STATE OF CONNECTICUT

2007

ANNUAL REPORT OF THE TREASURER

For the fiscal year ended June 30, 2007

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

2007

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For the fiscal year ended June 30, 2007

ANNUAL REPORT OF THE TREASURER
TABLE OF CONTENTS

Introduction

TREASURER'S LETTER TO THE GOVERNOR 7

PERFORMANCE OVERVIEW AND EXECUTIVE SUMMARY 9

TREASURY OVERVIEW 12

Division Operations

PENSION FUND MANAGEMENT DIVISION

Letter from the Chairman of the Investment Advisory Council 15
Investment Advisory Council 17
Division Overview 18
The Year in Review 21
Total Fund Performance 21
2007 Management Initiatives 22
Proxy Voting 23
Asset Recovery and Loss Prevention 24
Corporate Governance 25
Combined Investment Funds-Total Return Analysis (%) 28
Cash Reserve Account 29
Mutual Equity Fund 33
Mutual Fixed Income Fund 36
International Stock Fund 41
Real Estate Fund 45
Commercial Mortgage Fund 50
Private Investment Fund 54

DEBT MANAGEMENT DIVISION

Division Overview 60
The Year in Review 62

CASH MANAGEMENT DIVISION

Division Overview 65
The Year in Review 66
Short-Term Investment Fund 69

UNCLAIMED PROPERTY DIVISION

Division Overview 73
The Year in Review 73

SECOND INJURY FUND DIVISION

Division Overview 75
The Year in Review 77

CONNECTICUT HIGHER EDUCATION TRUST

Description of the Trust 79
The Year in Review 80
CHET Advisory Committee 81

TABLE OF CONTENTS

Financial Statements

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

MANAGEMENT'S DISCUSSION AND ANALYSIS F-4

MANAGEMENT'S REPORT F-13

COMBINED INVESTMENT FUNDS

Statement of Net Assets F-14
Statements of Changes in Net Assets F-15
Notes to Financial Statements F-17
Financial Highlights F-29

SHORT-TERM INVESTMENT FUND

STIF Statement of Net Assets F-30
STIF Statements of Changes in Net Assets F-31
Notes to Financial Statements F-32
List of Investments F-37
Independent Accountants' Report-Schedules of Rates of Return F-40
Schedule of Annual Rates of Return F-41
Schedule of Quarterly Rates of Return F-42
Notes to Schedules of Rates of Return F-43

SHORT-TERM PLUS INVESTMENT FUND

STIF Plus Statement of Net Assets F-45
STIF Plus Statements of Changes in Net Assets F-46
STIF Plus Notes to Financial Statements F-47
STIF Plus List of Investments F-51

CIVIL LIST PENSION AND TRUST FUNDS

Schedule of Cash and Investments, Balances and Activity F-53

NON-CIVIL LIST TRUST FUNDS

Statement of Condition (at Fair Value) F-54
Statement of Revenues and Expenditures F-54
Statement of Changes in Fund Balance F-54
Statement of Cash Flows F-55
Statement of Condition (at Cost) F-56
Notes to the Financial Statements F-57

SECOND INJURY FUND

Statement of Net Assets F-58
Statement of Revenues, Expenses and Changes in Fund Balance F-59
Statement of Cash Flows F-60
Notes to Financial Statements F-61

CONNECTICUT HIGHER EDUCATION TRUST

Statements of Assets and Liabilities F-65
Statements of Operations F-66
Statement of Changes in Net Assets F-67
Notes to Financial Statements F-68
Independent Auditors Report F-71

TABLE OF CONTENTS

STATE OF CONNECTICUT SPECIAL OBLIGATION RATE REDUCTION BONDS

Statement of Net Assets F-72
Statement of Revenues, Expenses and Changes in Net Assets F-73
Statement of Cash Flows F-74
Notes to Financial Statements F-75
Independent Auditor's Report F-79

TAX EXEMPT PROCEEDS FUND, INC.

Statement of Assets and Liabilities F-80
Schedule of Investments F-81
Breakdown of Portfolio Holdings F-87
Statement of Operations F-88
Statement of Changes in Net Assets F-89
Notes to Financial Statements F-90
Report of Independent Registered Public Accounting Firm F-92

Supplemental Information

PENSION FUNDS MANAGEMENT DIVISION - COMBINED INVESTMENT FUNDS

Schedule of Net Assets by Investment Fund S-1
Schedules of Changes in Net Assets by Investment Fund S-2
Total Net Asset Value by Pension Plans and Trusts S-4
Statement of Investment Activity by Pension Plan S-5
Statement of Investment Activity by Trust S-7
Summary of Operations S-10
Pension and Trust Funds Balances S-10
Investment Summary S-11
Top Ten Holdings by Fund S-13
Schedule of Expenses in Excess of $5,000 .... S-15
List of Investment Advisors and Net Assets Under Management S-18
Schedule of Brokerage Commissions S-21
Glossary of Investment Terms S-24
Understanding Investment Performance S-28

DEBT MANAGEMENT DIVISION

Changes in Debt Outstanding - Budgetary Basis S-30
Retirement Schedule of In-Substance Defeased Debt Outstanding - Budgetary Basis S-31
Schedule of Expenses in Excess of $5,000 .... S-32

CASH MANAGEMENT DIVISION

Cash Management Division Activity Statement S-33
Civil List Funds Summary Schedule of Cash Receipts and Disbursements S-34
Civil List Funds Summary Schedule of Cash and Investments S-35
Civil List Funds Interest Credit Program S-36
Schedule of Expenses in Excess of $5,000 .... S-39

UNCLAIMED PROPERTY DIVISION

Schedule of Expenses in Excess of $5,000 .... S-40
Five Year Selected Financial Information S-41
Summary of Gross Receipts S-41

TABLE OF CONTENTS

EXECUTIVE OFFICE

Ex-Officio Responsibilities of the State Treasurer S-42
Total Administration Expenditures S-44
Schedule of Expenses in Excess of $5,000 .... S-45

SECOND INJURY FUND DIVISION

Schedule of Expenses in Excess of $5,000 .... S-46

Statutory Appendix

DEBT MANAGEMENT DIVISION

Schedule of Debt Outstanding - Budgetary Basis O-1
Schedule of Authorized and Issued Debt Outstanding O-8

CASH MANAGEMENT DIVISION

Civil List Funds Schedule of Investments O-13
Securities Held in Trust for Policyholders O-16
Unemployment Compensation Fund O-19

Introduction

State of Connecticut

Office of the Treasurer

DENISE L. NAPPIER
TREASURER

HOWARD G. RIFKIN
DEPUTY TREASURER

December 20, 2007

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 **2007 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). 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 in this letter some of the more notable achievements from the report:

- The Connecticut Retirement Plans and Trust Funds (CRPTF) achieved the highest fiscal year return since my taking office in 1999 with an investment return of 17.34% net of all fees and expenses, and the CRPTF increased by $3.1 billion in value to $25.9 billion. The Teachers' Retirement Fund portion of the CRPTF ($13.8 billion) combined with the State Employees Retirement Fund portion ($10.0 billion) increased by $2.8 billion.
- With the approval of the Pension Obligation Bond Act (Public Act 07-186) the state will be able to reduce the unfunded liability of the Teachers' Retirement System and save taxpayers a substantial amount of money over the life of the bonds. The fiscal soundness of our various pension plans is a critical element in ensuring the overall fiscal health of the state, as recently highlighted in a study by the Pew Charitable Trust of pension and health care obligations among the fifty states. Public Act 07-186 is a critical element in ensuring the future financial viability of our retirement obligations to the teachers of Connecticut.
- The Short-Term Investment Fund's (STIF) return of 5.54% outperformed its benchmark by 40 basis points, resulting in $21 million in additional interest income for the State, State agencies and municipalities and their taxpayers. In addition, TRACS Financial Research, an independent firm that monitors performance of such investment pools, ranked STIF's return first in the nation for 15

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

of the 20 months through June 30, 2007. In July, 2007, Standard & Poor's (S&P) reaffirmed STIF's AAAm rating — the highest rating issued by S&P for money market funds and investment pools — and to date, the Fund continues to be rated AAAm by S&P.

- Since the close of the fiscal year for which this report is issued, we have seen a significant downturn in the credit markets, which started with the subprime loan market. As you are no doubt aware, the Short-Term Investment Fund has some limited exposure to both subprime loans and to credit concerns related to certain holdings in four "structured investment vehicles" (SIVs). One of those SIV holdings is in default and currently is being managed through a receiver. STIF holds $100 million of senior level notes in that investment and we are monitoring on a daily basis the progress the receiver is making in selling the investment vehicle. The other three holdings in SIVs have now been moved onto the books of Citigroup (they were investment vehicles created by Citigroup) and that move gives us a great deal of confidence that the notes we are holding will be paid off in a timely manner and at the agreed-upon rate of return. We are quite confident that STIF remains a secure and good investment both for the State and for its participating units of local government.
- The Treasury issued $556 million in refunding bonds for the General Obligation, UCONN 2000 program and Clean Water Fund bonding programs, which will save a total of $21.6 million over the life of the bonds. Since January 1999, debt refunding and defeasances have produced $526 million in debt service savings for Connecticut taxpayers.
- The Office of the Treasurer recovered $6 million in the fiscal year in class action lawsuits and a total of $16.8 million since 2000 by closely monitoring and participating in class action settlements.
- The Treasury returned $25.3 million to rightful owners of unclaimed property. This was $0.7 million less than what was returned in the prior year, which at the time established an all-time record, making Fiscal year 2007 the second highest year for returning property to owners. In addition, we received $64.6 million in unclaimed property receipts.
- The Connecticut Higher Education Trust (CHET) realized record-setting account and asset growth in fiscal year with over $954.5 million in assets and 66,731 accounts, an increase of $250 million and 16,463 accounts over the previous fiscal year. Effective July 1, 2006, CHET contributions made after January 1, 2006 are eligible for deductions (based on filing status) from Connecticut adjusted gross income.
- The Treasury Community Bank and Credit Union Initiative, launched in 2006, supports Connecticut-based banks and credit unions with assets not exceeding $500 million through the state's investment in certificates of deposit awarded through a competitive bidding process. The initiative has $64 million invested through June 30, 2007, which is an increase of $51.5 million from last year.

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, 2007, the Connecticut Retirement Plans and Trust Funds investment portfolio returned a positive one-year annualized return of 17.69% before management fees, or 17.34% net of all fees and expenses, and increased in value to $25.9 billion.

Total annual investment returns, comprising interest income, dividends, securities lending income, and net realized and unrealized capital gains, net of $3.2 million of Fund operating expenses, were $3.9 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	$3.9	$2.1	$1.5	$0.3
Net Outflows to Funds	(0.8)	(0.5)	(0.2)	(0.1)
Net Increase in Net Assets	$3.1	$1.6	$1.3	$0.2
Net Assets, June 30, 2007	$25.9	$13.8	$10.0	$2.1

All of the Combined Investment Funds posted positive investment returns for the fiscal year led by the International Stock Fund, 29.65%; Private Investment Fund, 19.56%; Mutual Equity Fund, 18.24%; Real Estate Fund, 14.21%; Commercial Mortgage Fund, 8.17%; and the Cash Reserve Account, 5.61%.

The pension and trust assets increased $3.1 billion over the previous fiscal year after $0.8 billion in net pension benefit payments (minus contributions) were deducted from the annual investment returns as presented above.

The CRPTF placed in the 50th percentile of the Trust Universe Comparison Services (TUCS), a database of plan sponsor information of public funds with assets greater than $1 billion.

Short-Term Investment Fund Investments

At the end of the 2007 fiscal year, the Short-Term Investment Fund had more than $5.0 billion in assets under management representing 1,031 accounts for 265 municipal and local government entities and 74 State agencies and authorities.

STIF achieved an annual return of 5.54%, net of operating expenses and allocations to the Fund's designated surplus reserve. This solid performance exceeded its primary benchmark by 40 basis points, resulting in $21 million in additional interest income for the State, state agencies and municipalities and their taxpayers.

	($ Billions)			
	Total STIF	State Treasury	State Agencies and Authorities	Municipal and Local Entities
Number of Accounts	1,031	47	406	578
Net Investment Income from Operations	$0.3			
Net STIF Inflows/(Outflows)	(0.7)			
Net Change in Net Assets	$(0.4)			
Total Net Assets, June 30, 2007	$5.0	$1.7	$2.3	$1.0
Total Net Assets, June 30, 2006	$5.4	$2.8	$1.7	$0.8

As of June 30, 2007, the balance in the Designated Surplus Reserve was $51,270,374, an increase of $3,845,542 from the prior year balance.

TRACS Financial Research, an independent firm that monitors the performance of such pools on a monthly basis, ranked STIF's return first in the nation 15 of the past 20 months through June 30, 2007.

In July 2007, Standard & Poor's reaffirmed STIF's AAAm rating, the highest rating available for money market funds and investment pools.

Short-Term Plus Investment Fund Investments

At the end of the 2007 fiscal year, the new Short-Term Plus Investment Fund had $304 million in assets under management representing one State Treasury account.

	($ Billions)	
	Total STIF	State Treasury
Number of Accounts	1	1
Net Investment Income from Operations	$0.009	
Net STIF Inflows/(Outflows)	0.295	
Net Change in Net Assets	$0.304	
Total Net Assets, June 30, 2007	$0.304	$0.304
Total Net Assets, June 30, 2006	$0.000	$0.000

Connecticut Higher Education Trust Investments

The Connecticut Higher Education Trust (CHET) held 66,731 accounts with total net assets of $955 million at the end of the 2007 fiscal year. This compares to 50,268 accounts and $704 million in net assets at the end of the prior fiscal year, an increase of $250 million or 35.5% as presented below:

	($ Billions)
Net Investment Income	$0.088
Net inflows to CHET	0.162
Net Increase in CHET Net Assets	$0.250
Total Net Assets, June 30, 2007	$0.955

Based on legislation proposed by the Treasurer's Office in 2006, the General Assembly passed into law an income tax deduction allowing Connecticut taxpayers to deduct up to $10,000 for joint filers and up to $5,000 for single filers for contributions made on or after January 1, 2006, to CHET accounts.

In June 2006, CHET's account balance limit for contributions was increased to $300,000 from the previous level of $235,000 in order to keep pace with increasing college tuition costs.

Debt Management

In fiscal year 2007, Debt Management managed the sale of $1.4 billion in new money bonds issued to fund state programs and capital projects. As interest rates continued at relatively low levels during the year, Debt Management issued $0.56 billion in refunding bonds which will save $21.6 million in interest costs.

Total state debt at the end of fiscal year 2007 was $14.2 billion, an increase of $100 million over the previous fiscal year.

Second Injury Fund

The Second Injury Fund held steady the assessment rates charged to Connecticut businesses that cover the costs of injured worker claims at 4% for insurers and 8.4% for self-insured employers. Those rates have now been held at the present level since July 1, 2005 and represent the lowest levels in more than a decade and will save businesses approximately $29 million annually.

In addition, revisions to Second Injury Fund statutes effective July 1, 2006, clarifies the definitions on which assessments are based and eases the penalties and interest levied on businesses not in compliance with the statute.

The Fund's unfunded liability for future claim payments to injured workers is estimated at $447 million, down from $838 million in 1999.

Unclaimed Property

In fiscal year 2007, Unclaimed Property returned $25.3 million to rightful owners on 20,930 claims and collected $64.6 million of unclaimed property for Connecticut.

Asset Recovery

The Office of the Treasurer recovered $6 million in the fiscal year that ended June 30, 2007 in class action lawsuits. 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.

Community Bank and Credit Union Initiative

During fiscal year 2006, the Treasury successfully launched the Community Bank and Credit Union Initiative. The initiative supports Connecticut-based banks and credit unions with assets not exceeding $500 million through the State's investment in certificates of deposit at the institutions that are awarded the State's business through a competitive bidding process. Through June 30, 2007, $64 million was invested with financial institutions at an average annual interest rate of 5.16 percent following a competitive bidding process.

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 $25.9 billion in State pension and trust fund assets and over $5 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
- Council of Fiscal Officers
- Information and Telecommunication Systems Executive Steering Committee
- Connecticut Development Authority
- Connecticut Health and Educational Facilities Authority
- Investment Advisory Council
- Finance Advisory Committee
- Student Financial Aid Information Council
- The Standardization Committee
- Connecticut Higher Education Advisory Committee
- Connecticut Housing Finance Authority
- Connecticut Higher Education Supplemental Loan Authority

Additional information on responsibilities of each is provided on Supplemental pages S-43 and S-44.

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, compliance, 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 $25.9 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 $13.8 billion, followed by the State Employees' Retirement Fund containing $10.0 billion and the Municipal Employees' Retirement Fund with $1.7 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, check processing and short-term investments. 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 357 bank accounts annually. The Division prudently and productively manages clients' cash, including that of 1,031 State and State agencies and authorities and municipal and local government entities utilizing the Short-Term Investment Fund, which had an average market value of $5.3 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, $14.2 billion of state debt was outstanding.

The Second Injury Fund Division, under the direction of an Assistant Deputy 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 Deputy 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.

2007 Annual Report Year at a Glance

COMBINED INVESTMENT FUNDS, JUNE 30

Market Value of Assets Under Management	$ 26,774,529,258
Net Assets Under Management	$ 25,928,290,933
Total Investment Returns for the Fiscal Year	$ 3,915,748,149
Total Management Fees for the Fiscal Year	$ 81,871,376
Total Number of Advisors	100
Increase in Total Advisors from Prior Year	14
One-Year Total Return	17.34%
Five-Year Compounded Annual Total Return	11.07%
Ten-Year Compounded Annual Total Return	8.36%

CONNECTICUT HIGHER EDUCATION TRUST, JUNE 30

Number of Participant Accounts	66,731
Net Assets	$ 954,791,402

DEBT MANAGEMENT, JUNE 30

Total Debt Outstanding	$	14,211,631,847
General Obligation Debt included above	$	9,334,850,700
Total New Debt Issued During the Fiscal Year	$	1,961,145,000
General Obligation Debt Issued included above	$	1,616,700,000
Total Debt Retired and Defeased During the Fiscal Year	$	1,873,397,298
General Obligation Debt Retired and Defeased included above	$	1,396,108,472
Total Debt Service Paid on Outstanding Debt During the Fiscal Year	$	1,900,758,211
General Obligation Debt Service Paid included above	$	1,266,220,319

CASH MANAGEMENT, JUNE 30

Total Cash Inflows During the Fiscal Year	$	78,707,834,437
Total Cash Outflows During the Fiscal Year	$	78,676,073,248
Number of State Bank Accounts at June 30, 2007		357
Number of State Bank Accounts at June 30, 2006		364

SHORT-TERM INVESTMENT FUND, JUNE 30

Total Net Assets of the Fund	$	5,004,095,757
One-Year Total Return		5.54%
Five-Year Compounded Annual Total Return		2.99%
Ten-Year Compounded Annual Total Return		4.08%
Weighted Average Maturity		50 days
Number of Participant Accounts		1,031

SHORT-TERM PLUS INVESTMENT FUND, JUNE 30

Total Net Assets of the Fund	$	303,976,942
Weighted Average Maturity		229 days
Number of Participant Accounts		1

SECOND INJURY FUND, JUNE 30

Number of Claims Settled During the Fiscal Year		180
Total Cost of Claims Settled and Paid	$	9,553,437
Second Injury Fund Estimated Unfunded Liability (expressed as reserves)	$	449,500,000
Number of Claims Outstanding		2,416

UNCLAIMED PROPERTY, JUNE 30

Dollar Value of Gross Unclaimed Property Receipts	$	64,567,697
Dollar Value of Claims Paid	$	25,280,243
Number of Property Claims Paid		20,930

Division Overview

State of Connecticut

Hartford

James T. Larkin, Chairman
Investment Advisory Council

December 3, 2007

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

Dear Governor Rell:

As current Chairman of the Investment Advisory Council ("IAC"), together with my colleague, the former chairman of the IAC, we are pleased to present this report on the performance of the State of Connecticut Retirement Plans and Trust Funds ("CRPTF" or "the Funds") and the activities of the IAC for the fiscal year ending June 30, 2007.

The world-wide economy was strong and the markets performed exceptionally well during fiscal year 2007. The long-term strategic asset allocation of the CRPTF positioned the combined investment funds to participate in the substantial market returns during this time period, which resulted in a net total return (after all expenses) of 17.34%. This significantly exceeded the assumed actuarial investment return of 8.5%. For the three years ending June 30, investment performance generated a compounded annual return of 12.73%, adding nearly $8.2 billion of net investment income and gains to the Funds. 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. Evidence of this longer term view is the CRPTF's ranking in the top 27 percent of public funds greater than $1 billion over the last 10 years.

Throughout the fiscal year, the IAC focused on a number of important policy initiatives. The IAC finalized work on an updated asset and liability study and approved asset allocation targets for the majority of the individual plans and trusts. These new asset allocation targets were incorporated into the Investment Policy Statement, which was subsequently adopted by the Treasurer and approved at the October 2007 IAC meeting. With these new targets, the CRPTF is positioned to take advantage of new markets, evolving strategies, and increase its exposure to alternative investments, thereby positioning the Funds to optimize its return potential in the future. The Council spent a considerable amount of time working with the Treasurer and her staff to revise the Proxy Voting Guidelines for the CRPTF, and was kept apprised on the implementation of CGS 32 §3-21e, *Divestment of State Funds Invested in Companies Doing Business in Sudan.* During this period the Treasury placed five investments on the prohibited list, and ordered divestment from one security, China Petroleum and Chemical Corp. (Sinopec).

c/o 55 Elm Street, Hartford, Connecticut 06106-1773, Telephone: (860) 702-3000

INVESTMENT ADVISORY COUNCIL

The IAC endorsed a number of commitments to real estate and private equity partnerships, as efforts continue to build those portfolios to their asset allocation targets of 5% and 11%, respectively. The private equity commitments included a mandate to three managers during 2007 for the Connecticut Horizon Fund Program, an initiative that invests in Connecticut based, women-owned or minority-owned firms. Finally, the IAC continued its practice of reviewing fund performance at each meeting, discussing individual manager changes when necessary and conducting a more extensive review of fund and manager performance on a quarterly basis.

The IAC supported the Treasurer in her efforts to reduce the unfunded liability portion of the Teachers' Retirement Fund by focusing on the legislative resolution that ultimately led to the passage of Public Act 07-186, *An Act Concerning Adequate Funding of the Teachers' Retirement System.* Current trends in the bond market have reduced long-term rates to the point where the cost of funds for a Pension Obligation Bond (POB) will save tax payers billions of dollars over the next 30 years. Issuing a POB in this market environment is a key fiscal priority for the Teachers' Retirement Plan and the IAC stresses that such action is prudent for the long-term management of the CRPTF.

The IAC continues to be concerned with the unfunded status of both the Teachers' and State Employees' plans. The funded status for the Teachers' plan and the State Employees' plan, outlined in the actuarial studies, which together represent 92% of the CRPTF's assets under management, indicate that the plans were 60% funded and 53% funded, respectively. The POB, once approved by the bond commission and issued in the market, is expected to increase the funded status for the Teachers' plan to approximately 70% percent.

The demographics of the plan participants are such that in fiscal year 2007, the CRPTF received contributions of $412 million and withdrew monies for payment of pension benefits of $1.2 billion, resulting in a negative cash flow of $801 million from pension activities. Fortunately, positive investment returns more than offset this funding deficit. The decrease from fiscal 2006's pension outflow is due in large part to the significantly higher contribution to the Teachers' Fund that was recommended by you and appropriated by the legislature.

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

Sincerely,

J. T. Larkin

James Larkin
Investment Advisory Council Chairman

Clarence L. Roberts, Jr.

Clarence L. Roberts, Jr.
Former 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 the plan and trust funds by the Treasurer. The IPS includes, with respect to each plan and 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 and money 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, external investment and 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 plan and 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 IAC 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 plan and 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 plan and trust funds or breakdowns in the safekeeping of plan and 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 plan and 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 2007 include:

CLARENCE L. ROBERTS, JR., Chairman, as appointed by the Governor, Former Assistant Treasurer, Unilever United States, Inc. (Retired) (Term expired 6/30/2007).

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

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

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

JAMES T. LARKIN, President, Global Strategy Advisors.

GEORGE H. MASON, Retired Business Educator.

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.

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 $25.9 billion of net assets of retirement plans for 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 eligible retirement plan participants. When pension investment returns exceed the target return, excess returns are applied against the unfunded liability, while investment income returns below the actuarial target return increase the unfunded pension liability and may require an increase in future tax dollar contributions in order to ensure full payment of benefits.

As shown in Figure 1-1, over the last ten years pension and trust assets have grown from $16.0 billion to $25.9 billion, or 61.9%. The Teachers' Retirement Fund ("TERF"), with $13.8 billion of assets under management at June 30, 2007, is the largest participating fund, followed by the State Employees' Retirement Fund ("SERF") and the Municipal Employees' Retirement Fund ("MERF") with $10.0 billion and $1.7 billion of assets, respectively. During the fiscal year ended June 30, 2007, 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 $3.9 billion. (See figure 1-2.)

CRPTF's total investments in securities at fair value as of June 30, 2007 is illustrated below:

COMBINED INVESTMENT FUNDS
Investment Summary at June 30, 2007

	Fair Value (1)	% of Total Fund Fair Value
Cash Reserve Account ("CRA")(2)	$236,297,695	0.88%
Mutual Equity Fund ("MEF")	9,810,773,724	36.64%
International Stock Fund ("ISF")	5,940,213,814	22.19%
Real Estate Fund ("REF")	684,741,163	2.56%
Mutual Fixed Income Fund ("MFIF")	8,537,943,917	31.89%
Commercial Mortgage Fund ("CMF")	7,763,461	0.03%
Private Investment Fund ("PIF")	1,556,795,484	5.81%
Total Fund	**$26,774,529,258**	**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.

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. 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, 2007, 106 external advisors were employed by the Treasury to invest the pension and trust assets, an increase of 14 advisors from June 30, 2006. (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, 2007, 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 61%. 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 80% of the portfolio invested in large-cap stocks and 20% in small/mid-cap stocks. Approximately 89% of the entire domestic equity portfolio adheres to indexing, enhanced indexing, or risk controlled strategies.

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 46% 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 26% and 6% of the ISF, respectively, and introduce greater flexibility with regard to benchmark weightings. The currency exposure of the aggregated 78% of the ISF investments in developed markets is managed through a currency hedging overlay strategy. Additionally, 22% of ISF is invested in 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. As of June 30, 2007 the MFIF's allocation includes passively indexed core fixed income (20%), active core fixed income (64%), inflation-linked bonds (4%), high yield bonds (8%), and emerging markets debt (4%).

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 (JPM EMBI+).

Real Estate and Private Equity Investments

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 60%. For market evaluation, the benchmark is National Council of Real Estate Investment Fiduciaries Index (NCREIF) 1 quarter lag.

The Private Investment Fund ("PIF") is comprised of investments in externally managed limited partnerships and separate accounts that focus on private equity investments. PIF investments includes commitments to funds pursuing the following private equity strategies: (1) venture capital - focusing on seed, early and late stage companies - and (2) corporate finance strategies, including leveraged buyout, mezzanine, distressed and special situations strategies. The PIF also includes commitments to special purpose fund-of-funds vehicles. The PIF performance is measured against the S&P 500 + 500 basis points.

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, 2007, securities with a market value of approximately $3.7 billion had been loaned against collateral of approximately $3.8 billion. Income generated by securities lending totaled $11.0 million for the fiscal year.

The Year in Review

Total Fund Performance

For the fiscal year ended June 30, 2007, the State of Connecticut Retirement Plans and Trust Funds achieved a total return of 17.34%, net of all expenses, which was 66 basis points behind the benchmark return of 18.0%. During the fiscal year, the value of CRPTF's portfolio increased from $22.8 billion to $25.9 billion. The $3.1 billion increase was primarily due to net funds from operations of $3.9 billion, offset by net cash outflows of $0.8 billion. This latter amount was comprised of pension payments to beneficiaries of $4.413 billion that were offset by net contributions from unit holders of $3.644 billion, for a net outflow of $769 million. Net funds from operations were comprised of net investment income of $919 million, realized gains of $1.524 billion and unrealized appreciation of approximately $1.472 billion.

Over the fiscal year, the U.S. economy grew approximately 3.4% as it benefited from rising exports, commercial construction, and government spending. After an anemic first quarter, which witnessed a slowing of the U.S. economy, inflation fears, and a weak housing market, the second quarter commenced on positive note as strong corporate earnings surprised many and the overall market benefited from the outset as seen in the Russell 3000's 5.9% return. Negative themes were placed on the backburner and the S&P 500 proceeded to set a record high in May and the DJIA rose a stellar 8.5%, which was its strongest quarterly return in three years. Moderate inflation, intensified M&A activity, and strong manufacturing provided a catalyst for impressive equity returns and became the central theme for the second quarter. International markets continued to experience strong economic growth, low unemployment, expanding corporate earnings and strong M&A activity. Volatility diminished from the first quarter to the second quarter as the market buoyed itself from the shock of February's infamous drop in the Shanghai market.

For the fiscal year ended June 30, 2007, the Mutual Equity Fund (MEF) generated a positive return of 18.24%, net of fees and operating expenses, which underperformed the Russell 3000 Index return of 20.07% by 183 basis points. U.S. equity markets produced solid gains with the Russell 3000 Index returning 20.1%. Fiscal year performance was strongest among large cap stocks as the Russell 1000 Index returned 20.4% and weakest among small cap stocks as the Russell 2000 Index returned 16.4%. Growth outpaced value within the small cap space as the Russell 2000 Growth and 2000 Value returned 16.8% and 16.1%, respectively. Among the larger names, value outperformed growth for the fourth consecutive fiscal year as the Russell 1000 Value gained 21.9% and the Russell 1000 Growth returned 19.0%.

For the fiscal year ended June 30, 2007, the International Stock Fund (ISF) generated a return of 29.65%, net of fees and operating expenses, which underperformed its hybrid benchmark index return of 30.10% by 45 basis points. The underperformance was largely attributable to the individual manager performances, particularly within the international small cap, emerging markets, and international active equity. The International Stock Fund benchmark is comprised of 83% Citigroup EPAC BMI Index (50% Hedged), and 17% MSCI Emerging Markets Free Index. For the fiscal year, the S&P EPAC BMI returned 28.1% in USD terms. As the Dollar weakened throughout the fiscal year, returns were not as strong (+24.2%) when denominated in local currencies. Over the fiscal year, the emerging market class benefited from an influx of money to the asset class, a strong Chinese IPO market, and a low interest rate. Despite a tightening of global monetary conditions, which has traditionally impeded emerging stock performance, the emerging asset class has demonstrated a strong resiliency and has returned 45.5% during the year as shown by the MSCI Emerging Market Index.

For the fiscal year ended June 30, 2007 the Mutual Fixed Income Fund (MFIF) generated a total return of 6.92% net of fees, underperforming the hybrid benchmark return of 7.63% by 71 basis points. Fiscal year underperformance was primarily attributable to the MFIF's under allocation to high yield and emerging market debt as well as poor manager performance within the high yield space. The Mutual Fixed Income benchmark consists of 73% Lehman Brothers Aggregate Index (LBA), 17% Citigroup High Yield Market Index, and 10% JPM Emerging Markets Bond + Index. For the fiscal year, fixed income markets rose 6.1% as measured by the Lehman Aggregate. Similar to equity markets, investors showed an appetite for volatility in the form of high yield and emerging market debt as both performed strongly over the fiscal year. Despite the Fed maintaining a constant interest rate in the U.S., rates tended to rise globally. Europe witnessed a rise in rates due to concerns pertaining to inflation, while Japan raised rates in response to international pressure to appreciate the yen. Lower credit quality continued to outperform its higher credit quality counterparts as high yield and emerging market debt provided the strongest returns on an absolute basis over the fiscal year.

During the first half of 2007, private equity firms raised $137.2 billion in 199 funds according to *The Private Equity Analyst*. This represents a 42% increase in the dollars raised and a 35% increase in the number of funds when compared to the $96.4 billion raised over 147 funds in the first half of 2006. The breakdown of the 199 funds raised were as follows: 91 LBO/corporate finance; 62 venture capital; 32 fund of funds; 6 mezzanine; and 8 were classified as "other" private equity funds. During 2006, private equity firms raised $215.4 billion in 322 funds according to *The Private Equity Analyst.* Of the 322, 129 were LBO/corporate finance, 119 were venture capital, 42 were fund-of-funds, 25 were mezzanine, and 7 were other private equity. The Private Investment Fund earned 19.56%, underperforming its benchmark by 361 basis points.

The Real Estate Fund underperformed its benchmark return of 16.59% by 238 basis points with a return of 14.21%. The Real Estate Fund is well diversified by 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% CT Real Estate Fund; 11% CT Private Equity/Venture Economics All Private Equity Index; and 1% Donoghue Money Fund Average. 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.

Investment return calculations are prepared using a time weighted rate of return based on industry standards.

2007 Management Initiatives

During 2007 an asset and liability study was completed and new asset allocation targets were approved for the plans and trusts of the CRPTF. The new asset allocation ranges will decrease the CRPTF's exposure to domestic equity and fixed income markets, while simultaneously increasing exposure to international equity markets. The asset allocation plan incorporates two new assets classes, the Liquidity Fund and the Alternative Investment Fund. The Liquidity fund will allow the CRPTF to become more strategic in its investment of cash. One of the main objectives for establishing an alternative investment fund is to give the CRPTF the flexibility to consider evolving and market-driven strategies. Alternative strategies have continued to become an increasingly important part of a successful and well diversified investment program. Overall the implementation of the asset allocation target ranges and new asset classes will allow the CRPTF to increase return, maintain a prudent risk exposure, and continue to work toward reducing the gap of the unfunded position of certain plans.

In FY 2007, for the second straight year, CRPTF reached its highest levels ever of diversity among the firms with which the Pension Funds Management division (PFM) does business. Overall, minority-owned, women-owned, Connecticut-based and emerging firms, 29 in all, comprised 33% of the firms with which the division did business; these firms earned 39% (over $26.5 million) of all fees paid by the division, up from 25% ($19 million) in FY 2006. Since 1999, the number of minority-owned, women-owned, Connecticut-based and emerging firms has doubled, the fees paid to such firms have increased nearly 2.5 times, and the assets under management have tripled.

The Connecticut Horizon Fund ("CHF"), funded in August 2005, is a $460 million fund of funds created to give access to the Treasury's business to a wider number of firms, and to open up such business to more women-owned, minority-owned, Connecticut-based and emerging firms. In FY 2007, there were 30 CHF sub-managers; 27 were emerging firms, 14 were minority-owned (up from 11 in FY 2006), 8 are women-owned (up from 6 in 2006) and 5 are Connecticut-based firms

Several major initiatives have begun during fiscal year 2007 and will continue throughout the next fiscal year, they include modification of the Investment Policy Statement, a search for a new traditional consultant, alternative consultant, and real estate consultant. In addition, a consultant was hired to perform an organizational review of the Pension Fund Management Division. The Chief Investment Officer ("CIO") left the organization on May 31, 2007. An Acting Chief Investment Officer was named while a search commences for hiring a permanent CIO.

Proxy Voting

During 1999 and 2000, the Treasurer's Office developed comprehensive domestic and international proxy voting policies. These policies, which are part of the Investment Policy Statement as mandated by state law, guide proxy voting at Connecticut Retirement Plans and Trust Funds ("CRPTF") portfolio companies. Under these policies, the Treasurer not only votes proxies, but also engages with companies through letters, dialogues, and filing shareholder resolutions either alone or in concert with other institutional investors to protect and enhance the value of the CRPTF. The Office also advocates for the protection and enhancement of shareholder rights with the Securities and Exchange Commission, the U.S. Congress and the stock exchanges. In spring of 2007, the Investment Advisory Counsel approved changes to the domestic policies to reflect recent developments in the laws and regulations affecting proxy voting.

Connecticut law requires the Treasurer to consider the economic, social, and environmental impact of investment decisions. State law also prohibits investment in companies doing business in Northern Ireland that have not implemented the MacBride Principles of fair employment. Similar statutory prohibitions allow the Treasurer to engage with, and divest of holdings in, companies conducting business with Sudan and with Iran counter to U.S. foreign policy.

The CRPTF engaged with over 30 companies this year through activities ranging from writing letters and filing shareholder resolutions to attending annual shareholder meetings and holding face-to-face dialogues with corporate management and board members. In support of its efforts, the Treasurer's Office worked with a wide cross-section of investors representing public pension funds, labor funds, and social and faith-based investors. The CRPTF filed and co-filed a total of fifteen shareholder resolutions this proxy season on critical corporate governance issues.

Executive compensation is among the key issues the CRPTF was active on. In October 2006, the Treasurer led a coalition of institutional investors representing $849.5 billion in assets to call on 25 of the nation's largest corporations in the S&P 500 to take steps to end the practice of board-hired compensation consultants also doing work for company management. Twenty-two of the 25 companies responded to the Treasurer's inquiry, and over half of the respondents (ten), agreed to develop "best practices" as a means of ensuring compensation consultant independence.

The CRPTF also engaged with companies on access to the proxy, or investors' right to nominate outside directors to sit on the boards of companies where there is marked concern over performance. The Treasurer co-filed one resolution on access to the proxy in 2007; the resolution received 43 percent shareholder support.

In the area of climate change, the Office continued to take a leading role in the Investor Network on Climate Risk (INCR) by focusing on an implementation strategy for an action plan adopted at the Second Investor Summit on Climate Risk, co-chaired by the Treasurer at the United Nations in May 2005. In response to the action plan, INCR members have invested over $1.2 billion in clean technology to date. In addition, the CRPTF joined a global partnership of fourteen leading institutional investors representing trillions of dollars in asset in October 2006 to releasing Global Framework for Climate Risk Disclosure. The Framework includes guidance to help companies provide meaningful information to investors on the financial risks posed by climate change. The Treasurer's office also joined a coalition of investors in March 2007 to call for federal measures to stimulate investment in clean technology by realigning current energy and transportation policy, and guidance by the Securities and Exchange Commission (SEC) on climate risk disclosure.

In August 2006, the Treasurer announced that five leading U.S. based corporations have agreed to implement the MacBride Principles, which prohibit religious discrimination in Northern Ireland. The list of adopting companies includes: Office Depot; Starbucks Coffee; PepsiCo; Clear Channel Communications; and Terex Corporation.

In addition to the MacBride Principles, the Treasurer's Office proposed, and the General Assembly adopted a law, requiring the CRPTF to review Pension Fund investments in companies doing business in the Republic of Sudan. The 2006 law grants the Treasurer authority to engage and potentially divest holdings from companies shown to contribute to the Sudanese government-backed genocide. In accordance with the law, the Treasurer directed the state's investment mangers to divest the CRPTF of approximately $11 million in shares from China Petroleum and Chemical Corporation in June 2007. The Treasurer also prohibited any direct investment in five companies-Bharat Heavy Electricals Ltd; Nam Fall Corporation; Oil and Natural Gas Corporation; PECD Group; and Sudan Telecom (Sudatel). The decision to divest or restrict investment came after repeated attempts to engage the aforementioned companies regarding their business in Sudan.

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

Asset Recovery and Loss Prevention

While market risk will always be a component of any investment program, Treasurer Nappier's Legal and Compliance Units work to manage such risk by limiting opportunities for loss due to the malfeasance of others. Extensive pre-contracting due diligence helps the Office of the Treasurer select the very best vendors and products to meet the needs of the Office. Careful contract negotiation, coupled with implementation of best practice contract language, lends clarity to the obligations of the Office of the Treasurer and of the vendors of the Office. The Office maintains contact with other similar governmental offices and shares ideas for enhancement of contract language, frequently offering advice to counterparts in other states.

The Office of the Treasurer deters malfeasance with its reputation for aggressive pursuit of all opportunities to recover assets lost due to the misfeasance or malfeasance of others.

The Office of the Treasurer takes a measured approach to litigation, but is prepared, when necessary, to pursue judicial solutions where negotiations are unsuccessful. The Office of the Treasurer continues to consider making application to serve as lead plaintiff in class action litigation and encourages other institutional investor lead plaintiffs to aggressively negotiate reasonable legal fees. From time to time, the Office of the Treasurer has used litigation to encourage corporate governance enhancements. Although rare, the Office of the Treasurer has filed individual and group actions to pursue specific rights where disputing parties are unwilling or unable to reach an extra-judicial conclusion.

Class Action Securities Litigation

The CRPTF recovered $5,904,770.16 million from class action settlements in this fiscal year and closely monitors opportunities to recover lost assets through participation in class action litigation.

The Office of the Treasurer, as the Trustee for the CRPTF, serves as Lead Plaintiff in three national class action lawsuits, which allege corporate misconduct and malfeasance of certain corporate insiders by JDS Uniphase, Redback Networks and Amgen. The JDS Uniphase case has been vigorously prosecuted. The matter is scheduled for trial in October 2007.[1]

Corporate Governance Related Litigation

The Office of the Treasurer serves as co-Lead Plaintiff in derivative and class action matters adverse the UnitedHealth Group. The Plaintiffs in these matters allege that the corporation and certain officers unlawfully back-dated stock options, causing damage to the company and its shareholders.

Other Litigation

The matter involving Keystone Venture V L.P. (the "Partnership") is in its final stages. The limited partners have appointed a liquidating trustee. The trustee has taken all steps necessary to file a certificate of cancellation, which is required under Pennsylvania law. The Securities and Exchange Commission has initiated an action against the Managing Partners and Michael Liberty. Two of the Managing Partners have each deposited $50,000 with the court, pending the outcome of the SEC's action. The limited partners have been informed by counsel that the SEC's action should be concluded by the fall of 2008. The limited partners have requested that any disgorged assets obtained by these federal agencies be turned over to the investors. Final distribution of assets is scheduled for December 2008.

[1] The trial of the case against JDS Uniphase commenced on the 23rd of October 2007 in federal district court in Oakland California. On the 27th of November, 2007, following 19 days of testimony and fewer than 2 days of deliberation, a 9-person jury entered a verdict in favor of the Defendants on all counts.

Corporate Governance

NewsCorp: During the fall of 2004, News Corporation, an Australian company began a process to re-incorporate from Australia to the United States. In order to complete this desired transfer, the Australian company required approval from its shareholders. A large group of institutional shareholders, mostly foreign, raised concerns about the company's poison pill. In order to induce the approval of these shareholders and others concerned about the poison pill, including the CRPTF, the board of directors promised shareholders that the board would neither extend the existing poison pill language not adopt an new poison pill without seeking shareholder approval. After the board gave this promise, the shareholders approved the re-incorporation.

In August 2005, the NewsCorp board of directors extended the poison pill without obtaining shareholder approval. The CRPTF was the sole US-based plaintiff to sign on to the litigation against NewsCorp. In December 2005, NewsCorp settled the litigation. The most important element of the settlement included a binding obligation by NewsCorp to seek shareholder approval of all poison pill language into the future.

UnitedHealth Group: Beginning at least 1995, the UnitedHealth Group ("UHG") CEO, Dr. William C. McGuire, MD ("Dr. McGuire"), and other very senior UHG executives manipulated UHG's shareholder approved stock option plans such that they are dictating their own compensation without the required oversight or review from the UHG Board of Directors and its Compensation Committee. The terms of the shareholder approved stock option plan provides that the plan be "administered" by a committee of independent, non-employee directors – the Compensation Committee. The Board of Directors and the Compensation Committee have breached their fiduciary duty to the company and its shareholders by abdicating their oversight and administrative roles and permitting Dr. McGuire and others to retroactively set their own strike prices for stock options. A study of twelve stock option grants for Dr. McGuire through mid 2002, established that annual option grants repeatedly were dated on the very day that UHG stock hit its low price for the year or in advance of sharp stock price increases. Experts have stated that it is statistically impossible to have hit the most advantage strike date, for Dr. McGuire, in each and every year. This manipulation is enormous. Dr. McGuire alone has amassed more than $1.6 billion in stock options since 1995. He has exercised approximately $400 million of such options.

On the 11th of May, the Securities and Exchange Commission ("SEC") announced that there was a "significant deficiency" in how UHG has administered its stock options plans, which could force UHG to restate its financial results by cutting net income by as much as $286 million over the last three years. Additionally, UHG may lose tax deductions taken on the improper option grants. Finally, the 2005 net earnings may be reduced by 4.5% or $0.11 per share.

At the time that the Board and the Compensation Committees abdicated their roles, in breach of their fiduciary duties, the manipulation of the stock option plan was never disclosed to the shareholders. The CRPTF, with other institutional investors, filed derivative and class action law suits against UHG. The CRPTF was named co-lead plaintiff in this matter.

Sudan Restricted Company List (Pursuant to Conn. Gen. Stat. §3-21e)

During 2006, the Treasurer's Office proposed, and the General Assembly adopted a law requiring the Connecticut Retirement Plans and Trust Funds to review Pension Fund investments in companies doing business in the Republic of Sudan. Under the new law, the Treasurer has the authority to engage those companies and potentially divest holdings in those companies if their business is contributing to the government's perpetuation of genocide in Sudan.

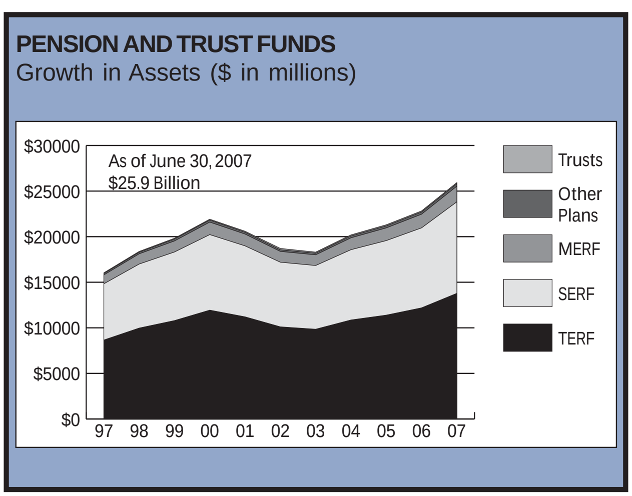
In May 2007, the Treasurer announced that she was divesting CRPTF's holdings in China Petroleum and Chemical Corp., and prohibiting investment in 5 other companies operating in Sudan, Bharat Heavy Electricals Ltd., Nam Fatt Corp., Oil and Natural Gas Corp., PECD Group and Sudan Telecom. The Treasurer's action followed unsuccessful attempts to engage the companies over their operations in Sudan. At the time of the Treasurer's announcement, CRPTF's investment in China Petroleum and Chemical Corp. was valued at approximately $11 million.

Pursuant to Conn. Gen. Stat. §3-21e, the Office of the Treasurer prohibits direct investment in the following companies:

- China Petroleum and Chemical Corp.[1]
- Bharat Heavy Electricals Ltd. (BHEL)
- Nam Fatt Corp.
- Oil and Natural Gas Corp. (ONGC)
- PECD Group
- PetroChina Co. Ltd.
- Sudan Telecom (Sudatel).

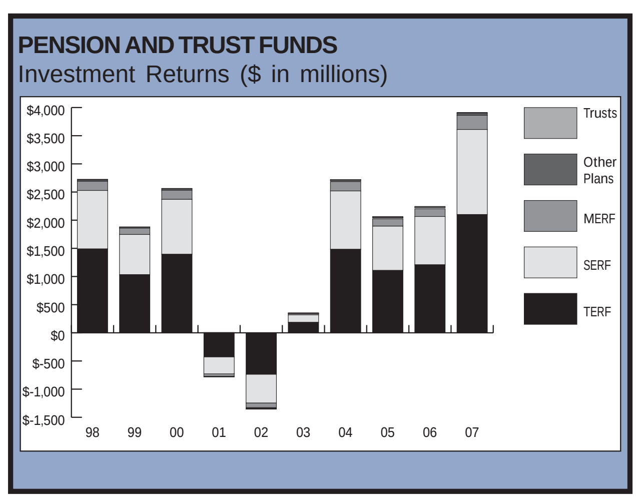
[1] Shares in China Petroleum and Chemical were divested by CRPTF. CRPTF had no holdings in the other companies.

Figure 1-1



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

Figure 1-2



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

Figure 1-3

PENSION AND TRUST FUNDS
Asset Class Diversification

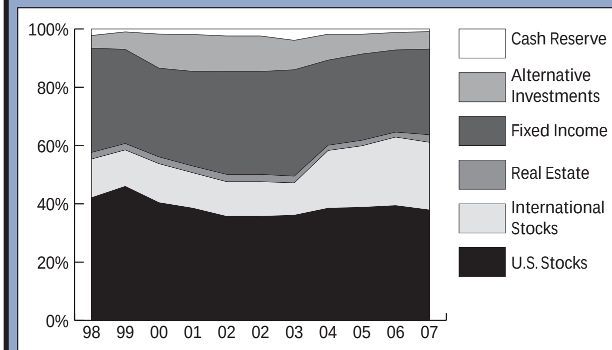


Figure 1-4

PENSION AND TRUST FUNDS ASSET ALLOCATION
Actual vs. Policy at June 30, 2007

	Actual	Target Policy	Lower Range	Upper Range
U.S. EQUITY	**37.9%**	**36.0%**	**29.0%**	**43.0%**
Mutual Equity Fund (MEF)	37.9%			
INTERNATIONAL EQUITY	**23.2%**	**18.0%**	**14.0%**	**22.0%**
International Stock Fund (ISF)	23.2%			
REAL ESTATE	**2.6%**	**5.0%**	**4.0%**	**6.0%**
Real Estate Fund (REF)	2.6%			
FIXED INCOME	**30.3%**	**30.0%**	**26.0%**	**34.0%**
Mutual Fixed Income Fund (MFIF)	29.4%			
Commercial Mortgage Fund (CMF)	0.0%			
Cash Reserve Account (CRA)	0.9%			
PRIVATE EQUITY	**6.0%**	**11.0%**	**6.0%**	**11.0%**
Private Investment Fund (PIF)	6.0%			
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, 2007**	**June 30, 2006**
MEF	7	8
ISF(1)	14	11
PIF	53	46
MFIF	12	13
CMF	1	1
REF	18	12
CRA	1	1
Total(2)	106	92

(1) Does not include the two Currency Overlay Managers.
(2) Actual total advisors was 100 and 86, respectively when factoring in advisors across multiple funds.

Figure 1-6

PENSION AND TRUST FUNDS
Periods ending June 30, 2007

	1 YR	3 YRS	5 YRS	10 YRS
Compounded, Annual Total Return (%)				
CRPTF	**17.34**	**12.73**	**11.07**	**8.36**
CRPTF CMMI (Without Objective) Benchmark	18.00	12.62	11.51	7.86
CRPTF CMMI (With Objective) Benchmark	19.41	14.05	12.95	9.12
Cumulative Total Return (%)				
CRPTF	**17.34**	**43.27**	**69.04**	**123.29**
CRPTF CMMI (Without Objective) Benchmark	18.00	42.82	72.38	113.02
CRPTF CMMI (With Objective) Benchmark	19.41	48.37	83.80	139.46

Figure 1-7

PENSION AND TRUST FUNDS
Annual Total Return

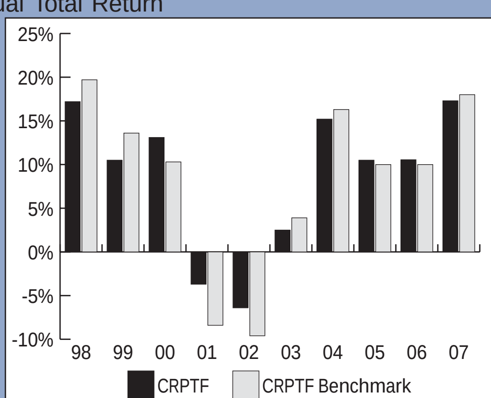


Figure 1-8

PENSION AND TRUST FUNDS
Annualized Standard Deviation

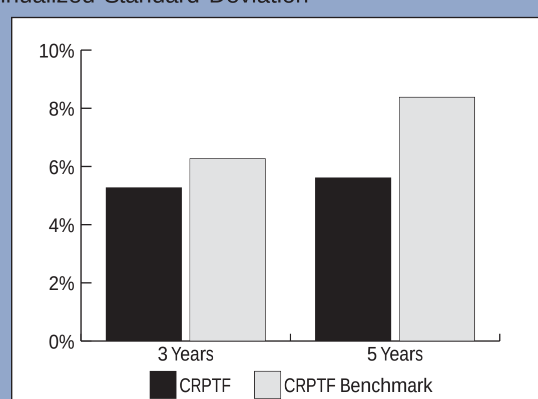


Figure 1-9

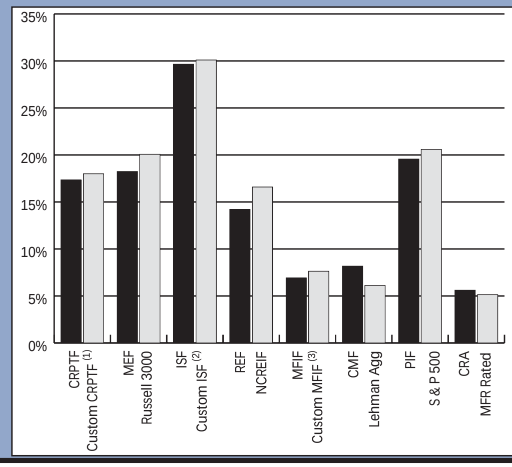
PENSION AND TRUST FUNDS
TUCS Ranking for Periods ending June 30, 2007

	1 YR	3 YRS	5 YRS	7 YRS	10 YRS
Public Funds >$1 Billion					
Percentile Return					
5th	20.61	15.93	13.71	7.92	9.75
25th	18.90	13.31	12.30	6.95	8.80
50th	17.69	12.84	11.47	6.49	8.19
75th	16.23	11.96	11.16	5.58	7.97
95th	10.62	7.17	8.28	4.92	6.95
CT Pension and Trust Funds					
Return[1]	17.69	13.09	11.37	6.49	8.66
Public Funds Ranking	50	35	57	50	27

Source: State Street Bank
(1) Gross Return

Figure 1-10

PENSION AND TRUST FUNDS
CRPTF Returns vs. Benchmarks at June 30, 2007



(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 Aggregate, 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 6/30/07) *(Investment performance is calculated using a time-weighted rate of return.)*	Fiscal Years Ending June 30, 2007	2006	2005	2004	2003	Annualized 3 Years	5 Years	10 Years
Combined Investment Funds (100.00%)	**17.34%**	**10.55%**	**10.46%**	**15.23%**	**2.49%**	**12.73%**	**11.07%**	**8.36%**
Connecticut Multiple Market Index (Without Objective)	18.00	10.01	10.02	16.27	3.88	12.62	11.51	7.86
Connecticut Multiple Market Index (With Objective)	19.41	11.47	11.46	17.79	5.26	14.05	12.95	9.12
U.S. Stocks (37.9%)								
Mutual Equity Fund (37.9%)	**18.24**	**10.27**	**8.06**	**20.84**	**0.48**	**12.11**	**11.34**	**8.31**
Russell 3000 Index	20.07	9.56	8.06	20.46	0.77	12.44	11.53	7.62
International Stocks (23.2%)								
International Stock Fund (23.2%)	**29.65**	**25.69**	**19.23**	**29.69**	**(6.39)**	**24.84**	**18.79**	**9.34**
International Stock Fund Hybrid Benchmark	30.10	28.56	18.88	29.79	(6.62)	25.75	19.23	9.03
Equity Commercial Real Estate (2.6%)								
Real Estate Fund (2.6%)	**14.21**	**7.09**	**27.74**	**0.67**	**3.30**	**15.90**	**10.07**	**10.70**
Russell NCREIF(1 Qtr. Lag)	16.59	20.19	15.55	9.71	7.13	17.42	13.73	12.86
U.S. Fixed Income (29.4%)								
Mutual Fixed Income Fund (29.4%)	**6.92**	**0.77**	**7.70**	**2.79**	**12.03**	**5.10**	**5.99**	**6.25**
Fixed Income Fund Hybrid Benchmark	7.63	0.64	8.82	2.44	15.53	5.63	6.88	6.79
Commercial Mortgage Fund (0.0%)	**8.17**	**9.69**	**6.95**	**7.87**	**20.62**	**8.14**	**10.45**	**9.55**
Lehman Aggregate Bond Index	6.12	(0.81)	6.80	0.32	10.41	3.98	4.48	6.02
Alternative Assets (6.0%)								
Private Investment Fund (6.0%)	**19.56**	**11.74**	**9.58**	**20.21**	**(11.94)**	**13.23**	**8.67**	**8.52**
S & P 500	20.59	8.63	6.32	19.11	0.26	11.68	10.71	7.13
Venture Economics All Private Equity (1 Qtr. Lag)	23.17	26.00	17.37	21.49	(14.67)	22.05	14.52	15.80
Cash (0.9%)								
Cash Reserve Account (0.9%)	**5.61**	**4.54**	**2.38**	**1.30**	**1.80**	**4.15**	**3.10**	**4.21**
MFR First Tier Rated Inst. (Formally IBC Rated)	5.14	4.00	1.91	0.73	1.21	3.67	2.58	3.68

2007 cash reserve account

Fund Facts at June 30, 2007

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: $2,349,185,312

Number of Advisors: 1external

Management Fees: $324,772

Operating Expenses: $155,336

Expense Ratio: 0.03%

Performance Summary

For the fiscal year ended June 30, 2007, the Cash Reserve Account (CRA) generated a return of 5.61%, outperforming the benchmark MFR First Tier Rated Institutional Index return of 5.14% by 47 basis points. The fund outperformed the 90 day Treasury Bill Index of 5.07% by 54 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 6/30/07) were 4.15%, 3.10% and 4.21% respectively, net of all expenses. These returns exceed those of the fund's benchmark for the time periods listed by 48, 52 and 53 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 fresh off the 17th consecutive 25 basis point rate hike from the Fed which brought the Fed Funds' target rate to 5.25%. Many investors were unsure whether this would indeed be the last rate hike or the pause that they knew would eventually come. It ultimately did prove to be the last hike in the tightening cycle as the Fed's forecast of moderate growth and falling core inflation ultimately played out over the fiscal year. During fiscal 2007, real GDP printed as high as 3.4% annualized (2nd quarter 2007) and as low as .6% (1st quarter 2007). Growth was negatively impacted by the housing market as the fallout from the subprime lending issues carried over to lower sales figures for both new and existing homes and lower median prices. Rising exports and government spending were positive growth factors during the period. Generally speaking, economic activity away from the housing sector was robust during the period. The inflation picture was also quite favorable which allowed the Fed to keep rates steady during the fiscal year. Year over year core PCE as of June 2006 was 2.3%. This series printed as high as 2.5% during the period as market participants questioned whether the FOMC would need to respond with additional rate hikes.

However, the last few months of the fiscal year saw core PCE drop consistently to finish the period at 1.9%. This falls within the so called "comfort zone" for core PCE as mentioned many times by FOMC members. Payroll growth slowed from its year earlier pace of approximately 200,000 new jobs per month. Fiscal 2007 saw average monthly job gains of 165,000. This figure, though slower than last year, is still consistent with moderate economic growth. The unemployment rate fluctuated in a tight band between 4.4% and 4.8%. Due to the low level of unemployment and core inflation data hovering above the 2.0% area, the FOMC had a consistent message that inflation remained the primary concern with respect to monetary policy.

Portfolio Characteristics & Strategy

The portfolio outperformed its benchmark by 38 basis points during the fiscal year. Our underlying position for most of the period was that the FOMC would hold rates steady at 5.25%. Due to this belief, portfolio duration was kept on the longer side during the fiscal year. The weighted average maturity of the portfolio during the second half of 2006 was in the 50-55 day range as the opportunity to buy attractive yields in longer term maturities was limited due to investors pricing in large probabilities of Fed easing during this time. Beginning early in 2007, portfolio duration was extended as longer term yields became attractive again as the probability of Fed easing was reduced. The portfolio's Weighted Average Maturity extended from the 50 day range to 65 days at the end of March and 86 days at the end of June 2007. In general, credit spreads remained at or near their historical tights for most of the period as volatility was low and the demand for longer term floating rate securities was robust. In the February/March period, cracks began to appear in the subprime mortgage sector and spreads on short, high quality securities that the CRA invests in began to creep only slightly wider. Due to the focus on adding duration via fixed rate term purchases and narrow credit spreads, the portfolio deemphasized its floating rate exposure during the period. Floating rate holdings at the end of the fiscal year were approximately 15% of fund assets, down from an average of about 17% during fiscal 2006. Moving forward, we expect to increase our allocation to floating rate bonds if spreads become more attractive. As always, preservation of the fund's capital, a high degree of liquidity and a strong focus on credit fundamentals will remain at the core of our investment philosophy for the portfolio.

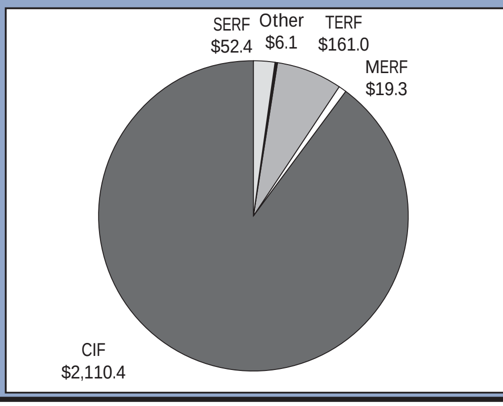
Risk Profile

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 0.07 suggests comparatively low overall volatility, while its beta of 0.84 indicates a high overall correlation to returns achieved by the Index. In the aggregate, CRA achieved a positive alpha, or return in excess of that predicted by returns of its benchmark of 0.52.

Figure 2-1

CASH RESERVE ACCOUNT
Ownership Analysis at June 30, 2007 ($ 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, 2007

Relative Volatility	1.00
Standard Deviation	0.07
R^2	0.72
Beta	0.84
Alpha	0.52

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

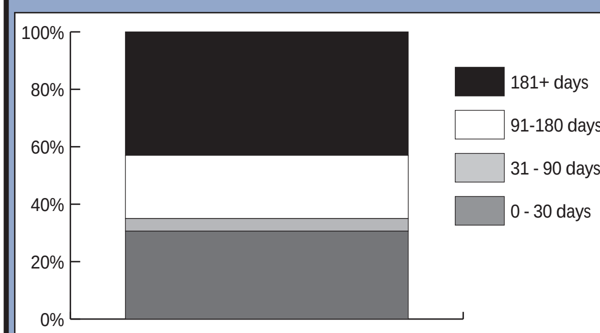
Figure 2-3

CASH RESERVE ACCOUNT
Quarterly Weighted Average Maturity

Quarter End	CRA	MFR Index
06/30/2007	**86 days**	42 days
03/31/2007	**65 days**	40 days
12/31/2006	**55 days**	41 days
09/30/2006	**52 days**	41 days
06/30/2006	**54 days**	39 days

Figure 2-4

CASH RESERVE ACCOUNT
Security Maturity[1] Analysis at June 30, 2007



(1) Or Interest Rate Reset Period.

Figure 2-5

CASH RESERVE ACCOUNT
Distribution by Yield [1] at June 30,2007

Yield	
4.26% - 4.50%	1.5%
5.01% - 5.25%	2.2%
5.26% - 5.50%	95.4%
5.51% - 5.75%	0.9%
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, 2007

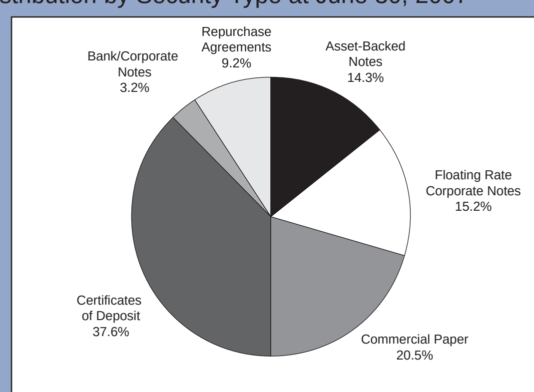


Figure 2-7

CASH RESERVE ACCOUNT
Comprehensive Profile

Date	Number of Issues	Yield(1)	Average Maturity	Average Quality
2007	97	5.61%	87 days	A-1+/AA+
2006	69	4.54%	54 days	A-1+/AA+
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+

(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
06/30/2007	5.33%	5.01%
03/31/2007	5.34%	5.01%
12/31/2006	5.34%	5.01%
09/30/2006	5.34%	5.00%
06/30/2006	5.16%	4.78%

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

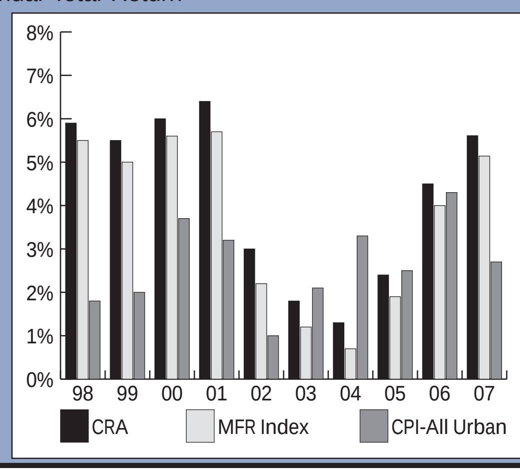
Figure 2-9

CASH RESERVE ACCOUNT
Periods ending June 30, 2007

	1 YR	3 YRS	5 YRS	10 YRS
Compounded, Annual Total Return (%)				
CRA	5.61	4.15	3.10	4.21
MFR Index	5.14	3.67	2.58	3.68
CPI-Urban	2.70	3.18	2.98	2.66
CitiGroup 90-Day CD	5.48	4.02	2.94	4.06
CitiGroup 90-Day T-Bill	5.07	3.68	2.67	3.67
Cumulative Total Return (%)				
CRA	5.61	13.04	16.57	51.11
MFR Index	5.14	11.42	13.60	43.59
CPI-Urban	2.70	9.84	15.82	30.00
CitiGroup 90-Day CD	5.48	12.55	15.57	48.86
CitiGroup 90-Day T-Bill	5.07	11.44	14.09	43.41

Figure 2-10

CASH RESERVE ACCOUNT
Annual Total Return



2007 mutual equity fund

Fund Facts at June 30, 2007

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 that 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: $9,818,086,185

Number of Advisors: 7 external

Management Fees: $9,473,490

Operating Expenses: $1,586,157

Expense Ratio: 0.11%

Turnover: 44.5%

Performance Summary

For the fiscal year ended June 30, 2007, the Mutual Equity Fund (MEF) generated a positive return of 18.24%, net of fees and operating expenses, which underperformed the Russell 3000 Index return of 20.07% by 183 basis points. Weak stock selection was the main contributor to underperformance over the fiscal year. During this same period, MEF's net assets grew from $8.982 billion to $9.818 billion, an increase of $836 million. Of this net total change, $1.439 billion was due to realized and unrealized capital gains and $172 million in net investment income less salary and fringe benefits, offsetting this amount is $775 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 illustrates, MEF has generated annualized total returns, net of fees, of 12.11%, 11.34%, and 8.31% over the last three, five, and ten-year periods, respectively. The Fund returns underperformed the Russell 3000 for the three and five-year periods by 33 and 19 basis points, respectively, and outperformed for the ten-year period by 69 basis points.

The MEF's cumulative total returns for the three, five, and ten year periods ending June 30, 2007, were 40.92%, 71.14%, and 122.21%, respectively.

Description of the Fund

The Mutual Equity Fund (MEF) is an externally managed fund investing in domestic equity securities. MEF 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's 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 of the largest 3,000 publicly traded U.S. companies.

At the close of the fiscal year, MEF consisted of seven externally managed equity portfolios structured to approximate the composition of the Russell 3000 Index. One advisor actively managed approximately 7% of the portfolio in small to mid-capitalization stocks. One advisor invested approximately 11% of the portfolio in small to mid-capitalization stocks using a risk controlled strategy. Two advisors in large capitalization stocks (of which 44% was invested using enhanced indexing strategies and 34% was invested using a passive strategy) managed approximately 78% of the portfolio. Three Connecticut Horizon Fund advisors cumulatively managed approximately 4.1% of the portfolio (1.3% in small to mid-capitalization stocks and 2.8% in all capitalization stocks). At fiscal year end, approximately $8.7 billion, or 89%, of the Fund's net assets were invested in indexed or enhanced index and risk controlled portfolios.

Portfolio Characteristics

At fiscal year-end, MEF was 99.3% invested in domestic stocks, reflecting the Fund's policy that it be fully invested. The largest industry weightings at June 30, 2007 were financials (22.1%), followed by information technology (15.6%) and consumer discretionary (11.9%). (See figure 3-3.)

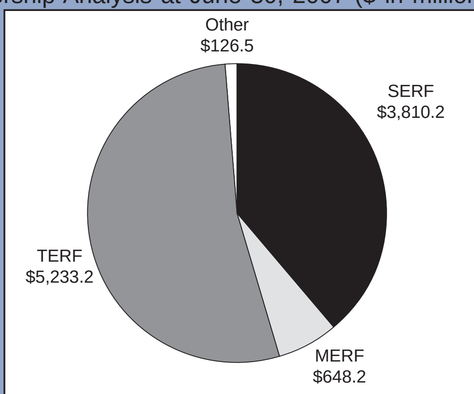
The MEF's ten largest holdings, aggregating to 16.8% of Fund investments, included a variety of blue chip companies. (See figure 3-9.)

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 1.01, 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 negative 0.19%. (See figure 3-2.)

Figure 3-1

MUTUAL EQUITY FUND
Ownership Analysis at June 30, 2007 ($ in millions)



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

Figure 3-2

MUTUAL EQUITY FUND (1)
Risk Profile at June 30, 2007

Relative Volatility	1.01
Standard Deviation	11.81
R^2	0.99
Beta	1.00
Alpha	-0.19

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

Figure 3-3

MUTUAL EQUITY FUND
Fiscal 2007 Industrial Sector vs. Index (%)
Based on Investments in Securities,at Value (1)

At 6/30/2007:	MEF % of Net Assets	MEF Annual Return	Russel 3000 %of Net Assets	Russel 3000 Annual Return
Energy	8.8	23.8	8.4	27.4
Materials	4.3	32.4	3.8	30.0
Industrials	11.5	17.1	11.8	19.4
Consumer Discretionary	11.9	14.9	12.3	17.8
Consumer Staples	7.0	11.5	7.4	17.2
Health Care	11.8	14.1	11.8	16.7
Financials	22.1	14.5	21.8	13.2
Information Technology	15.6	22.8	14.8	25.3
Telecommunication Services	3.2	36.3	3.7	36.8
Utilities	3.8	24.5	4.2	25.9
	100.0		100.0	

(1) Excludes the Cash Reserve Account.

Figure 3-4

MUTUAL EQUITY FUND
Periods ending June 30, 2007

	1 YR	3 YRS	5 YRS	10 YRS
Compounded, Annual Total Return (%)				
MEF	18.24	12.11	11.34	8.31
Russell 3000	20.07	12.44	11.53	7.62
Cumulative Total Return (%)				
MEF	18.24	40.92	71.14	122.21
Russell 3000	20.07	42.14	72.54	108.36

Figure 3-5

MUTUAL EQUITY FUND
Annual Total Return

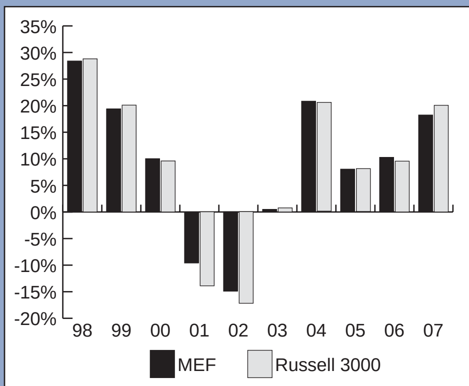


Figure 3-6

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

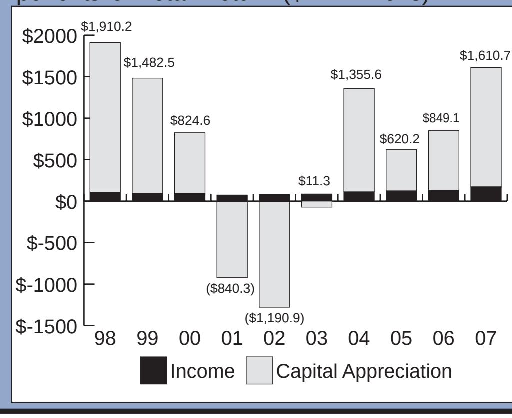


Figure 3-7

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

	2007		2006		2005		2004		2003	
	MEF	Russell	MEF	Russell	MEF	Russell	MEF	Russell	MEF	Russell
# of Issues	2,175	3,000	2,033	3,000	1,719	3,000	2,114	3,000	2,119	3,000
Cap ($ Bil)	$81.1	$81.5	$67.9	$69.3	$69.0	$70.7	$70.0	$74.6	$65.1	$71.7
P/E	17.6	18.8	17.0	18.2	19.1	20.5	22.0	22.5	23.2	23.9
Div Yield	1.60%	1.70%	1.70%	1.80%	1.60%	1.70%	1.50%	1.60%	1.50%	1.70%
ROE	19.5%	20.0%	19.3%	19.1%	17.4%	17.3%	16.7%	16.7%	16.0%	16.2%
P/B	3.6x	4.0x	3.5x	3.6x	3.6x	3.8x	3.9x	4.0x	3.9x	4.0x
Cash & Equiv.	0.7%	0.0%	1.0%	0.0%	3.1%	0.0%	0.8%	0.0%	1.1%	0.0%

Figure 3-8

MUTUAL EQUITY FUND
Investment Advisors at June 30, 2007

Investment Advisor	Net Asset Value	% of Fund
Large Cap *(Passive)*	**$7,602,620,097**	**77.44%**
BGI Barclays Global Investors, N.A.	4,259,754,445	43.39%
State Street Global Advisors	3,342,865,652	34.05%
Large Cap *(Active)*	**271,304,820**	**2.76%**
Capital Prospects	135,574,199	1.38%
FIS Group, Inc.	135,730,621	1.38%
Small/Mid Cap *(Passive Enhanced)*	**1,090,141,967**	**11.10%**
AXA Rosenberg Investment Management	1,090,141,967	11.10%
Small/Mid Cap *(Active)*	**834,315,267**	**8.50%**
TCW Cowen Asset Management	707,162,220	7.20%
Bivium	127,153,047	1.30%
Other (1)	**19,704,034**	**0.20%**
TOTAL MEF	**$9,818,086,185**	**100.00%**

(1) Other represents moneys earmarked for distribution to participants, reinvestment, and expenses as well as terminated advisor balances, Currency Overlay Managers (Bank of New York and Bridgewater), CT Financial Development Fund, Keystone Venture V Partnerships and GarMark Partners II LP.

Figure 3-9

MUTUAL EQUITY FUND
Ten Largest Holdings* at June 30, 2007

Security Name	Sector	Market Value	%
Exxon Mobil Corp	Energy	$319,049,659	3.25%
Microsoft	Technology	188,642,126	1.92%
General Electric	Technology	186,511,759	1.90%
Bank America Corp	Financial	168,768,476	1.72%
Pfizer Inc	Health Care	147,809,558	1.51%
Cisco Systems Inc	Technology	145,826,889	1.49%
J P Morgan Chase & Co	Financial	138,976,451	1.42%
ConocoPhillips	Energy	122,188,076	1.24%
Verizon Communctns	Telecomm	115,426,641	1.18%
Altria Group Inc	Consmr Staples	114,028,913	1.16%
Top Ten		**$ 1,647,228,548**	**16.79%**

* *A complete list of portfolio holdings is available from the Office of the Treasurer.*

2007 mutual fixed income fund

Fund Facts at June 30, 2007

Investment Strategy/Goals: To invest in a range of fixed income 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 0.75 percentage 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: $7,593,536,877

Number of Advisors: 12 external

Management Fees: $8,473,079

Operating Expenses: $648,281

Expense Ratio: 0.13%

Turnover: 282.6%

Performance Summary

For the fiscal year ended June 30, 2007 the Mutual Fixed Income Fund (MFIF) generated a total return of 6.92% net of fees and operating expenses, underperforming the hybrid benchmark return of 7.63% by 71 basis points. Fiscal year underperformance was primarily attributable to the MFIF's under allocation to high yield and emerging market debt as well as poor manager performance within the high yield space. Comparative returns from indexes comprising the benchmark include: The Lehman Brothers Aggregate Index 6.12%, the Citigroup High Yield Market Index 11.55% and JP Morgan Emerging Markets Bond Index 11.94% (JP EMBI+).

During the fiscal year, the Fund increased $1.174 billion, from $6.419 billion to $7.593 billion. Of this total, $739 million was due to net cash inflows from participating Pension and Trust Funds and $363 million of net investment income, plus $72 million from net realized and unrealized gains.

For the trailing three, five and ten-year periods, MFIF's compounded annual total returns were 5.10%, 5.99% and 6.25% respectively, net of fees. These returns are behind the benchmark by 53, 89, and 54 basis points respectively.

The cumulative total returns for the three, five, and ten-year periods ending June 30, 2007, were 16.10%, 33.78% and 83.42%, 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 U.S. 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 2007, the Office of the Treasurer continued to update investment contracts to reflect the legal and business requirements of the Office of the Treasurer and the State of Connecticut. Additionally, the Office has begun the process of reviewing the Fund's investment objectives to consider changes for the Investment Policy Statement.

At June 30, 2007, 12 advisors managed investments in the Fund. The Fund's investments were allocated to five advisors investing approximately 84% of the portfolio in core strategies, two advisors actively investing 8% of the portfolio in high yield strategies, two advisors actively investing approximately 4% of the portfolio in inflation linked bonds, and two advisors actively investing 4% of the portfolio in emerging markets debt. (See figure 6-11.)

Since inception, the MFIF's objective has been to achieve 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 parallel 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 50 basis points annually.

Portfolio Characteristics

MFIF continues to be well diversified across the spectrum of available fixed income securities. The Fund maintained a substantial concentration in Mortgage securities, comprising approximately 45.6% of the Fund's investment securities at fiscal year-end. The Fund also maintained a concentration in Government, Agency, Corporate, Mortgage-Backed and Asset-Backed securities of 20.0%, 26.1%, 17.4%, 11.5% and 1.9% respectively. 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-1, as judged by Moody's Investor Services, supported by its 75.0% concentration in Mortgage, Government, and Corporate securities. Relative to the Index, MFIF held a lesser degree of below investment grade securities including emerging market debt. (See figure 6-4.)

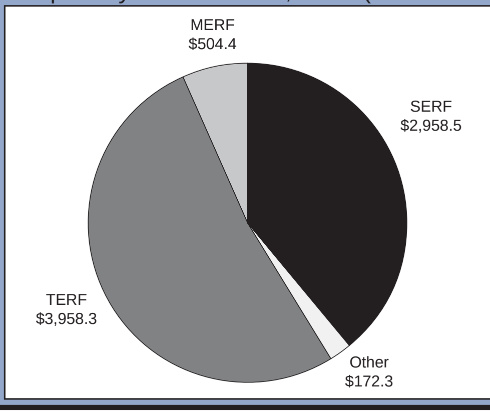
Risk Profile

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. In general, 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, 2007, the Fund held a duration-neutral stance relative to the LB Aggregate Index of 5.7 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 4-1

MUTUAL FIXED INCOME FUND
Ownership Analysis at June 30, 2007 ($ in millions)



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

Figure 4-2

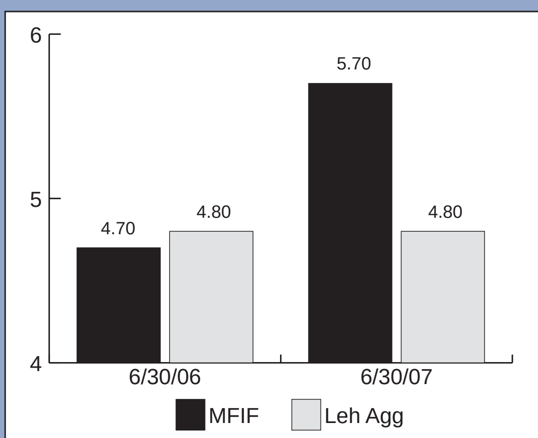
MUTUAL FIXED INCOME FUND (1)
Risk Profile at June 30, 2007

Relative Volatility	0.90
Standard Deviation	3.50
R^2	0.95
Beta	0.87
Alpha	-0.89

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

Figure 4-3

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



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

Figure 4-4

MUTUAL FIXED INCOME FUND
Distribution by Sector at June 30, 2007
Based on Investments in Securities, at Value

	MFIF	LB Aggregate	Variance
Treasury	20.0%	24.2%	-4.2%
Agency	26.1%	10.3%	15.8%
Corporate	17.4%	18.5%	-1.1%
Mortgage-Backed	11.5%	37.6%	-26.1%
Asset-Backed	1.9%	1.1%	0.8%
Other(1)	23.1%	8.3%	14.8%
TOTAL	**100.0%**	**100.0%**	

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

Figure 4-5

MUTUAL FIXED INCOME FUND
Distribution by Quality Rating at June 30, 2007
Based on Investments in Securities, at Value

Aaa	54.4%
AA-1	1.7%
AA-2 to A-1	3.7%
A-2 to BAA-1	4.9%
Less than BAA-1	7.9%
Not Rated(1)	7.8%
Cash(2)	19.6%
Total	100.0%

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

Figure 4-6

MUTUAL FIXED INCOME FUND
Distribution by Coupon at June 30, 2007
Based on Investments in Securities, at Value

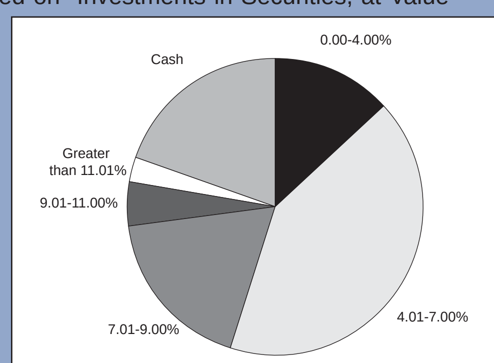


Figure 4-7

MUTUAL FIXED INCOME FUND
Macauley Duration Distribution at June 30, 2007
Based on Investments in Securities, at Value

0-3 Years	26.3%
3-5 Years	23.0%
5-7 Years	12.9%
7-10 Years	7.8%
10+ Years	7.8%
Unknown(1)	2.6%
Cash(2)	19.6%
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 4-8

MUTUAL FIXED INCOME FUND
Periods ending June 30, 2007

	1 YR	3 YRS	5 YRS	10 YRS
Compounded, Annual Total Return (%)				
MFIF	6.92	5.10	5.99	6.25
MFIF Hybrid Benchmark	7.63	5.63	6.88	6.79
Cumulative Total Return (%)				
MFIF	6.92	16.10	33.78	83.42
MFIF Hybrid Benchmark	7.63	17.87	39.49	92.85

Figure 4-9

MUTUAL FIXED INCOME FUND
Annual Total Return

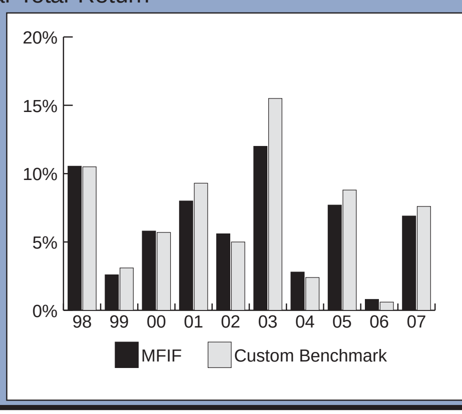


Figure 4-10

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

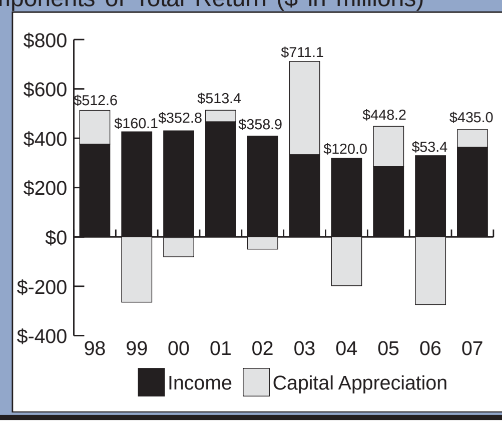


Figure 4-11

MUTUAL FIXED INCOME FUND
Investment Advisors at June 30, 2007

Investment Advisor	Net Asset Value	% of Fund
Core	**$5,469,988,422**	**72.03%**
State Street Global Advisors	1,521,904,665	20.04%
BlackRock Financial Mgmt, Inc.	1,236,343,626	16.28%
Wellington	976,593,069	12.86%
Western Asset Management Co.	1,170,103,001	15.41%
Phoenix	483,074,069	6.36%
Progress	81,969,992	1.08%
High Yield	**628,347,585**	**8.27%**
Loomis Sayles & Co., Inc.	402,817,648	5.30%
Oaktree Capital Management, LLC	225,529,937	2.97%
Emerging Market Debt	**318,250,844**	**4.19%**
Ashmore	208,014,620	2.74%
Bridgewater	110,236,224	1.45%
Inflation Linked Bonds	**255,347,701**	**3.37%**
Brown Brothers Harriman	137,170,597	1.81%
Hartford Investment Mgmt Co.	118,177,104	1.56%
Other (1)	**921,602,325**	**12.14%**
TOTAL MFIF	**$7,593,536,877**	**100.00%**

(1) Other represents moneys earmarked for distribution to participants, reinvestment, and expenses as well as terminated advisor balances, Currency Overlay Managers (Bank of New York and Bridgewater), CT Financial Development Fund, Keystone Venture V Partnerships and GarMark Partners II LP.

Figure 4-12

MUTUAL FIXED INCOME FUND
Ten Largest Holdings* at June 30, 2007

Security Name	Maturity	Market Value	%
FNMA TBA	12/01/37	$171,792,513	2.01%
FNMA TBA	12/01/37	142,351,576	1.67%
FNMA TBA	12/01/37	137,801,536	1.61%
FNMA TBA	12/01/37	135,490,863	1.59%
U.S. Treasury Notes	04/30/12	94,475,391	1.11%
U.S. Treasury Notes	05/15/17	80,427,299	0.94%
U.S. Treasury Notes	05/15/16	70,965,988	0.83%
GNMA I TBA	12/01/37	56,986,638	0.67%
U.S. Treasury Bonds	05/15/17	55,148,995	0.64%
FNMA Pool 735989	02/01/35	53,657,688	0.63%
Top Ten		**$ 999,098,487**	**11.70%**

* *A complete list of portfolio holdings is available from the Office of the Treasurer.*

Figure 4-13

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

	2007		2006		2005		2004		2003	
	MFIF	LB Agg	MFIF	LB Agg	MFIF	LB Agg	MFIF	LB Agg	MFIF	LB Agg
Number of Issues	4,531	8,562	4,332	6,561	4,511	5,859	4,566	6,976	4,319	7,472
Average Coupon	5.40%	5.50%	5.30%	5.30%	5.60%	5.30%	5.90%	5.40%	6.20%	6.10%
Yield Maturity	5.90%	5.70%	6.10%	5.80%	5.00%	4.40%	5.20%	4.60%	4.50%	3.40%
Average Maturity	11.40	7.10	7.60	7.00	7.10	6.30	7.70	6.70	7.50	6.20
Modified Duration (2)	5.70	4.80	4.70	4.80	4.40	4.30	4.80	4.70	4.60	4.20
Average Quality	AA-1	AAA	AA-2	AA-1	AA-3	AA-1	AA-2	AA-1	AA-3	AA-1
Cash (1)	19.6%	0.0%	11.2%	0.0%	10.5%	0.0%	12.0%	0.0%	12.8%	0.0%

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

Figure 4-14

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

	6/30/07	3/31/07	12/31/06	9/30/06	6/30/06
MFIF	**4.60**	**4.51**	**4.73**	**4.87**	**4.97**
Leh Agg	5.45	5.32	5.31	5.28	5.37
Citigroup 3 Month T-Bill	4.80	5.03	5.01	4.89	5.04
Lehman Treasury	4.93	4.82	4.81	4.76	4.83
Lehman Agency	5.18	5.07	5.01	4.96	5.01
Lehman Mortgage	5.58	5.45	5.50	5.48	5.57
Lehman Corporate	6.01	5.86	5.83	5.82	5.99
Lehman Asset Backed	5.24	5.07	5.04	4.99	4.91

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

2007 international stock fund

Fund Facts at June 30, 2007

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 that is one percentage point greater than the ISF Hybrid Benchmark after expenses.

Benchmark: ISF Hybrid Benchmark (83% S&P/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: $6,020,750,578

Number of Advisors: 14 external

Management Fees: $28,520,098

Operating Expenses: $1,196,967

Expense Ratio: 0.52%

Turnover: 63.0%

Performance Summary

For the fiscal year ended June 30, 2007, the International Stock Fund (ISF) generated a return of 29.65%, net of fees and operating expenses, which underperformed its hybrid benchmark index return of 30.10% by 45 basis points. The underperformance was largely attributable to the individual manager performances within the international small cap and underperformance of the currency hedge program.

During fiscal year 2007, ISF net assets increased from $5.357 billion to $6.020 billion, an increase of $663 million. This included realized and unrealized net capital gains of $1.386 billion and net investment income less salary and fringe benefits of $137 million partly offset by $860 million due to net cash outflows to participating pension plans and trusts.

The Fund returned 24.84%, 18.79% and 9.34% for the three, five and ten year periods underperforming the benchmark returns of 25.75% and 19.23% by 91 and 44 basis points for the three and five year periods while outperforming the benchmark return of 9.03% for the 10 year period by 31 basis points. The cumulative returns for the Fund for the three, five and ten years were 94.56%, 136.57 and 144.11% 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 global economy. It is used to reduce short-term volatility in the Pension and Trust Funds returns by providing an additional layer of asset diversification.

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 S&P / 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 2007, the Fund had fourteen external advisors, selected on the basis of expected future performance and investment style. One advisor managed two portfolios: an emerging markets and an active large cap value portfolio. (See figure 4-8.) Based on the Fund's holdings, as of June 30, 2007, approximately 55% of the portfolio was actively managed in core, growth, value and small cap, while 22% was actively managed within the emerging markets, 12% was actively managed within risk controlled and 11% was allocated to one advisor for passive management against the Citigroup Europe, Pacific, Asia Composite Primary Market Index (Citigroup EPAC PMI). Three new managers, AQR, Acadian, and Julius Baer, were added to the active core space.

Portfolio Composition

At fiscal year-end, ISF was 97.7% invested in international securities. Investments in Japan were the largest percentage of Fund assets, 20.2%. The United Kingdom accounted for 17.4% of investments followed by France at 7.9%. 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 1,981 securities in the portfolio. The ISF's ten largest holdings included a variety of companies located throughout Europe and the Far East. The Fund's largest investment, comprising 1.4% of investment securities, was France's Total. In the aggregate, these ten holdings accounted for 9.7% of the Fund's investments at June 30, 2007. (See figure 4-9.)

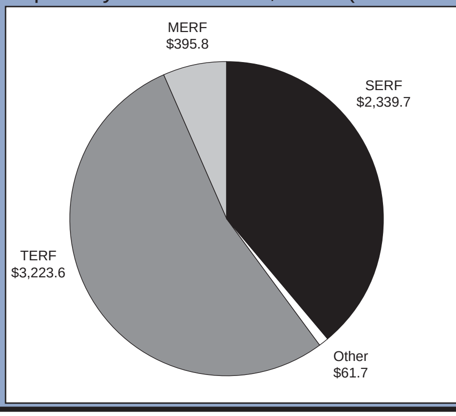
Risk Profile

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 an acceptable reduction in the portfolio's currency risk profile 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 is not a part of the investment mandates of the majority of 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, 2007 has been 1.02%, while its high R^2 of 0.98 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 negative 0.44%. (See Figure 4-2.)

Figure 5-1

INTERNATIONAL STOCK FUND
Ownership Analysis at June 30, 2007 ($ in millions)



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

Figure 5-2

INTERNATIONAL STOCK FUND[(1)]
Risk Profile at June 30, 2007

Relative Volatility	1.02
Standard Deviation	13.16
R^2	0.98
Beta	1.02
Alpha	-0.44

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

Figure 5-3

INTERNATIONAL STOCK FUND
Comprehensive Profile at June 30, 2007

	ISF	ISF Hybrid Benchmark
Number of Issues	1,981	5,716
European Allocation (%)	50.0	54.4
Pacific Allocation (%)	23.2	24.8
Other (%)	26.8	20.8
Annual Total Return (%)	29.65	30.10

Figure 5-4

INTERNATIONAL STOCK FUND
Periods ending June 30, 2007

	1 YR	3 YRS	5 YRS	10 YRS
Compounded, Annual Total Return (%)				
ISF	29.65	24.84	18.79	9.34
ISF Hybrid Benchmark	30.10	25.75	19.23	9.03
Cumulative Total Return (%)				
ISF	29.65	94.56	136.57	144.11
ISF Hybrid Benchmark	30.10	98.83	140.97	137.49

Figure 5-5

INTERNATIONAL STOCK FUND
Annual Total Return

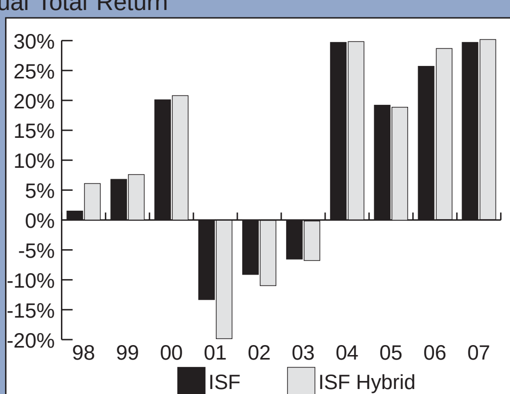


Figure 5-6

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

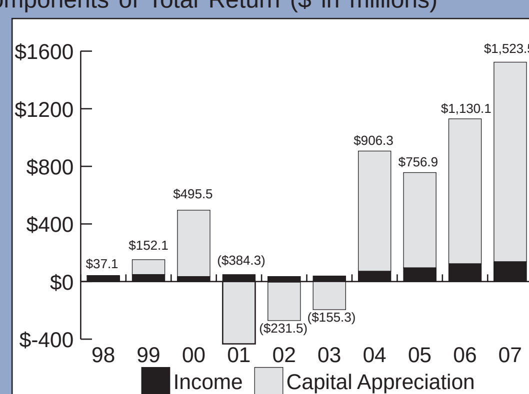


Figure 5-7

INTERNATIONAL STOCK FUND
Diversification by Benchmark Country with Return (%) at June 30, 2007 [1]

	ISF			ISF Hybrid Benchmark		
	% of Net Assets 6/30/06	% of Net Assets 6/30/07	Total Return	% of Net Assets 6/30/06	% of Net Assets 6/30/07	Total Return
Japan	20.2	16.5	15.2	20.3	17.2	6.8
United Kingdom	17.4	15.0	27.5	18.4	17.1	26.4
Germany	5.1	6.8	55.5	5.5	6.6	50.2
France	7.9	8.3	35.2	7.8	7.9	30.1
Italy	2.7	2.7	40.8	3.3	3.2	26.0
Switzerland	5.6	5.4	26.7	5.2	5.1	20.7
Netherlands	3.7	3.5	8.6	2.7	3.1	44.3
Spain	1.9	1.5	59.3	3.2	3.5	41.2
Hong Kong	2.1	2.5	51.3	1.4	1.5	30.9
Sweden	1.3	2.0	33.1	2.0	2.3	48.0
Australia	2.7	3.0	41.5	4.3	5.0	44.4
Finland	1.7	1.3	9.0	1.1	1.2	40.3
Belgium	0.9	1.0	42.9	1.0	1.1	36.0
Singapore	0.9	1.1	56.8	0.8	1.0	56.3
Denmark	0.6	0.5	47.8	0.7	0.8	47.5
Ireland	0.4	0.5	19.2	0.7	0.7	28.3
Norway	0.8	0.6	46.1	0.7	0.9	48.1
Malaysia	0.4	1.2	65.4	0.5	0.5	64.7
Austria	0.5	0.7	63.1	0.4	0.5	37.3
New Zealand	0.3	0.1	41.8	0.1	0.1	50.7
Portugal	0.1	0.2	35.7	0.3	0.4	52.2
Other	22.8	25.6		19.6	20.3	
Total	**100.0**	**100.0**		**100.0**	**100.0**	

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

Figure 5-8

INTERNATIONAL STOCK FUND
Investment Advisors at June 30, 2007

Investment Advisor	Net Asset Value	% of Fund
Index	**$676,091,354**	**11.23%**
State Street Global Advisors(Passive)	676,091,354	11.23%
Core	**1,420,550,199**	**23.59%**
Invesco Global Asset Mgmt. (Active)	340,442,677	5.65%
AQR Capital Management (Active)	351,132,855	5.83%
Acadian Asset Management (Active)	356,068,642	5.91%
Julius Baer Investment Mgmt. (Active)	284,601,180	4.73%
Progress (Active)	88,304,845	1.47%
Active-Growth	**760,046,640**	**12.63%**
Clay Finlay, Inc. (Active)	381,457,221	6.34%
MFS Institutional Advisors, Inc. (Active)	378,589,419	6.29%
Active-Value	**732,417,295**	**12.16%**
Grantham, Mayo, Van Otterloo (Active)	732,417,295	12.16%
Small Cap	**352,673,013**	**5.86%**
Schroder Investment Mgmt. (Active)	352,673,013	5.86%
Emerging	**1,315,211,735**	**21.85%**
Grantham, Mayo, Van Otterloo (Active)	693,418,946	11.52%
Emerging Markets Management (Active)	621,792,789	10.33%
Risk Controlled	**700,893,905**	**11.64%**
Merrill Lynch Investment (Active)	352,053,489	5.85%
Fidelity Management Trust Co. (Active)	348,840,416	5.79%
Other [1]	**62,866,437**	**1.04%**
SUBTOTAL ISF	**6,020,750,578**	**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 5-9

INTERNATIONAL STOCK FUND
Ten Largest Holdings* at June 30, 2007

Security Name	Country	Market Value	%
Total SA Eur 2.5 Post Division	France	$83,827,630	1.41%
Vodafone Group ORD USD 0.11428571	United Kingdom	76,005,235	1.28%
Samsung Electronic KRW 5000	Republic of Korea	62,688,222	1.06%
Glaxosmithkline ORD GBP .25	United Kingdom	62,463,517	1.05%
ING Groep NV CVA Euro .24	Netherlands	59,495,481	1.00%
Nestle SA	Switzerland	54,875,150	0.92%
ENI Eur 1	Italy	48,555,140	0.82%
Toyota Motor Corp JPY50	Japan	44,019,677	0.74%
Royal BK Scot GRP Ord GBP .25	United Kingdom	43,332,695	0.73%
Roche Holdings AG NPV	Switzerland	42,015,353	0.71%
Top Ten		**577,278,100**	**9.72%**

* *A complete list of portfolio holdings is available from the Office of the Treasurer.*

2007 real estate fund

Fund Facts at June 30, 2007

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: $685,689,112

Number of Advisors: 11 external

Management Fees [(1)]: $721,844

Operating Expenses: $646,428

Expense Ratio: 0.20%

Capitalized and Netted Fees: $8,002,403

(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 ending June 30, 2007, the Real Estate Fund (REF) generated a total return of 14.21%, net of fees, which under performed the National Council of Real Estate Investment Fiduciaries Index (NCREIF) of 16.59% by 238 basis points. Most of the under-performance is the result of a Senior Housing fund in Florida which also lowered the returns for fiscal 2006. This fund is scheduled for liquidation in 2008.

During the fiscal year, the value of REF increased from $398.7 million to $685.7 million, due primarily from the $70.8 million generated from operations and net gains, and $448.2 million of new purchases offset by $89.7 million of distributions and $142.3 million of redemptions.

For the trailing three, five and ten year periods, REF's compounded annual returns were 15.90%, 10.07%, and 10.70%, respectively, net of all expenses (see figure 5-8). The REF returns underperformed the benchmark in the three, five and ten year periods by 152 basis points, 366 basis points and 216 basis points, respectively. The Florida senior housing fund is the primary drag on all of these reporting periods. As mentioned earlier, we are taking the necessary steps to ensure a timely liquidation of the remaining assets in this fund. CRPTF is in the middle of a major portfolio restructuring with a heavy emphasis on the core property types including office, retail, apartment, industrial and hotel. Most of the restructuring will be completed by the end of the 2008 fiscal year.

Portfolio Activity

During fiscal year 2007, CRPTF committed $50 million to Rockwood Capital Real Estate Partners Fund VII, L.P. CRPTF previously committed $40 million to Rockwood Capital Real Estate Partners Fund V, L.P. and $20 million to Rockwood Capital Real Estate Partners Fund VI, L.P. All three funds focus on repositioning assets primarily, apartment, office and hotel. The fund is projecting a 15% net return to investors.

CRPTF also committed $25 million to Covenant Apartment Fund V, L.P., a value added fund with a strategy of repositioning older apartment complexes in the southeastern part of the United States. Projected returns are 16% - 18% net to investors.

The U.S. economy continues to grow at a moderate pace. The first quarter of 2006 showed a .6% increase followed by a 3.8% growth rate in the second quarter. So long as GDP growth remains in the 3% range, absorption and net income for commercial properties should continue to rise. New construction for most property types remains modest, and is expected to remain modest in 2008. Steady economic growth and modest new construction continues to attract capital to the real estate sector which in turn stabilizes property valuations.

The biggest negative to real estate investing has been the recent rise in long-term commercial mortgage rates. The higher rates are making it more difficult to buy existing properties and could negatively affect property valuations over time.

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 Characteristics

At June 30, 2007, the portfolio consisted of 18 externally managed portfolios/investments, with 1% invested in real estate trusts, 76.5% invested in commingled funds and 22.3% invested in cash. The Fund's ten largest holdings aggregated to 82.6% of the fund. (See figure 5-12.)

As currently structured, 22.3% of the REF is invested in cash, 18.2% apartment, 14.5% hotel, 13.5% retail, 9.7% senior housing, 6.6% office and 4.8% industrial. (See figure 5-7.)

The portfolio is reasonably well diversified geographically with 16.6% in the West, 26.3% in the South, 26.7% in the East and 3.7% in the Midwest. 4.3% is invested internationally. (See figure 5-6.)

Risk Profile

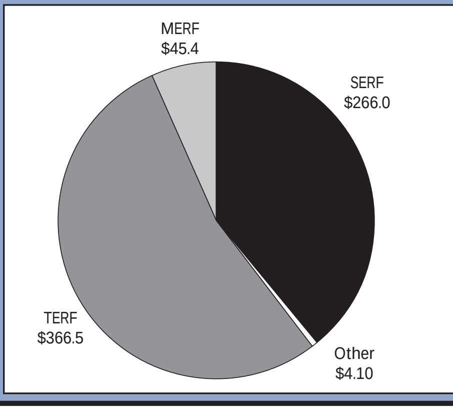
Given REF's investment policy and objectives, the Fund is exposed to several forms of risk. These include risks attendant to alternative investments, such as management, operations, market, and liquidity risk, but also include geographic, financing, and construction risks specific to real estate investments.

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 .22, signifying almost no correlation between Fund returns and those of the benchmark. Its beta of 0.16 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 3.66 over the five-year time period. As mentioned earlier, a major restructuring of the Fund is in process to more closely align the Fund with the benchmark. (See figure 5-2.)

The portfolio is reasonably well diversified geographically with 19.0% in the West, 25.6% in the South, 25.8% in the East and 4.0% in the Midwest. 4.0% is invested internationally. (See figure 6-6.)

Figure 6-1

REAL ESTATE FUND
Ownership Analysis at June 30, 2007 ($ in millions)



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

Figure 6-2

REAL ESTATE FUND
Risk Profile at June 30, 2007

Relative Volatility	2.93
Standard Deviation	7.11
R^2	0.22
Beta	0.16
Alpha	-3.66

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

Figure 6-3

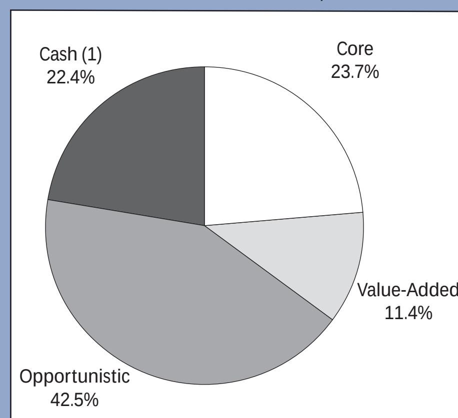
REAL ESTATE FUND
Investments Analysis (1)

At	No. of REF Investments	REF Book Value	REF Market Value
6/30/2007	23	485,341,323	531,570,750
6/30/2006	12	259,551,191	330,169,779
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

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

Figure 6-4

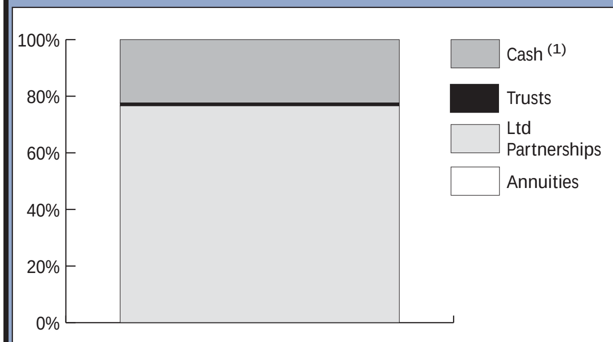
REAL ESTATE FUND
Distribution by Investment Type at June 30, 2007
Based on Investments in Securities, at Value



(1) Cash Reserve Account and other monetary assets.

Figure 6-5

REAL ESTATE FUND
Distribution by Investment Type at June 30, 2007
Based on Investments in Securities, at Value



(1) Cash Reserve Account.

Figure 6-6

REAL ESTATE FUND
Distribution by Geographic Location at June 30, 2007
Based on Investments in Securities, at Value

	REF	NCREIF	Variance
East	26.7%	33.2%	-6.5%
Midwest	3.7%	10.4%	-6.7%
South	26.3%	21.0%	5.3%
West	16.6%	35.4%	-18.8%
Cash and Other Assets(1)	26.7%	0.0%	26.7%
	100.0%	100.0%	

(1) Includes non-U.S. (4.3%) and cash and monetary assets (22.4%).

Figure 6-7

REAL ESTATE FUND
Diversification by Property Type at June 30, 2007
Based on Investments in Securities, at Value

	REF	NCREIF	Variance
Apartment	18.2%	23.4%	-5.2%
Industrial	4.8%	16.8%	-12.0%
Office	6.6%	36.0%	-29.4%
Retail	13.5%	21.5%	-8.0%
Hotel	14.5%	2.3%	12.2%
Cash and Other Assets(1)	42.4%	0.0%	42.4%
	100.0%	100.0%	

(1) Other includes senior living (9.7%), real estate/mixed use (5.8%), land (4.5%) and cash and other assets (22.4%).

Figure 6-8

REAL ESTATE FUND
Periods ending June 30, 2007

	1 YR	3 YRS	5 YRS	10 YRS
Compounded, Annual Total Return (%)				
REF	14.21	15.90	10.07	10.70
NCREIF Property	16.59	17.42	13.73	12.86
Cumulative Total Return (%)				
REF	14.21	55.69	61.58	176.47
NCREIF Property	16.59	61.91	90.31	235.27

Figure 6-9

REAL ESTATE FUND
Annual Total Return

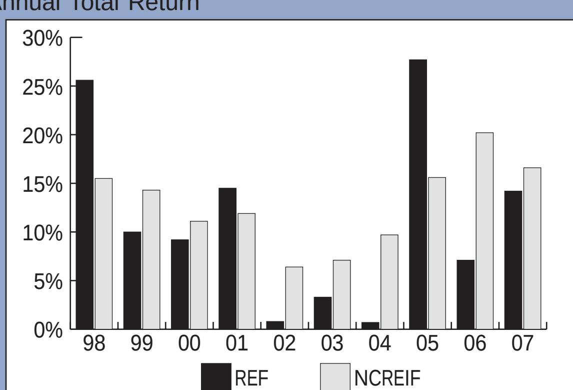


Figure 6-10

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

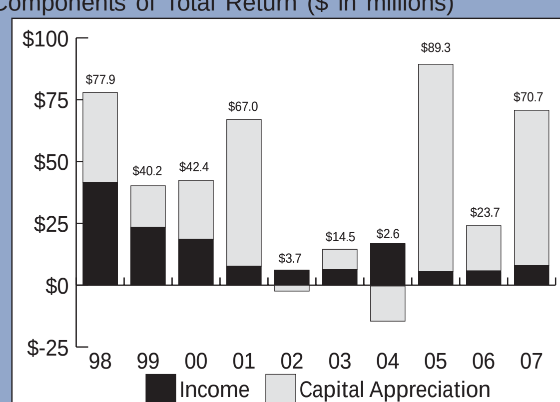


Figure 6-11

REAL ESTATE FUND
Investment Advisors at June 30, 2007

Investment Advisor	Net Asset Value	% of Fund
AEW Capital Management	$20,388,381	2.97%
AEW Core	134,741,546	19.65%
Westport Senior Living	58,609,060	8.55%
Walton Street Real Estate	51,524,546	7.51%
Apollo Real Estate	40,441,079	5.90%
Rockwood Capital Fund V	23,159,813	3.38%
Rockwood Capital VII Limited Partnership	25,992,534	3.79%
Rockwood Capital VI Limited Partnership	14,082,233	2.05%
Capri Select Income II LLC	25,733,848	3.75%
Starwood Opportunity Fund VII	38,091,196	5.56%
New Boston Fund	7,147,382	1.04%
RLJ Urban Lodging Fund	14,259,036	2.08%
RLJ Urban Lodging Fund II	31,964,425	4.66%
Canyon Johnson Urban Fund II	19,195,566	2.80%
Covenant Apartment Fund V LP	15,000,000	2.19%
Macfarlane Urban Real Estate Fund II LP	(653,571)	-0.09%
Cigna Realty Investors	966	0.00%
Urban Strategy America Fund LP	11,892,712	1.73%
Other (1)	**154,118,360**	**22.48%**
SUBTOTAL REF	**685,689,112**	**100.00%**

(1) Other represents moneys earmarked for distribution to participants, reinvestment, and expenses as well as terminated advisor balances, Currency Overlay Managers (Bank of New York and Bridgewater), CT Financial Development Fund, Keystone Venture V Partnerships and GarMark Partners II LP.

Figure 6-12

REAL ESTATE FUND
Ten Largest Holdings* at June 30, 2007

Property Name	Type	Market Value	%
Westport Senior Living Inv FD	Sr Living	$58,609,060	8.56%
Walton Street RE II LP Fnd 2	Various	51,524,546	7.52%
Rio Hill Shopping Center	Retail	47,426,241	6.93%
Apollo Real Est Invest Fd III	Various	40,441,079	5.90%
Starwood Opportunity Fund VII	Various	38,091,196	5.56%
The Glen at Lafayette Hill	Apartment	32,270,431	4.71%
RLJ Urban Lodging Fund II	Hotel	31,964,425	4.67%
Rocky Creek Apartments	Apartment	30,595,941	4.47%
Rockwood Capital R.E. Fund VII	Various	25,992,534	3.80%
Capri Select Income II	Various	25,733,848	3.76%
Top Ten		**382,649,301**	**55.88%**

* *A complete list of portfolio holdings is available from the Office of the Treasurer.*

2007

commercial mortgage fund

Fund Facts at June 30, 2007

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: $7,767,481

Number of Advisors: 1 external

Management Fees: $100,083

Operating Expenses: $6,712

Expense Ratio: 1.37%

Performance Summary

For the fiscal year ended June 30, 2007, the Commercial Mortgage Fund (CMF or the Fund) generated a return of 8.17%, net of management fees and operating expenses, out performing the Lehman Aggregate Bond Index (LABI) of 6.12% by 205 basis points. The Fund's favorable performance is attributable to its yield advantage versus the benchmark.

During the fiscal year, CMF assets declined from $18.203 million to $7.767 million. This reduction was due to distributions of $11.120 million offset by net income from operations of $0.684 million.

For the trailing three, five, and ten-year periods, CMF's total compounded annual portfolio return was 8.14%, 10.45% and 9.55%, respectively, net of all expenses. The Fund's results over the three, five and ten-year periods exceeded the benchmark by 416 basis points, 597 basis points and 353 basis points, respectively.

Description of the Fund

CMF is an externally managed fund that holds mortgages on income-producing commercial property. Established in 1982, 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, 2007, the Fund consisted of 1 commercial mortgage loan in the amount of $7,262,768 and five residential mortgage pools with a combined value of $359,531. The Fund also had $141,162 of cash. The Fund continues to be inactive regarding new loans and is being managed to maximize the total return of its remaining holdings.

In the fiscal year ending June 30, 2007, the U.S. economy continued to expand at a slow pace. Optimism for further economic growth has recently been tempered by disruptions in the debt markets, particularly sub-prime residential mortgages.

Portfolio Characteristics

The sole remaining commercial mortgage loan is secured by three mobile home parks in Phoenix, AZ. The loan has a 9.55% interest rate and a maturity of September 2012. The loan amortized by approximately $1 million during the fiscal year. Debt service coverage is abundant at 2.97 times.

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.

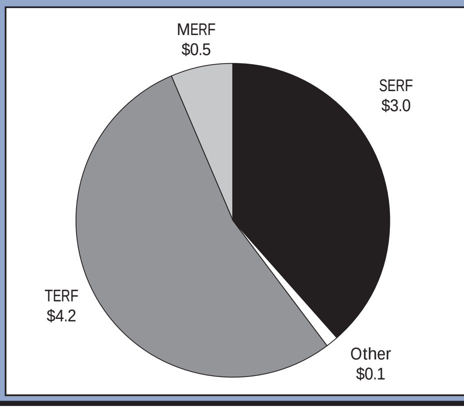
Risk Profile

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.

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 1.49, 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 0.17 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, 2006 was 5.97.

Figure 7-1

COMMERCIAL MORTGAGE FUND
Ownership Analysis at June 30, 2007 ($ 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, 2007

Relative Volatility	1.49
Standard Deviation	5.58
R^2	0.01
Beta	0.17
Alpha	5.97

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

Figure 7-3

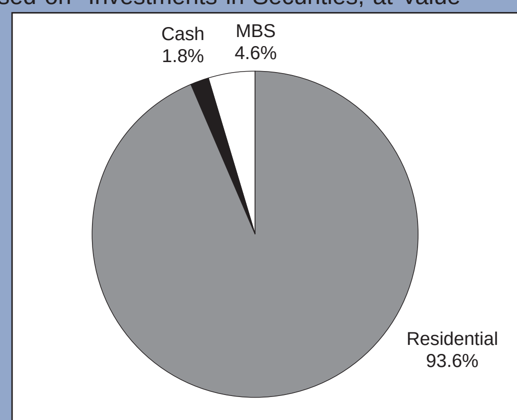
COMMERCIAL MORTGAGE FUND
Quarterly Current (1) Yield Analysis

	CMF	LB Aggregate
06/30/2007	8.98%	5.45%
03/31/2007	8.98%	5.32%
12/31/2006	8.99%	5.31%
09/30/2006	8.97%	5.28%
06/30/2006	9.55%	5.40%

(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, 2007
Based on Investments in Securities, at Value



(1) Includes senior ground leases.

Figure 7-5

COMMERCIAL MORTGAGE FUND
Distribution by Location at June 30, 2007
Based on Investments in Securities, at Value

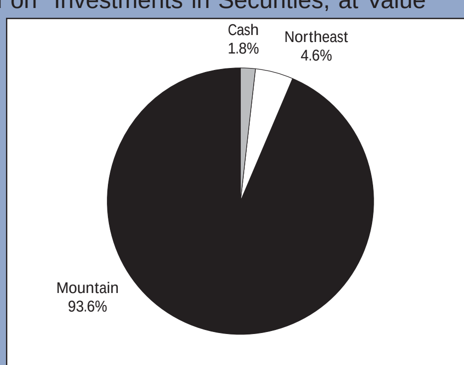


Figure 7-6

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

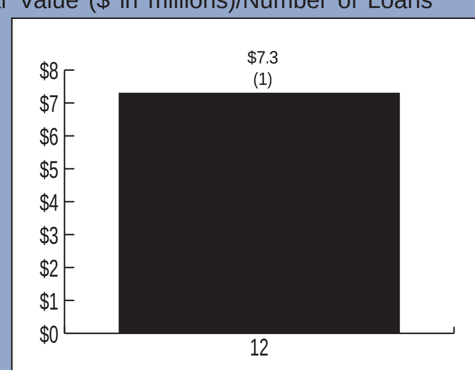


Figure 7-7

COMMERCIAL MORTGAGE FUND
Periods ending June 30, 2007

	1 YR	3 YRS	5 YRS	10 YRS
Compounded, Annual Total Return (%)				
CMF	8.17	8.14	10.45	9.55
Lehman Agg	6.12	3.98	4.48	6.02
Cumulative Total Return (%)				
CMF	8.17	26.48	64.38	148.93
Lehman Agg	6.12	12.43	24.52	79.36

Figure 7-8

COMMERCIAL MORTGAGE FUND
Annual Total Return

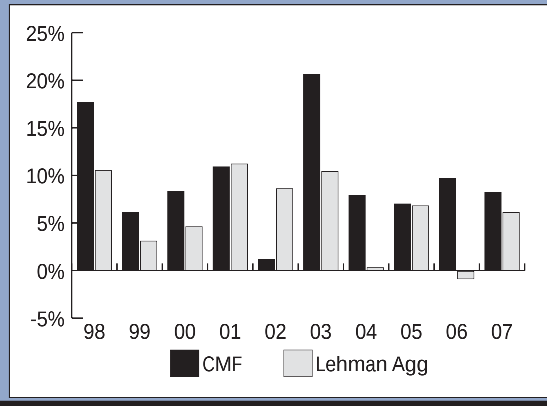


Figure 7-9

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

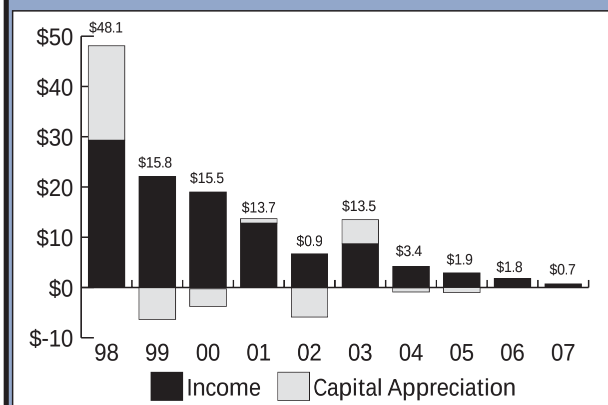


Figure 7-10

COMMERCIAL MORTGAGE FUND
Investment Advisors at June 30, 2007

Investment Advisor	Net Asset Value	% of Fund
AEW Capital Management	$ 7,262,826	93.50%
Other [1]	504,655	6.50%
SUBTOTAL CMF	**7,767,481**	**100.00%**

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

Figure 7-11

COMMERCIAL MORTGAGE FUND
Five Largest Holdings* at June 30, 2007

Property Name	Property Type	Market Value	%
SASCO	Other	$7,262,768	93.55%
Yankee Mac E 11.056%	Residential	159,574	2.05%
Yankee Mac G 11.125%	Residential	122,371	1.58%
Yankee Mac F 12.981%	Residential	65,094	0.84%
Yankee Mac A 13.075%	Residential	12,492	0.16%
Top Five		**7,622,299**	**98.18%**

* *A complete list of portfolio holdings is available from the Office of the Treasurer.*

2007 private investment fund

Fund Facts at June 30, 2007

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: $1,563,621,235

Number of Advisors: 53 external

Expensed Management Fees (1): $3,637,161

Operating Expenses: $1,647,120

Expense Ratio: 0.36%

Capitalized and Netted Fees: $22,888,554

(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, 2007, the Private Investment Fund ("PIF") generated a one year 20.6% 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 23.2%, 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 on 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, 2007, the Private Investment Fund ("PIF") generated a 9.0% 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, 2007, the PIF has generated 580 basis points in excess of the PME and its Performance Objective.

Portfolio Activity

During fiscal 2007, the Private Investment Fund added $690 million of new commitments to six private equity fund managers. Two of those managers are minority-owned; in aggregate these managers accounted for $340 million of fiscal 2007's total commitments.

During fiscal year 2007, PIF's assets increased from $1.359 billion to $1.563 billion, an increase of $204 million to 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

Capital continued to flow rapidly into venture and buyout funds. The increased capital has led to a rise in valuations and acquisition prices for private equity investors.

In the buyout segment, fundraising remained at a historically high level comparable to the amount of capital raised in 2006 and substantially higher than historic levels. On a global basis more than $145 billion of capital dedicated to buyout strategies has been raised through the first half of 2007. This compares to the $110 billion of capital raised in the first six months of 2006. As private equity investors have accumulated substantial capital, competition has increased and deal pricing has also expanded. According to S&P LCD, the average purchase price to EBITDA multiple rose to 9.2x for the first half of 2007, compared to 8.6x from 2006 and 6.0x in 2001. Friendly debt markets in the first half of 2007 have provided buyout investors with financing to continue their large acquisitions. According to S&P LCD, during the first half of 2007, the average debt to EBITDA ratio reached 6.3x, representing the fifth annual increase in the leverage ratio since the 2002 level of 4.0x. However, the subprime market turmoil during the summer of 2007 has spread, causing a pullback in the corporate credit market, resulting in delays in leveraged buyout financing, deal restructurings, and an estimated $300 billion of debt financing overhang.

Among venture capital firms, more than $14 billion was raised in the first half of 2007, a rate slightly below that of 2006. According to Dow Jones VentureOne, the median pre-money valuation for U.S. venture backed deals climbed to $29 million for the first half of 2007, the highest level since 2000 and a 21% increase from the first half of 2006. Along with valuations, the number and value of exits have increased, but not to the level seen from 1996 to 2000. Between 1996 and 2000, approximately 200 venture-backed companies per year completed IPOs. In 2006, 53 venture-backed companies completed IPOs and, through the first half of 2007, 42 venture-backed companies have completed an IPO. Exit values have also increased over the first six months of 2007 when compared to same 2006 period. Specifically, M&A transaction values have risen 27% and IPO valuations have increased 67%.

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, 2007, the PIF had aggregate capital commitments in the amount of $5.4 billion to 56 funds of which approximately 72 percent, or $3.9 billion has been "drawn down" for investment purposes while the balance of approximately $1.5 billion or 28 percent is committed but uninvested. (See Figure 8-6.)

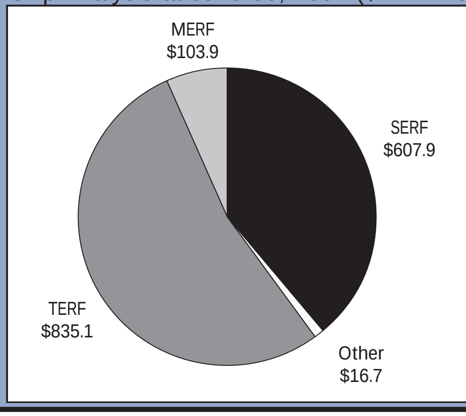
Risk Profile

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 .96 with a correlation .58 for the most recent fiscal year. The Fund has returned an annual alpha, or return relative to that predicted by its benchmark, of negative -5.85. (See Figure 8-2.)

Figure 8-1

PRIVATE INVESTMENT FUND
Ownership Analysis at June 30, 2007 ($ in millions)



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

Figure 8-2

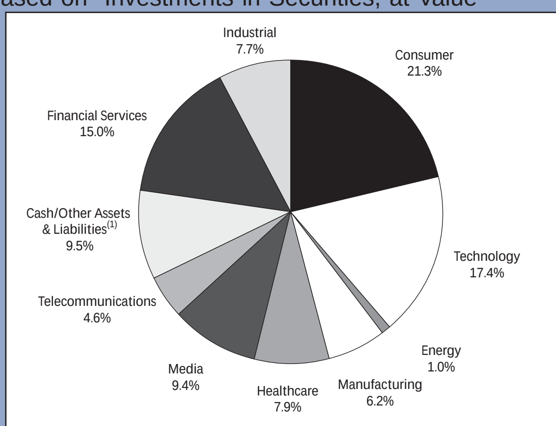
PRIVATE INVESTMENT FUND (1)
Risk Profile at June 30, 2007

Relative Volatility	0.96
Standard Deviation	8.93
R^2	0.58
Beta	0.80
Alpha	-5.85

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

Figure 8-3

PRIVATE INVESTMENT FUND
Distribution by Industry at June 30, 2007
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, 2007
Based on Investments in Securities, at Value

Region	**%**
Northeast (Excludes Connecticut)	19.87%
International	17.84%
West Coast	15.62%
Cash/Other Assets & Liabilities (1)	9.47%
Southeast	9.38%
Mid-Atlantic	9.00%
MidWest	7.50%
Southwest	7.32%
Connecticut	3.41%
Northwest	0.59%
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, 2007

	1 YR	3 YRS	5 YRS	10 YRS
Compounded, Annual Total Return (%)				
PIF	19.56	13.23	8.67	8.52
S & P 500	20.59	11.68	10.71	7.13
Venture Economics All Private Equity	23.17	22.05	14.52	15.80
Cumulative Total Return (%)				
PIF	19.56	45.18	51.56	126.42
S & P 500	20.59	39.28	66.31	99.05
Venture Economics All Private Equity	23.17	81.79	96.99	333.46

Figure 8-6

PRIVATE INVESTMENT FUND
Distributed by Committed and Invested Capital
As of June 30, 2007 ($ in millions)

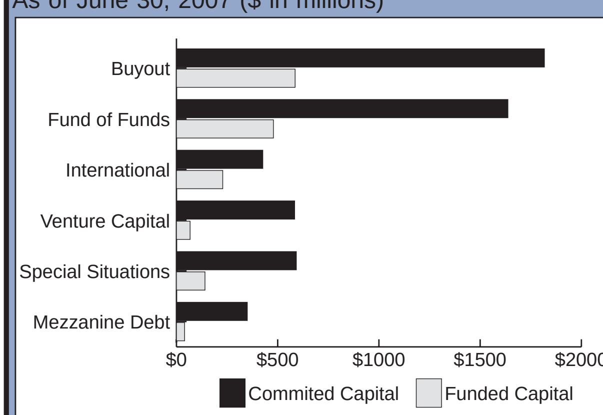


Figure 8-7

PRIVATE INVESTMENT FUND
Annual Total Return

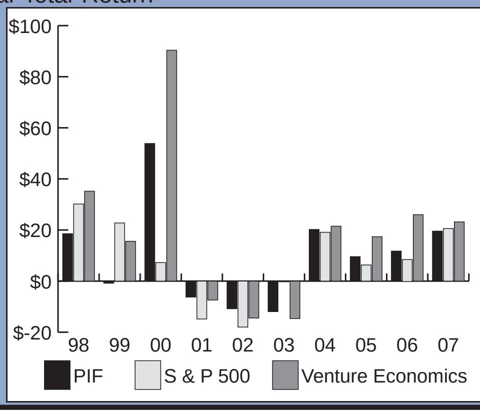


Figure 8-8

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

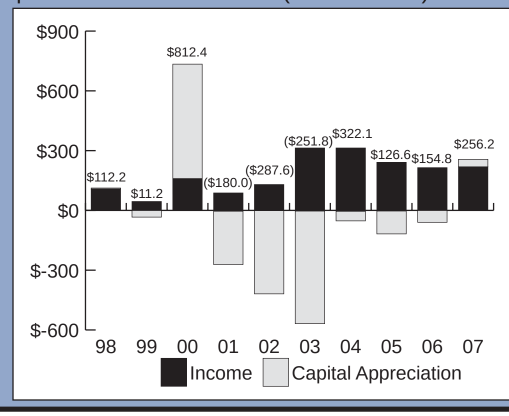


Figure 8-9

PRIVATE INVESTMENT FUND
Ten Largest Holdings* at June 30, 2007

Partnership Name	Partnership Type	Market Value	%
Constitution Liquidating Fund	Fund of Funds	$253,068,112	16.26%
KKR Millennium Fund	Buyout	109,499,590	7.03%
Compass Partners European Equity Fund	International	88,634,198	5.69%
Charterhouse Equity Partners IV	Buyout	62,369,264	4.01%
Wellspring Capital Partners III	Buyout	54,996,462	3.53%
Welsh Carson Anderson & Stowe X L.P.	Buyout	51,218,843	3.29%
FS Capital Partners V	Buyout	49,219,971	3.16%
Landmark Private Equity Fund VIII	Fund of Funds	47,977,622	3.08%
Parish Capital II	Fund of Funds	46,136,618	2.97%
Fairview Constitution II	Fund of Funds	43,612,194	2.80%
Top Ten		**$806,732,874**	**51.82%**

* *A complete list of portfolio holdings is available from the Office of the Treasurer.*

Figure 8-10

PRIVATE INVESTMENT FUND
New Investments Made in Fiscal Year 2007(1) (in Excess of $3 Million)

Partnership Name	Commitment Amount	Partnership Type	Inv. Date
Ethos Private Equity Fund V	$50 million	Buyout	August 8, 2006
Nogales Investors Fund II	$40 million	Buyout	October 12, 2006
Court Square Capital Partners II	$100 million	Buyout	December 28, 2006
KKR 2006	$125 million	Buyout	May 1, 2007
Boston Ventures VII	$75 million	Buyout	May 16, 2007
Fairview Constitution Fund III	$300 million	Fund of Funds	June 27, 2007
Total:	$690 million		

(1) These represent new private equity partnerships that were invested in by the Fund during fiscal year 2007.

Figure 8-11

PRIVATE INVESTMENT FUND
Investment Advisors at June 30, 2007

Investment Advisor	Net Asset Value	% of Fund
Buyout	**$608,418,435**	**38.91%**
KKR Millennium Fund	109,499,590	7.00%
Hicks, Muse Tate & Furst Equity Fund III	35,339,653	2.26%
Thomas H. Lee Equity Fund IV	11,127,520	0.71%
Welsh Carson Anderson & Stowe VIII	32,182,033	2.06%
Wellspring Capital Partners III	54,996,462	3.52%
SCP Private Equity Partners	17,591,828	1.13%
Charterhouse Equity Partners IV	62,369,264	3.99%
Forstmann Little Equity Fund VI	14,593,397	0.93%
DLJ Merchant Banking Fund II	21,661,047	1.39%
KKR 1996 Fund	14,619,101	0.93%
FS Equity Partners V	49,219,971	3.15%
Blackstone Capital Partners III	9,832,835	0.63%
Thayer Equity Investors IV	17,635,855	1.13%
Kelso Investment Associates VI	12,831,278	0.82%
Green Equity Investors III	6,323,758	0.40%
Wellspring Capital Partners II	2,240,444	0.14%
Veritas Capital Fund	1,163,439	0.07%
AIG Healthcare Partners LP	25,934,315	1.66%
Welsh Carson Anderson & Stowe X LP	51,218,843	3.28%
Court Square Capital Partners II	22,915,271	1.47%
Ethos Private Equity Fund V	10,492,558	0.67%
Boston Ventures V	17,079,055	1.09%
KKR 2006 Fund LP	2,724,000	0.17%
Nogales Investors Fund II	238,672	0.02%
ICV Partners II LP	4,588,246	0.29%
Venture Capital	**55,193,662**	**3.53%**
RFE Investment Partners VI	9,393,325	0.60%
Conning Capital Partners V	6,412,061	0.41%
Crescendo World Fund	17,036,298	1.09%
Grotech Partners V	11,531,153	0.74%
Shawmut Equity Partners	6,935,832	0.44%
Crescendo III	2,049,306	0.13%
Syndicated Communications Venture Partners V	1,735,475	0.11%
Connecticut Futures Fund	100,212	0.01%
Mezzanine	**37,975,412**	**2.43%**
SW Pelham Fund	4,844,423	0.31%
GarMark Partners	8,315,897	0.53%
GarMark Partners II LP	11,851,616	0.76%
SW Pelham Fund II	12,963,476	0.83%
International	**196,821,348**	**12.59%**
Compass Partners European Equity Fund	88,634,198	5.67%
Gilbert Global Equity Partners	33,372,630	2.13%
Carlyle Europe Partners	26,460,227	1.69%
AIG Global Emerging Markets Fund	23,547,052	1.51%
Carlyle Asia Partners	24,807,241	1.59%
Fund of Funds	**439,703,626**	**28.12%**
The Constitution Liquidating Fund	253,068,112	16.18%
Landmark Private Equity Fund VIII	47,977,622	3.07%
Goldman Sachs Private Equity Partners Connecticut	19,067,645	1.22%
Lexington Capital Partners II	8,608,860	0.55%
Parish Capital I LP	21,232,575	1.36%
Parish Capital Buyout Fund II	46,136,618	2.95%
Fairview Constitution II LP	43,612,194	2.79%
Special Situations	**71,165,095**	**4.55%**
Welsh Carson Anderson & Stowe Capital Partners III	41,869,277	2.68%
Greenwich Street Capital Partners II	10,027,412	0.64%
Forstmann Little MBO VII	10,073,222	0.64%
KPS Special Situations Fund II	9,195,184	0.59%
Other (1)	**154,343,657**	**9.87%**
TOTAL PIF	**$1,563,621,235**	**100.00%**

(1) Other represents moneys earmarked for distribution to participants, reinvestment, and expenses as well as terminated advisor balances, Currency Overlay Managers (Bank of New York and Bridgewater), CT Financial Development Fund, Keystone Venture V Partnerships and GarMark Partners II LP.

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 Ratings, Moody's Investor Services and Standard and Poor's Ratings, the three major rating agencies.

During the last several Legislative sessions, 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, Transportation Strategy Board Project Funding, Unclaimed Property Securitization, securitization to preserve Conservation and Clean Energy Programs, the establishment of a Housing Trust Fund, the authorization of bonding backed by future federal transportation funds and pension obligation bonds.

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, 2007
GENERAL OBLIGATION BONDS General Obligation bonds are paid out of the revenues of the State General Fund and are supported by the full faith and credit of the State of Connecticut. General Obligation bonds are issued for construction of State buildings, grants and loans for housing, local school construction, economic development, community care facilities, State parks and open space.	$9,334,850,700
GENERAL FUND APPROPRIATION DEBT The State has committed to pay interest and principal on these bonds by appropriation from the State's General Fund. This debt consists of the following programs: The University of Connecticut pays UCONN 2000 bonds from a debt service commitment appropriated from the State General Fund originally established under P.A. 95-230 and extended in 2002. Up to $2.3 billion of Debt Service Commitment bonds will be issued under a twenty-year $2.6 billion capital program to rebuild and refurbish the University of Connecticut. ($823,132,147) The Connecticut Health and Educational Facilities Authority special obligation bonds for a childcare facilities program were assumed by the State. The State has committed to pay interest and principal on these bonds by appropriation from the State's General Fund. ($54,625,000) Other appropriation debt includes Connecticut Development Authority (CDA) Tax Incremental Financing and CDA lease revenue financing for a State facility ($39,485,000) and a Certificate of Participation issue for the Connecticut Juvenile Training School Energy Center Project. ($17,345,000)	$934,587,147
SPECIAL TAX OBLIGATION BONDS Transportation-related bonds are paid out of revenues pledged in the State Transportation Fund. Special Tax Obligation bonds are issued for the State's portion of highway and bridge construction and maintenance along with 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 $418.7 million on June 30, 2007.	$2,815,134,000

CLEAN WATER FUND REVENUE BONDS $650,340,000

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 $151.7 million as of June 30, 2007. Reserves are funded with State General Obligation Bonds and Federal Capitalization Grants. An interest rate subsidy is provided to borrowers from earnings on the reserve fund and from State General Obligation subsidy bonds. The State also provides grants and some loans for the program through its General Obligation bond program.

CAPITAL CITY ECONOMIC DEVELOPMENT AUTHORITY BONDS $85,735,000

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 the Office of Policy and Management. 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 $217,945,000

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 $47,665,000

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 $125,375,000

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, 2007 $14,211,631,847

In FY 2007, the Debt Management Division managed the sale of almost $1.4 billion in new money bonds issued to fund State programs and capital projects, including the UCONN 2000 program and approximately $558 million in refunding bonds for the General Obligation, UCONN 2000 and Clean Water Fund 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				
2006 Series D	$300,000,000	4.27%	13.21	11/09/2006
2006 Series F	372,000,000	3.86%	7.67	12/14/2006
2006 Series A Taxable	28,000,000	4.99%	1.89	12/14/2006
2007 Series A	200,000,000	4.16%	10.95	05/10/2007
2007 Series C	235,000,000	4.21%	9.33	06/14/2007
GENERAL FUND APPROPRIATION				
UCONN 2007 Series A	89,355,000	4.10%	10.02	04/12/2007
REVENUE				
CWF General Revenue 2006 A	150,000,000	4.46%	9.95	07/27/2006
CDA INCREMENT FINANCING				
TIF 2006 Series A	9,825,000	3.96%	8.12	12/20/2006
CHEFA CHILDCARE FACILITIES PROGRAM				
Series F	19,165,000	4.55%	19.04	12/20/2006
2007 Subtotal New Money Issues	**$1,403,345,000**			
REFUNDING BONDS:				
CWF Refunding Bonds 2006 B	30,070,000	3.94%	2.53	07/27/2006
2006 GO Series E Refunding	308,400,000	4.23%	12.63	11/09/2006
2007 GO Series B Refunding	173,300,000	4.00%	9.95	05/10/2007
UCONN Refunding Bonds 2007 A	46,030,000	4.19%	12.57	04/12/2007
Subtotal Refunding Issues	**$557,800,000**			
TOTAL	**$1,961,145,000**			

(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 Debt Management Division's accomplishments and important initiatives in fiscal year 2007 include:

- Pension Obligation Bonds - Worked closely with Agency administration, legislative leadership, and the Office of Policy and Management on the development and passage of a pension obligation bond financing for the Teachers' Retirement Fund (TRF). Public Act 07-186 authorizes the issuance of general obligation bonds sufficient to fund a $2 billion deposit into the TRF including a bond provision to commit the State to fully fund its actuarially required contribution to the TRF in each year that the bonds are outstanding. The program is designed to improve the funded status of the TRF at a savings to taxpayers.

- New Money Bonds - Issued $1.4 billion of new money bonds to fund local school construction, state grants and projects, housing initiatives, economic development initiatives, and Clean Water Fund loans to municipalities.

- Refunding and Defeasing Bonds - Took advantage of continued low interest rates and issued $557.8 million in refunding bonds for the GO, UCONN 2000 and Clean Water Fund bond programs which will save $21.6 million over the life of the bonds. Redeemed the remaining $146 million of Economic Recovery Notes with surplus funds saving taxpayers about $6.2 million in interest cost. Also prepared analysis and drafted new law authorizing the defeasance of the 2004 Rate Reduction Bonds with surplus funds.

- Transportation Bonding - Continued to actively consult with the Office of Policy & Management, the Department of Transportation, the Legislature and the Transportation Strategy Board on options for funding transportation investments and the implementation of the major new bond authorizations approved in the 2006 and 2007 legislative sessions. Prepared and coordinated a major presentation to the Transportation Strategy Board on options for transportation funding including leveraging of federal funds, the uses of other federal funding programs and a comparison of financing structures used in other states. Also assisted policymakers with financial analyses related to revenues of a new rail car surcharge and bonding options for new rail car purchases. Throughout the year consulted with Bradley International Airport management relating to existing and new funding sources for Bradley's Master Plan.

- Clean Water Fund - Joined key stakeholders as part of the Clean Water Fund Advisory Work Group organized to review the increasing demands on the Clean Water Fund program. Completed analysis of the funding capacity of the Clean Water Fund program which served as an integral part of a report to the State Legislature in February 2007. The results of this study impacted proposals for increased funding for the Clean Water Fund programs. Also initiated a new loan and grant project management accounting system for the Clean Water Program and made several changes to the loan and grant agreements to reduce documentation needed from smaller entities and to comply with recent legislation.

- University of Connecticut - Worked closely with the University of Connecticut on a variety of finance issues including equipment and other leases, funding of the downtown Storrs project, expansion of the Stamford Campus, and financing options for a new John Dempsey Hospital. Conducted tax compliance session with key University and Health Center administrators.

- Quasi-Public Agencies - Continued to coordinate with the State's quasi-public and other agencies resulting in bonding for a new supportive housing program, defeasance of nursing homes bonds prior to default to preserve the State's special capital reserve fund credit, and issuance of tax increment financing bonds by the Connecticut Development Authority for a retail development at Rentschler Field in East Hartford.

- Credit Rating Agencies - Active management of the State's relationships with credit rating agencies. New initiatives this year include hosting rating agencies meetings at the UCONN Stamford campus, providing analysis and feedback on Moody's new Credit Scorecard system, and earning the top Financial Management rating from Standard & Poor's by emphasizing Connecticut's strong governance and financial controls. Standard & Poor's also upgraded the State's STO bonds from AA- to AA during the year reflecting the credit strength of that program.

- Taxation Issue at the Supreme Court - Conducted research on the potential implications of a court challenge to a common practice of states' taxing interest on bonds issued by others states, but not those issued in state. Coordinated comments with OPM, the Department of Revenue Services, and the Attorney General's Office which contributed to the State's participation in two amicus briefs before the Supreme Court .

- Requests For Proposals and Contracting Issues – Initiated program-wide requests for proposals for bond counsel, arbitrage rebate and verification agent services as well as the completion of the selection of financial advisory firms and co-managing underwriters. The Division participated in discussions on contract reform legislation and modifications needed for the new campaign finance laws.

2007 Division Performance

While the State's fiscal situation continued on the third straight year of significant budget surpluses, the Division's participation continued to be critical on budget matters.

The Division communicated throughout the year with the credit rating agencies and the investment community to provide updates 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 worked closely with the legislature on several important initiatives including a major pension obligation bonding proposal, options for funding additional transportation investment, municipal finance issues, long-term funding for the Connecticut State University system, the defeasance of the rate reduction bonds issued in 2004 to help fund a General Fund Budget deficit, a new program to assist municipalities with pension funding, various Clean Water Fund proposals, 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

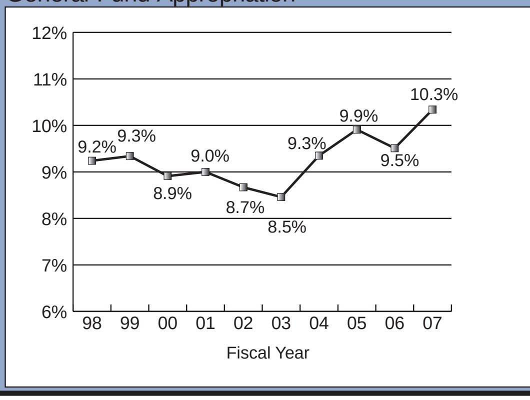


Figure 9-2

DEBT MANAGEMENT
Total Debt Outstanding ($ in millions) at June 30, 2007

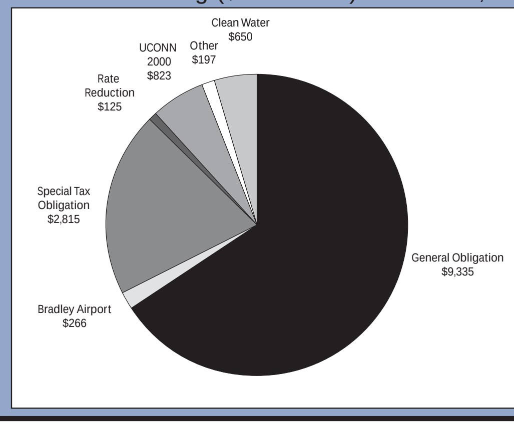
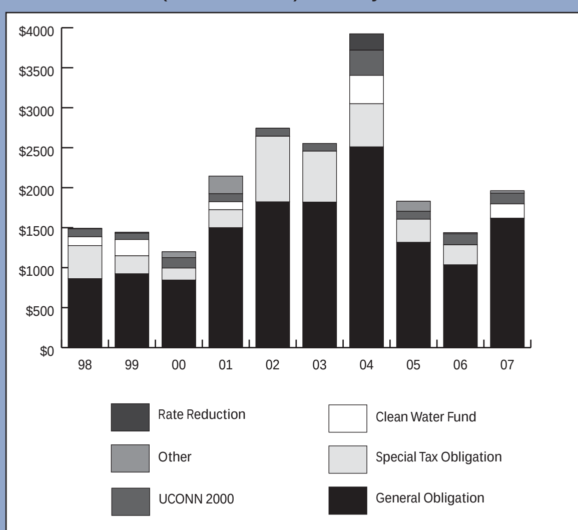


Figure 9-3

DEBT MANAGEMENT
Bond Issuance ($ in millions) fiscal years 1998 - 2007



Division Overview

The Cash Management Division is responsible for managing the state's cash movements, banking relationships and short-term investments. 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 the Short-Term Investment Fund (STIF) consistent, first, with the safety of principal and, second, 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 20 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 2007, the unit controlled movement of $24 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 2007, the unit invested an average of $5.3 billion in short-term money market instruments. As of June 30, 2007, the unit administered 1,031 active STIF accounts for 74 state agencies and authorities and 265 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, and the Debt Express and Clean Water Fund Express programs that allow towns to make debt payments automatically from their STIF accounts. The unit makes longer-term investments for balances that are expected to be available on a more stable basis in our STIF Plus and Extended Investment

Portfolio programs, and, pursuant to CGS 3-24k, the Community Bank and Credit Union Initiative, in which we support Connecticut-based banks and credit unions with assets not exceeding $500 million through the investment in institutions' certificates of deposit.

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, 2007, approximately $343 million in securities was pledged to the program and $8.8 million was deposited in STIF.

The Year in Review

Highlights of the Division's accomplishments and important initiatives in fiscal year 2007 include:

- Implemented two new investment programs — STIF Plus and the Extended Investment Portfolio – for cash pool balances identified as being available for longer-term investment.
- Continued to improve protections against check fraud by upgrading a state university bank account 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 testing functionality of upgrades to the Core-CT statewide financial management system
- Worked with the Comptroller's Office to improve agency processes for recording employee payroll workers compensation recoveries;
- Assisted state agencies with implementation of new federal grant payment system;
- Expanded with the State Comptroller's Office a system for making electronic payments to municipalities and vendors, which totaled $4.8 billion during the year, up 14 percent from a year ago;
- Continued to consolidate separate state agency bank accounts to reduce bank fees and streamline the flow and increase the investment of funds;
- Expanded the Community Bank and Credit Union Initiative to include six banks and one credit union implemented 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 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 twelfth annual meeting of STIF investors in concert with our first Public Finance Outlook conference attended by 114 state and local government officials;
- To improve customer service, expanded STIF Express, our Internet-based account management system, to allow investors to initiate purchases (deposits) and redemptions (withdrawals) via the ACH system and to plan future-dated transactions. The overall system is now used by 166 customers;
- 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;

- Utilized Internet-based systems and processes as part of business continuity and disaster recovery procedures for conducting cash control and short-term investing activities off site;
- 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;
- Worked with the Pension Funds Management Division to develop a liquidity fund to improve the return on pension fund cash;
- Assisted agencies with improved lockbox technology to allow the provision of digitized images of deposited checks to speed processing of license applications and faster resolution of questioned items;
- Provided support to state agencies to with conversion to a new Internet-based system provided by the State's primary bank and implementation of new stop payment, electronic funds transfer, and check status look-up capabilities;
- Worked with state agencies to develop the ability to collect fees via electronic checks or credit card payments over Internet-based systems;
- Procured lockbox services for a department to speed the processing of payments;
- Assisted one state university with new banking services to minimize account balances.

2007 Division Performance

As a result of these initiatives, the Cash Management Division successfully realized many achievements throughout the 2007 fiscal year including:

- Total annual return of 5.54 percent in STIF. This exceeded its primary benchmark by 40 basis points, resulting in $21 million in additional interest income for Connecticut governments and their taxpayers, while adding $3.8 million to its reserves. STIF has exceeded its benchmark by at least 33 basis points for eight consecutive years, earning an additional $136 million, while adding $21 million to its reserves during this period. (For a detailed discussion of STIF performance, please see the STIF Performance discussion which follows.);
- During the fiscal year, STIF's return was ranked first in the nation among over 80 government investment pools for eight of the 12 months by TRACS Financial Research, an independent firm that monitors the performance of such pools on a monthly basis;
- STIF reached an all-time high of $6.36 billion in assets under management in May 2007;
- STIF's Comprehensive Annual Financial Report (CAFR) was awarded the Certificate of Achievement for Excellence in Financial Reporting for 2006 by the Government Finance Officers Association (GFOA);
- STIF's credit rating of AAAm – the highest available — was reaffirmed by Standard & Poor's (S&P), the leading rating agency of money market funds and local government investment pools;
- The addition of 40 local government STIF accounts with $70 million of assets;
- Invested $57.5 million with financial institutions under the Connecticut Community Bank and Credit Union Initiative at an average awarded annualized bid of 5.20 percent;
- Since their inception early this fiscal year, STIF Plus earned 5.38 percent and the Extended Investment Portfolio earned 5.45 percent (annualized rates), thereby adding $200,000 in incremental state income;

- Aggressively managed bank account balances to maximize investment balances, thereby increasing investment income by approximately $1,066,000;
- Closed 11 state bank accounts bringing total reduction in accounts to 534 over the past sixteen years, thereby reducing servicing and transfer fees and unproductive balances;
- The identification and recapture of $114,000 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, $14.4 billion has been deposited into municipal STIF accounts, thereby accelerating the availability of municipal funds.

Figure 10-1

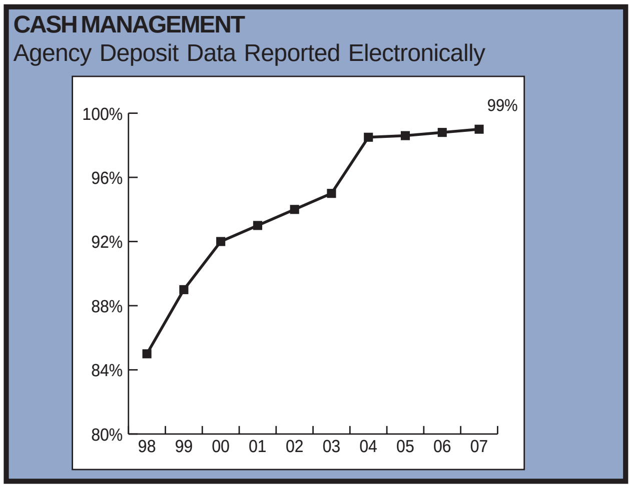
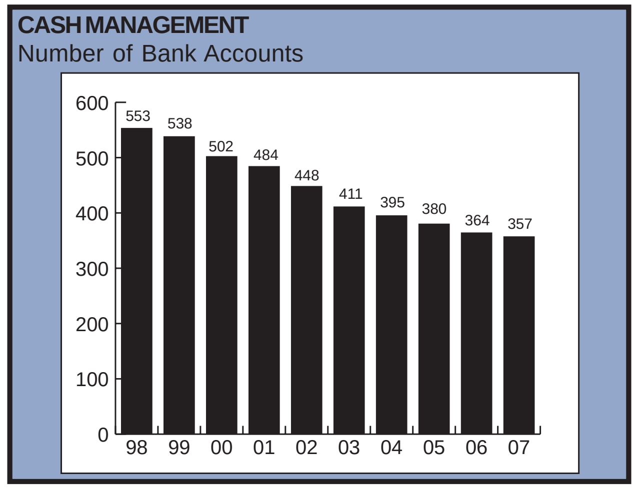


Figure 10-2



2007 short-term investment fund

Fund Facts at June 30, 2007

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: iMoneyNet's First Tier Institutional-only Rated Money Fund Report Averages™ – Index (MFR Index), Federal Reserve Three-Month CD, Federal Reserve Three-Month T-Bill.

Date of Inception: 1972 **Total Net Assets:** $5.0 billion

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 2007 fiscal year, STIF's portfolio averaged $5.3 billion.

STIF employs a top-down approach to developing its investment strategy for the management of its assets. Starting with the objectives of the Fund, STIF considers constraints outlined in its investment policy, which include among other parameters: liquidity management, limitations on the portfolio's weighted average maturity (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 almost $51.3 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 *i*MoneyNet's First Tier, Institutional-only Rated Money Fund Report AveragesTM – Index ("MFR Index"). This index represents an average of institutional money market mutual funds rated AAAm 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

(WAM) 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 2007 fiscal year was the reaffirmation of its AAAm rating by Standard & Poor’s. This rating is S&P’s highest for money market funds and investment pools and signifies its conclusion that the Fund has extremely strong capacity to maintain principal stability and to limit exposure to principal losses.

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. (See figure 11-4.) 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 almost 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 39 days. During the year the Fund’s average maturity ranged from 32 to 59 days as market interest rates rose. At the end of the 2007 fiscal year, the average maturity was 50 days.

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 53 percent concentration in investments rated A-1+ or AAA (the highest ratings of Standard & Poor’s) or overnight repurchase agreements. Forty-one percent of the Fund was invested in securities with maturities, or interest rate reset dates for adjustable rate securities, of less than 30 days, versus the 66 percent at the previous year-end. The Fund’s three largest security weightings included secured liquidity notes (38.3 percent), deposit instruments (19.6 percent), and floating rate notes (14.9 percent) respectively. (See figure 11-5.)

Performance Summary

For the one-year period ending June 30, 2007, STIF reported an annual total return of 5.54 percent, net of operating expenses and $3.8 million in 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 5.14 percent, by 40 basis points. Additionally, the performance was competitive compared to three-month T-Bills, which yielded 5.01 percent and three-month CDs, which yielded 5.32 percent. Principal reasons for STIF’s strong performance include low overall expenses, its effective security selection, and successful fluctuations to the portfolio’s average life in response to the changing interest rate environment. Over the long-term, STIF has performed exceptionally well. For the trailing three-, five-, seven-, and ten-year periods, STIF’s compounded annual total return was 4.07 percent, 2.99 percent, 3.38 percent, and 4.08 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 $14.9 million at June 30, 2007, versus $14.4 million for a hypothetical investment in the MFR Index. (See figure 11-6.) During the past 10 years, STIF has earned $158.3 million above its benchmark while adding $27.3 million to its reserves.

Economic Report for Fiscal Year 2007

As we entered FY 2007 fuel prices continued to increase to record levels. The Federal Reserve balanced slowing economic growth with concerns about future inflation and held the Federal Funds interest rate steady throughout the fiscal year at 5.25 percent. Prior to FY 2007, the Federal Reserve had boosted rates for two years to fend off inflation. The Fed had consistently stated that upside risks to inflation resulting from continued sharply rising energy and commodity prices thereby boosting the prices of other goods and services would spread inflation through the economy. Gasoline prices peaked in May around $3 a gallon then receded somewhat at the end of the fiscal year. The housing market continued to remain sluggish because of tighter lending standards and the rise in mortgage rates. The pace of new home building began to fall as builders worked down excess inventory of unsold homes and the decline in residential construction weighed on economic growth forecasts. Foreclosures and delinquencies for sub-prime mortgages rose due to rising interest rates and weak home values.

Outlook for Fiscal Year 2008

Fiscal year 2008 began with continuing concerns of declines in the housing market and higher energy prices, leading to reductions in consumer confidence.

In an effort to fend off credit market dislocations initiated by sub-prime mortgage problems and to help stem an economic slowdown, the Federal Reserve's Open Market Committee cut the federal funds rate from 5.25 percent to 4.25 percent (by 50 basis points in September, and by an additional 25 points in both October and December), and took other actions to bolster capital markets.

Many economists believe the Fed will have to continue to reduce rates to help prevent a recession in 2008 led by rising oil and food prices, falling house prices and a tighter credit climate. The US economy has shed many jobs with unemployment rising to 4.7% and possibly rising by the end of 2008 as job losses in financial services, retailing, construction and manufacturing continue due to the weak housing market.

During the summer and fall, STIF has taken a series of cautious steps to alter its portfolio in response to the disruptive markets, including reducing exposure to asset-backed commercial paper, increasing exposure to U.S. government and agency securities, reducing maturities, and increasing liquidity. These actions, while prudent under difficult market conditions, together with lower market interest rates, have resulted in reductions in STIF's yield. One security, Cheyne Finance, is now under control of receivers and stopped payments to investors in October. The receivers are negotiating with banks for the sale, refinancing or restructuring of its underlying portfolio of securities. STIF's reserves will enable the absorption of any likely losses without (a) affecting the Fund's $1.00 per share net asset value and (b) any loss of principal to any investor.

Figure 11-1

SHORT-TERM INVESTMENT FUND
Ownership Analysis at June 30, 2007 ($ in millions)

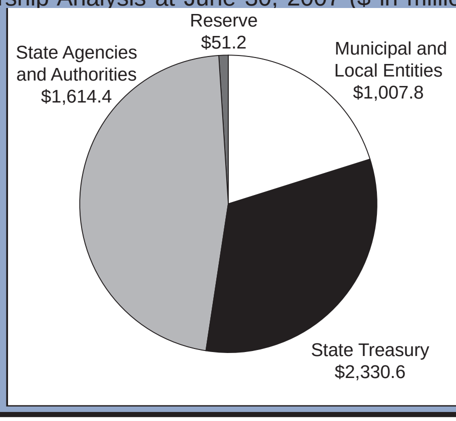


Figure 11-2

SHORT-TERM INVESTMENT FUND
Maturity Analysis

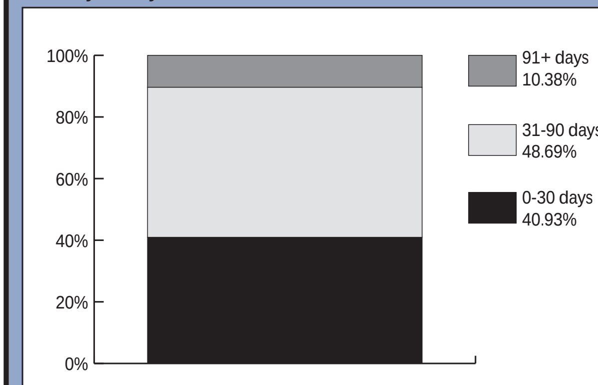


Figure 11-3

SHORT-TERM INVESTMENT FUND
Quarterly Yield vs. Benchmark

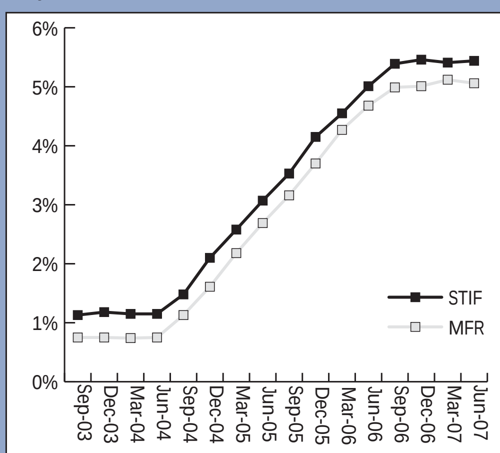


Figure 11-4

SHORT-TERM INVESTMENT FUND
Distribution by Quality Rating at June 30, 2007
Based on Investments in Securities, at Value

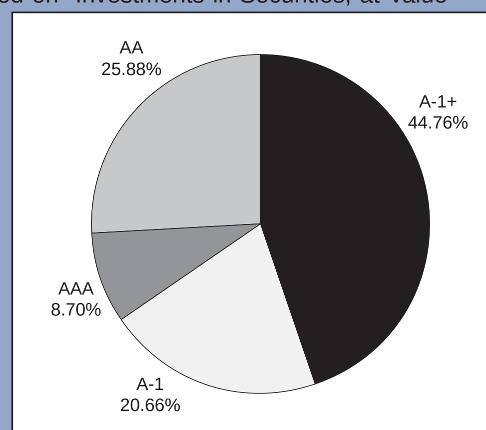


Figure 11-5

SHORT-TERM INVESTMENT FUND
Distribution by Security Type at June 30, 2007

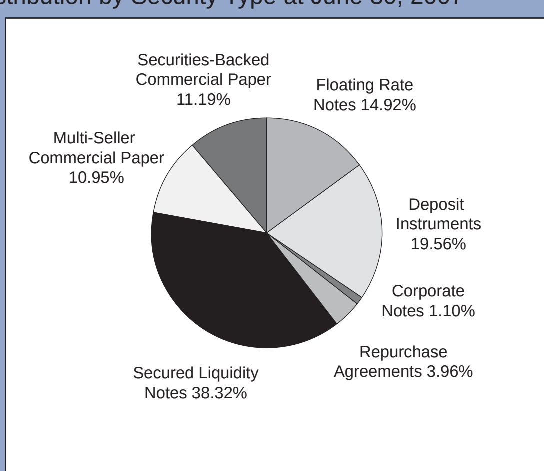


Figure 11-6

SHORT-TERM INVESTMENT FUND
Period ending June 30, 2007

	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs
Compounded Annual Total Return (%)					
STIF	5.54	4.07	2.99	3.38	4.08
MFR Index*	5.14	3.68	2.59	2.98	3.69
Fed. Three-Month T-Bill	5.01	3.80	2.73	3.01	3.61
Fed. Three-Month CD	5.32	4.08	2.94	3.22	3.92
Cumulative Total Return (%)					
STIF	5.54	12.72	15.89	26.19	49.15
MFR Index*	5.14	11.44	13.63	22.82	43.68
Fed. Three-Month T-Bill	5.01	11.83	14.39	23.03	42.59
Fed. Three-Month CD	5.32	12.74	15.59	24.84	46.96

**Represents iMoneyNet's First Tier Institutional-only Rated Money Fund Report Averages™- (MFR) Index.*

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 2007 the Unclaimed Property Division collected $64.6 million. 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 Deputy Treasurer, the 24 employees of the Division are organized into three units consisting of Holder Reporting, Claims Processing and Field Examination/Auditing.

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

Field Examination and Auditing 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 has been 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

Effective October 1, 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

2007 Division Performance

- During fiscal year 2007, the Division returned $25.3 million to rightful owners who filed 20,930 claims.
- The Division received $64.6 million in unclaimed property receipts voluntarily reported by holders.
- Per Public Act 05-5, October 5, 2005 Special Session, required the Unclaimed Property Division to deposit $16 million into the Citizens' Election Fund and the balance into the General Fund.

UNCLAIMED PROPERTY DIVISION

Figure 12-1

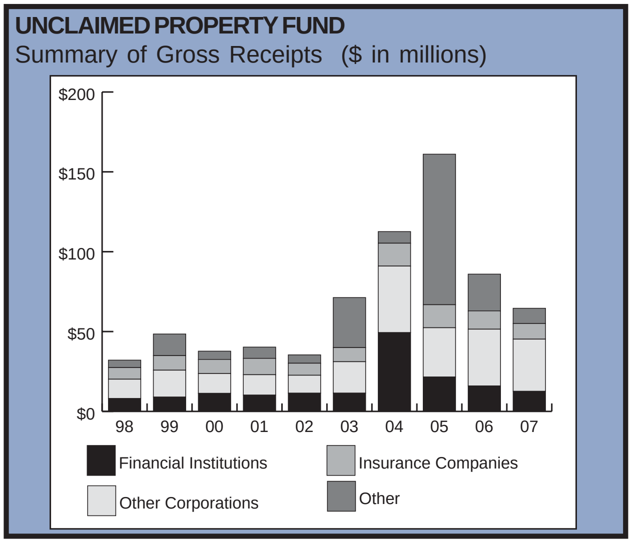


Figure 12-2

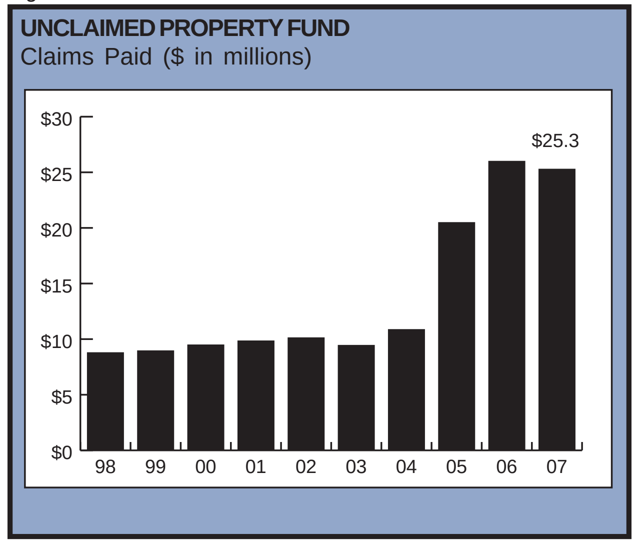


Figure 12-3

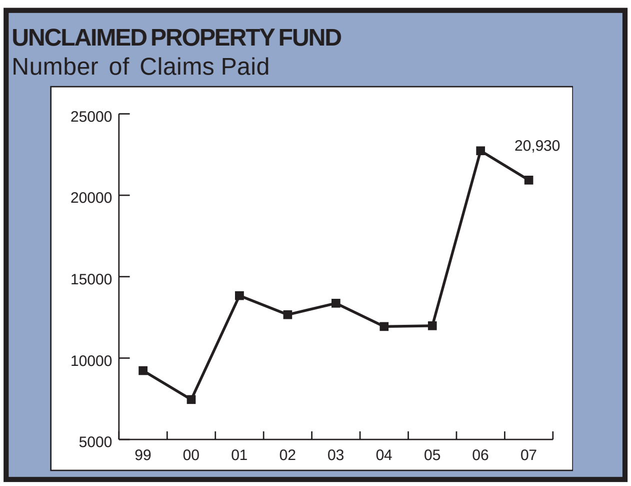
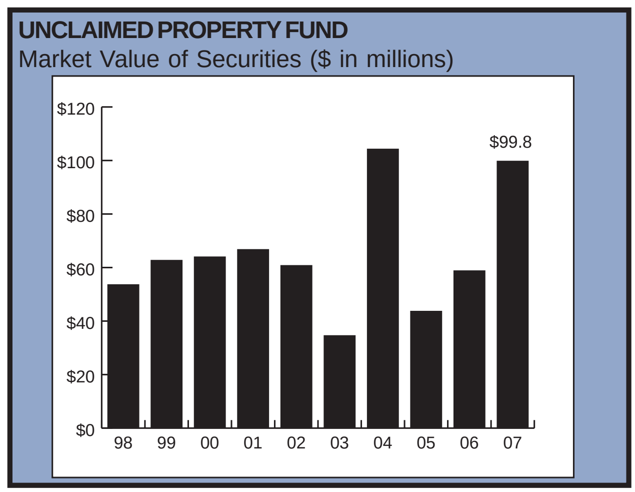


Figure 12-4



DIVISION OVERVIEW

The State Treasurer is the Custodian of the Second Injury Fund ("SIF" or "the Fund"), 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").

The Fund continues to be liable for claims which involve an uninsured employer, for dependent and widow claims and, on a pro rata basis, reimbursement claims 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, whom we jointly serve. 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 Deputy Treasurer, the Fund employs 41 people within the Treasury. The Assistant Deputy 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.

History

The Fund's responsibilities were expanded over the years through judicial and legislative reform. In addition to payments for "second injury" claims, the Fund assumed other statutory obligations such as: Group health insurance reimbursements; Benefit payments pending appeals; Cost of Living reimbursements for death benefits; Cost of Living reimbursements for total disabilities; Acknowledgment of Physical Defects claims; Concurrent employment claims; and Uninsured employer claims.

The Fund experienced minimal growth during its first 30 years. However in the two decades preceding the 1995 Reform Act, the Fund experienced annual claim growth in excess of 20% for the period 1970 to 1995. While there were many explanations for the rapid acceleration of the Fund's liabilities during this period, (i.e., higher benefit levels, medical inflation, etc.) the primary reasons for its exponential growth can be attributed to the impact of a 1974 Connecticut Supreme Court decision in the Jacques case. In summary, cases could be transferred to the Fund based on a pre-existing "condition" as well as a prior injury, regardless of whether the condition was manifest or not. Thus the Jacques case opened the door for a myriad of latent conditions such as arthritis, disc disease and compromised cardiac function.

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. An actuarial analysis projected the Fund's future liability at $6.2 billion as of June 30, 1994. Its operations, which are financed by assessments on Connecticut employers, reached a dollar value high of $146.5 million in 1995. In response the Connecticut General Assembly, closed the Fund to new "second injury" claims sustained on or after July 1, 1995.

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 7/1/95
- Closed the Fund to new "acknowledgment of defect claims" after 7/1/95
- Eliminated Fund liability for payments to insurers during appeals (31-301f)
- Eliminated Fund liability for reimbursements to employers for the cost of group health insurance (31-284b)
- Expanded enforcement, fines and penalties 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.
- Limits the Fund's liability to two years for retroactive reimbursement claims; and exempts the Fund from liability for concurrent employment claims brought on behalf of insolvent insurers (CIGA) and from liability for apportionment claims under section 31-299b.
- Clarifies that insurance carriers act as collection agents for the Fund, as well as explains the legislative intent 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, such as paid losses and makes it clear what employers must include and what may be excluded when they report their paid losses to the Fund. (Current regulations remain in effect until June 30, 2006.)
- Eases the process by which the Fund can reach settlements with injured workers of uninsured employers subject to approval by the Commission and eliminates the need for additional hearings for medical treatment.

Assessments

The 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. Treasurer Nappier is the first Connecticut State Treasurer to formalize an assessment audit program to ensure uniform methods of reporting.

Insured employers pay a surcharge on their workers' compensation insurance policies based on "standard premiums" calculated and issued by insurance companies who also collect and remit this assessment to the Fund. Effective 7/1/06, insured employers will pay based on a Second Injury Fund Surcharge. The assessment for self-insured employers is based on "paid losses" for medical and indemnity benefits incurred in the prior calendar year.

There were 4 assessments made in FY07 on insured employers of $ 42.4 million. Self insured employers were assessed 4 times during FY07 at $12.1 million, bringing the total assessment on all Connecticut employers to $54.5 million for FY07.

Assessment rates, which are used to determine how much Connecticut businesses will pay to the Fund, have been consistently and cautiously reduced over the last seven years. Assessment rates were reduced four times for insured employers. The rate for self-insured employers has been reduced three times. The implementation of management reforms and stricter oversight allowed Treasurer Nappier to reduce rates charged to Connecticut businesses for assessments paid to the Treasury's Second Injury Fund. For FY07, rates remained the same for insured employers at 4% and for self-insured employers, the assessment rate is 8.4%.

The Year in Review

Fiscal Year 2007 Highlights

The Second Injury Funds' major achievements during the past year have continued the implementation of Treasurer Nappier's management reforms. Highlights for fiscal year 2007 include:

- Providing $36.6 million in indemnity, medical and settlement payments to injured workers. The number of injured workers receiving bi-weekly benefits is now 372 compared to 384 a year ago.
- Holding the line on rates to be charged to Connecticut businesses in fiscal year 2007 even with an anticipated decrease in the Fund's assessment base. For insurers, the assessment rate continues to be 4%, while the rate for self-insured employers is 8.4%. This is the ninth consecutive year the rates have either been reduced or kept at the previous year's level.
- Instituting a SIF 'Public Outreach' program to help the Fund's stakeholders and business partners understand the revisions to SIF statutes to take effect July 1, 2006. The bill clarifies the definitions on which assessments are based and eases the penalties and interest levied on businesses not in compliance with the statute.
- Achieving a total of 180 settlements at a cost of $9.6 million. Through June 30, 2007, the Fund has paid 19 injured workers receiving bi-weekly benefits settlements at a cost of $4.9 million with an estimated future net savings of $14.1 million
- Recovering $1.4 million via assessment audits of insurance companies and self-insured employers, along with $.7 million dollars in outstanding receivables.
- Continuing to implement the General Assembly's 1996 mandate to reduce the financial impact of the Fund on Connecticut's businesses:
  - ➢ As of June 30, 2007 the Fund's open claim inventory is 2,416, including 661 "second injury' claims. The 692 open second injury claims represents a reduction of 31 open claims, (4.5%) from last year's total of 692. (See figure 13-1)
  - ➢ Reserves (estimated future payments) for all open claims are $447 million, a reduction of $2.2 million (.5%) from a year ago. "Reserves for "second injury" open claims are $279 million, a reduction of $8.5 million, (3.0%) from last year. (See figure 13-2)
- Working with the Second Injury Fund Advisory Board and 'Roundtable' of insurers and self-insured businesses to help the Fund carry out its mission.

SECOND INJURY FUND

Figure 13-1

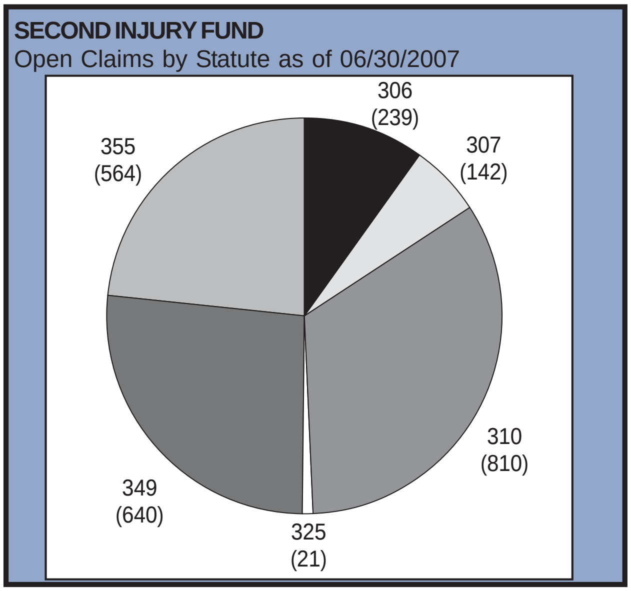


Figure 13-2

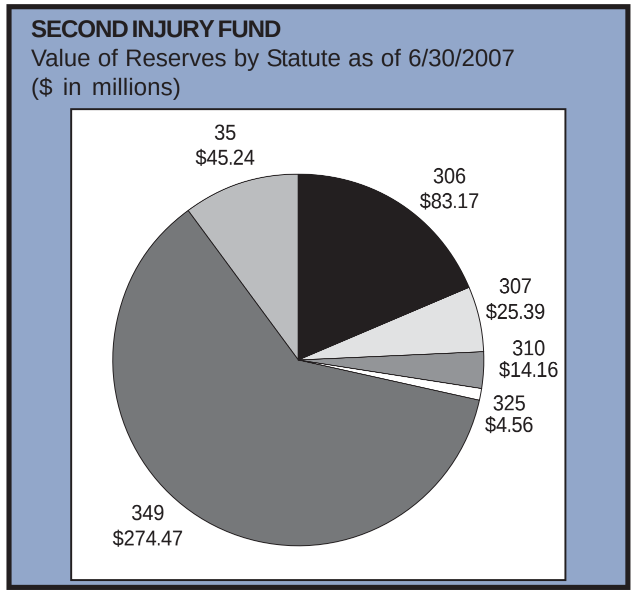
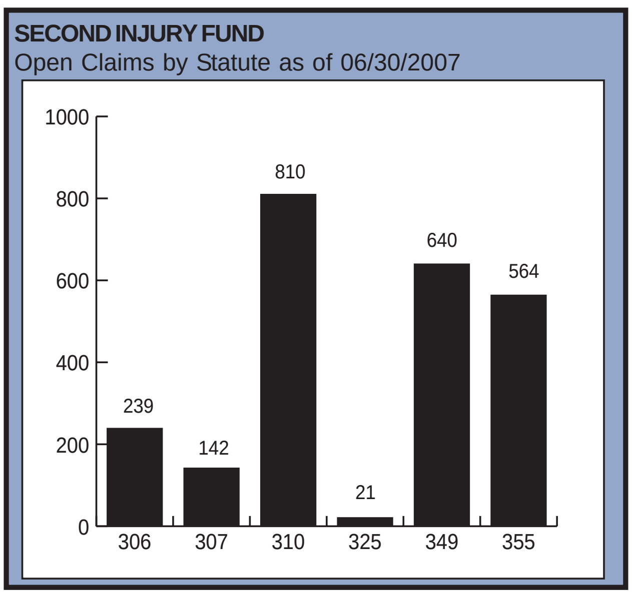


Figure 13-3



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. Earnings withdrawn for non-qualified expenses are taxable income to the account owner, and incur an additional federal tax penalty of 10 percent.

The state income tax deduction for CHET, which became effective on July 1, 2006, provides Connecticut taxpayers with the ability to deduct program contributions of up to $5,000 for single filers or $10,000 for joint filers per year from their Connecticut adjusted gross income. CHET contributions made after January 1, 2006 were eligible for this deduction. In addition, the passage of the federal 2006 Pension Protection Act made federal tax benefits permanent and settled the uncertainty regarding long term 529 plan federal tax benefits which had been set to expire on December 31, 2010.

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 five investment options: the Managed Allocation Option, the High Equity Option, the Principal Plus Interest Option, the 100% Equity Index and the 100% Fixed Income Option. These options provide Connecticut families saving for future college expenses with the flexibility to choose investment vehicles which meet their particular needs, as well as their individual tolerance for investment risk.

The program's core Managed Allocation Option offers an age based investment approach, utilizing a total of six individual age bands, structured as groups of beneficiaries born within the same three-year period. As the age band group approaches college age, each Fund's assets are moved from more aggressive to more conservative investments in accordance with the Trust's investment policy. The Managed Allocation Age Band Funds are comprised of unitized underlying investments in up to six TIAA-CREF institutional mutual funds, which as of June 30, 2007 consisted of an institutional domestic equity index fund, an international equity index fund, a bond fund, an inflation linked bond fund, a real estate securities fund and a money market fund.

The High Equity Option invests in varying percentages in TIAA-CREF institutional domestic and international equity mutual funds, and inflation linked bond and bond funds. As of June 30, 2006, the High Equity Option was comprised of the following underlying equity and fixed income funds: Institutional S&P 500 Index, Small Cap Equity, Mid Cap Value, Mid Cap Growth, International Equity Index, Inflation Linked Bond and Bond Funds.

The Principal Plus Interest Option provides a more conservative and stable offering designed for investors who for a variety of reasons and investment timelines tolerate very limited risk. 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-CREF, which offers a guarantee to the Trust of principal and an annual minimum rate of return. The guaranteed rate of return was 3.55% from July 1, 2006 to June 30, 2007, and was reset to a rate of 3.80% for the period from July 1, 2007 through June 30, 2008.

The new 100% Equity Index and 100% Fixed Income Investment Options were introduced in June 2006, and provide alternative stand alone investment choices as well as useful complements to other investment options in the program, utilizing varied combinations of many of the same underlying TIAA-CREF institutional mutual funds.

Program features include a low minimum account opening balance of $25 ($15 if using payroll deduction), and the convenience of automated payroll and bank Electronic Funds Transfers (EFT) for contributions. Account funds can be used at thousands of eligible (accredited) college and higher education institutions nationwide and abroad. The program allows for transferability of account funds to other eligible members of the original beneficiary's family without penalty. In addition, approximately 500 companies currently offer payroll deduction in the state.

The Year in Review

More Connecticut families have been saving for higher education with CHET than ever before by participating in their home state college savings program. Nearly 85% of accounts currently belong to state residents, and as of fiscal year end 2007, the number of CHET accounts grew to 66,731 accounts, from the previous fiscal year end level of 50,269. During that time, program equity of account holders grew from $704 to $954 million, an increase of $250 million. That compares with just over 4,000 accounts and $18 million in assets when the Treasurer took office in 1999.

CHET's increasingly competitive annual fees for account owners remained among the lowest offered in the country for 529 college savings plans. These annualized fees consist of underlying mutual fund expenses and program manager fees, plus a 0.01% state oversight fee. As of June 30, 2007, total fees were 0.65% of average daily net assets for all investment options, except for the Principal Plus Interest option which has a total 0.01% fee. There are no additional charges or penalties imposed by or payable to the Trustee in connection with opening or maintaining of accounts under any of the investment options.

The Managed Allocation Option remained the most actively utilized investment option in the CHET program capturing 65% of total program assets, while 21% of assets were invested in the High Equity, 11% in the Principal Plus Interest Option and 3% in the 100% Equity Index and 100% Fixed Income Options.

In June 2006, the Treasurer approved an increase in the CHET's account balance limit for contributions from its previous level of $235,000, which had remained level since program inception, to $300,000. This increased contribution limit was made to keep pace with increasing college tuition costs and has more closely aligned CHET with maximum levels in other state plans.

The State Treasurer's Office worked closely with TIAA-CREF to strengthen public awareness of the CHET program and to increase understanding of the importance of saving for college education.

As the 529 savings industry matures, competition between state sponsored programs has continued to intensify. On a national level, many advisor-sold 529 plans have been offering increased flexibility and choice of investment options similar to those traditionally offered in retirement plans, which may provide commissions to broker-dealers at the expense of 529 plan participants. While many of the indirect advisor plans have actively marketed services to predominantly upper-income individuals with limited outreach to other market segments, CHET has continued to grow as a low-cost, directly-sold product Connecticut-focused with outreach and access to all socio-economic groups, as well as an expanded array of competitive options to address consumer interests.

CHET Advisory Committee

There is a statutorily established CHET Advisory Committee, which meets annually. The Committee met on December 6, 2006.

The Connecticut Higher Education Trust Advisory Committee consists 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 accompanying statement of net assets of the Combined Investment Funds, as of June 30, 2007, and the related statements of changes in net assets for the fiscal years ended June 30, 2007 and 2006. We have audited the accompanying statement of net assets of the Short-Term Investment Fund, including the list of investments as of June 30, 2007, and the related statements of changes in net assets for the fiscal years ended June 30, 2007 and 2006. We have audited the accompanying statement of net assets of the Short-Term Plus Investment Fund, including the list of investments as of June 30, 2007, and the related statement of changes in net assets for the fiscal year ended June 30, 2007. We have audited the statements of condition of the other Non-Civil List Trust Funds as of June 30, 2007, together with the related statements of revenue and expenditures, and statements of changes in fund balance and the statements of cash flows for the other Non-Civil List Trust Funds, for the fiscal year ended June 30, 2007. We have also audited the statement of net assets of the Second Injury Fund, together with the related statements of revenues, expenses and changes in fund net assets and the statements of cash flows for the Second Injury Fund, for the fiscal years ended June 30, 2007 and 2006. We have also examined the schedules of Civil List Funds investments, as of June 30, 2007, the Civil List Funds cash receipts and disbursements for the fiscal year ended June 30, 2007, and debt outstanding, as of June 30, 2007, and changes in debt outstanding during the fiscal year ended June 30, 2007. 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, Inc. 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 did not audit the accompanying Schedules of Rates of Return for the Short-Term Investment Fund, which were examined 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 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, 2007, 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.

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, 2007, the Civil List Funds cash receipts and disbursements for the fiscal year ended June 30, 2007 and debt outstanding, as of June 30, 2007, and changes in debt outstanding during the fiscal year ended June 30, 2007, 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, 2007, the Civil List Funds cash receipts and disbursements for the fiscal year ended June 30, 2007, the balance of bonds outstanding as of June 30, 2007, and bonds issued, retired and refunded, and bond interest payments made during the year ended on that date.

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, 2007, the Civil List Funds cash receipts and disbursements for the fiscal year ended June 30, 2007, the balance of bonds outstanding as of June 30, 2007, 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 Combined Investment Funds, the Short-Term Investment Fund, the Short-Term Plus Investment Fund, the Second Injury Fund and other Non-Civil List Trust Funds as of June 30, 2007, and the results of their operations and changes in net assets for the year then ended, and the changes in fund balance for the other Non-Civil List Trust Funds and cash flows for the Second Injury Fund and the other Non-Civil List Trust Funds for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As explained in Note 1B to the financial statements of the Combined Investment Funds, the State Treasurer's policy is to present investments at fair value. The fair value of most of the assets of the Real Estate Fund, the Commercial Mortgage Fund and the Private Investment Fund 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, 2007, quarter ending estimated values adjusted for cash flows of the Funds during the subsequent quarter that affect the value at the Funds' level. Adjustments are made for underlying investments that experienced significant changes in value during the quarter, if deemed appropriate. We have reviewed the investment advisors' values, the relevant cash flows and the procedures used by the State Treasurer in reviewing the estimated values and have read underlying documentation and, in the circumstances, we believe the procedures to be reasonable and the documentation appropriate. However, because of the inherent uncertainty of valuation, those estimated values may differ significantly from the values that would have been used had a ready market for the investments existed, and the differences could be material.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The Combined Investment Funds Schedule of Net Assets by Investment Fund, Schedules of Changes in Net Assets by Investment Fund, Total Net Asset Value by Pension Plans and Trust Funds and the Schedules of Investment Activity by Pension Plan and by Trust, contained within the supplemental information section, are presented for purposes of additional analysis and are not a required part of the financial statements of the Combined Investment Funds. Such information has been subjected to the auditing procedures applied in the audit of the financial statements of the Combined Investment Funds and, in our opinion, is fairly presented in all material respects in relation to the financial statements of the Combined Investment Funds taken as a whole. The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the Management's Discussion and Analysis and express no opinion on it. The introduction section, supplemental information section and the statutory appendix have not been audited except as specifically noted in this auditors' opinion.

At the present time, a separate auditors' report is being prepared by the Auditors of Public Accounts covering the State-Wide operations of the State Treasury. This auditors' report, 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
Kevin P. Johnston
Auditor of Public Accounts

Robert G. Jaekle
Auditor of Public Accounts

Nancy Wyman
Nancy Wyman
State Comptroller

December 19, 2007
State Capitol
Hartford, Connecticut

The following *Management's Discussion and Analysis (MD&A)* provides an overview of the Annual Report of the Office of the Treasurer's financial performance for the fiscal year ended June 30, 2007. The information contained in this MD&A should be considered in conjunction with the information contained in the financial statements, notes to financial statements and the other information included in the "Supplemental Information" section of this report.

The Treasurer is the chief fiscal officer of the State of Connecticut, overseeing a wide variety of activities regarding the prudent conservation and management of State funds. These include the asset investment administration of a $25.9 billion portfolio for six State pension and eight State trust funds, a short-term investment fund approximating $5.0 billion, a short-term plus investment fund approximating $0.3 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 $954 million as of June 30, 2007.

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

The Connecticut Retirement Plans and Trust Funds fiscal 2007 performance produced a net total return (after all expenses) of 17.34% while taking on less risk than 50 percent of other funds as measured by the Trust Universe Comparison Services (TUCS). Pension and Trust assets have grown from $22.8 billion at June 30, 2006 to $25.9 billion at June 30, 2007.

The Short Term Investment Fund achieved an annual return of 5.54%, exceeding its benchmark by 40 basis points, resulting in $21 million in additional interest income for the state, state agencies and municipalities and their taxpayers. At the end of the 2007 fiscal year, the Short Term Investment Fund had more than $5.0 billion in assets under management.

The new Short Term Plus Investment Fund, at the end of the 2007 fiscal year, had $0.3 billion in assets under management.

The Treasury executed $557.8 million in refunding bond sales of General Obligation, Special Tax Obligation, and Bradley International Airport bonds with savings of $21.6 million over the life of the bonds.

The Connecticut Higher Education Trust Investments held 66,731 accounts with total assets of $954 million at the end of the 2007 fiscal year compared to 50,268 accounts and $704 million in assets in the prior fiscal year, an increase of $250 million.

The Office of the Treasurer recovered $6 million in the fiscal year from class action lawsuits.

Condensed Financial Information

Combined Investment Funds

Net Assets and Changes in Net Assets

Net Assets - The net assets of the Combined Investment Funds at the close of the 2007 fiscal year were $25.9 billion, an increase of $3.1 billion from the previous year. The change in net assets resulted from net investment income from operations of $3.9 billion partly offset by cash outflows to the Connecticut Retirement Plans and Trust Funds of $0.8 billion. As is the case with any pension fund, a portion of the total net investment income of $3.9 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.

The net assets of the Combined Investment Funds at the close of the 2006 fiscal year were $22.8 billion, an increase of $1.5 billion from fiscal year 2005. The change in net assets resulted from net investment income from operations of $2.2 billion partly offset by cash outflows to the Connecticut Retirement Plans and Trust Funds of $0.7 billion.

Operating Income – Favorable performance results achieved a positive return of 17.34%, net of all management fees and expenses, resulting in an increase in net assets from operations of $3.1 billion in the 2007 fiscal year, compared to a return of 10.55%, net of all expenses for the previous fiscal year. Returns were positive in all the Funds investment classes in fiscal year 2007 despite continuing market volatility carried over from 2006 as oil prices and interest rates continued to rise.

Favorable performance results for the 2006 fiscal year achieved a positive return of 10.55%, net of all management fees and expenses compared to a return of 10.46%, net of all expenses for the previous fiscal year. Positive returns in the Funds investment classes were realized in fiscal year 2006 despite higher market volatility as a result of higher oil prices and rising interest rates.

Table 1 - Net Assets

Assets	2007	Increase (Decrease)	2006	Increase (Decrease)	2005
Investments at Fair Value	$26,774,529,258	$3,291,631,216	$23,482,898,042	$1,909,633,425	$21,573,264,617
Cash, Receivables and Other	14,440,454,574	(1,705,448,726)	16,145,903,300	3,933,160,855	12,212,742,445
Total Assets	41,214,983,832	1,586,182,490	39,628,801,342	5,842,794,280	33,786,007,062
Liabilities	(15,286,692,899)	1,525,335,471	(16,812,028,370)	(4,325,170,910)	(12,486,857,460)
Net Assets	$25,928,290,933	$3,111,517,961	$22,816,772,972	$1,517,623,370	$21,299,149,602

Table 2 - Changes in Net Assets

Additions	2007	Increase (Decrease)	2006	Increase (Decrease)	2005
Dividends	$558,946,426	$33,380,675	$525,565,751	$25,325,909	$500,239,842
Interest	396,010,436	45,223,955	350,786,481	48,733,880	302,052,601
Securities Lending & Other Income	176,659,044	52,045,982	124,613,062	48,593,890	76,019,172
Total Investment Income	1,131,615,906	130,650,612	1,000,965,294	122,653,679	878,311,615
Total Investment Expenses	212,288,357	34,279,589	178,008,768	65,886,061	112,122,707
Net Investment Income	919,327,549	96,371,023	822,956,526	56,767,618	766,188,908
Net Realized Gain/(Loss)	1,524,106,972	638,075,498	886,031,474	187,367,321	698,664,153
Net Change in Unrealized Gains on Investments	1,472,313,628	951,883,498	520,430,130	(70,724,973)	591,155,103
Net Increase in Net Assets Resulting From Operations	3,915,748,149	1,686,330,019	2,229,418,130	173,409,966	2,056,008,164
Purchase of Units by Participants	3,643,749,793	1,813,917,880	1,829,831,913	197,508,729	1,632,323,184
Total Additions	7,559,497,942	3,500,247,899	4,059,250,043	370,918,695	3,688,331,348
Deductions					
Administrative Expenses	3,186,833	(227,947)	2,958,886	(279,238)	2,679,648
Distribution of Income to Unit Owners	911,909,883	(109,376,336)	802,533,547	57,108,208	859,641,755
Redemption of Units by Participants	3,532,883,269	(1,796,749,027)	1,736,134,242	(19,884,123)	1,716,250,119
Total Deductions	4,447,979,985	(1,906,353,311)	2,541,626,675	36,944,847	2,578,571,522
Change in Net Assets	3,111,517,957	1,593,894,589	1,517,623,368	407,863,542	1,109,759,826
Total net assets – beginning	22,816,772,976	1,517,623,374	21,299,149,602	1,109,759,826	20,189,389,780
Total net assets - ending	$25,928,290,933	$3,111,517,961	$22,816,772,972	$1,517,623,370	$21,299,149,602

Short-Term Investment Fund

Net Assets and Changes in Net Assets

Net Assets - The net assets under management in the Short-Term Investment Fund at the close of the fiscal year were $5.0 billion, a decrease of $0.4 billion from the previous year. The principal reasons for the decrease was an overall decrease of $1.1 billion in State Treasury funds partly offset by increases in State Agencies and Authorities and Municipal and Local entities STIF investments of $0.7 billion.

The net assets under management in the Short-Term Investment Fund at the close of the 2006 fiscal year were $5.4 billion, an increase of $1.1 billion from the prior year. The principal reasons for the increase was an overall increase of $0.9 billion in State Agencies and Authorities STIF investments and an increase of $0.2 billion in investments in the Fund from its municipal and local customers.

Operating Income - General financial market conditions produced an annual total return of 5.54%, net of operating expenses and allocations to Fund reserves, compared to an annual total return of 4.38%, 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 5.14%, by 40 basis points, resulting in $21 million in additional interest income for Connecticut governments and their taxpayers.

General financial market conditions produced an annual total return of 4.38%, net of operating expenses and allocations to Fund reserves in fiscal 2006, compared to an annual total return of 2.32%, 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 4.01%, by 37 basis points, resulting in $18 million in additional interest income for Connecticut governments and their taxpayers.

Table 3 - Net Assets

Assets	2007	Increase (Decrease)	2006	Increase (Decrease)	2005
Investments in Securities, at Amortized Cost	$5,015,952,438	$(426,522,038)	$5,442,474,476	$1,123,058,856	$4,319,415,620
Receivables and Other	10,514,996	525,735	9,989,261	5,001,585	4,987,676
Total Assets	5,026,467,434	(425,996,303)	5,452,463,737	1,128,060,441	4,324,403,296
Liabilities	(22,371,677)	(74,492)	(22,297,185)	(11,797,726)	(10,539,459)
Net Assets	$5,004,095,757	$(426,070,795)	$5,430,166,552	$1,116,302,715	$4,313,863,837

Table 4 - Changes in Net Assets

Additions	2007	Increase (Decrease)	2006	Increase (Decrease)	2005
Net Interest Income	$287,172,341	$69,309,063	$217,863,278	$121,249,587	$96,613,691
Net Realized Gains	237,727	184,693	53,034	53,034	-
Total Investment Income	287,410,068	69,493,756	217,916,312	121,302,621	96,613,691
Purchase of Units by Participants	13,710,346,462	402,140,035	13,308,206,427	451,051,159	12,857,155,268
Total Additions	13,997,756,530	471,633,791	13,526,122,739	572,353,780	12,953,768,959
Deductions					
Distribution of Income to Participants	282,344,750	69,698,072	212,646,678	(118,818,443)	93,828,235
Redemption of Units by Participants	14,140,262,798	1,944,420,366	12,195,842,433	178,406,500	12,374,248,933
Operating Expenses	1,219,776	(111,137)	1,330,913	(246,952)	1,083,961
Total Deductions	14,423,827,324	2,014,007,301	12,409,820,024	59,341,105	12,469,161,129
Change in Net Assets	(426,070,794)	(1,542,373,510)	1,116,302,715	631,694,885	484,607,830
Total net assets – beginning	5,430,166,552	1,116,302,715	4,313,863,837	484,607,830	3,829,256,007
Total net assets - ending	$5,004,095,758	$(426,070,795)	$5,430,166,552	$1,116,302,715	$4,313,863,837

Short-Term Plus Investment Fund

Net Assets

Net Assets - The net assets under management in the new Short-Term Plus Investment Fund at the close of the fiscal year were $0.3 billion.

Table 5 - Net Assets

Assets	2007
Investments in Securities,	
at Amortized Cost	$303,095,683
Receivables and Other	2,234,157
Total Assets	303,484,130
Liabilities	(1,352,898)
Net Assets	$303,976,942

Table 6 - Changes in Net Assets

Additions	2007
Net Interest Income	$8,806,819
Net Realized Gains	9,851
Total Investment Income	8,816,670
Purchase of Units by	
Participants	308,131,231
Total Additions	316,947,901
Deductions	
Distribution of Income to	
Participants	8,788,947
Redemption of Units by	
Participants	4,000,000
Operating Expenses	27,723
Net Change in Unrealized Loss	154,289
Total Deductions	12,970,959
Change in Net Assets	303,976,942
Total net assets – beginning	-
Total net assets - ending	$303,976,942

Connecticut Higher Education Trust

Net Assets and Changes in Net Assets

Net Assets – Net Assets of the Connecticut Higher Education Trust at the close of the current fiscal year were $954 million, an increase of $250 million from the previous year.

Net assets of the Connecticut Higher Education Trust at the close of the 2006 fiscal year were $704 million, an increase of $108 million from the previous year.

Changes in Net Assets – The change in net assets of the Connecticut Higher Education Trust due to operations increased by $250 million in fiscal year 2007 resulting from $88 million in net realized and unrealized gain on investments and net investment income and $162 million from contributions to active accounts, net of redemptions.

Net assets of the Connecticut Higher Education Trust in 2006 increased by $109 million resulting from $32 million in net realized and unrealized gain on investments and net investment income and $77 million from contributions to active accounts, net of redemptions, from the previous fiscal year.

Table 7 - Net Assets

Assets	2007	Increase (Decrease)	2006	Increase (Decrease)	2005
Investments, at Value	$953,194,656	$249,610,322	$703,584,334	$107,631,218	$595,953,116
Cash, Receivables and Other	2,473,553	1,176,170	1,297,383	391,528	905,855
Total Assets	955,668,209	250,786,492	704,881,717	108,022,746	596,858,971
Liabilities	(876,807)	339,331	(537,476)	(603,318)	(1,140,794)
Net Assets	$954,791,402	$250,447,161	$704,344,241	$108,626,064	$595,718,177

Table 8 - Changes in Net Assets

Additions	2007	Increase (Decrease)	2006	Increase (Decrease)	2005
Net investment income	$24,438,790	$5,341,351	$19,097,439	$4,419,670	$14,677,769
Net realized gain on investments	8,370,506	(17,910,875)	26,281,381	12,516,277	13,765,104
Net change in unrealized appreciation (depreciation)	55,060,385	68,770,160	(13,709,775)	(18,981,704)	5,271,929
Net Increase in Net Assets Resulting From Operations	87,869,681	56,200,636	31,669,045	(2,045,757)	33,714,802
From account owner transactions	162,577,480	85,620,461	76,957,019	(12,483,597)	89,440,616
Change in Net Assets	250,447,161	141,821,097	108,626,064	(14,529,354)	123,155,418
Total net assets – beginning	704,344,241	108,626,064	595,718,177	123,155,418	472,562,759
Total net assets - ending	$954,791,402	$250,447,161	$704,344,241	$108,626,064	$595,718,177

Second Injury Fund

Net Assets - The net assets of the Second Injury Fund (SIF) at the close of fiscal year 2007 were $57.8 million, an increase of $15.5 million from the previous year net asset balance of $42.3 million.

The net assets of the Fund at the close of previous fiscal year were $42.3 million, an increase of $15.6 million from the 2005 fiscal year net asset balance of $26.7 million.

Operating Income – The $15.5 million positive change in net assets resulted from net operating income of $12.9 million and non-operating interest income of $2.6 million.

The $15.6 million positive change in net assets in 2006 resulted from net operating income of $14.2 million and interest income of $1.3 million.

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, 2006 was $119 million, a decrease of $24 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.

The net deficit of the Special Obligation Rate Reduction Bonds presented at the close of the calendar year December 31, 2005 was $143 million, a decrease of $35 million from the prior year.

Changes in Net Assets – The total decrease in the net deficit of the Special Obligation Rate Reduction Bonds in calendar years 2006 and 2005 were 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 $189 million, an increase of $34 million from the previous year.

The net assets of the Tax Exempt Proceeds Fund at the close of the 2006 fiscal year were $155 million, an increase of $4 million from the previous year.

Changes in Net Assets – The total increase in net assets of the Tax Exempt Proceeds Fund in fiscal years 2007 and 2006 was the result of a net increase of fund investments.

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-14 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, Short-Term Plus Investment Fund, Connecticut Higher Education Trust, Special Obligation Rate Reduction Bonds, 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 and Short-Term Plus Investment Funds: 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 (STIF page F-30 and STIF Plus page F-45) 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 (STIF page F-31 and STIF Plus F-46) 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 Funds financial statements. The notes can be found on pages STIF F-32 – F-36 and STIF Plus F-47 - F-50 of this report.

Civil And Non-Civil List Trust Funds: The Civil List Pension and Trust Funds schedule (page F-53) includes all cash and investment balances, and activity for the fiscal year 2007. The Non-Civil List Trust Funds Financial Statements (page F-54) 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-57 of this report.

Connecticut Higher Education Trust: The Statement of Assets and Liabilities and Statement of Operations (pages F-65 – F-66) are two financial statements that report information about the Connecticut Higher Education Trust Program as of June 30, 2007 and June 30, 2006.

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-68 – F-70 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-72 – F-74) 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-75 – F-78 of this report.

Tax Exempt Proceeds Fund: The Statement of Assets and Liabilities, Statement of Operations and Statement of Changes in Net Assets (pages F-80 – F-89) 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-90 – F-91 of this report.

The Second Injury Fund: The Statement of Net Assets and Statement of Revenues, Expenses and Changes in Fund Balance (pages F-58 and F-59) 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-61 – F-64 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, 2007, the Combined Investment Funds reported investment balances of $25.9 billion. The Short-Term Investment Fund reported a fund balance of $5.0 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 $3.1 billion, as a result of earning net investment income from operations of $3.9 billion partly offset by cash outflows to the Connecticut Retirement Plans and Trust Funds of $0.8 billion. The value of the fund portfolio rose from $22.8 billion to $25.9 billion. Favorable performance results produced a positive return of 17.34%, net of all expenses, compared to a return of 10.55%, 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 decreased during the fiscal year by $0.4 billion principally from a $1.1 billion decrease in STIF investments from State

Treasury funds partly offset by increases in Agencies and Authorities funds of $0.7 billion. STIF produced an annual total return of 5.54%, net of operating expenses and allocations to Fund reserves, compared to an annual total return of 4.38%, net of operating expenses and allocations to Fund reserves in the previous fiscal year. The total annual return of 5.54 percent in STIF exceeded its primary benchmark by 40 basis points, resulting in $21 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.

Short-Term Plus Investment Fund Highlights

The Short-Term Plus Investment Fund is a money market and short-term bond investment pool serving the State and State agencies, authorities, municipalities and other public subdivisions of the State. The total fund balance during the fiscal year was $0.3 billion from State Treasury funds.

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, 2007, the State had $14.2 billion in bonds and notes outstanding versus $14.1 billion at June 30, 2006, an increase of $0.1 billion. Outstanding debt at June 30, 2007 was issued to fund local school construction projects, state grants and economic development initiatives, Clean Water Fund loans, and the UCONN 2000 program.

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

Outstanding Debt as of June 30,

Bond Type	2007	Increase (Decrease)	2006	Increase (Decrease)	2005
General obligation –					
Tax supported	$9,330,152,163	$368,535,691	$8,961,616,472	$317,477,583	$8,644,138,889
Revenue supported	3,371,124	(1,245,000)	4,616,124	(1,755,000)	6,371,124
Transportation	1,327,413	(609,163)	1,936,576	(530,000)	2,466,576
Economic Recovery Notes	-	(146,090,000)	146,090,000	(63,470,000)	209,560,000
Special Tax Obligation	2,815,134,000	(265,963,825)	3,081,097,825	(20,420,000)	3,101,517,825
Bradley International Airport	217,945,000	(8,430,000)	226,375,000	(10,140,000)	236,515,000
Clean Water Fund	650,340,000	115,025,000	535,315,000	(36,225,000)	571,540,000
UCONN 2000	823,132,147	32,485,000	790,647,147	22,880,000	767,767,147
CDA Increment Financing	34,825,000	7,955,000	26,870,000	(1,800,000)	28,670,000
CDA Government					
Lease revenue	4,660,000	(515,000)	5,175,000	(485,000)	5,660,000
CHEFA Childcare					
Facilities program	54,625,000	18,050,000	36,575,000	(845,000)	37,420,000
Bradley Parking operations	47,665,000	(2,210,000)	49,875,000	(2,040,000)	51,915,000
CT Juvenile Training school	17,345,000	(390,000)	17,735,000	(375,000)	18,110,000
Special Obligation Rate					
Reduction Bonds	125,375,000	(27,785,000)	153,160,000	(26,605,000)	179,765,000
CCEDA Bonds	85,735,000	(1,065,000)	86,800,000	14,300,000	72,500,000
Total	$14,211,631,847	$87,747,703	$14,123,884,144	$189,967,583	$13,933,916,561

During fiscal year 2007, the State issued $1.4 billion in new bonds to fund state programs and issued refunding bonds totaling $0.56 billion to refinance amounts outstanding on previously issued bonds as interest rates continued at relatively low levels during the year saving taxpayers about $21.6 million in interest costs. Using surplus funds, the remaining Economic Recovery Notes were redeemed resulting in savings to taxpayers of over $6 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

The State's economic performance in fiscal 2007 sustained the prosperous level of the previous fiscal year, as the national and state economy continued at a healthy pace. General Fund revenue for FY2007 resulted in a fund balance of approximately $1.1 billion, primarily on income taxes paid by workers and investors which grew by 9.6 percent in fiscal 2007. The General Assembly appropriated $790 million of the surplus mainly to create new programs and the remaining $270 million will be deposited into the state's emergency Rainy Day Fund, bringing the fund to approximately $1.3 billion.

The Governor's Economic Report on Connecticut's outlook remains optimistic as Connecticut has hit a new record high for jobs. Total (non farm) employment in Connecticut set a new record in September 2007 exceeding the 1.7 million employment set in July 2000. The state's economy continues to grow and add jobs. Job growth in professional and business services along with educational and health services and government more than offset small declines in the construction industry and the manufacturing sector, attributable to declines in new housing starts throughout the state. The state is projected to continue to gain over 11,000 jobs over the next several years. Yet, higher energy costs, rising inflation, consumer debt, and weakness in housing sales could potentially affect the states and the national economies.

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, 2007

	TOTAL
ASSETS	
Investments in Securities, at Fair Value	
Cash Reserve Fund	$ -
Cash Equivalents	1,590,061,034
Asset Backed Securities	308,135,475
Government Securities	1,703,293,839
Government Agency Securities	2,304,336,793
Mortgage Backed Securities	1,092,755,342
Corporate Debt	1,919,344,710
Convertible Securities	29,186,311
Common Stock	15,172,548,750
Preferred Stock	115,590,376
Real Estate Investment Trust	164,255,624
Mutual Fund	433,910,162
Limited Liability Corporation	4,289,757
Trusts	7,147,382
Limited Partnerships	1,929,672,737
Annuities	966
Total Investments in Securities, at Fair Value	26,774,529,258
Cash	48,675,567
Receivables	
Foreign Exchange Contracts	9,939,569,546
Interest Receivable	85,728,133
Dividends Receivable	19,438,891
Due from Brokers	727,811,747
Foreign Taxes	4,080,116
Securities Lending Receivable	1,272,736
Reserve for Doubtful Receivables	(12,005,169)
Total Receivables	10,765,896,000
Invested Securities Lending Collateral	3,622,298,350
Prepaid Expenses	3,584,657
Total Assets	41,214,983,832
LIABILITIES	
Payables	
Foreign Exchange Contracts	9,901,646,831
Due to Brokers	1,751,561,508
Other Payable	17,819
Income Distribution	1,276,217
Total Payables	11,654,502,375
Securities Lending Collateral	3,622,298,350
Accrued Expenses	9,892,174
Total Liabilities	15,286,692,899
NET ASSETS	$ 25,928,290,933

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, 2007

		TOTAL
ADDITIONS		
OPERATIONS		
Investment Income		
Dividends	$	558,946,426
Interest		396,010,436
Other Income		6,960,432
Securities Lending		169,698,612
Total Income		1,131,615,906
Investment Expenses		
Investment Advisory Fees		50,980,419
Custody and Transfer Agent Fees		117,898
Professional Fees		2,172,365
Security Lending Fees		2,477,375
Security Lending Rebates		156,259,586
Investment Expenses		280,714
Total Investment Expenses		212,288,357
Net Investment Income		919,327,549
Net Realized Gain (Loss)		1,524,106,972
Net Change in Unrealized Gain/(Loss) on Investments and Foreign Currency		1,472,313,628
Net Increase (Decrease) in Net Assets Resulting from Operations		3,915,748,149
Unit Transactions		
Purchase of Units by Participants		3,643,749,793
TOTAL ADDITIONS		7,559,497,942
DEDUCTIONS		
Administrative Expenses:		
Salary and Fringe Benefits		(3,186,833)
Distributions to Unit Owners:		
Income Distributed		(911,909,883)
Unit Transactions		
Redemption of Units by Participants		(3,532,883,269)
TOTAL DEDUCTIONS		(4,447,979,985)
CHANGE IN NET ASSETS		3,111,517,957
Net Assets- Beginning of Period		22,816,772,976
Net Assets- End of Period	$	25,928,290,933

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, 2006

	TOTAL
ADDITIONS	
OPERATIONS	
Investment Income	
Dividends	$ 525,565,751
Interest	350,786,481
Other Income	2,466,219
Securities Lending	122,146,843
Total Income	1,000,965,294
Investment Expenses	
Investment Advisory Fees	64,365,142
Custody and Transfer Agent Fees	96,982
Professional Fees	1,960,211
Security Lending Fees	2,406,733
Security Lending Rebates	108,848,718
Other Investment Expenses	330,982
Total Investment Expenses	178,008,768
Net Investment Income	822,956,526
Net Realized Gain (Loss)	886,031,474
Net Change in Unrealized Gain/(Loss) on Investments and Foreign Currency	520,430,130
Net Increase (Decrease) in Net Assets Resulting from Operations	2,229,418,130
Unit Transactions	
Purchase of Units by Participants	1,829,831,913
TOTAL ADDITIONS	4,059,250,043
DEDUCTIONS	
Administrative Expenses:	
Salary and Fringe Benefits	(2,958,886)
Distributions to Unit Owners:	
Income Distributed	(802,533,547)
Unit Transactions	
Redemption of Units by Participants	(1,736,134,242)
TOTAL DEDUCTIONS	(2,541,626,675)
CHANGE IN NET ASSETS	1,517,623,368
Net Assets- Beginning of Period	21,299,149,602
Net Assets- End of Period	$ 22,816,772,972

The accompanying notes are an integral part of these 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

There were no relevant new pronouncements for the fiscal year ending June 30, 2007.

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, 2007, the Fund held MBSs of $979,447,824 and ABSs of $165,135,475.

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, 2007 the Fund's holdings had a fair value of $1.2 million and a cost of $34.9 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. At June 30, 2007 one partnership is being reported at cost. 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, 2007, 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 $9.7 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, 2007, 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 $93.2 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, 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, 2007, 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 underlying holdings of the Private Investment Fund and the Real Estate Fund held currency exchange contracts and swaps. 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, 2007:

	Netted	Capitalized	Expensed	Total
Private Investment Fund	$ 10,476,253	$ 12,412,301	$3,637,161	$ 26,525,715

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 Fund's share of such net realized gains for the fiscal year ended June 30, 2007 totaled $200,646,282 and was recorded as dividends on the Statement of Changes in Net Assets.

The Private Investment Fund recorded write downs in various underlying holdings. The amounts of such write downs properly reflect that impaired investments are realized in the year losses become apparent. Approximately $204,363,047 was recorded as a realized loss on the Statement of Changes in Net Assets.

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 loss for such transactions for the fiscal year ended June 30, 2007 were $7,557,848.

The Mutual Equity 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, 2007 totaled $353.

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, 2007 totaled $1,881,423.

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, 2007 totaled $982,131.

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, 2007:

	Netted	Capitalized	Expensed	Total
Real Estate Fund	$ 5,192,146	$ 2,810,257	$ 721,844	$ 8,724,247

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, 2007, the reported amount of Funds deposits were $48,675,567 and the bank balance was $48,675,567. Of the bank amount, $48,675,567 was uncollateralized and uninsured. Through the Securities Lending Program $3,777,223,233 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 minimizes 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 2007 fiscal year.

The Funds concentration of credit risk is the risk attributed to the magnitude of an investment in a single issuer. There can be no more than 5% of the total portfolio market value invested in securities excluding Government Securities and Government Agency Securities. As of June 30, 2007 the Fund did not hold any such securities in excess of 5%.

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	$4,200,344,500	$ 698,054	$301,577,029	$1,512,888,241	$1,333,416,739	$841,452,229	$210,312,208	$ -	$ -
Aa	518,160,785	-	-	16,084,610	-	1,553,508	500,288,649	234,018	-
A	248,951,649	-	238,320	11,775,184	-	1,679,750	234,446,214	812,181	-
Baa	453,794,952	-	2,948,166	50,286,132	-	13,264,446	387,296,208		-
Ba	156,803,070	-	-	44,730,210	-	3,356,734	107,991,976	724,150	-
B	286,242,355	-	-	25,316,857	-	-	259,692,686	1,232,812	-
Caa	81,117,819	-	-	-	-	8,066,205	65,773,102	7,278,512	-
Ca	138,380	-	-	-	-	138,380	-	-	-
C	1,127,306	-	-	-	-	1,127,306	-	-	-
Prime 1	705,829,319	670,829,319	-	-	-	-	35,000,000	-	-
Not Rated	2,557,137,894	918,533,661	3,371,960	42,212,605	970,920,054	222,116,784	118,543,667	18,904,638	262,534,525
	$9,209,648,029	$1,590,061,034	$308,135,475	$ 1,703,293,839	$2,304,336,793	$1,092,755,342	$1,919,344,710	$29,186,311	$262,534,525

NOTES TO FINANCIAL STATEMENTS (Continued)

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	$18,503,499
Government Agency Securities	25,032,846
U.S. Corporate Stock	62,335,711
International Equity	57,129,331
Collateral Securities held by Investment Pools under Securities Lending Arrangements:	
Other	586,765,205
Corporate Debt	3,027,456,641
Total	$3,777,223,233

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 Brothers 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	$ 1,590,061,034	$1,459,507,338	$125,996,831	$ -	$4,556,865
Asset Backed Securities	308,135,475	-	287,190,037	20,377,477	567,961
Government Securities	1,703,293,839	20,095,867	600,215,782	468,767,343	614,214,847
Government Agency Securities	2,304,336,793	192,874	24,608,065	58,072,224	2,221,463,630
Mortgage Backed Securities	1,092,755,342	10,514,790	15,062,524	60,972,693	1,006,205,335
Corporate Debt	1,919,344,710	214,699,669	725,384,081	532,517,039	446,743,921
Convertible Debt	29,186,311	3,763,266	19,465,664	3,264,612	2,692,769
Mutual Fund	262,534,525	-	-	-	262,534,525
	$9,209,648,029	$1,708,773,804	$ 1,797,922,984	$1,143,971,388	$4,558,979,853

Exposure to foreign currency risk results from investments 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, managers 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	Mutual Funds	Corporate Debt	Convertible Securities	Common Stock	Preferred Stock	Real Estate Investment Trust
Argentine Peso	$536,583	$39,833	$ -	$ -	$ -	$ -	$496,750	$ -	$ -
Australian Dollar	179,678,868	2,026,026	-	-	-	-	177,652,842	-	-
Brazilian Real	86,116,317	249,106	-	-	5,432,765	-	23,481,214	56,953,232	-
Canadian Dollar	24,011,077	41,442	-	-	1,143,136	-	22,826,499	-	-
Chilean Peso	2,246,118	28,025	-	-	-	-	1,835,071	383,022	-
Czech Koruna	7,415,979	174,464	-	-	-	-	7,241,515	-	-
Danish Krone	32,624,979	278,918	-	-	395	-	32,345,666	-	-
Egyptian Pound	113,460	424	-	-	-	-	113,036	-	-
Euro Currency	1,677,517,436	3,651,678	22,820,221	1,492,529	500,250	494,775	1,617,297,334	31,260,649	-
Hong Kong Dollar	192,958,420	1,374,316	-	-	-	-	191,278,949	-	305,155
Hungarian Forint	20,371,939	91,992	-	-	-	-	20,279,947	-	-
Indonesian Rupiah	15,474,484	86,321	-	-	859,684	-	14,528,479	-	-
Israeli Shekel	10,361,312	-	-	-	-	-	10,361,312	-	-
Japanese Yen	977,374,499	17,107,088	10,637,200	-	3,207,088	1,242,735	944,250,925	-	929,463
Malaysian Ringgit	71,676,486	(126,637)	-	-	-	-	71,803,123	-	-
Mexican Peso	43,273,694	600,795	13,984,185	-	-	-	28,688,714	-	-
New Taiwan Dollar	101,581,656	528,189	-	-	-	-	101,053,467	-	-
New Turkish Dollar	24,367,249	355	-	-	-	-	24,366,894	-	-
New Zealand Dollar	8,651,137	1,736,243	-	-	3,931,982	-	2,982,912	-	-
Norwegian Krone	39,191,926	192,424	-	-	-	-	38,999,502	-	-
Pakistan Rupee	6,141	6,141	-	-	-	-	-	-	-
Peruvian Nouveau Sol	513,220	-	-	-	-	-	513,220	-	-
Philippine Peso	16,130,013	32,904	-	-	-	-	16,097,109	-	-
Polish Zloty	32,918,621	59,870	-	-	-	-	32,858,751	-	-
Pound Sterling	879,240,961	5,174,654	-	-	12,389,095	-	849,712,715	-	11,964,497
Singapore Dollar	81,733,662	3,365,114	5,178,855	-	7,766,949	-	62,074,984	-	3,347,760
South African Rand	53,259,473	586	-	-	-	-	53,258,887	-	-
South Korean Won	382,900,332	1,826,956	-	-	-	-	356,876,368	24,197,008	-
Swedish Krona	121,036,792	2,206,535	-	-	-	-	118,830,257	-	-
Swiss Franc	317,655,982	857,944	-	-	-	-	316,798,038	-	-
Thailand Baht	40,993,115	(26,808)	-	-	-	-	41,019,923	-	-
	$5,441,931,931	$41,584,898	$52,620,461	$1,492,529	$35,231,344	$1,737,510	$5,179,924,403	$112,793,911	$16,546,875

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, 2007, 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, 2007, 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, 2007 were $3,793,859,684 and $ 3,691,664,498 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, 2007 was 70 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, 2007:

Fund	Fair Value of Collateral	Fair Value of Securities Lent
Mutual Equity	$ 1,595,644,090	$ 1,544,003,572
International Stock	761,549,605	728,112,328
Mutual Fixed Income	1,448,681,974	1,419,548,598
Total	$ 3,805,875,669	$ 3,691,664,498

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	$114,041,272	$ 588,404,024	$ 702,445,296
International Stock	226,722,261	1,169,789,564	1,396,511,825
Mutual Fixed Income	246,001,672	1,269,263,053	1,515,264,725
Total	$586,765,205	$3,027,456,641	$3,614,221,846

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, 2007, the aggregate cost of purchases and proceeds from sales of investment securities (excluding all U.S. Government securities and short-term securities) were as follows:

Fund	Purchases	Sales
Mutual Equity	$ 4,574,874,391	$ 5,160,240,973
Mutual Fixed Income	21,141,116,569	20,178,797,186
International Stock	5,271,583,864	6,086,453,185
Real Estate	297,511,649	71,721,517
Commercial Mortgage	-	-
Private Investment	337,038,766	12,683,010

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, 2007, 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	$ 2,433,834,430	$ 251,364,724	$ 2,182,469,706
Mutual Fixed Income	110,878,792	177,444,412	(66,565,620)
International Stock	1,712,839,923	66,124,581	1,646,715,342
Real Estate	66,457,991	20,228,564	46,229,427
Commercial Mortgage	407,839	-	407,839
Private Investment	119,502,287	220,595,339	(101,093,052)

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, 2007, 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	$ 232,357,521	$ 6,084,213
Brazilian Real	948,429	3,842
Canadian Dollar	68,622,157	2,277,192
Danish Krone	8,325,582	3,555
Euro Currency	1,058,072,567	5,596,892
Hong Kong Dollar	40,059,787	(38,011)
Indonesian Rupiah	248,691	103
Japanese Yen	857,238,080	(15,659,358)
Malaysian Ringgit	612,409	(300)
New Zealand Dollar	40,829,585	832,938
Norwegian Krone	11,675,122	121,848
Philippine Peso	85,658	123
Polish Zloty	9,960	6,353
Pound Sterling	346,636,467	7,221,290
Singapore Dollar	128,996,646	(566,751)
South Korean Won	34,557,867	138,955
Swedish Krona	168,356,034	(731,740)
Swiss Franc	210,712,442	1,626,208
Thailand Baht	116,179	(252)
	$ 3,208,461,183	**$ 6,917,100**
Contracts to Sell:		
Australian Dollar	$ 151,678,353	$ (1,968,669)
Brazilian Real	35,980	(97)
Canadian Dollar	413,220	(1,171)
Danish Krone	20,031,775	(46,372)
Euro Currency	2,203,011,260	(13,124,212)
Hong Kong Dollar	90,671,878	155,536
Japanese Yen	2,216,621,821	57,249,730

Malaysian Ringgit	1,055,726	(4,212)
New Zealand Dollar	14,906,093	(484,043)
Norwegian Krone	22,652,266	(352,179)
Philippine Peso	40,610	(114)
Pound Sterling	936,721,427	(9,721,135)
Singapore Dollar	209,028,638	308,136
South Korean Won	87,809,657	(801,064)
Swedish Krona	222,062,320	(1,174,654)
Swiss Franc	381,553,589	2,382,658
Thailand Baht	98,318	(162)
	6,558,392,931	**32,417,976**
Total	**$ 9,766,854,114**	**$ 39,335,076**

Financial Statement Amounts:

	Receivable	Payable	Net
FX Value	$9,766,854,114	$9,766,854,114	$ -
Unrealized Gain/(Loss)	6,917,100	32,417,976	39,335,076
Net	$ 9,773,771,214	$9,734,436,138	$ 39,335,076

Mutual Fixed Income Fund:

Foreign Currency	Value	Unrealized Gain/(Loss)
Contracts to Buy:		
Australian Dollar	$ 30,965,502	$ 19,550
Czech Koruna	-	(6,746)
Euro Currency	31,149,316	162,648
Hungarian Forint		15,240
Mexican Peso	3,765,681	(22,804)
New Taiwan Dollar	1,695,331	21,586
Polish Zloty	-	45,928
South Korean Won	3,377,801	18,024
	70,953,631	**253,426**
Contracts to Sell:		
Australian Dollar	29,749,720	(1,235,332)
Euro Currency	57,383,507	(166,764)
Mexican Peso	3,637,691	(28,445)
New Zealand Dollar	3,668,604	(235,109)
South Korean Won	151,753	(137)
	94,591,275	**(1,665,787)**
Total	**$165,544,906**	**$(1,412,361)**

Financial Statement Amounts:

	Receivable	Payable	Net
FX Value	$165,544,906	$ 165,544,906	$ -
Unrealized Gain/(Loss)	253,426	(1,665,787)	(1,412,361)
Net	$ 165,798,332	$ 167,210,693	$(1,412,361)

The net unrealized gain has been included in the Statement of Changes in Net Assets 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, 2007, were as follows:

Fund	Total Commitment	Cumulative Amounts Funded	Unfunded Commitment
Real Estate	$ 1,101,684,364	$ 733,080,080	$ 368,604,284
Private Investment	4,849,885,729	3,519,566,543	1,330,319,186

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 7: SUBSEQUENT EVENTS

Subsequent to June 30, 2007, the Investment Advisory Council adopted changes to the Investment Policy Statement. Those changes included the following:

- The addition of the Liquidity Fund which will replace the Cash Reserve Fund
- The addition of the Alternative Investment Fund
- The division of the International Stock Fund into: Developed Markets International Stock Fund and the Emerging Markets International Stock Fund
- The division of the Mutual Fixed Income Fund into: Core Fixed Income Fund, Inflation Linked Bond Fund, Emerging Market Debt Fund and High Yield Investment Fund.

Public Act 07-186, An Act Concerning Adequate Fund of Teachers Retirement System was signed into law on July 10, 2007. With the passage of this and pending the State Bond Commission's approval, the Teacher's Retirement Fund could receive a contribution up to a maximum of $2 billion from the issuance of the Pension Obligation Bonds.

NOTE 8: COST BASIS OF INVESTMENTS

The aggregate cost values of investments in the Funds are as follows at June 30, 2007:

	CASH RESERVE FUND	MUTUAL EQUITY FUND	MUTUAL FIXED INCOME FUND	INTERNATIONAL STOCK FUND	REAL ESTATE FUND	COMMERCIAL MORTGAGE FUND	PRIVATE INVESTMENT FUND
Investments in Securities, at Cost							
Cash Reserve Fund	$ -	$65,382,302	$1,669,622,150	$74,600,248	$153,170,413	$141,162	$147,429,572
Cash Equivalents	1,584,806,115	-	697,661	4,560,528	-	-	-
Asset Backed Securities	143,000,000	-	166,066,874	-	-	-	-
Government Securities	-	-	1,716,006,502	-	-	-	-
Government Agency Securities	76,610,835	-	2,260,181,713	-	-	-	-
Mortgage Backed Securities	112,947,987	-	1,029,293,886	-	-	359,531	-
Corporate Debt	429,278,605	-	1,498,033,929	880,685	-	-	-
Convertible Securities	-	-	33,367,155	1,197,591	-	-	-
Common Stock	-	7,428,843,788	8,356,306	4,024,218,141	-	6,854,928	-
Preferred Stock	-	-	2,094,347	54,805,033	-	-	-
Real Estate Investment Trust	-	133,843,295	299,200	14,362,136	-	-	-
Mutual Fund	-	134,018	220,489,814	118,874,110	-	-	-
Limited Liability Corporation	-	-	-	-	-	-	10,277,429
Trusts	-	-	-	-	8,731,427	-	-
Limited Partnerships	-	100,615	-	-	476,609,896	-	1,500,181,535
Partnerships	-	-	-	-	-	-	-
Annuities	-	-	-	-	-	-	-
Total Investments in Securities, at cost	$2,346,643,542	$ 7,628,304,018	$8,604,509,537	$4,293,498,472	$638,511,736	$7,355,621	$1,657,888,536

COMBINED INVESTMENT FUNDS

SUPPLEMENTAL SCHEDULE OF FINANCIAL HIGHLIGHTS

	MUTUAL EQUITY FISCAL YEAR ENDED JUNE 30,					PRIVATE INVESTMENT FISCAL YEAR ENDED JUNE 30,				
	2007	2006	2005	2004	2003	2007	2006	2005	2004	2003
PER SHARE DATA										
Net Asset Value- Beginning of Period	$933.70	$858.25	$807.00	$677.92	$685.11	$55.35	$57.45	$65.23	$65.27	$86.33
INCOME FROM INVESTMENT OPERATIONS										
Net Investment Income (Loss)	18.04	13.66	12.76	11.50	8.82	8.47	8.69	8.09	12.98	10.40
Net Gains or (Losses) on Securities (Both Realized and Unrealized)	151.06	74.43	51.57	128.78	(7.59)	1.29	(2.45)	(2.96)	(1.69)	(19.74)
Total from Investment Operations	169.10	88.09	64.33	140.28	1.23	9.76	6.24	5.13	11.29	(9.34)
LESS DISTRIBUTIONS										
Dividends from Net Investment Income	(17.64)	(12.64)	(13.08)	(11.20)	(8.42)	(8.68)	(8.34)	(12.91)	(11.33)	(11.72)
Net Asset Value - End of Period	$1,085.16	$933.70	$858.25	$807.00	$677.92	$56.43	$55.35	$57.45	$65.23	$65.27
TOTAL RETURN	**18.24%**	**10.27%**	**8.06%**	**20.84%**	**0.48%**	**19.56%**	**11.74%**	**9.58%**	**20.21%**	**-11.94%**
RATIOS										
Net Assets - End of Period ($000,000 Omitted)	$9,818	$8,982	$8,275	$7,781	$6,599	$1,564	$1,360	$1,441	$1,785	$1,848
Ratio of Expenses to Average Net Assets (excl. sec. lending fees & rebates)	0.12%	0.32%	0.30%	0.11%	0.23%	0.36%	0.43%	0.36%	0.65%	0.40%
Ratio of Expenses to Average Net Assets	0.75%	0.66%	0.44%	0.16%	0.28%	na	na	na	na	na
Ratio of Net Investment Income (Loss) to Average Net Assets	1.83%	1.53%	1.53%	1.55%	1.29%	14.97%	15.32%	12.87%	20.36%	13.69%

	INTERNATIONAL STOCK FISCAL YEAR ENDED JUNE 30,					MUTUAL FIXED INCOME FISCAL YEAR ENDED JUNE 30,				
	2007	2006	2005	2004	2003	2007	2006	2005	2004	2003
PER SHARE DATA										
Net Asset Value- Beginning of Period	$347.57	$282.09	$241.09	$188.61	$206.47	$112.04	$116.37	$113.15	$115.58	$109.21
INCOME FROM INVESTMENT OPERATIONS										
Net Investment Income (Loss)	9.09	7.91	5.73	4.50	3.60	6.23	5.92	5.50	6.95	5.70
Net Gains or (Losses) on Securities (Both Realized and Unrealized)	92.81	64.29	40.22	51.38	(18.00)	1.53	(4.98)	3.09	(3.89)	6.41
Total from Investment Operations	101.90	72.20	45.95	55.88	(14.40)	7.76	0.94	8.59	3.06	12.11
LESS DISTRIBUTIONS										
Dividends from Net Investment Income	(7.00)	(6.72)	(4.95)	(3.40)	(3.46)	(5.27)	(5.27)	(5.37)	(5.49)	(5.74)
Net Asset Value - End of Period	$442.47	$347.57	$282.09	$241.09	$188.61	$114.53	$112.04	$116.37	$113.15	$115.58
TOTAL RETURN	**29.65%**	**25.69%**	**19.23%**	**29.69%**	**-6.39%**	**6.92%**	**0.77%**	**7.70%**	**2.79%**	**12.03%**
RATIOS										
Net Assets - End of Period ($000,000 Omitted)	$6,021	$5,357	$4,489	$4,003	$2,034	$7,594	$6,419	$6,280	$5,849	$6,610
Ratio of Expenses to Average Net Assets (excl. sec. lending fees & rebates)	0.52%	0.53%	0.60%	0.62%	0.61%	0.13%	0.13%	0.11%	0.14%	0.15%
Ratio of Expenses to Average Net Assets	1.19%	1.19%	0.92%	0.76%	0.77%	1.01%	0.90%	0.53%	0.28%	0.34%
Ratio of Net Investment Income (Loss) to Average Net Assets	2.42%	2.51%	2.25%	2.37%	1.82%	5.19%	5.19%	4.70%	5.12%	5.07%

	COMMERCIAL MORTGAGE FISCAL YEAR ENDED JUNE 30,					REAL ESTATE FISCAL YEAR ENDED JUNE 30,				
	2007	2006	2005	2004	2003	2007	2006	2005	2004	2003
PER SHARE DATA										
Net Asset Value- Beginning of Period	$59.31	$58.76	$62.75	$73.39	$67.71	$56.53	$62.31	$52.76	$57.53	$61.42
INCOME FROM INVESTMENT OPERATIONS										
Net Investment Income (Loss)	4.18	5.41	6.13	6.63	8.39	0.81	0.86	0.82	2.22	2.95
Net Gains or (Losses) on Securities (Both Realized and Unrealized)	(0.88)	(0.10)	(2.99)	(1.11)	4.68	6.98	2.84	12.83	(1.94)	(1.08)
Total from Investment Operations	3.30	5.31	3.14	5.52	13.07	7.79	3.70	13.65	0.28	1.87
LESS DISTRIBUTIONS										
Dividends from Net Investment Income	(7.75)	(4.76)	(7.13)	(16.16)	(7.39)	(9.22)	(9.48)	(4.10)	(5.05)	(5.76)
Net Asset Value - End of Period	$54.86	$59.31	$58.76	$62.75	$73.39	$55.10	$56.53	$62.31	$52.76	$57.53
TOTAL RETURN	**8.17%**	**9.69%**	**6.95%**	**7.87%**	**20.62%**	**14.21%**	**7.09%**	**27.74%**	**0.67%**	**3.30%**
RATIOS										
Net Assets - End of Period ($000,000 Omitted)	$8	$18	$20	$36	$72	$686	$399	$400	$369	$426
Ratio of Expenses to Average Net Assets (excl. sec. lending fees & rebates)	0.82%	1.03%	0.94%	0.62%	0.60%	0.25%	0.41%	0.39%	0.40%	0.35%
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	5.65%	9.23%	10.19%	7.79%	11.92%	1.45%	1.39%	1.43%	4.22%	1.40%

Source: Amounts were derived from custodial records.

SHORT-TERM INVESTMENT FUND

STATEMENT OF NET ASSETS
JUNE 30, 2007

	June 30, 2007
ASSETS	
Investment in Securities, at Amortized Cost (Note 7)	$ 5,015,952,438
Accrued Interest and Other Receivables	10,401,990
Prepaid Assets	113,006
TOTAL ASSETS	$ 5,026,467,434
LIABILITIES	
Distribution Payable	22,370,026
Interest Payable	1,651
TOTAL LIABILITIES	$ 22,371,677
NET ASSETS	$ 5,004,095,757

See accompanying Notes to the Financial Statements.

STATEMENTS OF CHANGES IN NET ASSETS
FOR THE FISCAL YEARS ENDED JUNE 30, 2007 AND JUNE 30, 2006

	2007	2006
ADDITIONS		
Operations		
Interest Income	$ 287,172,341	$ 217,863,278
Interest Expense on Reverse Repurchase Agreements	-	-
Net Investment Income	287,172,341	217,863,278
Net Realized Gains	237,727	53,034
Net Increase in Net Assets Resulting from Operations	287,410,068	217,916,312
Share Transactions at Net Asset Value of $1.00 per Share		
Purchase of Units	13,710,346,462	13,308,206,427
TOTAL ADDITIONS	**13,997,756,530**	**13,526,122,739**
DEDUCTIONS		
Distribution to Participants (Notes 2 & 6)		
Distributions to Participants	(282,344,750)	(212,646,678)
Total Distributions Paid and Payable	(282,344,750)	(212,646,678)
Share Transactions at Net Asset Value of $1.00 per Share		
Redemption of Units	(14,140,262,799)	(12,195,842,433)
Operations		
Operating Expenses	(1,219,776)	(1,330,913)
TOTAL DEDUCTIONS	**(14,423,827,325)**	**(12,409,820,024)**
CHANGE IN NET ASSETS	**(426,070,795)**	**1,116,302,715**
Net Assets		
Beginning of Year	5,430,166,552	4,313,863,837
End of Year	$ 5,004,095,757	$ 5,430,166,552

See accompanying Notes to the Financial Statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1: INTRODUCTION AND BASIS OF PRESENTATION

The Short-Term Investment Fund ("STIF" or the "Fund") is a money market investment pool managed by the Treasurer of the State of Connecticut. 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.

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.

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 current distribution to shareholders. 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 Participants with Units Outstanding.

As of June 30, 2007, the balance in the Designated Surplus Reserve was $51,270,374, an increase of $3,845,542 from the June 30, 2006 balance of $47,424,832.

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, 2007. 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, certificates of deposit in the Short-Term Investment Fund totaled $980.9 million. Of that amount, $885,500,000 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, 2007 the weighted average maturity of the STIF was 50 days. The breakdown of the STIF's maturity profile is outlined below.

Investments	Amortized Cost	Investment Maturity in Years: Less than One	Investment Maturity in Years: One - Five
Deposit Instruments:			
Fixed	$950,000,000	$950,000,000	
Callable-Fixed	30,900,000	30,900,000	
Corporate Notes	54,999,813	54,999,813	
Asset-Backed CP:			
Multi-Seller	549,267,583	549,267,583	
Secured Liquidity Notes	1,922,122,415	1,922,122,415	
Securities-Backed	561,459,371	561,459,371	
Floating Rate Notes	748,505,043	80,789,206	667,715,837
Repurchase Agreements	198,698,000	198,698,000	
Money Market Funds	213	213	
Total	**$5,015,952,438**	**$4,348,236,601**	**$667,715,837**

Additionally, STIF is allowed by policy to invest in floating-rate debt securities. Further investment in floating-rate securities with maturities greater than two years is limited to no more than 20 percent of the overall portfolio. For purposes of the weighted average maturity calculation and classification in the chart above, 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 $748.5 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+	AA	AA-
Deposit Instruments:							
Fixed	$950,000,000	$-	$-	$-	$-	$950,000,000	$-
Callable-Fixed	30,900,000	-	-	-	-	20,000,000	10,900,000
Corporate Notes	54,999,813	-	-	30,000,000	14,999,813	-	10,000,000
Asset-Backed CP:							
Multi-Seller	549,267,583	258,138,133	291,129,450	-	-	-	-
Secured Liquidity Notes	1,922,122,415	1,697,523,895	224,598,521	-	-	-	-
Securities-Backed	561,459,371	239,460,748	321,998,623	-	-	-	-
Floating Rate Notes	748,505,043	49,988,719		406,189,875	25,000,000	39,700,205	227,626,243
Repurchase Agreements	198,698,000	-	198,698,000	-	-	-	-
Money Market Funds	213	213	-	-	-	-	-
Total	**$5,015,952,438**	**$2,245,111,708**	**$1,036,424,594**	**$436,189,875**	**$39,999,813**	**$1,009,700,205**	**$248,526,243**

* Repurchase Agreements by rating of underlying collateral

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 other than overnight or two-business-day repurchase agreements and U.S. government and agency securities. As of June 30, 2007, 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	263,147,757	5.2%
Catapult PMX Funding	341,122,950	6.8%
Ebury Finance	321,922,940	6.4%
Freedom Park	294,568,930	5.9%
JP Morgan Chase Bank	475,000,000	9.5%
Wachovia Bank	475,000,000	9.5%

NOTE 4: CUSTODIAN

State Street Bank was appointed as custodian for STIF effective February 1, 1996. STIF pays a percentage of the fixed annual rate of $110,000 for the Short-Term Investment Unit. This percentage is calculated annually by determining the STIF fund size relative to that of the total Short-Term Investment Unit.

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: DISTRIBUTIONS TO INVESTORS

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

Distributions:	2007	2006
July	$24,345,190	$12,263,547
August	27,564,817	14,624,900
September	25,645,680	15,299,129
October	23,994,071	15,278,679
November	21,300,897	14,525,210
December	20,518,091	14,839,019
January	22,743,650	17,249,274
February	22,710,701	17,972,835
March	23,294,961	21,840,530
April	23,423,230	22,581,575
May	24,433,435	23,888,854
June (Payable at June 30)	22,370,027	22,283,125
Total Distribution Paid & Payable	**$282,344,750**	**$212,646,678**

NOTE 7: INVESTMENTS IN SECURITIES

The following is a summary of investments in securities, at amortized cost and fair value as of June 30, 2007:

Investment	Amortized Cost	Fair Value
Corporate Notes	$54,999,813	$54,960,450
Deposit Instruments	980,900,000	980,885,476
Asset-Backed Commercial Paper	3,032,849,369	3,032,830,246
Floating Rate Notes	748,505,043	748,516,064
Money Market Funds	213	213
Repurchase Agreements	198,698,000	198,698,000
TOTAL	**$5,015,952,438**	**$5,015,890,449**

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. 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, 2007, the Short-Term Investment Fund held adjustable-rate corporate notes, U.S. government agencies 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 8: CREDIT RATING OF THE FUND

Throughout the year ended June 30, 2007, STIF was rated AAAm, its highest rating, by Standard and Poor's Corporation ("S&P"). In July 2007, following a review of the portfolio and STIF's investment policies, management and procedures, S&P reaffirmed STIF's AAAm rating and has continued to achieve this high rating through out the current fiscal year. 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.

NOTE 9: SUBSEQUENT EVENTS

Since the end of the fiscal year, the Cheyne Finance notes have come under control of receivers and have suspended payments to investors. The receivers are negotiating the sale, refinancing or restructuring of the underlying assets, and the market value of our securities will be clearer at the conclusion of those negotiations. The securities are currently rated D by Standard & Poor's. Standard & Poor's has lowered the credit rating for our Merrill Lynch securities to A+ from AA-.

SHORT-TERM INVESTMENT FUND
LIST OF INVESTMENTS AT JUNE 30, 2007

Par Value	Security (Coupon, Maturity or Reset Date)	Yield %	Amortized Cost	Fair Value	Asset ID	Quality Rating
DEPOSIT INSTRUMENTS (19.56% of total investments)						
$ 10,900,000	CS FIRST BOSTON 5.42, 2/15/08	5.36	$ 10,900,000	$ 10,896,664	22550AP66	AA-
20,000,000	DEUTSCHE BANK 5.35, 4/14/08	5.36	20,000,000	19,988,811	25152XEY2	AA
475,000,000	JP MORGAN 5.47, 8/7/07	5.47	475,000,000	475,000,000	43499K004	AA
475,000,000	WACHOVIA 5.47, 8/7/07	5.47	475,000,000	475,000,000	32099S004	AA
$ 980,900,000			$ 980,900,000	$ 980,885,476		
CORPORATE NOTES (1.10% of total investments)						
$ 10,000,000	CS FIRST BOSTON 5.40, 12/21/07	5.54	$ 10,000,000	$ 9,985,900	2254C0LA3	AA-
10,000,000	DORADA FINANCE 5.465, 8/28/07	6.56	10,000,000	9,982,200	25810EMK9	AAA
15,000,000	MBIA GLOBAL FUNDING 5.41, 2/11/08	5.28	15,000,000	15,000,150	55266LFD3	AAA
5,000,000	MBIA GLOBAL FUNDING 5.41, 2/11/08	5.28	5,000,000	5,000,050	55266LFD3	AAA
10,000,000	UBS 5.40, 11/28/07	5.35	10,000,000	9,994,900	90261XCH3	AA+
5,000,000	UBS 5.40, 11/28/07	5.35	4,999,813	4,997,450	90261XCH3	AA+
$ 55,000,000			$ 54,999,813	$ 54,960,450		
FLOATING RATE NOTES (14.92% of total investments)						
$ 50,000,000	BETA FINANCE 5.35, 9/9/08	5.36	$ 49,988,547	$ 49,994,000	08658AMK8	AAA
50,000,000	CATAPULT PMX FUNDING 5.32, 11/30/07	5.35	49,988,719	49,993,500	14902LAE3	A-1+
50,000,000	CHEYNE FINANCE 5.35, 10/15/08	5.35	49,981,402	49,998,500	16705ECU5	AAA*
50,000,000	CHEYNE FINANCE 5.30, 2/25/09	5.33	49,976,219	49,976,000	16705EDZ3	AAA*
25,000,000	DEUTSCHE BANK 5.40, 4/24/08	5.33	25,000,000	25,003,099	25152XFE5	AA
50,000,000	DORADA FINANCE 5.34, 10/10/08	5.39	49,987,558	49,987,500	25810EMN3	AAA
50,000,000	DORADA FINANCE 5.3525, 2/11/09	5.36	49,986,642	49,991,500	25810EMZ6	AAA
50,000,000	FIVE FINANCE 5.35, 9/29/08	5.37	49,988,117	49,987,500	33828WCQ1	AAA
50,000,000	FIVE FINANCE 5.36, 6/9/09	5.38	49,976,892	49,964,500	33828WEB2	AAA
5,195,000	GE CAPITAL 5.46, 6/15/09	5.36	5,204,217	5,204,507	36962GR22	AAA
11,590,000	GOLDMAN SACHS 5.685, 7/23/09	5.40	11,651,273	11,655,947	38141EJQ3	AA-
6,500,000	GOLDMAN SACHS 5.41, 3/30/09	5.39	6,503,123	6,502,210	38141ELD9	AA-
30,000,000	GOLDMAN SACHS 5.40, 12/23/08	5.38	30,000,000	30,008,400	38141EKX6	AA-
2,450,000	GOLDMAN SACHS 5.44688, 11/10/08	5.38	2,452,235	2,452,230	38141EKJ7	AA-
53,500,000	HSBC 5.45, 6/19/09	5.40	53,560,199	53,550,290	40429JAR8	AA-
1,100,000	MBIA GLOBAL FUNDING 5.39, 1/11/08	5.30	1,100,281	1,100,517	55266LCB0	AAA
50,000,000	MBIA GLOBAL FUNDING 5.32, 2/26/09	5.33	50,000,000	49,991,500	55266LFM3	AAA
20,000,000	MERRILL LYNCH 5.395, 10/23/08	5.38	20,004,947	20,004,800	59018YYN5	AA-*
9,900,000	MERRILL LYNCH 5.445, 12/27/08	5.38	9,908,766	9,908,811	59018YWF4	AA-*
5,000,000	MERRILL LYNCH 5.445, 12/27/08	5.38	5,004,424	5,004,450	59018YWF4	AA-*
1,500,000	MERRILL LYNCH 5.445, 12/27/08	5.38	1,501,228	1,501,335	59018YWF4	AA-*
15,500,000	MERRILL LYNCH 5.445, 1/30/09	5.39	15,516,308	15,514,105	59018YWT4	AA-*
8,000,000	MERRILL LYNCH 5.445, 1/30/09	5.39	8,007,803	8,007,280	59018YWT4	AA-*
50,000,000	MERRILL LYNCH 5.41, 5/8/09	5.40	50,000,000	50,006,500	59018YD32	AA-*
10,000,000	MERRILL LYNCH 5.41, 6/26/09	5.35	10,009,498	10,011,400	59018YXS5	AA-*
25,000,000	NEW YORK LIFE GF 5.33, 3/28/09	5.34	25,000,000	24,995,750	649486AA5	AA+
10,000,000	ROYAL BANK OF SCOTLAND 5.33, 7/18/08	5.34	10,000,000	9,998,900	78010JAB8	AA
4,700,000	ROYAL BANK OF SCOTLAND 5.36, 4/11/08	5.34	4,700,205	4,701,034	78010JCD2	AA
3,500,000	SUNTRUST BANK 5.48, 6/2/09	5.48	3,506,437	3,500,000	86787ALA1	AA-
$ 748,435,000			$ 748,505,043	$ 748,516,064		
MULTI-SELLER COMMERCIAL PAPER (10.95% of total investments)						
$ 30,092,000	CATAPULT PMX FUNDING 5.52, 7/2/07	5.52	$ 30,087,386	$ 30,087,386	14902LFS7	A-1
100,000,000	CATAPULT PMX FUNDING 5.33, 7/12/07	5.34	99,837,139	99,837,139	14902KUC7	A-1
84,056,000	CATAPULT PMX FUNDING 5.33, 7/18/07	5.34	83,844,436	83,844,436	14902KUJ2	A-1
27,766,000	CATAPULT PMX FUNDING 5.33, 7/18/07	5.34	27,696,115	27,696,115	14902KUJ2	A-1
50,000,000	CATAPULT PMX FUNDING 5.37, 8/15/07	5.41	49,664,375	49,664,375	14902KVF9	A-1
25,000,000	FORRESTAL CERTIFICATES 5.30, 8/31/07	5.30	24,775,486	24,775,528	34656KVX6	A-1+
25,000,000	FORRESTAL CERTIFICATES 5.30, 9/14/07	5.29	24,723,958	24,724,271	34656KWE7	A-1+
5,000,000	FORRESTAL CERTIFICATES 5.33, 9/14/07	5.29	4,944,479	4,944,854	34656KWE7	A-1+
20,000,000	LONG LANE MASTER TRUST IV 5.31, 9/14/07	5.29	19,778,750	19,779,417	5427X1WE7	A-1+
75,000,000	SYDNEY CAPITAL 5.31, 7/17/07	5.32	74,823,000	74,823,000	87123MUH1	A-1+
59,410,000	SYDNEY CAPITAL 5.31, 7/17/07	5.32	59,269,792	59,269,792	87123MUH1	A-1+
50,000,000	SYDNEY CAPITAL 5.32, 7/25/07	5.34	49,822,667	49,822,667	87123MUR9	A-1+
$ 551,324,000			$ 549,267,583	$ 549,268,979		

SHORT-TERM INVESTMENT FUND

LIST OF INVESTMENTS AT JUNE 30, 2007 (Continued)

Par Value	Security (Coupon, Maturity or Reset Date)	Yield %	Amortized Cost	Fair Value	Asset ID	Quality Rating
SECURITIES-BACKED COMMERCIAL PAPER (11.19% of total investments)						
$ 19,542,000	CHESHAM FINANCE 5.42, 7/2/07	5.42	$ 19,539,058	$ 19,539,058	16536JU21	A-1+
57,000,000	DUKE FUNDING 5.35, 7/25/07	5.37	56,796,700	56,796,700	2644F5DJ1	A-1+
100,000,000	EBURY FINANCE 5.45, 7/2/07	5.45	99,984,861	99,984,861	27873KU26	A-1
12,300,000	EBURY FINANCE 5.25, 7/5/07	5.25	12,292,825	12,292,825	27873KU59	A-1
25,000,000	EBURY FINANCE 5.22, 7/25/07	5.24	24,913,000	24,913,000	27873KUR1	A-1
64,940,000	EBURY FINANCE 5.32, 9/5/07	5.33	64,306,619	64,305,785	27873KW57	A-1
50,000,000	EBURY FINANCE 5.295, 9/13/07	5.33	49,455,792	49,452,708	27873KWD0	A-1
46,830,000	EBURY FINANCE 5.32, 9/13/07	5.33	46,317,888	46,317,407	27873KWD0	A-1
25,000,000	EBURY FINANCE 5.30, 9/13/07	5.33	24,727,639	24,726,354	27873KWD0	A-1
89,000,000	PINNACLE POINT 5.34, 8/6/07	5.37	88,524,740	88,524,740	72347KV60	A-1+
75,000,000	PINNACLE POINT 5.33, 8/6/07	5.36	74,600,250	74,600,250	72347KV60	A-1+
$ 564,612,000			$ 561,459,371	$ 561,453,688		
SECURED LIQUIDITY NOTES (38.32% of total investments)						
$ 64,400,000	AJAX BAMBINO 5.32, 7/20/07	5.33	$ 64,219,179	$ 64,219,179	00959NUM0	A-1+
15,000,000	ALBIS CAPITAL CORP 5.30, 7/11/07	5.31	14,977,917	14,977,917	01344EUT7	A-1+
50,000,000	ALBIS CAPITAL CORP 5.30, 7/17/07	5.31	49,882,222	49,882,222	01344EVD1	A-1+
30,000,000	ALBIS CAPITAL CORP 5.30, 7/27/07	5.32	29,885,167	29,885,167	01344EUY6	A-1+
20,000,000	ALBIS CAPITAL CORP 5.30, 8/3/07	5.33	19,902,833	19,902,833	01344EVM1	A-1+
75,000,000	ALBIS CAPITAL CORP 5.29, 8/22/07	5.33	74,426,917	74,426,917	01344EVK5	A-1+
25,000,000	ALBIS CAPITAL CORP 5.30, 9/11/07	5.30	24,735,000	24,735,250	01344EVV1	A-1+
25,000,000	ALBIS CAPITAL CORP 5.33, 9/26/07	5.53	24,677,979	24,670,577	01344EWA6	A-1+
25,000,000	ALBIS CAPITAL CORP 5.33, 9/27/07	5.52	24,674,278	24,666,875	01344EWB4	A-1+
28,392,000	BELLE HAVEN 5.30, 7/10/07	5.31	28,354,381	28,354,381	07843PJG6	A-1+
30,300,000	BELLE HAVEN 5.29, 7/12/07	5.30	30,251,023	30,251,023	07843PJA9	A-1+
35,000,000	BELLE HAVEN 5.28, 8/8/07	5.31	34,804,933	34,804,933	07843PJH4	A-1+
25,000,000	BELLE HAVEN 5.30, 8/17/07	5.34	24,827,014	24,827,014	07843PJJ0	A-1+
55,300,000	BELLE HAVEN 5.33, 8/20/07	5.37	54,890,626	54,890,626	07843PJN1	A-1+
25,000,000	BROADHOLLOW FUNDING 5.35, 7/23/07	5.37	24,918,264	24,918,264	11133WH58	A-1+
50,000,000	BROADHOLLOW FUNDING 5.37, 7/25/07	5.39	49,821,000	49,821,000	1113E1AB8	A-1+
20,000,000	BROADHOLLOW FUNDING 5.37, 7/25/07	5.39	19,928,400	19,928,400	1113E1AC6	A-1+
25,000,000	BROADHOLLOW FUNDING 5.35, 7/31/07	5.37	24,888,542	24,888,542	11133WJ31	A-1+
200,000,000	FENWAY FUNDING 5.48, 7/2/07	5.48	199,969,556	199,969,556	31464JNQ1	A-1
25,000,000	FENWAY FUNDING 5.29, 10/10/07	5.31	24,628,965	24,627,492	31464JJH6	A-1
52,809,000	FREEDOM PARK 5.39, 7/9/07	5.40	52,745,747	52,745,747	35644EVT1	A-1+
51,375,000	FREEDOM PARK 5.40, 7/18/07	5.41	51,243,994	51,243,994	35644EVYO	A-1+
23,000,000	FREEDOM PARK 5.31, 7/30/07	5.33	22,901,618	22,901,618	35644EUP0	A-1+
48,710,000	FREEDOM PARK 5.325, 8/3/07	5.35	48,472,234	48,472,234	35644EVJ3	A-1+
25,000,000	FREEDOM PARK 5.35, 8/8/07	5.38	24,858,819	24,858,819	35644EVR5	A-1+
30,164,000	FREEDOM PARK 5.38, 8/24/07	5.42	29,920,577	29,920,577	35644EWC7	A-1+
65,000,000	FREEDOM PARK 5.31, 8/30/07	5.30	64,424,750	64,425,942	35644EVF1	A-1+
50,000,000	HARWOOD STREET I 5.35, 8/17/07	5.39	49,650,764	49,650,764	41801GBY4	A-1+
50,000,000	LAGUNA 5.29, 7/24/07	5.31	49,831,014	49,831,014	50716PKS2	A-1+
20,000,000	LAGUNA 5.36, 7/26/07	5.38	19,925,556	19,925,556	50716PLD4	A-1+
33,200,000	LAGUNA 5.36, 8/2/07	5.39	33,041,820	33,041,820	50716PLE2	A-1+
50,000,000	LAKESIDE FUNDING 5.33, 7/9/07	5.33	50,000,000	50,000,000	51215MBY0	A-1+
27,034,000	LUMINENT STAR 5.39, 7/10/07	5.40	26,997,572	26,997,572	55027FM71	A-1+
67,438,000	LUMINENT STAR 5.31, 7/23/07	5.33	67,219,164	67,219,164	55027FL98	A-1+
25,237,000	LUMINENT STAR 5.32, 7/27/07	5.34	25,140,034	25,140,034	55027FBD0	A-1+
56,590,000	NORTH LAKE FUNDING 5.39, 7/11/07	5.40	56,505,272	56,505,272	45660EW35	A-1+
30,500,000	NORTH LAKE FUNDING 5.34, 7/27/07	5.36	30,382,372	30,382,372	45660ET62	A-1+
50,000,000	NORTH LAKE FUNDING 5.32, 7/31/07	5.34	49,778,333	49,778,333	45660EN84	A-1+
50,000,000	NORTH LAKE FUNDING 5.33, 7/31/07	5.35	49,777,917	49,777,917	45660ET70	A-1+
29,712,000	NORTH LAKE FUNDING 5.38, 7/31/07	5.40	29,578,791	29,578,791	45660E2N4	A-1+
50,000,000	OCALA FUNDING 5.35, 7/25/07	5.37	49,821,667	49,821,667	67456FAX2	A-1+
51,150,000	OCALA FUNDING 5.40, 7/31/07	5.42	50,919,825	50,919,825	67456FBF0	A-1+
100,000,000	OCALA FUNDING 5.29, 8/14/07	5.32	99,353,444	99,353,444	67456FAC8	A-1+
45,000,000	PARK GRANADA 5.29, 7/6/07	5.29	44,966,938	44,966,938	70050FYB8	A-1+
$ 1,930,311,000			$ 1,922,122,415	$ 1,922,107,579		

SHORT-TERM INVESTMENT FUND

LIST OF INVESTMENTS AT JUNE 30, 2007 (Continued)

Par Value	Security (Coupon, Maturity or Reset Date)	Yield %	Amortized Cost	Fair Value	Asset ID	Quality Rating
REPURCHASE AGREEMENTS (3.96% of total investments)						
$ 198,698,000	BEAR STEARNS 5.41, 7/2/07	5.41	$ 198,698,000	$ 198,698,000	N/A	A-1
$ 198,698,000			$ 198,698,000	$ 198,698,000		
MONEY MARKET FUND (0.00% of total invesments)						
$ 213	LIQUIDITY MGMT SYSTEM 4.50, 7/2/07	4.50	$ 213	$ 213	N/A	A-1+
$ 213			$ 213	$ 213		
$5,029,280,213	**TOTAL INVESTMENT IN SECURITIES**		**$ 5,015,952,438**	**$ 5,015,890,449**		

* Since the end of the fiscal year, the Cheyne Finance notes have come under control of receivers and have suspended payments to investors. The receivers are negotiating the sale, refinancing or restructuring of the underlying assets, and the market value of our securities will be clearer at the conclusion of those negotiations. The securities are currently rated D by Standard & Poor's. Standard & Poor's has lowered the credit rating for our Merrill Lynch securities to A+ from AA-.

UHY LLP
Certified Public Accountants

One Financial Plaza
Hartford, CT 06103

Phone 860-241-8962
Fax 860-241-9157
Web www.uhy-us.com

REPORT OF INDEPENDENT ACCOUNTANTS

Treasurer of the State of Connecticut
Hartford, Connecticut

We have examined the Office of the Treasurer Short - Term Investment Fund's (the Fund) (1) compliance with all the composite construction requirements of the Global Investment Performance Standards (GIPS® standards) on a firm-wide basis for each of the years ended July 1, 2001 through June 30, 2007 and (2) design of its processes and procedures to calculate and present performance results in compliance with the GIPS standards as of June 30, 2007. We have also examined the Fund's Composite Performance Presentation (the Annual 2007 Schedule of Rates of Return and the Quarterly 2007 Schedule of Rates of Return) for each of the years from July 1, 2001 through June 30, 2007. The Fund's management is responsible for compliance with the GIPS standards and the design of its processes and procedures and for the Performance Presentation for its Short - Term Investment Fund. Our responsibility is to express an opinion based on our examination. Each of the years from July 1, 1997 to June 30, 2001 were examined by other independent auditors whose report, dated September 24, 2001, expressed an unqualified opinion thereon.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Company's compliance with the above-mentioned requirements; evaluating the design of the Company's processes and procedures referred to above; examining, on a test basis, evidence supporting the accompanying composite performance presentation; and performing the procedures for a verification and a performance examination set forth by the GIPS standards and such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the Office of the Treasurer Short-Term Investment fund has, in all material respects:

- Complied with all the composite construction requirements of the GIPS standards on a firm-wide basis for each of the years ended June 30, 2002 through June 30, 2007; and

- Designed its processes and procedures to calculate and present performance results in compliance with the GIPS standards as of June 30, 2007.

Also, in our opinion, the accompanying Short - Term Investment Fund Composite Performance Presentation for each of the years from July 1, 2001, through June 30, 2007, is presented, in all materials respects, in conformity with the GIPS standards.

UHY LLP

Hartford, Connecticut
November 27, 2007

SHORT-TERM INVESTMENT FUND

SCHEDULE OF ANNUAL RATES OF RETURN

	Year Ended June 30,									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
STIF Total Rate of Return (%)	5.54	4.38	2.32	1.16	1.64	2.61	6.11	6.01	5.37	5.82
First Tier Institutional-only Rated Money Fund Report Averages™ (MFR) Index (%)(1)	5.14	4.01	1.91	0.75	1.20	2.22	5.74	5.58	5.04	5.49
Total Assets in STIF, End of Period ($ - Millions)	5,004	5,430	4,314	3,829	3,280	3,546	4,565	3,701	3,646	3,190
Percent of State Assets in Fund	80	84	84	81	69	67	71	71	71	70
Number of Participant Accounts in Composite, End of Year(2)										
State Treasury	47	58	84	124	115	112	55	55	54	n/a
Municipal and Local Entities	578	542	548	556	551	544	496	433	415	n/a
State Agencies and Authorities	406	406	446	474	440	428	346	312	313	n/a
Total	1,031	1,066	1,078	1,154	1,106	1,084	897	800	782	654

(1) Represents iMoneyNet's First Tier Institutional-only Rated Money Fund Report Averages™- (MFR) Index. 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) As of 2006 and going forward, 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(%)	Institutional-only Rated Money Fund Report Avereages ™ (MFR) Index(%)(1)
2007		
Sep-06	1.36	1.26
Dec-06	1.38	1.26
Mar-07	1.33	1.26
Jun-07	1.36	1.26
YEAR	**5.54**	**5.14**
2006		
Sep-05	0.89	0.80
Dec-05	1.05	0.93
Mar-06	1.12	1.05
Jun-06	1.25	1.17
YEAR	**4.38**	**4.01**
2005		
Sep-04	0.38	0.29
Dec-04	0.53	0.41
Mar-05	0.64	0.54
Jun-05	0.77	0.67
YEAR	**2.32**	**1.91**
2004		
Sep-03	0.28	0.19
Dec-03	0.30	0.19
Mar-04	0.29	0.19
Jun-04	0.29	0.18
YEAR	**1.16**	**0.75**
2003		
Sep-02	0.48	0.38
Dec-02	0.45	0.32
Mar-03	0.36	0.26
Jun-03	0.35	0.24
YEAR	**1.64**	**1.20**

FISCAL YEAR	Rate of Return(%)	Institutional-only Rated Money Fund Report Avereages ™ (MFR) Index(%)(1)
2002		
Sep-01	0.95	0.85
Dec-01	0.66	0.55
Mar-02	0.48	0.41
Jun-02	0.49	0.39
YEAR	**2.61**	**2.22**
2001		
Sep-00	1.69	1.58
Dec-00	1.70	1.58
Mar-01	1.45	1.39
Jun-01	1.14	1.06
YEAR	**6.11**	**5.74**
2000		
Sep-99	1.33	1.23
Dec-99	1.46	1.33
Mar-00	1.48	1.40
Jun-00	1.60	1.51
YEAR	**6.01**	**5.58**
1999		
Sep-98	1.42	1.34
Dec-98	1.37	1.26
Mar-99	1.24	1.19
Jun-99	1.23	1.16
YEAR	**5.37**	**5.04**
1998		
Sep-97	1.43	1.34
Dec-97	1.45	1.36
Mar-98	1.41	1.35
Jun-98	1.40	1.34
YEAR	**5.82**	**5.49**

(1) Represents iMoneyNet's First Tier Institutional-only Rated Money Fund Report Averages™- (MFR) Index. 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.

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, 1997 THROUGH JUNE 30, 2007

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 2007 fiscal year, STIF's portfolio averaged $5.3 billion.

NOTE 2: PERFORMANCE RESULTS

STIF has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS) for the period July 1, 1997 through June 30, 2007. The performance presentation for the period July 1, 1997 through June 30, 2007 has been subject to a verification in accordance with GIPS standards by an independent public accounting firm whose report is included herein. For the purposes of compliance with GIPS 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 Global Investment Performance Standards (GIPS). 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: Monthly returns are 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.

The rates of return presented herein are those earned by the Fund during the periods presented as described above.

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. 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, 2007, the balance in the Designated Surplus Reserve was $51,270,374, an increase of $3,845,542 from the June 30, 2006 balance of $47,424,832.

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 has never been a charge against the reserve since the funds inception in 1972.

NOTES TO SCHEDULES OF RATES OF RETURN (Continued)
FOR THE 10 YEAR INVESTMENT PERIOD JULY 1, 1997 THROUGH JUNE 30, 2007

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 management of the Fund since that time. The previous principal investment officer had been the portfolio manager since 1983.

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.

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 basis has no significant impact on the performance reported herein.

SHORT-TERM PLUS INVESTMENT FUND

STATEMENT OF NET ASSETS
JUNE 30, 2007

		June 30, 2007
ASSETS		
Investment in Securities, at Amortized Cost (Note 8)	$	303,095,683
Accrued Interest and Other Receivables		2,234,157
Prepaid Assets		-
TOTAL ASSETS	$	305,484,130
LIABILITIES		
Distribution Payable		1,352,898
Interest Payable		-
TOTAL LIABILITIES	$	1,352,898
NET ASSETS	$	303,976,942

See accompanying Notes to the Financial Statements.

SHORT-TERM PLUS INVESTMENT FUND

STATEMENT OF CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	2007
ADDITIONS	
Operations	
Interest Income	$ 8,806,819
Interest Expense on Reverse Repurchase Agreements	-
Net Investment Income	8,806,819
Net Realized Gains	9,851
Net Increase in Net Assets Resulting from Operations	8,816,670
Share Transactions at Net Asset Value of $1.00 per Share	
Purchase of Units	308,131,231
TOTAL ADDITIONS	**316,947,901**
DEDUCTIONS	
Distribution to Participants (Notes 2 & 7)	
Distributions to Participants	(8,788,947)
Total Distributions Paid and Payable	(8,788,947)
Share Transactions at Net Asset Value of $1.00 per Share	
Redemption of Units	(4,000,000)
Operations	
Operating Expenses	(27,723)
Net Change in Unrealized Gain/(Loss) on Investments	(154,289)
TOTAL DEDUCTIONS	**(12,970,959)**
CHANGE IN NET ASSETS	**303,976,942**
Net Assets	
Beginning of Year	-
End of Year	$ 303,976,942

See accompanying Notes to the Financial Statements.

NOTE 1: INTRODUCTION AND BASIS OF PRESENTATION

The Medium-Term Investment Fund (“STIF Plus” or the “Fund”) is a money market and short-term bond investment pool managed by the Treasurer of the State of Connecticut. Section 3-28a of the Connecticut General Statutes (CGS) created STIF Plus. Pursuant to CGS 3-28a, 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 Plus in United States government and agency obligations, certificates of deposit, commercial paper, corporate bonds, saving accounts, bankers’ acceptances, repurchase agreements, asset-backed securities. STIF Plus is authorized to issue an unlimited number of units.

For State of Connecticut financial reporting purposes, STIF Plus 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 Plus 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.

Related Party Transactions.

STIF Plus 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 STIF Plus are carried at fair value which is the current market 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 Plus are accrued as incurred.

Fiscal Year.

The fiscal year of STIF Plus ends on June 30.

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 STIF Plus net of administrative expenses. 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 the current market value per share, which is consistent with the per share net asset value of the Fund.

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 Plus's investment practice is to invest all cash balances; as such, there was no uninvested cash at June 30, 2007. All securities of STIF Plus 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 Plus's deposits may not be recovered. The STIF Plus follows policy parameters that limit deposits in any one entity to a maximum of five 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 AA- or which carry an unconditional letter of guarantee from such a bank that meets the short-term debt rating requirements.

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, certificates of deposit in the STIF Plus Investment Fund totaled $45 million. Of that amount, $42,100,000 was exposed to custodial credit risk representing the portion that was uninsured and uncollateralized.

Interest Rate Risk – Investments

Interest rate risk that changes in the general level of interest rates will adversely affect the fair value of an investment. STIF Plus's policy for managing interest rate is to perform, on a quarterly basis, an interest rate sensitivity analyses on the duration and the market value of the portfolio to determine the potential effect of a 200 basis point movement in interest rates. As of June 30, 2007 the weighted average maturity of the STIF Plus was 226 days. The breakdown of the STIF Plus's maturity profile is outlined below.

		Investment Maturity in Years	
Investments	**Fair Value**	**Less than One**	**One - Five**
Deposit Instruments:			
Fixed	$25,000,000	$25,000,000	
Callable-Fixed	20,000,000	15,000,000	$5,000,000
Federal Agency Securities	49,964,785		49,964,785
Corporate Notes	9,992,765	9,992,765	
Asset-Backed Securities	64,990,334	62,008,048	2,982,286
Asset-Backed CP:			
Multi-Seller	12,054,881	12,054,881	
Secured Liquidity Notes	70,635,441	70,635,441	
Securities-Backed	5,455,014	5,455,014	
Floating Rate Notes	45,002,127	45,002,127	
Money Market Funds	336	336	
Total	**$303,095,683**	**$245,148,612**	**$57,947,071**

Additionally, STIF Plus is allowed by policy to invest in floating-rate debt securities. For purposes of the weighted average maturity calculation and classification in the chart above, variable-rate securities are calculated using their interest rate reset date. Because these securities re-price frequently to prevailing market rates, interest rate risk is substantially reduced. As of fiscal year-end, the STIF Plus portfolio held $76.6 million in variable rate securities.

NOTES TO FINANCIAL STATEMENTS (Continued)

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 Plus 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.

Investment Type	Fair Value	A-1+	A-1	AAA	AA+	AA	AA-
Deposit Instruments:							
Fixed	$25,000,000	$-	$-	$-	$-	$25,000,000	$-
Callable-Fixed	20,000,000	-	-	-	-	10,000,000	10,000,000
Federal Agency Securities	49,964,785	-	-	49,964,785	-	-	-
Corporate Notes	9,992,765	-	-	4,995,330	4,997,435	-	-
Asset-Backed Securities	64,990,334	-	-	64,990,334	-	-	-
Asset-Backed CP:							
Multi-Seller	12,054,881	12,054,881	-	-	-	-	-
Secured Liquidity Notes	70,635,441	60,783,399	9,852,042	-	-	-	-
Securities-Backed	5,455,014	457,931	4,997,083	-	-	-	-
Floating Rate Notes	45,002,127	-	-	9,995,235	-	15,009,442	19,997,450
Money Market Funds	336	336	-	-	-	-	-
Total	**$303,095,683**	**$73,296,547**	**$14,849,125**	**$129,945,684**	**$4,997,435**	**$50,009,442**	**$29,997,450**

* Repurchase Agreements by rating of underlying collateral

Concentration of Credit Risk

The Short-Term Plus Investment Fund limits the amount it may invest in any single federal agency to an amount not to exceed 15 percent. As of June 30, 2007, the table below lists issuers with concentrations of greater than 5 percent but less than 15 percent of the total portfolio.

Issuer	Fair Value	Percent of Total Portfolio
FHLB	34,978,485	11.5%

NOTE 4: CUSTODIAN

State Street Bank was appointed as custodian for STIF Plus effective October 2, 2006. STIF Plus pays a percentage of the fixed annual rate of $110,000 for the Short-Term Investment Unit. This percentage is calculated annually by determining the STIF Plus fund size relative to that of the total Short-Term Investment Unit.

NOTE 5: ADMINISTRATION

STIF Plus 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: DISTRIBUTIONS TO INVESTORS

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

Distributions:	2007
July	$-
August	-
September	-
October	312,010
November	649,474
December	846,759
January	856,310
February	964,364
March	1,209,858
April	1,242,568
May	1,354,705
June (Payable at June 30)	1,352,898
Total Distribution Paid & Payable	**$8,788,947**

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 7: INVESTMENTS IN SECURITIES

The following is a summary of investments in securities, at amortized cost and fair value as of June 30, 2007:

Investment	Amortized Cost	Fair Value
Commercial Paper	$54,999,813	$54,960,450
Asset-Backed Securities	$65,041,435	$64,990,334
Deposit Instruments	44,999,194	45,000,000
Corporate Notes	10,000,000	9,992,765
Securities-Backed Commercial Paper	5,455,014	5,455,014
Floating Rate Notes	45,067,400	45,002,127
Money Market Funds	336	336
Multi-Seller Commercial Paper	12,054,881	12,054,881
Secured Liquidity Notes	70,635,441	70,635,441
Federal Agency Securities	49,996,271	49,964,785
TOTAL	**$303,249,972**	**$303,095,683**

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. 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, 2007, the Short-Term Plus Investment Fund held adjustable-rate corporate notes and Asset-Backed Securities whose interest rates vary directly with short-term money market indices and are reset daily, monthly, quarterly or semi-annually. Such securities allow the Fund to earn higher interest rates as market rates increase, thereby increasing fund yields and protecting against the erosion of market values from rising interest rates. These adjustable rate securities have similar exposures to credit and legal risks as fixed-rate securities from the same issuers.

NOTE 8: SUBSEQUENT EVENTS

Standard & Poor's has lowered the credit rating for our Merrill Lynch securities to A+ from AA-.

SHORT-TERM PLUS INVESTMENT FUND

LIST OF INVESTMENTS AT JUNE 30, 2007

Par Value	Security (Coupon, Maturity or Reset Date)	Yield %	Amortized Cost	Fair Value	Asset ID	Quality Rating
ASSET-BACKED SECURITIES (21.46% of total investments)						
$ 2,078,687	ARSI 2004-W10 A2 5.71, 10/25/34	5.60	$ 2,079,344	$ 2,081,507	040104LM1	AAA
3,611,972	BAYV 2006-C 1A1 6.04, 11/28/36	5.98	3,611,956	3,609,151	07325DAB0	AAA
4,685,020	CITI MORT LOAN TR - 2007 AMC2 5.41, 1/25/37	5.33	4,685,020	4,685,395	17311XAA3	AAA
2,558,240	CMAOT 2003-CA$ 2.94, 6/15/10	3.89	2,546,967	2,542,802	161581DE0	AAA
3,185,561	COAFT O5-C A3 4.61, 7/15/10	5.22	3,177,025	3,177,138	14041GCK0	AAA
3,662,821	CWL 2005-7 AF2 4.37, 11/25/35	4.49	3,645,622	3,636,701	126673Y55	AAA
8,513,913	FORDO 2005-C A3 4.30, 8/15/09	5.43	8,472,000	8,472,650	34527RLG6	AAA
3,000,000	GRANM 2007 - 12A1 5.42, 12/20/54	5.38	3,000,000	2,999,028	38741YDF3	AAA
3,128,967	GSAA 05-15 2A1 5.41, 1/25/36	5.49	3,128,967	3,122,203	362341D63	AAA
3,591,103	INDB 2006-1 A1 5.39, 7/25/36	5.27	3,591,301	3,591,962	45661JAA1	AAA
2,324,122	KILDAIRE RMBS A1 5.14, 6/10/14	5.41	2,324,122	2,323,424	493897AA0	AAA
1,887,894	MATS 2005 - 1A3 4.10, 8/25/09	5.47	1,885,946	1,878,748	590167AD4	AAA
2,717,256	NAA 2006-AF2 1A1 5.42, 8/25/36	5.63	2,717,281	2,717,874	65536VAA5	AAA
5,096,000	RAMC 2005-2 AF3 4.50, 8/25/35	5.48	5,057,676	5,043,224	75970NAK3	AAA
3,017,932	RAMP 2003 - RS5 AI4 3.70, 9/25/31	5.61	2,993,619	2,982,286	760985WX5	AAA
5,000,000	RAMP 2005-RZ2 AI3 5.59, 5/25/35	5.45	5,007,066	5,006,984	76112BWD8	AAA
3,695,740	SALT 2006-1 5.20, 5/14/08	5.15	3,694,607	3,696,473	86909QAN3	AAA
574,713	TAROT 2006-A A2 4.82, 7/13/09	4.71	574,662	574,713	895787AV1	AAA
2,875,848	WESTO 2004-2 A4 3.54, 11/21/11	4.70	2,848,256	2,848,073	929274AD0	AAA
$ 65,205,787			$ 65,041,436	$ 64,990,334		
FEDERAL AGENCY SECURITIES (16.45% of total investments)						
$ 5,000,000	FANNIE MAE 5.45, 1/23/09	5.55	$ 5,000,000	$ 4,997,665	3136F8DX0	AAA
5,000,000	FANNIE MAE 5.45, 3/5/09	5.59	5,000,000	4,996,870	31359M5S8	AAA
5,000,000	FANNIE MAE 5.50, 3/19/10	5.56	4,999,547	4,991,765	31359M6A6	AAA
5,000,000	FHLB 6.10, 7/27/11	6.08	5,001,701	5,002,765	3133XG6C3	AAA
5,000,000	FHLB 5.30, 11/3/08	5.46	4,998,451	4,991,230	3133XHG89	AAA
5,000,000	FHLB 5.40, 1/16/09	5.51	5,000,000	4,996,640	3133XJKB3	AAA
5,000,000	FHLB 5.79, 7/27/09	5.77	5,000,000	5,001,870	3133XG6B5	AAA
5,000,000	FHLB 5.41, 9/11/09	5.43	4,996,973	4,998,065	3133XGSX3	AAA
5,000,000	FHLB 5.50, 2/16/10	5.57	4,999,598	4,991,100	3133XJUP1	AAA
5,000,000	FHLB 5.60, 6/11/10	5.62	5,000,000	4,996,815	3133XL5W9	AAA
$ 50,000,000			$ 49,996,271	$ 49,964,785		
DEPOSIT INSTRUMENTS (14.81% of total investments)						
$ 5,000,000	CREDIT SUISSE 5.42, 2/15/08	5.42	$ 5,000,000	$ 5,000,000	22550AP66	AA-
5,000,000	CREDIT SUISSE 5.36, 4/10/08	5.36	5,000,000	5,000,000	22550A2B0	AA-
5,000,000	DEUTSCHE BANK 5.35, 4/14/08	5.35	5,000,000	5,000,000	25152XEY2	AA
5,000,000	DEUTSCHE BANK NY 5.50, 11/30/09	5.50	4,999,194	5,000,000	25152XCS7	AA
5,000,000	JP Morgan Chase 5.47, 8/7/07	5.41	5,000,000	5,000,000	N/A	AA
10,000,000	JP Morgan Chase 5.47, 8/7/07	5.41	10,000,000	10,000,000	N/A	AA
10,000,000	Wachovia Bank 5.47, 8/7/07	5.41	10,000,000	10,000,000	N/A	AA
$ 45,000,000			$ 44,999,194	$ 45,000,000		
CORPORATE NOTES (3.29% of total investments)						
$ 5,000,000	MBIA 5.41, 2/11/08	5.43	$ 5,000,000	$ 4,995,330	55266LFD3	AAA
5,000,000	UBS 5.40, 11/28/07	5.35	5,000,000	4,997,435	90261XCH3	AA+
$ 10,000,000			$ 10,000,000	$ 9,992,765		
FLOATING RATE NOTES (14.81% of total investments)						
$ 3,001,000	CITIGROUP 5.42, 6/9/09	5.23	$ 3,004,226	$ 3,003,905	172967CZ2	AA
7,000,000	CITIGROUP 5.45, 5/18/11	5.27	7,007,335	7,005,537	172967DL2	AA
5,000,000	GENERAL ELECTRIC CAP CORP 5.42, 10/6/10	5.26	5,000,718	5,000,260	36962GY24	AAA
5,000,000	GENERAL ELECTRIC CAP CORP 5.47, 10/18/10	5.43	5,002,222	4,994,975	36962GY32	AAA
5,000,000	GOLDMAN SACHS 5.75, 10/7/11	5.44	5,046,653	5,030,440	38141EJV2	AA-
5,000,000	GOLDMAN SACHS 5.54, 2/6/12	5.44	5,004,096	4,988,160	38141GEW0	AA-
10,000,000	Merrill Lynch 5.59, 6/5/12	5.48	10,002,149	9,978,850	59018YE72	AA-
5,000,000	NATIXIS 5.33, 9/7/07	5.24	5,000,000	5,000,000	63230GLS1	AA
$ 45,001,000			$ 45,067,400	$ 45,002,127		
SECURITIES-BACKED COMMERCIAL PAPER (1.80% of total investments)						
$ 458,000	Chesham Finance 5.42, 7/2/07	2.72	$ 457,931	$ 457,931	N/A	A-1+
5,000,000	EBURY 5.25, 7/5/07	4.21	4,997,083	4,997,083	N/A	A-1
$ 5,458,000			$ 5,455,014	$ 5,455,014		

SHORT-TERM PLUS INVESTMENT FUND

LIST OF INVESTMENTS AT JUNE 30, 2007 (Continued)

Par Value	Security (Coupon, Maturity or Reset Date)	Yield %	Amortized Cost	Fair Value	Asset ID	Quality Rating
MULTI-SELLER COMMERCIAL PAPER (4.00% of total investments)						
$ 2,156,000	Catapult PMX Funding 5.32, 11/30/07	5.35	$ 2,155,379	$ 2,155,379	14902LAE3	A-1+
5,000,000	FORRESTAL CERTIFICATES 5.32, 8/31/07	5.28	4,954,970	4,954,970	N/A	A-1+
5,000,000	LONG LANE 5.33, 9/14/07	5.31	4,944,531	4,944,531	N/A	A-1+
$ 12,156,000			$ 12,054,881	$ 12,054,881		
SECURED LIQUIDITY NOTES (23.38% of total investments)						
$ 5,000,000	ALBIS CAPITAL CORP 5.30, 7/11/07	4.83	$ 4,992,639	$ 4,992,639	N/A	A-1+
5,000,000	BELLE HAVEN 5.30, 8/17/07	5.23	4,965,403	4,965,403	N/A	A-1+
5,000,000	BROADHOLLOW 5.37, 7/25/07	5.17	4,982,100	4,982,100	N/A	A-1+
5,000,000	FENWAY FUNDING 5.30, 10/9/07	5.33	4,926,389	4,926,389	N/A	A-1
5,000,000	FENWAY FUNDING 5.30, 10/10/07	5.33	4,925,653	4,925,653	N/A	A-1
5,000,000	Freedom Park 5.40, 7/20/07	5.15	4,985,750	4,985,750	N/A	A-1+
5,036,000	Freedom Park 5.36, 8/6/07	5.24	5,009,007	5,009,007	N/A	A-1+
5,000,000	Freedom Park 5.36, 8/6/07	5.24	4,973,200	4,973,200	N/A	A-1+
5,000,000	Laguna 5.36, 8/2/07	5.22	4,976,178	4,976,178	N/A	A-1+
5,000,000	Luminent Star 5.39, 7/10/07	4.86	4,993,262	4,993,262	N/A	A-1+
5,000,000	Luminent Star 5.32, 7/23/07	5.11	4,983,744	4,983,744	N/A	A-1+
6,000,000	NORTH LAKE 5.34, 7/27/07	5.16	5,976,860	5,976,860	N/A	A-1+
5,000,000	NORTH LAKE 5.38, 7/31/07	5.23	4,977,583	4,977,583	N/A	A-1+
5,000,000	OCALA FUNDING 5.29, 8/14/07	5.21	4,967,672	4,967,672	N/A	A-1+
$ 71,036,000			$ 70,635,441	$ 70,635,441		
MONEY MARKET FUND (0.00% of total invesments)						
$ 336	LIQUIDITY MNGT SYS CORP	4.50	$ 336	$ 336	N/A	A-1+
$ 336			$ 336	$ 336		
303,857,123	**TOTAL INVESTMENT IN SECURITIES**		**$ 303,249,972**	**$ 303,095,683**		

SCHEDULE OF CASH AND INVESTMENTS, BALANCES AND ACTIVITY (at Fair Value)
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	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	838,197	337,087	74,745	4,411	12,443	350	334	3,916	2,131
Interest in Investment Funds	13,782,070,875	10,037,695,557	1,717,314,131	87,647,410	187,347,553	875,031	61,628,735	16,163,402	21,581,479
Total Cash and Investments	$13,782,909,072	$10,038,032,644	$1,717,388,876	$87,651,821	$187,359,996	$875,381	$61,629,069	$16,167,318	$21,583,610
Schedule of Activity:									
Cash and Investments at July 1, 2006	$ 12,190,378,340	$8,774,289,731	$1,501,167,324	$77,324,144	$163,762,898	$771,392	$59,418,517	$15,835,546	$19,635,262
Shares Purchased (Excluding Cash Reserve Fund)	1,224,701,670	695,469,218	94,030,920	5,371,823	15,231,371	9,314	72,000	-	293,084
Shares Redeemed (Excluding Cash Reserve Fund)	(1,183,938,024)	(606,177,832)	(73,637,631)	(5,297,397)	(12,877,325)	(2,403)	(72,509)	-	(278,635)
Net Purchase and Redemptions of Cash Reserve Fund	(66,916,194)	17,147,159	5,115,592	488,625	1,641,299	51,209	509	1,051	343,435
Net Investment Income	482,745,492	352,538,549	61,583,881	3,083,050	6,830,348	32,120	2,583,599	733,988	744,384
Realized Gain (Loss) from Sale of Investments	650,696,447	300,610,772	19,297,881	3,026,844	1,724,779	2,012	61,417	-	56,652
Change in Unrealized Gain/(Loss) on Investment Funds	967,671,640	856,560,402	171,386,919	6,736,282	17,868,965	43,619	2,149,147	330,548	1,532,293
Increase (Decrease) in Receivables - Net (1)	315,193	133,194	27,871	1,500	8,009	238	(12)	173	1,519
Distributions	(482,745,492)	(352,538,549)	(61,583,881)	(3,083,050)	(6,830,348)	(32,120)	(2,583,599)	(733,988)	(744,384)
Cash and Investments at June 30, 2007	$13,782,909,072	$10,038,032,644	$1,717,388,876	$87,651,821	$187,359,996	$875,381	$61,629,069	$16,167,318	$21,583,610

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, 2007

	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	$ -	$ -	$ -	$ -	$ -	$ 8,910,976
Interest & Dividends Receivable	1,354	162	536	259	295	-
Investments in Combined Investment Funds, at Fair Value	9,730,013	643,860	2,189,377	1,029,711	2,373,799	-
Total Assets	$9,731,367	$644,022	$2,189,913	$1,029,970	$2,374,094	$8,910,976
LIABILITIES & FUND BALANCE						
Due to Other Funds	$119,984	$23,396	$79,517	$ 37,414	$ -	$ -
Fund Balance	9,611,383	620,626	2,110,396	992,556	2,374,094	8,910,976
Total Liabilities & Fund Balance	$9,731,367	$644,022	$2,189,913	$1,029,970	$2,374,094	$8,910,976

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	$362,434	$23,396	$79,517	$37,414	$87,390
Realized Gain on Investments	280,936	14,455	48,204	23,912	14,124
Change in Unrealized Gain (Loss) on Investments	273,167	21,602	74,501	33,726	110,194
Increase (Decrease) in Cash Reserve Fund Income Receivables-[1]	71	12	42	22	(210)
Total Revenue	$916,608	$59,465	$202,264	$95,074	$211,498
EXPENDITURES	-	-	-	-	-
Excess of Revenue over Expenditures	$916,608	$59,465	$202,264	$95,074	$211,498

(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, 2006	$9,057,208	$584,557	$1,987,649	$934,896	$2,162,596	$9,433,120
Excess of Revenue over Expenditures	916,608	59,465	202,264	95,074	211,498	-
Net Cash Transactions	-	-	-	-	-	(1,016,149)
Transfer from Other Funds	-	-	-	-	-	494,005
Transfer to Other Funds	(360,772)	(22,202)	(75,483)	(35,499)	-	-
Increase in Due to Other Funds	(1,661)	(1,194)	(4,034)	(1,915)	-	-
Fund Balance at June 30, 2007	$9,611,383	$620,626	$2,110,396	$992,556	$2,374,094	$8,910,976

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

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	SCHOOL FUND	AGRICULTURAL 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	$916,608	$59,465	$202,264	$95,074	$211,498
Realized Gain on Investments	(280,936)	(14,455)	(48,204)	(23,912)	(14,124)
Change in Unrealized (Gain) Loss on Investments	(273,167)	(21,602)	(74,501)	(33,726)	(110,194)
(Increase) Decrease in Cash Reserve Fund Income Receivables	(71)	(12)	(42)	(22)	210
Net Cash Provided by Operations	$362,434	$23,396	$79,517	$37,414	$87,390
Cash Flows from Non Capital Financing Activities:					
Operating Transfers - Out to Other Funds	(360,772)	(22,202)	(75,483)	(35,499)	-
Operating Transfers - In from Other Funds	-	-	-	-	-
Net Cash Used for Non-Capital Financing Activities	(360,772)	(22,202)	(75,483)	(35,499)	-
Cash Flows from Investing Activities:					
Net Purchase and Redemptions of Cash Reserve Fund	(1,913)	(1,229)	(4,217)	(2,011)	52,490
Purchase of Investments	(329,500)	(16,900)	(56,400)	(28,000)	(156,500)
Proceeds from Sale of Investment	329,752	16,935	56,583	28,096	16,622
Net Cash Provided by (Used for) Investing Activities	(1,661)	(1,194)	(4,034)	(1,915)	(87,390)
Net Increase (Decrease) In Cash	-	-	-	-	-
Cash June 30, 2006	-	-	-	-	-
Cash June 30, 2007	$ -	$ -	$ -	$ -	$ -

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

NON-CIVIL LIST TRUST FUNDS

STATEMENT OF CONDITION, AT COST
JUNE 30, 2007

	SCHOOL FUND	AGRICUL-TURAL COLLEGE FUND	IDA EATON COTTON FUND	ANDREW C. CLARK FUND	HOPEMEAD STATE PARK TRUST FUND	MISC. AGENCY TRUST FUNDS
ASSETS						
Cash & Cash Equivalents	$ -	$ -	$ -	$ -	$ -	$8,910,976
Interest & Dividends Receivable	1,354	162	536	259	295	-
Investments in Combined Investment Funds	6,955,373	460,014	1,554,036	752,775	1,730,031	-
Total Assets	$6,956,727	$460,176	$1,554,572	$753,034	$1,730,326	$8,910,976
LIABILITIES						
Due to Other Funds	$ 119,984	$ 23,396	$ 79,517	$ 37,414	$ -	$ -
Fund Balance	6,836,743	436,780	1,475,055	715,620	1,730,326	8,910,976
Total Liabilities & Fund Balance	$6,956,727	$460,176	$1,554,572	$753,034	$1,730,326	$8,910,976

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, 2007 and 2006

	June 30, 2007	June 30, 2006
ASSETS		
CURRENT ASSETS:		
Cash and Cash equivalents	$ 56,764,258	$ 41,016,462
Receivables, net of allowance for uncollectible accounts - $13,460,793 and $14,334,073 respectively	12,564,517	13,277,245
Other assets	64,244	47,986
TOTAL CURRENT ASSETS	69,393,019	54,341,693
NONCURRENT ASSETS:		
Long-Term Receivable	1,006,549	2,013,098
Capital assets:		
Computers	33,093	27,088
Office equipment	18,982	16,122
Less accumulated depreciation	(40,829)	(33,983)
TOTAL NONCURRENT ASSETS	1,017,795	2,022,325
TOTAL ASSETS	70,410,814	56,364,018
LIABILITIES		
CURRENT LIABILITIES:		
Claims and benefits payable	7,337,619	7,055,125
Settlements payable	2,510,865	3,647,563
Accounts payable and other accrued liabilities	1,406,519	1,869,737
Compensated absences	289,807	339,375
TOTAL CURRENT LIABILITIES	11,544,810	12,911,800
NONCURRENT LIABILITIES:		
Accounts payable and accrued liabilities	955,700	1,015,000
Compensated absences	107,274	166,739
TOTAL NONCURRENT LIABILITIES	1,062,974	1,181,739
TOTAL LIABILITIES	12,607,784	14,093,539
NET ASSETS		
Unrestricted Net Assets	57,803,030	42,270,479
Total Net Assets	$ 57,803,030	$ 42,270,479

See accompanying Notes to the Financial Statements.

SECOND INJURY FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEARS ENDED JUNE 30, 2007 AND JUNE 30, 2006

	2007	2006
OPERATING REVENUES		
Assessment Revenues	$55,716,778	$59,072,979
Fund Recoveries	649,963	1,173,272
Other Income	287,357	458,338
TOTAL OPERATING REVENUES	56,654,098	60,704,589
OPERATING EXPENSES		
Injured Worker Benefits:		
Settlements	8,416,740	10,901,502
Indemnity Claims Benefits	20,480,143	21,617,496
Medical Claims Benefits	7,686,974	6,232,598
Total Injured Worker Benefits	36,583,857	38,751,596
Administrative Expenses	7,178,286	7,716,797
TOTAL OPERATING EXPENSES	43,762,143	46,468,393
OPERATING INCOME	12,891,955	14,236,196
NON-OPERATING REVENUE		
Interest Income	2,640,596	1,286,924
Change in Net Assets	15,532,551	15,523,120
NET ASSETS - Beginning of Year	42,270,479	26,747,359
NET ASSETS - End of Year	$57,803,030	$42,270,479

See accompanying Notes to the Financial Statements.

SECOND INJURY FUND

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2007 AND JUNE 30, 2006

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
SOURCE:		
Assessment revenues	$ 57,033,084	$ 65,779,327
Fund recoveries	649,963	1,173,548
Other income	287,357	458,338
Other assets	(17,651)	16,094
Depreciation	6,847	8,371
	57,959,600	67,435,678
USE:		
Injured worker benefits	(37,497,361)	(37,062,560)
Administrative expenses	(7,347,566)	(7,721,506)
	(44,844,927)	(44,784,066)
NET CASH PROVIDED BY OPERATING ACTIVITIES	13,114,673	22,651,612
CASH FLOWS FROM INVESTING ACTIVITIES		
SOURCE:		
Interest income	2,641,988	1,343,772
USE:		
Acquisition of capital assets	(8,865)	(2,714)
NET CASH PROVIDED BY INVESTING ACTIVITIES	2,633,123	1,341,058
NET INCREASE IN CASH AND CASH EQUIVALENTS	15,747,796	23,992,670
Cash and cash equivalents, Beginning of Year	41,016,462	17,023,792
CASH AND CASH EQUIVALENTS, End of Year	$ 56,764,258	$ 41,016,462

Reconciliation of Operating Income to Net Cash Provided by Operating Activities

OPERATING INCOME	$ 12,891,955	$ 14,236,196
Adjustments to reconcile operating income to net cash:		
Provided by operating activities:-		
Depreciation expense	6,847	8,371
Decrease (increase) in assets:		
Decrease in receivables, net	1,719,277	7,808,406
Decrease (increase) in other assets	(17,651)	16,094
Increase (decrease) in liabilities		
Increase (decrease) in accounts payable and other accrued expenses	(1,376,722)	568,005
Increase (decrease) in compensated absences	(109,033)	14,540
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 13,114,673	$ 22,651,612

See accompanying Notes to the Financial Statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1: INTRODUCTION AND BASIS OF PRESENTATION

The Second Injury Fund ("SIF" or the "Fund") is an extension of the Workers' Compensation Act managed by the Treasurer of the State of Connecticut and operates under Chapter 568, of the Connecticut General Statutes (C.G.S.). 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).

The Fund utilizes 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.

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.

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. SIF has 99.7% of its cash invested in STIF which is rated AAAm by Standard & Poor's Corporation ("S&P"). Deposits are presented in the basic financial statements at cost plus accrued interest which is also the fair market 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 3).

NOTES TO FINANCIAL STATEMENTS (Continued)

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.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 years 2007 and 2006, 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 4).

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.

Claims Benefits Payable

This category of liability includes indemnity and medical benefits to injured workers as claims and widow and dependent death benefits that will not be submitted to the Fund as well as reimbursements to insurance companies and self-insured employers for widow claims and dependent death benefits in addition to concurrent employment cases incurred as of the balance sheet date. The long-term portion of claims benefits payable represents an estimate of the amount of liability as of June 30, 2007 and June 30, 2006 (see Note 5).

Settlements Payable

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 (see Note 5).

Accounts Payable and Other Accrued Liabilities

Accounts payable and other accrued liabilities represent administrative expenses of the Fund outstanding as of June 30, 2007 and June 30, 2006 as well as assessments owed to Connecticut Workers' Compensation and other Connecticut employers (see Note 5).

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 5)

NOTE 3: 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, 2007 and 2006 was 4.00%.

Due to PA 05-199 effective 7/1/2006, in which the Fund's assessment base for insured employers changed from standard premium to direct written premium, the Fund is monitoring the effects of the reduction in revenue and has retained accumulated cash to meet any unexpected revenue shortfall. After consulting with members of the Fund's Advisory Board, it was agreed upon to maintain the cash accumulated and continue monitoring future assessment rates.

Assessment penalties can no longer be imposed after 6/30/2006, as the penalty date can not be determined under the new act.

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, 2007 and 2006 was 8.4%.

NOTE 4: RECEIVABLES

The following is an analysis of the changes in the Fund receivable balances:

As of June 30, 2007:

	Beginning Balance	Additions	Cash Receipts	Write-Offs	Ending Balance	Amount Due Within One Year	Allowance for Uncollectible
Assessments	$17,095,152	$79,399,861	$79,697,119	$0	$16,797,894	$12,564,517	$4,233,377
Non-Compliance 355	9,573,147	4,067,094	520,437	4,842,674	8,277,130	0	8,277,130
Other Receivables	943,019	328,508	196,854	124,387	950,286	0	950,286
Total Receivables	$27,611,318	$83,795,463	$80,414,410	$4,967,061	$26,025,310	$12,564,517	$13,460,793

As of June 30, 2006:

	Beginning Balance	Additions	Cash Receipts	Write-Offs	Ending Balance	Amount Due Within One Year	Allowance for Uncollectible
Assessments	$24,193,052	$79,031,904	$86,114,121	$15,683	$17,095,152	$13,277,245	$3,817,907
Non-Compliance 355	10,757,107	2,275,986	1,070,863	2,389,083	9,573,147	0	9,573,147
Other Receivables	1,304,418	385,894	431,004	316,289	943,019	0	943,019
Total Receivables	$36,254,577	$81,693,784	$87,615,988	$2,721,055	$27,611,318	$13,277,245	$14,334,073

The outstanding balance of the long-term receivable as of June 30, 2007 is $1 million and June 30, 2006 is $2 million.

NOTE 5: LIABILITES AND COMPENSATED ABSENCES

The following is an analysis of the changes in the Fund liabilities and compensated absence balances:

As of June 30, 2007:

	Beginning Balance	Additions	Cash Disbursements	Ending Balance	Amount Due Within One Year
Claims and Benefits Payable	$8,070,125	$28,107,817	$27,884,623	$8,293,319	$7,337,619
Settlements Payable	3,647,563	8,416,740	9,553,438	2,510,865	2,510,865
Accounts Payable & Accrued Expenses	1,869,737	7,216,589	7,679,807	1,406,519	1,406,519
Compensated Absences	506,114	0	109,033	397,081	289,807
Total Liabilities & Compensated Absences	$14,093,539	$43,741,146	$45,226,901	$12,607,784	$11,544,810

NOTES TO FINANCIAL STATEMENTS (Continued)

As of June 30, 2006:

	Beginning Balance	Additions	Cash Disbursements	Ending Balance	Amount Due Within One Year
Claims and Benefits Payable	$6,978,977	$27,905,093	$26,813,945	$8,070,125	$7,055,125
Settlements Payable	3,049,676	10,901,502	10,303,615	3,647,563	3,647,563
Accounts Payable & Accrued Expenses	2,990,768	7,776,932	8,897,963	1,869,737	1,869,737
Compensated Absences	491,573	14,541	0	506,114	339,375
Total Liabilities & Compensated Absences	$13,510,994	$46,598,068	$46,015,523	$14,093,539	$12,911,800

NOTE 6: SETTLEMENTS

Negotiations at various stages of completion for settlements valued and accrued at June 30, 2007 were $2.5 million and at June 30, 2006 were $3.6 million.

NOTE 7: SUBSEQUENT EVENTS

Effective July 1, 2007, the assessment rates for insured employers decreased from 4% to 3.5% on voluntary policies and on assigned risk policies, the assessment rates have decreased from 3.2% to 2.8%. The assessment rate for self-insured employers decreased from 8.4% to 6.7%.

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.

CONNECTICUT HIGHER EDUCATION TRUST

STATEMENTS OF ASSETS AND LIABILITIES

	June 30, 2007	June 30, 2006
ASSETS		
Investments, at value (cost: $890,560,783 and $696,010,849)	$953,194,656	$703,584,334
Cash	1,085,774	863,745
Receivable from securities transactions	38,550	146,059
Receivable from Program unit sold	1,135,036	219,790
Dividends and interest receivable	214,193	67,789
TOTAL ASSETS	$955,668,209	$704,881,717
LIABILITIES		
Accrued program management fee	$ 576,966	$ 221,111
Accrued state trustee fee	13,816	-
Payable for securities transactions	213,834	141,540
Payable for Program units purchased	72,191	174,825
TOTAL LIABILITIES	876,807	537,476
NET ASSETS	$954,791,402	$704,344,241

See notes to financial statements.

CONNECTICUT HIGHER EDUCATION TRUST

STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED JUNE 30,

	2007	2006
INVESTMENT INCOME		
Income:		
Interest	$3,592,953	$3,054,879
Dividends	23,878,892	18,972,247
TOTAL INCOME	27,471,845	22,027,126
Expenses—Note 3:		
Program management fee	2,961,119	2,874,118
State trustee fee	71,936	55,569
TOTAL EXPENSES	3,033,055	2,929,687
NET INVESTMENT INCOME	24,438,790	19,097,439
REALIZED AND UNREALIZED GAIN ON INVESTMENTS—Note 4		
Net realized gain on investments	4,097,002	13,429,103
Realized gain distributions from underlying funds	4,273,504	12,852,278
Net change in unrealized appreciation (depreciation) on investments	55,060,385	(13,709,775)
NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS	63,430,891	12,571,606
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	$87,869,681	$31,669,045

See notes to financial statements.

CONNECTICUT HIGHER EDUCATION TRUST

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

	2007	2006
FROM OPERATIONS		
Investment income - net	$24,438,790	$19,097,439
Net realized gain (loss) on investments	8,370,506	26,281,381
Net change in unrealized appreciation (depreciation) on investments	55,060,385	(13,709,775)
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	87,869,681	31,669,045
FROM ACCOUNT OWNER TRANSACTIONS		
Subscriptions	217,717,389	114,884,448
Exchanges	-	-
Redemptions	(55,139,909)	(37,927,429)
NET INCREASE IN NET ASSETS RESULTING FROM ACCOUNT OWNER TRANSACTIONS	162,577,480	76,957,019
NET INCREASE IN NET ASSETS	250,447,161	108,626,064
NET ASSETS:		
Beginning of year	704,344,241	595,718,177
End of year	$954,791,402	$704,344,241

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 have 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 Trust is a qualified tuition program under Section 529 of the Internal Revenue Code which was established pursuant to Section 529 and the Connecticut statutes. Investment options and allocations, as approved by the Trustees, are described in the current Disclosure Booklet for the Program.

An individual, entity, or a custodian under the Uniform Gifts to Minors Act or the Uniform Transfers to Minors Act participating in the Program establishes an Account in the name of a beneficiary. Contributions may be allocated among five investment options: the Managed Allocation Option, the High Equity Option, the 100% Equity Index Option, the 100% Fixed-Income 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. Each age band invests in varying percentages in the institutional class of the Inflation-Linked Bond, Equity Index, International Equity Index, Bond, Real Estate Securities and Money Market Funds of the TIAA-CREF Institutional Mutual Funds. Contributions in the High Equity Option are allocated in certain percentages in the institutional class of the Inflation-Linked Bond, International Equity Index, Bond, Growth Equity, Mid-Cap Growth, Mid-Cap Value, S&P 500 Index, and Small-Cap Equity of the TIAA-CREF Institutional Mutual Funds. Contributions in the 100% Equity Index Option are allocated in certain percentages in the institutional class of the Equity Index and the International Equity Index Funds of the TIAA-CREF Institutional Mutual Funds. Contributions in the 100% Fixed-Income Option are allocated in certain percentages in the institutional class of the 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 provides the Trust with a guarantee of principal and a minimum annual rate of return of 3%, the possibility of such additional returns as may be declared in advance by TIAA-CREF Life.

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 Securities and Exchange 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 as Program Manager of the Program.

Account Owners who have invested in the Program hold investments in the Investment Options and not a direct investment in any underlying Mutual Fund or other investment vehicle to which in an Investment Option have been allocated.

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 ("U.S. GAAP").

Valuation of Investments: The market value of the investments in the Mutual Funds is based on the respective net asset values of the respective classes of the mutual funds as of the close of business on the valuation date. The value of the TIAA-CREF Life Funding Agreement 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 income and capital gain distributions from TIAA-CREF Institutional Mutual Funds are recorded on the exdividend date. Realized gains and losses are based upon the specific identification method.

Federal Income Tax: The Program has complied with the provisions of the Internal Revenue Code applicable to qualified tuition programs and is exempt from taxation under Section 529 of the Internal Revenue Code. No federal income tax provision was required. Earnings are exempt from Connecticut income tax.

Program Units: The beneficial interest of each participant in the investment options are represented by Program 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 a participant's instructions that are in good order, based on the next determined net asset value per Program unit (Program unit value). Program unit values for each portfolio are determined at the close of business of the New York Stock Exchange (generally 4:00 pm Eastern Time). 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, the 100% Equity Index Option, the 100% Fixed-Income Option and the High Equity Option, TFI, and related entities, are paid (i) an annual aggregate management fee of 0.29% to 0.55% 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, plus (iii) state fee (described below) the total of which shall not exceed 0.65% of the average daily net assets of the Trust invested in such investment options excluding certain administrative funds. This fee structure was effective July 1, 2006. Except for the State Trustee Fee, 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.

The Trustee collects a State Trustee Fee of 0.01% 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% of the average daily net assets of the Trust.[1]

1 The Trustee shall deposit such amount withdrawn in an administrative fund. An administrative fund was created pursuant to the authority in the Connecticut statute for the Trustee. Pursuant to the statute a fund was created, all monies received by the Trust, other than contributions (and earnings, if any) from participants, shall be deposited in an administrative fund.

Total fees earned by TFI, and related entities, for the year ended June 30, 2007 were $4,688,889, which includes $3,033,055 due directly from the Program and $1,655,834 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, 2007, net unrealized appreciation of portfolio investments was $62,633,873, consisting of gross unrealized appreciation of $73,891,519 and gross unrealized depreciation of $11,257,646.

Purchases and sales of non-government portfolio securities for the year ended June 30, 2007 were $290,430,478 and $110,509,139, respectively.

At June 30, 2007, the Program's investments consisted of the following:

	2007		
	UNITS	COST	MARKET VALUE
TIAA-CREF Institutional Mutual Funds (Institutional Class):			
Inflation-Linked Bond Fund	8,395,473	$86,922,995	$82,443,547
Equity Index Fund	21,698,566	202,997,405	244,976,815
International Equity Index Fund	2,323,009	41,735,467	53,196,911
Bond Fund	25,067,150	252,686,938	245,908,740
Real Estate Securities Fund	1,908,688	26,883,465	27,905,021
Mid-Cap Growth Fund	574,415	9,238,643	11,143,642
Mid-Cap Value Fund	534,000	9,447,544	10,872,234
S&P 500 Index Fund	5,968,677	87,543,304	102,601,551
Small-Cap Equity Fund	746,787	11,333,362	12,374,267
Money Market Fund	53,321,946	53,321,679	53,321,947
TIAA-CREF Life Insurance Company:			
Funding Agreement	8,592,371	108,177,950	108,177,950
TIAA-CREF Institutional Mutual Funds (Retail Class):			
Money Market Fund*	272,031	272,031	272,031
		$890,560,783	$953,194,656

* Represents the assets of the administrative accounts

NOTE 5 — NEW ACCOUNTING PRONOUNCEMENTS

In July 2006, the Financial Accounting Standards Board ("FASB") issued Interpretation No. 48, "Accounting for Uncertainty in Income Taxes—an Interpretation of FASB Statement No. 109" ("Fin 48"). Fin 48 is effective for financial statements dated after December 31, 2006, and is to be applied to all open tax years as of the date of effectiveness. FIN 48 clarifies the accounting for uncertainty in income taxes recognized in the financial statements and is effective for fiscal years beginning after December 31, 2006. Management does not expect FIN 48 to have a significant impact on these financial statements.

In September 2006, FASB issued Statement of Accounting Standards No. 157, "Fair Value Measurement" ("SFAS 157"). SFAS 157 defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles ("GAAP"), and expands disclosure about fair value measurements. SFAS 157 does not require a new fair value measurement but the application could change current practice in determining fair value and may require modifications to financial statement amounts and disclosures. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007. Management has reviewed the assets held by the Program and has determined that all assets are valued using active market and observable valuation inputs therefore no additional disclosure of information would be required.

REPORT OF INDEPENDENT AUDITORS

To the Account Owners and Trustee of
Connecticut Higher Education Trust College Savings 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 eleven portfolios constituting the Connecticut Higher Education Trust College Savings Program (hereafter referred to as the “Program”) at June 30, 2007, and the results of each of their operations, the changes in each of their net assets and each of their financial highlights for each 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 Program Manager, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
New York, New York
September 28, 2007

STATE OF CONNECTICUT SPECIAL OBLIGATION RATE REDUCTION BONDS

STATEMENT OF NET ASSETS
FOR THE YEARS ENDED DECEMBER 31,

	2006	2005
ASSETS		
Current assets:		
Cash and cash equivalents	$ 5,414,268	$ 9,287,198
Receivables	2,424,101	2,934,321
Total Current Assets	7,838,369	12,221,519
Noncurrent assets:		
Trustee cash and cash equivalents	20,534,500	20,534,500
Total noncurrent assets	20,534,500	20,534,500
Total Assets	**28,372,869**	**32,756,019**
LIABILITIES		
Current liabilities:		
Special obligation bonds payable - current portion	28,450,000	27,155,000
Accounts payable and accrued liabilities	150,000	-
Interest payable	-	-
Total current liabilities	28,600,000	27,155,000
Noncurrent liabilities:		
Special obligation bonds payable	110,990,000	139,440,000
Premium on special obligation bonds, net of amortization	7,885,411	9,637,724
Total Noncurrent liabilities	118,875,411	149,077,724
Total Liabilities	**147,475,411**	**176,232,724**
NET ASSETS		
Restricted for Debt Service	25,948,768	29,821,698
Unrestricted Deficit	(145,051,310)	(173,298,404)
Total Net Deficit	**$ (119,102,541)**	**$ (143,476,706)**

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 YEARS ENDED DECEMBER 31,

	2006	2005
Operating Revenues		
Utilities Revenues	$ 28,707,406	$ 41,328,566
Operating Expenses		
Administrative Expenses	309,849	320,499
Operating Income	28,397,557	41,008,067
Non-Operating Revenues (Expenses)		
Interest Income	1,957,756	1,294,896
Amortization of Bond Premium	1,752,314	1,752,314
Interest Expense	(7,733,463)	(8,744,825)
Costs of Issuance	-	(283,723)
Total Non-Operating Revenues (Expenses)	(4,023,392)	(5,981,338)
Net Income before special and extraordinary items	24,374,165	35,026,729
Special and Extraordinary Items		
Bonds Issued	-	-
Deferred Revenue	-	-
Capital Contribution	-	-
Change in Net Assets	24,374,165	35,026,729
Net Assets, beginning	(143,476,706)	(178,503,435)
Net Assets, ending	$ (119,102,541)	$ (143,476,706)

See accompanying Notes to the Financial Statements.

STATE OF CONNECTICUT SPECIAL OBLIGATION RATE REDUCTION BONDS

STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

	2006	2005
Cash Flows from Operating Activities		
Source:		
Collection revenues	$ 29,217,626	$ 42,258,400
Trustee cash	-	-
	29,217,626	42,258,400
Use:		
Administrative expenses	(159,849)	(320,499)
Net cash provided by operating activities	29,057,777	41,937,901
Cash Flows from Noncapital Financing Activities		
Special Obligation Bonds	27,155,000	26,145,000
Interest expense on Bonds	7,733,463	8,744,825
Cost of issuance	-	301,023
Net cash used from noncapital financing activities	34,888,463	35,190,848
Cash Flows from Investing Activities		
Interest income	(1,957,756)	(1,294,896)
Net Cash provided by investing activities	(1,957,756)	(1,294,896)
Net Increase (Decrease) in cash and cash equivalents	(3,872,929)	8,041,950
Cash and cash equivalents, December 31, 2005	9,287,198	1,245,248
Cash and cash equivalents, December 31, 2006	$ 5,414,268	$ 9,287,198

Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	$ 28,397,557	$ 41,008,067
Adjustments to reconcile operating income to net cash:		
Decrease (increase) in assets:		
Decrease in trustee cash	-	-
Increase in receivables	510,220	929,834
Increase (decrease) in liabilities	-	-
Increase in accounts payable & accrued expenses	150,000	-
Net Cash provided by Operating Activities	$ 29,057,777	$ 41,937,901

See accompanying Notes to the Financial Statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1: INTRODUCTION AND BASIS OF PRESENTATION:

The Rate Reduction Bond 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 Statues 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 nonbypassable 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.

NOTES TO FINANCIAL STATEMENTS (Continued)

Trustee Cash and Cash Equivalents

Trustee cash and cash equivalents consist of funds in various accounts held by U.S. Bank National Association 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.

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, 2006 and 2005, the amount of premium remaining is $7,885,410.95 and $9,637,724.49 respectively.

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.

A summary of the beginning and ending balances of the bonds is presented below:

Balance at 12/31/2005	Increases	Decreases	Balance at 12/31/2006	Amount due within one year
$166,595,000	$ 0.00	$27,155,000	$139,440,000	$28,450,000

Balance at 12/31/2004	Increases	Decreases	Balance at 12/31/2005	Amount due within one year
$192,740,000	$ 0.00	$26,145,000	$166,595,000	$27,155,000

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 2.50% to 5.00%. For Fiscal Year ended December 31, 2006 and 2005 $27,155,000.00 and $26,145,000 respectively of bonds matured. At December 31, 2006 and 2005 amounts needed to pay principal and the respective interest rates payable on the remaining 2004 bond issue amounts were as follows:

2006			2005		
Maturity	Principal	Interest Rate	Maturity	Principal	Interest Rate
			6/30/06	9,760,000	5.00%
			6/30/06	3,675,000	2.50%
			12/30/06	13,720,000	5.00%
06/30/07	11,025,000	5.00%	6/30/07	11,025,000	5.00%
06/30/07	3,040,000	3.00%	6/30/07	3,040,000	3.00%
12/30/07	14,385,000	5.00%	12/30/07	14,385,000	5.00%
06/30/08	11,745,000	5.00%	6/30/08	11,745,000	5.00%
06/30/08	3,000,000	3.00%	6/30/08	3,000,000	3.00%
12/30/08	15,085,000	5.00%	12/30/08	15,085,000	5.00%
06/30/09	12,460,000	5.00%	6/30/09	12,460,000	5.00%
06/30/09	3,000,000	3.50%	6/30/09	3,000,000	3.50%
12/30/09	15,825,000	5.00%	12/30/09	15,825,000	5.00%
06/30/10	14,985,000	5.00%	6/30/10	14,985,000	5.00%
06/30/10	1,235,000	3.50%	6/30/10	1,235,000	3.50%
12/30/10	16,620,000	5.00%	12/30/10	16,620,000	5.00%
06/30/11	14,020,000	5.00%	6/30/11	14,020,000	5.00%
06/30/11	3,015,000	4.00%	6/30/11	3,015,000	4.00%
	139,440,000			166,595,000	

NOTES TO FINANCIAL STATEMENTS (Continued)

The Trustee for these bonds is U.S. Bank, National Association, successor in interest to Wachovia Bank N.A., 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, 2006 and 2005 the Trustee Accounts included the following:

	2006	2005
Reserve Account	$20,534,500	$20,534,500
Collection Account	5,414,268	9,287,198
Total Trustee Accounts	$25,948,768	$29,821,698

NOTE 4: 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

NOTE 5: CASH DEPOSITS - CUSTODIAL CREDIT RISK

Custodial credit risk is the risk that, in the event of a bank failure, the Fund deposits may not be returned to it. The Fund deposits cash in various accounts held by U.S. Bank N.A, as successor to Wachovia Bank National Association, as required by the Indenture of Trust dated June 23, 2004, covering the 2004 Series A Special Obligation Rate Reduction Bonds. Deposits in banks are insured up to $100,000; any amount above this limit is considered uninsured. Additionally, state banking law requires all financial institutions that accept State of Connecticut deposits to segregate collateral against these deposits in an amount equal to ten percent of the outstanding deposit. As of December 31 2006 and 2005, $24,332 and $220,799 respectively of the Fund balance was exposed to custodial credit risk representing the portion that was uninsured and collateral held by the pledging bank not in the name of the State of Connecticut.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6: INVESTMENTS

As of December 31, 2006, the Fund's investments consisted of the following:

	Investment Maturities (In Years)			
	Fair Value	Less Than 1	1 to 5	6 to 10
Securities				
Short-Term Investment Fund	$12,824,436	$12,824,436	$0	$0
Guaranteed investment contract	13,000,000	0	0	13,000,000
	$25,824,436	$12,824,436	$0	$13,000,000

As of December 31, 2005, the Fund's investments consisted of the following:

	Investment Maturities (In Years)			
	Fair Value	Less Than 1	1 to 5	6 to 10
Securities				
Short-Term Investment Fund	$16,500,898	$16,500,898	$0	$0
Guaranteed investment contract	13,000,000	0	0	13,000,000
	$29,500,898	$16,500,898	$0	$13,000,000

Restricted investments held by the Trustee in the collection account and the debt service reserve accounts are invested pursuant to the Indenture.

Interest Rate Risk

The Fund investment policies are delineated in Section 509 of the Indenture of Trust dated June 23, 2004.

Credit Risk

The Fund's investment in securities were rated by Standard and Poor's as of December 31, 2006 as follows:

Securities	Fair Value	AAA
Short-Term Investment Fund	$12,824,436	$12,824,436
Guaranteed investment contract	13,000,000	13,000,000
	$25,824,436	$25,824,436

Concentrations of Credit Risk

The Fund places no limit on the amount of investment in any one issuer. More than 5% of the Fund's investments are in a guaranteed investment contract with FSA in the amount $13,000,000 as of December 31, 2006. This investment represents 50% of the Fund's total investments. The Fund's investment policies are delineated in Section 509 of the Indenture of Trust dated June 23, 2004. In addition, in accordance with Connecticut General Statutes, allowable investments include: 1) obligations, securities, and investments set forth in subsection (f) of Section 3-20 of the Connecticut General Statutes and 2) participation certificates in the State's Short-Term Investment Fund created under Section 3-27a of the Connecticut General Statutes.

NOTE 7: SUBSEQUENT EVENTS

Public Act No. 07-1 of the June 2007 Special Session, Sections 21 and 134 authorizes the use of 2007 fiscal year General Fund surplus in the amount of $85,000,000 to be used for the purpose of defeasing or purchasing some or all of the 2004 Series A Special Obligation Rate Reduction Bonds maturing after December 30, 2007. It is anticipated that this transaction will occur prior to the end of the State's 2008 fiscal year.

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 State of Connecticut Special Obligation Rate Reduction Bonds as of December 31, 2006 and 2005, and the related Statements of Revenues, Expenses, and Changes in Net Assets, and Cash Flows for the years then ended. 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 auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our 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 of the State of Connecticut Special Obligation Rate Reduction Bonds as of December 31, 2006 and 2005 and the Statements of Revenues, Expenses, and Changes in Net Assets, and Cash Flows for the years then ended, and are not intended to present fairly the financial position and the results of operations of the Enterprise Funds of the State of Connecticut, in conformity with 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 State of Connecticut Special Obligation Rate Reduction Bonds as of December 31, 2006 and 2005, and the results of its operations and its cash flows for the years 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 State of Connecticut Special Obligation Rate Reduction Bonds 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.

Kevin P. Johnston
Auditor of Public Accounts

Robert G. Jaekle
Auditor of Public Accounts

August 20, 2007
State Capitol
Hartford, Connecticut

STATEMENT OF ASSETS AND LIABILITIES
JUNE 30, 2007

ASSETS	
Investments in securities, at amortized cost (Note 1)	$ 207,911,184
Receivable for fund shares sold	102,989
Accrued interest receivable	1,417,740
Other receivable	5,812
Total assets	209,437,725
LIABILITIES	
Payable for securities purchased	13,799,876
Due to Custodian	6,492,370
Payable to affiliates*	62,391
Other payables	2,926
Total liabilities	20,357,563
Net assets	**$ 189,080,162**
SOURCE OF NET ASSETS:	
Net capital paid in on shares of capital stock (Note 3)	$ 189,083,348
Accumulated net realized losses	(3,186)
Net assets	**$ 189,080,162**
Net asset value, per share (applicable to 189,085,529 shares outstanding)	**$ 1.00**

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

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

SCHEDULE OF INVESTMENTS
JUNE 30, 2007

Face Amount		Maturity Date	Current Coupon(b)	Value (Note 1)	Ratings (a) Moody's	Standard & Poor's
Put Bonds (c) (5.82%)						
$ 4,000,000	Intermountain Power Agency (Utah Power Supply) – Series F Insured by AMBAC Assurance Corporation	09/17/07	3.64%	$ 4,000,000	VMIG-1	A-1
3,000,000	Plaquemines, LA Port, Harbor, & Terminal District Port Facility RB (Chevron Pipeline Company Project) – Series 1984	08/31/07	3.85	3,000,000	P-1	A-1+
4,000,000	Vermont Educational & Health Buildings Financing Agency (Middlebury College Project) Series 1988A	11/01/07	3.58	4,000,000		A-1+
11,000,000	**Total Put Bonds**			**11,000,000**		
Tax Exempt Commercial Paper (1.06%)						
$ 2,000,000	York County, PA IDA PCRB (Philadelphia Electric Co. Project) – Series 1993A LOC BNP Paribas	10/11/07	3.76%	$ 2,000,000	P-1	A-1+
2,000,000	**Total Tax Exempt Commercial Paper**			**2,000,000**		
Tax Exempt General Obligation Notes & Bonds (16.90%)						
$ 5,935,000	City of Chicopee, MA BAN	08/15/07	3.62%	$ 5,940,151	MIG-1	
2,200,000	City of Detroit, MI TAN – Series 2007	03/01/08	3.71	2,211,301		SP-1+
4,000,000	City of Houston, TX TRAN – Series 2007	06/30/08	3.71	4,030,360	MIG-1	SP-1+
4,500,000	Cook County, IL Community Consolidated SD Number 21	04/01/08	3.75	4,530,780	MIG-1	
2,000,000	Evendale Village, Hamilton County, OH Tax Increment RB LOC Fifth Third Bank	05/15/08	3.80	2,000,000	P-1	A-1+
2,000,000	Puerto Rico Commonwealth TRAN – Series 2007 LOC The Bank of Nova Scotia/BNP Paribas/Dexia Credit Local/ Fortis Bank, S.A./Banco Bilbao Vizcaya Argentaria S.A./ Banco Santander Central Hispano, S.A.	07/30/07	3.50	2,001,552	MIG-1	SP-1+
1,200,000	State of Idaho, TAN – Series 2007	06/30/08	3.73	1,208,856	MIG-1	SP-1+
4,000,000	State of New Mexico, TRAN – Series 2007	06/30/08	3.72	4,029,880	MIG-1	SP-1+
3,000,000	Texas State TRAN – Series 2005	08/31/07	3.56	3,004,547	MIG-1	SP-1+
3,000,000	Texas State TRAN – Series 2005	08/31/07	3.65	3,003,757	MIG-1	SP-1+
31,835,000	**Total Tax Exempt General Obligation Notes & Bonds**			**31,961,184**		

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

SCHEDULE OF INVESTMENTS (Continued)
JUNE 30, 2007

Face Amount		Maturity Date	Current Coupon(b)	Value (Note 1)	Ratings (a) Moody's	Standard & Poor's
Variable Rate Demand Instruments (d) (86.18%)						
$ 5,000,000	ABN AMRO Munitops Certificate Trust, – Series 2006-9 (Alaska International Airports System RB – Series 2006B-D) Insured by MBIA Insurance Corporation	10/01/14	3.79%	$ 5,000,000	AAA	AAA
4,145,000	Alachu County, FL IDRB (Oak Hall Private School, Inc. Project) – Series 2007 LOC SunTrust Bank	07/01/31	3.79	4,145,000	VMIG-1	
5,000,000	Branch Bank & Trust Municipal Trust Floater – Series 1002 LOC Branch Banking & Trust Company	11/06/23	3.91	5,000,000	VMIG-1	
3,000,000	Board of Trustees of MI State University Putters – Series 1846 Insured by AMBAC Assurance Corporation	02/15/15	3.79	3,000,000		A-1+
2,900,000	Bowie County, TX IDC (Texarkana Newspaper) – Series 1985 LOC The Bank of New York	11/01/25	3.92	2,900,000		A-1+
3,000,000	Chicago, IL Second Lien Water Revenue Refunding Bonds – Series 2004 Insured by MBIA Insurance Corporation	11/01/31	3.73	3,000,000	VMIG-1	A-1+
2,000,000	City of Lakeland, FL Educational Facilities Revenue Bonds (Florida Southern College Project) – Series 1999 LOC SunTrust Bank	09/01/29	3.73	2,000,000	VMIG-1	
3,000,000	Cohasset, MN RB (Minnesota Power & Light Company Project) – Series 1997A Insured by ABN AMRO Bank N.A.	06/01/20	3.73	3,000,000		A-1+
5,000,000	Columbus, OH Regional Airport Authority Capital Funding RB (Oasbo Expanded Asset Pooled Financing Program), Series 2006 LOC U.S. Bank N.A.	12/01/36	3.75	5,000,000	VMIG-1	
2,000,000	Connecticut State HEFA RB (Hospital of Saint Raphael Issue) – Series M LOC KBC Bank	07/01/24	3.70	2,000,000	VMIG-1	A-1
3,700,000	County of Franklin, OH HRB (US Health Corporation.) – Series A LOC Citibank N.A.	12/01/21	3.73	3,700,000	VMIG-1	
4,900,000	Cuyahoga County, OH (Cleveland Health Education Museum Project) LOC Key Bank N.A.	03/01/32	3.75	4,900,000	VMIG-1	
3,985,000	Dade County, FL Water and Sewer System RB – Series 1994 Insured by FGIC	10/05/22	3.73	3,985,000	VMIG-1	A-1+
1,200,000	Emmaus, PA General Authority Local Government (Westchester Area School District Project) – Series 1989 B-24 LOC Depfa Bank PLC	03/01/24	3.74	1,200,000		A-1+
3,000,000	Florida Gulf Coast University Financing Corporation Capital Improvement RB – Series 2003 LOC Wachovia Bank, N.A.	12/01/33	3.68	3,000,000	VMIG-1	

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

SCHEDULE OF INVESTMENTS (Continued)
JUNE 30, 2007

Face Amount		Maturity Date	Current Coupon(b)	Value (Note 1)	Ratings (a) Moody's	Standard & Poor's
Variable Rate Demand Instruments (d) (Continued)						
$ 5,985,000	Florida Gulf Coast University Financing Corporation Capital Improvement RB (Housing Project) – SeriesX 2006A LOC Wachovia Bank, N.A.	02/01/35	3.68%	$ 5,985,000	VMIG-1	
3,440,000	Florida HFC (Cypress Lake Apartments) – Series M-1 LOC Federal Home Loan Mortgage Corporation	11/01/32	3.75	3,440,000		A-1+
5,780,000	Florida HFC Multifamily Housing Revenue Refunding Bonds Island Club Apartments – Series 2001J-A LOC Federal Home Loan Mortgage Corporation	07/01/31	3.75	5,780,000		A-1+
3,200,000	Harris County, TX IDC RB (Odfjell Terminal Project) – Series 1998 LOC Royal Bank of Canada	02/01/20	3.78	3,200,000		A-1+
1,465,000	Houston County, GA Development Authority (Middle Georgia Community Action Agency) – Series 2001 LOC Columbus Bank & Trust Company	01/01/31	3.88	1,465,000	P-1	A-1
1,900,000	Indiana HEFA (Rehabilitation Hospital of Indiana) LOC National City Bank	11/01/20	3.75	1,900,000	VMIG-1	
4,000,000	Iowa Higher Education Loan Authority Private College Facility RB (University of Dubuque Project) – Series 2007 LOC Northern Trust	04/01/35	3.91	4,000,000		A-1+
2,300,000	Jacksonville, (University of Florida Health Science Center) – Series 1989 LOC Bank of America, N.A.	07/01/19	3.83	2,300,000	VMIG-1	
3,755,000	Jefferson County, AL Public Park & Recreation Board (YMCA Project) – Series 2005 LOC Amsouth Bank	09/01/25	3.77	3,755,000	VMIG-1	
4,810,000	Kings County, WA Limited Tax Obligation Bonds – Series 2005 (Putters – Series 1184) Insured by FGIC	01/01/13	3.78	4,810,000		A-1
2,500,000	Lakeview, MI School District 2002 School Building & Site – Series B	05/01/32	3.75	2,500,000		A-1+
600,000	Loudoun County, VA IDA RB (Howard Hughes Medical Institute Project) - Series 2003C	02/15/38	3.88	600,000	VMIG-1	A-1+
5,000,000	Louisiana Housing Finance Agency (Canterbury House Apartments – Sherwood) – Series 2007 LOC Charter One Bank	09/15/40	3.80	5,000,000	VMIG-1	

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

SCHEDULE OF INVESTMENTS (Continued)
JUNE 30, 2007

Face Amount		Maturity Date	Current Coupon(b)	Value (Note 1)	Ratings (a) Moody's	Ratings (a) Standard & Poor's
Variable Rate Demand Instruments (d) (Continued)						
$ 1,500,000	Mark Milford Hicksville Joint Township Hospital District, OHHospitsl Facilites RB – Series 2005 (Commuinity Memorial Hospital of Hicksville) LOC Fifth Third Bank	12/01/37	3.79%	$1,500,000	P-1	A-1+
5,000,000	Massachusetts Bay Transportation Authority – Series 2000	03/01/30	3.70	5,000,000	VMIG-1	A-1+
3,100,000	Massachusetts HEFA RB, Harvard University Issue – Series R	07/15/36	3.85	3,100,000	VMIG-1	A-1+
3,800,000	Michigan Higher Education Facility Authority RB (Hope College Project) – Series 2002B LOC Fifth Third Bank	04/01/32	3.74	3,800,000		A-1+
2,000,000	Mount Vernon, IN Pollution Control & Solid Waste Disposal RB (General Electric Company Project) – Series 2004	12/01/14	3.84	2,000,000	VMIG-1	A-1+
2,450,000	North Carolina Capital Facilities Finance Agency Capital Facilities RB (The Mental Health Association in North Carolina, Inc. Project) – Series 2007 LOC Branch Bank & Trust Company	02/01/27	3.77	2,450,000	P-1	A-1+
3,500,000	North Carolina Medical Care Commission Health System RB(Mission Health Combined Group) – Series 2007	09/01/15	3.78	3,500,000		A-1+
1,400,000	New Ulm, MN Hospital Facility RB (Health Central Systems Project) – Series 1985 LOC Wells Fargo Bank, N.A.	08/01/14	3.80	1,400,000		A-1+
3,000,000	New York City, NY GO Bonds – Series J-2 LOC Westdeutche Landesbank	02/15/16	3.77	3,000,000	VMIG-1	A-1+
2,895,000	New York State Dormitory Authority RB (Oxford University Press Inc.) – Series 1993 LOC Landesbank Hessen	07/01/23	3.92	2,895,000	VMIG-1	
1,900,000	Newport City, KY League of Cities Funding Trust Lease Program RB, – Series 2002 LOC US Bank, N. A.	04/01/32	3.79	1,900,000	VMIG-1	
1,000,000	NJ EDA Industrial Development Refunding RB (Genlyte Union County Project) – Series 1990 LOC Bank of America, N.A.	10/15/09	3.75	1,000,000	P-1	
5,800,000	North Carolina, Educational Facilities Finance RB (Duke University Project) – Series 1987A	12/01/17	3.71	5,800,000	VMIG-1	A-1+

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

SCHEDULE OF INVESTMENTS (Continued)
JUNE 30, 2007

Face Amount		Maturity Date	Current Coupon(b)	Value (Note 1)	Ratings (a) Moody's	Ratings (a) Standard & Poor's
	Variable Rate Demand Instruments (d) (Continued)					
$ 4,100,000	North Carolina, Medical Care Commission RB (Duke University Project) – Series B	06/01/15	3.73%	$4,100,000	VMIG-1	A-1+
1,700,000	Oregon State GO – Series 73H	12/01/19	3.77	1,700,000	VMIG-1	A-1+
345,000	Reading, PA (York County General Authority) – Series 1996A Insured by AMBAC Assurance Corporation	09/01/26	3.74	345,000		A-1+
3,525,000	Richardson, TX Independent School District (Unlimited Tax School Building Bond) – Series 2000 Guaranteed by Texas Permanent School Fund	08/15/24	3.73	3,525,000	VMIG-1	A-1+
4,490,000	The Eagle Tax Exempt Trust – Series 20000904 Class A Insured by FGIC	07/01/16	3.80	4,490,000		A-1+
3,000,000	Texas Transportation Commission State Highway Find First Tier RB – Series 2006-B	04/01/26	3.74	3,000,000	VMIG-1	A-1+
1,940,000	Tulsa County, OK IDA (First Mortgage – Montercasu) – Series 2002A LOC BNP Paribas	07/01/32	3.92	1,940,000		A-1+
4,950,000	University of North Carolina Board of Governors Chapel Hill RB – Series 2001B	12/01/25	3.70	4,950,000	VMIG-1	A-1+
1,000,000	University of Pittsburg (The Commonwealth System of Higher Education)	09/15/39	3.70	1,000,000	VMIG-1	A-1+
2,000,000	Wisconsin HEFA RB (Gundersen Lutheran) – Series 2000B Insured by FSA	12/01/29	3.91	2,000,000		A-1+
1,990,000	Wisconsin Public Power, Inc. Power Supply System RB - Series 2005A PUTTER – Series 1150 Insured by AMBAC Assurance Corporation	07/01/13	3.79	1,990,000	VMIG-1	
162,950,000	**Total Variable Rate Demand Instruments**			**162,950,000**		
	Total Investments (109.96%) (Cost $207,911,184†)			**207,911,184**		
	Liabilities in excess of cash and other assets (-9.96%)			**(18,831,022)**		
	Net Assets (100.00%)			**$189,080,162**		

† Aggregate cost for federal income tax purposes is identical.

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

SCHEDULE OF INVESTMENTS (Continued)
JUNE 30, 2007

FOOTNOTES:

(a) Unless the variable rate demand instruments are assigned their own ratings, the ratings are those 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) The interest rate shown reflects the securities current coupon, unless yield is available.

(c) The maturity date indicated for the put bond is the next put date.

(d) Securities payable on demand at par including accrued interest (usually with one or 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.

KEY:

BAN = Bond Anticipation Note
EDA = Economic Development Authority
FGIC = Financial Guaranty Insurance Company
FSA = Financial Security Assurance
GO = General Obligation
HEFA = Health and Educational Facilities Authority
HFC = Housing Finance Commission
HRB = Hospital Revenue Bond
IDA = Industrial Development Authority
IDC = Industrial Development Corporation
IDRB = Industrial Development Revenue Bond
LOC = Letter of Credit
PCRB = Pollution Control Revenue Bond
PUTTER = Puttable Tax-Exempt Receipts
RB = Revenue Bond
TRAN = Tax and Revenue Anticipation Note

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

TAX EXEMPT PROCEEDS FUND, INC.

BREAKDOWN OF PORTFOLIO HOLDINGS BY STATE
JUNE 30, 2007

States	Value	% of Portfolio
Alabama	$3,755,000	1.81%
Alaska	5,000,000	2.41%
Connecticut	2,000,000	0.96%
Florida	35,125,000	16.89%
Georgia	1,465,000	0.70%
Idaho	1,208,856	0.58%
Illinois	7,530,780	3.62%
Indiana	3,900,000	1.88%
Iowa	4,000,000	1.92%
Kentucky	1,900,000	0.91%
Louisiana	8,000,000	3.85%
Massachusetts	14,040,151	6.75%
Michigan	11,511,301	5.54%
Minnesota	4,400,000	2.12%
New Jersey	1,000,000	0.48%
New Mexico	4,029,880	1.94%
New York	5,895,000	2.84%
North Carolina	20,800,000	10.00%
Ohio	17,100,000	8.23%
Oklahoma	1,940,000	0.93%
Oregon	1,700,000	0.82%
Pennsylvania	4,545,000	2.19%
Puerto Rico	2,001,552	0.96%
Texas	22,663,664	10.90%
Utah	4,000,000	1.92%
Vermont	4,000,000	1.92%
Virginia	600,000	0.29%
Washington	4,810,000	2.31%
Wisconsin	3,990,000	1.92%
Other Territories	5,000,000	2.41%
Total	$207,911,184	100.00%

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

TAX EXEMPT PROCEEDS FUND, INC.

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED
JUNE 30, 2007

INVESTMENT INCOME	
Interest income	$ 6,344,595
Expenses (Note 2)	(699,466)
Net investment income	5,645,129
REALIZED GAIN ON INVESTMENTS	
Net realized gain on investments	-0-
Net increase in net assets from operations	$ 5,645,129

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

TAX EXEMPT PROCEEDS FUND, INC.

STATEMENTS OF CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2007 and 2006

	2007	2006
INCREASE (DECREASE) IN NET ASSETS		
Operations:		
Net investment income	$ 5,645,129	$ 4,049,446
Net realized gain on investments	-0-	-0-
Net increase in net assets resulting from operations	5,645,129	4,049,446
Dividends to shareholders from net investment income	(5,645,129)	(4,049,446)
Capital share transactions (Note 3)	33,822,474	4,474,164
Total increase (decrease)	33,822,474	4,474,164
Net assets:		
Beginning of year	155,257,688	150,783,524
End of year	$ 189,080,162	$ 155,257,688
Undistributed net investment income	-0-	-0-

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

1. Summary of Accounting Policies

Tax Exempt Proceeds Fund, Inc. ("Fund") 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.

(f) Reclassifications

Certain amounts from fiscal 2006 have been reclassified to conform with the fiscal 2007 presentation.

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, 2007, 20,000,000,000 shares of $.001 par value stock were authorized and paid in capital amounted to $189,083,348. Transactions in capital stock, all at $1.00 per share, were as follows:

	YearEnded June 30, 2007	Year Ended June 30, 2006
Sold	1,024,046,205	903,941,513
Issued on reinvestment of dividends	5,553,743	3,859,302
Redeemed	(995,777,474)	(903,326,651)
Net increase (decrease)	33,822,474	4,474,164

4. Tax Information

Accumulated undistributed realized losses at June 30, 2007 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, 2007 and 2006 were tax-exempt. At June 30, 2007, the Fund had no distributable earnings.

The Fund adopted Financial Accounting Standards Board (“FASB”) Interpretation No. 48, *Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109* (‘‘FIN 48’’), as required, on June 30, 2007. FIN 48 requires the Investment Manager to determine whether a tax position of the Fund is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement which could result in the Fund recording a tax liability that would reduce net assets. FIN 48 must be applied to all existing tax positions upon initial adoption and the cumulative effect, if any, is to be reported as an adjustment to net assets as of June 30, 2007.

Based on its analysis, the Investment Manager has determined that the adoption of FIN 48 did not have an impact to the Fund’s financial statements upon adoption. However, the Investment Manager’s conclusions regarding FIN 48 may be subject to review and adjustment at a later date based on factors including, but not limited to, further implementation guidance expected from the FASB, and on-going analyses of tax laws, regulations and interpretations thereof.

5. Financial Highlights

	Years Ended June 30,				
	2007	2006	2005	2004	2003
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	0.032	0.025	0.014	0.006	0.009
Less distributions from:					
Dividends from net investment income	(0.032)	(0.025)	(0.014)	(0.006)	(0.009)
Net asset value, end of year	$1.00	$1.00	$1.00	$1.00	$1.00
Total Return	3.27%	2.57%	1.36%	0.60%	0.92%
Ratios/Supplemental Data					
Net assets, end of year (000’s)	$189,080	$155,258	$150,784	$170,362	$190,422
Ratios to average net assets:					
Expenses	0.40%	0.40%	0.40%	0.40%	0.40%
Net investment income	3.23%	2.55%	1.34%	0.59%	0.92%

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Tax Exempt Proceeds Fund, Inc.

We have audited the accompanying statement of assets and liabilities of Tax Exempt Proceeds Fund, Inc. (the "Fund") including the schedule of investments, as of June 30, 2007 and the related statement of operations for the year then ended, 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 five 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.

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, 2007 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, 2007, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the five 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 27, 2007

Sanville & Company

Supplemental Information

COMBINED INVESTMENT FUNDS

SCHEDULE OF NET ASSETS BY INVESTMENT FUND

JUNE 30, 2007

	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	$ -	$65,382,302	$1,669,622,150	$74,600,248	$153,170,413	$141,162	$147,429,572	$(2,110,345,847)	$ -
Cash Equivalents	1,584,806,115	-	698,054	4,556,865	-	-	-	-	1,590,061,034
Asset Backed Securities	143,000,000	-	165,135,475	-	-	-	-	-	308,135,475
Government Securities	-	-	1,703,293,839	-	-	-	-	-	1,703,293,839
Government Agency Securities	76,610,835	-	2,227,725,958	-	-	-	-	-	2,304,336,793
Mortgage Backed Securities	112,947,987	-	979,447,824	-	-	359,531	-	-	1,092,755,342
Corporate Debt	429,278,605	-	1,488,286,378	1,779,727	-	-	-	-	1,919,344,710
Convertible Securities	-	-	27,448,802	1,737,509	-	-	-	-	29,186,311
Common Stock	-	9,597,671,756	11,135,777	5,556,478,449	-	7,262,768	-	-	15,172,548,750
Preferred Stock	-	-	2,310,335	113,280,041	-	-	-	-	115,590,376
Real Estate Investment Trust	-	147,403,949	304,800	16,546,875	-	-	-	-	164,255,624
Mutual Fund	-	141,537	262,534,525	171,234,100	-	-	-	-	433,910,162
Limited Liability Corporation	-	-	-	-	-	-	4,289,757	-	4,289,757
Trusts	-	-	-	-	7,147,382	-	-	-	7,147,382
Limited Partnerships	-	174,180	-	-	524,422,402	-	1,405,076,155	-	1,929,672,737
Annuities	-	-	-	-	966	-	-	-	966
Total Investments in Securities, at Fair Value	2,346,643,542	9,810,773,724	8,537,943,917	5,940,213,814	684,741,163	7,763,461	1,556,795,484	(2,110,345,847)	26,774,529,258
Cash	-	-	18,947,078	27,134,981	-	-	2,593,508	-	48,675,567
Receivables									
Foreign Exchange Contracts	-	-	165,798,332	9,773,771,214	-	-	-	-	9,939,569,546
Interest Receivable	13,042,294	317,923	79,913,551	363,020	745,026	507	565,584	(9,219,772)	85,728,133
Dividends Receivable	-	10,043,020	21,422	9,374,449	-	-	-	-	19,438,891
Due from Brokers	-	31,135,344	670,187,623	26,200,342	-	-	288,438	-	727,811,747
Foreign Taxes	-	642	4,829	4,074,645	-	-	-	-	4,080,116
Securities Lending Receivable	-	453,867	320,431	498,438	-	-	-	-	1,272,736
Reserve for Doubtful Receivables	-	-	(11,967,914)	(37,255)	-	-	-	-	(12,005,169)
Total Receivables	13,042,294	41,950,796	904,278,274	9,814,244,853	745,026	507	854,022	(9,219,772)	10,765,896,000
Invested Securities Lending Collateral	-	1,518,650,805	1,399,632,534	704,015,011	-	-	-	-	3,622,298,350
Prepaid Expenses	7	-	-	-	202,923	3,513	3,378,221	(7)	3,584,657
Total Assets	2,359,685,843	11,371,375,325	10,860,801,803	16,485,608,659	685,689,112	7,767,481	1,563,621,235	(2,119,565,626)	41,214,983,832
LIABILITIES									
Payables									
Foreign Exchange Contracts	-	-	167,210,693	9,734,436,138	-	-	-	-	9,901,646,831
Due to Brokers	-	32,822,245	1,698,445,724	20,293,539	-	-	-	-	1,751,561,508
Other Payable	-	17,819	-	-	-	-	-	-	17,819
Income Distribution	10,495,488	-	-	-	-	-	-	(9,219,271)	1,276,217
Total Payables	10,495,488	32,840,064	1,865,656,417	9,754,729,677	-	-	-	(9,219,271)	11,654,502,375
Securities Lending Collateral	-	1,518,650,805	1,399,632,534	704,015,011	-	-	-	-	3,622,298,350
Accrued Expenses	5,043	1,798,271	1,975,975	6,113,393	-	-	-	(508)	9,892,174
Total Liabilities	10,500,531	1,553,289,140	3,267,264,926	10,464,858,081	-	-	-	(9,219,779)	15,286,692,899
NET ASSETS	$2,349,185,312	$9,818,086,185	$7,593,536,877	$6,020,750,578	$ 685,689,112	$7,767,481	$1,563,621,235	$(2,110,345,847)	25,928,290,933
Units Outstanding	2,349,185,312	9,047,632	66,302,298	13,607,181	12,443,327	141,599	27,709,938		
Net Asset Value and Redemption Price per Unit	$1.00	$1,085.16	$114.53	$442.47	$55.10	$54.86	$56.43		

COMBINED INVESTMENT FUNDS

SCHEDULE OF CHANGES IN NET ASSETS BY INVESTMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	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	$ -	$167,617,448	$9,711,547	$157,348,975	$5,081,555	$828,462	$218,358,439	$ -	$558,946,426
Interest	93,993,237	5,372,398	359,820,330	5,140,142	4,136,467	11,930	5,708,668	(78,172,736)	396,010,436
Other Income	38,256	6,088,093	818,212	43,993	2,510	-	1,185	(31,817)	6,960,432
Securities Lending	-	63,443,598	63,535,223	42,719,791	-	-	-	-	169,698,612
Total Income	94,031,493	242,521,537	433,885,312	205,252,901	9,220,532	840,392	224,068,292	(78,204,553)	1,131,615,906
Investment Expenses									
Investment Advisory Fees	324,772	9,473,490	8,473,079	28,520,098	721,844	100,083	3,637,161	(270,108)	50,980,419
Custody and Transfer Agent Fees	13	75,832	13,628	28,361	23	-	52	(11)	117,898
Professional Fees	26,687	267,963	138,146	145,366	346,978	150	1,269,270	(22,195)	2,172,365
Security Lending Fees	-	893,290	584,933	999,152	-	-	-	-	2,477,375
Security Lending Rebates	-	58,637,132	60,797,202	36,825,252	-	-	-	-	156,259,586
Investment Expenses	-	-	-	280,552	-	162	-	-	280,714
Total Investment Expenses	351,472	69,347,707	70,006,988	66,798,781	1,068,845	100,395	4,906,483	(292,314)	212,288,357
Net Investment Income	93,680,021	173,173,830	363,878,324	138,454,120	8,151,687	739,997	219,161,809	(77,912,239)	919,327,549
Net Realized Gain (Loss)	54,999	738,234,434	12,390,929	883,042,101	87,236,479	(1,028)	(196,805,200)	(45,742)	1,524,106,972
Net Change in Unrealized Gain/(Loss) on Investments and Foreign Currency	-	700,589,415	59,192,266	502,782,111	(24,389,164)	(55,086)	234,194,086	-	1,472,313,628
Net Increase (Decrease) in Net Assets Resulting from Operations	93,735,020	1,611,997,679	435,461,519	1,524,278,332	70,999,002	683,883	256,550,695	(77,957,981)	3,915,748,149
Unit Transactions									
Purchase of Units by Participants	4,070,399,456	6,000,000	1,357,306,700	12,500,000	448,200,000	-	211,760,000	(2,462,416,363)	3,643,749,793
TOTAL ADDITIONS	**4,164,134,476**	**1,617,997,679**	**1,792,768,219**	**1,536,778,332**	**519,199,002**	**683,883**	**468,310,695**	**(2,540,374,344)**	**7,559,497,942**
DEDUCTIONS									
Administrative Expenses:									
Salary and Fringe Benefits	(128,636)	(1,242,362)	(496,507)	(742,688)	(299,427)	(6,400)	(377,798)	106,985	(3,186,833)
Distributions to Unit Owners:									
Income Distributed	(93,606,384)	(168,092,984)	(306,916,375)	(106,026,251)	(89,653,877)	(1,360,013)	(224,104,995)	77,850,996	(911,909,883)
Unit Transactions:									
Redemption of Units by Participants	(3,104,807,076)	(612,942,000)	(311,000,000)	(766,534,000)	(142,300,000)	(9,753,740)	(40,200,000)	1,454,653,547	(3,532,883,269)
TOTAL DEDUCTIONS	**(3,198,542,096)**	**(782,277,346)**	**(618,412,882)**	**(873,302,939)**	**(232,253,304)**	**(11,120,153)**	**(264,682,793)**	**1,532,611,528**	**(4,447,979,985)**
CHANGE IN NET ASSETS	**965,592,380**	**835,720,333**	**1,174,355,337**	**663,475,393**	**286,945,698**	**(10,436,270)**	**203,627,902**	**(1,007,762,816)**	**3,111,517,957**
Net Assets- Beginning of Period	1,383,592,932	8,982,365,852	6,419,181,540	5,357,275,185	398,743,414	18,203,751	1,359,993,333	(1,102,583,031)	22,816,772,976
Net Assets- End of Period	$2,349,185,312	$9,818,086,185	$7,593,536,877	$6,020,750,578	$685,689,112	$7,767,481	$1,563,621,235	$(2,110,345,847)	$25,928,290,933
Other Information:									
Units									
Purchased	4,070,399,456	5,606	11,721,432	33,620	7,838,493	-	3,869,129		
Redeemed	(3,104,807,076)	(578,157)	(2,711,158)	(1,839,829)	(2,448,467)	(165,349)	(729,073)		
Net Increase (Decrease)	965,592,380	(572,551)	9,010,274	(1,806,209)	5,390,026	(165,349)	3,140,056		

SCHEDULE OF CHANGES IN NET ASSETS BY INVESTMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	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	$ -	$149,610,734	$11,698,294	$139,763,454	$6,029,681	$1,959,193	$216,504,395	$ -	$525,565,751
Interest	60,527,772	5,245,411	322,999,896	3,852,063	1,085,773	16,741	4,083,110	(47,024,285)	350,786,481
Other Income	293,565	1,969,862	17,764	329,928	77,256	44	5,872	(228,072)	2,466,219
Securities Lending	-	32,100,786	51,878,302	38,167,755	-	-	-	-	122,146,843
Total Income	60,821,337	188,926,793	386,594,256	182,113,200	7,192,710	1,975,978	220,593,377	(47,252,357)	1,000,965,294
Investment Expenses									
Investment Advisory Fees	271,123	25,959,765	7,355,194	25,266,303	837,532	183,500	4,702,362	(210,637)	64,365,142
Custody and Transfer Agent Fees	179	60,204	14,186	21,233	1,319	-	-	(139)	96,982
Professional Fees	30,227	261,024	129,716	125,529	590,270	397	846,531	(23,483)	1,960,211
Security Lending Fees	-	505,515	706,078	1,195,140	-	-	-	-	2,406,733
Security Lending Rebates	-	29,451,218	48,358,606	31,038,894	-	-	-	-	108,848,718
Investment Expenses	-	-	-	330,982	-	-	-	-	330,982
Total Investment Expenses	301,529	56,237,726	56,563,780	57,978,081	1,429,121	183,897	5,548,893	(234,259)	178,008,768
Net Investment Income	60,519,808	132,689,067	330,030,476	124,135,119	5,763,589	1,792,081	215,044,484	(47,018,098)	822,956,526
Net Realized Gain (Loss)	(8,230)	528,852,700	(53,478,690)	706,355,072	37,491,709	(31,989)	(333,155,492)	6,394	886,031,474
Net Change in Unrealized Gain/(Loss) on Investments and Foreign Currency	-	188,685,125	(222,605,217)	300,209,168	(19,310,239)	(8,330)	273,459,623	-	520,430,130
Net Increase (Decrease) in Net Assets Resulting from Operations	60,511,578	850,226,892	53,946,569	1,130,699,359	23,945,059	1,751,762	155,348,615	(47,011,704)	2,229,418,130
Unit Transactions									
Purchase of Units by Participants	2,809,551,009	-	385,675,000	-	81,500,000	-	30,767,471	(1,477,661,567)	1,829,831,913
TOTAL ADDITIONS	**2,870,062,587**	**850,226,892**	**439,621,569**	**1,130,699,359**	**105,445,059**	**1,751,762**	**186,116,086**	**(1,524,673,271)**	**4,059,250,043**
DEDUCTIONS									
Administrative Expenses:									
Salary and Fringe Benefits	(126,096)	(1,092,895)	(519,458)	(588,590)	(215,438)	(14,397)	(499,977)	97,965	(2,958,886)
Distributions to Unit Owners:									
Income Distributed	(60,385,485)	(121,789,550)	(293,302,171)	(104,884,693)	(61,396,627)	(1,564,409)	(206,124,351)	46,913,739	(802,533,547)
Unit Transactions:									
Redemption of Units by Participants	(3,004,267,283)	(20,100,000)	(7,000,000)	(156,800,000)	(44,700,000)	(2,306,800)	(60,000,000)	1,559,039,841	(1,736,134,242)
TOTAL DEDUCTIONS	**(3,064,778,864)**	**(142,982,445)**	**(300,821,629)**	**(262,273,283)**	**(106,312,065)**	**(3,885,606)**	**(266,624,328)**	**1,606,051,545**	**(2,541,626,675)**
CHANGE IN NET ASSETS	**(194,716,277)**	**707,244,447**	**138,799,940**	**868,426,076**	**(867,006)**	**(2,133,844)**	**(80,508,242)**	**81,378,274**	**1,517,623,368**
Net Assets- Beginning 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	(1,183,961,306)	21,299,149,602
Net Assets- End of Period	$1,383,592,932	$8,982,365,852	$6,419,181,540	$5,357,275,185	$398,743,411	$18,203,751	$1,359,993,333	$(1,102,583,032)	$22,816,772,972
Other Information:									
Units									
Purchased	2,809,551,009	-	3,383,108	-	1,370,411	-	538,345		
Redeemed	(3,004,267,283)	(21,657)	(62,189)	(499,476)	(730,227)	(39,184)	(1,042,694)		
Net Increase (Decrease)	(194,716,274)	(21,657)	3,320,919	(499,476)	640,184	(39,184)	(504,349)		

COMBINED INVESTMENT FUNDS
TOTAL NET ASSET VALUE BY PENSION PLANS AND TRUST FUNDS
JUNE 30, 2007

Retirement Funds	**Net Asset Value**
Teachers' Retirement Fund	$13,782,070,875
State Employees' Retirement Fund	10,037,695,557
Municipal Employees' Retirement Fund	1,717,314,131
State Judges' Retirement Fund	187,347,553
The Probate Court Retirement Fund	87,647,410
State's Attorneys Retirement Fund	875,031
Non-retirement Trust Funds	
Soldiers' Sailors' & Marines' Fund	61,628,735
Police & Firemans' Survivors' Benefit Fund	21,581,479
Connecticut Arts Endowment Fund	16,163,402
School Fund	9,730,013
Ida Eaton Cotton Fund	2,189,377
Hopemead Fund	2,373,799
Andrew Clark Fund	1,029,711
Agricultural College Fund	643,860
TOTAL	$25,928,290,933

PENSION FUNDS MANAGEMENT DIVISION

COMBINED INVESTMENT FUNDS
SCHEDULE OF INVESTMENT ACTIVITY BY PENSION PLAN
FOR THE FISCAL YEAR ENDING JUNE 30, 2007

	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, 2006	$ 227,936,767	$ 977,591,175	$2,956,689,828	$ 1,272,716,452	$249,096,705	$ 12,529,454	$1,156,856,096	$ 6,853,416,477
Market Value at June 30, 2006	$ 227,936,767	$4,913,724,248	$3,191,923,921	$ 2,893,156,869	$214,924,609	$ 9,929,266	$ 738,259,656	$ 12,189,855,336
Shares Purchased	1,089,545,528	-	884,000,000	-	235,247,906	-	105,453,764	2,314,247,198
Shares Redeemed	(1,156,461,722)	(466,334,655)	(180,000,000)	(432,883,177)	(73,700,000)	(5,320,192)	(25,700,000)	(2,340,399,746)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	384,585,152	15,768,157	274,113,841	(7,663,133)	(1,429,244)	(14,678,326)	650,696,447
Net Investment Income Earned	9,525,656	91,432,311	156,362,953	57,026,194	47,483,675	41,176,465	79,738,238	482,745,492
Net Investment Income Distributed	(9,525,656)	(91,432,311)	(156,362,953)	(57,026,194)	(47,483,675)	(41,176,465)	(79,738,238)	(482,745,492)
Changes in Market Value of Fund Shares	-	401,248,874	46,603,359	489,215,772	(2,266,153)	1,056,956	31,812,832	967,671,640
Market Value at June 30, 2007	$ 161,020,573	$ 5,233,223,619	$3,958,295,437	$ 3,223,603,305	$366,543,229	$ 4,236,786	$ 835,147,926	$ 13,782,070,875
Book Value at June 30, 2007	161,020,573	895,841,672	3,676,457,985	1,113,947,116	402,981,478	5,780,018	1,221,931,534	7,477,960,376
Shares Outstanding	161,020,573	4,822,557	34,561,508	7,285,496	6,651,728	77,236	14,800,194	229,219,292
Market Value per Share	$ 1.00	$ 1,085.16	$ 114.53	$ 442.47	$ 55.10	$ 54.86	$ 56.43	
State Employees' Retirement Fund								
Book Value at June 30, 2006	$ 35,236,987	$ 694,143,373	$2,388,437,403	$ 919,238,996	$179,929,206	$ 8,777,020	$ 817,400,570	$ 5,043,163,555
Market Value at June 30, 2006	$ 35,236,987	$ 3,400,100,451	$2,562,634,452	$ 2,091,621,669	$155,473,069	$ 6,992,885	$ 522,026,325	$ 8,774,085,838
Shares Purchased	424,985,374	-	435,000,000	-	174,542,889	-	85,926,329	1,120,454,592
Shares Redeemed	(407,838,215)	(138,490,805)	(90,000,000)	(304,890,171)	(56,550,000)	(3,746,856)	(12,500,000)	(1,014,016,047)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	113,653,315	7,439,730	193,375,255	(5,750,473)	(981,203)	(7,125,852)	300,610,772
Net Investment Income Earned	4,595,288	64,009,608	120,140,660	41,312,284	35,213,443	37,509,822	49,757,444	352,538,549
Net Investment Income Distributed	(4,595,288)	(64,009,608)	(120,140,660)	(41,312,284)	(35,213,443)	(37,509,822)	(49,757,444)	(352,538,549)
Changes in Market Value of Fund Shares	-	434,971,771	43,463,745	359,562,234	(1,748,474)	719,012	19,592,114	856,560,402
Market Value at June 30, 2007	$ 52,384,146	$ 3,810,234,732	$2,958,537,927	$ 2,339,668,987	$265,967,011	$ 2,983,838	$ 607,918,916	$10,037,695,557
Book Value at June 30, 2007	52,384,146	669,305,883	2,740,877,133	807,724,080	292,171,622	4,048,961	883,701,047	5,450,212,872
Shares Outstanding	52,384,146	3,511,235	25,832,213	5,287,763	4,826,553	54,395	10,773,322	102,669,627
Market Value per Share	$ 1.00	$ 1,085.16	$ 114.53	$ 442.47	$ 55.10	$ 54.86	$ 56.43	
Municipal Employees' Retirement Fund								
Book Value at June 30, 2006	$ 14,178,437	$ 112,518,624	$ 464,547,364	$ 140,985,139	$ 28,080,975	$ 1,365,108	$ 134,579,362	$ 896,255,009
Market Value at June 30, 2006	$ 14,178,437	$ 563,400,983	$ 488,638,421	$ 320,781,868	$ 24,341,024	$ 1,095,359	$ 88,684,358	$ 1,501,120,450
Shares Purchased	75,472,059	-	35,000,000	10,000,000	33,873,253	-	15,157,667	169,502,979
Shares Redeemed	(70,356,467)	(6,377,975)	(30,000,000)	(23,122,754)	(11,550,000)	(586,902)	(2,000,000)	(143,994,098)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	5,238,975	2,030,529	14,210,008	(1,017,331)	(148,461)	(1,015,839)	19,297,881
Net Investment Income Earned	917,853	10,650,924	22,298,806	6,664,172	5,991,888	5,177,230	9,883,008	61,583,881
Net Investment Income Distributed	(917,853)	(10,650,924)	(22,298,806)	(6,664,172)	(5,991,888)	(5,177,230)	(9,883,008)	(61,583,881)
Changes in Market Value of Fund Shares	-	85,899,853	8,708,292	73,888,744	(291,777)	107,392	3,074,415	171,386,919
Market Value at June 30, 2007	$ 19,294,029	$ 648,161,836	$ 504,377,242	$ 395,757,866	$ 45,355,169	$ 467,388	$ 103,900,601	$ 1,717,314,131
Book Value at June 30, 2007	19,294,029	111,379,624	471,577,893	142,072,393	49,386,897	629,745	146,721,190	941,061,771
Shares Outstanding	19,294,029	597,299	4,403,925	894,432	823,069	8,520	1,841,289	27,862,563
Market Value per Share	$ 1.00	$ 1,085.16	$ 114.53	$ 442.47	$ 55.10	$ 54.86	$ 56.43	

PENSION FUNDS MANAGEMENT DIVISION

COMBINED INVESTMENT FUNDS
SCHEDULE OF INVESTMENT ACTIVITY BY PENSION PLAN (Continued)
FOR THE FISCAL YEAR ENDING JUNE 30, 2007

	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, 2006	$ 501,962	$ 5,603,447	$ 22,047,797	$ 8,790,939	$ 1,611,595	$ 80,957	$ 3,893,390	$ 42,530,087
Market Value at June 30, 2006	$ 501,962	$ 28,941,681	$ 23,853,283	$ 20,040,632	$ 1,392,813	$ 63,889	$ 2,526,973	$ 77,321,233
Shares Purchased	5,390,144	-	1,550,000	-	1,174,192	-	2,647,631	10,761,967
Shares Redeemed	(4,901,519)	(327,634)	-	(4,760,532)	(175,000)	(34,231)	-	(10,198,916)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	270,912	-	2,786,788	(21,478)	(9,378)	-	3,026,844
Net Investment Income Earned	74,978	547,133	1,128,604	353,726	296,198	272,199	410,212	3,083,050
Net Investment Income Distributed	(74,978)	(547,133)	(1,128,604)	(353,726)	(296,198)	(272,199)	(410,212)	(3,083,050)
Changes in Market Value of Fund Shares	-	4,410,853	515,226	1,717,315	(45,660)	6,983	131,565	6,736,282
Market Value at June 30, 2007	$ 990,587	$ 33,295,812	$ 25,918,509	$ 19,784,203	$ 2,324,867	$ 27,263	$ 5,306,169	$ 87,647,410
Book Value at June 30, 2007	990,587	5,546,725	23,597,797	6,817,195	2,589,309	37,348	6,541,021	46,119,982
Shares Outstanding	990,587	30,683	226,305	44,713	42,190	497	94,034	1,429,009
Market Value per Share	$ 1.00	$ 1,085.16	$ 114.53	$ 442.47	$ 55.10	$ 54.86	$ 56.43	
Judges' Retirement Fund								
Book Value at June 30, 2006	$ 1,313,786	$ 12,509,595	$ 61,194,126	$ 13,989,626	$ 2,630,547	$ 134,155	$ 13,207,245	$ 104,979,080
Market Value at June 30, 2006	$ 1,313,786	$ 56,723,994	$ 63,195,750	$ 31,674,145	$ 2,246,872	$ 107,900	$ 8,496,017	$ 163,758,464
Shares Purchased	7,596,225	6,000,000	1,000,000	2,500,000	3,156,762	-	2,574,609	22,827,596
Shares Redeemed	(5,954,926)	(642,143)	(11,000,000)	(877,366)	(300,000)	(57,816)	-	(18,832,251)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	515,512	721,763	533,822	(31,861)	(14,457)	-	1,724,779
Net Investment Income Earned	91,129	1,088,445	2,852,383	669,875	589,206	543,440	995,870	6,830,348
Net Investment Income Distributed	(91,129)	(1,088,445)	(2,852,383)	(669,875)	(589,206)	(543,440)	(995,870)	(6,830,348)
Changes in Market Value of Fund Shares	-	8,744,098	834,354	8,105,616	(102,512)	10,412	276,997	17,868,965
Market Value at June 30, 2007	$ 2,955,085	$ 71,341,461	$ 54,751,867	$ 41,936,217	$ 4,969,261	$ 46,039	$ 11,347,623	$ 187,347,553
Book Value at June 30, 2007	2,955,085	18,382,964	51,915,889	16,146,082	5,455,448	61,882	15,781,854	110,699,204
Shares Outstanding	2,955,085	65,743	478,061	94,778	90,178	839	201,099	3,885,783
Market Value per Share	$ 1.00	$ 1,085.16	$ 114.53	$ 442.47	$ 55.10	$ 54.86	$ 56.43	
State's Attorneys' Retirement Fund								
Book Value at June 30, 2006	$ 34,519	$ 38,583	$ 495,640	$ -	$ 5,035	$ -	$ -	$ 573,777
Market Value at June 30, 2006	$ 34,519	$ 212,241	$ 519,832	$ -	$ 4,688	$ -	$ -	$ 771,280
Shares Purchased	57,671	-	2,400	-	6,914	-	-	66,985
Shares Redeemed	(6,462)	(2,403)	-	-	-	-	-	(8,865)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	2,012	-	-	-	-	-	2,012
Net Investment Income Earned	2,904	4,012	24,158	-	1,046	-	-	32,120
Net Investment Income Distributed	(2,904)	(4,012)	(24,158)	-	(1,046)	-	-	(32,120)
Changes in Market Value of Fund Shares	-	32,319	11,520	-	(220)	-	-	43,619
Market Value at June 30, 2007	$ 85,728	$ 244,169	$ 533,752	$ -	$ 11,382	$ -	$ -	$ 875,031
Book Value at June 30, 2007	85,728	38,192	498,040	-	11,949	-	-	633,909
Shares Outstanding	85,728	225	4,660	-	207	-	-	90,820
Market Value per Share	$ 1.00	$ 1,085.16	$ 114.53	$ -	$ 55.10	$ -	$ -	

PENSION FUNDS MANAGEMENT DIVISION

COMBINED INVESTMENT FUNDS
SCHEDULE OF INVESTMENT ACTIVITY BY TRUST
FOR THE FISCAL YEAR ENDING JUNE 30, 2007

	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, 2006	$ 60,041	$ 1,095,686	$ 49,098,734	$ -	$ -	$ -	$ -	$ 50,254,461
Market Value at June 30, 2006	$ 60,041	$ 6,405,069	$ 52,953,061	$ -	$ -	$ -	$ -	$ 59,418,171
Shares Purchased	2,584,108	-	72,000	-	-	-	-	2,656,108
Shares Redeemed	(2,583,599)	(72,509)	-	-	-	-	-	(2,656,108)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	61,417	-	-	-	-	-	61,417
Net Investment Income Earned	4,851	121,086	2,457,662	-	-	-	-	2,583,599
Net Investment Income Distributed	(4,851)	(121,086)	(2,457,662)	-	-	-	-	(2,583,599)
Changes in Market Value of Fund Shares	-	974,700	1,174,447	-	-	-	-	2,149,147
Market Value at June 30, 2007	$ 60,550	$ 7,368,677	$ 54,199,508	$ -	$ -	$ -	$ -	$ 61,628,735
Book Value at June 30, 2007	60,550	1,084,594	49,170,734	-	-	-	-	50,315,878
Shares Outstanding	60,550	6,790	473,238	-	-	-	-	540,578
Market Value per Share	$ 1.00	$ 1,085.16	$ 114.53	$ -	$ -	$ -	$ -	
Endowment for the Arts								
Book Value at June 30,2006	$ 933,034	$ -	$ 14,472,429	$ -	$ -	$ -	$ -	$ 15,405,463
Market Value at June 30,2006	$ 933,034	$ -	$ 14,898,769	-	$ -	$ -	$ -	$ 15,831,803
Shares Purchased	978,940	-	-	-	-	-	-	978,940
Shares Redeemed	(977,889)	-	-	-	-	-	-	(977,889)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	-	-	-	-	-	-	-
Net Investment Income Earned	42,881	-	691,107	-	-	-	-	733,988
Net Investment Income Distributed	(42,881)	-	(691,107)	-	-	-	-	(733,988)
Changes in Market Value of Fund Shares	-	-	330,548	-	-	-	-	330,548
Market Value at June 30, 2007	$ 934,085	$ -	$ 15,229,317	$ -	$ -	$ -	$ -	$ 16,163,402
Book Value at June 30, 2007	$ 934,085	$ -	$ 14,472,429	$ -	$ -	$ -	$ -	$ 15,406,514
Shares Outstanding	934,085	-	132,973	-	-	-	-	1,067,058
Market Value per Share	$ 1.00	$ -	$ 114.53	$ -	$ -	$ -	$ -	
Agricultural College Fund								
Book Value at June 30, 2006	$ 36,499	$ 28,626	$ 379,240	$ -	$ -	$ -	$ -	$ 444,365
Market Value at June 30, 2006	$ 36,499	$ 170,965	$ 399,145	$ -	$ -	$ -	$ -	$ 606,609
Shares Purchased	23,431	-	16,900	-	-	-	-	40,331
Shares Redeemed	(22,202)	(16,935)	-	-	-	-	-	(39,137)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	14,455	-	-	-	-	-	14,455
Net Investment Income Earned	1,554	3,193	18,649	-	-	-	-	23,396
Net Investment Income Distributed	(1,554)	(3,193)	(18,649)	-	-	-	-	(23,396)
Changes in Market Value of Fund Shares	-	12,993	8,609	-	-	-	-	21,602
Market Value at June 30, 2007	$ 37,728	$ 181,478	$ 424,654	$ -	$ -	$ -	$ -	$ 643,860
Book Value at June 30, 2007	$ 37,728	$ 26,146	$ 396,140	$ -	$ -	$ -	$ -	$ 460,014
Shares Outstanding	37,728	167	3,708	-	-	-	-	41,603
Market Value per Share	$ 1.00	$ 1,085.16	$ 114.53	$ -	$ -	$ -	$ -	

PENSION FUNDS MANAGEMENT DIVISION

COMBINED INVESTMENT FUNDS

SCHEDULE OF INVESTMENT ACTIVITY BY TRUST (Continued)

FOR THE FISCAL YEAR ENDING JUNE 30, 2007

	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, 2006	$ 122,160	$ 98,432	$ 1,281,206	$ -	$ -	$ -	$ -	$ 1,501,798
Market Value at June 30, 2006	$ 122,160	$ 581,547	$ 1,358,931	$ -	$ -	$ -	$ -	$ 2,062,638
Shares Purchased	79,700	-	56,400	-	-	-	-	136,100
Shares Redeemed	(75,483)	(56,583)	-	-	-	-	-	(132,066)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	48,204	-	-	-	-	-	48,204
Net Investment Income Earned	5,178	10,860	63,479	-	-	-	-	79,517
Net Investment Income Distributed	(5,178)	(10,860)	(63,479)	-	-	-	-	(79,517)
Changes in Market Value of Fund Shares	-	45,174	29,327	-	-	-	-	74,501
Market Value at June 30, 2007	$ 126,377	$ 618,342	$ 1,444,652	$ -	$ -	$ -	$ -	$ 2,189,377
Book Value at June 30, 2007	$ 126,377	$ 90,053	$ 1,337,606	$ -	$ -	$ -	$ -	$ 1,554,036
Shares Outstanding	126,377	570	12,614	-	-	-	-	139,561
Market Value per Share	$ 1.00	$ 1,085.16	$ 114.53	$ -	$ -	$ -	$ -	
Andrew Clark Fund								
Book Value at June 30, 2006	$ 58,529	$ 46,552	$ 621,867	$ -	$ -	$ -	$ -	$ 726,948
Market Value at June 30, 2006	$ 58,529	$ 273,485	$ 638,144	$ -	$ -	$ -	$ -	$ 970,158
Shares Purchased	37,510	-	28,000	-	-	-	-	65,510
Shares Redeemed	(35,499)	(28,096)	-	-	-	-	-	(63,595)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	23,912	-	-	-	-	-	23,912
Net Investment Income Earned	2,493	5,102	29,819	-	-	-	-	37,414
Net Investment Income Distributed	(2,493)	(5,102)	(29,819)	-	-	-	-	(37,414)
Changes in Market Value of Fund Shares	-	19,979	13,747	-	-	-	-	33,726
Market Value at June 30, 2007	$ 60,540	$ 289,280	$ 679,891	$ -	$ -	$ -	$ -	$ 1,029,711
Book Value at June 30, 2007	$ 60,540	$ 42,368	$ 649,867	$ -	$ -	$ -	$ -	$ 752,775
Shares Outstanding	60,540	267	5,936	-	-	-	-	66,743
Market Value per Share	$ 1.00	$ 1,085.16	$ 114.53	$ -	$ -	$ -	$ -	
School Fund								
Book Value at June 30, 2006	$ 324,851	$ 444,960	$ 5,902,966	$ -	$ -	$ -	$ -	$ 6,672,777
Market Value at June 30, 2006	$ 324,851	$ 2,628,152	$ 6,221,246	$ -	$ -	$ -	$ -	$ 9,174,249
Shares Purchased	398,184	-	329,500	-	-	-	-	727,684
Shares Redeemed	(396,271)	(329,752)	-	-	-	-	-	(726,023)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	280,936	-	-	-	-	-	280,936
Net Investment Income Earned	22,478	48,881	291,075	-	-	-	-	362,434
Net Investment Income Distributed	(22,478)	(48,881)	(291,075)	-	-	-	-	(362,434)
Changes in Market Value of Fund Shares	-	140,027	133,140	-	-	-	-	273,167
Market Value at June 30, 2007	$ 326,764	$ 2,719,363	$ 6,683,886	$ -	$ -	$ -	$ -	$ 9,730,013
Book Value at June 30, 2007	$ 326,764	$ 396,144	$ 6,232,466	$ -	$ -	$ -	$ -	$ 6,955,373
Shares Outstanding	326,764	2,506	58,360	-	-	-	-	387,629
Market Value per Share	$ 1.00	$ 1,085.16	$ 114.53	$ -	$ -	$ -	$ -	

PENSION FUNDS MANAGEMENT DIVISION

COMBINED INVESTMENT FUNDS
SCHEDULE OF INVESTMENT ACTIVITY BY TRUST (Continued)
FOR THE FISCAL YEAR ENDING JUNE 30, 2007

	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, 2006	$ 124,218	$ 99,742	$ 1,404,559	$ -	$ -	$ -	$ -	$ 1,628,519
Market Value at June 30, 2006	$ 124,218	$ 584,936	$ 1,452,939	$ -	$ -	$ -	$ -	$ 2,162,093
Shares Purchased	86,662	-	156,500	-	-	-	-	243,162
Shares Redeemed	(139,152)	(16,622)	-	-	-	-	-	(155,774)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	14,124	-	-	-	-	-	14,124
Net Investment Income Earned	7,869	11,031	68,490	-	-	-	-	87,390
Net Investment Income Distributed	(7,869)	(11,031)	(68,490)	-	-	-	-	(87,390)
Changes in Market Value of Fund Shares	-	80,358	29,836	-	-	-	-	110,194
Market Value at June 30, 2007	$ 71,728	$ 662,796	$ 1,639,275	$ -	$ -	$ -	$ -	$ 2,373,799
Book Value at June 30, 2007	$ 71,728	$ 97,244	$ 1,561,059	$ -	$ -	$ -	$ -	$ 1,730,031
Shares Outstanding	71,728	611	14,313	-	-	-	-	86,652
Market Value per Share	$ 1.00	$ 1,085.16	$ 114.53	$ -	$ -	$ -	$ -	
Police & Fireman's Survivors' Benefit Fund								
Book Value at June 30, 2006	$ 148,111	$ 6,852,676	$ 10,588,231	$ -	$ 376,665	$ 18,772	$ -	$ 17,984,455
Market Value at June 30, 2006	$ 148,111	$ 8,618,102	$ 10,493,645	$ -	$ 360,337	$ 14,455	$ -	$ 19,634,650
Shares Purchased	747,558	-	95,000	-	198,084	-	-	1,040,642
Shares Redeemed	(404,123)	(245,888)	-	-	(25,000)	(7,747)	-	(682,758)
Returns of Capital	-	-	-	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	-	60,188	-	-	(1,167)	(2,369)	-	56,652
Net Investment Income Earned	15,955	197,272	451,656	-	78,421	928	152	744,384
Net Investment Income Distributed	(15,955)	(197,272)	(451,656)	-	(78,421)	(928)	(152)	(744,384)
Changes in Market Value of Fund Shares	-	1,312,217	232,309	-	(14,059)	1,826	-	1,532,293
Market Value at June 30, 2007	$ 491,546	$ 9,744,619	$ 10,820,954	$ -	$ 518,195	$ 6,165	$ -	$ 21,581,479
Book Value at June 30, 2007	491,546	6,666,976	10,683,231	-	548,582	8,656	-	18,398,991
Shares Outstanding	491,546	8,980	94,482	-	9,404	112	-	604,524
Market Value per Share	$ 1.00	$ 1,085.16	$ 114.53	$ -	$ 55.10	$ 54.86	$ -	

PENSION FUNDS MANAGEMENT DIVISION

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

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Investment Income (1)	$972,879	$889,710	$828,019	$946,643	$846,384	$741,812	$787,287	$1,002,774	$731,983	$734,928
Expenses (1)(2)	56,738	69,712	64,509	49,131	48,428	60,570	67,282	50,552	54,417	40,817
Net Investment Income	916,141	819,998	763,510	897,512	797,956	681,242	720,005	952,222	677,566	694,111
Realized Gains/(Losses)	1,524,107	886,031	698,664	880,979	(566,640)	(449,961)	269,330	1,522,994	673,802	1,350,408
Change in Unrealized Gains/(Losses)	1, 472,314	520,430	591,155	936,916	123,784	(1,563,253)	(1,776,378)	90,500	530,276	681,413
Total	**$3,912,562**	**$2,226,459**	**$2,053,329**	**$2,715,407**	**$355,100**	**$(1,331,972)**	**$(787,043)**	**$2,565,716**	**$1,881,644**	**$2,725,932**

(1) Securities lending income and expenses are shown net in the Investment Income line above for all periods presented.
(2) Expenses shown above include salary and fringe benefits.

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, 2007

Fund Name	Teachers' Retirement Fund		State Employees' Retirement Fund		Municipal Employees' Retirement Fund		Probate Court Retirement Fund		Judges Retirement Fund		State's Attorneys' Retirement Fund		Trust Funds	
CRA	$161,021	1.17%	$52,384	0.52%	$19,294	1.12%	$990	1.13%	$2,955	1.58%	$86	9.83%	$2,109	1.83%
MEF	5,233,224	37.97%	3,810,235	37.96%	648,162	37.74%	33,296	37.99%	71,341	38.08%	244	27.88%	21,585	18.71%
FIF	3,958,295	28.72%	2,958,538	29.47%	504,377	29.37%	25,919	29.57%	54,752	29.22%	534	61.03%	91,122	79.00%
ISF	3,223,603	23.39%	2,339,669	23.31%	395,758	23.05%	19,784	22.58%	41,936	22.39%	-	0.00%	-	0.00%
REF	366,543	2.66%	265,967	2.65%	45,355	2.64%	2,325	2.65%	4,969	2.65%	11	1.26%	518	0.45%
CMF	4,237	0.03%	2,984	0.03%	467	0.03%	27	0.03%	46	0.02%	-	0.00%	6	0.01%
PIF	835,148	6.06%	607,918	6.06%	103,901	6.05%	5,306	6.05%	11,348	6.06%	-	0.00%	-	0.00%
Total	$13,782,071	100.00%	$10,037,695	100.00%	$1,717,314	100.00%	$87,647	100.00%	$187,347	100.00%	$875	100.00%	$115,340	100.00%

(1) Based on Net Asset Value

Source: Amounts were dervied from custodial records.

PENSION FUNDS MANAGEMENT DIVISION

COMBINED INVESTMENT FUNDS
INVESTMENT SUMMARY AT JUNE 30, 2007 [1]

Cash Reserve Account [2]

	Book Value	Market Value	% of Total Fund MV	Rate of Return
2007	$236,297,695	$236,297,695	0.88%	5.61%
2006	280,548,978	280,548,978	1.20%	4.54%
2005	395,948,288	395,948,288	1.84%	2.38%
2004	363,170,856	363,170,856	1.76%	1.30%
2003	710,832,993	710,832,993	3.75%	1.80%
2002	481,664,484	481,664,484	2.46%	3.03%
2001	391,346,777	391,346,777	1.85%	6.35%
2000	378,683,486	378,683,486	1.67%	5.96%
1999	227,101,012	227,101,012	1.11%	5.46%
1998	409,767,394	409,767,394	2.17%	5.86%

Mutual Equity Fund

	Book Value	Market Value	% of Total Fund MV	Rate of Return
2007	$7,628,304,018	$9,810,773,724	36.64%	18.24%
2006	7,501,163,477	8,983,043,768	38.25%	10.27%
2005	6,991,797,244	8,284,992,409	38.40%	8.06%
2004	6,544,070,199	7,779,104,677	37.67%	20.84%
2003	6,047,280,312	6,603,061,918	34.77%	0.48%
2002	6,401,472,709	6,688,728,705	34.20%	-14.95%
2001	6,649,619,519	7,949,775,481	37.49%	-9.55%
2000	6,578,261,062	8,876,068,150	39.08%	10.03%
1999	6,321,181,834	9,137,539,233	44.77%	19.38%
1998	5,597,631,659	7,735,628,862	41.04%	28.40%

International Stock Fund

	Book Value	Market Value	% of Total Fund MV	Rate of Return
2007	$4,293,498,472	$5,940,213,814	22.19%	29.65%
2006	4,145,802,552	5,392,666,574	22.96%	25.69%
2005	3,587,545,036	4,372,185,115	20.27%	19.23%
2004	3,407,481,400	3,995,868,265	19.35%	29.69%
2003	2,047,590,656	2,026,297,000	10.67%	-6.39%
2002	2,306,936,221	2,272,810,463	11.62%	-9.00%
2001	2,449,711,883	2,466,657,788	11.63%	-13.29%
2000	2,315,776,890	2,928,693,346	12.89%	20.13%
1999	1,937,731,869	2,436,960,573	11.94%	6.77%
1998	1,988,516,841	2,394,774,756	12.71%	1.52%

Real Estate Fund

	Book Value	Market Value	% of Total Fund MV	Rate of Return
2007	$638,511,736	$684,741,163	2.56%	14.21%
2006	327,772,520	398,391,108	1.70%	7.09%
2005	309,798,748	399,727,575	1.85%	27.74%
2004	348,015,445	368,546,928	1.78%	0.67%
2003	399,402,161	425,893,012	2.24%	3.30%
2002	417,067,553	471,193,932	2.41%	0.81%
2001	407,455,431	476,011,373	2.24%	14.45%
2000	464,709,616	510,010,943	2.25%	9.18%
1999	442,674,319	428,221,842	2.10%	9.96%
1998	445,482,545	416,617,227	2.21%	25.63%

Mutual Fixed Income Fund

	Book Value	Market Value	% of Total Fund MV	Rate of Return
2007	$8,604,509,537	$8,537,943,917	31.89%	6.92%
2006	7,179,817,139	7,052,537,386	30.03%	0.77%
2005	6,567,168,651	6,662,163,634	30.88%	7.70%
2004	6,368,703,625	6,325,884,136	30.63%	2.79%
2003	7,082,889,175	7,308,417,293	38.49%	12.03%
2002	7,412,105,698	7,295,007,838	37.30%	5.64%
2001	7,363,064,249	7,218,746,648	34.04%	8.03%
2000	7,463,463,748	7,282,002,823	32.06%	5.77%
1999	6,943,741,512	6,762,463,935	33.13%	2.64%
1998	6,798,694,018	6,826,179,407	36.22%	10.52%

Commercial Mortgage Fund

	Book Value	Market Value	% of Total Fund MV	Rate of Return
2007	$7,355,621	$7,763,461	0.03%	8.17%
2006	17,729,189	18,192,114	0.08%	9.69%
2005	19,796,542	20,267,798	0.09%	6.95%
2004	35,210,421	36,228,371	0.18%	7.87%
2003	69,871,489	71,990,878	0.38%	20.62%
2002	69,553,258	71,468,307	0.37%	1.19%
2001	92,793,153	100,727,402	0.47%	10.88%
2000	168,263,689	175,216,208	0.77%	8.26%
1999	231,513,066	235,232,350	1.15%	6.10%
1998	262,476,294	271,419,535	1.44%	17.71%

COMBINED INVESTMENT FUNDS
INVESTMENT SUMMARY AT JUNE 30, 2007 (Continued)

	Private Investment Fund [3]				Total Fund			
	Book Value	Market Value	% of Total Fund MV	Rate of Return	Book Value	Market Value	% of Total Fund MV	Rate of Return
2007	$1,657,888,536	$1,556,795,484	5.81%	19.56%	$23,066,365,615	$26,774,529,258	100.00%	17.34%
2006	1,692,805,252	1,357,518,114	5.78%	11.74%	21,145,639,107	23,482,898,042	100.00%	10.55%
2005	2,046,726,560	1,437,979,798	6.67%	9.58%	19,918,781,069	21,573,264,617	100.00%	10.46%
2004	2,406,829,047	1,781,312,669	8.63%	20.21%	19,473,480,993	20,650,115,902	100.00%	15.23%
2003	2,413,582,348	1,842,900,019	9.70%	-11.94%	18,771,449,134	18,989,393,113	100.00%	2.49%
2002	2,315,048,277	2,276,642,374	11.64%	-10.81%	19,403,848,200	19,557,516,103	100.00%	-6.39%
2001	2,217,285,786	2,601,575,275	12.28%	-6.25%	19,571,276,798	21,204,840,744	100.00%	-3.68%
2000	1,879,100,932	2,561,042,272	11.28%	53.86%	19,248,259,423	22,711,717,228	100.00%	13.13%
1999	1,138,252,584	1,182,905,063	5.80%	-0.81%	17,242,196,196	20,410,424,008	100.00%	10.49%
1998	715,880,779	794,324,372	4.21%	18.55%	16,218,449,530	18,848,711,553	100.00%	17.19%

(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) In fiscal year 1999, the Venture Capital Fund was renamed as the Private Investment Fund.

PENSION FUNDS MANAGEMENT DIVISION

COMBINED INVESTMENT FUNDS

TOP TEN HOLDINGS BY FUND AT JUNE 30, 2007

MUTUAL EQUITY FUND

Security Name	Industry Sector	Market Value	%
Exxon Mobil Corp	Energy	$ 319,049,659	3.25%
Microsoft	Technology	188,642,126	1.92%
General Electric	Technology	186,511,759	1.90%
Bank America Corp	Financial	168,768,476	1.72%
Pfizer Inc	Health Care	147,809,558	1.51%
Cisco Systems Inc	Technology	145,826,889	1.49%
J P Morgan Chase & Co	Financial	138,976,451	1.42%
ConocoPhillips	Energy	122,188,076	1.24%
Verizon Communications	Telecommunication	115,426,641	1.18%
Altria Group Inc	Consumer Staples	114,028,913	1.16%
Top Ten		**1,647,228,548**	**16.79%**
Total Market Value		**$9,810,773,724**	

INTERNATIONAL STOCK FUND

Security Name	Country	Market Value	%
Total SA Eur 2.5 Post Division	France	$ 83,827,630	1.41%
Vodafone Group ORD USD 0.11428571	United Kingdom	76,005,235	1.28%
Samsung Electronic KRW 5000	Republic of Korea	62,688,222	1.06%
Glaxosmithkline ORD GBP .25	United Kingdom	62,463,517	1.05%
ING Groep NV CVA Euro .24	Netherlands	59,495,481	1.00%
Nestle SA	Switzerland	54,875,150	0.92%
ENI Eur 1	Italy	48,555,140	0.82%
Toyota Motor Corp JPY50	Japan	44,019,677	0.74%
Royal BK Scot GRP Ord GBP .25	United Kingdom	43,332,695	0.73%
Roche Holdings AG NPV	Switzerland	42,015,353	0.71%
Top Ten		**577,278,100**	**9.72%**
Total Market Value		**$5,940,213,814**	

REAL ESTATE FUND

Property Name	Location	Property Type	Market Value	%
Westport Senior Living Inv FD	Various	Senior Living	$ 58,609,060	8.56%
Walton Street RE II LP Fnd 2	Various	Various	51,524,546	7.52%
Rio Hill Shopping Center	Virginia	Retail	47,426,241	6.93%
Apollo Real Est Invest Fd III	Various	Various	40,441,079	5.90%
Starwood Opportunity Fund VII	Various	Various	38,091,196	5.56%
The Glen at Lafayette Hill	Pennsylvania	Apartment	32,270,431	4.71%
RLJ Urban Lodging Fund II	Various	Hotel	31,964,425	4.67%
Rocky Creek Apartments	Florida	Apartment	30,595,941	4.47%
Rockwood Capital RE Fund VII	Various	Various	25,992,534	3.80%
Capri Select Income II	Various	Various	25,733,848	3.76%
Top Ten			**382,649,301**	**55.88%**
Total Market Value			**$ 684,741,163**	

COMBINED INVESTMENT FUNDS

TOP TEN HOLDINGS BY FUND AT JUNE 30, 2007 (Continued)

MUTUAL FIXED INCOME FUND

Security Name	Coupon	Maturity	Security Type	Market Value	%
FNMA TBA	5.00%	12/01/2037	U.S. Govt Agency	$ 171,792,513	2.01%
FNMA TBA	5.50%	12/01/2037	U.S. Govt Agency	142,351,576	1.67%
FNMA TBA	5.00%	12/01/2037	U.S. Govt Agency	137,801,536	1.61%
FNMA TBA	6.00%	12/01/2037	U.S. Govt Agency	135,490,863	1.59%
U.S. Treasury Notes	4.50%	04/30/2012	U.S. Govt Agency	94,475,391	1.11%
U.S. Treasury Notes	4.50%	05/15/2017	U.S. Govt Agency	80,427,299	0.94%
U.S. Treasury Notes	5.125%	05/15/2016	U.S. Govt Agency	70,965,988	0.83%
GNMA I TBA	6.00%	12/01/2037	U.S. Govt Agency	56,986,638	0.67%
U.S. Treasury Bonds	8.75%	05/15/2017	U.S. Govt Agency	55,148,995	0.64%
FNMA Pool 735989	5.50%	02/01/2035	U.S. Govt Agency	53,657,688	0.63%
Top Ten				**999,098,487**	**11.70%**
Total Market Value				**$8,537,943,917**	

COMMERCIAL MORTGAGE FUND

Property Name	Location	Property Type	Market Value	%
SASCO	Various	Other	$ 7,262,768	93.55%
Yankee Mac Series E 11.056%	Various	Residential	159,574	2.05%
Yankee Mac Series G 11.125%	Various	Residential	122,371	1.58%
Yankee Mac Series F 12.981%	Various	Residential	65,094	0.84%
Yankee Mac Series A 13.075%	Various	Residential	12,492	0.16%
Top Five			**7,622,299**	**98.18%**
Total Market Value			**$ 7,763,461**	

PRIVATE INVESTMENT FUND

Partnership Name	Partnership Type	Market Value	%
Constitution Liquidating Fund	Fund of Funds	$ 253,068,112	16.26%
KKR Millennium Fund	Buyout	109,499,590	7.03%
Compass Partners European Equity Fund	International	88,634,198	5.69%
Charterhouse Equity Partners IV	Buyout	62,369,264	4.01%
Wellspring Capital Partners III	Buyout	54,996,462	3.53%
Welsh Carson Anderson & Stowe X L.P.	Buyout	51,218,843	3.29%
FS Capital Partners V	Buyout	49,219,971	3.16%
Landmark Private Equity Fund VIII	Fund of Funds	47,977,622	3.08%
Parish Capital II	Fund of Funds	46,136,618	2.97%
Fairview Constitution II	Fund of Funds	43,612,194	2.80%
Top Ten		**806,732,874**	**51.82%**
Total Market Value		**$1,556,795,484**	

PENSION FUNDS MANAGEMENT DIVISION

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

FISCAL YEAR ENDED JUNE 30, 2007

Name of Firm	Description of Services	Contract Date	Aggregate Comp. Paid in FY 2007	Status at June 30, 2007
INVESTMENT ADVISORY SERVICES				
Domestic Equity Investment Advisory Services				
AXA Rosenberg Institutional Equity Management	Equity Advisor	Mar-96	$3,258,030	Active
Barclay's Global Investors	Equity Advisor	Mar-96	19,330,302	Active
Bivium Capital Partners, LLC	Equity Advisor	Jul-05	1,264,146	Active
Brown Capital Management	Equity Advisor	Mar-96	163,926	Terminated
Capital Prospects LLC	Equity Advisor	Jul-05	747,721	Active
FIS Group Inc.	Equity Advisor	Jul-05	754,413	Active
State Street Global Advisors	Equity Advisor	Mar-96	237,897	Active
TCW Asset Management	Equity Advisor	Mar-96	1,178,375	Active
Total Domestic Equity Advisor Compensation			**$26,934,810**	
Fixed Income Investment Advisory Services				
Blackrock Financial Management	Fixed Income Advisor	Mar-96	$1,498,458	Active
Bridgewater Associates	Fixed Income Advisor	Jan-06	568,577	Active
Brown Brothers Harriman & Co.	Fixed Income Advisor	May-05	186,107	Active
Hartford Investment Management Co.	Fixed Income Advisor	May-05	103,466	Active
Loomis Sayles & Co., Inc.	Fixed Income Advisor	Mar-96	763,360	Active
Oaktree Capital Management	Fixed Income Advisor	Mar-96	716,556	Active
Phoenix Investment Counsel	Fixed Income Advisor	Nov-97	555,070	Active
Progress Investment Management	Fixed Income Advisor	Jul-05	529,293	Active
State Street Global Advisors	Fixed Income Advisor	Mar-96	318,064	Active
W. R. Huff Asset Management	Fixed Income Advisor	Mar-96	1,360,812	Terminated
Wellington Asset Management	Fixed Income Advisor	Nov-97	978,643	Active
Western Asset Management	Fixed Income Advisor	Nov-97	1,229,034	Active
Total Fixed Income Advisor Compensation			**$8,807,440**	
Cash Reserve Account Advisory Services				
State Street Global Advisors	Cash Reserve Account Advisor	Mar-96	$273,564	Active
Total Cash Reserve Account Advisor Compensation			**$273,564**	
International Equity Investment Advisory Services				
AQR Capital Management, LLC	International Equity Advisor	Sep-06	$543,524	Active
Acadian Asset Management	International Equity Advisor	Sep-06	481,894	Active
Bank of New York	International Equity Advisor	Feb-04	2,633,092	Active
Bridgewater Associates	International Equity Advisor	Feb-04	3,159,711	Active
Clay Finlay,Inc.	International Equity Advisor	Aug-03	1,231,976	Active
Emerging Markets Management LLC	International Equity Advisor	Aug-03	3,404,431	Active
Fidelity Management Trust Company	International Equity Advisor	Aug-03	1,274,755	Active
Grantham,Mayo,Van Otterloo & Co	International Equity Advisor	Mar-96	6,746,594	Active
Invesco Global Asset Management	International Equity Advisor	Aug-03	1,935,871	Active
Julius Baer Asset Management	International Equity Advisor	Sep-06	315,222	Active
Merrill Lynch Investment Managers	International Equity Advisor	Aug-03	1,223,614	Active
MFS Institutional Advisors	International Equity Advisor	Aug-03	1,064,812	Active
Morgan Stanley Asset Management	International Equity Advisor	Mar-96	1,321,446	Terminated
Progress Investment Management	International Equity Advisor	Jul-05	467,163	Active
Schroder Investment Management	International Equity Advisor	Sep-06	1,709,124	Active
State Street Global Advisors	International Equity Advisor	Mar-96	485,705	Active
Total International Equity Advisor Compensation			**$27,998,934**	
Real Estate Investment Advisory Services (2)				
AEW Capital Management, LP(Union Stn.)	Real Estate Advisor	Aug-87	$135,000	Active
AEW Capital Management	Real Estate Advisor	May-05	272,045	Active
AEW Partners III, LP	Real Estate Advisor	Mar-98	205,033	Active
Apollo Real Estate Investment Fund III, LP	Real Estate Advisor	May-98	314,799	Active
Canyon Johnson Urban Fund II, LP	Real Estate Advisor	May-05	937,500	Active
Urban Strategy America Fund	Real Estate Advisor	Oct-05	251,546	Active
RLJ Urban Lodging Fund, LP	Real Estate Advisor	Oct-04	312,500	Active
RLJ Urban Lodging Fund II, LP	Real Estate Advisor	Jun-06	722,603	Active
Rockwood Capital Partners VII	Real Estate Advisor	Dec-06	381,075	Active
Total Real Estate Advisor Compensation			**$3,532,101**	

PENSION FUNDS MANAGEMENT DIVISION

SCHEDULE OF EXPENSES IN EXCESS OF $5,000 [1] (Continued)
FISCAL YEAR ENDED JUNE 30, 2007

Name of Firm	Description of Services	Contract Date	Aggregate Comp. Paid in FY 2007	Status at June 30, 2007
Commercial Mortgage Investment Advisory Services				
AEW Capital Management, LP	Commercial Mortgage Advisor	Aug-87	$100,083	Active
Total Commercial Mortgage Advisor Compensation			**$100,083**	
Private Investment Advisory Services [2]				
AIG Global Emerging Markets Fund, LP	Private Investment Advisor	Dec-97	$658,764	Active
AIG Altaris Health Partners, LP	Private Investment Advisor	Sep-04	761,202	Active
Blackstone Capital Partners, LP	Private Investment Advisor	Jul-97	52,275	Active
Boston Venture Capital Partners VII, LP	Private Investment Advisor	May-07	1,178,501	Active
Carlyle Asia Partners, LP	Private Investment Advisor	Dec-98	120,806	Active
Carlyle Europe Partners, LP	Private Investment Advisor	Dec-97	165,746	Active
Charterhouse Equity Partners IV, LP	Private Investment Advisor	Feb-05	1,263,500	Active
Court Square Capital Partners II, LP	Private Investment Advisor	Dec-06	1,255,539	Active
Constitution Liquidating Fund, LP	Private Investment Advisor	Jul-87	838,736	Active
DLJ Merchant Banking Fund II, LP	Private Investment Advisor	Nov-96	330,288	Active
Ethos Capital Fund V, LP	Private Investment Advisor	Aug-06	1,307,329	Active
Fairview Constitution II, LP	Private Investment Advisor	May-05	1,600,000	Active
Forstmann Little & Company VI & VII	Private Investment Advisor	Apr-97	182,868	Active
FS Equity Partners V, LP	Private Investment Advisor	Mar-04	895,172	Active
Garmark Partners, LP	Private Investment Advisor	Apr-98	57,487	Active
Garmark Partners, II LP	Private Investment Advisor	Apr-98	735,085	Active
Gilbert Global Equity Partners, LP	Private Investment Advisor	Oct-97	222,718	Active
Goldman Sachs Private Equity Fund, LP	Private Investment Advisor	May-97	358,382	Active
Green Equity Partners, LP	Private Investment Advisor	Sep-98	90,314	Active
Greenwich Street Capital Partners II LP	Private Investment Advisor	Oct-98	354,628	Active
ICV Associates II LP	Private Investment Advisor	Oct-05	356,364	Active
KKR Associates 1996 Fund, LP	Private Investment Advisor	Dec-01	10,433	Active
Nogales Investors II, LP	Private Investment Advisor	Oct-06	668,203	Active
Parish Capital I, LP	Private Investment Advisor	Mar-05	322,441	Active
Parish Capital II, LP	Private Investment Advisor	Jun-06	1,260,562	Active
SW Pelham Fund II, LP	Private Investment Advisor	Dec-02	288,569	Active
SW Pelham Fund, LP	Private Investment Advisor	Jun-98	207,936	Active
Syncom Partners V, LP	Private Investment Advisor	Apr-06	386,655	Active
Thayer Equity Investors IV, LP	Private Investment Advisor	Nov-98	137,579	Active
Thomas H.Lee Equity Fund IV, LP	Private Investment Advisor	Dec-97	121,716	Active
Total Private Equity Advisor Compensation			**$16,189,798**	
TOTAL COMPENSATION TO INVESTMENT ADVISORS			**$83,836,730**	
CUSTODY SERVICES				
State Street Bank & Trust	Custody of Fund Assets	Jan-96	$114,500	Active
TOTAL CUSTODY SERVICES COMPENSATION			**$114,500**	
CONSULTING SERVICES				
Alignment Capital Management	Private Investment Advisor	Jul-04	$227,147	Active
CRA Rogers Casey	Consultant - Pension Funds	Jan-01	401,495	Active
Franklin Park Associates LLC	Private Investment Advisor	Jul-04	905,569	Active
Pension Consulting Alliance	Consultant - Pension Funds	Jul-02	202,768	Active
TOTAL CONSULTING SERVICES COMPENSATION			**$1,736,979**	
MISCELLANEOUS SERVICES				
Buchanan Ingersoll, PC	Legal Services	Mar-03	$90,270	Active
Day Berry & Howard	Legal Services	Jun-03	47,230	Active
Lewis & Munday PC	Legal Services	Jul-03	7,658	Active
Nixon Peabody, LLP	Legal Services	May-01	87,342	Active
Pepe & Hazard	Legal Services	Jul-03	39,988	Active
Robinson & Cole	Legal Services	Jul-03	49,246	Active
Advizex Technologies, LLC	Computer Tech services	N/A	19,678	Active
ASAP Software Express, Inc.	Computer Software	N/A	5,961	Active
Bloomberg LP	Subscription	N/A	12,825	Active
Council of Institutional Investors	Dues	N/A	29,900	Active

PENSION FUNDS MANAGEMENT DIVISION

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

FISCAL YEAR ENDED JUNE 30, 2007

Name of Firm	Description of Services	Contract Date	Aggregate Comp. Paid in FY 2007	Status at June 30, 2007
Ergonomics Group	Computer Hardware & supplies	N/A	6,170	Active
Greystone Group Advertising	Advertising	N/A	11,503	Active
Institutional Limited Partners Assoc.	Membership Dues	N/A	5,000	Active
Institutional Shareholder Services	Proxy Voting	Nov-99	41,195	Active
Investor Responsibility Support Services	Asset Recovery	Dec-02	27,083	Active
Jobpro Temporary Services, Inc.	Temporary Services	N/A	26,389	Active
Suburban Stationers, Inc.	Office Supplies	N/A	5,991	Active
The Foundation for the Global Compact	Fee	N/A	7,000	Active
TOTAL MISCELLANEOUS SERVICES COMPENSATION			**$520,429**	
GRAND TOTAL			**$86,208,638**	

(1) Expenses are presented on a cash basis.

(2) Alternative Investment Management fees for the Private Investment Fund and the Real Estate Fund include capitalized fees and expensed fees. Capitalized fees are part of the cost of the investment and become a component of unrealized gain(loss). Capitalized fees are disclosed in Note 1 of the Combined Investment Funds Financial Statements. Expensed fees which are not part of the cost of the investment are recorded in the Statement of Operations.

PENSION FUNDS MANAGEMENT DIVISION

COMBINED INVESTMENT FUNDS

LIST OF INVESTMENT ADVISORS AND NET ASSETS UNDER MANAGMENT

JUNE 30, 2007

Name of Fund	Investment Strategy		Net Assets Under Management	Percent of Fund Total
CASH RESERVE ACCOUNT (CRA)				
State Street Global Advisors	Active	$	2,349,185,312	100.00%
SUBTOTAL CRA		**$**	**2,349,185,312**	**100.00%**
MUTUAL EQUITY FUND (MEF)				
Large Cap		**$**	**7,602,620,097**	**77.44%**
BGI Barclays Global Investors, N.A.	Passive - Enhanced		4,259,754,445	43.39%
State Street Global Advisors	Passive - Indexed		3,342,865,652	34.05%
Large Cap			**271,304,820**	**2.76%**
Capital Prospects	Active		135,574,199	1.38%
FIS Group, Inc.	Active		135,730,621	1.38%
Small/Mid Cap			**1,090,141,967**	**11.10%**
AXA Rosenberg Investment Management	Passive-Enhanced		1,090,141,967	11.10%
Small/Mid Cap			**834,315,267**	**8.50%**
TCW Cowen Asset Management	Active		707,162,220	7.20%
Bivium	Active		127,153,047	1.30%
Other [1]			**19,704,034**	**0.20%**
SUBTOTAL MEF		**$**	**9,818,086,185**	**100.00%**
INTERNATIONAL STOCK FUND (ISF)				
Index		**$**	**676,091,354**	**11.23%**
State Street Global Advisors	Index-Passive		676,091,354	11.23%
Core			**1,420,550,199**	**23.59%**
Invesco Global Asset Mgmt.	Active		340,442,677	5.65%
AQR Capital Management	Active		351,132,855	5.83%
Acadian Asset Management	Active		356,068,642	5.91%
Julius Baer Investment Management	Active		284,601,180	4.73%
Progress	Active		88,304,845	1.47%
Active-Growth			**760,046,640**	**12.63%**
Clay Finlay, Inc.	Active		381,457,221	6.34%
MFS Institutional Advisors, Inc.	Active		378,589,419	6.29%
Active-Value			**732,417,295**	**12.16%**
Grantham, Mayo, Van Otterloo	Active		732,417,295	12.16%
Small Cap			**352,673,013**	**5.86%**
Schroder Investment Mgmt.	Active		352,673,013	5.86%
Emerging			**1,315,211,735**	**21.85%**
Grantham, Mayo, Van Otterloo	Active		693,418,946	11.52%
Emerging Markets Management	Active		621,792,789	10.33%
Risk Controlled			**700,893,905**	**11.64%**
Merrill Lynch Investment	Active		352,053,489	5.85%
Fidelity Management Trust Co.	Active		348,840,416	5.79%
Other [1]			**62,866,437**	**1.04%**
SUBTOTAL ISF		**$**	**6,020,750,578**	**100.00%**
REAL ESTATE FUND (REF)				
AEW Capital Management	Active	$	20,388,381	2.97%
AEW Core	Active		134,741,546	19.65%
Westport Senior Living	Active		58,609,060	8.55%
Walton Street Real Estate	Active		51,524,546	7.51%
Apollo Real Estate	Active		40,441,079	5.90%
Rockwood Capital Fund V	Active		23,159,813	3.38%
Rockwood Capital VII Limited Partnership	Active		25,992,534	3.79%
Rockwood Capital VI Limited Partnership	Active		14,082,233	2.05%
Capri Select Income II LLC	Active		25,733,848	3.75%
Starwood Opportunity Fund VII	Active		38,091,196	5.56%
New Boston Fund	Active		7,147,382	1.04%
RLJ Urban Lodging Fund	Active		14,259,036	2.08%
RLJ Urban Lodging Fund II	Active		31,964,425	4.66%
Canyon Johnson Urban Fund II	Active		19,195,566	2.80%
Covenant Apartment Fund V LP	Active		15,000,000	2.19%

COMBINED INVESTMENT FUNDS
LIST OF INVESTMENT ADVISORS AND NET ASSETS UNDER MANAGMENT (Continued)
JUNE 30, 2007

Name of Fund	Investment Strategy		Net Assets Under Management	Percent of Fund Total
Macfarlane Urban Real Estate Fund II LP	Active		(653,571)	-0.09%
Cigna Realty Investors	Active		966	0.00%
Urban Strategy America Fund LP	Active		11,892,712	1.73%
Other (1)	**Active**		**154,118,360**	**22.48%**
SUBTOTAL REF		**$**	**685,689,112**	**100.00%**
MUTUAL FIXED INCOME FUND (MFIF)				
Core		**$**	**5,469,988,422**	**72.03%**
State Street Global Advisors	Passive		1,521,904,665	20.04%
BlackRock Financial Management, Inc.	Active		1,236,343,626	16.28%
Wellington	Active		976,593,069	12.86%
Western Asset Management Co.	Active		1,170,103,001	15.41%
Phoenix	Active		483,074,069	6.36%
Progress	Active		81,969,992	1.08%
High Yield			**628,347,585**	**8.27%**
Loomis Sayles & Co., Inc.	Active		402,817,648	5.30%
Oaktree Capital Management, L.L.C.	Active		225,529,937	2.97%
Emerging Market Debt			**318,250,844**	**4.19%**
Ashmore	Active		208,014,620	2.74%
Bridgewater	Active		110,236,224	1.45%
Inflation Linked Bonds			**255,347,701**	**3.37%**
Brown Brothers Harriman	Active		137,170,597	1.81%
Hartford Investment Mgmt Co.	Active		118,177,104	1.56%
Other (1)			**921,602,325**	**12.14%**
SUBTOTAL MFIF		**$**	**7,593,536,877**	**100.00%**
COMMERCIAL MORTGAGE FUND (CMF)				
AEW Capital Management	Active	$	7,262,826	93.50%
Other (2)			**504,655**	**6.50%**
SUBTOTAL CMF		**$**	**7,767,481**	**100.00%**
PRIVATE INVESTMENT FUND (PIF)				
Buyout		**$**	**608,418,435**	**38.91%**
KKR Millennium Fund	Active		109,499,590	7.00%
Hicks, Muse Tate & Furst Equity Fund III	Active		35,339,653	2.26%
Thomas H. Lee Equity Fund IV	Active		11,127,520	0.71%
Welsh Carson Anderson & Stowe VIII	Active		32,182,033	2.06%
Wellspring Capital Partners III	Active		54,996,462	3.52%
SCP Private Equity Partners	Active		17,591,828	1.13%
Charterhouse Equity Partners IV	Active		62,369,264	3.99%
Forstmann Little Equity Fund VI	Active		14,593,397	0.93%
DLJ Merchant Banking Fund II	Active		21,661,047	1.39%
KKR 1996 Fund	Active		14,619,101	0.93%
FS Equity Partners V	Active		49,219,971	3.15%
Blackstone Capital Partners III	Active		9,832,835	0.63%
Thayer Equity Investors IV	Active		17,635,855	1.13%
Kelso Investment Associates VI	Active		12,831,278	0.82%
Green Equity Investors III	Active		6,323,758	0.40%
Wellspring Capital Partners II	Active		2,240,444	0.14%
Veritas Capital Fund	Active		1,163,439	0.07%
AIG Healthcare Partners LP	Active		25,934,315	1.66%
Welsh Carson Anderson & Stowe X LP	Active		51,218,843	3.28%
Court Square Capital Partners II	Active		22,915,271	1.47%
Ethos Private Equity Fund V	Active		10,492,558	0.67%
Boston Ventures V	Active		17,079,055	1.09%
KKR 2006 Fund LP	Active		2,724,000	0.17%
Nogales Investors Fund II	Active		238,672	0.02%
ICV Partners II LP	Active		4,588,246	0.29%

PENSION FUNDS MANAGEMENT DIVISION

COMBINED INVESTMENT FUNDS
LIST OF INVESTMENT ADVISORS AND NET ASSETS UNDER MANAGMENT (Continued)
JUNE 30, 2007

Name of Fund	Investment Strategy		Net Assets Under Management	Percent of Fund Total
Venture Capital			**55,193,662**	**3.53%**
RFE Investment Partners VI	Active		9,393,325	0.60%
Conning Capital Partners V	Active		6,412,061	0.41%
Crescendo World Fund	Active		17,036,298	1.09%
Grotech Partners V	Active		11,531,153	0.74%
Shawmut Equity Partners	Active		6,935,832	0.44%
Crescendo III	Active		2,049,306	0.13%
Syndicated Communications Venture Partners V	Active		1,735,475	0.11%
Connecticut Futures Fund	Active		100,212	0.01%
Mezzanine			**37,975,412**	**2.43%**
SW Pelham Fund	Active		4,844,423	0.31%
GarMark Partners	Active		8,315,897	0.53%
GarMark Partners II LP	Active		11,851,616	0.76%
SW Pelham Fund II	Active		12,963,476	0.83%
International			**196,821,348**	**12.59%**
Compass Partners European Equity Fund	Active		88,634,198	5.67%
Gilbert Global Equity Partners	Active		33,372,630	2.13%
Carlyle Europe Partners	Active		26,460,227	1.69%
AIG Global Emerging Markets Fund	Active		23,547,052	1.51%
Carlyle Asia Partners	Active		24,807,241	1.59%
Fund of Funds			**439,703,626**	**28.12%**
The Constitution Liquidating Fund	Active		253,068,112	16.18%
Landmark Private Equity Fund VIII	Active		47,977,622	3.07%
Goldman Sachs Private Equity Partners Connecticut	Active		19,067,645	1.22%
Lexington Capital Partners II	Active		8,608,860	0.55%
Parish Capital I LP	Active		21,232,575	1.36%
Parish Capital Buyout Fund II	Active		46,136,618	2.95%
Fairview Constitution II LP	Active		43,612,194	2.79%
Special Situations			**71,165,095**	**4.55%**
Welsh Carson Anderson & Stowe Capital Partners III	Active		41,869,277	2.68%
Greenwich Street Capital Partners II	Active		10,027,412	0.64%
Forstmann Little MBO VII	Active		10,073,222	0.64%
KPS Special Situations Fund II	Active		9,195,184	0.59%
Other (1)			**154,343,657**	**9.87%**
SUBTOTAL PIF		**$**	**1,563,621,235**	**100.00%**
TOTAL		**$**	**28,038,636,780**	
Adjustments (3)			**(2,110,345,847)**	
GRAND TOTAL		**$**	**25,928,290,933**	

(1) Other represents moneys earmarked for distribution to participants, reinvestment, and expenses as well as terminated advisor balances, Currency Overlay Managers (Bank of New York and Bridgewater), CT Financial Development Fund, Keystone Venture V Partnerships and 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, 2007

Broker Name	$ Commission	Shares/ Par Value	Avg Comm
ABEL NOSER CORPORATION	$ 7,440.00	186,000.00	0.04
A.G. EDWARDS TRUST COMPANY	846.00	30,101.00	0.03
ABEL NOSER CORPORATION	10,478.00	265,500.00	0.04
ABG SECURITIES	36,546.88	2,317,465.00	0.02
ABG SECURITIES INC	892.94	11,969.00	0.07
ABG SUNDAL COLLIER NORGE ASA	727.48	68,411.00	0.01
ABM AMRO HOARE GOVETT ASIA LTD, SEOUL	5,298.79	250,105.00	0.02
ABN AMRO BANK N. V. HONG KONG	106,102.89	3,560,805.00	0.03
ABN AMRO BANK NV	72,384.08	9,074,174.00	0.01
ABN AMRO BANK NV HONG KONG BRANCH	14,768.93	19,066,130.00	0.00
ABN AMRO EQUITIES AUSTRALIA LTD.	4,155.28	922,475.00	0.00
ABN AMRO SECURITIES (USA) INC	64,522.16	2,827,271.00	0.02
ABN AMRO SECURITIES LLC	1,026.41	27,682.00	0.04
ACCESS SECURITIES INC	3,924.60	130,820.00	0.03
ACCIONES Y VALORES DE MEXICO	1,252.16	73,700.00	0.02
ACTINVER SECURITIES	8,490.35	855,900.00	0.01
ADP CLEARING + OUTSOURCING SERVICES, INC	9,087.06	3,222,973.00	0.00
ADP COSI/SANTANDER	4,901.60	122,540.00	0.04
ALFA CAPITAL	616.00	15,400.00	0.04
ALFA CAPITAL MARKETS (USA), INC.	144.00	3,600.00	0.04
ALTIUM CAPITAL LTD	622.72	20,000.00	0.03
ASEAMBANKERS MALAYSIA BERHAD	234.20	83,006.00	0.00
ASSET TRANSFER AT MARKET	72.00	1,800.00	0.04
ATA SECURITIES INC. (ISTANBUL)	20,809.76	1,940,112.00	0.01
ATON SECURITIES	3,070.80	346,206.00	0.01
ATR KIM ENG SECURITIES, INC	2,002.53	11,600.00	0.17
AUERBACH GRAYSON	1,088.00	27,200.00	0.04
AUTOMATEDTRADING DESK FINANCIAL SERVICE	532.62	53,262.00	0.01
AVONDALE PARTNERS LLC	5,698.15	133,783.00	0.04
BAIRD, ROBERT W., & COMPANY INCORPORATED	6,872.32	145,285.00	0.05
BANC/AMERICA SECUR.LLC MONTGOMEY DIV	191,893.90	3,722,966,390.71	0.00
BANCO BILBAO VIZCAYA ARGENTARI	9,308.00	574,354.00	0.02
BANCO ITAU SA	35,834.29	118,187,848.00	0.00
BANCO PACTUAL S.A.	21,369.40	183,898,767.00	0.00
BANCO SANTANDER CENTRAL HISPANO	86,121.62	81,064,762.00	0.00
BANCO SANTANDER DE NEGOCIOS	28,108.50	2,971,292.00	0.01
BANK AUSTRIA CREDITANSTALT AG	8,099.57	58,000.00	0.14
BANK J.VONTOBEL UND CO. AG	170.54	1,866.00	0.09
BANK OF NEW YORK BRUSSELS	417.39	5,179.00	0.08
BANK POLSKA KASA OPIEKI SA	2,788.30	98,990.00	0.03
BANK SAL.OPPENHEIM JR. AND CIE.	1,136.69	4,623.00	0.25
BANK SARASIN AND CIE, BASLE	2,281.86	5,058.00	0.45
BANQUE NATIONAL DE PARIS	116.00	202,900.00	0.00
BANQUE NATIONAL DE PARIS HONG KONG	17,249.29	16,478,934.00	0.00
BARNARD JACOBS MELLETS NY	13,393.18	353,228.00	0.04
BARNARD JACOBS MELLETT AND CO (PTY)	2,131.14	145,724.00	0.01
BARRINGTON RESEARCH ASSOCIATES INC.	234.70	5,215.00	0.05
BASKENT SECURITIES IBC	747.64	35,800.00	0.02
BAYPOINT TRADING LLC	2,003.39	79,628.00	0.03
BEAR STEARNS + CO INC	72,681.89	391,316,832.63	0.00
BEAR STEARNS SECURITIES CORP	223,291.12	723,175,944.98	0.00
BENITO Y MONJARDIN, S.A. S.V.B.	72.40	800.00	0.09
BEREAN CAPITAL, INC. 2	9,252.67	328,144.00	0.03
BLEY INVESTMENT GROUP	2,963.05	59,261.00	0.05
BNP PARIBAS PEREGRINE SECS PT	489.07	119,000.00	0.00
BNP PARIBAS PEREGRINE SECURITIES	29,836.69	15,955,366.00	0.00
BNP PARIBAS SA	631.88	4,253,557.00	0.00
BNP PARIBAS SEC JAPAN LTD	228.47	105,312.00	0.00
BNP PARIBAS SECURITIES SERVICES	1,847.42	63,311.00	0.03
BNY BROKERAGE INC	113,671.85	3,706,544.00	0.03
BNY BROKERAGE.	8,569.83	440,964.00	0.02
BOE SECURITIES INC/BROADCORT CAP CORP	541.72	13,543.00	0.04
BOE STOCKBROKERS (PTY) LTD	5,744.10	229,554.00	0.03
BREAN MURRAY	365.07	7,638.00	0.05
BREWIN DOLPHIN BELL LAWRIE LIMITED	3,335.58	75,000.00	0.04
BRIDGEWELL SECURITIES LIMITED	1,113.02	39,550.00	0.03
BROADCORTCAPITAL (THRU ML)	4,917.33	116,030.00	0.04
BROCKHOUSE + COOPER INC MONTREAL	11,553.10	1,745,454.00	0.01
BROWN BROTHERS HARRIMAN + CO	12.50	500.00	0.03
B-TRADE SERVICES LLC	32,998.23	850,109.00	0.04
BUCKINGHAM RESEARCH GROUP	13,983.00	338,025.00	0.04
C.E. UNTERBERG, TOWBIN	554.01	11,858.00	0.05
CA IB INVESTMENTBANK AG	3,237.93	19,577.00	0.17
CABRERA CAPITAL MARKETS	5,481.95	336,844.00	0.02
CAISSE DES DEPOTS ET CONSIGNAT	21,462.36	146,420.00	0.15
CALYON SECURITIES (USA) INC	4,626.00	154,200.00	0.03
CANACCORDADAMS INC.	8,052.37	188,413.00	0.04
CANACCORDCAPITAL CORP	105.62	3,000.00	0.04
CANTOR FITZ EUR 2	11,754.48	819,576.00	0.01
CANTOR FITZGERALD + CO.	229,104.60	1,862,062,375.20	0.00
CANTOR FITZGERALD/EUROPE	175.30	8,800.00	0.02
CAPEL CURE SHARP LTD.	2,156.05	287,297.00	0.01
CAPITAL INSTITUTIONAL SVCS INC EQUITIES	26,228.35	788,845.00	0.03
CARNEGIE A S	1,799.16	97,800.00	0.02
CARNEGIE BK	6,679.71	172,218.00	0.04
CARNEGIE FONDKOMISSION	4,793.02	41,157.00	0.12
CARNEGIE INT'L LND	1,711.67	38,354.00	0.04
CARNEGIE SECURITIES FINLAND	999.46	31,300.00	0.03
CATHAY FINANCIAL CORP	188.14	7,526.00	0.02
CAZENOVE + CO	53,660.57	3,072,147.00	0.02
CHAPDELAINE INSTITUTIONAL	730.00	14,600.00	0.05
CHARLES SCHWAB CO INC	18.90	630.00	0.03
CHARLES STANLEY AND CO LTD	339.21	30,600.00	0.01
CHEUVREUXDE VIRIEU	45,946.93	626,757.00	0.07
CHINA INTRTNL CAP CORP HK SECS LTD	6,259.79	3,760,000.00	0.00
CIBC WORLD MARKETS CORP	58,349.41	3,062,713.00	0.02
CITATION GROUP	5,979.50	190,850.00	0.03
CITIBANK N.A. ISTANBUL	15,169.70	999,773.00	0.02
CITIBANK N.A. MILAN	6.59	200.00	0.03
CITIGROUPGLOBAL MARKETS	510.09	12,000.00	0.04
CITIGROUPGLOBAL MARKETS AUSTRALIA PTR	1,763.70	91,600.00	0.02
CITIGROUPGLOBAL MARKETS INC	678,205.09	67,343,470.00	0.01
CITIGROUPGLOBAL MARKETS LIMITED	154,809.19	18,457,055.00	0.01
CITIGROUPGLOBAL MARKETS SINGAPORE SECUR	203.96	50,000.00	0.00
CITIGROUPGLOBAL MARKETS UK EQUITY LTD	34,506.04	3,933,800.00	0.01
CJS SECURITIES	215.00	4,300.00	0.05
CJSC DEPOSITORY CLEARING CO	138.50	2,770.00	0.05
CLSA SECURITIES MALAYSIA SDN BHD	12,894.50	2,227,091.00	0.01
COBURN & MEREDITH, INC(CLR.THRU 443)	948.00	23,700.00	0.04
COLLINS STEWART + CO	25,675.91	2,148,600.00	0.01
COMMERCE INTL MERCHANT BANKERS	2,237.69	638,800.00	0.00
COMMERZBANK AG	2,162.03	27,649.00	0.08
COWEN + CO., LLC	36,616.96	1,056,335.00	0.03
COWEN + COMPANY LLC	15,407.41	597,821.00	0.03
COWEN ANDCOMPANY, LLC	26,146.88	888,498.00	0.03
CRAIG - HALLUM	1,216.85	24,420.00	0.05
CREDIT AGRICLE INDOSUEZ	2,542.71	42,600.00	0.06
CREDIT AGRICOLE INDOSUEZ CHEUVREUX	28,711.82	675,951.00	0.04
CREDIT LYONNAIS SECS	542.22	355,811.00	0.00
CREDIT LYONNAIS SECURITIES	20,461.58	3,981,634.00	0.01
CREDIT LYONNAIS SECURITIES (USA) INC	154,762.64	31,063,806.00	0.00
CREDIT LYONNAIS SECURITIES ASIA/GUERNSEY	87,594.30	13,080,201.00	0.01
CREDIT LYONNAIS SECURITIES(ASIA)	19,760.50	2,154,373.00	0.01
CREDIT SUISSE FIRST BOSTON	2,910.00	1,422,100.00	0.00
CREDIT SUISSE FIRST BOSTON (EUROPE)	13,297.77	164,608.00	0.08
CREDIT SUISSE FIRST BOSTON (EUROPE) LTD	67,456.68	3,764,025.00	0.02
CREDIT SUISSE FIRST BOSTON SA CTVM	6,700.73	108,800.00	0.06
CREDIT SUISSE SECURITIES (EUROPE) LTD	24,417.40	1,636,266.00	0.01
CREDIT SUISSE SECURITIES (USA) LLC	665,933.70	3,127,574,677.03	0.00
CS FIRST BOSTON (HONG KONG) LIMITED	3,708.43	943,764.00	0.00
CSFB AUSTRALIA EQUITIES LTD	12,650.85	448,106.00	0.03
CUSTOM EQUITY RESEARCH, INC.	3,376.65	124,105.00	0.03
D CARNEGIE AG	7,299.31	316,563.00	0.02
DAEWOO SECS CO LTD, SEOUL KOREA	4,620.37	118,502.00	0.04
DAIWA SECURITIES (HK) LTD.	1,202.89	76,000.00	0.02
DAIWA SECURITIES AMERICA INC	25,270.32	750,202.00	0.03
DAVIDSON D.A. + COMPANY INC.	977.95	21,637.00	0.05
DAVIS, MENDEL AND REGENSTEIN	435.00	8,700.00	0.05
DAVY (J+E)	21,471.74	347,000.00	0.06
DBS VICKERS (HONG KONG) LIMITED	7,566.97	2,186,000.00	0.00
DBS VICKERS SECS PTE LTD	213.81	19,100.00	0.01
DBS VICKERS SECURITIES (SINGAPORE)	438.57	39,300.00	0.01
DBS VICKERS SECURITIES SING	64.25	5,600.00	0.01
DEAGROATT+ CAMPBELL SDN BHD	24,314.26	4,699,900.00	0.01
DEN DANSKE BANK	1,384.39	10,368.00	0.13
DENIZ YATIRIM MENKUL DEGERLER A.S.	58.96	10,990.00	0.01
DEUTSCHE BANK AG JAKARTA	62.71	27,500.00	0.00
DEUTSCHE BANK AG LONDON	67,817.58	99,557,946.00	0.00
DEUTSCHE BANK AG NEW YORK	1,338.00	108,949.00	0.01
DEUTSCHE BANK ALEX BROWN	70.00	1,400.00	0.05
DEUTSCHE BANK SECURITIES INC	524,882.18	2,841,517,650.00	0.00
DEUTSCHE BANK SINGAPORE	136.80	40,000.00	0.00
DEUTSCHE BOERSE	466.72	3,800.00	0.12
DEUTSCHE MORGAN GRENFELL SECS	8,517.31	183,400.00	0.05
DEUTSCHE SECURITIES ASIA LIMITED	17,234.29	8,417,560.00	0.00
DEUTSCHE SECURITIES ASIA LTD	6,070.22	46,016.00	0.13
DIRECT TRADING INSTITUTIONAL INC	20,862.20	1,387,619.00	0.02
DIVIDEND REINVEST	6,310.06	987,062.79	0.01
DIVINE CAPITAL MARKETS LLC	8,177.68	259,968.00	0.03
DONALDSONLUFKIN + JENRETTE SEC CORP	166.95	3,710.00	0.05
DONGWON SECURITIES	5,779.12	104,534.00	0.06
DOUGHERTYCOMPANY	415.47	8,672.00	0.05
DRESDNER BANK AG NEW YORK	884.01	26,141.00	0.03
DRESDNER KLEINWORT BENSON NORTH AMERICA	9,981.24	406,200.00	0.02
DRESDNER KLEINWORTH WASSERSTEIN SEC LLC	5,569.96	301,790.00	0.02
DUNDAS UNLU SECURITIES INC.	18,764.41	1,707,425.00	0.01
DUPONT GILBERT SA	1,502.53	20,753.00	0.07
E TRADE SECURITIES LIMITED	44.16	1,000.00	0.04
E TRADE SECURITIES, INC	2,214.19	73,970.00	0.03
EDGETRADE, INC.	1.87	250.00	0.01
EDWARDS AG SONS INC	7,773.03	159,037.00	0.05
ENSKILDA SECURITIES AB	7,246.28	211,453.00	0.03

COMBINED INVESTMENT FUNDS SCHEDULE OF BROKERAGE COMMISSIONS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Broker Name	$ Commission	Shares/ Par Value	Avg Comm
ERSTE BANK DER OESTERREICHISCHEN	1,009.32	21,336.00	0.05
ESN NORTHAMERICA, INC.	247.94	4,470.00	0.06
EUROMOBILIARE SIM S.P.A.	1,427.97	62,041.00	0.02
EVOLUTIONBEESON GREGORY LIMITED	136.07	10,000.00	0.01
EXANE LIMITED	1,382.96	8,600.00	0.16
EXANE S.A.	26,596.92	203,542.00	0.13
EXECUTIONLIMITED	3,594.60	27,800.00	0.13
EXECUTIONLTD	4,997.99	946,678.00	0.01
FACTSET DATA SYSTEMS	18,450.24	615,008.00	0.03
FATOR - DORIA ATHERINO S/A CV	1,423.62	21,000.00	0.07
FEDERATEDSTOCK AND CALIFORNIA MUNI FUND	355.67	67,700.00	0.01
FERRIS BAKER WATTS INC	100.00	2,000.00	0.05
FIDELITY CAPITAL MARKETS	2,418.02	87,366.00	0.03
FIRST ALBANY CAPITAL INC.	18,385.49	1,777,954.00	0.01
FIRST ANALYSIS SECURITIES CORP	124.93	2,664.00	0.05
FIRST CLEARING, LLC	100.00	2,000.00	0.05
FIRST SOUTHWEST COMPANY	355.00	7,100.00	0.05
FONDSFINANS A/S	108.56	3,600.00	0.03
FORTIS BANK (NEDERLAND) N.V.	8,900.28	31,883.00	0.28
FOX PITT KELTON INC	24,938.95	527,025.00	0.05
FOX-PITT KELTON LTD	11,390.69	139,916.00	0.08
FRIEDMAN BILLINGS + RAMSEY	13,037.57	372,287.00	0.04
FUTURETRADE SECURITIES, LLC	222.66	11,133.00	0.02
G TRADE SERVICES LTD	3,457.91	412,702.00	0.01
G.K.GOH STOCKBROKERS PTE LTT.	168.74	16,624.00	0.01
GARDNER RICH + CO	43.40	1,180.00	0.04
GARP STEARNS & SECURITIES CO	316.00	7,900.00	0.04
GILBERT DUPONT SOCIETE DE BOURSE PARIS	356.02	2,171.00	0.16
GK GOH SECURITIES (HK) LTD.	362.54	26,000.00	0.01
GOLDMAN SACHS	256.78	6,700.00	0.04
GOLDMAN SACHS (ASIA) LLC	5,376.44	171,350.00	0.03
GOLDMAN SACHS + CO	534,931.68	6,188,572,785.99	0.00
GOLDMAN SACHS EXECUTION + CLEARING	150,472.07	5,173,018.00	0.03
GOLDMAN SACHS INTERNATIONAL	51,107.51	4,648,129.00	0.01
GOODBODY STOCKBROKERS	1,388.03	38,300.00	0.04
GREAT PACIFIC SECURITIES INC.	171.43	5,800.00	0.03
GREENTREEBROKERAGE SERVICES INC	9,495.20	259,460.00	0.04
GRW CAPITAL CORP	130.00	2,600.00	0.05
GUZMAN + CO	31,212.72	1,145,952.00	0.03
HARRIS NESBITT CORP	458.80	11,470.00	0.04
HC ISTANBUL	1,198.49	106,930.00	0.01
HEFLIN + CO LLC	242,131.66	8,352,083.00	0.03
HG ASIA	8,173.14	1,235,300.00	0.01
HONGKONG AND SHANGHAI BANKING CORP	3,244.46	261,690.00	0.01
HOWARD WEIL DIVISION LEGG MASON	2,153.35	43,067.00	0.05
HSBC BANKA.S. ISTANBUL	282.64	10,330.00	0.03
HSBC BANKPLC	6,096.29	7,667,751.00	0.00
HSBC JAMES CAPEL SEOUL	3,646.89	30,450.00	0.12
HSBC SEC NEW YORK	198.15	5,948.00	0.03
HSBC SECURITIES (USA), INC./STOCK LOAN	15,934.48	490,928.00	0.03
HSBC SECURITIES INC (JAMES CAPEL)	4,800.53	205,458.00	0.02
HVB CAPITAL MARKETS, INC	4,238.14	199,238.00	0.02
HYUNDAI SECURITIES CO. LTD.	17,779.72	315,726.00	0.06
IMPERIAL CAPITAL LLC	26,552.23	929,088.00	0.03
ING BANK N V	4,392.07	366,820.00	0.01
ING BARINGS CORP	25,482.04	5,968,060.00	0.00
INSTINET	70,783.35	3,945,310.00	0.02
INSTINET CANADA	733.99	41,100.00	0.02
INSTINET FRANCE S.A.	4,221.88	184,712.00	0.02
INSTINET PACIFIC LIMITED	18,508.37	11,256,906.00	0.00
INSTINET U.K. LTD	76,532.44	10,785,723.00	0.01
INSTINET,LLC	6,714.42	375,238.00	0.02
INSTINETCLEARING SERVICES, INC.	1,168.57	55,619.00	0.02
INTERMOBILIARE SECURITIES SIM SPA	10,041.61	613,800.00	0.02
INVERLAT INTERNATIONAL	2,923.35	376,600.00	0.01
INVESTEC HENDERSON CROSTHWAITE	1,491.03	102,500.00	0.01
INVESTMENT TECHNOLOGY GROUP INC.	277,080.56	18,387,793.00	0.02
ISI GROUPINC	10,071.34	249,499.00	0.04
ITAU	30,056.47	45,453,431.00	0.00
ITG AUSTRALIA LTD.	60.34	16,166.00	0.00
ITG CANADA	49.07	3,100.00	0.02
ITG INC	215.74	38,900.00	0.01
ITG SECURITIES (HK) LTD	3,178.49	704,809.00	0.00
IVY SECURITIES, INC.	297.60	9,920.00	0.03
IXIS SECURITIES	1,206.84	7,148.00	0.17
J AND E DAVY	2,590.37	107,773.00	0.02
J B WERE + SON LIMITED	105.91	44,018.00	0.00
J P MORGAN SECURITIES INC	262,566.52	430,998,737.98	0.00
J.P. MORGAN SECURITIES LIMITED	20,181.94	12,989,782.00	0.00
JANNEY MONTGOMERY, SCOTT INC	346.93	7,710.00	0.04
JEFFERIES+ COMPANY INC	98,464.09	7,225,776.18	0.01
JEFFERIESINTERNATIONAL LTD	25,094.93	607,165.00	0.04
JMP SECURITIES	2,194.33	58,133.00	0.04
JOH BERENBERG GOSSLER AND CO	11,783.65	104,300.00	0.11
JOHNSON RICE + CO	1,417.75	28,995.00	0.05
JONES & ASSOCIATES INC	108,036.21	3,718,256.00	0.03

Broker Name	$ Commission	Shares/ Par Value	Avg Comm
JONESTRADING INSTITUTIONAL SERVICES LLC	50,660.64	1,835,104.00	0.03
JP MORGANSECURITIES AUSTRALIA LTD	2,016.71	559,029.00	0.00
JP MORGANSECURITIES LIMITED	334,499.54	39,870,893.00	0.01
JP MORGNASECURITIES SINGAPORE	3,280.68	622,000.00	0.01
JPMORG SEC(FAR EAST)LTD SEOUL	7,746.50	30,003.00	0.26
JPMORGAN CHASE BANK	2,326.77	6,666,171.06	0.00
JPMORGAN CHASE BANK/CORRESPONDENT CLR SV	13,536.21	855,806.00	0.02
JPMORGAN SECURITIES(ASIA PACIFIC)LTD	34,332.26	18,511,793.00	0.00
KAF SEAGROATT AND CA	657.33	127,800.00	0.01
KAS-ASSOCIATIE N.V.	2,061.31	178,959.00	0.01
KAUFMAN BROTHERS	32.95	659.00	0.05
KAUPTHINGBANK SVERIGE AB STOCKHOLM	185.26	3,919.00	0.05
KBC BANK NV	2,182.07	15,422.00	0.14
KBC FINANCIAL PRODUCTS UK LTD	55,944.79	2,177,389.00	0.03
KBC PEEL HUNT LTD	717.88	70,760.00	0.01
KEEFE BRUYETTE + WOODS INC	15,407.15	204,264.00	0.08
KEEFE BRUYETTE AND WOOD LIMITED	4,545.65	120,420.00	0.04
KELLOGG PARTNERS	15.00	300.00	0.05
KELLY + CHRISTENSEN INC	101.00	5,050.00	0.02
KEMPEN + CO N.V.	3,087.94	225,056.00	0.01
KEPLER EQUITIES	526.15	5,495.00	0.10
KEPLER EQUITIES FRANKFURT BRANCH	1,627.77	11,801.00	0.14
KEPLER EQUITIES PARIS	3,588.28	13,200.00	0.27
KEPLER EQUITIES SUCURSAL EN ESPANA	2,198.66	116,142.00	0.02
KEPLER EQUITIES ZURICH	1,825.69	9,154.00	0.20
KEYBANC CAPITAL MARKETS INC	444.40	11,480.00	0.04
KIM ENG SECURITIES	14,821.54	2,380,220.00	0.01
KING, CL,& ASSOCIATES, INC	6,321.40	145,180.00	0.04
KLEINWORTBENSON SECURITIES LIMITED	45,221.77	5,889,456.00	0.01
KNIGHT SECURITIES	133,449.07	4,483,887.00	0.03
LA BRANCHE FINANCIAL #2	87,170.57	3,006,691.00	0.03
LABRANCHEFINANCIAL SERVICES L	644.72	23,444.00	0.03
LAMBRIGHTFINANCIAL SECURITIES	5,211.48	315,507.00	0.02
LARRAIN VIAL	9,717.82	419,142.00	0.02
LAZARD ASSET MANAGEMENT	262.73	6,759.00	0.04
LAZARD CAPITAL MARKETS LLC	9,981.20	237,530.00	0.04
LEERINK SWANN AND COMPANY	14,959.15	355,720.00	0.04
LEHMAN BROTHERS	439.79	1,050.00	0.42
LEHMAN BROTHERS INC	376,417.52	2,828,238,662.54	0.00
LEHMAN BROTHERS INTERNATIONAL	321.07	18,700.00	0.02
LEHMAN BROTHERS INTERNATIONAL (EUROPE)	178,025.33	17,999,006.00	0.01
LEHMAN BROTHERS INTL (EUROPE) SEOUL BR	8,239.35	98,803.00	0.08
LEHMAN BROTHERS SECS (ASIA)	26,288.63	4,483,354.00	0.01
LIQUIDNETEUROPE LIMITED	1,740.84	398,547.00	0.00
LIQUIDNETINC	131,850.11	6,366,450.00	0.02
LOMBARD, ODIER AND CIE	150.05	352.00	0.43
LOOP CAPITAL MKTS LLC	4,015.17	152,351.00	0.03
LYNCH JONES AND RYAN INC	335.30	19,890.00	0.02
M RAMSEY KING SECURITIES INC	11,462.00	286,550.00	0.04
MACQUARIEEQUITIES LIMITED (SYDNEY)	36,332.90	2,193,352.00	0.02
MACQUARIEEQUITIES LTD	6,517.44	1,228,414.00	0.01
MACQUARIEEQUITIES NEW YORK	58,842.49	2,220,166.00	0.03
MACQUARIESECS HONG KONG LTD	94.50	47,000.00	0.00
MACQUARIESECURITIES (SINGAPORE)	6,751.77	2,431,820.00	0.00
MACQUARIESECURITIES (THAILAND) LTD	2,959.67	779,820.00	0.00
MACQUARIESECURITIES (USA) INC	29.00	580.00	0.05
MACQUARIESECURITIES INDONESIA	6,626.32	1,890,500.00	0.00
MACQUARIESECURITIES LIMITED	76,914.02	30,504,237.00	0.00
MACQUARIESECURITIES LTD SEOUL	12,051.95	566,051.00	0.02
MAGNA SECURITIES CORP	29,483.56	943,555.00	0.03
MAINFIRSTBANK DE	5,224.24	61,500.00	0.08
MAN FINANCIAL LIMITED	586.69	4,639.00	0.13
MCDONALD AND COMPANY SECURITIES, INC.	5,241.10	120,480.00	0.04
MEDIOBANCA SPA	310.94	3,500.00	0.09
MELVIN SECURITIES LLC	923.36	21,984.00	0.04
MERRILL LYNCH INTERNATIONAL	192,091.18	16,403,319.00	0.01
MERRILL LYNCH PEIRCE FENNER AND S	125,234.15	15,544,960.00	0.01
MERRILL LYNCH PROFESSIONAL CLEARING CORP	517.30	12,002.00	0.04
MERRILL LYNCH,PIERCE,FENNER + SMITH, INC	425,390.34	1,691,127,667.06	0.00
MERRIMAN CURHAN FORD + CO	116.15	2,323.00	0.05
MERRION CAPITAL GROUP	282.24	6,700.00	0.04
MIDWEST RESEARCH SECURITIES	4,180.18	131,129.00	0.03
MILETUS TRADING LLC	35,115.14	2,747,305.00	0.01
MILLER TABAK + CO LLC	938.46	1,079,846.00	0.00
MISCHLER FINANCIAL GROUP, INC-EQUITIES	15,157.39	550,834.00	0.03
MITSUBISHI UFJ SECURITIES INT PLC	309.08	16,700.00	0.02
MIZUHO SEC ASIA LTD	6,990.67	426,700.00	0.02
MIZUHO SECURITIES USA INC	22,279.26	567,999.00	0.04
MJSK INC	44.52	1,484.00	0.03
MKM PARTNERS	2,592.00	63,440.00	0.04
MONTGOMERY + COMPANY LLC EQUITIES	72.15	1,443.00	0.05
MONTROSE SECURITIES EQUITIES	13,668.90	486,069.00	0.03
MOORS + CABOT INC	150.00	5,000.00	0.03
MORGAN KEEGAN & CO INC	1,575.85	6,988,073.00	0.00
MORGAN STANLEY AND CO INTERNATIONAL	77,744.96	63,396,955.00	0.00
MORGAN STANLEY CO INCORPORATED	431,245.86	4,340,807,813.76	0.00

COMBINED INVESTMENT FUNDS SCHEDULE OF BROKERAGE COMMISSIONS (Continued)

FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Broker Name	$ Commission	Shares/ Par Value	Avg Comm
MORGAN STANLEY DW INC	20.00	500.00	0.04
MORGAN STANLEY H.K. SECURITIES LTD	214.98	180,277.00	0.00
MORGAN STANLEY SECURITIES LIMITED	13,595.59	1,255,700.00	0.01
MR BEAL &COMPANY	8,732.74	223,942.00	0.04
NATIONAL FINANCIAL SERVICES CORP.	6,081.82	1,620,150.73	0.00
NCB STOCKBROKERS LTD	922.74	26,786.00	0.03
NEEDHAM +COMPANY	1,354.19	27,714.00	0.05
NEUBERGERAND BERMAN	10,301.29	427,535.00	0.02
NEUE ZURCHER BANK	457.38	1,108.00	0.41
NEXT GENERATION EQUITY RESEARCH LLC	350.70	7,014.00	0.05
NOMURA INTERNATIONAL (HONG KONG) LTD	1,000.47	634,000.00	0.00
NOMURA INTERNATIONAL PLC	13,884.30	1,036,821.00	0.01
NOMURA SECURITIES INTERNATIONAL INC	110,651.92	28,021,794.00	0.00
NORDIC PARTNERS	1,755.00	34,523.00	0.05
NUMIS SECURITIES LIMITED	376.52	54,545.00	0.01
NUTMEG SECURITIES	15,962.53	409,422.00	0.04
NYFIX TRANSACTION SERVICES #2	1,730.48	86,524.00	0.02
NZB NEUE ZUERCHER BANK	1,066.80	7,166.00	0.15
NZB NEUE ZURCHER BANK	1,628.07	3,447.00	0.47
O NEIL, WILLIAM AND CO. INC/BCC CLRG	4,972.50	122,650.00	0.04
OBERLIN FINANCIAL CORP	96.00	1,920.00	0.05
ODDO FINANCE	7,797.96	52,668.00	0.15
OIEN SECURITIES, INC	27,440.72	971,159.00	0.03
OPPENHEIM, SAL.,JR UND CIE KOELN	14,391.99	249,985.00	0.06
OPPENHEIMER & CO. INC.	20,125.03	507,034.00	0.04
ORIEL SECURITIES LTD	233.30	4,000.00	0.06
PACIFIC AMERICAN SECURITIES, LLC	21,154.56	727,624.00	0.03
PACIFIC CREST SECURITIES	3,196.60	79,915.00	0.04
PARIBAS SECURITIES INC	26,101.45	7,445,822.00	0.00
PCS DUNBAR SECURITIES	2,365.25	47,305.00	0.05
PENSON FINANCIAL SERVICES CANADA INC	44.04	4,300.00	0.01
PENSON FINANCIAL SERVICES INC	21.90	170,438.00	0.00
PERSHING	1,471.38	116,400.00	0.01
PERSHING DIVISION OF DONALDSON LUFKIN	3,115.25	671,345.18	0.00
PERSHING DLJ S L	59,894.76	3,345,376.00	0.02
PERSHING LLC	13,615.35	11,261,332.15	0.00
PERSHING SECURITIES LIMITED	12,382.78	1,276,398.00	0.01
PERSHING/CLEARANCE,NY	68.00	1,700.00	0.04
PETERCAM S.A.	3,125.20	45,370.00	0.07
PICKERING ENERGY PARTNERS, INC	122.50	2,450.00	0.05
PICTET AND CIE	4,076.34	26,980.00	0.15
PIPELINE TRADING SYSTEMS LLC	17,153.84	925,398.00	0.02
PIPER JAFFRAY	43,613.24	1,272,238.00	0.03
POLCARI /WEICKER DIV OF ICAP	7,252.00	181,300.00	0.04
PROBURSA CASA DE BOLSA SA DE CV	1,450.15	274,444.00	0.01
PRUDENTIAL EQUITY GROUP	27,457.47	733,272.00	0.04
PULSE TRADING LLC	77,335.78	3,866,789.00	0.02
RAYMOND JAMES AND ASSOCIATES INC	18,031.83	3,193,920.00	0.01
RAYMOND JAMES TRUST COMPANY	3,621.28	358,227.00	0.01
RBC CAPITAL MARKETS	8,070.65	5,093,309.00	0.00
RBC DOMINION SECURITIES INC.	360.79	2,305.00	0.16
REDBURN PARTNERS LLP	16,479.30	917,650.00	0.02
RENAISSANCE CAPITAL GROUP	12,119.69	347,720.00	0.03
RENAISSANCE CAPITAL LTD	11,263.07	387,980.00	0.03
ROBERT VAN SECURITIES	3,536.54	115,499.00	0.03
ROCHDALE SEC CORP.(CLS THRU 443)	77,001.14	2,653,254.00	0.03
ROTH CAPITAL PARTNERS LLC	4,112.61	94,051.00	0.04
RYAN BECK+ CO	232.53	5,060.00	0.05
S.G. COWEN & CO., LLC	11,165.63	361,527.00	0.03
SALOMON SMITH BARNEY KOREA LTD	3,740.71	46,803.00	0.08
SALOMON SMITH BARNEY SINGAPORE SECU	670.52	133,000.00	0.01
SAMSUNG SECURITIES CO LTD	46,437.59	1,184,048.00	0.04
SAMUEL A RAMIREZ & COMPANY INC	1,065.99	42,639.00	0.03
SANDERS MORRIS MUNDY	1,458.50	37,850.00	0.04
SANDLER ONEILL + PART LP	2,461.00	49,220.00	0.05
SANFORD C. BERNSTEIN LTD	47,325.62	3,082,018.00	0.02
SANFORD CBERNSTEIN CO LLC	47,283.23	2,291,048.00	0.02
SANTANDERCENTRAL HISPANO BOLSA	62.22	1,086.00	0.06
SANTANDERINVESTMENT BANK LTD	293.96	4,410.00	0.07
SANTANDERINVESTMENT SECURITIES INC	386.53	38,330.00	0.01
SBC WARBURG LONDON	1,829.89	297,895.00	0.01
SBK BROOKS INVESTMENY CORP	143.10	285,988.20	0.00
SCHONFIELD SECURITIES	990.13	98,355.00	0.01
SCOTT & STRINGFELLOW, INC	15,299.56	3,999,259.00	0.00
SCREAMINGEAGLE TRADING INC	118,446.40	4,118,601.00	0.03
SG SECURITIES HK	325.24	31,820.00	0.01
SHINYOUNGSECURITIES CO LTD	27,395.33	505,472.00	0.05
SIDOTI + COMPANY LLC	5,461.19	115,147.00	0.05
SIMMONS +COMPANY INTERNATIONAL	11,036.90	239,098.00	0.05
SKANDINAVISKA ENSKILDA BANK	173.86	547.00	0.32
SOCIETE GENERALE	1,366.88	275,100.00	0.00
SOCIETE GENERALE LONDON BRANCH	35,557.45	1,610,892.00	0.02
SOLEIL SECURITIES	24,283.95	651,930.00	0.04
SOUTHWESTSECURITIES	5,450.12	136,253.00	0.04
SSB CUSTODIAN	1.45	65,029.00	0.00
STANFORD GROUP COMPANY	139.00	2,780.00	0.05

Broker Name	$ Commission	Shares/ Par Value	Avg Comm
STANLEY (CHARLES) + CO LIMITED	1,090.14	311,208.00	0.00
STATE STREET BANK + TRUST CO LONDON	512,437.51	95,735,114.00	0.01
STATE STREET BANK AND TRUST CO	2,778.32	214,093.00	0.01
STATE STREET BANK EUROPE LONDON	2,380.72	68,719.00	0.03
STATE STREET BROKERAGE SERVICES	245,632.30	16,192,211.00	0.02
STATE STREET SECURITIES EUROPE LTD	635.48	137,946.00	0.00
STEPHENS,INC.	1,322.13	852,725.60	0.00
STERNE, AGEE & LEACH, INC.	621.80	191,576.00	0.00
STIFEL NICOLAUS + CO INC	4,393.43	1,925,022.00	0.00
STUART FRANKEL + CO INC	10,168.41	406,730.00	0.03
STUDNESS RESEARCH	400.00	10,000.00	0.04
SUNTRUST CAPITAL MARKETS, INC.	20,783.27	539,621.00	0.04
SVENSKA HANDELSBANKEN	3,553.97	98,925.00	0.04
SVENSKA HANDELSBANKEN LONDON BRANCH	2,632.85	49,418.00	0.05
TEB YATIRIM MENKUL DEGERLER A.S.	3,900.89	209,240.00	0.02
THEMIS TRADING LLC	11,448.53	545,324.00	0.02
THINKEQUITY PARTNERS LLC	3,343.40	67,987.00	0.05
THOMAS WEISEL PARTNERS LLC	45,172.81	1,633,251.00	0.03
TOKYO MITSUBISHI INTERNATIONAL PLC	21,150.41	1,352,458.00	0.02
TOKYO-MITSUBISHI SECURITIES (USA)	20,424.62	395,177.00	0.05
TRADEX BROKERAGE SERV.	15.00	504.00	0.03
TROIKA - NEW YORK	176.00	4,400.00	0.04
TROIKA DIAILOG	544.00	13,600.00	0.04
TROIKA DIALOG USA	616.00	15,400.00	0.04
TROIKA DIALOG USA, INC	30,547.84	857,765.00	0.04
U S CLEARING INSTITUTIONAL TRADING	2,006.25	40,125.00	0.05
UBS AG	203,689.18	61,528,726.00	0.00
UBS AG LONDON	218,130.08	424,713,200.00	0.00
UBS AG/CUST LDN BRAN	2,598.75	6,620.00	0.39
UBS FINANCIAL SERVICES INC	1,478.50	5,429,950.11	0.00
UBS LIMITED	172.62	3,400.00	0.05
UBS SECURITIES ASIA LTD	135,875.80	81,350,557.00	0.00
UBS SECURITIES LLC	401,820.01	931,035,787.52	0.00
UBS SECURITIES SINGAPORE PTE	10,271.17	3,895,590.00	0.00
UBS SECURITIIES MALAYSIA SDN BHD	3,193.56	970,100.00	0.00
UBS WARBURG (HONG KONG) LIMITED	1,430.28	100,200.00	0.01
UBS WARBURG AUSTRALIA EQUITIES	23.83	1,240.00	0.02
UBS WARBURG LLC	29,486.23	16,833,820.00	0.00
UNIBANCO-UNIAO DE BANCOS BRASIL	200.23	8,700.00	0.02
UNITED FINANCIAL GROUP	2,235.97	55,900.00	0.04
UNX INC.	5,203.58	260,179.00	0.02
UOB KAY HIAN (HONG KONG) LTD	5,030.39	4,462,586.00	0.00
UOB KAY HIAN PRIVATE LIMITED	1,935.33	492,517.00	0.00
UOB KAY HIAN SECURITIES PT	160.10	60,000.00	0.00
VANDHAM SECURITIES CORP	13,681.29	323,503.00	0.04
VICKERS BALLAS LTD	16,915.26	594,000.00	0.03
WACHOVIA SECURITIES INS	29.60	1,184.00	0.03
WACHOVIA SECURITIES, LLC	689.80	1,672,592.00	0.00
WACHOVIACAPITAL MARKETS, LLC	31,891.26	7,595,356.00	0.00
WARBURG DILLION READ (ASIA) LTD	22,534.59	1,737,836.00	0.01
WARBURG DILLON READ	1.37	243.00	0.01
WAVE SECURITIES	12,348.31	1,442,640.00	0.01
WEDBUSH MORGAN SECURITIES INC	5,569.85	144,806.00	0.04
WEEDEN + CO.	200,520.41	7,073,480.00	0.03
WESTDEUTSCHE LANDESBANK GIROZENTRALE	5,262.91	25,028.00	0.21
WESTMINISTER (CLS THRU 443)	3,980.00	102,200.00	0.04
WESTMINSTER RESEARCH	136.99	3,700.00	0.04
WESTMINSTER RESEARCH ASSOCIATE	459.85	11,021.00	0.04
WILLIAM BLAIR & COMPANY, L.L.C	7,455.39	162,349.00	0.05
WILLIAMS CAPITAL GROUP LP (THE)	28,610.38	851,463.00	0.03
WINTERFLOOD SECURITIES LTD	157.03	10,000.00	0.02
WOORI INVESTMENT SECURITIES	7,119.08	146,137.00	0.05
WR HAMBRECHT + CO	1,149.38	23,302.00	0.05
YAMNER & CO INC (CLS THRU 443)	823.18	82,318.00	0.01
YORKTON SECURITIES INC	345.60	23,040.00	0.02
ZANNEX SECURITIES	1,982.15	162,543.00	0.01
Total	**$13,837,372.05**		

GLOSSARY OF INVESTMENT TERMS

Agency Securities – Securities, usually bonds, issued by U.S. Government agencies. These securities have high credit ratings but are not backed by the full faith and credit of the U.S. Government.

Alpha - A coefficient which measures risk-adjusted performance, factoring in the risk due to the specific security, rather than the overall market. A high value for alpha implies that the stock or mutual fund has performed better than would have been expected given its beta (volatility).

Asset - Anything owned that has economic value; any interest in property, tangible or intangible, that can be used for payment of debts.

Asset Backed Security- Bonds or notes 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%. For example, a yield that changed from 8.75% to 9.50% has 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 quantitative measure of the volatility of a given stock, mutual fund or portfolio relative to the overall market.

Book Value (BV) - The value of individual assets, calculated as actual cost minus accumulated 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 3 months to six 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 – Assets pledged by a borrower to secure a loan or other credit, and subject to seizure in the event of default.

Collateralized Mortgage Obligation (CMO) – A mortgage-backed, investment-grade bond that separates mortgage pools into different maturity classes. CMO payment obligations are backed by mortgage-backed securities with a fixed maturity.

Commercial Paper - Short-term obligations with maturities ranging from 2 to 270 days. An unsecured obligation issued by a corporation or bank to finance its short-term credit needs.

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 the cost of a fixed basket of products and services as determined by a monthly survey of the U.S. Bureau of Labor Statistics. Components of the CPI include housing costs, food, transportation, and electricity.

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.

Derivative - Derivatives are generally defined as contracts whose value depend on, or derived 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 – A portfolio strategy designed to reduce exposure to 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 in the form of common stock or preferred stock.

ERISA (Employee Retirement Income Security Act) - The 1974 federal law which established legal guidelines for private pension plan administration and investment practices.

Expense Ratio – Operating costs (including management fees) expressed as a percentage of the fund's average net assets for a given time period.

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 that banks charge each other for the use of Federal Funds. This rate changes daily and is a sensitive indicator of general interest rate trends.

Federal Reserve Board – The 7- member Board of Governors that oversees Federal Reserve Banks, establishes monetary policy and monitors the economic health of 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 risk of adverse price movements in a security, by taking an offsetting position in a related security, such as an option or short sale.

Index - A benchmark used in executing investment strategy which is viewed as an independent representation of market performance. Example: S&P 500 index.

Index Fund – A passively managed fund that tries to mirror the performance of a specific index, such as the S&P 500.

Inflation – The overall general upward price movement of goods and services in an economy, usually as measured by the Consumer Price Index and the Producer Price Index.

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 $200 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. An obligation that legally binds an individual or company to settle a debt.

Leverage - The use of borrowed funds to increase purchasing power and, ideally, to increase profitability of an investment transaction or business.

Macaulay Duration - The weighted-average term to maturity of a bond's cash flows. The weighting is based on the present value of each cash flow divided by price.

GLOSSARY OF INVESTMENT TERMS (Continued)

Market Value – A security's last reported sale price or its current bid and ask prices. The price as determined dynamically by buyers and sellers in an open market.

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 – Debt that incorporates equity –based options, such as warrants, with a lower – priority debt.

MFR Index (iMoneyNet's First Tier Institutional-only Rated Money Fund Report Averages™ Index) - 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 measure of the price sensitivity of a bond to interest rate movements. 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 (including any valuation gains or losses on investments or currencies) minus total liabilities divided by shares outstanding.

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 - The standard deviation of the Fund divided by 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") – A contract in which the seller of securities, such as Treasury Bills, agrees to buy them back at a specified time and price. Repos are widely used as a money market instrument.

Reverse Repurchase Agreements ("Reverse Repos") - A purchase of securities with an agreement to resell them at a higher price at a specific future date.

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's capitalization.

GLOSSARY OF INVESTMENT TERMS (Continued)

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 brokerage.

S&P 500 (Standard & Poor's) – A basket of 500 stocks considered to be widely held. The performance of this index is thought to be representative of the stock market as a whole. The index selects its constituents based upon their market size, liquidity and sector. S&P 500 stocks are considered to be the leading large (to mid) cap corporations in a given sector.

S&P Credit Ratings Service - 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, 2007

Bond Finance Type	Outstanding June 30, 2006	FY 2007 Issued	FY 2007 Retired	FY 2007 Refunded or Defeased	Outstanding June 30, 2007	FY 2007 (11) Interest Paid
General Obligation - Tax Supported (1)	$ 8,951,616,472	$1,616,700,000	$ 755,914,309	$ 482,250,000	$ 9,330,152,163	$ 506,548,263
General Obligation - BANS	10,000,000	-	-	10,000,000	-	385,335
General Obligation - Revenue Supported	4,616,124	-	1,245,000	-	3,371,124	251,777
General Obligation - Transportation	1,936,576	-	609,163	-	1,327,413	288,057
Economic Recovery Notes (2)	146,090,000	-	-	146,090,000	-	978,415
Special Tax Obligation	3,081,097,825	-	265,963,825	-	2,815,134,000	149,852,127
Bradley International Airport	226,375,000	-	8,430,000	-	217,945,000	11,054,509
Clean Water Fund	535,315,000	180,070,000	30,980,000	34,065,000	650,340,000	24,543,801
UCONN 2000 (3)	790,647,147	135,385,000	56,205,000	46,695,000	823,132,147	34,456,344
CDA Increment Financing (4)	26,870,000	9,825,000	1,870,000	-	34,825,000	1,345,068
CDA Governmental Lease Revenue (5)	5,175,000	-	515,000	-	4,660,000	339,685
CHEFA Childcare Facilities Program (6)	36,575,000	19,165,000	885,000	230,000	54,625,000	1,965,435
Bradley International Parking Operations (7)	49,875,000	-	2,210,000	-	47,665,000	3,180,080
Juvenile Training School (8)	17,735,000	-	390,000	-	17,345,000	848,945
Special Obligation Rate Reduction Bonds (9)	153,160,000	-	27,785,000	-	125,375,000	7,100,525
CCEDA Bonds (10)	86,800,000	-	1,065,000	-	85,735,000	3,552,548
TOTAL	**$14,123,884,144**	**$1,961,145,000**	**$1,154,067,297**	**$ 719,330,000**	**$ 14,211,631,847**	**$ 746,690,914**

(1) Debt outstanding at June 30, 2007 includes $18,500,000 in Certificates of Participation for the Middletown courthouse which is not debt of the State. However, the State is obligated to pay a base rent under a lease for the courthouse, subject to the annual appropriation of funds or the availablility of other funds therefore. The base rent is appropriated as debt service. The Certificates of Participation are included on the Treasurer's Debt Management System for control purposes.

(2) Economic Recovery Notes were issued in December 2002 to fund the State's Fiscal 2002 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. All maturities of the ERN's were retired during FY07 from surplus funds.

(3) UCONN 2000 Bonds were authorized in two stages in a total amount of $2.3 Billion over a 20 year period to be paid by the University of Connecticut from a State Debt Service commitment. As each series is issued, the debt service is validly appropriated from the State General Fund.

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

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

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

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

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

(9) 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. Public Act No. 07-1 of the June 2007 Special Session, Sections 21 and 134 authorizes the use of 2007 fiscal year General Fund surplus in the amount of $85,000,000 to be used for the purpose of defeasing or purchasing some or all of the 2004 Series A Special Obligation Rate Reduction Bonds maturing after December 30, 2007. It is anticipated that this transaction will occur prior to the end of the State's 2008 fiscal year.

(10) 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.

(11) Includes interest rate swap payments and variable rate bond fees.

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 2007 fiscal year is presented on a comprehensive basis of accounting other than generally accepted accounting principles. In order to be consistent with the Comptroller's statements and the budgetary act, the State Treasuruer has employed the same comprehensive basis of accunting 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, 2007, please see Statutory Appendix.

DEBT MANAGEMENT DIVISION

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

JUNE 30, 2007

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	$ 2,640,479	06/01/2013	$ 3,847,734	US Treasury Strips/State and Local Government Bonds
06/28/2001	-	11/01/2006	-	State and Local Government Bonds
11/20/2001	147,670,000	06/15/2010	155,629,041	US Treasury Notes/State and Local Government Bonds
06/25/2002	35,235,000	06/15/2010	37,810,722	US Treasury Notes and Strips/RefCorps
09/05/2002	211,615,000	12/15/2010	214,591,990	FNMA/FHLB/State and Local Government Bonds
04/08/2004	977,520,000	11/15/2012	980,940,249	FNMA/FHLB/RefCorps
10/05/2004	-	05/01/2007	14	Cash
04/27/2005	330,795,000	11/15/2012	344,735,389	State and Local Government Bonds
06/28/2006	-	08/15/2006	-	STIF/Cash
11/09/2006	306,830,000	10/15/2013	322,081,172	State and Local Government Bonds
05/10/2007	175,420,000	10/15/2013	184,388,478	State and Local Government Bonds
SUBTOTAL	**$ 2,187,725,479**		**$ 2,244,024,790**	
BOND TYPE: SPECIAL TRANSPORTATION FUND				
12/22/1999	$ 40,990,000	06/01/2008	$ 42,112,654	US Treasury Strips
09/15/2001	15,455,000	11/01/2007	16,024,794	State and Local Government Bonds
01/23/2003	330,805,000	10/01/2011	346,718,967	State and Local Government Bonds
12/02/2004	90,730,000	12/01/2012	93,412,859	US Treasury Notes and Strips/RefCorps
SUBTOTAL	**$ 477,980,000**		**$ 498,269,274**	
BOND TYPE: CLEAN WATER FUND				
07/01/2003	$ 202,695,000	10/01/2011	$ 206,632,450	US Treasury Bonds/Notes and Strips
SUBTOTAL	**$ 202,695,000**		**$ 206,632,450**	
BOND TYPE: UCONN 2000				
01/29/2004	$ 139,650,000	04/01/2012	$ 146,599,470	State and Local Government Bonds
03/15/2006	61,675,000	04/01/2012	64,327,051	US Treasury Notes and Strips/State and Local Government Bonds
04/12/2007	46,695,000	02/15/2013	49,505,477	State and Local Government Bonds
SUBTOTAL	**$ 248,020,000**		**$ 260,431,998**	
BOND TYPE: SECOND INJURY FUND				
06/20/2002	$ 28,465,000	01/01/2011	$ 28,999,809	US Treasury Strips/State and Local Government Bonds
06/25/2003	18,385,000	01/01/2011	20,018,732	State and Local Government Series Bonds
06/25/2004	8,290,000	01/01/2011	8,599,934	State and Local Government Series Bonds
06/24/2005	29,675,000	01/01/2011	30,390,318	State and Local Government Series Bonds
SUBTOTAL	**$ 84,815,000**		**$ 88,008,793**	
TOTAL	**$ 3,201,235,479**		**$ 3,297,367,305**	

(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 2007 fiscal year is presented on a comprehensive basis of accounting other than generally accepted accounting principles. In order to be consistent with the Comptroller's statements and the budgetary act, the State Treasuruer has employed the same comprehensive basis of accunting 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, 2007

Name of Firm	Description of Services	Aggregate Compensation Paid in FY 2007	Status as of 06/30/07
AG Edwards & Sons	Management Fees	$ 5,000	Active
Bank of America	Liquidity Fees	128,288	Active
Bayerische Landesbanke	Liquidity Fees	125,276	Active
Bear Stearns & Co, Inc.	Broker/Dealer Fees	50,085	Active
Bloomberg	Subscription	12,875	Active
Carlin, Charron & Rosen, LLP	Auditor	59,339	Active
CIFA	Membership	6,000	Active
Citigroup Global Markets, Inc.	Management Fees	75,000	Active
Day Pitney, LLP (formerly Day, Berry & Howard)	Bond/Disclosure Counsel	807,850	Active
Dell Marketing LP	Systems Upgrades	6,675	N/A
Dexia Public Finance Bank	Liquidity Fees	871,887	Active
Finn Dixon & Herling LLP	Disclosure Counsel	16,543	Active
Fitch Ratings	Rating Agency	245,000	N/A
Goldman Sachs	Remarketing Fees	45,603	Active
Hardwick Law Firm, LLC	Bond Counsel	53,157	Active
Hunton & Williams	Bond/Tax Counsel	338,633	Active
ImageMaster	Financial Printer	105,015	Active
IRS	Arbitrage Rebate Payments	671,398	N/A
JP Morgan Chase Securities	Administrative/Trustee/Remarketing/Management Fees	50,925	Active
Lamont Financial Services	Financial Advisor	262,600	Active
Landesbank Hessen-Thuringen	Liquidity Fees	112,502	Active
Law Offices of Joseph C Reid PA	Bond Counsel	21,872	Active
Lehman Brothers Inc.	Remarketing Fees/Management Fees	406,042	Active
Levy & Droney, P.C	Bond Counsel	88,756	Active
Lewis & Munday	Bond Counsel	66,528	Active
Loop Capital Markets	Management Fees	100,000	Active
M.R. Beal & Co.	Management Fees	5,000	Active
Merrill Lynch & Co.	Remarketing/Management Fees	263,507	Active
Moody's Investors Service	Rating Agency	348,512	N/A
Morgan Stanley & Co, Inc.	Broker/Dealer Fees/Management Fees	186,393	Active
Nixon Peabody LLP (AMTEC)	Arbitrage Calc/Bond Counsel/Verification Agent Fees	506,131	Active
Orrick, Herrington & Sutcliffe, LLP (BondLogistix)	Arbitrage Calculation Fees	46,625	Active
P.G. Corbin & Co.	Financial Advisor	72,526	Active
Public Resources Advisory Group	Financial Advisor	37,970	Active
Pullman & Comley, LLC	Bond/Tax Counsel	228,868	Active
Ramirez & Co, Inc.	Management Fees	5,000	Active
Robinson & Cole	Bond/Tax Counsel	168,658	Active
Seward and Monde	Auditor	39,580	Active
Shipman & Goodwin, LLP	Bond Counsel	197,373	Active
Slavin Management Consultants	Executive Search Service	10,117	Active
Soeder & Associates	Disclosure Counsel	19,635	Active
Squire, Sanders & Dempsey	Bond Counsel	61,686	Active
Standard & Poor's Rating Service	Rating Agency	291,300	N/A
The Bank of New York Trust Company, NA	Trustee/Paying Agent/Auction Agent Fees	6,875	Active
U. S. Bank	Administrative/Escrow/Trustee Fees	257,557	Active
UBS Financial Services Inc.	Management Fees	100,000	Active
Updike, Kelly & Spellacy	Bond Counsel	17,584	Active
Wachovia Bank	Administrative/Trustee/Management Fees	14,428	Active
Water Environment Research Foundation (WERF)	Research	10,000	Active
WestLB Public Finance	Liquidity Fees	308,269	Active
Wilmington Trust Company	Auction Agent Fees	315,080	Active
Total		**$ 8,251,524**	

(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, 2007

Description	Total
INFLOWS	
Receipts:	
Deposits	22,252,070,989.22 (1)
Bad Checks	(10,967,519.44) (2)
Treasury Initiated Transfers	1,937,659,755.93 (3)
Total Receipts	24,178,763,225.71
Transfers:	11,400,846,625.97 (4)
Other Inflows:	
Internal Bank Transfers	27,611,342,985.19 (5)
Interbank Transfers	15,516,881,599.89 (6)
Total Other Inflows	43,128,224,585.08
TOTAL INFLOWS	78,707,834,436.76
OUTFLOWS	
Disbursements:	
Vendor	20,264,794,893.89 (7)
Payroll	3,552,729,539.84 (8)
Total Disbursements	23,817,524,433.73
Transfers:	11,730,324,229.31 (4)
Other Outflows:	
Internal Bank Transfers	27,611,342,985.19 (5)
Interbank Transfers	15,516,881,599.89 (6)
Total Other Outflows	43,128,224,585.08
TOTAL OUTFLOWS	78,676,073,248.12

(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) Transfers - income earned from short and long-term investments, transfers of cash from one fund to the other, investment activity and Certificates of Deposit purchased and sold with Connecticut banks under the Treasurer's Community Bank and Credit Union Initiative.
(5) 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.
(6) Interbank Transfers - transfers of state moneys between banks to invest excess cash or to cover authorized disbursements.
(7) Vendor - expenditures for goods and services provided to the State by vendors.
(8) 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, 2007
PRESENTED UNDER BUDGETARY BASIS OF ACCOUNTING [3] [4]

Fund Name	Adjusted Cash Balance July 1, 2006 [2]	FY 2007 Receipts [2]	FY 2007 Disbursements	Transfers	Other Net Adjustments [2]	Adjusted Cash Balance June 30, 2007
TOTAL FUNDS	**$(282,530,832.05)**	**$24,178,763,225.71**	**$23,817,524,433.73**	**$(329,477,603.34)**	**$94,930,345.46**	**$(155,839,297.95)**

(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 2007 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 Summary of Cash Receipts and Disbursements.

(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]
FISCAL YEAR ENDED JUNE 30, 2007
PRESENTED UNDER BUDGETARY BASIS OF ACCOUNTING [2] [3]

Description		Total All Funds
General Investments		
Cash	$	(155,839,297.95)
STIF		2,715,014,937.25
TEPF		53,878,278.23
Investments with Treasurer as Trustee		
Short-Term		805,015,785.85
Long-Term		25,674,528,936.62
Investments with Others as Trustee		
Short-Term		942,584,805.87
Long-Term		731,519,534.21
Total	**$**	**30,766,702,980.08**
Reconcilation Between Treasurer & Comptroller [4]		
Office of the Comptroller		
Cash and STIF June 30, 2007 (Annual Statutory Report)	$	2,979,096,125.16
Cash and invest with Trustee Fund #14005		186,072,277.51
Cash and invest with Trustee Fund #21008		7,054,743.58
Cash and Invest with Trustee Fund #21009		100,460,506.08
Cash and invest with Trustee Fund #21015		111,553,403.14
Cash and invest with Trustee Fund #21018		23,647,537.82
Cash and invest with Trustee Fund #21020		10,185,110.09
Total	**$**	**3,418,069,703.38**
Office of the Treasurer		
Cash	$	(155,839,297.95)
STIF		2,715,014,937.25
TEPF		53,878,278.23
STIF/Investment with Treasurer as Trustee		805,015,785.85
Total	**$**	**3,418,069,703.38**

(1) For a detailed listing of the Civil List Investments for the Fiscal Year Ending June 30, 2007, please see Statutory Appendix.

(2) 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 2007 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.

(3) 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.

(4) 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, 2007

Fund	Participant	Department	SID	Interest Earned During the Year
12004	**Insurance Fund**			
	INSURANCE FUND	DOI37500		$369,561.77
Total				$369,561.77
12007	**Workers Compensation**			
	ADMINISTRATION FUND	WCC42000		1,010,888.53
Total				1,010,888.53
12014	**Criminal Injuries Compensation Fund**			
	VICTIM SERVICES	JUD95000		284,371.47
Total				284,371.47
12015	**Vending Facilities Operators Fringe Benefits**			
	VENDING FACILITY PROGRAM - FEDERAL INCOME	ESB65000		2,835.42
Total				2,835.42
12017	**University of Connecticut Operating Fund**			
	OPERATING FUND	UOC67000		8,480,228.66
Total				8,480,228.66
12018	**University Health Center Operating Fund**			
	OPERATING FUND	UHC72000		-507,707.35
	STUDENT SCHOLARSHIPS AND LOANS	UHC72000	40014	125,717.02
Total				-381,990.33
12019	**State University Operating Fund**			
	STATE UNIVERSITIES	CSU83000		8,326,369.83 (2)
	CENTRAL CONNECTICUT STATE UNIVERSITY	CSU84000		189,925.71
	EASTERN CONNECTICUT STATE UNIVERSITY	CSU85500		30,323.68
Total				8,546,619.22
12020	**Regional Community/Technical Colleges Operating Fund (Tuition Account)**			
	BOARD FOR REGIONAL COMM-TECH COLLEGE	CCC78000		4,315,710.06
Total				4,315,710.06
12022	**University of Connecticut Research Foundation**			
	RESEARCH	UOC67000		1,427,945.40
Total				1,427,945.40
12026	**Environmental Quality Fund**			
	MUNICIPAL SOLID WASTE RECYCLING	DEP43000	40200	157.81
Total				157.81
12027	**Conservation Fund**			
	MIGRATORY BIRD CONSERVATION	DEP43000	40206	17,344.79
Total				17,344.79
12031	**Employment Security - Administration**			
	PENALTY & INTEREST	DOL40000	40213	388,582.03
	TITLE XII EXCESS FUNDS	DOL40000	40214	57,792.40
Total				446,374.43
12037	**Tobacco Settlement Fund**			
	TOBACCO SETTLEMENT FUND	OPM20000		1,247,887.67
Total				1,247,887.67
12060	**GENERAL FUND**			
	RESEARCH IN PLANT SCIENCE	AES48000	30099	20,321.88
	ADMINISTRATION OF GRANTS	AES48000	30116	4,848.38
	BOARD FOR STATE ACADEMIC AWARD	BAA77000	35186	120,491.48

CASH MANAGEMENT DIVISION

CIVIL LIST FUNDS
INTEREST CREDIT PROGRAM (1) (Continued)
FISCAL YEAR ENDED JUNE 30, 2007

Fund	Participant	Agency	SID	Interest Earned During the Year
	CT DISTANCE LEARNING CONSORTIUM	BAA77000	35289	51,078.26
	BOARD OF PAROLE'S ASSET FORFEITURE ACCOUNT	BOP90100	20127	181.27
	OFFICE OF TOURISM	CAT45200	30207	2,743.20
	CONN STATE LIBRARY ACCOUNT	CSL66000	30082	5,637.67
	CT LIBRARY & MUSEUM FUND	CSL66000	30093	114,814.56
	HISTORIC DOCUMENTS PRESERVATION ACCOUNT	CSL66000	35150	143,840.56
	CHILDREN'S TRUST FUND	CTF94000	30219	27,181.33
	RICHARD A. FORESTER MEMORIAL FUND	DCF91000	30084	641.10
	GEARUP SCHOLARSHIP TRUST FUND	DHE66500	22133	152,051.49
	WEISMAN TEACHER SCHOLARSHIP FUND	DHE66500	30405	3,728.92
	PRIVATE OCCUPATIONAL STUDENT PROTECTION FUND	DHE66500	35135	146,705.03
	CONNECTICUT FUTURES ACCOUNT	DHE66500	35151	140,463.61
	CORRECTIONAL MEMORIAL FUND	DOC88000	30015	1,464.39
	CORRECTION GENERAL WELFARE FUND	DOC88000	35137	192,081.96
	COOPERATIVE/COMMUNITY POLICING PROGRAM	DPS32000	20270	600.96
	FEDERAL ASSET FORFEITURE	DPS32000	20493	21,247.58
	ENHANCED 911 TELECOMMUNICATIONS FUND	DPS32000	35190	642,661.59
	BRAIN INJURY PREVENTION AND SERVICE ACCOUNT	DSS60000	35308	12,917.06
	JOB INCENTIVE ACCOUNT	ECD46000	35146	23.82
	MRD ESCROW ACCT.	ECD46000	35170	2,277.98
	MRS ESCROW ACCT.	ECD46000	35173	446.95
	CITIZEN ELECTION FUND GRANTS	ELE13500	35339	1,371,842.06
	FAUCHTSWANGER FUND	ESB65000	30030	418.63
	FRAUENHOFER FUND	ESB65000	30042	1,009.48
	MISCELLANEOUS GRANTS	ESB65000	30070	3,176.66
	SARA BROWN FUND	ESB65000	30092	12,414.55
	CHARLES PRECOURT MEMORIAL FUND	ESB65000	30104	200.18
	ANN COROTEAU MEMORIAL FUND	ESB65000	30113	293.78
	VENDING FACILITIES PROGRAM-STATE AND LOCAL INCOME	ESB65000	35149	125,575.85
	LAW LIBRARY-DONATED COPIER RECEIPTS	JUD95000	30238	12,679.46
	DERBY COURTHOUSE MAINTENANCE RESERVE	JUD95000	35188	76,676.94
	MERIDEN COURTHOUSE MAINTENANCE RESERVE	JUD95000	35195	89,539.44
	CLIENT SECURITY FUND	JUD95000	35205	607,215.00
	DMHAS-COMMUNITY MENTAL HEALTH STRATEGIC INVESTMENT	MHA53000	35160	40,790.74
	DMHAS-COMMISSIONER'S OFFICE PRE-TRIAL ACCOUNT	MHA53000	35166	315,373.02
	DRUG ASSET FORFEITURE PROGRAM	MIL36000	35112	3,628.40
	EXXON OVERCHARGE	OPM20000	20488	6,765.44
	DIAMOND SHAMROCK OVERCHARGE	OPM20000	20490	2,018.81
	STRIPPER WELL OVERCHARGE	OPM20000	20492	111,102.53
	JUVENILE ACCOUNTABLIITY INCENTIVE BLOCK	OPM20000	21672	75,551.13
	LOCAL LAW ENFORCEMENT BLOCK GRANT	OPM20000	21689	281.11
	JUSTICE ASSISTANCE GRANT	OPM20000	21921	220,027.83
	LOCAL EMERGENCY RELIEF ACCT.	OPM20000	35122	522.44
	INVESTMENT FUND	OTT14000	35101	458,478.07
	SECOND INJURY	OTT14000	35105	64,868.58
	SECOND INJURY STIPULATION & REIMBURSEMENT	OTT14000	35111	82,915.54
	DPUC RFP ESCROW	PUC39000	35350	37,798.94
	WALLACE FOUNDATION GRANT	SDE64000	30256	11,743.72
	DIV. OF FINANCE AND INTERNAL OPERATIONS	SDE64000	35351	4,216.54
	HELP AMERICA VOTE	SOS12500	21465	1,470,902.11
Total				7,016,478.01
21009	**Bradley International Airport Operations**			
	BRADLEY ENTERPRISE FUND	DOT57000		906,192.36
Total				906,192.36
21019	**STADIUM FACILITY ENTERPRISE FUND**			
	STADIUM FACILITY ENTERPRISE FUND	OPM2000		84,156.88
Total				84,156.88

CASH MANAGEMENT DIVISION

CIVIL LIST FUNDS
INTEREST CREDIT PROGRAM (1) (Continued)
FISCAL YEAR ENDED JUNE 30, 2007

Fund	Participant	Agency	SID	Interest Earned During the Year
22001	**Correction Industries**			
	CORRECTIONAL COMMISSARY FUND	DOC88000	42304	241,081.06
Total				241,081.06
31006	**Teacher's Retirement System**			
	TEACHER'S RETIREMENT BOARD OPERATING FUND	TRB77500		290,372.96
	TEACHER'S RETIREMENT BOARD	TRB77500	42358	1,565,188.38
Total				1,855,561.34
35001	**Connecticut Health Club Guaranty Fund**			
	HEALTH CLUB GUARANTEE FUND	DCP39500		19,908.97
Total				19,908.97
35002	**Real Estate Guaranty**			
	REAL ESTATE GUARANTEE FUND	DCP39500		27,734.44
Total				27,734.44
35003	**Home Improvement Guaranty Fund**			
	HOME IMPROVEMENT GUARANTEE FUND	DCP39500		33,767.92
Total				33,767.92
35006	**New Home Construction Guaranty Fund**			
	NEW HOME CONSTRUCTION GUARANTY	DCP39500		37,835.46
Total				37,835.46
35007	**Tobacco and Health Trust Fund**			
	TOBACCO HEALTH TRUST FUND	OPM20000		829,665.05
Total				829,665.05
35008	**Biomedical Research Trust Fund**			
	BIOMEDICAL RESEARCH FUND	DPH48500		386,508.73
Total				386,508.73
35009	**Endowed Chair Investment Fund**			
	ENDOWED CHAIR INVESTMENT FUND	DHE66500	40001	234,166.32
Total				234,166.32
35012	**Various Treasurer's Trust Funds**			
	IRWIN LEPOW TRUST FUND	CME49500	42354	1,608.58
	R. GRAEME SMITH	DPS32000	42353	339.35
	FITCH HOME FOR SOLDIERS	DVA21000	42352	676.41
	POSTHUMOUS FITCH	DVA21000	42356	1,341.97
	JOHN H. KING	JUD95000	42355	9,857.97
	WHITE FUND	JUD95000	42357	196.60
Total				14,020.88
Grand Total				**$37,455,012.31**

(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.

(2) Interest is earned by the participant and allocated to the constituent units.

CASH MANAGEMENT DIVISION

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

FISCAL YEAR ENDED JUNE 30, 2007

Name of Firm	Description of Services	Contract Date	Aggregate Compensation Paid in FY 2007	Status As of 6/30/07
Bank of America	Banking Services	Various	$ 2,991,018 (2)	Active
Webster Bank	Banking Services	Jun-98	292,545 (2)	Active
People's Bank	Banking Services	Mar-97	182,247 (2)	Active
Wachovia Bank National Assn	Banking Services	Feb-97	49,373 (2)	Active
US Bank National Assn	Bond Trustee & Paying Agent	Jun-90	202,486 (2)	Active
State Street Bank & Trust	STIF Custodian Fees	Jul-05	44,510	Active
Standard & Poors	Subscription & Rating	N/A	36,500	Active
Bloomberg L P	Subscription	N/A	30,118	Active
Moodys Investors Services	Subscription & Research	N/A	27,155	Active
Fitch Information Inc.	Credit Research	N/A	10,500	Active
iMoney Net Inc.	Subscription	N/A	10,200	Active
Advance Corporate Networking	Computer Equipment	N/A	9,067	Terminated
UHY	AIMR Attestation Services	Sep-07	8,500	Active
Resource Group Staffing	Temporary Services	N/A	6,158	Active
Advizex Technologies	Computer Equipment	N/A	5,247	Terminated
TOTAL			**$ 3,905,624**	

(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, 2007

Name of Firm	Description of Services	Contract Date	Aggregate Compensation Paid in FY 2007	Status As of 6/30/07
ACS Unclaimed Property Clearing House	Securities Services & Claims Processing	Jul-06	$ 562,500	Active
ACS Unclaimed Property Clearing House	Identification & Collection of Property	Aug-94	1,906,031	Active
Advanced Corporate Networking, Inc.	Computer Equipment	N/A	10,217	Terminated
Advizex Technologies	Computer Equipment	N/A	26,237	Terminated
ASAP Software Express	Computer Software	N/A	5,886	Terminated
Audit Services LLC	Identification & Collection of Property	May-06	347,990	Active
Corporate Computer Service	Computer Equipment	N/A	5,967	Terminated
Horizon Staffing Services	Temporary Services	N/A	19,431	Active
JobPro Temporary Services, Inc.	Temporary Services	N/A	71,170	Active
Quality Office Systems	Photocopier Lease	N/A	5,373	Active
Suburban Stationers	Office Supplies	N/A	8,956	Terminated
TOTAL			$ 2,969,758	

(1) Expenses are presented on a cash basis.

UNCLAIMED PROPERTY DIVISION

FIVE YEAR SELECTED FINANCIAL INFORMATION

	Fiscal Year Ended June 30,				
	2007	2006	2005	2004	2003
Receipts (Net of fees) [1] [4]	$ 64,567,697	$ 84,735,321	$158,660,774	$104,424,187	$ 70,409,889
Fees netted from proceeds	0	1,225,874	2,404,738	8,168,755	865,958
Gross Receipts	**64,567,697**	**85,961,195**	**161,065,512**	**112,592,942**	**71,275,847**
Claims paid	25,280,243	25,990,877	20,476,540	10,862,104	9,441,860
Transfer to Citizens Election Fund	16,000,000	17,000,000	0	0	0
Administrative Expenses:					
Salaries & Fringe benefits	3,896,514	3,154,315	2,735,640	2,295,637	2,144,697
Data processing & hardware	2,826,339	3,237,913	909,520	1,020,881	767,708
All Other	220,355	266,173	436,189	236,078	125,207
Fees netted from proceeds[1]	0	1,225,874	2,404,738	8,168,755	865,958
Total Disbursements	**$ 48,223,451**	**$ 50,875,152**	**$ 26,962,627**	**$ 22,583,455**	**$ 13,345,430**
Excess of Receipts over Disbursements[2]	**16,344,246**	**35,086,043**	**134,102,885**	**90,009,487**	**57,930,417**
Approximate Market Value of Securities at Fiscal Year End:					
Total Securities Inventory	$ 99,761,769	$ 59,295,118	$ 43,684,419	$104,272,321	$ 34,568,679
Securities liquidated	$ 0	$ 0	$ 88,591,287	$ 0	$ 21,092,998
Mutual Funds Liquidated	$ 0	$ 13,617,580	$ 292,939	$ 1,413,120	$ 4,451,091
Number of claims paid	20,930	22,732	11,985	11,938	13,368

(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. As of July 1, 2006, there is no netting of fees and amounts are now included in data processing and hardware costs under Administrative Expenses.

(2) Excess of receipts over disbursements is remitted to the General Fund, however, amounts collected remain liabilities of the State until returned to rightful owners.

(3) The amounts disclosed above as “receipts” and “claims paid” represent actual cash flows and do not include the value of the marketable securities received by the Unclaimed Property Division , nor the value of 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.

(4) Per P.A. 05-5, October 25, 2005 special session, required Unclaimed Property Division to deposit $16 million for FY 2007 into the Citizens’ Election Fund and the balance is deposited into the General Fund.

Summary of Gross Receipts
Fiscal Year Ended June 30, 2007

Financial institutions	$12,600,393
Other corporations	32,641,696
Insurance companies	9,799,185
Govern agency/ public authorities	4,589,034
Dividends on securities held	1,184,569
Estates	97,534
Securities tendered	883,834
Mutual funds liquidated	68
Interest penalty assessments	270
Sale of property lists, copying and other charges	1,800
Reciprocal exchange program with other states	2,763,399
Refunds	5,916
Total Gross Receipts	$64,567,697

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.

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

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.

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,

	2007	%	2006	%	2005	%	2004	%	2003	%
GENERAL FUND										
Personal Services	$3,607,677	4.25%	$3,485,301	4.10%	$ 3,089,871	4.30%	$2,923,590	4.42%	$2,779,972	3.90%
Other Expenses	285,592	0.34%	285,532	0.34%	314,630	0.44%	340,235	0.51%	286,417	0.40%
Capital Equipment	100	0.00%	100	0.00%	100	0.00%	100	0.00%	1,000	0.00%
TOTAL	**$3,893,369**	**4.20%**	**$3,770,933**	**4.44%**	**$3,404,601**	**4.74%**	**$3,263,925**	**4.94%**	**$3,067,389**	**4.30%**
PENSION FUNDS										
Personal Services	$3,250,644	3.50%	$3,088,226	3.63%	$2,695,010	3.75%	$2,288,348	3.46%	$2,172,561	3.05%
Other Expenses	69,572,587	74.97%	62,116,512	73.11%	52,559,960	73.18%	48,530,271	73.42%	53,752,772	75.40%
Capital Equipment	28,007	0.03%	5,756	0.01%	7,369	0.01%	2,237	0.00%	2,736	0.00%
TOTAL	**$72,851,238**	**78.50%**	**$65,210,494**	**76.75%**	**$55,262,339**	**76.94%**	**$50,820,856**	**76.89%**	**$55,928,069**	**78.45%**
SECOND INJURY FUND										
Personal Services	$6,535,640	7.04%	$6,690,597	7.87%	$6,736,792	9.38%	$6,472,773	9.79%	$6,435,233	9.03%
Other Expenses	712,690	0.77%	760,058	0.89%	730,468	1.02%	659,369	1.00%	816,008	1.14%
Capital Equipment	54,784	0.06%	4,881	0.01%	1,013	0.00%	3,006	0.00%	22,312	0.03%
TOTAL	**$7,303,114**	**7.87%**	**$7,455,536**	**8.78%**	**$7,468,273**	**10.40%**	**$7,135,148**	**10.79%**	**$7,273,553**	**10.20%**
UNCLAIMED PROPERTY FUND										
Personal Services	$3,896,514	4.20%	$3,154,315	3.71%	$2,734,640	3.81%	$2,295,637	3.47%	$2,144,697	3.01%
Other Expenses	3,017,579	3.25%	3,502,759	4.12%	1,339,188	1.86%	1,255,292	1.90%	885,567	1.24%
Capital Equipment	29,115	0.03%	1,328	0.00%	7,521	0.01%	1,667	0.00%	7,348	0.01%
TOTAL	**$6,943,208**	**7.48%**	**$6,658,402**	**7.84%**	**$4,081,349**	**5.68%**	**$3,552,596**	**5.37%**	**$3,037,612**	**4.26%**
SHORT-TERM INVESTMENT FUND										
Personal Services	$1,008,349	1.09%	$1,094,906	1.29%	$873,497	1.22%	$810,196	1.23%	$739,208	1.04%
Other Expenses	205,828	0.22%	236,446	0.28%	207,730	0.29%	201,011	0.30%	168,490	0.24%
Capital Equipment	8,291	0.01%	349	0.00%	1,643	0.00%	337	0.00%	912	0.00%
TOTAL	**$1,222,468**	**1.32%**	**$1,331,701**	**1.57%**	**$1,082,870**	**1.51%**	**$1,011,544**	**1.53%**	**$908,610**	**1.27%**
Other Financing Sources (1)	**$589,270**	**0.63%**	**$533,321**	**0.63%**	**$526,732**	**0.73%**	**$313,399**	**0.47%**	**$1,078,353**	**1.51%**
TOTAL AGENCY	**$92,802,677**	**100.00%**	**$84,960,387**	**100.00%**	**$71,826,164**	**100.00%**	**$66,097,468**	**100.00%**	**$71,293,586**	**100.00%**

(1) Other Financing Sources include: 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, 2007

Name of Firm	Description of Services	Contract Date	Aggregate Compensation Paid in FY 2007	Status As of 6/30/07
Admiral Moving & Storage	Moving Services	N/A	$ 5,825	Terminated
Advizex Technologies	Computer Equipment	N/A	41,979	Terminated
ASAP Software Express	Computer Software	N/A	14,228	Terminated
Ergonomic Group	Computer Equipment	N/A	7,404	Terminated
Hartford Toner & Cartridge	Printer Service & Supplies	N/A	5,980	Active
Institutional Shareholders Services	Proxy Voting Services	Nov-99	10,712	Actve
Interfaith Center on Corporate Responsibility	Subscription	N/A	7,000	Actve
JP Morgan Chase Bank	Purchasing Card Expenditures	N/A	13,780	Active
National Association of State Treasurers	Membership Dues	N/A	5,625	Actve
Quality Office Systems	Photocopier Lease	N/A	8,596	Terminated
Suburban Stationers Inc.	Office Supplies	N/A	15,170	Active
The Corporate Library	Subscription	N/A	25,000	Active
West Group	Subscription	N/A	12,876	Active
TOTAL			$174,175	

(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, 2007

Name of Firm	Description of Services	Contract Date	Aggregate Compensation Paid in FY 2007	Status As of 6/30/07
Advanced Corporate Networking, Inc.	Computer Equipment	N/A	$ 9,608	Terminated
Advizex Technologies	Computer Equipment	N/A	38,043	Terminated
Aegis International Services, Inc.	Surveillance Services	Jan-06	19,484	Active
ASAP Software Express	Computer Software	N/A	15,075	Terminated
ASM Associates, Inc.	Computer Software	N/A	12,744	Terminated
Automatic Data Processing	Check Processing	Jun-06	14,162	Active
Concentra Managed Care	Provider Bill Audit Services	Feb-06	255,868	Active
Ergonomic Group	Computer Equipment	N/A	9,707	Terminated
Insalco Corporation	Office Furniture	N/A	9,751	Terminated
Iron Mountain Data Protection	Records Management Services	N/A	8,161	Active
JP Morgan Chase Bank	Purchasing Card Expenditures	N/A	5,984	Terminated
MCMC, LLC	IME/Case Mgmt./Job Placement	Jan-06	29,448	Active
New England Systems Solutions LLC	Computer Equipment	N/A	18,342	Terminated
Quality Office Systems	Photocopier Lease	N/A	7,791	Active
Security Services of Connecticut	Surveillance Services	Jan-06	57,335	Active
Suburban Stationers	Office Supplies	N/A	14,497	Active
TOTAL			**$ 526,000**	

(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, 2007

Issue Date	Outstanding June 30, 2006	FY 2007 Issued	FY 2007 Retired	Refunded or Defeased	Outstanding June 30, 2007	Low Rate (%)	High Rate (%)	Next Maturity Date	Last Maturity Date	Interest Accreted Through FY 2007 [2]	Interest Paid During FY 2007 [13]
BOND TYPE: GENERAL OBLIGATION - TAX SUPPORTED [3]											
12/22/88	$ 20,036,982	$ -	$ 5,310,764	$ -	$ 14,726,218	7.513	7.518	12/01/07	12/01/08	$43,014,224	$14,676,305
05/11/89	28,272,382	-	6,830,011	-	21,442,371	7.398	7.403	07/01/07	07/01/08	58,642,166	16,933,989
11/14/89	29,179,284	-	6,071,228	-	23,108,055	6.999	7.010	11/01/07	11/01/09	54,639,145	13,488,772
05/15/90	23,235,780	-	3,891,533	-	19,344,247	7.275	7.318	05/15/08	05/15/10	46,772,124	9,236,467
11/20/90	16,963,789	-	3,216,046	-	13,747,744	7.336	7.378	11/15/07	11/15/10	31,918,720	6,971,954
01/01/91	6,813,109	-	1,475,622	-	5,337,487	6.753	6.753	07/01/07	01/01/11	-	435,483
05/16/91	15,038,121	-	2,639,339	-	12,398,783	6.983	7.026	05/15/08	05/15/11	25,224,393	5,284,661
12/12/91	14,721,869	-	3,499,799	-	11,222,070	6.600	6.727	12/15/07	12/15/11	19,943,944	5,721,201
01/21/92	9,554,094	-	1,513,914	-	8,040,180	6.034	6.034	08/01/07	02/01/12	-	553,742
05/14/92	13,023,520	-	2,593,171	-	10,430,349	6.713	6.795	05/15/08	05/15/12	18,097,343	4,346,829
11/17/92	13,634,673	-	2,342,473	-	11,292,200	6.279	6.402	11/15/07	11/15/12	16,846,793	3,191,527
02/01/93	5,515,000	-	3,045,000	-	2,470,000	5.400	5.400	11/15/07	11/15/07	-	214,073
03/15/93	51,775,000	-	8,595,000	-	43,180,000	5.400	5.500	03/15/08	03/15/12	-	2,813,265
03/15/93	39,930,000	-	9,585,000	-	30,345,000	5.300	5.500	09/15/07	09/15/10	-	1,891,056
05/19/93	19,346,514	-	2,784,518	-	16,561,996	5.873	5.953	06/15/08	06/15/12	21,145,386	3,428,482
10/01/93	22,440,000	-	-	-	22,440,000	6.000	6.000	03/15/12	03/15/12	-	1,346,400
11/16/93	18,147,684	-	1,633,615	-	16,514,069	5.120	5.383	12/01/07	12/01/12	17,076,909	1,486,385
03/15/94	29,249,097	-	2,350,000	-	26,899,097	5.400	5.650	03/15/08	03/15/12	-	1,613,881
05/01/94	2,910,000	-	1,670,000	-	1,240,000	5.500	5.500	05/01/08	05/01/08	-	159,215
05/26/94	19,988,908	-	3,442,197	-	16,546,711	6.246	6.414	06/01/08	06/01/13	20,935,190	4,174,803
08/15/94	10,209,779	-	4,530,000	-	5,679,779	5.700	5.800	08/15/07	08/15/08	-	451,957
11/01/94	15,000	-	15,000	-	-				12/01/06	-	443
11/22/94	22,805,475	-	3,924,652	-	18,880,823	6.032	6.398	12/15/07	12/15/13	22,140,394	4,030,348
03/28/96	4,300,621	-	408,126	-	3,892,495	5.030	5.030	11/01/07	05/01/18	-	211,268
08/15/96	4,400,000	-	4,400,000	-	-				08/15/06	-	110,000
12/01/96	7,750,000	-	7,750,000	-	-				12/01/06	-	193,750
03/01/97	16,130,000	-	8,065,000	-	8,065,000	5.000	5.000	03/01/08	03/01/08	-	887,150
05/14/97	80,000,000	-	10,000,000	-	70,000,000	4.250	4.250	05/15/08	05/15/14	-	3,014,301
08/01/97	37,407,415	-	12,470,000	-	24,937,415	4.800	5.500	08/01/07	08/01/08	-	1,627,211
09/01/97	13,491,723	-	844,637	-	12,647,086	5.081	5.081	03/01/08	03/01/20	-	685,514
09/15/97	121,410,000	-	690,000	-	120,720,000	5.000	5.500	12/01/07	12/01/12	-	6,314,550
09/30/97	2,770,000	-	265,000	-	2,505,000	5.081	5.081	03/01/08	03/01/20	-	140,744
02/01/98	144,010,000	-	10,105,000	-	133,905,000	4.400	5.250	03/15/08	03/15/15	-	7,504,984
03/15/98	38,250,000	-	12,750,000	-	25,500,000	4.500	5.500	03/15/08	03/15/09	-	1,985,875
07/15/98	3,755,000	-	2,000,000	-	1,755,000	6.060	6.140	08/01/07	08/01/08	-	168,465
07/30/98	10,000,000	-	10,000,000	-	-				11/01/06	-	306,000
08/01/98 [3]	20,700,000	-	2,200,000	-	18,500,000	4.375	4.750	12/15/07	12/15/13	-	907,999
10/15/98	82,825,000	-	10,000,000	22,000,000	50,825,000	4.050	4.500	10/15/07	10/15/16	-	3,048,330
12/15/98	64,935,000	-	8,340,000	11,690,000	44,905,000	3.900	4.500	12/15/07	12/15/17	-	2,011,570
05/01/99	14,568,480	-	727,920	-	13,840,560	4.633	4.633	09/01/07	09/01/22	-	658,095
05/06/99	3,915,000	-	240,000	-	3,675,000	4.633	4.633	09/01/07	09/01/22	-	175,822

DEBT MANAGEMENT DIVISION

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

JUNE 30, 2007

Issue Date	Outstanding June 30, 2006	FY 2007 Issued	FY 2007 Retired	FY 2007 Refunded or Defeased	Outstanding June 30, 2007	Low Rate (%)	High Rate (%)	Next Maturity Date	Last Maturity Date	Interest Accreted Through FY 2007 [2]	Interest Paid During FY 2007 [13]
06/15/99	49,675,000	-	15,000,000	-	34,675,000	5.000	5.250	06/15/08	06/15/14	-	2,495,438
11/01/99	49,000,000	-	12,250,000	-	36,750,000	4.875	5.250	11/01/07	11/01/09	-	2,171,006
04/15/00	30,000,000	-	7,500,000	-	22,500,000	5.050	5.100	04/15/08	04/15/10	-	1,518,750
06/15/00	90,000,000	-	22,500,000	-	67,500,000	4.875	5.500	06/15/08	06/15/10	-	4,610,660
12/15/00	165,000,000	-	33,000,000	-	132,000,000	4.400	5.500	12/15/07	12/15/10	-	7,298,590
02/22/01	100,000,000	-	-	-	100,000,000	4.250	4.250	02/15/18	02/15/21	-	3,794,749
06/12/01	3,035,000	-	165,000	-	2,870,000	4.650	4.650	10/01/07	10/01/22	-	139,268
06/12/01	9,107,173	-	449,745	-	8,657,428	4.652	4.652	10/01/07	10/01/22	-	413,187
06/15/01	471,595,000	-	7,230,000	-	464,365,000	4.400	5.500	12/15/07	12/15/16	-	25,125,078
06/15/01	140,080,000	-	20,000,000	40,080,000	80,000,000	4.000	5.250	06/15/08	06/15/11	-	4,601,500
06/15/01	20,000,000	-	-	-	20,000,000	4.330	4.330	06/15/12	06/15/12	-	866,000
11/15/01	156,740,000	-	9,000,000	48,575,000	99,165,000	3.250	5.000	11/15/07	11/15/21	-	5,099,233
11/15/01	283,955,000	-	31,480,000	-	252,475,000	3.600	5.125	11/15/07	11/15/19	-	13,511,844
11/15/01	37,840,000	-	7,685,000	-	30,155,000	5.000	5.000	11/15/07	11/15/08	-	1,699,875
12/15/01	131,000,000	-	22,000,000	-	109,000,000	3.750	5.000	12/15/07	12/15/11	-	5,570,273
04/15/02	142,020,000	-	14,250,000	36,410,000	91,360,000	3.750	5.375	04/15/08	04/15/15	-	6,080,654
05/01/02	35,250,000	-	5,875,000	-	29,375,000	5.750	5.750	04/03/08	04/12/12	-	1,988,467
05/01/02	39,750,000	-	6,625,000	-	33,125,000	5.750	5.750	04/10/08	04/19/12	-	2,076,846
06/15/02	108,780,000	-	11,200,000	16,885,000	80,695,000	3.450	4.900	06/15/08	06/15/21	-	4,052,130
06/15/02	114,070,000	-	-	-	114,070,000	5.000	5.500	12/15/07	12/15/18	-	5,800,100
08/15/02	241,080,000	-	20,835,000	39,455,000	180,790,000	2.750	5.375	11/15/07	11/15/22	-	8,513,804
08/15/02	226,390,000	-	2,140,000	-	224,250,000	3.500	5.500	11/15/09	11/15/15	-	12,043,500
11/01/02	180,300,000	-	11,840,000	33,495,000	134,965,000	3.000	5.000	10/15/07	10/15/22	-	7,263,365
04/15/03	17,985,000	-	17,985,000	-	-				04/15/07	-	899,250
04/15/03	255,000,000	-	15,000,000	67,215,000	172,785,000	2.500	5.000	04/15/08	04/15/23	-	11,570,693
04/15/03	53,700,000	-	8,900,000	-	44,800,000	5.750	5.750	04/30/08	04/30/13	-	3,017,970
05/01/03	225,250,000	-	13,250,000	60,970,000	151,030,000	2.450	5.250	05/01/08	05/01/23	-	9,751,510
08/20/03	156,780,000	-	34,655,000	-	122,125,000	5.000	5.000	08/01/07	08/01/10	-	6,972,625
10/01/03	180,000,000	-	10,000,000	30,105,000	139,895,000	2.000	5.000	08/15/07	08/15/23	-	6,441,326
11/13/03	178,945,000	-	10,525,000	75,370,000	93,050,000	2.000	5.250	10/15/07	10/15/23	-	6,259,488
12/18/03	113,295,000	-	28,430,000	-	84,865,000	4.000	5.000	03/15/08	03/15/11	-	5,130,400
03/01/04	270,000,000	-	15,000,000	-	255,000,000	2.000	5.000	03/01/08	03/01/24	-	11,999,745
04/08/04	1,022,840,000	-	39,535,000	-	983,305,000	2.000	5.000	12/01/07	06/01/20	-	49,053,081
05/04/04	270,000,000	-	15,000,000	-	255,000,000	2.500	5.000	04/01/08	04/01/24	-	12,744,856
12/22/04	280,000,000	-	20,000,000	-	260,000,000	2.250	5.000	12/01/07	12/01/24	-	12,195,376
03/16/05	290,000,000	-	10,000,000	-	280,000,000	4.250	4.250	03/01/16	03/01/23	-	10,349,225
04/27/05	275,860,000	-	-	-	275,860,000	4.375	5.250	06/01/17	06/01/21	-	14,409,938
04/27/05	15,620,000	-	-	-	15,620,000	3.990	3.990	06/01/16	06/01/16	-	623,238
04/27/05	20,000,000	-	-	-	20,000,000	5.070	5.070	06/01/17	06/01/17	-	1,014,000
04/27/05	20,000,000	-	-	-	20,000,000	5.200	5.200	06/01/20	06/01/20	-	1,040,000
06/01/05	299,250,000	-	15,750,000	-	283,500,000	4.000	5.000	06/01/08	06/01/25	-	13,293,000
06/01/05	54,000,000	-	6,000,000	-	48,000,000	4.050	4.450	06/01/08	06/01/15	-	2,298,000
11/15/05	300,000,000	-	15,000,000	-	285,000,000	4.000	5.000	11/15/07	11/15/25	-	13,972,500

DEBT MANAGEMENT DIVISION

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

JUNE 30, 2007

Issue Date	Outstanding June 30, 2006	FY 2007 Issued	FY 2007 Retired	FY 2007 Refunded or Defeased	Outstanding June 30, 2007	Low Rate (%)	High Rate (%)	Next Maturity Date	Last Maturity Date	Interest Accreted Through FY 2007 (2)	Interest Paid During FY 2007 (13)
03/09/06	290,000,000	-	14,500,000	-	275,500,000	3.300	5.000	12/15/07	12/15/25	-	11,986,861
05/01/06	200,000,000	-	10,000,000	-	190,000,000	3.600	5.000	05/01/08	05/01/26	-	8,146,825
06/01/06	235,000,000	-	11,750,000	-	223,250,000	3.500	5.000	06/01/08	06/01/26	-	10,191,198
11/09/06	-	300,000,000	-	-	300,000,000	4.000	5.000	11/01/08	11/01/26	-	6,830,550
11/09/06	-	308,400,000	1,395,000	-	307,005,000	4.000	5.000	12/15/15	12/15/22	-	8,972,798
12/14/06	-	372,000,000	-	-	372,000,000	3.500	5.000	12/01/07	12/01/21	-	7,607,856
12/14/06	-	28,000,000	-	-	28,000,000	4.800	5.070	12/01/07	12/01/09	-	638,775
05/10/07	-	200,000,000	-	-	200,000,000	4.000	5.000	05/01/08	05/01/27	-	-
05/10/07	-	173,300,000	-	-	173,300,000	4.000	5.000	05/01/08	05/01/22	-	-
06/14/07	-	235,000,000	-	-	235,000,000	3.600	5.000	06/01/08	06/01/27	-	-
SUBTOTAL	**$8,951,616,472**	**$1,616,700,000**	**$755,914,310**	**$482,250,000**	**$9,330,152,163**					**$396,396,731**	**$506,548,267**
BOND TYPE: GENERAL OBLIGATION - BANS											
03/09/06	$ 10,000,000	$ -	$ -	$10,000,000	$ -					$ -	$ 385,335
SUBTOTAL	**$ 10,000,000**	**$ -**	**$ -**	**$10,000,000**	**$ -**					**$ -**	**$ 385,335**
BOND TYPE: GENERAL OBLIGATION - REVENUE SUPPORTED											
03/15/93	$ 3,175,000	$ -	$ 525,000	$ -	$ 2,650,000	5.400	5.500	03/15/08	03/15/12	$ -	$ 172,515
03/15/94	903	-	-	-	903	5.400	5.500	03/15/08	03/15/10	-	49
08/15/94	221	-	-	-	221	5.700	5.800	08/15/07	08/15/08	-	13
03/01/97	1,440,000	-	720,000	-	720,000	5.000	5.000	03/01/08	03/01/08	-	79,200
SUBTOTAL	**$ 4,616,124**	**$ -**	**$ 1,245,000**	**$ -**	**$ 3,371,124**					**$ -**	**$ 251,777**
BOND TYPE: GENERAL OBLIGATION - TRANSPORTATION											
12/22/88	$ 343,991	$ -	$ 79,163	$ -	$ 264,828	7.513	7.518	12/01/07	12/01/08	$ 773,532	$ 218,768
08/01/97	1,592,585	-	530,000	-	1,062,585	4.800	5.500	08/01/07	08/01/08	-	69,289
SUBTOTAL	**$ 1,936,576**	**$ -**	**$ 609,163**	**$ -**	**$ 1,327,413**					**$ 773,532**	**$ 288,057**
BOND TYPE: ECONOMIC RECOVERY NOTES (4)											
12/01/02	$ 17,300,000	$ -	$ -	$17,300,000	$ -					$ -	$ 259,500
12/19/02	70,140,000	-	-	70,140,000	-					-	400,967
06/24/04	29,325,000	-	-	29,325,000	-					-	159,430
06/24/04	29,325,000	-	-	29,325,000	-					-	158,518
SUBTOTAL	**$ 146,090,000**	**$ -**	**$ -**	**$146,090,000**	**$ -**					**$ -**	**$ 978,415**
BOND TYPE: SPECIAL TAX OBLIGATION											
06/15/88	$ 3,417,825	$ -	$ 1,773,825	$ -	$ 1,644,000	7.750	7.750	06/01/08	06/01/08	$ 5,349,574	$ 5,726,175
05/15/90	43,985,000	-	-	-	43,985,000	7.125	7.125	06/01/09	06/01/10	-	3,133,931

DEBT MANAGEMENT DIVISION

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

JUNE 30, 2007

Issue Date	Outstanding June 30, 2006	FY 2007 Issued	FY 2007 Retired	Refunded or Defeased	Outstanding June 30, 2007	Low Rate (%)	High Rate (%)	Next Maturity Date	Last Maturity Date	Interest Accreted Through FY 2007 (2)	Interest Paid During FY 2007 (13)
12/19/90	97,900,000	-	17,100,000	-	80,800,000	6.171	6.171	12/01/07	12/01/10	-	5,398,256
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	-	15,700,000	-	100,590,000	6.100	6.150	09/01/08	09/01/12	-	6,632,418
03/01/93	128,950,000	-	-	-	128,950,000	5.250	5.375	09/01/07	09/01/08	-	6,847,675
10/01/96	64,325,000	-	17,915,000	-	46,410,000	6.000	6.000	10/01/08	10/01/09	-	3,322,050
10/01/96	7,170,000	-	7,170,000	-	-				10/01/06	-	215,100
10/15/97	24,320,000	-	3,745,000	-	20,575,000	5.500	5.500	11/01/07	11/01/07	-	1,217,760
10/15/97	13,875,000	-	6,750,000	-	7,125,000	4.625	5.500	11/01/07	11/01/07	-	564,375
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	87,505,000	-	3,500,000	-	84,005,000	4.200	5.500	11/01/07	11/01/13	-	4,503,983
11/15/99	40,635,000	-	6,660,000	-	33,975,000	4.750	5.250	12/01/07	12/01/11	-	1,830,030
07/15/00	69,845,000	-	3,460,000	-	66,385,000	4.750	5.500	09/01/07	09/01/12	-	3,561,438
09/15/00	100,000,000	-	-	-	100,000,000	4.500	5.000	09/01/13	09/01/20	-	3,816,241
09/15/01	54,205,000	-	-	-	54,205,000	3.500	5.375	10/01/07	10/01/14	-	2,288,975
09/15/01	431,510,000	-	50,350,000	-	381,160,000	3.700	5.375	10/01/07	10/01/15	-	20,689,116
05/01/02	74,460,000	-	3,840,000	-	70,620,000	4.000	5.375	07/01/07	07/01/22	-	3,332,564
11/01/02	159,350,000	-	7,375,000	-	151,975,000	3.000	5.250	12/01/07	12/01/22	-	7,212,419
01/23/03	117,730,000	-	950,000	-	116,780,000	3.293	3.293	02/01/08	02/01/22	-	4,293,502
01/23/03	97,865,000	-	765,000	-	97,100,000	3.288	3.288	02/01/08	02/01/22	-	3,564,359
01/23/03	197,305,000	-	1,535,000	-	195,770,000	3.284	3.284	02/01/08	02/01/22	-	7,299,210
07/01/03	155,075,000	-	96,785,000	-	58,290,000	2.500	5.000	09/01/09	09/01/10	-	4,492,425
11/15/03	186,620,000	-	7,235,000	-	179,385,000	2.250	5.000	01/01/08	01/01/24	-	8,407,641
11/15/04	194,685,000	-	6,655,000	-	188,030,000	2.250	5.000	07/01/07	07/01/24	-	8,938,613
11/15/04	89,725,000	-	-	-	89,725,000	3.000	5.250	07/01/09	07/01/19	-	4,311,563
12/15/05	250,000,000	-	6,700,000	-	243,300,000	4.500	5.000	07/01/07	07/01/25	-	12,535,659
SUBTOTAL	**$ 3,081,097,825**	**$ -**	**$265,963,825**	**$ -**	**$ 2,815,134,000**					**$ 5,349,574**	**$149,852,128**

BOND TYPE: BRADLEY INTERNATIONAL AIRPORT

Issue Date	Outstanding June 30, 2006	FY 2007 Issued	FY 2007 Retired	Refunded or Defeased	Outstanding June 30, 2007	Low Rate (%)	High Rate (%)	Next Maturity Date	Last Maturity Date	Interest Accreted Through FY 2007 (2)	Interest Paid During FY 2007 (13)
03/01/01	$ 183,550,000	$ -	$ 4,045,000	$ -	$ 179,505,000	4.000	5.250	10/01/07	10/01/31	$ -	$ 9,208,535
03/01/01	18,185,000	-	270,000	-	17,915,000	3.875	4.300	10/01/07	10/01/12	-	768,286
07/08/04	24,640,000	-	4,115,000	-	20,525,000	5.000	5.000	10/01/07	10/01/10	-	1,077,688
SUBTOTAL	**$ 226,375,000**	**$ -**	**$ 8,430,000**	**$ -**	**$ 217,945,000**					**$ -**	**$11,054,509**

BOND TYPE: CLEAN WATER FUND

Issue Date	Outstanding June 30, 2006	FY 2007 Issued	FY 2007 Retired	Refunded or Defeased	Outstanding June 30, 2007	Low Rate (%)	High Rate (%)	Next Maturity Date	Last Maturity Date	Interest Accreted Through FY 2007 (2)	Interest Paid During FY 2007 (13)
01/01/93	$ 22,150,000	$ -	$ 3,135,000	$ -	$ 19,015,000	5.800	6.000	10/01/07	10/01/12	$ -	$ 1,265,335
06/01/94	1,840,000	-	1,840,000	-	-				12/01/06	-	58,650
03/01/96	5,820,000	-	-	5,820,000	-					-	-
03/15/96	31,180,000	-	2,935,000	28,245,000	-					-	827,178
09/01/97	15,970,000	-	4,890,000	-	11,080,000	4.850	6.000	03/01/08	03/01/20	-	890,473
04/15/99	20,835,000	-	5,055,000	-	15,780,000	4.000	4.200	09/01/07	09/01/09	-	748,290
05/01/99	66,705,000	-	885,000	-	65,820,000	4.150	5.250	07/15/07	07/15/16	-	3,187,028

DEBT MANAGEMENT DIVISION

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

JUNE 30, 2007

Issue Date	Outstanding June 30, 2006	FY 2007 Issued	FY 2007 Retired	Refunded or Defeased	Outstanding June 30, 2007	Low Rate (%)	High Rate (%)	Next Maturity Date	Last Maturity Date	Interest Accreted Through FY 2007 [2]	Interest Paid During FY 2007 [13]
06/01/01	27,360,000	-	4,325,000	-	23,035,000	4.000	4.300	10/01/07	10/01/11	-	1,031,725
07/01/03	116,990,000	-	6,575,000	-	110,415,000	2.000	5.000	10/01/07	10/01/25	-	4,702,759
07/01/03	105,090,000	-	1,340,000	-	103,750,000	2.000	5.000	10/01/07	10/01/15	-	4,614,606
07/10/03	55,000,000	-	-	-	55,000,000	3.179	3.179	10/01/16	10/01/22	-	1,419,338
07/10/03	66,375,000	-	-	-	66,375,000	3.179	3.179	10/01/16	10/01/22	-	2,415,537
07/27/06	-	150,000,000	-	-	150,000,000	3.750	5.000	07/01/07	07/01/27	-	2,816,393
07/27/06	-	30,070,000	-	-	30,070,000	3.750	5.000	07/01/07	07/01/12	-	566,490
SUBTOTAL	**$ 535,315,000**	**$ 180,070,000**	**$30,980,000**	**$34,065,000**	**$ 650,340,000**					**$ -**	**$24,543,802**
BOND TYPE: GENERAL FUND APPROPRIATION - UCONN [5]											
01/01/96	$ 4,505,000	$ -	$ 4,505,000	$ -	$ -				02/01/07	$ -	$ 211,735
02/21/96	4,369,715	-	-	-	4,369,715	5.050	5.100	02/01/10	02/01/11	3,350,771	-
04/01/97	6,500,000	-	6,500,000	-	-				04/01/07	-	325,000
04/24/97	7,392,432	-	-	-	7,392,432	5.200	5.300	04/01/08	04/01/09	5,136,151	-
06/01/98	9,950,000	-	4,975,000	-	4,975,000	4.350	4.350	06/01/08	06/01/08	-	427,850
03/01/99	30,000,000	-	5,000,000	-	25,000,000	4.150	4.500	04/01/08	04/01/12	-	1,273,000
03/01/00	28,925,000	-	6,550,000	-	22,375,000	4.900	5.000	03/01/08	03/01/10	-	1,437,375
03/15/01	35,625,000	-	5,000,000	-	30,625,000	3.800	4.750	04/01/08	04/01/21	-	1,508,106
04/01/02	46,855,000	-	5,000,000	16,855,000	25,000,000	4.000	5.000	04/01/08	04/01/12	-	2,079,124
03/01/03	81,490,000	-	4,720,000	29,840,000	46,930,000	2.300	5.250	02/15/08	02/15/23	-	3,479,914
01/15/04	88,055,000	-	4,895,000	-	83,160,000	2.000	5.000	01/15/08	01/15/24	-	3,321,098
01/15/04	216,830,000	-	65,000	-	216,765,000	3.900	5.000	01/15/08	01/15/20	-	10,789,855
03/16/05	93,210,000	-	4,900,000	-	88,310,000	3.000	5.000	02/15/08	02/15/25	-	3,862,271
03/15/06	77,145,000	-	3,855,000	-	73,290,000	3.300	5.000	02/15/08	02/15/26	-	3,010,663
03/15/06	59,795,000	-	240,000	-	59,555,000	4.750	5.000	02/15/13	02/15/20	-	2,730,354
04/12/07	-	89,355,000	-	-	89,355,000	3.500	5.000	04/01/08	04/01/27	-	-
04/12/07	-	46,030,000	-	-	46,030,000	5.000	5.000	04/01/16	04/01/22	-	-
SUBTOTAL	**$ 790,647,147**	**$ 135,385,000**	**$56,205,000**	**$46,695,000**	**$ 823,132,147**					**$ 8,486,922**	**$34,456,345**
BOND TYPE: CDA INCREMENT FINANCING [6]											
10/15/94	$ 170,000	$ -	$ 170,000	-	$ -				10/15/06	$ -	$ 5,100
12/01/95	1,520,000	-	480,000	-	1,040,000	5.400	5.400	12/15/07	12/15/08	-	69,120
01/01/97	3,650,000	-	840,000	-	2,810,000	5.375	5.500	05/01/08	05/01/10	-	198,350
10/05/04	8,200,000	-	315,000	-	7,885,000	2.250	5.000	10/15/07	10/15/24	-	308,364
10/05/04	4,960,000	-	65,000	-	4,895,000	2.000	3.500	12/15/07	12/15/15	-	152,856
10/05/04	8,370,000	-	-	-	8,370,000	5.000	5.125	05/01/11	05/01/17	-	423,413
12/20/06	-	9,825,000	-	-	9,825,000	3.750	4.000	12/15/07	12/15/20	-	187,866
SUBTOTAL	**$ 26,870,000**	**$ 9,825,000**	**$ 1,870,000**	**$ -**	**$ 34,825,000**					**$ -**	**$ 1,345,069**

DEBT MANAGEMENT DIVISION

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

JUNE 30, 2007

Issue Date	Outstanding June 30, 2006	FY 2007 Issued	FY 2007 Retired	Refunded or Defeased	Outstanding June 30, 2007	Low Rate (%)	High Rate (%)	Next Maturity Date	Last Maturity Date	Interest Accreted Through FY 2007 (2)	Interest Paid During FY 2007 (13)
BOND TYPE: CDA GOVERNMENTAL LEASE REVENUE (7)											
12/15/94	$ 5,175,000	$ -	$ 515,000	$ -	$ 4,660,000	6.500	6.600	06/15/08	06/15/14	$ -	$ 339,685
SUBTOTAL	**$ 5,175,000**	**$ -**	**$ 515,000**	**$ -**	**$ 4,660,000**					**$ -**	**$ 339,685**
BOND TYPE: CHEFA CHILDCARE FACILITIES PROGRAM (8)											
04/15/98	$ 5,190,000	$ -	$ 100,000	$ -	$ 5,090,000	6.750	6.750	07/01/07	07/01/28	$ -	$ 346,950
11/01/98	7,500,000	-	195,000	-	7,305,000	4.150	5.000	07/01/07	07/01/28	-	358,468
09/01/99	16,570,000	-	445,000	230,000	15,895,000	4.800	5.625	07/01/07	07/01/29	-	889,819
08/01/00	3,665,000	-	70,000	-	3,595,000	4.700	5.500	07/01/07	07/01/30	-	195,010
04/01/01	3,650,000	-	75,000	-	3,575,000	4.000	5.000	07/01/07	07/01/31	-	175,189
12/20/06	-	19,165,000	-	-	19,165,000	3.625	5.000	07/01/09	07/01/36	-	-
SUBTOTAL	**$ 36,575,000**	**$ 19,165,000**	**$ 885,000**	**$ 230,000**	**$ 54,625,000**					**$ -**	**$ 1,965,436**
BOND TYPE: BRADLEY INTERNATIONAL PARKING OPERATIONS (9)											
03/15/00	$ 47,665,000	$ -	$ -	$ -	$ 47,665,000	6.125	6.600	07/01/07	07/01/24	$ -	$ 3,091,680
04/01/00	2,210,000	-	2,210,000	-	-				07/01/06	-	88,400
SUBTOTAL	**$ 49,875,000**	**$ -**	**$ 2,210,000**	**$ -**	**$ 47,665,000**					**$ -**	**$ 3,180,080**
BOND TYPE: JUVENILE TRAINING SCHOOL ENERGY CENTER (10)											
02/15/01	$ 17,735,000	$ -	$ 390,000	$ -	$ 17,345,000	4.000	5.250	12/15/07	15/15/30	$ -	$ 848,945
SUBTOTAL	**$ 17,735,000**	**$ -**	**$ 390,000**	**$ -**	**$ 17,345,000**					**$ -**	**$ 848,945**
BOND TYPE: SPECIAL OLBIGATION RATE REDUCTION BONDS (11)											
06/23/04	$ 153,160,000	$ -	$27,785,000	$ -	$ 125,375,000	3.000	5.000	12/30/07	06/30/11	$ -	$ 7,100,525
SUBTOTAL	**$ 153,160,000**	**$ -**	**$27,785,000**	**$ -**	**$ 125,375,000**					**$ -**	**$ 7,100,525**
BOND TYPE: CCEDA BONDS (12)											
07/21/04	$ 14,330,000	$ -	$ 1,065,000	$ -	$ 13,265,000	3.000	5.000	06/15/08	06/15/16	$ -	$ 530,525
07/21/04	57,470,000	-	-	-	57,470,000	3.960	3.960	06/15/17	06/15/34	-	2,272,023
08/04/05	15,000,000	-	-	-	15,000,000	5.000	5.000	06/15/08	06/15/29	-	750,000
SUBTOTAL	**$ 86,800,000**	**$ -**	**$ 1,065,000**	**$ -**	**$ 85,735,000**					**$ -**	**$ 3,552,548**
TOTAL:	**$14,123,884,144**	**$1,961,145,000**	**$1,154,067,298**	**$719,330,000**	**$14,211,631,846**					**$411,006,759**	**$746,690,923**

DEBT MANAGEMENT DIVISION

SCHEDULE OF DEBT OUTSTANDING (1) - BUDGETARY BASIS (Continued)
JUNE 30, 2007

(1) Includes all outstanding debt issued by the State of Connecticut as of June 30, 2007. 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, 2007.

(3) Debt outstanding at June 30, 2007 includes $18,500,000.00 in Certificates of Participation for the Middletown Courthouse, which is not debt of the State. However, the State is obligated to pay a base rent under a lease for the courthouse, subject to the annual appropriation of funds or the availability of other funds. The base rent is appropriated as debt service. The Certificates of Participation are included on the Treasurer's Debt Management system for control purposes.

(4) Economic Recovery Notes were issued in December 2002 to fund the State's Fiscal 2002 deficit. The notes, issued in a combination of fixed and variable rate securities, have a final maturity of December 2007 and are General Obligations of the State. 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. All maturities were retired during FY07 from surplus funds.

(5) UCONN 2000 Bonds were authorized in two stages in a total amount of $2.3 Billion over a 20 year period to be paid by the University of Connecticut from a State Debt Service commitment. As each series is issued, the debt service is validly appropriated from the State General Fund.

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

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

(8) 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 finanacing 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. Public Act No. 07-1 of the June 2007 Special Session, Sections 21 and 134 authorizes the use of 2007 fiscal year General Fund surplus in the amount of $85,000,000 to be used for the purpose of defeasing or purchasing some or all of the 2004 Series A Special Obligation Rate Reduction Bonds maturing after December 30, 2007. It is anticipated that this transaction will occur prior to the end of the State's 2008 fiscal year.

(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.

(13) Includes interest rate swap payments and variable rate bond fees.

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 2007 fiscal year is presented on a comprehensive basis of accounting other than generally 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, 2007

CORE Fund No.	Legacy Fund No.	Name	Inception to Date Amount Authorized	Inception to Date Amount Issued [2]	Outstanding June 30, 2007	Interest Accreted Through Fiscal Year 2007[3]	Outstanding Incl. Accreted Interest June 30, 2007
BOND TYPE: GENERAL OBLIGATION-TAX SUPPORTED							
12028	1011	DAS - WORKERS COMPENSATION	$53,000,000	$53,000,000	$33,125,000	$ -	$33,125,000
12034	1502	ECONOMIC DEVELOPMENT ASSISTANCE	626,800,000	545,492,441	110,971,352	-	110,971,352
12040	1116	MODERATE RENTAL HOUSING REHAB.	42,000,000	42,000,000	17,342,371	47,433,689	64,776,060
12040	1865	HOUSING SITE DEVELOPMENT	3,000,000	3,000,000	642,638	1,300,822	1,943,460
12040	1878	COMMUNITY HSG LAND BANK & TRUST	1,000,000	1,000,000	1,000,000	2,027,996	3,027,996
12040	3775	CONGREGATE HOUSING FOR ELDERLY	21,000,000	21,000,000	9,455,258	19,261,143	28,716,401
12040	3804	ELDERLY HOUSING PROJECT	3,000,000	3,000,000	150,000	304,816	454,816
12050	1870	LOCAL CAPITAL IMPROVEMENT FUND	525,000,000	503,900,000	150,606,394	3,256,821	153,863,215
12051	1872	CAPITAL EQUIPMENT PURCHASE FUND	318,990,000	282,313,428	36,455,389	-	36,455,389
12052	1873	GRANTS TO LOCAL GOVTS. & OTHERS	1,561,260,822	1,055,267,272	314,561,126	22,140,394	336,701,520
12053	1874	ECONOMIC DEVELOPMENT & OTHER GRANTS	104,193,324	101,193,948	16,222,070	19,943,944	36,166,014
12054	1877	SHELLFISH FUND	1,300,000	1,300,000	1,200,000	3,503,731	4,703,731
12055	1879	HOUSING HOMELESS PERSONS	8,100,000	7,095,696	1,670,020	-	1,670,020
12058	1961	SPECIAL CONTAMINATED PROP REM & INS FUND	4,000,000	2,000,000	270,000	-	270,000
12059	1971	HARTFORD REDEVELOPMENT	500,000,000	461,270,000	311,720,918	-	311,720,918
12063	1800	HOUSING BONDS	542,477,506	461,745,235	20,129,301	11,842,184	31,971,485
12066	2066	DECD - HOUSING TRUST FUND	40,000,000	20,000,000	20,000,000	-	20,000,000
13007	3080	ELIMINATION OF WATER POLLUTION	398,000,000	397,965,862	3,995,173	9,671,536	13,666,709
13009	3089	SCHOOL CONSTRUCTION	1,768,439,500	1,763,524,500	79,810,888	26,621,993	106,432,881
13010	3090	MAGNET SCHOOLS	3,995,830,770	3,988,854,694	2,704,810,000	-	2,704,810,000
13015	3783	AGRICULTURAL LAND PRESERVATION	107,750,000	83,498,716	6,270,000	-	6,270,000
13019	3795	GRANTS FOR URBAN ACTION	1,132,487,544	841,028,354	375,119,937	32,883,457	408,003,394
17001	3001	GENERAL STATE PURPOSES	302,666,060	228,634,149	116,575,042	-	116,575,042
17011	3011	GENERAL STATE PURPOSES	586,330,595	421,647,345	332,056,412	-	332,056,412
17021	3021	GENERAL STATE PURPOSES	486,937,490	314,221,663	294,201,663	-	294,201,663
17041	3041	GENERAL STATE PURPOSES	259,777,339	76,897,976	76,897,976	-	76,897,976
17051	7051	GENERAL STATE PURPOSES	228,614,110	54,300,000	54,300,000	-	54,300,000
17791	3791	CAPITAL IMPROVEMENTS	39,677,932	39,677,932	2,722,191	7,958,977	10,681,168
17861	3861	CAPITAL IMPROVEMENTS	119,859,926	111,263,359	464,114	-	464,114
17871	3871	CAPITAL IMPROVEMENTS	521,848,335	509,003,706	38,041,104	86,190,661	124,231,765
17891	3891	GENERAL STATE PURPOSES	416,558,089	411,038,686	3,390,000	-	3,390,000
17901	3901	GENERAL STATE PURPOSES	533,894,091	528,220,942	40,445,150	55,828,483	96,273,633
17911	3911	GENERAL STATE PURPOSES	148,919,844	142,064,892	20,462,640	14,082,415	34,545,055
17921	3921	GENERAL STATE PURPOSES	322,135,563	320,382,563	64,286,437	-	64,286,437
17931	3931	GENERAL STATE PURPOSES	628,254,036	615,735,971	27,985,906	20,935,190	48,921,096
17951	3951	GSP/UCONN BABBIDGE LIBRARY & PLAZA DECK	207,907,527	205,950,003	26,442,806	-	26,442,806
17961	3961	GENERAL STATE PURPOSES	265,384,447	255,671,813	89,212,533	-	89,212,533
17971	3971	GENERAL STATE PURPOSES	195,285,581	186,057,040	47,149,517	-	47,149,517
17981	3981	GENERAL STATE PURPOSES	208,096,143	206,844,656	128,228,821	-	128,228,821
17991	3991	GENERAL STATE PURPOSES	305,471,379	251,123,848	122,716,673	-	122,716,673
21004	6024	CONNECTICUT INNOVATIONS, INC.	114,800,500	114,290,319	12,690,000	-	12,690,000

DEBT MANAGEMENT DIVISION

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

JUNE 30, 2007

CORE Fund No.	Legacy Fund No.	Name	Inception to Date Amount Authorized	Inception to Date Amount Issued [2]	Outstanding June 30, 2007	Interest Accreted Through Fiscal Year 2007[3]	Outstanding Incl. Accreted Interest June 30, 2007
21014	6864	CLEAN WATER FUND	698,637,874	580,253,884	181,125,346	-	181,125,346
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	11,208,477	15,308,477
	9950	GO 2007 SERIES B REFUNDING BONDS [4]	-	173,300,000	173,300,000	-	173,300,000
	9951	GO 2006 SERIES E REFUNDING BONDS [4]	-	308,400,000	307,005,000	-	307,005,000
	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	983,305,000	-	983,305,000
	9959	GO 2003 SERIES G REFUNDING BONDS [4]	-	165,995,000	84,865,000	-	84,865,000
	9960	GO 2003 SERIES D REFUNDING BONDS [4]	-	215,580,000	122,125,000	-	122,125,000
	9964	GO 2002 SERIES E REFUNDING BONDS [4]	-	256,375,000	224,250,000	-	224,250,000
	9965	GO 2002 SERIES C REFUNDING BONDS [4]	-	155,500,000	114,070,000	-	114,070,000
	9966	GO 2002 SERIES E & F REFUNDING BONDS [4]	-	432,835,000	282,630,000	-	282,630,000
	9970	GO 2001 SERIES C REFUNDING BONDS [4]	-	504,575,000	464,365,000	-	464,365,000
	9972	MIDDLETOWN COURTHOUSE REFUNDING BONDS [4][5]	-	34,375,000	18,500,000	-	18,500,000
	9974	GO 1998 SERIES A TAXABLE REFUNDING BONDS [4]	-	105,445,000	1,755,000	-	1,755,000
	9976	GO FEBRUARY 1998 REFUNDING BONDS [4]	-	146,780,000	133,905,000	-	133,905,000
	9978	GO 1997 SERIES D REFUNDING BONDS [4]	-	126,765,000	120,720,000	-	120,720,000
	9986	GO OCTOBER 1993 REFUNDING BONDS [4]	-	259,125,000	22,440,000	-	22,440,000
	9989	GO MARCH 1993 SERIES B REFUNDING BONDS [4]	-	157,745,000	30,345,000	-	30,345,000
	9991	GO FEBRUARY 1993 REFUNDING BONDS [4]	-	389,090,000	2,470,000	-	2,470,000
TOTAL			**$18,668,728,778**	**$21,322,692,660**	**$9,330,152,166**	**$396,396,729**	**$9,726,548,895**

BOND TYPE: GENERAL OBLIGATION - REVENUE SUPPORTED

CORE Fund No.	Legacy Fund No.	Name	Amount Authorized	Amount Issued	Outstanding June 30, 2007	Interest Accreted Through Fiscal Year 2007	Outstanding Incl. Accreted Interest June 30, 2007
13042	3876	UNIV.& STATE UNIVERSITY FACILITIES	$104,363,266	$104,192,153	$3,371,124	$ -	$3,371,124
TOTAL			**$104,363,266**	**$104,192,153**	**$3,371,124**	**$ -**	**$3,371,124**

BOND TYPE: GENERAL OBLIGATION - TRANSPORTATION

CORE Fund No.	Legacy Fund No.	Name	Amount Authorized	Amount Issued	Outstanding June 30, 2007	Interest Accreted Through Fiscal Year 2007	Outstanding Incl. Accreted Interest June 30, 2007
13011	3092	SPECIFIC HIGHWAY PURPOSES	$142,050,000	$140,597,585	$1,062,585	$ -	$1,062,585
13022	3803	RAMPS - RT 72 CENTER ST. EXPRESSWAY	500,000	498,991	264,828	773,532	$1,038,360
TOTAL			**$142,550,000**	**$141,096,576**	**$1,327,413**	**$ 773,532**	**$2,100,945**

BOND TYPE: ECONOMIC RECOVERY NOTES [6]

CORE Fund No.	Legacy Fund No.	Name	Amount Authorized	Amount Issued	Outstanding June 30, 2007	Interest Accreted Through Fiscal Year 2007	Outstanding Incl. Accreted Interest June 30, 2007
	2030	ECONOMIC RECOVERY NOTES	$1,309,945,000	$1,282,645,000	$ -	$ -	$ -
TOTAL			**$1,309,945,000**	**$1,282,645,000**	**$ -**	**$ -**	**$ -**

BOND TYPE: SPECIAL TAX OBLIGATION

CORE Fund No.	Legacy Fund No.	Name	Amount Authorized	Amount Issued	Outstanding June 30, 2007	Interest Accreted Through Fiscal Year 2007	Outstanding Incl. Accreted Interest June 30, 2007
13033	3842	INFRASTRUCTURE IMPROVEMENT	$7,786,164,104	$5,646,650,752	$1,483,679,000	$5,349,574	$1,489,028,574
14005	9953	STO 2004 SERIES B REFUNDING ISSUE [4]	-	89,725,000	89,725,000	-	89,725,000
14005	9961	STO 2003 SERIES A REFUNDING BONDS [4]	-	338,610,000	58,290,000	-	58,290,000

DEBT MANAGEMENT DIVISION

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

JUNE 30, 2007

CORE Fund No.	Legacy Fund No.	Name	Inception to Date Amount Authorized	Inception to Date Amount Issued [2]	Outstanding June 30, 2007	Interest Accreted Through Fiscal Year 2007[3]	Outstanding Incl. Accreted Interest June 30, 2007
14005	9963	STO 2003 SERIES 1 & 2 REFUNDING BONDS [4]	-	421,980,000	409,650,000	-	409,650,000
14005	9967	STO 2001 SERIES B REFUNDING BONDS [4]	-	533,335,000	381,160,000	-	381,160,000
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	20,575,000	-	20,575,000
14005	9980	STO 1996 SERIES C REFUNDING BONDS [4]	-	79,795,000	46,410,000	-	46,410,000
14005	9990	STO 1993 SERIES A REFUNDING BONDS [4]	-	560,750,000	128,950,000	-	128,950,000
TOTAL			**$7,786,164,104**	**$7,933,760,752**	**$2,815,134,000**	**$5,349,574**	**$2,820,483,574**
BOND TYPE: BRADLEY INTERNATIONAL AIRPORT							
21012	6310	BRADLEY AIRPORT EXPANSION REVENUE BONDS	$194,000,000	$194,000,000	$179,505,000	$ -	$179,505,000
	9954	BRADLEY AIRPORT REFUNDING BONDS 2004 SERIES A [4]	-	30,640,000	20,525,000	-	20,525,000
	9969	BRADLEY AIRPORT REFUNDING BONDS 2001 SERIES B [4]	-	19,180,000	17,915,000	-	17,915,000
TOTAL			**$194,000,000**	**$243,820,000**	**$217,945,000**	**$ -**	**$217,945,000**
BOND TYPE: CLEAN WATER FUND							
21015	6865	CLEAN WATER FUND - FEDERAL ACCOUNT	$1,255,406,375	$983,470,253	$322,503,243	$ -	$322,503,243
21018	6868	DRINKING WATER FUND FEDERAL REVOLVING	82,993,625	29,614,747	6,821,757	-	6,821,757
	9971	CLEAN WATER FUND 1999 REFUNDING BONDS [4]	-	78,995,000	65,820,000	-	65,820,000
	9983	CLEAN WATER FUND REFUNDING BONDS [4]	-	315,675,000	255,195,000	-	255,195,000
TOTAL			**$1,338,400,000**	**$1,407,755,000**	**$650,340,000**	**$ -**	**$650,340,000**
BOND TYPE: GENERAL FUND APPROPRIATION - UCONN 2000 [7]							
13045	3952	UCONN 2000	$1,177,092,147	$1,177,092,147	$500,782,147	$8,486,922	$509,269,069
	9958	UCONN 2000 REFUNDING BONDS [4]	-	324,000,000	322,350,000	-	322,350,000
TOTAL			**$1,177,092,147**	**$1,501,092,147**	**$823,132,147**	**$8,486,922**	**$831,619,069**
BOND TYPE: CDA INCREMENT FINANCING [8]							
	8002	OAKDALE THEATER - TIF	$9,900,000	$9,900,000	$1,040,000	$ -	$1,040,000
	8003	LAKE COMPOUNCE - TIF	18,000,000	18,000,000	2,810,000	-	2,810,000
	8004	CABELA'S INC. - TIF	9,950,000	9,825,000	9,825,000	-	9,825,000
99999	9955	CDA REFUNDING BONDS SERIES A, B and C [4]	-	22,435,000	21,150,000	-	21,150,000
TOTAL			**$37,850,000**	**$60,160,000**	**$34,825,000**	**$ -**	**$34,825,000**
BOND TYPE: CDA GOVERNMENTAL LEASE REVENUE [9]							
	8500	NEW BRITAIN GOVERNMENT CENTER	$9,275,000	$9,275,000	$4,660,000	$ -	$4,660,000
TOTAL			**$9,275,000**	**$9,275,000**	**$4,660,000**	**$ -**	**$4,660,000**

DEBT MANAGEMENT DIVISION

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

JUNE 30, 2007

CORE Fund No.	Legacy Fund No.	Name	Inception to Date Amount Authorized	Inception to Date Amount Issued [2]	Outstanding June 30, 2007	Interest Accreted Through Fiscal Year 2007[3]	Outstanding Incl. Accreted Interest June 30, 2007
BOND TYPE: CHEFA CHILDCARE FACILITIES PROGRAM [10]							
	7800	CHEFA CHILDCARE NOW	$ -	$5,375,000	$5,090,000	$ -	$5,090,000
	7802	CHEFA CHILDCARE POOL 1 SERIES A	-	10,175,000	7,305,000	-	7,305,000
	7804	CHEFA CHILDCARE SERIES C	-	18,690,000	15,895,000	-	15,895,000
	7805	CHEFA CHILDCARE SERIES D	-	3,940,000	3,595,000	-	3,595,000
	7806	CHEFA CHILDCARE SERIES E	-	3,865,000	3,575,000	-	3,575,000
	7807	CHEFA CHILDCARE SERIES F	-	19,165,000	19,165,000	-	19,165,000
TOTAL			**$ -**	**$61,210,000**	**$54,625,000**	**$ -**	**$54,625,000**
BOND TYPE: BRADLEY INTERNATIONAL PARKING OPERATIONS [11]							
21008	6299	BRADLEY INTERNATIONAL PARKING OPERATIONS	$55,000,000	$53,800,000	$47,665,000	$ -	$47,665,000
TOTAL			**$55,000,000**	**$53,800,000**	**$47,665,000**	**$ -**	**$47,665,000**
BOND TYPE: CT JUVENILE TRAINING SCHOOL ENERGY CENTER [12]							
	8800	CT JUVENILE TRAINING SCHOOL ENERGY CENTER	$ -	$19,165,000	$17,345,000	$ -	$17,345,000
TOTAL			**$ -**	**$ 19,165,000**	**$17,345,000**	**$ -**	**$17,345,000**
BOND TYPE: SPECIAL OBLIGATION RATE REDUCTION BONDS [13]							
21020	2040	Special Obligation Rate Reduction Bonds	$205,345,000	$205,345,000	$125,375,000	$ -	$125,375,000
TOTAL			**$205,345,000**	**$205,345,000**	**$125,375,000**	**$ -**	**$125,375,000**
BOND TYPE: CCEDA BONDS [14]							
12060	7300	CCEDA	$ -	$87,500,000	$85,735,000	$ -	$85,735,000
TOTAL			**$ -**	**$87,500,000**	**$85,735,000**	**$ -**	**$85,735,000**
GRAND TOTAL			**$31,028,713,295**	**$34,433,509,288**	**$14,211,631,850**	**$411,006,757**	**$14,622,638,607**

DEBT MANAGEMENT DIVISION

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

JUNE 30, 2007

(1) Includes all outstanding debt issued by the State of Connecticut as of June 30, 2007. 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, 2007.

(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, 2007 includes $18,500,000 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. All maturities were retired during FY 07 from surplus funds.

(7) UCONN 2000 Bonds were authorized in two stages in a total amount of $2.3 Billion over a 20 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. Public Act No. 07-1 of the June 2007 Special Session, Sections 21 and 134 authorizes the use of 2007 fiscal year General Fund surplus in the amount of $85,000,000 to be used for the purpose of defeasing or purchasing some or all of the 2004 Series A Special Obligation Rate Reduction Bonds maturing after December 30, 2007. It is anticipated that this transaction will occur prior to the end of the State's 2008 fiscal year.

(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.

CASH MANAGEMENT DIVISION

CIVIL LIST FUNDS
SCHEDULE OF INVESTMENTS (1) (2)
FISCAL YEAR ENDED JUNE 30, 2007
PRESENTED UNDER BUDGETARY BASIS OF ACCOUNTING (4) (5)

Legal No.	Type	GAAP No.	Type	Fund Name	STIF Investments 6/30/07	Tax Exempt Proceeds Fund Investments 6/30/07	Investments with Treasurer as Trustee Short-Term 6/30/07	Investments with Treasurer as Trustee Long-Term 6/30/07	Investments with Others as Trustee Short-Term 6/30/07	Investments with Others as Trustee Long-Term 6/30/07	Total
GENERAL FUND(3)											
11000	Gen. Fund	1100	Gen.Fund	General Fund	$1,668,607,674.23		$566,799,462.00 (16)				$2,235,407,136.23
SUBTOTAL GENERAL FUND					$1,668,607,674.23	$ -	$566,799,462.00	$ -	$ -	$ -	$2,235,407,136.23
SPECIAL REVENUE FUNDS											
12001	Spec.Rev.	1201	Spec.Rev.	Transportation	$92,013,393.14						$92,013,393.14
12005	Spec.Rev.	1215	Spec.Rev.	Probate Court Administration	10,228,234.63						10,228,234.63
12010	Spec.Rev.	1209	Spec.Rev.	Soldiers, Sailors and Marines	32,461.60						32,461.60
12012	Spec.Rev.	1215	Spec.Rev.	Municipal Employees Retirement Administration	898,694.56						898,694.56
12013	Spec.Rev.	1208	Spec.Rev.	Regional Market Operation	1,023,662.87						1,023,662.87
12016	Spec.Rev.	1213	Spec.Rev.	Recreation and Natural Heritage Trust Fund		$1,804,511.53					1,804,511.53
12018	Spec.Rev.	2107	Enterprise	University Health Center Operating Fund	91,101.46						91,101.46
12021	Spec.Rev.	1215	Spec.Rev.	Grants - Tax Exempt Proceeds		7,664,686.03					7,664,686.03
12023	Spec.Rev.	2107	Enterprise	University Health Center Research Foundation	36,277,851.57						36,277,851.57
12032	Spec.Rev.	1210	Spec.Rev.	Employment Security - Special Administration	2,462,485.25						2,462,485.25
12035	Spec.Rev.	1212	Spec.Rev.	Economic Assistance Revolving Fund		4,233,634.87					4,233,634.87
12038	Spec. Rev.	1212	Spec. Rev.	Individual Development Account Reserve Fund				$ 421,084.80			421,084.80
12040	Spec.Rev.	1214	Spec.Rev.	Housing Loan Fund - Tax Exempt		488.66					488.66
12047	Spec.Rev.	1212	Spec.Rev.	Child Care Facilities	224,132.18						224,132.18
12050	Spec.Rev.	1212	Spec.Rev.	Local Capital Improvements Fund	3,170,201.77						3,170,201.77
12051	Spec.Rev.	1215	Spec.Rev.	Capital Equipment Purchase Fund	16,712,353.30						16,712,353.30
12052	Spec.Rev.	1212	Spec.Rev.	Grants to Local Governments and Others	11,157,644.04						11,157,644.04
12053	Spec.Rev.	1213	Spec.Rev.	Economic Development and Other Grants		759,824.61					759,824.61
12059	Spec.Rev.	1212	Spec.Rev.	Hartford Downtown Redevelopment	5,603,280.89						5,603,280.89
12060	Spec Rev.	1211	Spec.Rev.	Federal And Other Restricted Accounts	106,052.70	714,369.57					820,422.27
12062	Spec Rev.	1211	Spec.Rev.	Transportation Grants And Restricted Accounts	34,580.83						34,580.83
12065	Spec.Rev.	1214	Spec.Rev.	Housing Assistance Bond Fund - Tax Exempt		384,702.26					384,702.26
12066	Spec.Rev.	1214	Spec.Rev.	Housing Trust Fund	18,605,979.17						18,605,979.17
SUBTOTAL SPECIAL REVENUE FUNDS					$198,642,109.96	$15,562,217.53	$ -	$421,084.80	$ -	$ -	$214,625,412.29
CAPITAL PROJECTS FUNDS											
13004	Cap. Proj.	1303	Cap.Proj.	National System of Interstate and Defense Highways		$4,494,061.50					$4,494,061.50
13009	Cap. Proj.	1212	Spec.Rev.	School Construction	$6,025,541.24						6,025,541.24
13010	Cap. Proj.	1212	Spec.Rev.	School Construction - Magnet Schools	126,464,123.29						126,464,123.29
13019	Cap. Proj.	1212	Spec.Rev.	Community Conservation and Development	43,086,678.27						43,086,678.27
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
13033	Cap. Proj.	1302	Cap.Proj.	Infrastructure Improvement Fund	75,467,093.12						75,467,093.12
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
13042	Cap. Proj.	1301	Cap.Proj.	University and State University Facilities	1,590,020.25						1,590,020.25
17001	Cap. Proj.	1301	Cap.Proj.	Capital Improvements and Other Purposes	2,589,864.46						2,589,864.46
17011	Cap. Proj.	1301	Cap.Proj.	Capital Improvements and Other Purposes	14,284,368.75						14,284,368.75
17086	Cap. Proj.	1301	Cap.Proj.	Capital Improvements and Other Purposes		46,393.41					46,393.41
17771	Cap. Proj.	1301	Cap.Proj.	Capital Improvements and Other Purposes	1,047,603.84	848,601.11					1,896,204.95
17801	Cap. Proj.	1301	Cap.Proj.	Capital Improvements and Other Purposes	2,627,878.29						2,627,878.29
17831	Cap. Proj.	1301	Cap.Proj.	Capital Improvements and Other Purposes		3,038,248.86					3,038,248.86
17841	Cap. Proj.	1301	Cap.Proj.	Capital Improvements and Other Purposes		2,275,617.33					2,275,617.33
17851	Cap. Proj.	1301	Cap.Proj.	Capital Improvements and Other Purposes		2,643,266.02					2,643,266.02
17901	Cap. Proj.	1301	Cap.Proj.	Capital Improvements and Other Purposes		1,290,086.45					1,290,086.45
17911	Cap. Proj.	1301	Cap.Proj.	Capital Improvements and Other Purposes	55,661.82						55,661.82

CASH MANAGEMENT DIVISION

CIVIL LIST FUNDS
SCHEDULE OF INVESTMENTS [1] [2]
FISCAL YEAR ENDED JUNE 30, 2007
PRESENTED UNDER BUDGETARY BASIS OF ACCOUNTING [4] [5]

Legal No.	Type	GAAP No.	Type	Fund Name	STIF Investments 6/30/07	Tax Exempt Proceeds Fund Investments 6/30/07	Investments with Treasurer as Trustee Short-Term 6/30/07	Investments with Treasurer as Trustee Long-Term 6/30/07	Investments with Others as Trustee Short-Term 6/30/07	Investments with Others as Trustee Long-Term 6/30/07	Total
17921	Cap. Proj.	1301	Cap.Proj.	Capital Improvements and Other Purposes		2,554,423.05					2,554,423.05
17951	Cap. Proj.	1301	Cap.Proj.	Capital Improvements and Other Purposes	8,653,446.44						8,653,446.44
17961	Cap. Proj.	1301	Cap.Proj.	Capital Improvements and Other Purposes	6,116,974.71						6,116,974.71
17971	Cap. Proj.	1301	Cap.Proj.	Capital Improvements and Other Purposes		1,979,959.36					1,979,959.36
17981	Cap. Proj.	1301	Cap.Proj.	Capital Improvements and Other Purposes		2,016,118.51					2,016,118.51
17991	Cap. Proj.	1301	Cap.Proj.	Capital Improvements and Other Purposes		7,266,838.07					7,266,838.07
SUBTOTAL CAPITAL PROJECTS FUNDS					$288,009,254.48	$28,619,106.40	$ -	$ -	$ -	$ -	$316,628,360.88
DEBT SERVICE FUNDS											
14001	Debt Service	2106	Enterprise	University Bond Liquidation	$5,593,250.41						$5,593,250.41
14002	Debt Service	2109	Enterprise	State University Dormitory	43,275,375.10						43,275,375.10
14005	Debt Service	1401	Debt Service	Transportation Fund Reserve	186,072,277.51 [6]				$121,703,064.33 [6]	$378,553,412.72 [6]	686,328,754.56
SUBTOTAL DEBT SERVICE FUNDS					$234,940,903.02	$ -	$ -	$ -	$121,703,064.33	$378,553,412.72	$735,197,380.07
ENTERPRISE FUNDS											
21002	Enterprise	2107	Enterprise	John Dempsey Hospital					129,437.54 [7]	116,217.38 [7]	$245,654.92
21005	Enterprise	1215	Spec.Rev.	Auto Emissions Inspection	$5,104,221.82						5,104,221.82
21008	Enterprise	2110	Enterprise	Bradley International Parking Operations	7,054,743.58 [8]					4,507,630.00 [8]	11,562,373.58
21009	Enterprise	2101	Enterprise	Bradley International Airport Operations	100,460,506.08 [9]					45,172,960.01 [9]	145,633,466.09
21010	Enterprise	1212	Spec.Rev.	Local Bridge Revolving Fund - Bond Financed		$9,696,954.30					9,696,954.30
21011	Enterprise	1212	Spec.Rev.	Local Bridge Revolving Fund - Revenue Financed	27,385,824.23						27,385,824.23
21014	Enterprise	1213	Spec.Rev.	Clean Water Fund - State	734,819.80				1,570,000.00 [10]	10,870,000.00 [10]	13,174,819.80
21015	Enterprise	2105	Non.-Exp.	Clean Water Fund - Federal	127,639,211.88				161,689,313.09 [11]	254,390,642.78 [11]	543,719,167.75
21016	Enterprise	1213	Spec.Rev.	Clean Water Fund - Long Island Sound	820,248.29						820,248.29
21018	Enterprise	2111	Spec.Rev.	Drinking Water Fund - Federal Revolving Loan	23,647,537.82 [13]				13,977,649.35 [11]	24,908,671.32 [11]	62,533,858.49
21020	Enterprise	1216	Spec.Rev.	Rate Reduction Bond Operations	10,185,110.09 [13]				734,908.34 [12]	13,000,000.00 [12]	23,920,018.43
SUBTOTAL ENTERPRISE FUNDS					$303,032,223.59	$9,696,954.30	$ -	$ -	$178,101,308.32	$ 352,966,121.49	$843,796,607.70
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			$52,384,145.33	$9,985,311,421.57 [14]			$10,037,695,566.90
31002	Pension	3105	Pension	State Attorneys' Retirement Fund			85,727.95	789,305.60 [14]			875,033.55
31003	Pension	3105	Pension	General Assembly Retirement Fund	$22,192.05						22,192.05
31004	Pension	3106	Pension	Judges and Compensation Commissioners' Retirement Fund			2,955,085.64	184,392,468.15 [14]			187,347,553.79
31005	Pension	3105	Pension	Public Defenders Retirement Fund	161,599.27						161,599.27
31006	Pension	3104	Pension	Teachers' Retirement Fund			161,020,563.72	13,621,050,296.17 [14]			13,782,070,859.89
31008	Pension	3107	Pension	Municipal Employees' Retirement - Fund B			19,294,031.61	1,698,020,100.96 [14]			1,717,314,132.57
31009	Other Em Ben	3102	Agency	Policemen and Firemen Survivors' Benefit Fund			491,546.93	21,089,936.71 [14]			21,581,483.64
31010	Pension	3108	Pension	Probate Judges and Employees Retirement Fund			990,588.25	86,656,819.44 [14]			87,647,407.69
35010	Fiduciary	1502	Permanent	Connecticut Arts Endowment Fund			934,084.58	15,229,316.94 [14]			16,163,401.52
35011	Fiduciary	1501	Non.-Exp.	Soldiers, Sailors and Marines Trust Fund			60,549.84	61,568,186.28 [14]			61,628,736.12
35014	Fiduciary	2103	Exp.Trust	Unemployment Compensation Fund					$642,780,433.22 [15]		642,780,433.22
35015	Fiduciary	2107	Enterprise	John Dempsey Hospital Malpractice Trust Fund	21,598,980.65						21,598,980.65
SUBTOTAL FIDUCIARY FUNDS					$21,782,771.97	$ -	$238,216,323.85	$25,674,107,851.82	$642,780,433.22	$ -	$26,576,887,380.86
TOTAL CIVIL LIST FUNDS					**$2,715,014,937.25**	**$53,878,278.23**	**$805,015,785.85**	**$25,674,528,936.62**	**$942,584,805.87**	**$731,519,534.21**	**$30,922,542,278.03**

CASH MANAGEMENT DIVISION

CIVIL LIST FUNDS

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

FISCAL YEAR ENDED JUNE 30, 2007

(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 and in the same categories as appears in the budget act enacted by the General Assembly. The Budget Act enacted for the 2007 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) Short-term investments consist of STIF Accounts and GIC's held by US Bank as Trustee. Long-term investments consist of US Treasury securities. Investments are held by US Bank as Trustee. For description of the program, see Debt Management Division.

(7) Represents funds reserved by the Connecticut Health Center at the time of issuance of state bonds to purchase equipment for the University Health Center Hospital. The funds are invested in U.S. Treasury securities maturing from 8/15/07 through 2/15/09. These securities are purchased at a deep discount to par value, pay no interest while outstanding and pay par value at maturity. The recorded value on this schedule is the accreted cost value at June 30, 2007. At June 30, 2007, the aggregate historical cost of this portfolio was $54,804, the par value was $258,000. Although the portfolio is considered long-term in nature, securities totaling $133,000 in par value, $129,362 in accreted value, mature by June 30, 2007. These funds are held by US Bank as Trustee.

(8) Short-term investments consist of STIF Accounts held by US Bank as Trustee. Long-term investments consist of GIC's. Investments are held by US Bank as Trustee. For description of the program, see Debt Management Division.

(9) 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.

(10) Short-term and 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.

(11) Both Short-term and Long-term investments consist of Money Market Funds, State of Connecticut General Obligation Bonds and GIC's. Both Short-term and Long-term investments held by US Bank as Trustee. For description of program, see Debt Management Division

(12) Both Short-term and Long-term Investments consist of Money Market Funds and GIC's. All investments are held by US Bank as Trustee. For description of program, see Debt Management Division.

(13) STIF investments consist of both Treasury directed and trustee held accounts.

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

(15) Cash on deposit with Federal Government.

(16) Investments consist of Agency and CD portfolios with an average maturities of less than one year in accordance with C.G.S. 3-24k and 3-38a.

CASH MANAGEMENT DIVISION

SECURITIES HELD IN TRUST FOR POLICYHOLDERS

JUNE 30, 2007

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:		
ACE Life Insurance Company	$ 5,234,000.00	$ 5,043,588.68
Aetna Health and Life Insurance Company	2,025,000.00	2,035,089.75
Aetna Insurance Company Of Connecticut	2,000,000.00	1,959,380.00
Aetna Life Insurance Company	1,500,000.00	1,630,837.40
AIG Annuity Insurance Company	100,000.00	90,547.00
Allianz Global Risks US Insurance Company	681,000.00	685,685.28
American Centennial Insurance Company	50,000.00	59,867.02
American Employers Insurance Company	70,000.00	87,153.61
American Equity Specialty Insurance Company	2,550,000.00	2,541,840.00
American Maturity Life Insurance Company	5,635,000.00	5,535,776.75
American Phoenix Life & Reassurance Company	5,050,000.00	4,906,719.50
American Security Insurance Company	35,000.00	33,132.40
American Skandia Life Assurance Corporation	1,500,000.00	1,489,455.00
Annuity & Life Reassurance America, Inc.	5,000,000.00	5,011,296.50
Arbella Protection Insurance Company	50,000.00	57,785.00
Associated Indemnity Corporation	1,444,000.00	1,372,487.92
Automobile Insurance Company of Hartford,CT (The)	4,050,000.00	4,123,947.75
AXIS Specialty Insurance Company	2,800,000.00	2,812,684.00
Beazley Insurance Company, Inc.	2,500,000.00	2,444,925.00
C.M. Life Insurance Company	1,600,000.00	1,608,000.00
Carolina Casualty Insurance Company	200,000.00	204,328.00
Charter Oak Fire Insurance Company (The)	4,525,000.00	4,757,084.50
Chicago Title Insurance Company	100,000.00	95,414.00
Cologne Reinsurance Company Of America	3,505,000.00	3,705,485.10
Connecticut Attorneys Title Insurance Company	110,000.00	110,003.30
Connecticut General Life Insurance Company	1,700,000.00	1,764,395.05
Converium Reinsurance (North America) Inc.	3,000,000.00	3,301,490.00
Covenant Insurance Company	600,000.00	678,350.00
Electric Insurance Company	60,000.00	64,008.00
Employer’s Fire Insurance Company	655,000.00	835,753.59
Executive Risk Specialty Insurance Company	3,110,000.00	3,054,927.60
Fairfield Insurance Company	2,510,000.00	2,529,058.00
Farmington Casualty Company	3,000,000.00	3,184,575.00
Fireman’s Fund Insurance Company	9,459,000.00	10,320,605.73
First State Insurance Company	2,200,000.00	2,073,324.00
General Re Life Corporation	1,500,000.00	1,896,795.00
General Star Indemnity Company	2,975,000.00	3,086,391.00
Genesis Insurance Company	3,000,000.00	3,127,890.00
Genworth Life & Health Insurance Company	5,000,000.00	5,187,100.00
Genworth Mortgage Ins Corp of North Carolina	60,000.00	57,393.60
Gulf Underwriters’ Insurance Company	2,500,000.00	2,507,225.00
Harbor Point Reinsurance U.S., Inc.	3,325,000.00	3,380,170.00
Harleysville Worcester Insurance Company	9,065,000.00	8,950,100.40
Hartford Accident & Indemnity Company	3,350,000.00	3,405,535.50
Hartford Fire Insurance Company	3,300,000.00	3,437,676.00
Hartford Insurance Co of the Southeast	200,000.00	219,964.00
Hartford International Life Reassurance Corp.	2,145,000.00	2,062,134.90
Hartford Life Insurance Company	2,350,000.00	2,309,979.50
Hartford Life & Accident Insurance Company	1,915,000.00	1,857,247.85
Hartford Life & Annuity Insurance Company	2,859,999.99	2,768,522.69
Hartford Steam Boiler Inspection & Insurance Company	4,000,000.00	4,149,680.00
Hartford Steam Boiler Inspection & Ins Co of CT	3,100,000.00	3,216,002.00
Hartford Underwriters’ Insurance Company	3,250,000.00	3,386,890.00
Homesite Insurance Company	2,500,000.00	2,492,375.00
IdeaLife Insurance Company	1,500,000.00	1,507,500.00
Industrial Alliance Life Insurance Company	30,000.00	29,893.50

CASH MANAGEMENT DIVISION

SECURITIES HELD IN TRUST FOR POLICYHOLDERS (Continued)

JUNE 30, 2007

Name of Insurance Company	Par Amount of Collateral	Market Value
ING Life Insurance & Annuity Company	3,600,000.00	2,631,672.00
Integon National Insurance Company	75,000.00	74,853.75
Integon Preferred Insurance Company	75,000.00	74,906.25
Knights of Columbus	2,000,000.00	1,760,000.00
Liberty Mutual Insurance Company	50,000.00	51,226.50
Massachusetts Mutual Life Insurance Company	1,600,000.00	2,013,376.00
MEMBERS Life Insurance Company	350,000.00	404,495.00
MetLife Insurance Company of Connecticut	5,125,000.00	5,188,703.75
MetLife Life and Annuity Company of Connecticut	5,000,000.00	4,888,387.00
Middlesex Mutual Assurance Company	1,525,000.00	1,459,716.00
MML Bay State Life Insurance Company	1,500,000.00	1,507,500.00
Munich American Reassurance Company	40,000.00	40,200.00
National Liability & Fire Insurance Company	2,600,000.00	2,596,542.00
New England Insurance Company	2,945,000.00	2,810,162.90
New England Reinsurance Corporation	3,225,000.00	3,777,797.25
New London County Mutual Insurance Company	600,000.00	603,000.00
Northern Assurance Company of America	2,165,000.00	2,552,045.84
Nutmeg Insurance Company	3,000,000.00	3,213,070.00
Odyssey America Reinsurance Corporation	2,500,000.00	3,144,925.00
OneBeacon American Insurance Company	6,185,000.00	7,222,727.29
Pacific Insurance Company, Limited	2,820,000.00	2,921,860.70
Patrons Fire Insurance Company of Rhode Island	120,000.00	127,023.60
Patrons Mutual Insurance Company of Connecticut	120,000.00	120,410.40
PHL Variable Insurance Company	5,070,000.00	5,094,664.80
Phoenix Insurance Company (The)	4,635,000.00	4,762,649.25
Phoenix Life & Annuity Company	5,150,000.00	4,984,110.50
Prudential Retirement Insurance & Annuity Company	5,015,000.00	4,801,542.95
PXRE Reinsurance Company	7,430,000.00	7,377,767.10
Response Worldwide Direct Auto Insurance Company	1,500,000.00	1,495,425.00
Response Worldwide Insurance Company	2,250,000.00	2,243,137.50
RVI America Insurance Company	2,540,000.00	2,233,705.40
RVI National Insurance Company	2,550,000.00	2,508,649.50
Safeco Surplus Lines Company	100,000.00	96,555.00
Seneca Insurance Company	260,000.00	309,745.80
Senior Whole Health of Connecticut, Inc.	1,508,000.00	1,504,818.12
Sentinel Insurance Company, Limited	3,400,000.00	3,557,070.50
Standard Fire Insurance Company (The)	4,000,000.00	4,017,520.00
Summit Insurance Company	200,000.00	201,000.00
Swiss Re Life & Health America, Inc.	5,290,000.00	5,164,512.40
T.H.E. Insurance Company	300,000.00	299,878.00
TIG Insurance Company	13,936,000.00	15,211,980.16
TravCo Insurance Company	4,875,000.00	5,150,956.50
Travelers Casualty & Surety Company	3,000,000.00	3,097,900.00
Travelers Casualty & Surety Co of America	3,180,000.00	3,320,931.80
Travelers Casualty Company of Connecticut	2,500,000.00	2,532,093.50
Travelers Casualty Insurance Company of America	3,400,000.00	4,299,402.00
Travelers Commercial Casualty Company	3,200,000.00	3,255,424.00
Travelers Commercial Insurance Company	2,125,000.00	2,209,818.50
Travelers Excess & Surplus Lines Company	2,500,000.00	2,593,775.00
Travelers Home & Marine Insurance Company (The)	5,125,000.00	5,378,420.25
Travelers Indemnity Company (The)	6,630,000.00	7,049,484.60
Travelers Indemnity Company of America (The)	3,565,000.00	3,580,614.70
Travelers Indemnity Company of Connecticut (The)	3,000,000.00	3,035,160.00
Travelers Personal Insurance Company	5,500,000.00	6,682,600.00
Travelers Personal Security Insurance Company	4,100,000.00	3,980,828.00
Travelers Property Casualty Company of America	3,000,000.00	2,980,513.19
Travelers Property Casualty Insurance Company	2,050,000.00	2,146,114.50
Trenwick America Reinsurance Corporation	6,275,000.00	6,305,969.00
Truck Insurance Exchange	370,000.00	391,282.40
Trumbull Insurance Company	2,580,000.00	2,679,692.60
United Guaranty Residential Ins Company of NC	50,000.00	51,861.00

SECURITIES HELD IN TRUST FOR POLICYHOLDERS (Continued)
JUNE 30, 2007

Name of Insurance Company		Par Amount of Collateral		Market Value
United Healthcare Insurance Company		1,510,000.00		1,467,297.20
United Illuminating Company		210,000.00		209,376.30
VantisLife Insurance Company		5,500,000.00		5,294,700.00
Vision Service Plan Insurance Company		2,300,000.00		2,303,059.00
Warner Insurance Company		2,000,000.00		1,993,900.00
XL Re Life America Inc.		5,250,000.00		5,789,063.00
Zenith Insurance Company		1,111,000.00		1,108,095.31
TOTAL	$	333,792,999.99	$	343,183,131.93

Assets Held In STIF:

Connecticut Surety Company (The)	$	2,030,824.08
Covenant Mutual Liquidating Trust		6,845,284.22
TOTAL	$	8,876,108.30

CASH MANAGEMENT DIVISION

UNEMPLOYMENT COMPENSATION FUND

On Account with the Secretary of the Treasurer of the United States as Trustee of the Unemployment Compensation Fund

The Act which established Unemployment Compensation provides that contributions from employers be collected by the Labor Commissioner as Administrator of the Act and be deposited with the State Treasurer. (Chapter 2, Public Act, Special Session 1936). These funds are then sent to the Secretary of the Treasury of the United States. The Administrator requests withdrawals as needed to pay benefits to employees.

BALANCE at JUNE 30, 2006		**$ 632,318,030.01**
Deposits	$ 549,951,701.00	
Combined Wage Transfers to Connecticut	5,851,562.25	
Earnings	28,351,682.96	
Federal Employee & Ex-Servicemen Contributions	6,219,457.00	
Temporary Emergency Unemployment Compensation	(162,000.00)	$ 590,212,403.21
TOTAL CASH AVAILABLE		**$ 1,222,530,433.22**
Withdrawals	$ 570,530,543.00	
Reed Act Withdrawals	3,000,000.00	
Federal Employee & Ex-Servicemen Withdrawals	6,219,457.00	579,750,000.00
BALANCE at JUNE 30, 2007		**$ 642,780,433.22**

Office of the State Treasurer

LIST OF PRINCIPAL OFFICIALS AND PHONE NUMBERS

Denise L. Nappier
Treasurer, State of Connecticut
Tel: (860) 702-3001
Fax: (860) 702-3043

Howard G. Rifkin
Deputy Treasurer
Tel: (860) 702-3292
Fax: (860) 728-1290

Linda D. Hershman
Assistant Deputy Treasurer and Chief of Staff
Tel: (860) 702-3012
Fax: (860) 728-1290

Maria M. Greenslade
Assistant Deputy Treasurer
Second Injury Fund and Unclaimed Property
Tel: (860) 702-3125
Fax: (860) 702-3021

Lee Ann Palladino
Acting Chief Investment Officer
Pension Funds Management
Tel: (860) 702-3162
Fax: (860) 702-3042

Lawrence A. Wilson
Assistant Treasurer
Cash Management
Tel: (860) 702-3126
Fax: (860) 702-3041

Meredith A. Miller
Assistant Treasurer
Policy
Tel: (860) 702-3294
Fax: (860) 728-1290

Sarah K. Sanders
Assistant Treasurer
Debt Management
Tel: (860) 702-3288
Fax: (860) 702-3034

CONNECTICUT STATE TREASURY

55 Elm Street
Hartford, CT 06106-1773
Tel: (860) 702-3000
www.state.ct.us/ott