05	01/01/11	-	640,505
05/16/91	22,201,692	-	2,884,993	-	19,316,699	6.951	7.026	05/15/06	05/15/11	31,662,684	4,583,007
12/12/91	19,248,512	-	2,408,718	-	16,839,794	6.522	6.727	12/15/05	12/15/11	23,935,010	3,116,282
01/21/92	12,493,529	-	1,455,401	-	11,038,128	6.034	6.034	08/01/05	02/01/12	-	731,962
05/14/92	17,000,279	-	1,815,228	-	15,185,051	6.629	6.795	05/15/06	05/15/12	21,014,224	2,401,772
11/17/92	19,979,674	-	3,976,304	-	16,003,370	6.139	6.402	11/15/05	11/15/12	18,997,662	4,151,696
02/01/93	5,515,000	-	-	-	5,515,000	5.300	5.400	11/15/06	11/15/07	-	294,765
03/15/93	68,490,000	-	8,120,000	-	60,370,000	5.250	5.500	03/15/06	03/15/12	-	3,686,743
03/15/93	56,635,000	-	9,645,000	-	46,990,000	5.200	5.500	09/15/05	09/15/10	-	2,755,730
05/19/93	27,392,797	-	2,738,944	-	24,653,853	5.689	5.953	06/15/06	06/15/12	24,931,958	2,568,056
10/01/93	53,220,000	-	30,330,000	-	22,890,000	4.700	6.000	03/15/06	03/15/12	-	2,762,730
10/15/93	3,800,000	-	3,800,000	-	-				12/01/04	-	85,500
11/16/93	22,797,940	-	2,297,013	-	20,500,927	4.938	5.383	12/01/05	12/01/12	16,820,373	1,598,987
03/15/94	29,249,097	-	-	-	29,249,097	5.250	5.650	03/15/07	03/15/12	-	1,613,881
05/01/94	2,910,000	-	-	-	2,910,000	5.450	5.500	05/01/07	05/01/08	-	159,215
05/26/94 [3]	29,559,121	-	3,363,796	-	26,195,325	6.110	6.414	06/01/06	06/01/13	25,761,439	3,095,204
08/15/94	20,574,779	-	10,365,000	-	10,209,779	5.600	5.800	08/15/06	08/15/08	-	857,357
11/01/94	15,000	-	-	-	15,000	5.900	5.900	12/01/06	12/01/06	-	885
11/22/94	31,015,160	-	5,493,498	-	25,521,662	5.856	6.398	12/15/05	12/15/13	23,060,870	4,233,502
12/01/94	8,260,000	-	8,260,000	-	-				12/01/04	-	346,920
10/01/95	42,315,000	-	20,815,000	-	21,500,000	6.000	6.000	10/01/05	10/01/05	-	1,914,450
03/28/96	5,128,747	-	414,376	-	4,714,371	5.030	5.030	11/01/05	05/01/18	-	252,781
04/15/96	31,805,000	-	15,910,000	-	15,895,000	6.250	6.250	05/15/06	05/15/06	-	1,987,813
08/15/96	13,200,000	-	4,400,000	-	8,800,000	5.000	6.000	08/15/05	08/15/06	-	627,000
11/01/96	26,935,000	-	26,935,000	-	-				11/01/04	-	785,825
12/01/96	23,250,000	-	7,750,000	-	15,500,000	5.000	5.000	12/01/05	12/01/06	-	968,750
03/01/97	40,345,000	-	8,065,000	8,085,000	24,195,000	5.000	6.000	03/01/06	03/01/08	-	2,206,828
05/14/97	99,235,000	-	9,235,000	-	90,000,000	3.750	3.750	05/15/06	05/15/14	-	1,664,059
08/01/97	62,347,415	-	12,470,000	-	49,877,415	4.800	5.500	08/01/05	08/01/08	-	2,987,736
09/01/97	15,131,770	-	811,819	-	14,319,951	5.081	5.081	03/01/06	03/01/20	-	768,845
09/15/97	122,700,000	-	630,000	-	122,070,000	4.500	5.500	12/01/05	12/01/12	-	6,373,635
09/30/97	3,400,000	-	330,000	-	3,070,000	5.081	5.081	03/01/06	03/01/20	-	172,754
02/01/98	144,785,000	-	380,000	-	144,405,000	4.250	5.250	03/15/06	03/15/15	-	7,537,541
03/15/98	62,000,000	-	6,000,000	11,750,000	44,250,000	4.350	5.500	03/15/06	03/15/09	-	3,089,375
03/15/98	27,000,000	-	13,000,000	-	14,000,000	6.170	6.170	03/15/06	03/15/06	-	1,660,700
07/15/98	22,945,000	-	16,500,000	-	6,445,000	6.040	6.140	08/01/05	08/01/08	-	884,566

DEBT MANAGEMENT DIVISION

SCHEDULE OF DEBT OUTSTANDING (1) - BUDGETARY BASIS (Continued)

JUNE 30, 2005

Issue Date	Outstanding June 30, 2004	FY 2005 Issued	FY 2005 Retired	FY 2005 Refunded or Defeased	Outstanding June 30, 2005	Low Rate (%)	High Rate (%)	Next Maturity Date	Last Maturity Date	Interest Accreted Through FY 2005 (2)	Interest Paid During FY 2005
07/30/98	30,000,000	-	10,000,000	-	20,000,000	6.060	6.120	11/01/05	11/01/06	-	1,517,500
08/01/98	24,810,000	-	2,015,000	-	22,795,000 (4)	4.375	4.750	12/15/05	12/15/13	-	1,101,069
10/15/98	102,825,000	-	10,000,000	-	92,825,000	3.900	4.875	10/15/05	10/15/18	-	4,252,795
12/15/98	81,615,000	-	8,340,000	-	73,275,000	3.800	4.750	12/15/05	12/15/18	-	3,198,363
05/01/99	15,981,840	-	699,840	-	15,282,000	4.633	4.633	09/01/05	09/01/22	-	724,227
05/06/99	4,320,000	-	190,000	-	4,130,000	4.633	4.633	09/01/05	09/01/22	-	195,744
06/15/99	124,675,000	-	15,000,000	45,000,000	64,675,000	5.000	5.250	06/15/06	06/15/14	-	5,129,813
11/01/99	73,500,000	-	12,250,000	-	61,250,000	4.625	5.250	11/01/05	11/01/09	-	3,370,256
04/15/00	45,000,000	-	7,500,000	-	37,500,000	4.950	5.100	04/15/06	04/15/10	-	2,257,500
06/15/00	135,000,000	-	22,500,000	-	112,500,000	4.750	5.500	06/15/06	06/15/10	-	6,736,910
12/01/00	20,000,000	-	20,000,000	-	-				12/01/04	-	645,000
12/15/00	211,000,000	-	13,000,000	-	198,000,000	4.300	5.500	12/15/05	12/15/10	-	9,889,764
02/22/01	100,000,000	-	-	-	100,000,000	3.750	3.750	02/15/18	02/15/21	-	1,751,928
06/12/01	3,320,000	-	135,000	-	3,185,000	4.650	4.650	10/01/05	10/01/22	-	152,869
06/12/01	9,977,547	-	430,508	-	9,547,039	4.652	4.652	10/01/05	10/01/22	-	454,122
06/15/01	504,575,000	-	9,305,000	-	495,270,000	4.400	5.500	12/15/05	12/15/16	-	26,722,203
06/15/01	200,890,000	-	20,000,000	20,810,000	160,080,000	3.700	5.250	06/15/06	06/15/21	-	8,959,860
06/15/01	20,000,000	-	-	-	20,000,000	4.330	4.330	06/15/12	06/15/12	-	943,750
11/15/01	203,150,000	-	9,000,000	28,410,000	165,740,000	3.000	5.125	11/15/05	11/15/21	-	8,338,980
11/15/01	332,555,000	-	27,910,000	-	304,645,000	3.000	5.125	11/15/05	11/15/19	-	15,998,944
11/15/01	69,030,000	-	16,525,000	-	52,505,000	5.000	5.000	11/15/05	11/15/08	-	3,038,375
12/15/01	175,000,000	-	22,000,000	-	153,000,000	3.200	5.000	12/15/05	12/15/11	-	7,514,805
04/15/02	251,360,000	-	14,250,000	80,840,000	156,270,000	3.250	5.375	04/15/06	04/15/22	-	11,724,379
05/01/02	47,000,000	-	5,875,000	-	41,125,000	4.250	4.250	05/01/06	05/01/12	-	1,077,926
05/01/02	53,000,000	-	6,625,000	-	46,375,000	4.250	4.250	05/01/06	05/01/12	-	1,230,226
06/15/02	176,145,000	-	11,200,000	44,965,000	119,980,000	2.875	5.500	06/15/06	06/15/22	-	6,332,605
06/15/02	132,730,000	-	3,050,000	-	129,680,000	4.000	5.500	12/15/05	12/15/18	-	6,470,250
08/15/02	344,955,000	-	5,000,000	78,040,000	261,915,000	2.000	5.375	11/15/05	11/15/22	-	13,870,648
08/15/02	229,190,000	-	-	-	229,190,000	3.500	5.500	11/15/05	11/15/15	-	12,198,300
11/01/02	222,300,000	-	9,180,000	20,980,000	192,140,000	3.000	5.000	10/15/05	10/15/22	-	9,599,765
04/15/03	40,425,000	-	18,630,000	-	21,795,000	4.000	5.000	04/15/06	04/15/07	-	1,983,150
04/15/03	285,000,000	-	15,000,000	-	270,000,000	2.000	5.000	04/15/06	04/15/23	-	12,650,568
04/15/03	70,200,000	-	7,500,000	-	62,700,000	4.250	4.250	04/30/06	04/30/13	-	1,519,187
05/01/03	251,750,000	-	13,250,000	-	238,500,000	2.000	5.250	05/01/06	05/01/23	-	11,345,897
08/20/03	210,800,000	-	22,515,000	-	188,285,000	5.000	5.000	08/01/05	08/01/10	-	10,089,700
10/01/03	200,000,000	-	10,000,000	-	190,000,000	2.000	5.250	08/15/05	08/15/23	-	7,537,676
11/13/03	200,000,000	-	10,530,000	-	189,470,000	2.000	5.250	10/15/05	10/15/23	-	8,702,537
12/18/03	163,715,000	-	12,025,000	-	151,690,000	2.000	5.000	03/15/06	03/15/11	-	7,577,900
03/01/04	300,000,000	-	15,000,000	-	285,000,000	2.000	5.000	03/01/06	03/01/24	-	12,599,745
04/08/04	1,027,725,000	-	4,000,000	-	1,023,725,000	2.000	5.000	12/01/05	06/01/20	-	49,560,293
05/04/04	300,000,000	-	15,000,000	-	285,000,000	2.500	5.000	04/01/06	04/01/24	-	12,223,765
12/22/04	-	300,000,000	-	-	300,000,000	2.150	5.000	12/01/05	12/01/24	-	5,790,085
03/16/05	-	300,000,000	-	-	300,000,000	3.950	3.950	03/01/06	03/01/23	-	1,611,534

DEBT MANAGEMENT DIVISION

SCHEDULE OF DEBT OUTSTANDING [1] - BUDGETARY BASIS (Continued)

JUNE 30, 2005

Issue Date	Outstanding June 30, 2004	FY 2005 Issued	FY 2005 Retired	FY 2005 Refunded or Defeased	Outstanding June 30, 2005	Low Rate (%)	High Rate (%)	Next Maturity Date	Last Maturity Date	Interest Accreted Through FY 2005 [2]	Interest Paid During FY 2005
04/27/05	-	279,930,000	4,070,000	-	275,860,000	4.375	5.250	06/01/17	06/01/21	-	1,372,470
04/27/05	-	15,620,000	-	-	15,620,000	3.990	3.990	06/01/16	06/01/16	-	54,220
04/27/05	-	20,000,000	-	-	20,000,000	5.070	5.070	06/01/17	06/01/17	-	90,137
04/27/05	-	20,000,000	-	-	20,000,000	5.200	5.200	06/01/20	06/01/20	-	91,287
06/01/05	-	315,000,000	-	-	315,000,000	3.000	5.000	06/01/06	06/01/25	-	-
06/01/05	-	65,000,000	-	-	65,000,000	3.850	4.450	06/01/06	06/01/15	-	-
SUBTOTAL	$ 8,369,746,684	$ 1,315,550,000	$702,277,794	$338,880,000	$ 8,644,138,890					$483,584,612	$453,569,651
BOND TYPE: GENERAL OBLIGATION - REVENUE SUPPORTED											
03/15/93	$ 4,225,000	$ -	$ 525,000	$ -	$ 3,700,000	5.250	5.500	03/15/06	03/15/12	$ -	$ 227,378
03/15/94	10,903	-	-	-	10,903	5.400	5.500	03/15/08	03/15/10	-	594
08/15/94	335,221	-	335,000	-	221	5.700	5.800	08/15/07	08/15/08	-	9,016
10/01/95	1,000,000	-	500,000	-	500,000	6.000	6.000	10/01/05	10/01/05	-	45,000
03/01/97	3,590,000	-	720,000	710,000	2,160,000	5.000	6.000	03/01/06	03/01/08	-	196,395
SUBTOTAL	$ 9,161,124	$ -	$ 2,080,000	$ 710,000	$ 6,371,124					$ -	$ 478,383
BOND TYPE: GENERAL OBLIGATION - TRANSPORTATION											
12/22/88	$ 343,991	$ -	$ -	$ -	$ 343,991	7.513	7.525	12/01/06	12/01/08	$ 820,214	$ -
08/01/97	2,652,585	-	530,000	-	2,122,585	4.800	5.500	08/01/05	08/01/08	-	126,264
SUBTOTAL	$ 2,996,576	$ -	$ 530,000	$ -	$ 2,466,576					$ 820,214	$ 126,264
BOND TYPE: ECONOMIC RECOVERY NOTES [3]											
12/01/02	$ 105,375,000	$ -	$44,155,000	$ -	$ 61,220,000	3.000	4.000	12/01/05	12/01/06	$ -	$ 2,868,000
12/19/02	70,140,000	-	-	-	70,140,000	3.750	3.750	12/01/06	12/01/07	-	1,360,778
06/24/04	48,850,000	-	9,750,000	-	39,100,000	3.750	3.750	06/01/06	06/01/09	-	858,245
06/24/04	48,850,000	-	9,750,000	-	39,100,000	3.750	3.750	06/01/06	06/01/09	-	874,783
SUBTOTAL	$ 273,215,000	$ -	$63,655,000	$ -	$ 209,560,000					$ -	$ 5,961,806
BOND TYPE: SPECIAL TAX OBLIGATION											
06/15/88	$ 3,417,825	$ -	$ -	$ -	$ 3,417,825	7.750	7.750	06/01/07	06/01/08	$ 9,070,639	$ -
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	128,900,000	-	15,000,000	-	113,900,000	6.171	6.171	12/01/05	12/01/10	-	2,053,064
09/15/91	77,655,000	-	-	-	77,655,000	6.500	6.500	10/01/10	10/01/12	-	5,047,575
09/01/92	116,290,000	-	-	-	116,290,000	6.000	6.150	09/01/06	09/01/12	-	7,103,417
03/01/93	128,950,000	-	-	-	128,950,000	5.250	5.375	09/01/07	09/01/08	-	6,847,675
05/15/95	5,875,000	-	5,875,000	-	-				06/01/05	-	299,625
09/01/95	23,010,000	-	11,155,000	-	11,855,000	4.800	4.800	10/01/05	10/01/05	-	917,634
09/01/95	7,945,000	-	7,945,000	-	-				10/01/04	-	186,708
06/01/96	7,065,000	-	-	-	7,065,000	6.000	6.000	06/01/06	06/01/06	-	423,900
10/01/96	79,420,000	-	70,000	-	79,350,000	6.000	6.000	10/01/05	10/01/09	-	4,762,680

SCHEDULE OF DEBT OUTSTANDING (1) - BUDGETARY BASIS (Continued)
JUNE 30, 2005

Issue Date	Outstanding June 30, 2004	FY 2005 Issued	FY 2005 Retired	FY 2005 Refunded or Defeased	Outstanding June 30, 2005	Low Rate (%)	High Rate (%)	Next Maturity Date	Last Maturity Date	Interest Accreted Through FY 2005 (2)	Interest Paid During FY 2005
10/01/96	20,285,000	-	6,360,000	-	13,925,000	6.000	6.000	10/01/05	10/01/06	-	1,026,300
10/15/97	55,380,000	-	12,255,000	-	43,125,000	4.600	5.500	11/01/05	11/01/07	-	2,644,545
10/15/97	52,790,000	-	6,130,000	26,365,000	20,295,000	4.500	5.500	11/01/05	11/01/07	-	1,845,275
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	101,600,000	-	9,595,000	-	92,005,000	4.000	5.500	11/01/05	11/01/13	-	4,947,632
11/15/99	44,995,000	-	-	4,360,000	40,635,000	4.625	5.250	12/01/06	12/01/11	-	1,984,042
07/15/00	85,535,000	-	7,650,000	-	77,885,000	4.500	5.500	09/01/05	09/01/12	-	4,194,500
09/15/00	100,000,000	-	-	-	100,000,000	4.500	5.000	09/01/13	09/01/20	-	1,733,476
09/15/01	68,615,000	-	7,095,000	-	61,520,000	3.000	5.375	10/01/05	10/01/14	-	2,637,858
09/15/01	519,705,000	-	47,190,000	-	472,515,000	3.250	5.375	10/01/05	10/01/15	-	25,156,673
05/01/02	108,530,000	-	3,580,000	26,790,000	78,160,000	3.500	5.375	07/01/05	07/01/22	-	4,312,545
11/01/02	207,745,000	-	7,475,000	33,215,000	167,055,000	2.500	5.250	12/01/05	12/01/22	-	7,653,544
01/23/03	119,530,000	-	885,000	-	118,645,000	3.293	3.293	02/01/06	02/01/22	-	2,065,194
01/23/03	99,315,000	-	715,000	-	98,600,000	3.288	3.288	02/01/06	02/01/22	-	1,716,084
01/23/03	200,215,000	-	1,425,000	-	198,790,000	3.284	3.284	02/01/06	02/01/22	-	3,459,681
07/01/03	338,610,000	-	82,775,000	-	255,835,000	2.000	5.000	09/01/05	09/01/10	-	11,382,675
11/15/03	200,000,000	-	6,360,000	-	193,640,000	2.000	5.000	01/01/06	01/01/24	-	9,868,158
11/15/04	-	200,000,000	-	-	200,000,000	2.125	5.000	07/01/05	07/01/24	-	-
11/15/04	-	89,725,000	-	-	89,725,000	3.000	5.250	07/01/09	07/01/19	-	-
SUBTOTAL	$ 3,142,057,825	$ 289,725,000	$239,535,000	$ 90,730,000	$ 3,101,517,825					$ 9,070,639	$128,073,466
BOND TYPE: BRADLEY INTERNATIONAL AIRPORT											
09/30/92	$ 42,150,000	$ -	$ -	$42,150,000	$ -				10/01/04	$ -	$ -
03/01/01	191,170,000	-	3,740,000	-	187,430,000	3.750	5.250	10/01/05	10/01/31	-	9,516,960
03/01/01	18,700,000	-	255,000	-	18,445,000	3.600	4.300	10/01/05	10/01/12	-	787,171
07/08/04	-	30,640,000	-	-	30,640,000	2.500	5.000	10/01/05	10/01/10	-	934,472
SUBTOTAL	$ 252,020,000	$ 30,640,000	$ 3,995,000	$42,150,000	$ 236,515,000					$ -	$11,238,603
BOND TYPE: CLEAN WATER FUND											
01/01/93	$ 28,150,000	$ -	$ 2,955,000	$ -	$ 25,195,000	5.600	6.000	10/01/05	10/01/12	$ -	$ 1,605,435
06/01/94	9,000,000	-	3,545,000	-	5,455,000	6.375	6.375	12/01/05	12/01/06	-	517,172
03/01/96	13,070,000	-	3,590,000	-	9,480,000	4.500	5.400	11/01/05	05/01/18	-	617,482
03/15/96	42,560,000	-	5,615,000	-	36,945,000	5.000	5.600	07/01/05	01/01/11	-	2,152,210
09/01/97	25,465,000	-	4,700,000	-	20,765,000	4.850	6.000	03/01/06	03/01/20	-	1,368,047
04/15/99	30,650,000	-	4,860,000	-	25,790,000	4.000	4.200	09/01/05	09/01/09	-	1,144,790
05/01/99	73,425,000	-	5,930,000	-	67,495,000	3.950	5.250	07/15/05	07/15/16	-	3,351,568
06/01/01	35,730,000	-	4,140,000	-	31,590,000	4.000	4.300	10/01/05	10/01/11	-	1,370,225
07/01/03	118,085,000	-	-	-	118,085,000	2.000	5.000	10/01/05	10/01/25	-	4,790,409
07/01/03	113,750,000	-	4,385,000	-	109,365,000	2.000	5.000	10/01/05	10/01/15	-	4,768,319
07/10/03	55,000,000	-	-	-	55,000,000	3.179	3.179	10/01/16	10/01/22	-	1,748,395
07/10/03	66,375,000	-	-	-	66,375,000	3.179	3.179	10/01/16	10/01/22	-	2,133,439
SUBTOTAL	$ 611,260,000	$ -	$39,720,000	$ -	$ 571,540,000					$ -	$25,567,491

DEBT MANAGEMENT DIVISION

SCHEDULE OF DEBT OUTSTANDING [1] - BUDGETARY BASIS (Continued)
JUNE 30, 2005

Issue Date	Outstanding June 30, 2004	FY 2005 Issued	FY 2005 Retired	FY 2005 Refunded or Defeased	Outstanding June 30, 2005	Low Rate (%)	High Rate (%)	Next Maturity Date	Last Maturity Date	Interest Accreted Through FY 2005 [2]	Interest Paid During FY 2005
BOND TYPE: GENERAL FUND APPROPRIATION - UCONN 2000 [6]											
01/01/96	$ 13,515,000	$ -	$ 4,505,000	$ -	$ 9,010,000	4.700	5.500	02/01/06	02/01/07	$ -	$ 657,730
02/21/96	4,369,715	-	-	-	4,369,715	5.050	5.100	02/01/10	02/01/11	2,614,512	-
04/01/97	19,500,000	-	6,500,000	-	13,000,000	5.000	5.000	04/01/06	04/01/07	-	966,875
04/24/97	7,392,432	-	-	-	7,392,432	5.200	5.300	04/01/08	04/01/09	3,903,008	-
06/01/98	34,825,000	-	4,975,000	-	29,850,000	4.200	5.000	06/01/06	06/01/18	-	1,589,513
03/01/99	59,000,000	-	5,000,000	-	54,000,000	3.950	4.850	04/01/06	04/01/19	-	2,564,000
03/01/00	55,330,000	-	7,850,000	-	47,480,000	4.800	5.375	03/01/06	03/01/19	-	2,769,919
03/15/01	56,655,000	-	4,745,000	-	51,910,000	3.500	5.250	04/01/06	04/01/21	-	2,441,999
04/01/02	61,315,000	-	5,000,000	-	56,315,000	3.400	5.375	04/01/06	04/01/22	-	2,664,411
03/01/03	91,210,000	-	4,720,000	-	86,490,000	2.000	5.250	02/15/06	02/15/23	-	3,703,614
01/15/04	97,845,000	-	4,895,000	-	92,950,000	2.000	5.000	01/15/06	01/15/24	-	3,516,897
01/15/04	216,950,000	-	60,000	-	216,890,000	2.000	5.000	01/15/06	01/15/20	-	10,792,255
03/16/05	-	98,110,000	-	-	98,110,000	3.000	5.000	02/15/06	02/15/25	-	-
SUBTOTAL	$ 717,907,147	$ 98,110,000	$48,250,000	$ -	$ 767,767,147					$ 6,517,520	$31,667,213
BOND TYPE: CDA INCREMENT FINANCING [7]											
10/01/94	$ 8,495,000	$ -	$ 200,000	$ 8,295,000	$ -					$ -	$ 5,750
10/15/94	480,000	-	150,000	-	330,000	5.850	6.000	10/15/05	10/15/06	-	23,835
12/01/95	7,065,000	-	430,000	4,660,000	1,975,000	4.950	5.400	12/15/05	12/15/08	-	115,030
01/01/97	13,785,000	-	765,000	8,565,000	4,455,000	4.900	5.500	05/01/06	05/01/10	-	274,515
10/05/04	-	8,765,000	250,000	-	8,515,000	2.000	5.000	10/15/05	10/15/24	-	171,034
10/05/04	-	5,135,000	110,000	-	5,025,000	2.000	3.500	12/15/05	12/15/15	-	108,039
10/05/04	-	8,535,000	165,000	-	8,370,000	5.000	5.125	05/01/11	05/01/17	-	244,174
SUBTOTAL	$ 29,825,000	$ 22,435,000	$ 2,070,000	$21,520,000	$ 28,670,000					$ -	$ 942,377
BOND TYPE: CDA GOVERNMENTAL LEASE REVENUE [8]											
12/15/94	$ 6,115,000	$ -	$ 455,000	$ -	$ 5,660,000	6.300	6.600	06/15/06	06/15/14	$ -	$ 397,995
SUBTOTAL	$ 6,115,000	$ -	$ 455,000	$ -	$ 5,660,000					$ -	$ 397,995
BOND TYPE: SECOND INJURY FUND BONDS [9]											
10/01/00	$ 54,255,000	$ -	$ 7,840,000	$46,415,000	$ -				01/01/05	$ -	$ 2,630,250
SUBTOTAL	$ 54,255,000	$ -	$ 7,840,000	$46,415,000	$ -					$ -	$ 2,630,250
BOND TYPE: CHEFA CHILDCARE FACILITIES PROGRAM [10]											
04/15/98	$ 5,375,000	$ -	$ 90,000	$ -	$ 5,285,000	6.750	6.750	07/01/05	07/01/28	$ -	$ 359,775
11/01/98	8,390,000	-	190,000	520,000	7,680,000	4.050	5.000	07/01/05	07/01/28	-	615,506
09/01/99	17,395,000	-	400,000	-	16,995,000	4.600	5.625	07/01/05	07/01/29	-	928,826
08/01/00	3,805,000	-	70,000	-	3,735,000	4.600	5.500	07/01/05	07/01/30	-	201,459
04/01/01	3,795,000	-	70,000	-	3,725,000	4.000	5.000	07/01/05	07/01/31	-	181,089
SUBTOTAL	$ 38,760,000	$ -	$ 820,000	$ 520,000	$ 37,420,000					$ -	$ 2,286,655

DEBT MANAGEMENT DIVISION

SCHEDULE OF DEBT OUTSTANDING [1] - BUDGETARY BASIS (Continued)
JUNE 30, 2005

Issue Date	Outstanding June 30, 2004	FY 2005 Issued	FY 2005 Retired	FY 2005 Refunded or Defeased	Outstanding June 30, 2005	Low Rate (%)	High Rate (%)	Next Maturity Date	Last Maturity Date	Interest Accreted Through FY 2005 [2]	Interest Paid During FY 2005
BOND TYPE: BRADLEY INTERNATION PARKING OPERATIONS [11]											
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	-	1,885,000	-	4,250,000	8.000	8.000	07/01/05	07/01/06	-	415,400
SUBTOTAL	$ 53,800,000	$ -	$ 1,885,000	$ -	$ 51,915,000					$ -	$ 3,507,080
BOND TYPE: CT JUVENILE TRAINING SCHOOL ENERGY CENTER [12]											
02/15/01	$ 18,475,000	$ -	$ 365,000	$ -	$ 18,110,000	3.750	5.250	12/15/05	12/15/30	$ -	$ 877,085
SUBTOTAL	$ 18,475,000	$ -	$ 365,000	$ -	$ 18,110,000					$ -	$ 877,085
BOND TYPE: SPECIAL OBLIGATION RATE REDUCTION BONDS [13]											
06/23/04	$ 205,345,000	$ -	$25,580,000	$ -	$ 179,765,000	2.500	5.000	12/30/05	06/30/11	$ -	$ 9,309,701
SUBTOTAL	$ 205,345,000	$ -	$25,580,000	$ -	$ 179,765,000					$ -	$ 9,309,701
BOND TYPE: CCEDA BONDS [14]											
07/21/04	$ -	$ 15,030,000	$ -	$ -	$ 15,030,000	2.500	5.000	06/15/06	06/15/16	$ -	$ 493,223
07/21/04	-	57,470,000	-	-	57,470,000	3.960	3.960	06/15/17	06/15/34	-	2,108,619
SUBTOTAL	$ -	$ 72,500,000	$ -	$ -	$ 72,500,000					$ -	$ 2,601,841
TOTAL	$13,784,939,356	$ 1,828,960,000	$1,139,057,794	$540,925,000	$13,933,916,562					$499,992,985	$ 679,235,861

(1) Includes all outstanding debt issued by the State of Connecticut as of June 30, 2005. 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, 2005.

(3) The debt outstanding at June 30, 2004 includes a prior year principal adjustment in the amount of $9,685 to correct the escrow calculated at the wrong rate. Principal adjusted to insure adequacy of escrow.

(4) Debt outstanding at June 30, 2005 includes $22,795,000 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.

(5) 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. Economic Recovery Notes were also issued in June 2004 to fund the State's Fiscal 2003 deficit. The notes, auction rate securities, have a final maturity of June 2009 and are General Obligations of the State.

(6) 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 continuation of the program, 21st Century UCONN, adds an additional $1.3 billion over another 10 year to this program. As each series is issued, the debt service is validly appropriated from the State General Fund.

(7) 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.

SCHEDULE OF DEBT OUTSTANDING (1) - BUDGETARY BASIS (Continued)

JUNE 30, 2005

(8) The Connecticut Development Authority issued 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.

(9) Money from positive cash flow was used to defease $46,415,000 in bonds.

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

(11) Includes Bradley International Airport Special Obligation Parking Revenue Bonds, 2000 Series A $47,665,000 and 2000 Series B $4,250,000.

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

(13) Pursuant to legislation passed in 2003, the Special Obligation Rate Reduction bonds were issued in June 2004 to provide revenue for the General Fund budgets for fiscal years 2004 and 2005. The bonds will be repaid from charges on the electric bills of the State's two investor-owned electric companies.

(14) The Capital City Economic Development Authority (CCEDA) Bonds were issued to provide funding for the Adriaen's Landing development project in Hartford. The bonds, issued in a combination of fixed and variable rate securities, have a final maturity of 2034. The State is required to make all debt service payments on the bonds up to a maximum annual amount of $6.75 million pursuant to a contract assistance agreement between CCEDA, the Treasurer, and OPM. CCEDA is required to reimburse the State for the debt service payments from net parking and central utility plant revenues. Interest payments for fiscal year 2005 were paid from Capitalized Interest funds held with the Trustee.

Note 1: In accordance with Section 3-115 of the General Statutes, the State Comptroller shall provide accounting statements relating to the financial condition of the State as a whole in the same form and in the same categories as appear in the budget enacted by the General Assembly. The Budget Act enacted for the 2005 fiscal year is presented on a comprehensive basis of accounting other than gererally accepted accounting principles. In order to be consistent with the Comptroller's statements and the budgetary act, the State Treasurer has employed the same comprehensive basis of accounting for the presentation of this schedule.

Note 2: GAAP accounting requires that Long-Term debt obligations be segregated into the portion payable within the next fiscal year (the current portion) and the remaining portion that is not due until after the next fiscal year. This manner of presentation is not used for the budgetary basis presentation.

DEBT MANAGEMENT DIVISION

SCHEDULE OF AUTHORIZED AND ISSUED DEBT OUTSTANDING (1)

JUNE 30, 2005

CORE Fund No.	Legacy Fund No.	Name	Inception to Date Amount Authorized	Inception to Date Amount Issued (2)	Outstanding June 30, 2005	Interest Accreted Through Fiscal Year 2005(3)	Outstanding Incl. Accreted Interest June 30, 2005
BOND TYPE: GENERAL OBLIGATION-TAX SUPPORTED							
12028	1011	DAS - WORKERS COMPENSATION	$53,000,000	$53,000,000	$46,375,000	-	$46,375,000
12034	1502	ECONOMIC DEVELOPMENT ASSISTANCE	616,800,000	530,492,441	163,896,352	-	163,896,352
12040	1116	MODERATE RENTAL HOUSING REHAB.	42,000,000	42,000,000	19,213,068	$42,852,545	62,065,613
12040	1865	HOUSING SITE DEVELOPMENT	3,000,000	3,000,000	642,638	1,051,524	1,694,162
12040	1871	HOUSING IMPROVEMENTS	209,500,000	209,500,000	12,851,422	28,743,624	41,595,046
12040	1878	COMMUNITY HSG LAND BANK & TRUST	1,000,000	1,000,000	1,000,000	1,639,166	2,639,166
12040	3775	CONGREGATE HOUSING FOR ELDERLY	21,000,000	21,000,000	9,455,258	15,564,323	25,019,581
12040	3804	ELDERLY HOUSING PROJECT	3,000,000	3,000,000	150,000	246,346	396,346
12047	1843	CHILD CARE FACILITIES	7,775,000	5,184,409	225,000	-	225,000
12050	1870	LOCAL CAPITAL IMPROVEMENT FUND	465,000,000	433,900,000	117,815,882	12,469,293	130,285,175
12051	1872	CAPITAL EQUIPMENT PURCHASE FUND	266,440,000	237,658,428	15,305,000	-	15,305,000
12052	1873	GRANTS TO LOCAL GOVTS. & OTHERS	1,272,247,822	965,267,272	377,152,830	23,060,870	400,213,700
12053	1874	ECONOMIC DEVELOPMENT & OTHER GRANTS	104,193,324	101,193,948	22,032,524	26,680,889	48,713,413
12054	1877	SHELLFISH FUND	1,300,000	1,300,000	1,200,000	2,858,664	4,058,664
12055	1879	HOUSING HOMELESS PERSONS	8,100,000	6,980,696	1,871,475	-	1,871,475
12058	1961	SPECIAL CONTAMINATED PROP REM & INS FUND	3,000,000	2,000,000	270,000	-	270,000
12059	1971	HARTFORD REDEVELOPMENT	500,000,000	447,810,000	379,904,700	-	379,904,700
12063	1800	HOUSING BONDS	506,477,506	461,745,235	54,123,136	20,805,500	74,928,636
13007	3080	ELIMINATION OF WATER POLLUTION	398,000,000	397,965,862	3,995,173	7,842,981	11,838,154
13009	3089	SCHOOL CONSTRUCTION	1,718,439,500	1,714,859,500	120,567,580	41,330,223	161,897,803
13010	3090	MAGNET SCHOOLS	2,765,830,770	2,562,979,694	1,670,040,000	-	1,670,040,000
13015	3783	AGRICULTURAL LAND PRESERVATION	89,750,000	80,498,716	6,520,000	-	6,520,000
13019	3795	GRANTS FOR URBAN ACTION	982,487,544	692,858,743	367,100,325	26,667,204	393,767,529
13046	3983	CT JUVENILE TRNING SCHOOL	27,500,000	27,500,000	7,500,000	-	7,500,000
17001	3001	GENERAL STATE PURPOSES	302,666,060	217,495,014	194,460,555	-	194,460,555
17011	3011	GENERAL STATE PURPOSES	597,718,733	381,647,345	340,076,412	-	340,076,412
17021	3021	GENERAL STATE PURPOSES	488,237,490	233,216,718	217,216,718	-	217,216,718
17041	3041	GENERAL STATE PURPOSES	260,527,339	30,900,000	30,900,000	-	30,900,000
17771	3771	CAPITAL IMPROVEMENTS	80,529,711	80,124,323	6,601,700	15,657,203	22,258,903
17791	3791	CAPITAL IMPROVEMENTS	40,802,535	39,677,932	6,353,934	15,168,913	21,522,847
17861	3861	CAPITAL IMPROVEMENTS	119,859,926	111,224,971	5,421,349	9,443,517	14,864,866
17871	3871	CAPITAL IMPROVEMENTS	521,848,335	507,803,706	46,001,394	80,158,788	126,160,182
17891	3891	GENERAL STATE PURPOSES	416,558,089	410,573,686	5,219,401	354,657	5,574,058
17901	3901	GENERAL STATE PURPOSES	534,094,091	528,220,942	70,876,939	64,164,597	135,041,536
17911	3911	GENERAL STATE PURPOSES	148,919,844	142,064,892	20,462,640	11,316,055	31,778,695
17921	3921	GENERAL STATE PURPOSES	322,135,563	320,382,563	93,872,664	-	93,872,664
17931	3931	GENERAL STATE PURPOSES	629,233,654	615,735,971	81,255,754	25,761,440	107,017,194
17951	3951	GSP/UCONN BABBIDGE LIBRARY & PLAZA DECK	208,251,527	190,950,003	17,134,336	-	17,134,336
17961	3961	GENERAL STATE PURPOSES	266,426,348	237,362,257	94,455,028	-	94,455,028
17971	3971	GENERAL STATE PURPOSES	195,285,581	186,057,040	84,405,575	-	84,405,575
17981	3981	GENERAL STATE PURPOSES	210,736,143	206,844,656	134,911,308	-	134,911,308

DEBT MANAGEMENT DIVISION

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

JUNE 30, 2005

CORE Fund No.	Legacy Fund No.	Name	Inception to Date: Amount Authorized	Inception to Date: Amount Issued (2)	Outstanding June 30, 2005	Interest Accreted Through Fiscal Year 2005(3)	Outstanding Incl. Accreted Interest June 30, 2005
17991	3991	GENERAL STATE PURPOSES	305,471,379	251,123,848	171,013,480	-	171,013,480
21004	6024	CONNECTICUT INNOVATIONS, INC.	114,800,500	114,290,319	25,550,300	-	25,550,300
21014	6864	CLEAN WATER FUND	658,637,874	568,253,884	261,576,531	393,704	261,970,235
21016	6866	CLEAN WATER FUND - LONG ISLAND SOUND	71,993,466	64,102,782	13,600,000	-	13,600,000
	3081	CAPITAL IMPROVEMENTS	248,048,985	248,048,985	4,100,000	9,138,448	13,238,448
	3732	CAPITAL IMPROVEMENTS	4,216,000	4,216,000	90,509	214,138	304,647
	9952	GO 2005 SERIES B REFUNDING BONDS (4)	-	335,550,000	331,480,000	-	331,480,000
	9956	GO 2004 SERIES B REFUNDING BONDS (4)	-	1,030,375,000	1,023,725,000	-	1,023,725,000
	9959	GO 2003 SERIES G REFUNDING BONDS (4)	-	165,995,000	151,690,000	-	151,690,000
	9960	GO 2003 SERIES D REFUNDING BONDS (4)	-	215,580,000	188,285,000	-	188,285,000
	9962	GO 2003 SERIES B REFUNDING BONDS (4)	-	70,385,000	21,795,000	-	21,795,000
	9964	GO 2002 SERIES E REFUNDING BONDS (4)	-	256,375,000	229,190,000	-	229,190,000
	9965	GO 2002 SERIES C REFUNDING BONDS (4)	-	155,500,000	129,680,000	-	129,680,000
	9966	GO 2002 SERIES E & F REFUNDING BONDS (4)	-	432,835,000	357,150,000	-	357,150,000
	9970	GO 2001 SERIES C REFUNDING BONDS (4)	-	504,575,000	495,270,000	-	495,270,000
	9972	MIDDLETOWN COURTHOUSE REFUNDING BONDS (4)(5)	-	34,375,000	22,795,000	-	22,795,000
	9973	GO 1996 SERIES A TAXABLE REFUNDING BONDS (4)	-	80,000,000	20,000,000	-	20,000,000
	9974	GO 1998 SERIES A TAXABLE REFUNDING BONDS (4)	-	105,445,000	6,445,000	-	6,445,000
	9976	GO FEBRUARY 1998 REFUNDING BONDS (4)	-	146,780,000	144,405,000	-	144,405,000
	9978	GO 1997 SERIES D REFUNDING BONDS (4)	-	126,765,000	122,070,000	-	122,070,000
	9986	GO OCTOBER 1993 REFUNDING BONDS (4)	-	259,125,000	22,890,000	-	22,890,000
	9989	GO MARCH 1993 SERIES B REFUNDING BONDS (4)	-	157,745,000	46,990,000	-	46,990,000
	9991	GO FEBRUARY 1993 REFUNDING BONDS (4)	-	389,090,000	5,515,000	-	5,515,000
TOTAL			$16,812,840,639	$19,159,507,781	$8,644,138,890	$483,584,612	$9,127,723,502
BOND TYPE: GENERAL OBLIGATION - REVENUE SUPPORTED							
13002	3016	REGIONAL MARKETS	$3,793,963	$3,793,963	$10,000	$ -	$10,000
13042	3876	UNIV.& STATE UNIVERSITY FACILITIES	104,363,266	104,192,153	6,361,124	-	6,361,124
TOTAL			$108,157,229	$107,986,116	$ 6,371,124	$ -	$6,371,124
BOND TYPE: GENERAL OBLIGATION - TRANSPORTATION							
13011	3092	SPECIFIC HIGHWAY PURPOSES	$142,050,000	$140,597,585	$2,122,585	-	$2,122,585
13022	3803	RAMPS - RT 72 CENTER ST. EXPRESSWAY	500,000	498,991	343,991	$820,214	1,164,205
TOTAL			$142,550,000	$141,096,576	$2,466,576	$820,214	$3,286,790
BOND TYPE: ECONOMIC RECOVERY NOTES (6)							
	2030	ECONOMIC RECOVERY NOTES	$1,309,945,000	$1,282,645,000	$209,560,000	$ -	$209,560,000
TOTAL			$1,309,945,000	$1,282,645,000	$209,560,000	$ -	$209,560,000
BOND TYPE: SPECIAL TAX OBLIGATION							
13033	3842	INFRASTRUCTURE IMPROVEMENT	$5,841,514,104	$5,396,650,752	$1,407,432,825	$9,070,639	$1,416,503,464
14005	9953	STO 2004 SERIES B REFUNDING ISSUE (4)	-	89,725,000	89,725,000	-	89,725,000

DEBT MANAGEMENT DIVISION

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

JUNE 30, 2005

CORE Fund No.	Legacy Fund No.	Name	Inception to Date: Amount Authorized	Inception to Date: Amount Issued [2]	Outstanding June 30, 2005	Interest Accreted Through Fiscal Year 2005 [3]	Outstanding Incl. Accreted Interest June 30, 2005
14005	9961	STO 2003 SERIES A REFUNDING BONDS [4]	-	338,610,000	255,835,000	-	255,835,000
14005	9963	STO 2003 SERIES 1 & 2 REFUNDING BONDS [4]	-	421,980,000	416,035,000	-	416,035,000
14005	9967	STO 2001 SERIES B REFUNDING BONDS [4]	-	533,335,000	472,515,000	-	472,515,000
14005	9975	STO 1998 SERIES A REFUNDING BONDS [4]	-	197,500,000	196,695,000	-	196,695,000
14005	9977	STO 1997 SERIES B REFUNDING BONDS [4]	-	65,415,000	43,125,000	-	43,125,000
14005	9980	STO 1996 SERIES C REFUNDING BONDS [4]	-	79,795,000	79,350,000	-	79,350,000
14005	9988	STO 1992 A & 1995 C REFUNDING BONDS [4]	-	286,345,000	11,855,000	-	11,855,000
14005	9990	STO 1993 SERIES A REFUNDING BONDS [4]	-	560,750,000	128,950,000	-	128,950,000
TOTAL			$5,841,514,104	$7,970,105,752	$3,101,517,825	$9,070,639	$3,110,588,464
BOND TYPE: BRADLEY INTERNATIONAL AIRPORT							
21012	6310	BRADLEY AIRPORT EXPANSION REVENUE BONDS	$194,000,000	$194,000,000	$187,430,000	$ -	$187,430,000
	9954	BRADLEY AIRPORT REFUNDING BONDS 2004 SERIES A [4]	-	30,640,000	30,640,000	-	30,640,000
	9969	BRADLEY AIRPORT REFUNDING BONDS 2001 SERIES B [4]	-	19,180,000	18,445,000	-	18,445,000
TOTAL			$194,000,000	$243,820,000	$236,515,000	$ -	$236,515,000
BOND TYPE: CLEAN WATER FUND							
21015	6865	CLEAN WATER FUND - FEDERAL ACCOUNT	$1,180,121,540	$833,470,253	$227,004,701	$ -	$227,004,701
21018	6868	DRINKING WATER FUND FEDERAL REVOLVING	58,278,460	29,614,747	9,355,299	-	9,355,299
	9971	CLEAN WATER FUND 1999 REFUNDING BONDS [4]	-	78,995,000	67,495,000	-	67,495,000
	9983	CLEAN WATER FUND REFUNDING BONDS [4]	-	285,605,000	267,685,000	-	267,685,000
TOTAL			$1,238,400,000	$1,227,685,000	$571,540,000	$ -	$571,540,000
BOND TYPE: GENERAL FUND APPROPRIATION - UCONN 2000 [5]							
13045	3952	UCONN 2000	$1,010,592,147	$1,010,592,147	$550,877,147	$6,517,520	$557,394,667
	9958	UCONN 2000 REFUNDING BONDS [4]	-	216,950,000	216,890,000	-	216,890,000
TOTAL			$1,010,592,147	$1,227,542,147	$767,767,147	$6,517,520	$774,284,667
BOND TYPE: CDA INCREMENT FINANCING [6]							
	8001	NORWICH YANKEE - TIF	$1,545,000	$1,545,000	$330,000	$ -	$ 330,000
	8002	OAKDALE THEATER - TIF	9,900,000	9,900,000	1,975,000	-	1,975,000
	8003	LAKE COMPOUNCE - TIF	18,000,000	18,000,000	4,455,000	-	4,455,000
99999	9955	CDA REFUNDING BONDS SERIES A, B and C [4]	-	22,435,000	21,910,000	-	21,910,000
TOTAL			$29,445,000	$51,880,000	$28,670,000	$ -	$28,670,000
BOND TYPE: CDA GOVERNMENTAL LEASE REVENUE [6]							
	8500	NEW BRITAIN GOVERNMENT CENTER	$9,275,000	$9,275,000	$5,660,000	$ -	$5,660,000
TOTAL			$9,275,000	$9,275,000	$5,660,000	$ -	$5,660,000
BOND TYPE: SECOND INJURY FUND BONDS							
	8900	SECOND INJURY FUND REVENUE BONDS	$750,000,000	$224,100,000	$ -	$ -	$ -
TOTAL			$750,000,000	$224,100,000	$ -	$ -	$ -

DEBT MANAGEMENT DIVISION

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

JUNE 30, 2005

CORE Fund No.	Legacy Fund No.	Name	Inception to Date: Amount Authorized	Inception to Date: Amount Issued [2]	Outstanding June 30, 2005	Interest Accreted Through Fiscal Year 2005 [9]	Outstanding Incl. Accreted Interest June 30, 2005
BOND TYPE: CHEFA CHILDCARE FACILITIES PROGRAM [10]							
	7800	CHEFA CHILDCARE NOW	$ -	$5,375,000	$5,285,000	$ -	$5,285,000
	7802	CHEFA CHILDCARE POOL 1 SERIES A	-	10,175,000	7,680,000	-	7,680,000
	7804	CHEFA CHILDCARE SERIES C	-	18,690,000	16,995,000	-	16,995,000
	7805	CHEFA CHILDCARE SERIES D	-	3,940,000	3,735,000	-	3,735,000
	7806	CHEFA CHILDCARE SERIES E	-	3,865,000	3,725,000	-	3,725,000
TOTAL			$ -	$42,045,000	$37,420,000	$ -	$37,420,000
BOND TYPE: BRADLEY INTERNATIONAL PARKING OPERATIONS [11]							
21008	6299	BRADLEY INTERNATIONAL PARKING OPERATIONS	$55,000,000	$53,800,000	$51,915,000	$ -	$51,915,000
TOTAL			$55,000,000	$53,800,000	$51,915,000	$ -	$51,915,000
BOND TYPE: CT JUVENILE TRAINING SCHOOL ENERGY CENTER [12]							
	8800	CT JUVENILE TRAINING SCHOOL ENERGY CENTER	$ -	$19,165,000	$18,110,000	$ -	$18,110,000
TOTAL			$ -	$19,165,000	$18,110,000	$ -	$18,110,000
BOND TYPE: SPECIAL OBLIGATION RATE REDUCTION BONDS [13]							
21020	2040	SPECIAL OBLIGATION RATE REDUCTION BONDS	$205,345,000	$205,345,000	$179,765,000	$ -	$179,765,000
TOTAL			$205,345,000	$205,345,000	$179,765,000	$ -	$179,765,000
BOND TYPE: CCEDA BONDS [14]							
12060	7300	CCEDA	$ -	$72,500,000	$72,500,000	$ -	$72,500,000
TOTAL			$ -	$72,500,000	$72,500,000	$ -	$72,500,000
GRAND TOTAL			$27,707,064,119	$32,038,498,371	$13,933,916,562	$499,992,985	$14,433,909,547

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

JUNE 30, 2005

(1) Includes all outstanding debt issued by the State of Connecticut as of June 30, 2005. 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, 2005.

(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, 2005 includes $22,795,000 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. Economic Recovery Notes were also issued in June 2004 to fund the State's Fiscal 2003 deficit. The auction rate securities notes have a final maturity of June 2009 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) On July 1, 1999, the Treasurer's Office assumed the responsibility for the CHEFA Childcare debt service appropriation per Public Act 97-259.

(11) Includes Bradley International Airport Special Obligation Parking Revenue Bonds, 2000 Series A $47,665,000 and 2000 Series B $4,250,000.

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

(13) Pursuant to legislation passed in 2003, the Special Obligation Rate Reduction bonds were issued in June 2004 to provide revenue for the General Fund budgets for fiscal years 2004 and 2005. The bonds will be repaid from charges on the electric bills of the State's two investor-owned electric companies.

(14) The Capital City Economic Development Authority (CCEDA) Bonds were issued to provide funding for the Adriaen's Landing development project in Hartford. The bonds, issued in a combination of fixed and variable rate securities, have a final maturity of 2034. The State is required to make all debt service payments on the bonds up to a maximum annual amount of $6.75 million pursuant to a contract assistance agreement between CCEDA, the Treasurer, and OPM. CCEDA is required to reimburse the State for the debt service payments from net parking and central utility plant revenues. Interest payments for fiscal year 2005 were paid from Capitalized Interest funds held with the Trustee.

CASH MANAGEMENT DIVISION

CIVIL LIST FUNDS
SCHEDULE OF INVESTMENTS[1][2]
FISCAL YEAR ENDED JUNE 30, 2005
PRESENTED UNDER BUDGETARY BASIS OF ACCOUNTING[4][5]

Legal No.	Type	GAAP No.	Type	Fund Name	STIF Investments 6/30/05	Tax Exempt Proceeds Fund Investments 6/30/05	Investments with Treasurer as Trustee Short-Term 6/30/05	Investments with Treasurer as Trustee Long-Term 6/30/05	Investments with Others as Trustee Short-Term 6/30/05	Investments with Others as Trustee Long-Term 6/30/05	Total
GENERAL FUND[3]											
11000	Gen. Fund	1100	Gen.Fund	General Fund	$1,418,809,190.77						$1,418,809,190.77
SUBTOTAL GENERAL FUND					$1,418,809,190.77	$-	$-	$-	$-	$-	$1,418,809,190.77
SPECIAL REVENUE FUNDS											
12001	Spec.Rev.	1201	Spec.Rev.	Transportation	$78,963,790.32						$ 78,963,790.32
12005	Spec.Rev.	1215	Spec.Rev.	Probate Court Administration	15,799,074.70						15,799,074.70
12010	Spec.Rev.	1209	Spec.Rev.	Soldiers, Sailors and Marines	26,500.11 [6]						26,500.11
12012	Spec.Rev.	1215	Spec.Rev.	Municipal Employees Retirement Administration	815,817.51						815,817.51
12013	Spec.Rev.	1208	Spec.Rev.	Regional Market Operation	744,777.41						744,777.41
12016	Spec.Rev.	1213	Spec.Rev.	Recreation and Natural Heritage Trust Fund		$1,703,426.12					1,703,426.12
12018	Spec.Rev.	2107	Enterprise	University Health Center Operating Fund	85,878.80						85,878.80
12021	Spec.Rev.	1215	Spec.Rev.	Grants - Tax Exempt Proceeds		14,769,996.47					14,769,996.47
12023	Spec.Rev.	2107	Enterprise	University Health Center Research Foundation	25,528,104.42						25,528,104.42
12032	Spec.Rev.	1210	Spec.Rev.	Employment Security - Special Administration	51,206.30						51,206.30
12034	Spec.Rev.	1212	Spec.Rev.	Economic Assistance Bond Fund	8,855,270.40						8,855,270.40
12035	Spec.Rev.	1212	Spec.Rev.	Economic Assistance Revolving Fund		3,904,124.07					3,904,124.07
12038	Spec. Rev.	1212	Spec. Rev.	Individual Development Account Reserve Fund				$400,240.82			400,240.82
12040	Spec.Rev.	1214	Spec.Rev.	Housing Loan Fund - Tax Exempt		2,598,701.36					2,598,701.36
12043	Spec.Rev.	1212	Spec.Rev.	Vocational Educational Equipment	51,112.17						51,112.17
12044	Spec.Rev.	1213	Spec.Rev.	Flood Relief Purposes	28,422.49						28,422.49
12045	Spec.Rev.	1212	Spec.Rev.	High Technology Development	46,980.19						46,980.19
12046	Spec.Rev.	1212	Spec.Rev.	Vocational Educational Equipment	5,377.87						5,377.87
12048	Spec.Rev.	1212	Spec.Rev.	Grants to Local Governments and Others	444,723.77						444,723.77
12049	Spec.Rev.	1213	Spec.Rev.	Estuarine Embayments Grants	48,750.00						48,750.00
12050	Spec.Rev.	1212	Spec.Rev.	Local Capital Improvements Fund	38,347.01						38,347.01
12051	Spec.Rev.	1215	Spec.Rev.	Capital Equipment Purchase Fund	9,745,572.15						9,745,572.15
12052	Spec.Rev.	1212	Spec.Rev.	Grants to Local Governments and Others	39,657,184.42						39,657,184.42
12053	Spec.Rev.	1213	Spec.Rev.	Economic Development and Other Grants	759,824.61						759,824.61
12054	Spec.Rev.	1215	Spec.Rev.	Shellfish Fund	98,650.40						98,650.40
12060	Spec Rev.	1211	Spec.Rev.	Federal And Other Restricted Accounts		716,062.47					716,062.47
12062	Spec Rev.	1211	Spec.Rev.	Transportation Grants & Restricted Accounts	474,854.09						474,854.09
12065	Spec.Rev.	1214	Spec.Rev.	Housing Assistance Bond Fund - Tax Exempt	8,126,178.32						8,126,178.32
SUB TOTAL SPECIAL REVENUE FUNDS					$190,396,397.46	$23,692,310.49	$-	$400,240.82	$-	$-	$214,488,948.77
CAPITAL PROJECTS FUNDS											
13001	Cap. Proj.	1214	Spec.Rev.	Rental Housing Fund		$ 285,460.20					$ 285,460.20
13002	Cap. Proj.	1301	Cap.Proj.	Regional Market Fund	25,696.96						25,696.96
13004	Cap. Proj.	1303	Cap.Proj.	National System of Interstate & Defense Highways	4,494,061.50						4,494,061.50
13006	Cap. Proj.	1303	Cap.Proj.	Specific Interior Highway Projects	1,049,551.69						1,049,551.69
13009	Cap. Proj.	1212	Spec.Rev.	School Construction	7,650,785.14						7,650,785.14
13010	Cap. Proj.	1212	Spec.Rev.	School Construction - Magnet Schools	49,733,457.75						49,733,457.75
13015	Cap. Proj.	1212	Spec.Rev.	Agricultural Land Preservation	72,535.88						72,535.88
13016	Cap. Proj.	1212	Spec.Rev.	Water Treatment Facilities	81,434.96						81,434.96
13017	Cap. Proj.	1303	Cap.Proj.	Transportation Improvement	92,298.08						92,298.08
13018	Cap. Proj.	1303	Cap.Proj.	Replace Bridges Over Railroads	17,752.40						17,752.40
13019	Cap. Proj.	1212	Spec.Rev.	Community Conservation and Development	32,569,090.53						32,569,090.53
13020	Cap. Proj.	1301	Cap.Proj.	University and State University Facilities	2,699.71						2,699.71
13021	Cap. Proj.	1301	Cap.Proj.	State University Facilities	13,498.82						13,498.82
13022	Cap. Proj.	1303	Cap.Proj.	Ramp Construction	11,612.01						11,612.01

CASH MANAGEMENT DIVISION

CIVIL LIST FUNDS

SCHEDULE OF INVESTMENTS [1][2]

FISCAL YEAR ENDED JUNE 30, 2005

PRESENTED UNDER BUDGETARY BASIS OF ACCOUNTING [4][5]

Legal No.	Type	GAAP No.	Type	Fund Name	STIF Investments 6/30/05	Tax Exempt Proceeds Fund Investments 6/30/05	Investments with Treasurer as Trustee: Short-Term 6/30/05	Investments with Treasurer as Trustee: Long-Term 6/30/05	Investments with Others as Trustee: Short-Term 6/30/05	Investments with Others as Trustee: Long-Term 6/30/05	Total
13024	Cap. Proj.	1301	Cap.Proj.	University and State University Facilities	45,587.97						45,587.97
13026	Cap. Proj.	1303	Cap.Proj.	Highway Resurfacing	56,981.40						56,981.40
13027	Cap. Proj.	1301	Cap.Proj.	University and State University Facilities	97,737.11						97,737.11
13028	Cap. Proj.	1303	Cap.Proj.	Transportation Improvements & Other Purposes	129,120.03						129,120.03
13029	Cap. Proj.	1301	Cap.Proj.	University and State University Facilities	119,715.53						119,715.53
13031	Cap. Proj.	1303	Cap.Proj.	Transportation Purposes	103,368.26						103,368.26
13032	Cap. Proj.	1303	Cap.Proj.	Highway Resurfacing	52,136.35						52,136.35
13033	Cap. Proj.	1302	Cap.Proj.	Infrastructure Improvement Fund	124,299,693.77						124,299,693.77
13034	Cap. Proj.	1301	Cap.Proj.	Legislative Office Building	78.00						78.00
13035	Cap. Proj.	1301	Cap.Proj.	University and State University Facilities	198,215.48						198,215.48
13036	Cap. Proj.	1301	Cap.Proj.	University and State University Facilities	468.00						468.00
13037	Cap. Proj.	1301	Cap.Proj.	University and State University Facilities	139,913.90						139,913.90
13038	Cap. Proj.	1303	Cap.Proj.	Middletown Cluster Rail Service (DEP)	971.71						971.71
13039	Cap. Proj.	1301	Cap.Proj.	Fire Training School Facility	858.99						858.99
13041	Cap. Proj.	1301	Cap.Proj.	Correctional Institution Inmate Housing	110,739.51						110,739.51
13042	Cap. Proj.	1301	Cap.Proj.	University and State University Facilities	1,590,020.25						1,590,020.25
13046	Cap. Proj.	1301	Cap.Proj.	Connecticut Juvenile Training School	922,361.71						922,361.71
13047	Cap. Proj.	1212	Cap.Proj.	Acquition of Hartford Seminary	0.85						0.85
17001	Cap. Proj.	1301	Cap.Proj.	Capital Improvements & Other Purposes	6,884,161.37						6,884,161.37
17011	Cap. Proj.	1301	Cap.Proj.	Capital Improvements & Other Purposes	25,916,041.93						25,916,041.93
17021	Cap. Proj.	1301	Cap.Proj.	Capital Improvements & Other Purposes	43,100,962.38						43,100,962.38
17041	Cap. Proj.	1301	Cap.Proj.	Capital Improvements & Other Purposes	14,425,025.34						14,425,025.34
17086	Cap. Proj.	1301	Cap.Proj.	Capital Improvements & Other Purposes	46,393.41						46,393.41
17741	Cap. Proj.	1301	Cap.Proj.	Capital Improvements & Other Purposes	356,792.56						356,792.56
17771	Cap. Proj.	1301	Cap.Proj.	Capital Improvements & Other Purposes	1,896,204.95						1,896,204.95
17781	Cap. Proj.	1301	Cap.Proj.	Capital Improvements & Other Purposes	118,105.43						118,105.43
17791	Cap. Proj.	1301	Cap.Proj.	Capital Improvements & Other Purposes	1,154,112.84						1,154,112.84
17801	Cap. Proj.	1301	Cap.Proj.	Capital Improvements & Other Purposes	2,627,878.29						2,627,878.29
17811	Cap. Proj.	1301	Cap.Proj.	Capital Improvements & Other Purposes	1,542,850.79						1,542,850.79
17831	Cap. Proj.	1301	Cap.Proj.	Capital Improvements & Other Purposes	3,038,248.86						3,038,248.86
17841	Cap. Proj.	1301	Cap.Proj.	Capital Improvements & Other Purposes	2,275,617.33						2,275,617.33
17851	Cap. Proj.	1301	Cap.Proj.	Capital Improvements & Other Purposes	2,643,266.02						2,643,266.02
17871	Cap. Proj.	1301	Cap.Proj.	Capital Improvements & Other Purposes	242,331.51						242,331.51
17901	Cap. Proj.	1301	Cap.Proj.	Capital Improvements & Other Purposes	2,794,017.41						2,794,017.41
17911	Cap. Proj.	1301	Cap.Proj.	Capital Improvements & Other Purposes	135,372.22						135,372.22
17921	Cap. Proj.	1301	Cap.Proj.	Capital Improvements & Other Purposes	4,319,787.67						4,319,787.67
17951	Cap. Proj.	1301	Cap.Proj.	Capital Improvements & Other Purposes	4,867,797.69						4,867,797.69
17961	Cap. Proj.	1301	Cap.Proj.	Capital Improvements & Other Purposes	16,903,145.89						16,903,145.89
17971	Cap. Proj.	1301	Cap.Proj.	Capital Improvements & Other Purposes	6,593,432.84						6,593,432.84
17981	Cap. Proj.	1301	Cap.Proj.	Capital Improvements & Other Purposes	4,490,149.99						4,490,149.99
17991	Cap. Proj.	1301	Cap.Proj.	Capital Improvements & Other Purposes	12,887,551.84						12,887,551.84
SUBTOTAL CAPITAL PROJECTS FUND					$382,941,692.81	$ 285,460.20	$ -	$ -	$ -	$ -	$383,227,153.01
DEBT SERVICE FUNDS											
14001	Debt Service	2106	Enterprise	University Bond Liquidation	$5,019,339.44						$ 5,019,339.44
14002	Debt Service	2109	Enterprise	State University Dormitory	41,952,030.21						41,952,030.21
14005	Debt Service	1401	Debt Service	Transportation Fund Reserve	208,541,953.44 [7]				$ 138,348,093.99 [7]	$329,560,412.72 [7]	676,450,460.15
SUBTOTAL DEBT SERVICE FUNDS					$255,513,323.09	$ -	$ -	$ -	$ 138,348,093.99	$329,560,412.72	$ 723,421,829.80
ENTERPRISE FUNDS											
21002	Enterprise	2107	Enterprise	John Dempsey Hospital					$145,863.99 [8]	$ 353,358.42 [8]	$ 499,222.41
21005	Enterprise	1215	Spec.Rev.	Auto Emissions Inspection	$12,819,237.57						12,819,237.57
21008	Enterprise	2110	Enterprise	Bradley International Parking Operations					7,294,160.29 [9]	5,121,130.00 [9]	12,415,290.29

CASH MANAGEMENT DIVISION

CIVIL LIST FUNDS

SCHEDULE OF INVESTMENTS (1)(2)

FISCAL YEAR ENDED JUNE 30, 2005

PRESENTED UNDER BUDGETARY BASIS OF ACCOUNTING (4)(5)

Legal No.	Legal Type	GAAP No.	GAAP Type	Fund Name	STIF Investments 6/30/05	Tax Exempt Proceeds Fund Investments 6/30/05	Investments with Treasurer as Trustee Short-Term 6/30/05	Investments with Treasurer as Trustee Long-Term 6/30/05	Investments with Others as Trustee Short-Term 6/30/05	Investments with Others as Trustee Long-Term 6/30/05	Total
21009	Enterprise	2101	Enterprise	Bradley International Airport Operations	93,068,460.90 (10)					45,172,960.01 (10)	138,241,420.91
21010	Enterprise	1212	Spec.Rev.	Local Bridge Revolving Fund - Bond Financed		$14,163,703.33					14,163,703.33
21011	Enterprise	1212	Spec.Rev.	Local Bridge Revolving Fund - Revenue Financed	24,860,322.54						24,860,322.54
21014	Enterprise	1213	Spec.Rev.	Clean Water Fund - State	33,173,401.69				1,625,000.00	14,025,000.00 (11)	48,823,401.69
21015	Enterprise	2105	Non.-Exp.	Clean Water Fund - Federal	13,646,179.14		$ 77,242,011.37 (12)		98,959,250.86 (13)	241,882,731.89 (13)	431,730,173.26
21016	Enterprise	1213	Spec.Rev.	Clean Water Fund - Long Island Sound	1,121,764.34						1,121,764.34
21018	Enterprise	2111	Spec.Rev.	Drinking Water Fund - Federal Revolving Loan			13,013,662.26 (12)		7,566,716.92 (13)	27,048,852.72 (13)	47,629,231.90
21020	Enterprise	1216	Spec.Rev.	Rate Reduction Bond Operations					5,714,264.53 (14)	20,534,500.00 (14)	26,248,764.53
SUBTOTAL ENTERPRISE FUNDS					$ 178,689,366.18	$ 14,163,703.33	$ 90,255,673.63	$ -	$ 121,305,256.59	$354,138,533.04	$ 758,552,532.77
INTERNAL SERVICE FUNDS											
22001	Int. Services	2201	Int. Services	Correction Industries							-
22002	Int. Services	2202	Int. Services	Technical Services Revolving Fund							-
22003	Int. Services	2203	Int. Services	General Services Revolving Fund							-
SUBTOTAL INTERNAL SERVICES FUNDS					-	-	-	-	-	-	-
FIDUCIARY FUNDS											
31001	Pension	3103	Pension	State Employees' Retirement Fund			188,183,013.31	7,987,136,653.49 (15)			$ 8,175,319,666.80
31002	Pension	3105	Pension	State Attorneys' Retirement Fund			55,284.89	662,928.08 (15)			718,212.97
31003	Pension	3105	Pension	General Assembly Retirement Fund	$ 24,670.84						24,670.84
31004	Pension	3106	Pension	Judges & Compensation Commissioners' Retirement Fund			8,717,705.61	143,997,592.78 (15)			152,715,298.39
31005	Pension	3105	Pension	Public Defenders Retirement Fund	58,765.32						58,765.32
31006	Pension	3104	Pension	Teachers' Retirement Fund			144,657,234.63	11,247,489,419.10 (15)			11,392,146,653.73
31008	Pension	3107	Pension	Municipal Employees' Retirement - Fund B			45,608,968.84	1,349,228,457.03 (15)			1,394,837,425.87
31009	Other Em. Benefits	3102	Agency	Policemen and Firemen Survivors' Benefit Fund			1,096,438.28	17,948,605.28 (15)			19,045,043.56
31010	Pension	3108	Pension	Probate Judges & Employees Retirement Fund			4,379,276.55	67,702,356.86 (15)			72,081,633.41
35009	Fiduciary	1503	Permanent	Endowed Chair Investment Fund	5,211,159.72						5,211,159.72
35010	Fiduciary	1502	Permanent	Connecticut Arts Endowment Fund			933,072.88	15,473,537.85 (15)			16,406,610.73
35011	Fiduciary	1501	Non.-Exp.	Soldiers, Sailors and Marines Trust Fund			60,041.31	60,883,396.23 (15)			60,943,437.54
35014	Fiduciary	2103	Exp.Trust	Unemployment Compensation Fund					$ 572,789,292.49 (16)		572,789,292.49
35015	Fiduciary	2107	Enterprise	John Dempsey Hospital Malpractice Trust Fund	12,422,579.68						12,422,579.68
SUBTOTAL FIDUCIARY FUNDS					$ 17,717,175.56	$ -	$393,691,036.30	$20,890,522,946.70	$ 572,789,292.49	$ -	$21,874,720,451.05
TOTAL CIVIL LIST FUNDS					$2,444,067,145.87	$ 38,141,474.02	$483,946,709.93	$20,890,923,187.52	$ 832,442,643.07	$683,698,945.76	$25,373,220,106.17

CASH MANAGEMENT DIVISION

CIVIL LIST FUNDS

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

FISCAL YEAR ENDED JUNE 30, 2005

(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) In accordance with Section 3-115 of the General Statutes, the State Comptroller shall provide accounting statements relating to the financial condition of the State as a whole in the same form an in the same categories as appears in the budget act enacted by the General Assembly. The Budget Act enacted for the 2005 fiscal year is presented on a comprehensive basis of accounting other than general accepted accounting principals. In order to be consistent with the Comptroller's statements and the budgetary act, the State Treasurer has employed the same comprehensive basis of accounting for the presentation of the Civil List Funds Schedule of Investments.

(5) GAAP accounting requires that investment balances be presented to include the accrued interest earned. This manner of presentation is not used for the budgetary basis presentation.

(6) Included $26,500.11 investment recognized by the Comptroller.

(7) Short-term investments consist of STIF Accounts held by US Bank as Trustee. Long-term investments consist of US Treasury securities and taxable municial bonds. Investments are held by US Bank as Trustee. For description of the program, see Debt Management Division.

(8) Repesents funds reserved by the Conneciticut 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 8/15/05 through 2/15/09. These securities ar purchased at a deep discount to par value at maturity. The recorded value on this schedule is the accreted cost value at June 30, 2005. At June 30, 2005, the aggregate historical cost of this portofolio was $128,576, the par value was $549,000. Although the portfolio is considered long-term in nature, securities totoling $150,000 in par value, $145,862 in accreted value, mature by June 30, 2006. These funds are held by US Bank as Trustee.

(9) Short-term investments consist of money market funds. Long-term investments consist of GIC's. Investments are held by Wachovia Bank, NA as Trustee. For description of the program, see Debt Management Division.

(10) Short-term investments consist of STIF Accounts held by US Bank as Trustee. Long-term investments consist of GIC's and US Treasury securities. Investments are held by US Bank as Trustee. For description of the program, see Debt Management Division.

(11) Long-term investments consist of State of Connecticut General Obligation Bonds which are shown at par. Investments held by US Bank as Trustee. For description of program, see Debt Management Division.

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

(13) 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.

(14) Short-term investments consist of STIF accounts and money market funds. Long-term investments consist of GIC's. Investments are held by Wachovia Bank, NA as Trustee. For description of the program, see Debt Management Division.

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

(16) Cash on deposit with Federal Government.

CASH MANAGEMENT DIVISION

SECURITIES HELD IN TRUST FOR POLICYHOLDERS

JUNE 30, 2005

Name of Insurance Company	Par Amount of Collateral	Market Value

The following securities are held on deposit with the State Treasurer on behalf of the Insurance Department under Sec 38a-83:

Name of Insurance Company	Par Amount of Collateral	Market Value
Ace Fire Underwriters Insurance Company	$ 1,910,000.00	$ 1,997,167.58
Aetna Health and Life Insurance Company	2,025,000.00	2,147,925.84
Aetna Insurance Company Of Connecticut	2,000,000.00	2,030,573.86
Aetna Life Insurance Company	1,500,000.00	1,817,129.53
AIG Annuity Insurance Company	100,000.00	110,545.07
Allianz Global Risks US Insurance Company	681,000.00	782,370.37
American Centennial Insurance Company	50,000.00	61,822.53
American Employers Insurance Company	1,820,000.00	2,379,409.14
American Maturity Life Insurance Company	4,651,000.00	4,707,923.33
American Mayflower Life Insurance Of New York	250,000.00	321,680.72
American Phoenix Life & Reassurance Company	5,050,000.00	5,187,038.22
American Security Insurance Company	35,000.00	35,116.90
American Skandia Life Assurance Corporation	1,500,000.00	1,483,952.28
Annuity & Life Reassurance America, Inc.	5,000,000.00	5,438,649.40
Argonaut Insurance Company	4,260,000.00	4,342,395.87
Associated Indemnity Corporation	1,444,000.00	1,411,913.69
Automobile Insurance Company of Hartford, CT	4,050,000.00	4,408,919.60
AXIS Specialty Insurance Company	2,800,000.00	3,027,484.69
Carolina Casualty Insurance Company	200,000.00	217,601.49
Century Indemnity Company	1,560,000.00	1,656,690.79
Charter Oak Fire Insurance Company	4,525,000.00	4,655,282.36
Chicago Title Insurance Company	100,000.00	101,680.33
CM Assurance Company	2,000,000.00	2,030,573.86
CM Life Insurance Company	1,600,000.00	1,699,170.04
Cologne Reinsurance Company Of America	3,455,000.00	3,669,915.61
Connecticut Attorneys Title Insurance Company	110,000.00	113,520.73
Connecticut General Life Insurance Company	1,650,000.00	1,752,269.11
Connecticut Surety Company (The)	750,000.00	765,521.66
Converium Reinsurance (North America) Inc.	3,000,000.00	3,720,557.70
Covenant Insurance Company	600,000.00	630,973.84
Dentegra Insurance Company of New England	5,219,000.00	5,575,493.55
Electric Insurance Company	9,310,000.00	9,437,491.45
Employers' Fire Insurance Company	655,000.00	856,511.02
Executive Risk Specialty Insurance Company	2,500,000.00	2,575,528.70
Fairfield Insurance Company	2,500,000.00	2,578,310.99
Farmington Casualty Company	3,000,000.00	3,162,406.69
Fireman's Fund Insurance Company	6,764,000.00	8,380,517.16
First State Insurance Company	2,100,000.00	2,132,102.55
Fremont Indemnity Company	899,300.00	920,823.41
GE Group Life Assurance Company	5,000,000.00	5,991,414.92
GE Mortgage Insurance Corp of North Carolina	60,000.00	62,392.61
General Re Life Corporation	1,500,000.00	1,507,524.13
General Star Indemnity Company	2,975,000.00	3,098,676.00
Genesis Insurance Company	3,000,000.00	3,369,360.00
Gulf Insurance Company	2,500,000.00	2,600,823.95
Gulf Underwriters' Insurance Company	2,500,000.00	2,667,382.46
Harleysville Worcester Insurance Company	9,065,000.00	9,053,774.33
Hart Life Insurance Company	5,234,000.00	5,323,697.18
Hartford Accident & Indemnity Company	3,325,000.00	3,730,951.17
Hartford Fire Insurance Company	3,830,000.00	4,122,818.75
Hartford International Life Reassurance Corp.	2,109,000.00	2,144,498.77
Hartford Life & Accident Insurance Company	2,041,000.00	2,074,137.71
Hartford Life & Annuity Insurance Company	2,556,000.00	2,602,405.32
Hartford Life Insurance Company	2,180,000.00	2,218,756.56
Hartford Steam Boiler Inspection & Insurance Co.	4,000,000.00	4,793,131.93
Hartford Steam Boiler Inspection & Ins Co of CT	3,100,000.00	3,714,677.25
Hartford Underwriters' Insurance Company	3,250,000.00	3,575,677.99

SECURITIES HELD IN TRUST FOR POLICYHOLDERS (Continued)

JUNE 30, 2005

Name of Insurance Company	Par Amount of Collateral	Market Value
Highlands Insurance Company	100,000.00	101,621.38
Homesite Insurance Company	2,500,000.00	2,497,477.83
Houston General Insurance Company	65,000.00	69,351.94
IdeaLife Insurance Company	1,500,000.00	1,597,800.99
Industrial Alliance Life Insurance Company	30,000.00	31,730.63
ING Life Insurance & Annuity	3,600,000.00	2,581,920.00
ING Life Insurance Company of America	10,200,000.00	10,494,861.48
Integon National Insurance Company	75,000.00	75,308.99
Integon Preferred Insurance Company	75,000.00	81,025.87
Knights of Columbus	2,000,000.00	2,053,727.22
Liberty Mutual Fire Insurance Company	19,560,000.00	20,882,656.46
Liberty Mutual Insurance Company	125,590,000.00	137,384,923.47
Lumber Mutual Insurance Company	1,880,000.00	1,971,779.07
Massachusetts Mutual Life Insurance Company	1,600,000.00	2,312,153.02
Members Life Insurance Company	350,000.00	351,169.04
Middlesex Mutual Assurance Company	1,525,000.00	1,564,529.88
MML Bay State Life Insurance Company	1,500,000.00	1,592,971.92
Munich American Reassurance Company	40,000.00	42,396.56
National Fire Insurance of Hartford	2,500,000.00	2,998,657.43
National Liability & Fire Insurance	2,600,000.00	2,617,967.48
New England Insurance Company	2,700,000.00	2,745,257.49
New England Reinsurance Corporation	3,225,000.00	4,360,585.40
New London County Mutual Insurance Company	600,000.00	635,948.46
Northern Assurance Company of America	2,165,000.00	2,781,017.57
Nutmeg Insurance Company	3,000,000.00	3,433,313.32
Odyssey America Reinsurance Corporation	2,500,000.00	3,575,897.01
OneBeacon American Insurance Company	6,185,000.00	7,928,675.45
Pacific Insurance Company, Limited	2,820,000.00	3,089,815.09
Patrons Fire Insurance Company of Rhode Island	120,000.00	127,182.93
Patrons Mutual Insurance Company of Connecticut	120,000.00	129,768.29
PHL Variable Insurance Company	5,070,000.00	5,551,887.03
Phoenix Insurance Company	4,635,000.00	5,099,021.74
Phoenix Life & Annuity Company	5,150,000.00	5,282,579.24
Prudential Retirement Insurance & Annuity Company	5,015,000.00	5,022,994.40
PXRE Reinsurance Company	7,430,000.00	7,350,510.30
Quadrant Indemnity Company	3,300,000.00	3,646,108.31
Response Worldwide Direct Auto Insurance Company	1,500,000.00	1,498,486.70
Response Worldwide Insurance Company	2,250,000.00	2,247,730.05
Royal Surplus Lines Insurance Company	2,625,000.00	2,993,549.71
RVI America Insurance Company	2,540,000.00	2,310,834.29
Safeco Surplus Lines Company	100,000.00	104,096.68
Security Insurance Company of Hartford	3,193,000.00	3,252,140.94
Seneca Insurance Company	260,000.00	356,698.86
Sentinel Insurance Company, Limited	3,200,000.00	3,431,783.46
Servus Life Insurance Company	5,250,000.00	5,341,480.57
Standard Fire Insurance Company	4,000,000.00	4,339,658.12
Swiss Re Life & Health America, Inc.	5,290,000.00	5,584,623.96
Thames Insurance Company	200,000.00	211,982.82
T.H.E. Insurance Company	300,000.00	312,137.54
TIG Insurance Company	13,936,000.00	15,686,242.16
TravCo Insurance Company	4,875,000.00	4,840,895.24
Travelers Casualty & Surety Company	3,000,000.00	3,320,132.31
Travelers Casualty & Surety Company of America	3,180,000.00	3,488,114.23
Travelers Casualty Company of Connecticut	2,500,000.00	2,741,866.28
Travelers Casualty Insurance Company of America	3,400,000.00	4,921,686.53
Travelers Commercial Insurance Company	2,125,000.00	2,406,074.71
Travelers Commercial Casualty Company	3,200,000.00	3,503,369.24
Travelers Excess & Surplus Lines Company	2,500,000.00	2,769,349.99
Travelers Home & Marine Insurance Company	5,125,000.00	5,089,146.28
Travelers Indemnity Company	4,130,000.00	4,440,036.56
Travelers Indemnity Company of America	3,565,000.00	3,867,720.30
Travelers Indemnity Company of Connecticut	3,000,000.00	3,372,547.80

SECURITIES HELD IN TRUST FOR POLICYHOLDERS (Continued)

JUNE 30, 2005

Name of Insurance Company		Par Amount of Collateral		Market Value
Travelers Insurance Company		2,625,000.00		2,824,516.56
Travelers Life & Anuity Company		2,600,000.00		2,880,276.14
Travelers Personal Insurance Company		5,500,000.00		7,574,731.90
Travelers Personal Security Insurance Company		4,100,000.00		4,413,129.12
Travelers Property Casualty Company of America		3,000,000.00		3,083,732.87
Travelers Property Casualty Insurance Company		2,050,000.00		2,325,506.44
Trenwick America Reinsurance Corporation		6,275,000.00		6,477,700.62
Truck Insurance Exchange		370,000.00		425,396.39
Trumbull Insurance Company		2,910,000.00		3,121,876.86
United Guaranty Residential Ins Company of NC		50,000.00		52,330.99
United Healthcare Insurance Company		1,510,000.00		1,517,379.22
United Illuminating Company		210,000.00		207,748.90
VantisLife Insurance Company		5,500,000.00		5,700,616.77
Vision Service Plan Insurance Company		2,300,000.00		2,468,454.41
Warner Insurance Company		2,000,000.00		1,997,982.27
Westchester Surplus Lines Insurance Co.		100,000.00		106,694.28
Zenith Insurance Company		1,010,000.00		1,021,978.03
TOTAL	$	508,527,300.00	$	551,674,092.48

Assets Held In STIF:

American Mutual Insurance Of Boston	$	2,162,667.80
American Mutual Liability		22,954,285.07
Connecticut Surety Company (The)		1,640,777.79
Covenant Mutual Liquidating Trust		6,594,694.74
Suburban Health Plan		253,928.30
Westbrook Insurance Company		628,635.80
TOTAL	$	34,234,989.50

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 at JUNE 30, 2004		$ 476,198,327.40
Deposits	$ 640,343,700.00	
Combined Wage Transfers to Connecticut	5,452,905.71	
Earnings	26,479,304.79	
Federal Employee & Ex-Servicemen Contributions	6,294,000.00	
Temporary Emergency Unemployment Compensation	(59,000.00)	$ 678,510,910.50
TOTAL CASH AVAILABLE		$ 1,154,709,237.90
Withdrawals	$ 574,206,000.00	
Reed Act Withdrawals	1,312,166.01	
Federal Employee & Ex-Servicemen Withdrawals	6,294,000.00	
Extended Benefits (EB) Repayment	290.00	
Extended Unemployment Compensation (EUC) Repayments	76,950.00	
Federal Supplemental Benefits (FSB) Repayment	470.00	
Federal Supplemental Compensation (FSC) Repayment	69.00	581,889,945.01
BALANCE at JUNE 30, 2005		$ 572,819,292.89

Office of the State Treasurer

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