STATE OF CONNECTICUT

Annual Report of the Treasurer

FISCAL YEAR ENDED JUNE 30, 1999

STATE OF CONNECTICUT

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Office of the State Treasurer

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STATE OF CONNECTICUT

Annual Report of the Treasurer

FISCAL YEAR ENDED JUNE 30, 1999

State of Connecticut
Office of the Treasurer

DENISE L. NAPPIER
TREASURER

HOWARD G. RIFKIN
DEPUTY TREASURER

October 15, 1999

The Honorable John G. Rowland
Governor, State of Connecticut
State Capitol
Hartford, CT 06106

Dear Governor Rowland:

In accordance with the provisions of Sections 3-37 and 3-22k of the Connecticut General Statutes, with this letter I am transmitting the Annual Report of the Office of State Treasurer for the fiscal year ending June 30, 1999.

This report has been prepared in a manner consistent with the requirements of law and generally accepted accounting principles and includes complete financial statements and relevant discussion regarding the State's Combined Investment Funds, the Short-Term Investment Fund, and the Connecticut Higher Education Trust. Also provided is a description of activities and transactions in the administration of cash management and debt management and a brief overview of activities and operating results in the Second Injury Fund and the Unclaimed Property program.

I am pleased to report, to the best of my knowledge and belief, that the funds administered by this Office are safe and secure. Included herein is correspondence from the Auditors of Public Accounts and the Chairman of the Investment Advisory Council reflecting our coordination and cooperation with them in the preparation of material included in this document.

Additionally, please be informed that this Office is continuing to cooperate with reviews initiated by investigatory authorities regarding activities that occurred during the previous administration. In keeping with the seriousness with which I take my fiduciary responsibilities, my Office will continue to take every appropriate action to assure the continued safety and security of the assets of the State of Connecticut under the jurisdiction and responsibility of the Office of the State Treasurer.

Sincerely,

Denise L. Nappier

Denise L. Nappier
Treasurer

CC: Steven W. Hart, Chairman
Investment Advisory Council

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

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Introduction

Mission Statement

To serve as the premier 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.

Statutory Responsibility

The Office of the Treasurer (OTT) was established following the adoption of the fundamental orders of Connecticut in 1638. The duties, as described in Article Four, Section 22 of the Connecticut State Constitution, state that the Treasurer shall receive all funds belonging to the state and disburse the same only as may be directed by law.

The Treasurer is the Chief Fiscal Officer for the State government, overseeing a wide variety of activities regarding the prudent conservation and management of State funds. This includes the administration of a portfolio of pension assets worth approximately $20 billion and a short-term investment fund with an average daily balance of almost $4 billion.

Public Service

The Office of the Treasurer includes an Executive Office as well as five distinct divisions, each with specific responsibilities: Pension Funds Management, Cash Management, Debt Management, Unclaimed Property, and the Second Injury Fund.

Executive Office of the Treasurer

The Executive Office is responsible for overall policy, planning and general administration designed to: (1) enhance the financial integrity and soundness of Treasury operations, (2) provide direction and leadership in carrying out Treasury functions and (3) foster economic well-being of the State and its citizens and businesses within the confines of fiduciary standards. Specific activities include legislative affairs and public information, responsible investment relations, management services, legal services and community outreach. The main objective of the Executive Office is to ensure that the Treasury adheres to the highest order of public values, fiscal prudence and ethics in the conduct of the people's business.

Pension Funds Management Division

As sole fiduciary for six State pension and eight State trust funds, the Treasurer is responsible for prudently managing over $20 billion of assets. Her clients include over 160,000 teachers, state, and municipal employees as well as academic programs, grants, and initiatives throughout the State. The Pension Funds Management Division formulates investment policy for a nearly $20 billion fund invested in a diversity of asset classes. The Division monitors investment manager performance and selection, and serves as staff to the Investment Advisory Council (IAC).

Cash Management Division

As the clearinghouse for all of the State's cash inflows and outflows totaling more than $30 billion for the last fiscal year, the Cash Management Division is responsible for managing the State's cash transactions, banking relationships, and short-term investments. It is organized into four units including Bank Control and Reconciliation, Cash Control, Short-Term Investments, and Client Services.

The Division's activities include cash accounting and reporting, cash positioning and forecasting, short-term investing, and bank account administration. The Division prudently and productively manages its clients' cash, including that of State agencies and authorities, and 200 municipal and local government entities.

Debt Management Division

As the public finance department for the State, the Debt Management Division is responsible for issuing and managing the State's debt in a prudent and cost-effective manner. The Division issues bonds to finance State capital projects, manages debt service payments and cash flow borrowing, maintains the State's rating agency relationships, and administers the Clean Water and Drinking Water loan programs.

Unclaimed Property Division

The Treasurer is responsible for safeguarding assets whose rightful owners cannot be located. These assets include cash from banks and other accounts, uncashed checks, stock and mutual fund shares, contents of safe deposit boxes, and miscellaneous assets. These assets are relinquished to the Treasurer by banks, insurance companies, utilities, hospitals, brokerages, and others. The Treasurer safeguards these assets, publicizes the names of the rightful owners, and returns those assets to the owners as they are located or come forward.

Second Injury Fund Division

The Treasurer is responsible for the administration of the Second Injury Fund ("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. The Fund adjudicates qualifying workers' compensation claims in accordance with applicable Connecticut General Statutes and insurance industry standards and practice. Where possible, the Second Injury Fund seeks to return injured workers to gainful employment.

Division Operations

October 15, 1999

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

Dear Governor Rowland:

As Chairman of the Investment Advisory Council (IAC), I am pleased to present this report on the performance of the State of Connecticut Retirement Plans and Trust Funds (CRPTF) for the fiscal year ended June 30, 1999.

The CRPTF continued its multiple billion dollar earnings pace for the fifth consecutive year with investment income of $1.9 billion, or a net return of 10.49 percent, growing assets eight percent, from $18.4 billion at June 30, 1998 to $19.8 billion at June 30, 1999. For the fiscal year ending June 30, 1999 the CRPTF outperformed half of the other public funds in the Trust Universe Comparison Service (TUCS), its peer group for Public Funds with assets greater than $1 billion dollars.

For the fiscal year, the *Commercial Mortgage Fund*, and *Cash Reserve Fund* outperformed their benchmarks, while the *Mutual Equity Fund, International Stock Fund, Mutual Fixed Income Fund, Real Estate Fund,* and *Private Investment Fund* produced below benchmark returns.

During the fiscal year, the Office of the Treasurer, with the active involvement of the IAC, initiated its quadrennial review of the assets and liabilities of the CRPTF. The results of this study will provide the conceptual foundation for the selection of the CRPTF asset allocation policy. This policy is one of the key determinants of investment performance.

Much progress has been made during the last four years in terms of improving the investment performance of the CRPTF and structurally we are well positioned for entering the new millenium. However, in light of recent events, I believe we must also look at how the overall fund is managed including the role of the IAC.

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

Sincerely,

Steven W. Hart

Steven W. Hart
Chairman
Investment Advisory Council

Created by Public Act 73-594, the Investment Advisory Council (IAC) provides the Treasurer and Pension Funds Management Division with advice from outside investment professionals and pension beneficiaries. The IAC consists of five public members, appointed by the Governor and legislative leadership, and five plan beneficiary representatives, appointed by the Governor on the advice of various State Employees' and Teachers' Unions and the recommendations of the Treasurer.

The IAC plays an active and necessary role in advising on investment policy and guidelines and in reviewing the assets of the pension funds. The Council also advises the Treasurer on the hiring of outside investment advisors and on the appointments of principal investment staff. Council members who contributed their time and knowledge to the investment process during fiscal 1999 included:

STEVEN W. HART, CHAIRMAN
President, Hart Capital LLC

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

SHERRY L. BROWN
State Director for U.S. Senator Joseph Lieberman.

ROBERT K. KILLIAN, JR.
Judge, Probate Court, Hartford.

MICHAEL W. KOZLOWSKI (EX-OFFICIO MEMBER. Expired November 27, 1998.)
Former Secretary, State Office of Policy and Management.

SIDNEY LIPSHIRES (Resigned July 25, 1998.)
Retired - Former President, Congress of Connecticut Community Colleges. Representative of State Employees' unions.

GEORGE H. MASON (Appointed June 17, 1999.)
Director, Business Applications Center, The Barney School of Business & Public Administration, University of Hartford.

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

DENISE L. NAPPIER (EX-OFFICIO MEMBER. Effective January 6, 1999.)
Treasurer of the State of Connecticut.

JOHN QUIRKE
Retired Teacher, Newtown Public Schools. Representative of Teachers' unions.

DUANE G. ROBERTS (Expired June 30, 1999.)
President, Magten Asset Management Corporation

MARC S. RYAN (EX-OFFICIO MEMBER. Effective November 27, 1998.)
Secretary, State Office of Policy and Management.

ROSALYN B. SCHOONMAKER
Retired Teacher. Retirement counselor. Representative of Teachers' unions.

PAUL J. SILVESTER (EX-OFFICIO MEMBER. Expired January 6, 1999.)
Former Treasurer of the State of Connecticut.

CAROL M. THOMAS (Appointed April 13, 1999.)
State Department of Mental Retardation. Representative of State Employees' unions.

WILSON WILDE
Chairman of the Executive Committee of The Hartford Steam Boiler Inspection and Insurance Company.

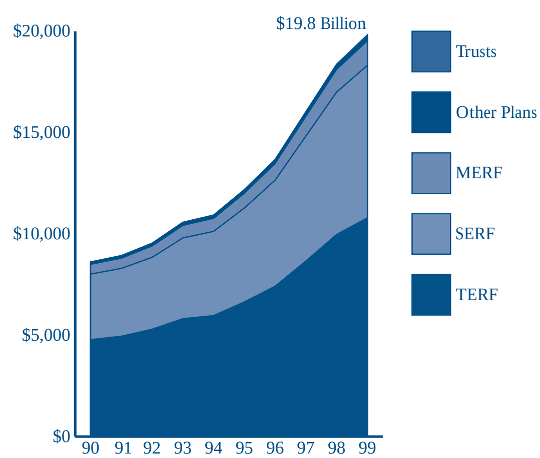
Division Overview

Introduction

As sole fiduciary for six State pension and eight State trust funds, the Treasurer is responsible for prudently managing approximately $20 billion of investment assets. Her clients include nearly 160,000 teachers, State, and municipal employees as well as trust funds financing academic programs, grants, and initiatives throughout the State. The Treasurer's Pension Funds Management Division is responsible for managing Connecticut's Retirement Plans and Trust Funds (CRPTF) in the sole interest of the beneficiaries.

Figure 1

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



The Treasurer's responsibility to prudently manage Connecticut's pension and trust fund assets has implications affecting not only the retirement security of nearly 160,000 teachers, State and municipal employees, but the size of the State budget as well. The pension benefit liability can only be satisfied from two sources: investment returns and employer (taxpayer) contributions. If investment returns fall below the actuarial target return, more tax dollars must be invested to ensure full payment of benefits. Likewise, when pension investment returns meet the target return, fewer tax dollars are required. When pension investment returns exceed the target return, excess returns are applied against the unfunded liability. Over the long-term, a one percent increase in investment return reduces required employer contributions by 15 to 20 percent.

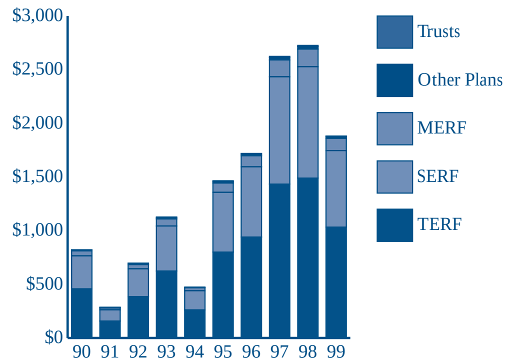
As shown in Figure 1, over the last ten years pension and trust assets under management of the Treasurer have grown from $7.5 billion to $19.8 billion, or 164 percent. The Teachers' Retirement Fund (TERF), with $10.8 billion under management at June 30, 1999, is the largest participating fund, followed by the State Employees' Retirement Fund (SERF) and the Municipal Employees' Retirement Fund (MERF) with $7.5 billion and $1.2 billion, respectively. During the last fiscal year ended June 30, 1999, total annual investment returns, comprising interest income, dividends, securities lending income, and net realized and unrealized capital gains, net of Fund operating expenses, were $1.9 billion.

Organization/Staff Review

Under the supervision of a chief investment officer, the Division develops, executes, and manages the investment programs of the pension and trust funds. Its 12 member team (i) analyzes plan liabilities, (ii) recommends asset allocation policy, (iii) selects, monitors, and reports on the investment advisors employed to invest the State's pension and trust assets, (iv) supervises the activities of the custodian bank which retains physical custody of, safeguards, and provides record keeping services for plan assets, (v) reviews the accounting for the assets to ensure that the earnings of the Funds are properly determined and that each of the pension plans and trust funds receive their correct share of such earnings, (vi) analyzes investment valuations for propriety to ensure consistency and integrity in performance presentation, and (vii) reports on the investment performance of the pension and trust assets to the Treasurer and the Investment Advisory Council. The Division's operations are conducted through three units; Pension Management, Alternative Investments, and Accounting and Control.

Figure 2

PENSION AND TRUST FUNDS
Investment Returns ($ in Millions)



Operating Expenses

The Division finances its operations entirely through direct charges 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

The Policy in effect in fiscal year 1999, adopted during fiscal year 1997, outlines fixed percentage target asset allocations for the funds across the major asset classes. The Policy'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 Investment Performance discussion.)

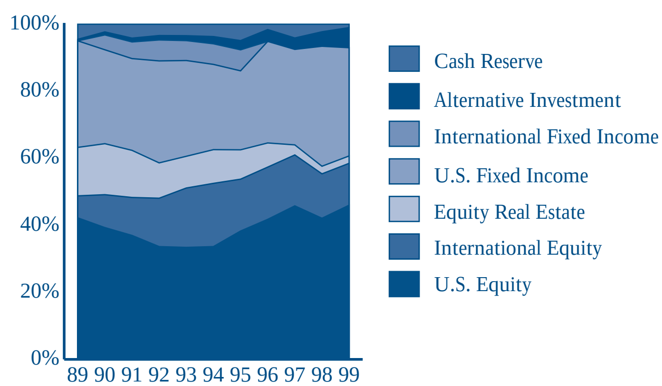
Diversification across asset classes is a critical component in structuring portfolios to maximize return at a given level of risk. Likewise, asset allocation is used to minimize risk while seeking a specific level of return. In selecting an asset allocation strategy, the Division carefully examines 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 3, the number and complexity of asset classes comprising the Policy have fluctuated during the last ten years. New asset classes have been introduced to diversify the pension and trust assets while changing economic environments have required different allocation strategies. As of June 30, 1999, six asset classes were included in the Investment Policy: U.S. Equity, International Equity, U.S. Fixed Income, Equity Real Estate, Alternative Investments and Non U.S. Fixed Income.

At fiscal year-end, domestic and international equities comprised the largest asset allocation, at 59 percent. Equities have a proven record of maximizing investment returns over the long-term. Fixed income and alternative investments were also included in the Policy to allow the Fund to both leverage portfolio returns during highly inflationary or deflationary environments and to miti-

Figure 3

PENSION AND TRUST FUNDS
Asset Class Diversification



gate the effects of volatility in the stock market. The actual asset allocations at fiscal year-end differed slightly from the Policy targets as shown in Figure 4.

To realize the allocations set forth in the Policy, the Division operates seven Combined Investment Funds ("CIF" or the "Funds") as a series of mutual funds in which the pension and trust funds may invest through the purchase of ownership interests. Each Fund is designed to replicate one or more of the six asset classes outlined in the Policy. The Division carefully selects and monitors the performance of the investment advisors in order to maintain the asset allocation targets set forth in the Investment Policy.

Figure 4

PENSION AND TRUST FUND ASSET ALLOCATION
Actual vs. Policy at June 30, 1999

	Actual	Target Policy	Target Ranges Minimum	Target Ranges Maximum
U.S. EQUITY	46.0%	40.0%	30.0%	50.0%
Mutual Equity Fund (MEF)	46.0%			
INTERNATIONAL EQUITY	12.5%	15.0%	5.0%	20.0%
International Stock Fund (ISF)	12.5%			
EQUITY REAL ESTATE (2)	2.2%	4.0%	0.0%	6.0%
Real Estate Fund (REF)	2.2%			
U.S. FIXED INCOME	33.3%	30.0%	20.0%	60.0%
Mutual Fixed Income Fund (MFIF)	31.1%			
Commercial Mortgage Fund (CMF)	1.2%			
Cash Reserve Account (CRA)	1.0%			
NON U.S. FIXED INCOME (1)	N/A	N/A	0.0%	10.0%
ALTERNATIVE INVESTMENTS (2)	6.0%	11.0%	0.0%	12.0%
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.*

(2) *Investment Policy targets the combination of REF and PIF at a maximum of 15 percent.*

Concurrent with establishing the Policy, the Treasurer develops formal investment guidelines for each Combined Investment Fund. The guidelines include (i) the performance objective of the Fund, (ii) a description of the Fund's structure and diversification, (iii) the Fund's performance objectives and a description of benchmarks used to evaluate progress towards meeting those objectives, (iv) a list of specific guidelines and restrictions for the individual Fund's investment advisors, and (v) a description of how and by whom the Fund is to be managed. In selecting benchmarks for each Combined Investment Fund, special attention is given to how closely the assets comprising the benchmark resemble those invested in by the Fund.

Fund Management

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

As of June 30, 1999, 74 external advisors were employed by the Treasury to invest the pension and trust assets, an increase of 6 advisors from 68 advisors at June 30, 1998. The majority of this increase came from the Private Investment Fund, which added 6 new advisors as a result of the commitment to expand the private equity portfolio. In addition, one advisor was deleted from the Mutual Fixed Income Fund and one advisor was added to the Real Estate Fund.

Figure 5

COMBINED INVESTMENT FUNDS
Advisor Breakdown

Fund	*June 30, 1998*	*June 30, 1999*
MEF	10	10
ISF	6	6
PIF	29	35
MFIF	12	11
CMF	1	1
REF	9	10
CRA	1	1
Total(1)	68	74

(1) *Actual total advisors was 63 and 68 respectively when factoring in advisors across multiple funds.*

Securities Lending

Since November 1973, the Treasury has maintained a securities lending program for the Combined Investment Funds to enhance investment returns. Securities lending 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 counterparty and overall collateral levels. Collateral held is marked-to-market on a daily basis to insure adequate coverage.

State Street Bank and Trust Company, the current master custodian for the Funds, is responsible for marketing the program, lending the securities, and obtaining adequate collateral. For the year ended June 30, 1999, securities with a market value of approximately $1.78 billion had been loaned against collateral of approximately $1.84 billion. Income generated by securities lending totaled $6.7 million for the fiscal year.

THE YEAR IN REVIEW

Total Fund Performance

During the fiscal year ended June 30, 1999, the Combined Investment Funds achieved an annual total return of 10.49 percent, net of all expenses, underperforming the major stock indices, but significantly outperforming the major bond indices. The Funds continued to be well diversified given the long term risk/return objectives, while adhering to established investment guidelines. For the fifth year in a row, the Funds have outperformed their actuarially determined assumed rate of 8.5 percent. For a detailed explanation of Fund performance, see the 1999 Investment Performance discussion which follows.

Investment Policy

DOMESTIC EQUITY

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

Within the “small and mid-cap” sections of the equity markets, active management continues to make sense. 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.

As currently structured, the domestic equity portfolio replicates the approximate capitalization of the market as a whole with 82 percent of the Fund invested in large cap stocks and 18 percent in small cap stocks. More than 87 percent of the portfolio adheres to an indexing or enhanced indexing strategy.

International Equity

Based on research by both the academic and investment communities which indicated that international equity investments benefit from a combination of country specific, regional and broad regional mandates, the structure includes a 40 percent allocation to regional/country specific mandates and 60 percent allocation to core international and emerging market advisors who invest across the spectrum of available markets.

In assigning 40 percent of the portfolio to advisors with regional/country specific mandates, Division staff sought to ensure that, in the aggregate, the country weightings for the Fund as a whole would not deviate substantially from the Fund's benchmark, the Morgan Stanley Europe Australia Far East Index (EAFE). Such consistency in country weightings serves to diminish the volatility of returns between an actively managed portfolio of international investments and those of the index. This is particularly true if country allocations from the active segment differ substantially from those of the index. The use of both core and regional/country specific advisors is a very effective method of risk control.

In addition, as currently structured, the international equity class incorporates allocations to countries comprising the EAFE Index as well as allocations to countries outside of the EAFE Index including the "emerging" markets, such as Brazil, Korea and Mexico. The emerging markets are expected to contribute significantly to future Fund returns.

Fixed Income

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

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

Real Estate and Private Equity Investments

Having completed the restructuring of the "liquid" portfolios in fiscal year 1996, Division staff focused considerable effort on the alternative asset classes in fiscal years 1997-1999. The portion of the Policy governing the structure of the alternative investment portfolios, comprised of investments in real estate and private equity, was altered during fiscal year 1997 with the real estate allocation range being reduced to 0 to 6 percent (from 0 to 9 percent in fiscal year 1996) and the private equity allocation range being increased to 0 to 12 percent (from 0 to 8 percent in fiscal year 1996). The overall allocation to alternative investments remained the same at 15 percent. Furthermore, Division staff expanded capital committed to the private equity portfolio, increasing the number of investment relationships from 29 in fiscal year 1998 to 35 as of June 30, 1999.

1999 INVESTMENT PERFORMANCE

Introduction

This section presents the performance of the Combined Investment Funds both individually and as a whole and discusses the Division's approach to measuring performance, including risk and return.

The charts, tables, and graphs on the following pages represent a synthesis of techniques and formats used by the mutual fund industry, public and private sector pension funds, and recognized investment authorities.

Understanding Performance

To measure its success in achieving the primary objective of the Investment Policy, the Division evaluates performance in two principal areas: risk and return. The results of these reviews, coupled with information on portfolio characteristics and Division operations, are used to monitor and improve the performance of the Division and its external investment advisors.

To bring accountability and perspective to Division performance, measurements of risk and return are compared to those of similarly structured peer groups and indices. These comparisons enable plan participants, and the Division, to determine whether and by how much Fund returns exceeded or fell short of those of its 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 young and requires that plan assets be managed for the long-term. Second, as experience dictates, 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.

The Division measures its performance 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 the short and the long-term.

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. These include (i) market risk, the risk of fluctuations in the overall market for securities, (ii) company risk, the risk of investing in any single company's stock or bonds, (iii) currency-exchange risk, the risk that a foreign country's currency may appreciate or depreciate relative to the U.S. dollar, thus impacting the value of foreign investments, and (iv) political risk, risk incurred through investing in foreign countries with volatile economies and political systems.

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

In the alternative investment category, risks are significantly greater than those of publicly traded investments. Assessment of progress is more tenuous and valuation judgments are more complex. The investor 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 Division calculates the volatility of returns 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, the Division calculates each Fund's relative volatility, or the ratio of the Fund's standard deviation to that of the benchmark. 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, the Division also calculates each Fund's beta, or a measure of the relative price fluctuation of the Fund to its benchmark. 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, the Division calculates 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 Division manages the pension and trust funds 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. The Division measures return through two calculations: compounded annual total return and cumulative total return.

Compounded Annual Total Return - This return measure evaluates Division 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.

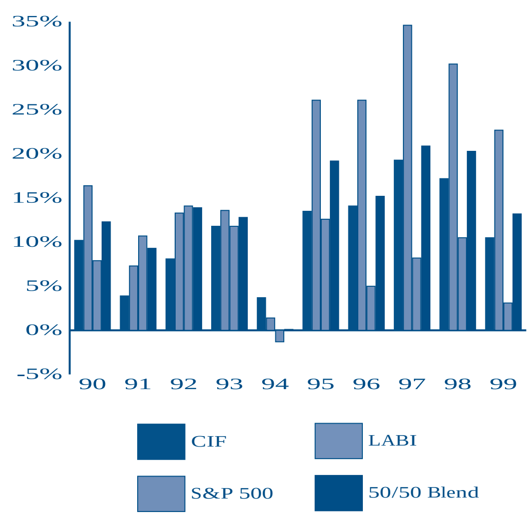
Figure 6

COMBINED INVESTMENT FUNDS
Periods Ending June 30, 1999

	1 Year	3 Years	5 Years	10 Years
Compounded Annual Total Return (%)				
CIF	10.49	15.62	14.88	11.13
S&P 500	22.74	29.07	27.86	18.76
LABI	3.13	7.23	7.82	8.15
50/50 Blend	13.22	18.07	17.70	13.55
Cumulative Total Return (%)				
CIF	10.49	54.56	100.20	187.40
S&P 500	22.74	115.07	242.14	457.77
LABI	3.13	23.30	45.73	118.91
50/50 Blend	13.22	64.59	125.85	256.33

Figure 7

COMBINED INVESTMENT FUNDS
Annual Total Return



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 Combined Investment Funds a set number of years ago would be worth today.

Total Fund Performance

The Division evaluates the return of the Combined Investment Funds (CIF) as a whole against four benchmarks: (i) the actuarially determined assumed rate of return of 8.5 percent, which when combined with scheduled funding will allow the plan to meet future benefits payments as they become due, (ii) the S&P 500 index, (iii) the Lehman Aggregate Bond Index (LABI), a broad market index approximating the performance of the U.S. Markets, and (iv) a 50/50 blend of the S&P 500 and the LABI ("blended index"). The actuarially determined assumed rate of return includes normal pension costs and past service amortization payments as well as payments necessary to reduce the unfunded liabilities. Performance, evaluated against the S&P 500, LABI, and blended indices, is shown graphically on the basis of net total Fund returns versus those achieved by the benchmarks.

Figure 8

COMBINED INVESTMENT FUNDS
Growth of $10 Million ($ in Millions)

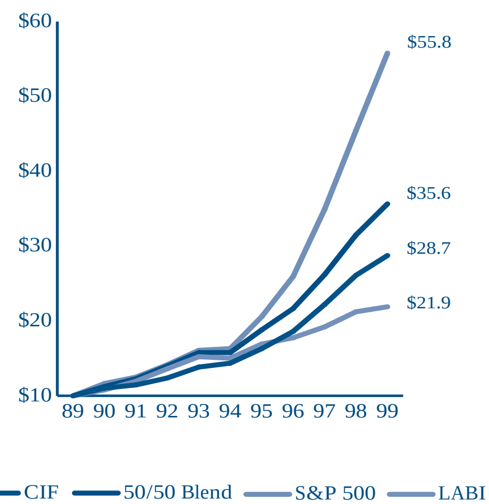
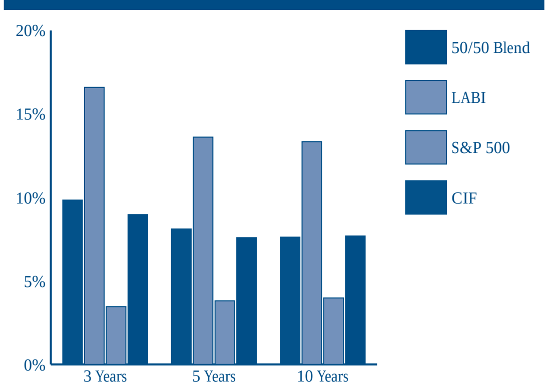


Figure 9

COMBINED INVESTMENT FUNDS
Annualized Standard Deviation



As shown in Figure 6, for the one-year period ended June 30, 1999, the CIF achieved a net annual total return of 10.49 percent. This return was below that of the S&P 500 and blended index returns of 22.74 percent and 13.22 percent, respectively, but substantially higher than the 3.13 percent return of the LABI. For the past one-year and three-year periods, the Funds outperformed the actuarial rate by 2.0 and 7.1 percentage points, respectively. It should be noted that performance above the actuarially determined assumed rate of return helps further reduce the unfunded pension obligation.

Positive returns in the Mutual Equity Fund and Real Estate Fund helped to enhance the CIF's returns, while lower returns in the Mutual Fixed Income Fund, International Stock Fund, Commercial Mortgage Fund, and Private Investment Fund diminished overall performance. An explanation of each Fund's performance, including portfolio characteristics and benchmark comparisons, is included in the individual Fund discussion, which follows.

Figure 10

CONNECTICUT PENSION AND TRUST FUNDS
TUCS Rankings (%) for Periods Ending June 30, 1999

	1 Year	3 Years	5 Years	10 Years
Public Funds >$1 Billion Percentile Returns				
5th	17.89	22.65	21.46	15.46
25th	13.94	18.31	18.15	14.09
50th	11.35	16.68	16.99	13.20
75th	9.16	15.12	15.76	12.41
95th	5.57	11.75	13.86	10.91
CT Pension and Trusts Funds				
Gross Returns (1)	10.80	15.91	15.18	11.45
Public Funds Ranking>1 billion	50	54	67	85
Total Master Trusts Ranking	55	64	81	89

Source: State Street Bank
(1) Gross Return (gross of fees)

While volatility in investment returns is expected in the short-term, the Treasurer's long-term performance with respect to managing the pension and trust assets is most important. The CIF generated compounded annual total returns of 15.62 percent, 14.88 percent, and 11.13 percent, net of all expenses, over the last three, five, and ten-year periods, respectively. These returns fell short of those generated by the S&P 500 index by 13.45, 12.98, and 7.63 percentage points, respectively, and those of the blended index by 2.45, 2.82, and 2.42 percentage points, respectively. Principal reasons include investment environments and asset allocation strategy in effect over the selected time periods. Viewed on a dollar-for-dollar basis, had one invested $10 million in the Combined Investment Funds ten years ago, that investment would have been worth $28.7 million at June 30, 1999, versus $55.8 million, $35.6 million, and $21.9 million for an investment in the S&P 500 index, blended index, and the LABI, respectively. (Figure 8)

Figure 9 shows CIF's annualized standard deviation relative to each of its three benchmarks over the last three, five, and ten-year periods. As one might expect, the CIF was more risky than the LABI during these periods, but was .59, .60 and .57 as risky as the S&P 500 during each period, respectively. Likewise, CIF was 1.09, 1.07 and .99 as risky as the blended index over the respective time periods.

During fiscal 1999, the total pension and trust net assets under management of the Treasurer grew from $18.4 billion to $19.8 billion, an increase of approximately $1.4 billion. Of this total, $1.9 billion was due primarily to net investment income and realized and unrealized capital gains, offset by $435 million in net cash outflows to participating pension plans and trusts.

COMBINED INVESTMENT FUNDS
Total Return Analysis (%)
Fiscal Years Ending June 30, 1999

						Annualized		
Asset Class (% of Total Fund at 6/30/99)	1999	1998	1997	1996	1995	3 Yr.	5 Yr.	10 Yr.
Total Fund (100.0%)								
Combined Investment Funds	10.49%	17.19%	19.35%	14.14%	13.48%	15.62%	14.88%	11.13%
S&P 500 Index	22.74	30.21	34.56	26.12	26.14	29.07	27.86	18.76
Lehman Aggregate Bond Index	3.13	10.54	8.16	5.01	12.55	7.23	7.82	8.15
50/50 Blend	13.22	20.26	20.90	15.17	19.22	18.07	17.70	13.55
U.S. Stocks (46.0%)								
Mutual Equity Fund (46.0%)	19.38	28.40	30.74	23.98	23.20	26.08	25.08	16.91
Russell 3000 Index	20.10	28.81	30.58	26.05	24.92	26.41	26.03	17.93
Russell 1000 Index	21.92	30.15	32.26	26.24	25.47	28.03	27.16	18.48
International Stocks (12.5%)								
International Stock Fund (12.5%)	6.77	1.52	15.67	12.58	2.27	7.83	7.62	7.66
MSCI EAFE Index (Unhedged)	7.62	6.10	12.84	13.28	1.65	8.81	8.21	6.60
MSCI EAFE Index (Hedged)	7.83	14.89	19.94	28.74	(8.93)	14.11	11.74	N/A
MSCI Europe Index	(0.84)	37.06	29.99	14.67	18.79	20.89	19.20	14.41
MSCI Pacific Index	32.64	(34.60)	(4.53)	11.89	(10.82)	(6.09)	(3.74)	(0.89)
Equity Commercial Real Estate (2.2%)								
Real Estate Fund	9.96	25.63	10.69	0.83	(2.78)	15.21	8.43	1.51
Russell NCREIF(1 Qtr. Lag)	14.32	15.48	10.21	7.85	7.23	13.45	11.05	5.44
U.S. Fixed Income (32.3%)								
Mutual Fixed Income Fund (31.1%)	2.64	10.52	10.62	5.97	13.00	7.86	8.48	9.05
Commercial Mortgage Fund (1.2%)	6.10	17.71	9.82	6.46	15.46	11.11	11.01	9.11
Lehman Aggregate Bond Index	3.13	10.54	8.16	5.01	12.55	7.23	7.82	8.15
Lehman Treasury	2.97	11.32	7.30	4.47	12.05	7.14	7.56	7.94
Lehman Agency Index	3.24	10.76	8.05	4.79	12.10	7.30	7.73	8.13
Lehman Corporate	1.90	11.39	8.79	5.11	15.14	7.28	8.37	8.65
Lehman Mortgage	4.01	8.92	9.09	5.86	12.16	7.32	7.97	8.26
Lehman Asset Backed	4.44	8.07	7.52	5.51	9.10	6.67	6.92	N/A
Alternative Assets (6.0%)								
Private Investment Fund (6.0%)	(0.81)	18.55	5.68	43.78	25.39	7.52	17.02	7.52
Russell 3000 Index	20.10	28.81	30.58	26.05	24.92	26.41	26.03	17.93
Cash (1.0%)								
Cash Reserve Account (1.0%)	5.46	5.86	5.70	5.90	5.83	5.67	5.75	5.94
Consumer Price Index All Urban	1.96	1.76	2.31	2.75	3.04	1.98	2.35	2.96
Salomon Bros 90 Day T-Bills	4.71	5.23	5.26	5.44	5.38	5.07	5.20	5.22
90-Day Certificates of Deposit	5.37	5.82	5.64	5.79	5.85	5.61	5.69	5.66
IBC Rated Index	5.03	5.49	5.27	5.44	5.31	5.26	5.31	5.24

CASH RESERVE ACCOUNT

Investment Results Review

Fiscal Year Ended June 30, 1999

CASH RESERVE ACCOUNT
Fund Facts at June 30, 1999

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.

Date of Inception: 9/1/87

Total Net Assets: $1,373,262,637

Benchmark: IBC First Tier Institutions-Only Rated Money Fund Report Index (IBC)

Performance Objective: An annual total return in excess of IBC.

Number of Advisors: 1 External

Management Fees: $235,850

Operating Expenses: $ 175,136

Expense Ratio: 0.03 percent

Figure 1.1

CASH RESERVE ACCOUNT
Ownership Analysis at June 30, 1999 ($ in Millions)

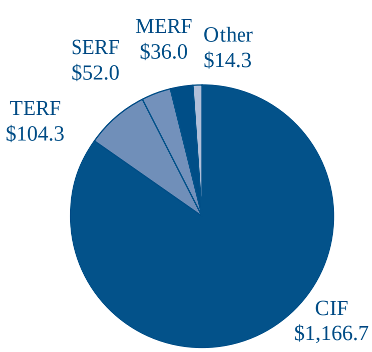


Figure 1.2

CASH RESERVE ACCOUNT (1)
Risk Profile at June 30, 1999

Relative Volatility	1.40
Standard Deviation	0.14
R^2	0.53
Beta	0.83
Alpha	0.44

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

Description of the Fund

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

CRA uses the basic strategy of buying on market weakness. When interest rates rise, CRA takes advantage by investing at higher yields through an extension in average maturity for the fund. Conversely CRA increases exposure to floating rate securities which perform well in a declining rate environment. To ensure sufficient liquidity to fund unexpected plan withdrawals, CRA maintains an adequate amount of investments in extremely short-term assets. CRA continually analyzes expectations for future interest rate movements and changes in the shape of the yield curve to ensure the most prudent and effective short-term money management for its clients.

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

During the fiscal year, CRA assets under management declined slightly from approximately $1,375 million to $1,373 on June 30, 1999, a decrease of $2 million.

Risk Profile

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

Based on returns over the last five years, the Fund exhibited a higher degree of risk relative to the IBC

Index as evidenced by its relative volatility of 1.40. Its standard deviation of .14 suggests comparatively low overall volatility, while its beta of .83 indicates a high overall correlation to returns achieved by the Index. The R^2 of .53 indicates a moderate correlation to returns achieved by the Index. In the aggregate, CRA achieved a positive annual alpha, or return in excess of that predicted by returns of its benchmark of .44.

PORTFOLIO CHARACTERISTICS

The Fed conducted a string of three 25 basis point easings beginning September 29, 1998 and ending November 17, 1998 to avoid a global financial crisis. During this time period, CRA shortened its weighted average maturity from 60 days on June 30, to 46 days by September 30, opting for shorter maturity securities given an inverse yield curve. The Fund ended the calendar year with an average maturity of 60 days, slightly higher than the IBC benchmark of 57 days. As foreign economies recovered and liquidity returned to capital markets in the first quarter of 1999, CRA looked to extend with longer fixed-rate securities. A favorable backdrop for fixed income securities set the tone for aggressive posture of buying on market weakness and thereby extending the Fund's average maturity to 67 days at year-end June 30, 1999 as compared to the IBC benchmark of 58 days. The distribution of investments by maturity at June 30, 1999, as seen in Figure 1.4, was as follows: 0-30 days (67.4 percent); 31-90 days (16.5 percent); 91-180 days (2.9 percent); and 181+ days (13.2 percent).

The Fund's three largest security weightings at fiscal year-end included Commercial Paper (40.2 percent), Adjustable and Fixed Rate Asset-Backed Securities (26.8 percent), and Bank/ Corporate Notes (14.1 percent).

PERFORMANCE SUMMARY

As shown in Figure 1.9, for the one-year period ended June 30, 1999, CRA achieved its objective by earning a net annual total return of 5.46 percent, outperforming the IBC Index by 43 basis points, which returned 5.03 percent. The Fund's return also outperformed the Three-Month T-Bill return of 4.71 percent by 75 basis points.

Historically, CRA has performed exceptionally well. For the trailing three, five and ten- year periods, CRA's compounded annual total return was 5.67, 5.75 and 5.94 percent, respectively,

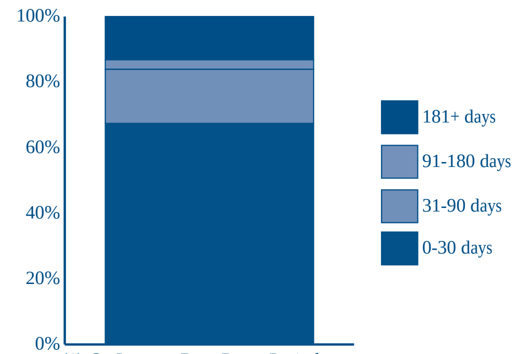
Figure 1.3

CASH RESERVE ACCOUNT
Quarterly Weighted Average Maturity

Quarter End	CRA	IBC Index
6/30/99	67 days	58 days
3/31/99	76 days	61 days
12/31/98	60 days	57 days
9/30/98	46 days	55 days
6/30/98	60 days	53 days

Figure 1.4

CASH RESERVE ACCOUNT
Security Maturity[1] Analysis at June 30, 1999



(1) Or Interest Rate Reset Period

Figure 1.5

CASH RESERVE ACCOUNT
Distribution by Yield[1] at June 30, 1999

4.50% to 5.25%	62.6%
5.26% to 5.75%	33.8%
5.76% to 6.00%	1.6%
6.01% and greater	2.0%
TOTAL	100.0%

(1) Represents yield to maturity.

Figure 1.6

CASH RESERVE ACCOUNT
Distribution by Security Type at June 30, 1999
Based on Investments in Securities, at Fair Value

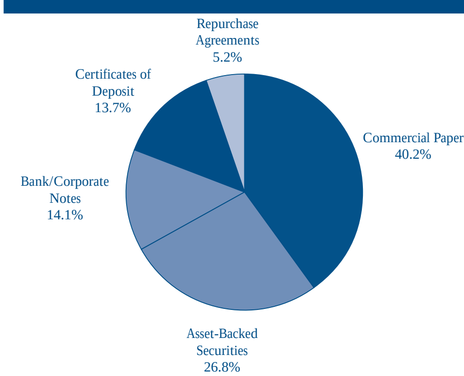


Figure 1.7

CASH RESERVE ACCOUNT
Comprehensive Profile

Fiscal Year	Yield (1)	Number of Issues	Average Maturity	Average Quality
1999	5.46%	102	67 days	A-1+/AA+
1998	5.86%	81	60 days	A-1+/AA+
1997	5.70%	53	71 days	A-1+/AA+
1996	5.90%	46	33 days	A-1+or AAA
1995	5.83%	48	22 days	TBW-1/ AAA

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

Figure 1.8

CASH RESERVE ACCOUNT
Quarterly Yield (1) Analysis

Quarter End	CRA	IBC Index
06/30/99	5.16%	4.78%
03/31/99	5.16%	4.78%
12/31/98	5.54%	5.03%
09/30/98	5.54%	5.41%
06/30/98	5.79%	5.28%

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

Figure 1.9

CASH RESERVE ACCOUNT
Periods Ending June 30, 1999

	1 Year	3 Years	5 Years	10 Years
Compounded Annual Total Return (%)				
CRA	5.46	5.67	5.75	5.94
IBC Index	5.03	5.26	5.31	5.24
CPI-All-Urban	1.96	1.98	2.35	2.96
Salomon 90-Day T-Bill	4.71	5.07	5.20	5.22
Salomon 90-Day CD	5.37	5.61	5.69	5.66
Cumulative Total Return (%)				
CRA	5.46	17.99	32.24	78.05
IBC Index	5.03	16.64	29.52	66.62
CPI-All-Urban	1.96	6.07	12.27	33.90
Salomon 90-Day T-Bill	4.71	15.99	28.82	66.29
Salomon 90-Day CD	5.37	17.79	31.90	73.44

net of all expenses. These returns exceeded those of the IBC Index and the rate of inflation for each of the three time periods.

CRA's cummulative total returns, a second indicator of performance, exceeded those of the IBC Index, CPI and the 90-Day T-Bill and CD rates for each respective time period. Viewed on a dollar-for-dollar basis, had one invested $10 million in CRA ten years ago, that investment would have been worth $17.8million at June 30, 1999, versus $16.7 million for an investment in the IBC Index and $13.4 million for an investment which grew at the rate of inflation.

Figure 1.10

CASH RESERVE ACCOUNT
Growth of $10 Million ($ in Millions)

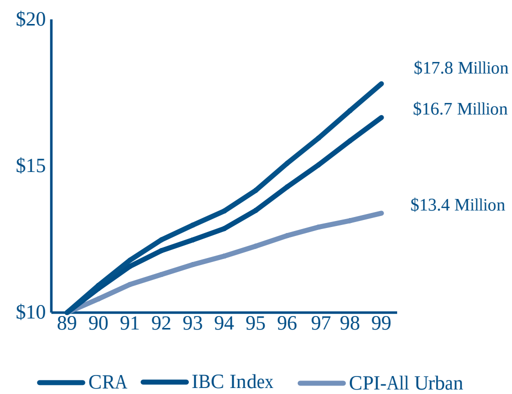
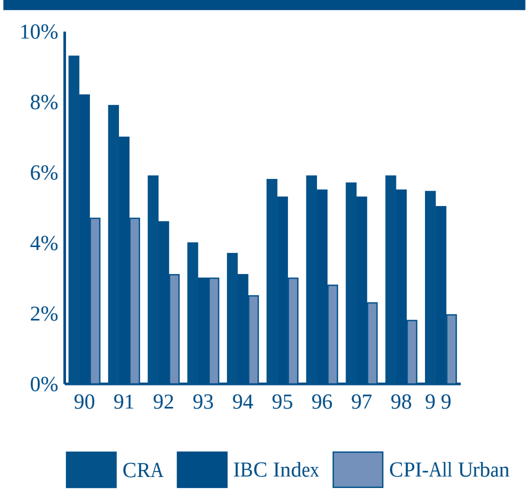


Figure 1.11

CASH RESERVE ACCOUNT
Annual Total Return



MUTUAL EQUITY FUND
Fund Facts at June 30, 1999

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

Date of Inception: 7/1/72

Total Net Assets: $9,124,101,728

Benchmark: Russell 3000 Index

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

Number of Advisors: 10 external

Management Fees: $22,244,938

Operating Expenses[(1)]: $806,831

Expense Ratio[(1)]: 0.27 percent

Turnover: 55.50 percent

(1) Excludes securities lending fees and rebates.

Figure 2.1

MUTUAL EQUITY FUND
Ownership Analysis at June 30, 1999 ($ in Millions)

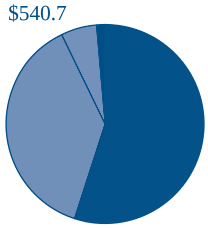


Figure 2.2

MUTUAL EQUITY FUND [(1)]
Risk Profile at June 30, 1999

Relative Volatility	0.99
Standard Deviation	13.75
R^2	0.99
Beta	0.99
Alpha	(.96)

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

DESCRIPTION OF THE FUND

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

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

At the close of the fiscal year, MEF consisted of 10 externally managed, equity portfolios structured to approximate the composition of the Russell Index. Five advisors were engaged to actively manage approximately 12.5 percent of the portfolio in small to mid-capitalization stocks. Two additional advisors were engaged to invest a total of 5.9 percent of the portfolio in small to mid-capitalization stocks using an enhanced indexing strategy. The balance of the portfolio, or approximately 81.5 percent, was invested by three advisors in large capitalization stocks of which 55.6 percent was invested using an enhanced indexing strategy and 25.9 percent was invested using a passive strategy. At fiscal year end, approximately $8.0 billion, or 87.4 percent, of the Fund's net assets were invested in indexed or enhanced index portfolios. (For a complete listing of MEF's investment advisors at June 30, 1999 ranked according to Fund assets under management, see the Supplemental Information Section of this report).

During fiscal year 1999, MEF grew from $7.7 billion to approximately $9.1 billion, an increase of approximately $1.4 billion. Of this total, approximately $1.5 billion was due to net investment income including realized and unrealized capital gains, while approximately $100 million was due to net cash outflows to participating pension plans and trusts.

Risk Profile

Based on returns over the last five years, the Fund has exhibited a similar degree of risk as that of its benchmark, the Russell 3000 Index. With a relative volatility of 0.99, 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. However, MEF's annual alpha during the period, or return relative to that achieved by the benchmark, was a negative 0.96.

Portfolio Characteristics

At fiscal year-end, MEF was 99.1 percent invested, primarily in domestic stocks, reflecting the Fund's policy that it be fully invested. Its largest industry weighting at June 30, 1999 was to the technology sector, followed by the financial and healthcare sectors.

MEF's ten largest holdings, aggregating to 18.7 percent of Fund investments, included a variety of blue chip companies. Microsoft Corporation, the Fund's largest holding, comprised 2.9 percent of the Fund's investments at June 30, 1999. (For a listing of the Fund's ten largest security holdings, see the Supplemental Information Section of this report.)

Figure 2.3

MUTUAL EQUITY FUND
Composition by Industrial Sector vs. Index (%)

	MEF		RUSSELL 3000	
	Percent of Investments[1] 6/30/98	Percent of Investments[1] 6/30/99	Percent of Net Assets 6/30/98	Percent of Net Assets 6/30/99
Technology	17.0	22.0	17.0	21.0
Financial	19.0	17.0	21.0	18.0
Health Care	12.0	11.0	11.0	11.0
Consumer Cyclical	9.0	9.0	9.0	9.0
Telecommunications	6.0	8.0	6.0	8.0
Consumer Non-Cyclical	10.0	7.0	9.0	7.0
Energy	6.0	5.0	5.0	5.0
Basic Materials	5.0	5.0	5.0	4.0
Consumer Services	6.0	5.0	6.0	6.0
Commercial Services	3.0	4.0	4.0	4.0
Industrials	3.0	3.0	3.0	3.0
Utility	3.0	3.0	3.0	3.0
Transportation	1.0	1.0	1.0	1.0
TOTAL	100.0	100.0	100.0	100.0

(1) Based on Investments in Securities at Fair Value less monies invested in the Cash Reserve Fund.

Figure 2.4

MUTUAL EQUITY FUND
Periods Ending June 30, 1999

	1 Year	3 Years	5 Years	10 Years
Compounded Annual Total Return (%)				
MEF	19.38	26.08	25.08	16.91
Russell 3000	20.10	26.41	26.03	17.93
Cumulative Total Return (%)				
MEF	19.38	100.44	206.18	377.19
Russell 3000	20.10	101.98	218.05	420.49

Figure 2.5

MUTUAL EQUITY FUND
Growth of $10 Million ($ in Millions)

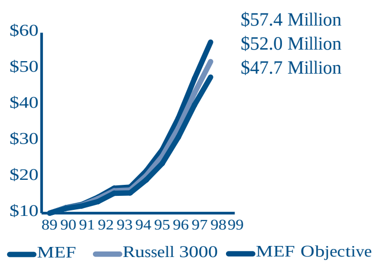
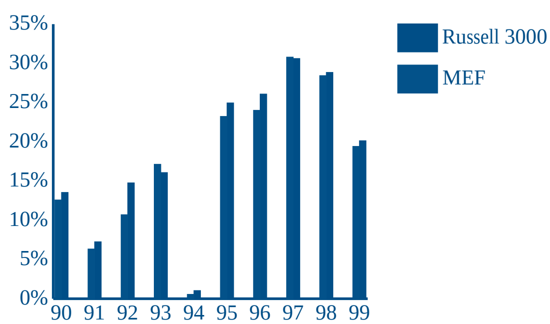


Figure 2.6

MUTUAL EQUITY FUND
Annual Total Return



Performance Summary

For the one-year period ended June 30, 1999, the Mutual Equity Fund reported a net annual total return of 19.38 percent. The Fund underperformed its benchmark, the Russell 3000 Index, which returned 20.10 percent, by 0.72 percentage points, or 72 basis points.

The year's below-benchmark return was driven in part by the Fund's small cap bias relative to the benchmark, as well as by a slight value bias.

While volatility in investment returns is expected in the short-term, the Fund's long-term performance is most important. As Figure 2.4 demonstrates, MEF has generated compounded annual total returns, net of all expenses, of 26.08, 25.08, and 16.91 percentage points over the last three, five, and ten-year periods respectively. While impressive on an absolute basis, these returns lagged those of the Russell 3000.

As an additional perspective on long-term performance, Figure 2.4 shows MEF's cumulative total returns. MEF underperformed both its benchmark and objective during each of these time periods and lagged the Index's ten-year cumulative returns by 43.30 percentage points. Viewed differently, had one invested $10 million in MEF ten years ago, that investment would have been worth $47.7 million at June 30, 1999, versus $52.0 million for an investment in the Russell 3000 Index.

Figure 2.7

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

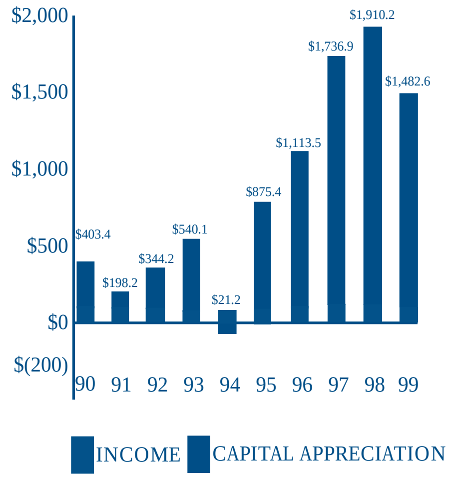


Figure 2.8

MUTUAL EQUITY FUND
Comprehensive Profile for Fiscal Years Ending June 30,

	1999		1998		1997		1996		1995	
	MEF	Russell 3000	MEF	Russell 3000	MEF	Russell 3000	MEF	Russell 3000	MEF	Russell 3000
Number of Issues	2,370	3,000	1,568	3,000	2,397	3,000	1,498	3,000	1,577	3,000
Capitalization ($ in Billions)	$85.4	$86.6	$54.0	$56.0	$37.4	$39.5	$25.4	$26.7	$15.0	$19.9
Price/Earnings Ratio	31.4x	32.9x	28.3x	26.9x	23.2x	22.3x	20.2x	18.4x	22.1x	16.9x
Dividend Yield	1.20%	1.20%	1.30%	1.30%	1.50%	1.60%	1.89%	2.00%	2.15%	2.38%
Return on Equity	20.2%	20.4%	20.2%	20.6%	19.4%	20.0%	20.2%	18.7%	17.6%	20.6%
Price/Book Ratio	7.5x	7.8x	7.6x	7.9x	5.9x	5.9x	5.00x	3.03x	2.57x	2.68x
Cash & Equivalents	0.9%	0.0%	1.1%	0.0%	1.4%	0.0%	2.16%	0.0%	2.1%	0.0%

INTERNATIONAL STOCK FUND
Fund Facts at June 30, 1999

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

Date of Inception: 1/1/88

Total Net Assets: $2,469,277,979

Benchmark: Morgan Stanley Europe Australia Far East Index (EAFE)

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

Number of Advisors: 6 external

Management Fees: $5,074,707

Operating Expenses[(1)]: $765,695

Expense Ratio[(1)]: 0.24 percent

Turnover: 147.72 percent

(1) Excludes securities lending fees and rebates.

DESCRIPTION OF THE FUND

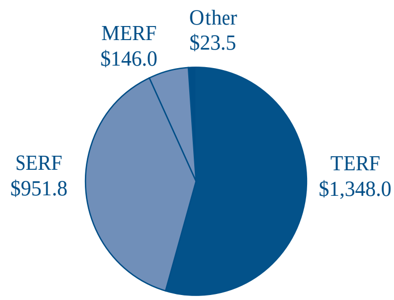
The International Stock Fund (ISF) is an externally managed fund investing in foreign equity securities. It serves as an investment tool for the pension and trust funds with the goal of participating in the growth of international economies. ISF is also used to reduce short-term volatility in Fund returns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

ISF had six external advisors at fiscal year end selected on the basis of expected future performance and investment style; one advisor managed both an emerging market and a core portfolio. Based on the Fund's holdings as of June 30, 1999, approximately 52.4 percent of the portfolio was actively managed by three advisors in countries comprising the Fund's benchmark, 16.4 percent was actively managed by two advisors within the emerging markets, and 23.9 percent was allocated to one advisor for passive management against the European portion of the Morgan Stanley Capital International Europe, Australia, Far East Index (EAFE). One advisor, which actively managed funds in Japan, was given a new mandate to closely match the country allocations of the EAFE Index after December 31, 1998, and as of June 30, 1999 comprised 7.0 percent of Fund assets. (For a complete listing of ISF's investment advisors at June 30, 1999 ranked according to Fund assets under management, see the Supplemental Information Section of this report).

Established in 1988, ISF's performance objective is an annual total return, net of management fees and Division operating expenses, which exceeds that of the EAFE, a measure of the returns of developed, non-U.S. stock markets, by 100 basis points, or one percentage point.

Figure 3.1

INTERNATIONAL STOCK FUND
Ownership Analysis at June 30, 1999 ($ in Millions)



During fiscal 1999, ISF increased slightly in net assets from $2.4 billion to approximately $2.5 billion. During the year, activity included $152.1 million which was due to income earned including realized and unrealized net capital gains while $120.9 million was due to net cash outflows to participating pension plans and trusts.

RISK PROFILE

Given ISF's investment policy 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 risk. Effective February 1, 1998, the developed market managers were given 100 percent hedged benchmarks. Effective February 1, 1998, the benchmark for the core managers was changed to a 100 percent hedged benchmark from an unhedged benchmark. This was the result of an analysis, which determined that although the historical long term effects of currency returns sum to zero, the short term effects could be dramatic given the market volatility. It was decided that the most efficient and cost effective method of mitigating this short term volatility was to change the benchmark to a completely hedged one.

Based on returns over the last five years, the Fund's risk profile is similar to that of the EAFE index. With a relative volatility of 1.02, the Fund's returns are slightly more volatile than those of its benchmark, while its high R^2 of 0.85 demonstrates relatively strong overall correlation. In the aggregate, ISF's annual alpha over the five-year period, or return in excess of that predicted by the benchmark, was negative 0.58.

Figure 3.2

INTERNATIONAL STOCK FUND [1]
Risk Profile at June 30, 1999

Relative Volatility	1.02
Standard Deviation	14.10
R^2	0.85
Beta	0.94
Alpha	-0.58

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

PORTFOLIO COMPOSITION

At fiscal year-end, ISF was 97.3 percent invested in international securities. At fiscal year-end, Japanese equity securities continued to comprise the largest percentage of Fund assets, at 15.8 percent of investment in securities, followed by the United Kingdom and German securities, comprising 12.9 and 10.5 percent of investments, respectively. The Fund's allocation to "other" non-EAFE countries, including the emerging markets, stood at 20.9 percent of investment in securities at the end of the fiscal year. These geographic concentrations differed from those comprising the EAFE index, reflecting the Fund's allocation to active management strategies.

ISF's ten largest holdings included a variety of companies located throughout Europe and the Far East. The Fund's largest investment, comprising approximately 1.0 percent of investment securities, was Telefonica SA EUR of Spain. In

Figure 3.3

INTERNATIONAL STOCK FUND
Comprehensive Profile at June 30, 1999

	ISF	EAFE
Number of Issues	2,556	1,007
European Allocation (%)	57.6	69.4
Pacific Allocation (%)	21.5	30.6
Other [1] (%)	20.9	0.0
Annual Total Return (%)	6.8	7.6

(1) Includes Investment in Securities at fair value for all countries not represented in the EAFE index.

Figure 3.4

INTERNATIONAL STOCK FUND
Periods Ending June 30, 1999

	1 Year	3 Years	5 Years	10 Years
Compounded Annual Total Return (%)				
ISF	6.77	7.83	7.62	7.66
EAFE	7.62	8.81	8.21	6.60
Cumulative Total Return (%)				
ISF	6.77	25.39	44.36	109.08
EAFE	7.62	28.80	48.31	89.40

Figure 3.5

INTERNATIONAL STOCK FUND
Growth of $10 Million ($ in Millions)

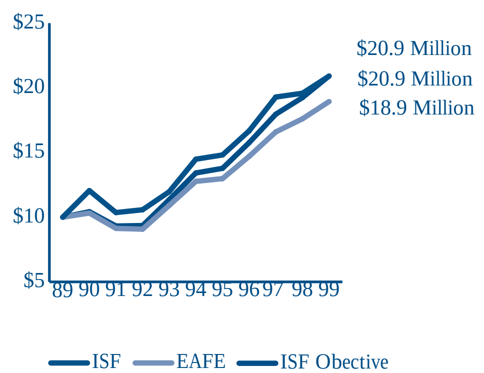
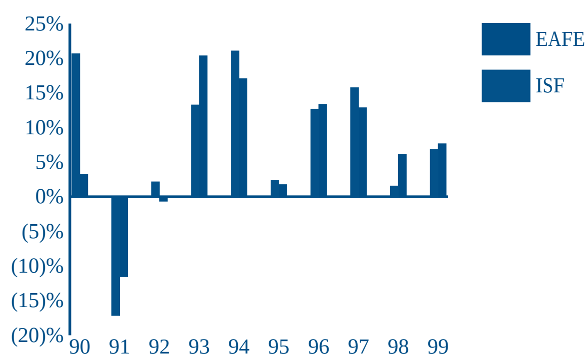


Figure 3.6

INTERNATIONAL STOCK FUND
Annual Total Return
Fiscal Years Ended June 30, 1999



the aggregate, these ten holdings accounted for 7.9 percent of the Fund's investments at June 30, 1999. (For a listing of the Fund's ten largest security holdings at June 30, 1999 see the Supplemental Information Section of this report).

PERFORMANCE SUMMARY

For the one-year period ended June 30, 1999, the International Stock Fund reported a net annual total return of 6.77 percent. The Fund underperformed its benchmark, the EAFE index, which returned 7.62 percent, by 0.85 percentage points. The principal reason for the Fund's below-benchmark performance was the relative weakness of several of the program's core active managers. The Fund's exposure to the emerging markets, which gained 29.7 percent during the course of the fiscal year as measured by the IFC Composite, mitigated the negative performance of active managers over the fiscal year. (See Figure 3.7) In fact, one of the Fund's active emerging markets managers outperformed this benchmark by 11.6 percent this fiscal year.

While the ISF shows underperformance for most time periods, long-term performance is strong. As shown in Figure 3.4, for the trailing ten-year period, ISF's compounded annual total return exceeded that of the EAFE index by 106 basis points, reflecting effective long-term stock and country selection. The three and five-year results lagged those of the index due primarily to the Fund's underperformance in 1998.

As an additional perspective on long-term performance, ISF's cumulative total return over the three, five and ten-year periods was 25.4 percent, 44.4 percent, and 109.1 percent, outperforming the returns of the EAFE index for the ten-year period. Viewed graphically, had one invested $10 million in ISF ten years ago, that investment would have been worth $20.9 million at June 30, 1999, versus $18.9 million for an investment in the EAFE index.

Figure 3.7

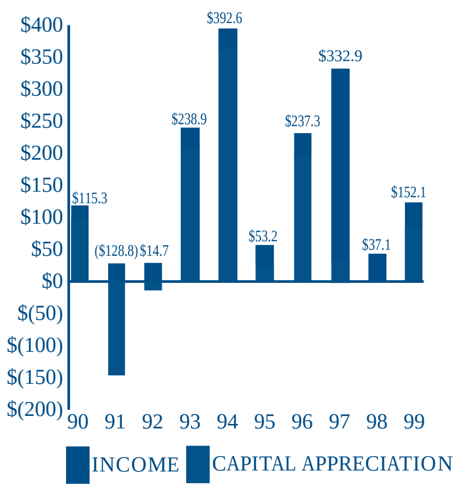
INTERNATIONAL STOCK FUND
Diversification by Benchmark Country with Return (%) at June 30, 1999

	ISF			EAFE		
	Percent of Investments[1] 6/30/98	Percent of Investments[1] 6/30/99	Total Return 6/30/99	Percent of Net Assets 6/30/98	Percent of Net Assets 6/30/99	Total Return 6/30/99
Japan	14.0	15.8	(3.4)	20.6	24.0	30.1
United Kingdom	11.8	12.9	(0.1)	22.3	22.1	4.3
Germany	13.2	10.5	13.8	11.4	9.8	(9.1)
France	10.8	9.2	(3.7)	9.6	9.7	3.2
Italy	8.1	6.5	(1.6)	4.6	4.4	(0.8)
Switzerland	3.6	3.7	(6.4)	7.9	6.8	(10.8)
Netherlands	4.4	3.4	(13.5)	5.8	5.7	(6.5)
Spain	4.9	3.3	(7.8)	3.3	3.0	(2.5)
Hong Kong	1.0	2.4	51.4	1.7	2.5	71.9
Sweden	3.0	1.8	(3.4)	3.2	2.3	5.4
Australia	1.3	1.7	24.6	2.5	2.9	19.5
Finland	2.1	1.6	2.2	1.0	1.9	71.9
Belgium	1.7	1.2	(10.7)	1.8	1.3	(6.0)
Singapore	0.2	1.1	67.6	0.5	1.0	102.7
Denmark	0.8	0.9	(9.1)	1.0	0.8	(10.1)
Ireland	1.2	0.8	(19.1)	0.5	0.4	(5.8)
Norway	1.1	0.8	(12.0)	0.6	0.4	(19.7)
Malaysia	0.5	0.7	26.0	0.5	0.0	73.5
Austria	0.8	0.5	(26.4)	0.4	0.3	(23.0)
New Zealand	0.3	0.5	1.7	0.2	0.2	4.9
Portugal	0.1	0.5	(20.8)	0.6	0.5	(19.4)
Other[2]	15.1	20.2				
TOTAL	100.0	100.0		100.0	100.0	

(1) Includes cash and cash equivalents at each country level.
(2) Includes Cash Reserve Fund and Investments in Securities at fair value for all countries not represented in the EAFE index.

Figure 3.8

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



REAL ESTATE FUND
Fund Facts at June 30, 1999

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

Date of Inception: 7/1/82

Total Net Assets: $428,377,633

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

Performance Objective: An annual total return which is one percentage point greater than that of NCREIF Property - 1 quarter lag.

Number of Advisors: 10 external

Management Fees[(1)]: $1,647,593

Operating Expenses: $115,555

Expense Ratio: 0.42 percent

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

Figure 4.1

REAL ESTATE FUND
Ownership Analysis at June 30, 1999 ($ in Millions)

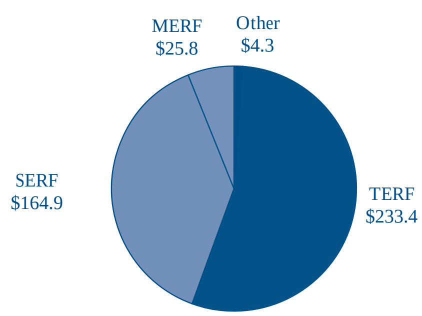


Figure 4.2

REAL ESTATE FUND [(1)]
Risk Profile at June 30, 1999

Relative Volatility	1.64
Standard Deviation	7.86
R^2	0.04
Beta	(0.35)
Alpha	(2.61)

(1) Based upon returns over last five years.

DESCRIPTION OF THE FUND

The Real Estate Fund (REF) is an externally managed fund investing in real estate properties and mortgages. It serves as a long-term investment tool for the pension funds and is designed to provide long-term rates of return similar to Connecticut's equity fund and to dampen volatility of overall returns through diversification. Over the short-term, REF is expected to provide a real rate of return over the rate of inflation under most economic conditions. In periods of rising inflation, REF is expected to add substantially to the performance of the pension funds.

REF's performance objective is an annual total return, net of management fees and Division operating expenses, which exceeds that of the National Council of Real Estate Investment Fiduciaries (NCREIF) index by 100 basis points, or one percentage point, per annum.

During fiscal year 1999, the value of REF's portfolio increased to $428.4 million from $416.8 million, an increase of $11.6 million. Of this total, approximately $40.2 million was due to net investment income including realized and unrealized capital gains, while $28.5 million was due to net cash outflows to participating pension plans and trusts.

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 in Figure 4.2, based on returns over the last five years, the Fund has exhibited substantially more volatility than its benchmark. The Fund's statistics are consistent with its extraordinarily low R^2 of 0.04, which signifies almost no correlation between Fund returns and those of the benchmark, and its beta of negative 0.35, which indicates less price sensitivity to overall fluctuations in the benchmark. In the aggregate, the Fund's annual alpha, or return relative to that achieved by the benchmark, was a negative 2.61 over the five-year time period.

PORTFOLIO ACTIVITY

The Division continues to implement an investment strategy which focuses on investing in or with strong real estate operators who offer significant co-investment with aligned interests. In addition, staff has overseen the successful disposition of many of the assets in the portfolio as REF continues to transition out of single-asset real estate investing.

During the fiscal year, the REF actively pursued new real estate investment opportunities. A major focus of the strategy is on opportunistic investing with private operators and owners through opportunity funds. During the year, REF funded $158.1 million associated with five commitments to such funds. These funds have existing commitments totaling $365.0 million leaving an unfunded balance of $206.9 million

During the last fiscal year, the Fund achieved asset reductions through the sales of several separate account real estate investments. Seven such positions were sold for net sales proceeds of approximately $119 million. REF continues to position the remaining single-asset investments for sale. The focus during this process is on maximizing returns.

The portfolio has benefited from both healthy real estate fundamentals and a consistently high level of investor interest. Significant market value increases were recognized on many of the single-asset investments prior to their disposition. Such investments included NCNB Plaza, River Bridge Center and

Figure 4.3

REAL ESTATE FUND[1]
Investment Analysis

At	No. of REF Investments	REF Book Value	REF Fair Value
6/30/99	14	$ 395,221,763	$ 380,769,286
6/30/98	20	407,989,991	379,124,673
6/30/97	24	540,133,490	475,213,538
6/30/96	41	1,111,459,897	924,414,185
6/30/95	51	1,185,277,530	1,055,418,296

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

Figure 4.4

REAL ESTATE FUND
Distribution by Investment Type at June 30, 1999
Based on Investments in Securities, at Fair Value

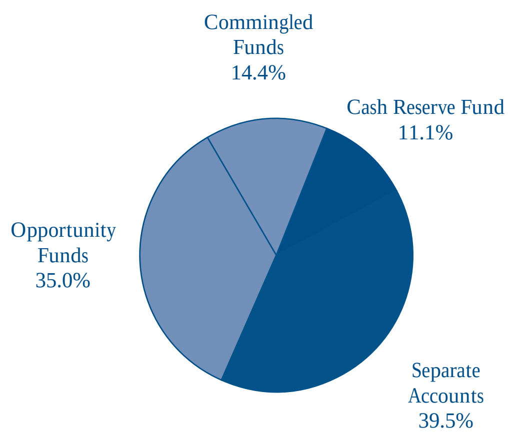


Figure 4.5

REAL ESTATE FUND
Distribution by Investment Vehicle at June 30, 1999
Based on Investments in Securities, at Fair Value

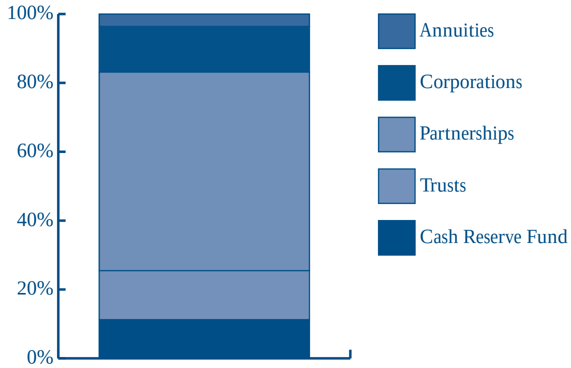


Figure 4.6

REAL ESTATE FUND
Diversification by Geographic Location at June 30, 1999
Based on Investments in Securities, at Fair Value

	REF	NCREIF	Variance
Northeast	26.7%	14.7%	12.0%
Mideast	11.7%	13.9%	(2.2)%
East North Central	6.6%	12.5%	(5.9)%
West North Central	0.6%	4.2%	(3.6)%
Southeast	20.4%	12.4%	8.0%
Southwest	1.7%	9.7%	(8.0)%
Pacific	6.6%	24.7%	(18.1)%
Mountain	0.9%	7.9%	(7.0)%
Other Assets (1)	13.7%	0.0%	13.7%
Cash (2)	11.1%	0.0%	11.1%
TOTAL	100.0%	100.0%	

(1) Includes properties held in a commingled fund and other properties located in various U.S. and non-U.S. geographic locations.

(2) Cash Reserve Fund.

Bayside. NCNB Plaza benefited from an office sector market that continued to experience modest increases in property values due to rising rental rates. A combination of strong tenant mix, location and market fundamentals contributed to the favorable performance at River Bridge Centre. Bayside benefited from the borrower's decision to exercise its right to prepay the participating senior mortgage loan in which the Trust held a 27.4% co-participation interest.

From a real estate perspective, property market conditions parallel the favorable conditions in the overall economy. Fundamentals remain healthy, with moderate new construction and solid demand growth across most markets. Risk relative to the overall health of the property markets lies more on the demand side than on the supply side.

PORTFOLIO CHARACTERISTICS

Real estate investment is a complex and intensive asset management process. REF's investments are restricted by policy to the purchase of shares in group annuities, limited partnerships, group trusts, corporations, and other entities managed by professional commercial real estate investment firms. At June 30, 1999, the portfolio consisted of 14 externally managed portfolios, with 39.5 percent invested in real estate separate accounts, 14.4 percent of the Fund's net assets invested in commingled funds, 35.0 percent invested in opportunity funds and 11.1 percent invested in cash and other net assets.

As currently structured, office properties constitute the single largest component of REF's portfolio, at 28.8 percent, followed by retail investments at 14.4 percent, industrial investments at 13.6 percent, and apartment investments at 6.1 percent. The "other" category, which includes hotel, mixed-use, land, timberland and storage facilities, totaled 37.1 percent of net assets at fiscal year-end, a much higher percentage than these sectors represent in the NCREIF benchmark. The portfolio is reasonably well diversified geographically with 26.7 percent of its assets invested in the Northeast, 20.4 percent in the Southeast, 11.7 percent in the Mideast, 6.6 percent in the East North Central, and 6.6 percent in the Pacific. The remaining 16.9 percent, which excludes cash, is distributed nationally across the U.S. and international locations.

PERFORMANCE SUMMARY

For the one-year period ended June 30, 1999, REF generated a net total return of 9.96 percent. This return fell short of the NCREIF index by 436 basis points which returned 14.32 percent. This underperformance is primarily attributable to the "J curve" effect of the 5 opportunity funds. Such funds were recently invested in and are at a point where investment returns are not yet evident, but upon which fees and other investment expenses are being paid.

For the trailing three-, five-, and ten-year periods, REF's compounded annual total return was 15.21 percent, 8.43 percent, and 1.51 percent, respectively, net of all expenses. For the three-year period, the REF return exceeded NCREIF by 176 basis points. For the other periods, the REF returns significantly underperformed the returns generated by the benchmark for each of the equivalent time periods. Principal reasons include adverse asset selection and weakness in various segments of the domestic real estate market throughout much of this decade. Moreover, excessive management fees and operating expenses, as well as the Fund's significant writedowns to lower market values, have contributed to the Fund's below-benchmark performance.

Figure 4.7

REAL ESTATE FUND
Diversification by Property Type vs. Index at June 30, 1999
Based on Investments in Securities, at Fair Value

	REF	NCREIF	Variance
Apartment	6.1%	16.4%	(10.3)%
Industrial	13.6%	16.0%	(2.4)%
Office	28.8%	42.2%	(13.4)%
Retail	14.4%	24.1%	(9.7)%
Other [1]	37.1%	1.3%	35.8%
TOTAL	100.0%	100.0%	

(1) Other for REF includes hotel, mixed use, land, timberland, public storage and the Cash Reserve Fund.

Figure 4.8

REAL ESTATE FUND
Periods Ending June 30, 1999

	1 Year	3 Years	5 Years	10 Years
Compounded Annual Total Return (%)				
REF	9.96	15.21	8.43	1.51
NCREIF	14.32	13.45	11.05	5.44
Cumulative Total Return (%)				
REF	9.96	52.96	49.94	16.13
NCREIF	14.32	46.03	68.86	69.86

Figure 4.9

REAL ESTATE FUND
Growth of $10 Million ($ in Millions)

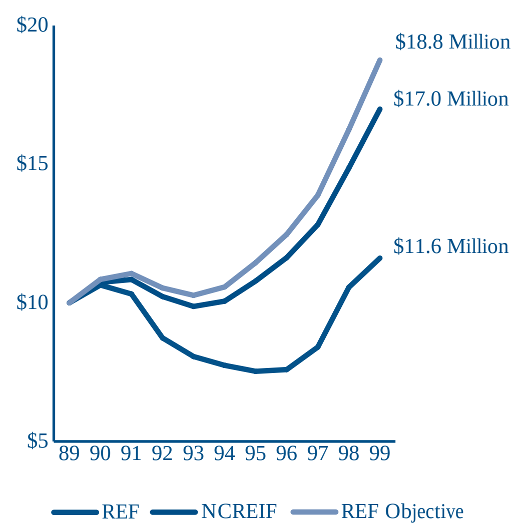
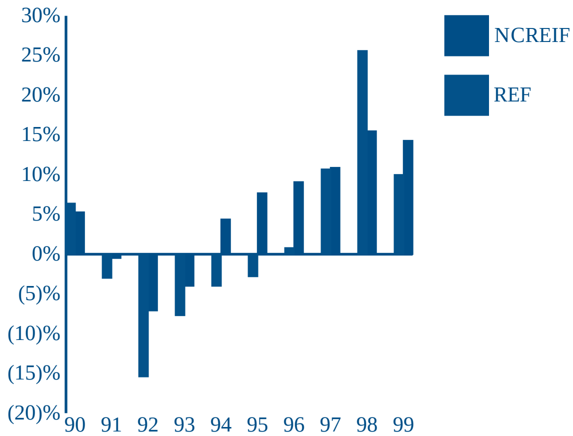


Figure 4.10

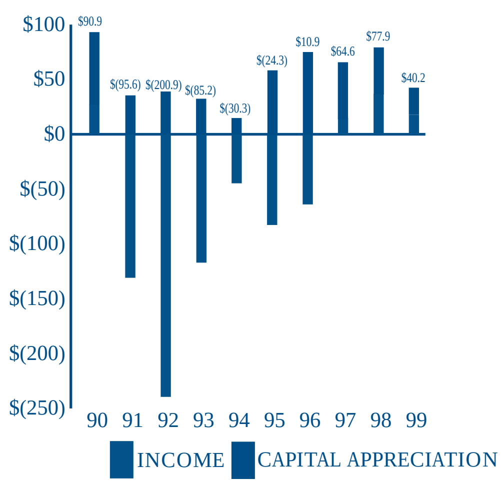
REAL ESTATE FUND
Annual Total Return



As an additional perspective on long-term performance, figure 4.8 shows REF's cumulative total returns. REF's cumulative total return underperformed both its benchmark and objective during the five and ten-year horizons and lagged the Index's cumulative returns by 18.92 and 53.73 percentage points, respectively. Viewed differently, had one invested $10 million in REF ten years ago, that investment would have been worth $11.6 million at June 30, 1999, versus $17.0 million for an investment in the benchmark.

Figure 4.11

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



MUTUAL FIXED INCOME FUND

Investment Results Review
Fiscal Year Ended June 30, 1999

DESCRIPTION OF THE FUND

The Mutual Fixed Income Fund (MFIF) 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 total Fund returns under various economic scenarios. Fixed income securities represent fixed, variable, and zero coupon bonds issued by the Federal and state governments, foreign governments, domestic and international corporations, and municipalities. During periods of low inflation, fixed income investments may enhance the overall performance of the pension and trust funds, while in times of moderate inflation and high nominal interest rates, these investments may contribute satisfactory investment returns.

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

At June 30, 1999, investments in the Fund were managed by 11 advisors. The Fund's investments were allocated to seven advisors investing 73.4 percent of the portfolio in core/core-plus strategies, one advisor with 4.4 percent in a convertible bond mandate, and four advisors actively investing 17.8 percent of the portfolio in domestic high yield products. A few managers were allowed to expand their investment opportunity set to include below investment grade bonds and/or international bonds, these mandates have been classified as core-plus strategies. The Fund's two emerging debt managers were terminated near the end of the fiscal year, although their holdings had not been liquidated as of June 30, 1999, and still

MUTUAL FIXED INCOME FUND
Fund Facts at June 30, 1999

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

Date of Inception: 7/1/72

Total Net Assets: $6,169,511,470

Benchmark: Lehman Brothers Aggregate Bond Index (LABI)

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

Number of Advisors: 11 external

Management Fees(1): $10,100,483

Operating Expenses(2): $634,089

Expense Ratio(2): 0.17 percent

Turnover: 305.60 percent

(1) See Note 1 to the Financial Statements for a discussion of similar fees incurred at the investment level.
(2) Excludes securities lending fees and rebates.

Figure 5.1

MUTUAL FIXED INCOME FUND
Ownership Analysis at June 30,1999 ($ in Millions)

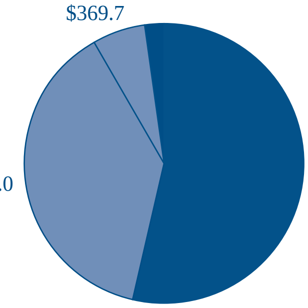


Figure 5.2

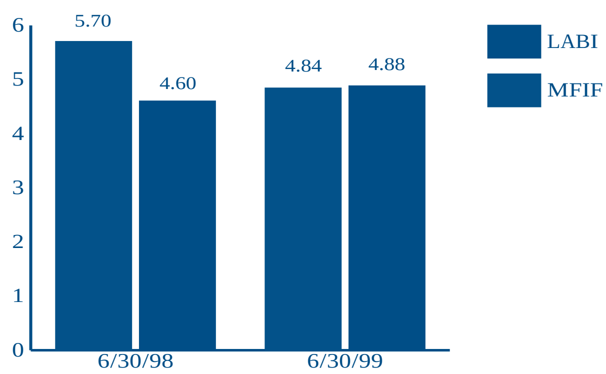
MUTUAL FIXED INCOME FUND
Risk Profile at June 30, 1999

Relative Volatility	1.03
Standard Deviation	3.98
R^2	0.67
Beta	0.85
Alpha	0.66

(1) Based upon returns over last five years.

Figure 5.3

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



(1) Computed without the effect of the Cash Reserve Fund.

Figure 5.4

MUTUAL FIXED INCOME FUND
Distribution by Sector at June 30, 1999
Based on Investments in Securities, at Fair Value

	MFIF	LABI	Variance
Treasury	14.4%	37.7%	(23.3)%
Agency	24.1%	7.6%	16.5%
Corporate	31.1%	18.6%	12.5%
Mortgage-Backed	7.0%	34.9%	(27.9)%
Asset Backed	1.4%	1.2%	0.2%
Other [1]	22.0%	0.0%	22.0%
TOTAL	100.0%	100.0%	

(1) Other category includes non fixed-income securities such as common and preferred stock, mutual funds, REITs, convertible securities, cash equivalents and the Cash Reserve Fund.

Figure 5.5

MUTUAL FIXED INCOME FUND
Distribution by Quality Rating at June 30, 1999
Based on Investments in Securities, at Fair Value

Aaa	40.3%
Aa	2.7%
A	6.3%
Baa	8.1%
Less than Baa	13.4%
Not Rated [1]	16.1%
Cash [2]	13.1%
TOTAL	100.0%

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

accounted for 3.0 percent of the portfolio at the end of the fiscal year. One advisor continues to manage both a convertible and high yield portfolio. (For a complete listing of MFIF's investment advisors at June 30, 1999 ranked according to Fund assets under management, see the Supplemental Information Section of this report).

MFIF's objective is an annual return, net of management fees and Division operating expenses, which is 50 basis points, or 0.5 percentage points, per annum in excess of that achieved by the Lehman Brothers Aggregate Bond Index (LABI). The performance of the LABI is widely considered to be a surrogate for the performance of the U.S. bond market.

During the fiscal year, MFIF declined from $6.3 billion to $6.2 billion. Of this total, approximately $426 million resulted from net investment income, $266 million resulted from net realized and unrealized losses, and $293 million was due to net cash outflows to participating pension plans and trusts.

RISK PROFILE

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

In fixed income investing, returns are extremely sensitive to changes in market interest rates. As such, the longer the time to maturity of a fixed income investment and the resultant increase in time during which interest rates may change, the greater the level of risk assumed. To measure the degree of MFIF's price sensitivity to changes in market interest rates, the Division monitors the Fund's duration, or the weighted average time period over which cash flows are received by the investor. At June 30, 1999, the Fund's duration was 4.84 years versus 4.88 years for the LABI. While often viewed as an indicator of risk, duration can, if managed effectively, contribute significantly to total Fund returns.

Based on returns over the last five years, the Fund's risk profile indicates that it is slightly more risky than the LABI. With a relative volatility of 1.03, its returns are slightly more volatile than those achieved by the Index, while its R^2 of 0.67 suggests a somewhat moderate correlation to returns achieved by the Index. In aggregate, the MFIF's annual alpha during the period, or return in excess of that predicted by returns in its benchmark, was .66.

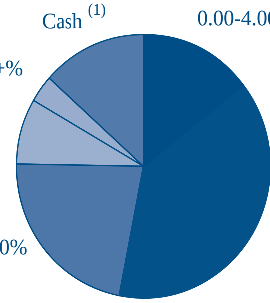
PORTFOLIO CHARACTERISTICS

MFIF continues to be well diversified across the spectrum of available fixed income securities. The Fund maintained a strong concentration in Corporate and Agency securities, which comprised approximately 31.1 percent and 24.1 percent, respectively, of the Fund's investment securities at fiscal year-end. Government Securities were underweighted at 38.5 percent of the Fund compared to 45.3 percent for the benchmark. Sector concentrations differed from those comprising the LABI, reflecting the collective allocations of the Fund's active investment advisors. The Fund's average quality rating was A-1, as judged by Moody's Investor Service, supported by its 45.5 percent concentration in mortgage-backed, U.S. Treasury and Agency securities. Relative to the Index, MFIF held a greater degree of below investment grade securities including emerging market debt.

At fiscal year end, 86.9 percent of the investments in securities were invested in fixed income securities. Cash and equivalents were at higher than average levels due to the liquidation of the Fund's emerging market debt managers.

Figure 5.6

MUTUAL FIXED INCOME FUND
Distribution by Coupon at June 30, 1999
Based on Investments in Securities, at Fair Value



(1) Represents monies invested in the Cash Reserve Fund.

Figure 5.7

MUTUAL FIXED INCOME FUND
Macaulay Duration Distribution at June 30, 1999
Based on Investments in Securities, at Fair Value

	MFIF
0-3 years	9.6%
3-5 years	11.5%
5-7 years	10.8%
7-10 years	25.5%
10+ years	22.1%
Unknown (1)	7.4%
Cash (2)	13.1%
TOTAL	100.0%

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

Figure 5.8

MUTUAL FIXED INCOME FUND
Periods Ending June 30, 1999

	1 Year	3 Years	5 Years	10 Years
Compounded Annual Total Return (%)				
MFIF	2.64	7.86	8.48	9.05
Lehman Aggregate	3.13	7.23	7.82	8.15
Cumulative Total Return (%)				
MFIF	2.64	25.47	50.25	137.68
Lehman Aggregate	3.13	23.30	45.73	118.91

Figure 5.9

MUTUAL FIXED INCOME FUND
Growth of $10 Million ($ in Millions)

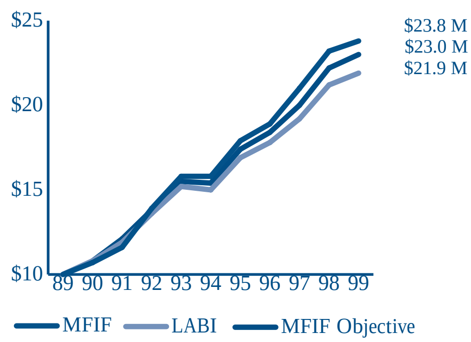


Figure 5.10

MUTUAL FIXED INCOME FUND
Annual Total Return

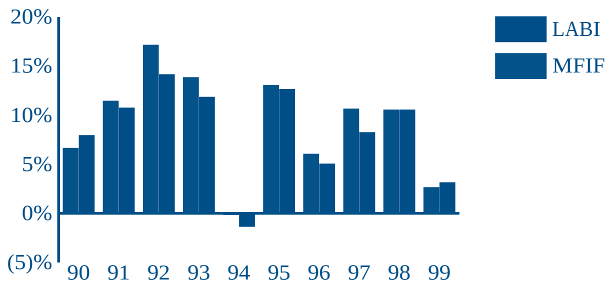
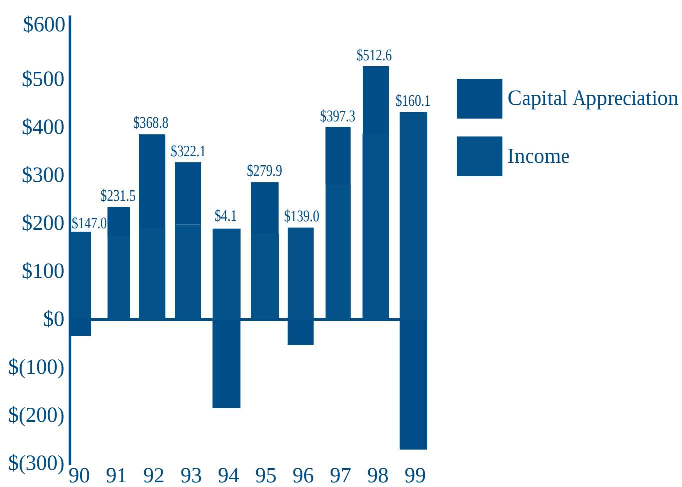


Figure 5.11

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



PERFORMANCE SUMMARY

For the one-year period ended June 30, 1999, the Mutual Fixed Income Fund reported a net annual total return of 2.6 percent. The Fund fell slightly behind the Lehman Aggregate Bond Index, which earned 3.1 percent.

Principal reasons for MFIF's slightly lower returns compared to the benchmark included its allocation to specialty managers in the high yield sector, which lagged the LABI during the course of the year. The Salomon Brothers High Yield Market Index returned 0.3 percent, while the LABI returned 3.1%. Duration had a minimal effect on performance as the MFIF had a neutral to slightly higher duration relative to the benchmark over the fiscal year. Underperformance for the fiscal year can be attributed to the Fund's particularly weak performance in the third calendar quarter of 1998 when the global crisis instigated a flight to quality debt instruments. The Fund's consistent underweighting of Treasuries weakened performance relative to the LABI in that particular quarter, as Treasuries was the strongest performing sector. Simultaneously, an allocation to high yield and emerging market debt instruments had a negative effect on relative performance as these sectors plummeted.

For the trailing three, five and ten-year periods, MFIF's compounded annual total return was 7.9 percent, 8.5 percent and 9.1 percent, respectively, net of all expenses. These returns exceeded those of the Fund's benchmark by between 63 and 90 basis points, per annum, for all three periods. Principal reasons for this long-term success included effective management of the Fund's duration in response to changing market interest rates and strong security analysis which enabled advisors to identify undervalued credits offering comparatively higher yields.

As an additional perspective on long-term performance, Figure 5.8 shows MFIF's above-benchmark cumulative total returns over the three, five, and ten-year periods. Viewed graphically, these returns demonstrate that had one invested $10 million in MFIF ten years ago, that investment would have been worth $23.8 million at June 30, 1999, versus $21.9 million for an investment in the LABI.

Figure 5.12

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

	1999		1998		1997		1996			1995	
	MFIF	LABI	MFIF	LABI	MFIF	LABI	MFIF	LABI	SBIG[3]	MFIF	SBIG[3]
Number of Issues	2,689	5,381	2,086	6,860	1,631	6,055	1,365	5,492	5,277	815	4,630
Average Coupon	6.60%	6.90%	7.00%	7.20%	7.18%	7.34%	7.20%	7.23%	7.23%	7.40%	7.44%
Yield to Maturity	7.60%	6.50%	6.80%	6.10%	7.50%	6.87%	7.80%	NA	7.15%	7.85%	6.69%
Average Maturity	10.30	8.90	9.70	7.90	8.40	8.09	8.60	8.76	8.53	16.99	8.50
Modified Duration[2]	6.20	5.10	5.70	4.60	5.06	4.62	5.30	4.76	4.84	7.12	5.12
Average Quality	A1	AAA	A1	AAA	A1	AA1	AA1	AAA	AAA	AA2	AAA
Cash [1]	13.1%	0.0%	10.1%	0.0%	12.9%	0.0%	7.70%	0.0%	0.0%	2.7%	0.0%

(1) Includes monies invested in the Cash Reserve Fund.
(2) Computed without the effect of Cash and Other Net Assets.
(3) The benchmark was changed from Salomon Brothers Investment Grade Index (SBIG) to LABI during fiscal year 1996.

Figure 5.13

MUTUAL FIXED INCOME FUND
Quarterly Current Yield[1] vs. Indices (%)

	6/30/99	3/31/99	12/31/98	9/30/98	6/30/98
MFIF	6.02	6.20	6.13	6.31	6.57
LABI	6.68	6.55	6.49	6.48	6.08
Salomon 90 Day T-Bill	4.64	4.67	4.52	4.89	5.10
Lehman Treasury	6.35	6.23	6.09	6.07	5.58
Lehman Agency	5.96	5.93	5.92	5.93	5.99
Lehman Mortgage	6.91	6.83	6.89	6.93	6.56
Lehman Corporate	7.15	6.96	6.82	6.82	6.41
Lehman Asset Backed	6.21	6.16	6.25	6.06	6.04

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

COMMERCIAL MORTGAGE FUND
Fund Facts at June 30, 1999

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).

Date of Inception: 11/2/87

Total Net Assets: $236,877,866

Benchmark: Lehman Brothers Aggregate Bond Index (LABI).

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

Number of Advisors: 1 external

Management Fees: $808,313

Operating Expenses: $77,803

Expense Ratio: 0.35 percent

Figure 6.1

COMMERCIAL MORTGAGE FUND
Ownership Analysis at June 30, 1999 ($ in Millions)

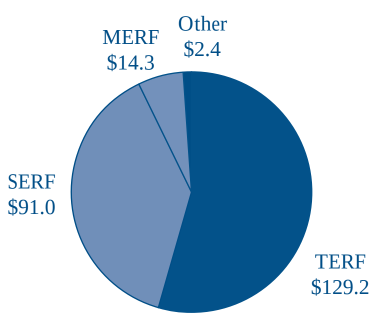


Figure 6.2

COMMERCIAL MORTGAGE FUND [(1)]
Risk Profile at June 30, 1999

Relative Volatility	1.35
Standard Deviation	5.20
R^2	0.03
Beta	0.23
Alpha	3.19

(1) Based upon returns over last five years.

DESCRIPTION OF THE FUND

The Commercial Mortgage Fund (CMF) is an externally managed fund investing in mortgages on income-producing commercial property. Established in 1987, it serves as a fixed income investment tool for the pension and trust funds 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 assets consist of an externally managed portfolio of commercial real estate mortgage loans and commercial mortgage-backed securities (CMBS), and an interest in a number of mortgage backed securities which were created through a Connecticut residential mortgage program known as Yankee Mac. At June 30, 1999, CMF's net assets totaled $236.9 million.

CMF's performance objective is an annual total return, net of management fees and Division operating expenses, which exceeds that of Lehman Brothers Aggregate Bond Index (LABI) by 100 basis points, or one percentage point.

During the fiscal year, CMF declined from $275.4 million to $236.9 million, a decrease of approximately $38.5 million. The majority of this decrease was due to $31.8 million of net cash outflows to the participating pension plans and trusts, and $22.5 million relating to income distributions to these participants. These outflows were offset by $15.8 million of investment income including realized and unrealized net capital gains(losses).

RISK PROFILE

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

To measure the Fund's price sensitivity to changes in market interest rates, the Division measures the Fund's duration, or weighted average time period over which cash flows are received by the investor. At June 30, 1999 the Fund's duration was 3.3 years versus 4.9 years for the LABI. Therefore, the Fund is less sensitive to interest rate changes than is the LABI.

Based on returns over the last five years, the Fund's risk profile is not similar to that of the LABI. With a relative volatility of 1.35, its returns are more volatile than the index; however, its returns show very little correlation to those achieved by the benchmark. While the Fund's beta of 0.23 signifies low sensitivity to movements in the index as a whole, CMF's annual alpha at June 30, 1999, or return in excess of that predicted by returns in the overall market, was 3.19.

PORTFOLIO CHARACTERISTICS

During fiscal year 1999, the Fund did not close any new commercial mortgage loan investments. One mortgage-backed security and two loans within the portfolio were paid off during the year. The loans included prepayment penalties totaling $1.7 million, and resulted in gains on the Fund's investments. The two loans that paid off served as collateral for the SASCO CMBS certificates. As noted in the prior year, the SASCO senior bonds were repaid in full in February of 1998. Therefore, the Fund's current interest is no longer a subordinate one, but rather a senior interest in the SASCO certificates. As of June 30, 1999, five loans remain as collateral for the SASCO certificates. Additionally, during the fiscal year, the Yankee Mac security was separated into seven individual series, each with its own specified maturity. These individual series have been included in the Maturity Analysis in Figure 6.6.

Consistent with its goal of broad diversification, the largest portion of the Fund's investments, at 25.3 percent, was invested in retail properties at year-end, followed by a 24.4 percent investment in the residential sector and 12.6 percent investment in the office sector. The Fund continues to be well diversified across geographic regions, with 45.6 percent of investments located in the Northeast and Pacific regions.

Figure 6.3

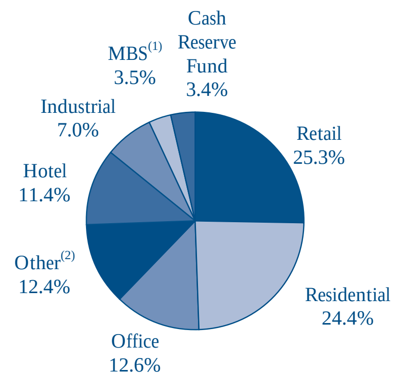
COMMERCIAL MORTGAGE FUND
Quarterly Yield[1] Analysis (%)

	CMF	LABI
6/30/99	7.25%	5.37%
3/31/99	7.64%	4.54%
12/31/98	7.58%	4.63%
9/30/98	8.02%	5.26%
6/30/98	7.38%	6.08%

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

Figure 6.4

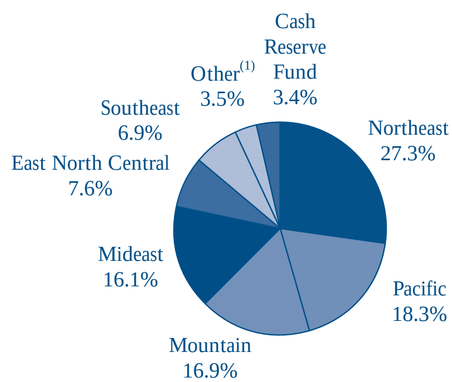
COMMERCIAL MORTGAGE FUND [1]
Distribution by Property Type at June 30, 1999
Based on Investments in Securities, at Fair Value



(1) Mortgage backed securities include certain mortgage loans classified as trusts and common stock on the balance sheet.
(2) Includes loans secured by self storage facilities and senior ground lease.

Figure 6.5

COMMERCIAL MORTGAGE FUND
Distribution by Location at June 30, 1999
Based on Investments in Securities, at Fair Value



(1) "Other" represents mortgage backed security holdings which include certain mortgage loans classified as trusts on the balance sheet.

Figure 6.6

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

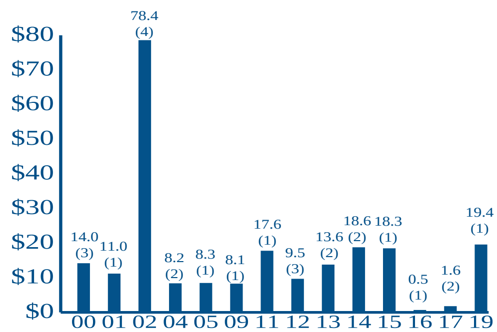


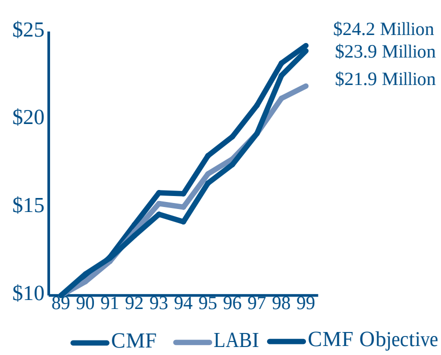
Figure 6.7

COMMERCIAL MORTGAGE FUND
Periods Ending June 30, 1999

	1 Year	3 Years	5 Years	10 Years
Compounded Annual Total Return (%)				
CMF	6.10	11.11	11.01	9.11
LABI	3.13	7.23	7.82	8.15
Cumulative Total Return (%)				
CMF	6.10	37.16	68.59	139.19
LABI	3.13	23.30	45.73	118.91

Figure 6.8

COMMERCIAL MORTGAGE FUND
Growth of $10 Million ($ in Millions)



The portfolio is healthy with no delinquent or non-performing loans at fiscal year end. Over the next 24 months, 4 investments, representing approximately $25.0 million of Fund assets, are scheduled to mature.

PERFORMANCE SUMMARY

For the fiscal year ended June 30, 1999, the Commercial Mortgage Fund generated a total return of 6.10 percent, net of all expenses, outperforming the Lehman Brothers Aggregate Bond Index return of 3.13 percent by 297 basis points, or 2.97 percentage points, and exceeding the Fund's objective of a return 100 basis points in excess of the index.

The Fund's favorable performance is attributable to the prepayment of a number of loans in the portfolio with prepayment penalties and at amounts that exceeded their carrying values. The Fund was well positioned for these gains given the high weighted-average coupon on the loans (7.25 percent as of the beginning of the fiscal year), combined with stringent prepayment requirements and the current low interest rate environment. In addition, performance also benefited from the portfolio's current yield advantage as compared to the Index.

Although inflation remains less than 2.5 percent, tight labor markets and increased economic activity abroad have rekindled the fear of increased inflation. Even before the June 30, 1999 increase of 25 basis points in the Federal Funds rate, inflationary concerns caused a more than 140 basis point increase in the 10-year Treasury yield since the beginning of the calendar year. The 10-year Treasury benchmark ended the fiscal year yielding 5.78 percent, compared to 5.45 percent at June 30, 1998.

Commercial mortgage rates have widened to yield about 225 basis points over Treasury securities. This compares favorably to the spread for BBB rated corporate bonds of about 150 basis points. The resulting increase in mortgage rates has had the predicted impact of slowing refinance activity and, to a lesser extent, asset sales.

For the trailing three-, five-, and ten-year periods, CMF's compounded annual total return was 11.11 percent, 11.01 percent and 9.11 percent, respectively, net of all expenses. These returns exceeded those of the index over the three-, five-, and ten-year periods by 388, 319 and 96 basis points, respectively.

As an additional check on long-term performance, Figure 6.7 shows CMF's above-benchmark cumulative total return over the trailing three-, five-, and ten-year periods. Viewed on a dollar-for-dollar basis, these returns demonstrate that had one invested $10 million in CMF ten-years ago, that investment would have been worth $23.9 million versus $21.9 million for an investment in the Lehman Brothers Aggregate Bond Index.

Figure 6.9

COMMERCIAL MORTGAGE FUND
Annual Total Return

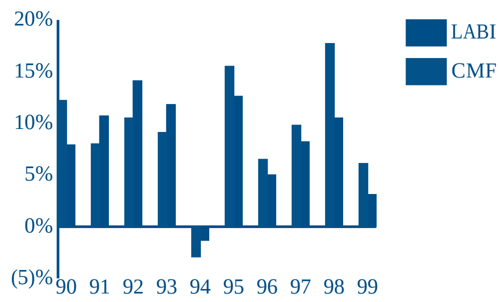
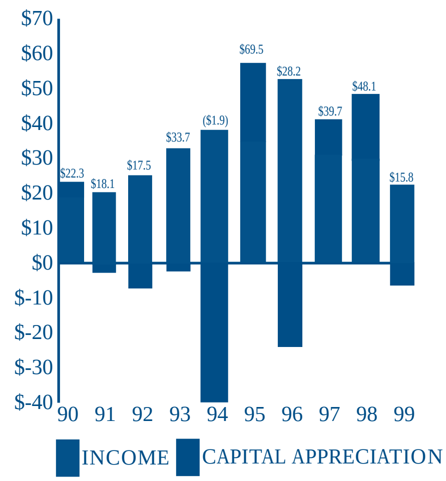


Figure 6.10

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



PRIVATE INVESTMENT FUND
Fund Facts at June 30, 1999

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

Date of Inception: 7/1/87

Total Net Assets: $1,186,244,675

Benchmark: Russell 3000 Index

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

Number of Advisors: 35 external

Management Fees(1): $11,254,557

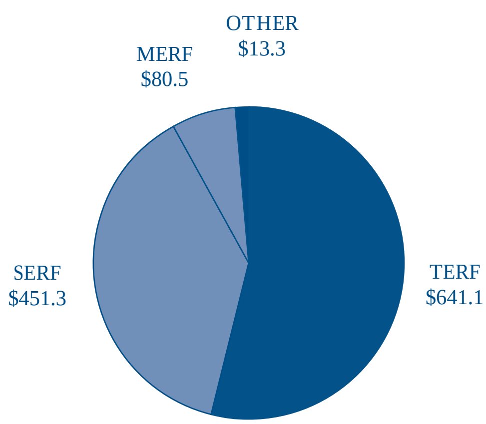
Operating Expenses: $769,088

Expense Ratio: 1.21 percent

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

Figure 7.1

PRIVATE INVESTMENT FUND
Ownership Analysis at June 30, 1999 ($ in Millions)



DESCRIPTION OF THE FUND

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

At fiscal year-end, thirty-five advisors were responsible for investing the PIF's $3.3 billion in committed capital in select venture capital, corporate buyout, mezzanine, and international limited partnerships. Five advisors each managed two separate partnerships for the Fund. This Fund structure allows for experienced industry professionals to manage PIF's assets while allowing the Fund to realize the benefits of a diversified private market portfolio. The performance objective of the Fund is to outperform, net of management fees and Division operating expenses over a ten year period, the Russell 3000 Index by 500 basis points, or five percentage points, per annum.

During fiscal year 1999, PIF's assets grew from $794.6 million to $1,186.2 million, an increase of approximately $391.6 million. The increase was due to $440 million of net capital invested into the Fund during the year coupled with income from operations of approximately $11 million and was partially offset by distributions of principal and income of approximately $60 million.

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 pension funds to participate in the possibility of substantial long-term investment returns.

Due to the Fund's focus on alternative investments, PIF's risk profile relative to its benchmark is very difficult to evaluate. Its relative volatility of 0.98 indicates comparable volatility to the Russell 3000 Index; however, the Fund's risk profile is more complex given the valuation judgments and liquidity constraints placed on it due to its alternative investment strategy. In the aggregate, the Fund shows almost zero correlation with returns achieved by the benchmark, and has returned an annual alpha, or return relative to that predicted by its benchmark, of negative 9.02.

PORTFOLIO CHARACTERISTICS

The Private Investment Fund consists of private equity investments which include four primary areas of strategic focus: venture capital, corporate buyout, mezzanine debt and international private equity strategies. A fifth category was added this year, called "Fund of Funds", to more accurately describe investment funds which may have multiple areas of strategic focus. These Fund of Funds invest in multiple partnerships that each individually invest in underlying companies, rather than in the individual companies themselves.

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

Corporate Buyout focused investments can be defined as a controlling or majority investment in private equity or equity-like securities of more established companies on the basis of the companies asset values and/or cash flows. Corporate

Figure 7.2

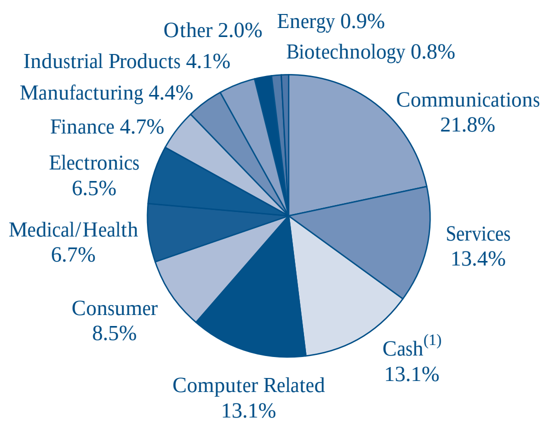
PRIVATE INVESTMENT FUND [1]
Risk Profile at June 30, 1999

Relative Volatility	0.98
Standard Deviation	13.48
R^2	0.02
Beta	(0.13)
Alpha	(9.02)

(1) Based upon returns over last five years.

Figure 7.3

PRIVATE INVESTMENT FUND
Distribution by Industry at June 30, 1999
Based on Investments in Securities, at Fair Value



(1) Includes the Cash Reserve Fund, and Cash/Other Net Assets at the partnership level.

Figure 7.4

PRIVATE INVESTMENT FUND
Distribution by Geographic Location at June 30, 1999
Based on Investment in Securities, at Fair Value

Region	Percent of Investments
Mid-Atlantic	17.8%
West Coast	16.2%
Midwest	11.3%
International	11.1%
Northeast	11.1%
Southeast	9.8%
Southwest	9.6%
Cash/Other Net Assets(1)	13.1%
TOTAL	100.0%

(1) Includes the Cash Reserve Fund, and Cash/Other Net Assets at the partnership level.

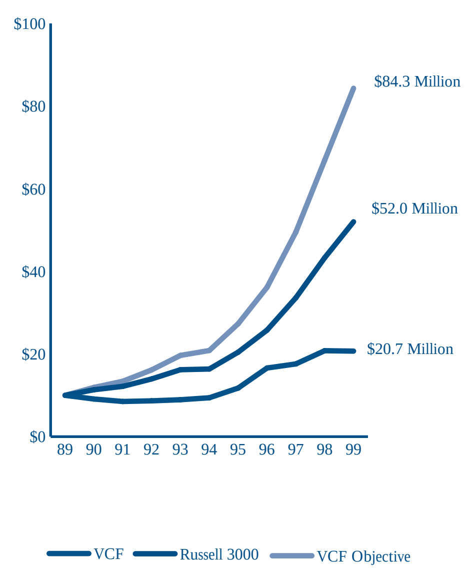
Figure 7.5

PRIVATE INVESTMENT FUND (1)
Periods Ending June 30, 1999

	1 Year	3 Years	5 Years	10 Years
Compounded Annual Total Return (%)				
PIF	(0.81)	7.52	17.02	7.52
Russell 3000	20.10	26.41	26.03	17.93
Cumulative Total Return (%)				
PIF	(0.81)	24.32	119.42	106.50
Russell 3000	20.10	101.98	218.05	420.49

Figure 7.6

PRIVATE INVESTMENT FUND (1)
Growth of $10 Million ($ in Millions)



buyout investors usually target two types of companies: special situations and turnaround opportunities.

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

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

During the first two quarters of fiscal year 1999 (7/1/98 - 12/31/98), nine new partnership investments were added to the PIF representing $594.9 million in capital commitments. Of the nine new partnership investments, four are classified as corporate buyout, two as international, two as venture capital and one as a Fund of Funds. These new investments allow for the further diversification of the Private Investment Fund. Additionally, three funds listed in other categories in the prior year were more appropriately categorized into Fund of Funds in fiscal year 1999. A complete listing of investment advisors and net assets under management is included in the Supplemental section of this Report.

The PIF is diversified by investment type, strategic focus, industry type and geographic region in order to protect the Fund from various risks associated with this asset class. Four of the limited partnerships are in "Fund of Funds" arrangements whereby advisors are responsible for investor's committed capital across a number of selected private equity limited partnerships, which subsequently invest in underlying companies. This strategy allows for experienced industry professionals to manage a portion of PIF's assets while realizing additional benefits from broad market diversification.

The strategic focus of the PIF is divided among four specific areas: fifteen partnerships focus on corporate buyout strategies, ten on venture capital strategies, six on mezzanine debt strategies, and five on international strategies. As stated above, four Fund of Funds investments have multiple areas of strategic focus. In terms of industry exposure, the largest number of investments includes companies operating in the communications industry, followed by the service industry, computer industry and consumer industry, respectively. Mid-Atlantic investments, at 17.8 percent of net assets, comprise the largest geographic concentration followed by investments in the West Coast at 16.2 percent of net assets. At the close of the fiscal year, the market value of investments in limited partnerships and liability corporations totaled $1.1 billion while $73 million of the Fund assets were invested in cash and marketable securities.

Through June 30, 1999 the PIF had aggregate capital commitments in the amount of $3.3 billion to 40 partnerships of which approximately 40 percent, or $1.33 billion has been “drawn down” for investment purposes while the balance of approximately $1.97 billion or 60 percent is committed but uninvested. The amount committed but uninvested has increased significantly from the prior year as a number of new partnerships were closed during fiscal year 1999.

PERFORMANCE SUMMARY

For the one-year period ended June 30, 1999, the Private Investment Fund reported a net annual total return of negative 0.81 percent. The negative performance is primarily attributable to the "J-Curve Effect". The J-Curve Effect oftens results in negative performance during the early stages of an investment's life cycle as a result of investments being valued at cost, while managerial and organizational expenses are incurred. Investment perfor-

Figure 7.7

PRIVATE INVESTMENT FUND
Distribution By Committed and Invested Capital
June 30, 1999 ($ in Millions)

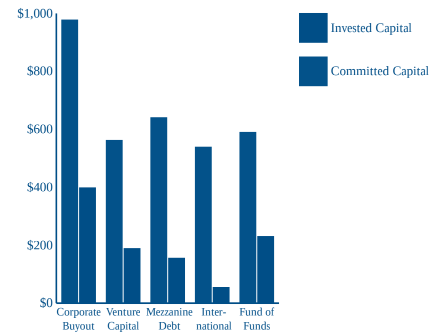


Figure 7.8

PRIVATE INVESTMENT FUND
Annual Total Return

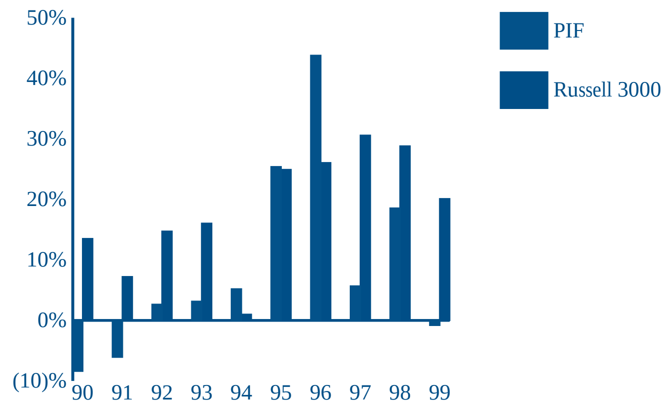
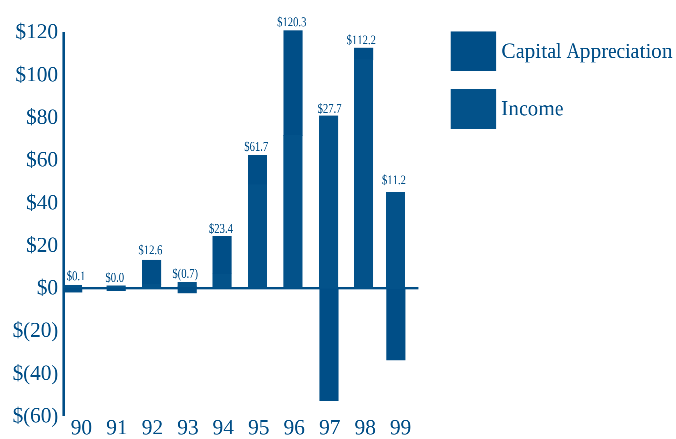


Figure 7.9

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



mance is expected to be positive during the later stages of the life cycle as investments appreciate and/or are liquidated through strategic sales or initial public offerings. The PIF is currently experiencing the early stage effect of the J-Curve as the majority of invested assets are with partnerships whose vintage years (initial years of investment) are 1997 or 1998.

The PIF utilizes the Russell 3000 Index plus 500 basis points as its long-term benchmark for evaluating performance. The Fund significantly underperformed its assigned benchmark, which returned 20.10 percent for the fiscal year. While staff monitors and evaluates short-term performance, the Fund has a long-term perspective in evaluating performance by measuring the performance over a 10-year time period. This long-term perspective reflects the illiquid nature of the Fund's underlying partnership holdings that require a meaningful length of time to progress through specific developmental periods. As an additional check on long-term performance, Figure 7.5 shows PIF's cumulative total return over the three, five and ten-year periods. These returns are consistent with those achieved on an annualized basis over the same time periods. Viewed on a dollar-for-dollar basis, had one invested $10 million in PIF ten years ago, that investment would have been worth $20.7 million at June 30, 1999 versus $52.0 million for an investment in the Russell 3000 Index.

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

PIF's earliest tranche of committed capital is now ten years old and should continue, along with new mezzanine debt, to provide the Fund with positive cash flow from its investments.

Figure 7.10

PRIVATE INVESTMENT FUND
New Investments Made in Fiscal 1999[1] (in Excess of $3 Million)

Company	Industry	Date	PIF Cost Basis	Investment Type
Republic Engineered Steels, Inc.	Manufacturing	August-98	$ 13,313,455	Buyout
Allied Riser Communications	Communications	November-98	9,853,060	Venture Capital
Fidelity First Financial	Finance	October-98	8,795,022	Venture Capital
E-Tek Dynamics, Inc.	Computer Related	December-98	8,616,235	Venture Capital
IMC Mortgage Company	Finance	January-99	6,349,921	Buyout
Honsel AG	Manufacturing	April-99	6,342,942	International
American Interactive Media, Inc.	Computer Related	November-98	6,238,514	Venture Capital
Sterling Collision Centers	Services	July-98	5,633,002	Venture Capital
Metris Companies, Inc.	Services	November-98	5,539,681	Buyout
PEI Electronics Holdings	Electronics	July-98	5,509,925	Buyout
Alliance Data Systems	Computer Related	September-98	5,448,864	Mezzanine
Select Medical Corporation	Services	December-98	5,315,141	Mezzanine
Callidus Software, Inc.	Computer Related	July-98	5,090,246	Venture Capital
WPM Holding Corporation	Manufacturing	July-98	4,784,935	Buyout
WLL International, Inc.	Communications	March-99	4,705,036	Venture Capital
CoSine Communications	Communications	December-98	4,358,005	Venture Capital
One. Tel Ltd	Communications	December-98	4,342,277	International
Clark/Bardes, Inc.	Finance	June-99	4,232,680	Venture Capital
Stambaugh Hardware Company	Consumer	May-99	3,535,714	Mezzanine
Centennial Cellular	Communications	December-98	3,530,248	Buyout
Metallurg	Manufacturing	September-98	3,192,417	Venture Capital
Group Genoyer	Manufacturing	August-98	3,127,508	International
iReady Corporation	Computer Related	January-99	3,068,503	Venture Capital
Pryor Resources	Services	January-99	3,058,657	Buyout
TOTAL			$133,981,988	

(1) These holdings represent underlying portfolio companies that were invested in by the Fund during fiscal year 1999 through one or more of its 40 partnerships. The investments listed in this chart each had a cost basis in excess of $3.0 million at June 30, 1999. Additional investments of less than $3.0 million were made in 258 companies totaling $98.0 million.

Division Overview

Operations

The Debt Management Division is responsible for the cost-effective issuance and management of the bonds that are the financial foundation of Connecticut's physical and social infrastructure. The State's strategic investment in roads, bridges, airports, railroads, higher education, clean water and economic development and the Division's management of funds that finance these investments, have contributed to the resurgence of our State's economy.

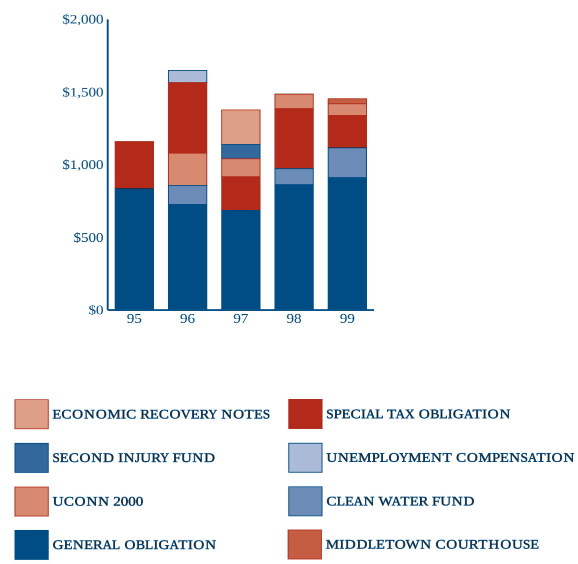
The Division is responsible for maintaining close relationships with the institutional and retail investors who have shown confidence in the State's improving economy by purchasing bonds and notes at the lowest rates in recent history. Critical to these low rates is the continuation and improvement in the State's credit rating by the three major rating agencies. Debt Management staff are in continuous contact with FitchIBCA Investors Service, Moody's Investor Services, and Standard and Poor's Ratings Group, and participate actively in the bi-annual rating presentations.

The Division consists of eleven professionals. Staff members keep their skills current through continuing education and membership in several professional organizations exposing them to the most current practices in the public finance arena.

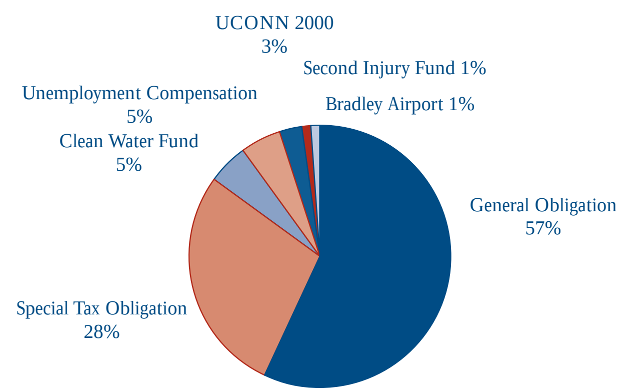
Program Administration

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

BOND ISSUANCE INCLUDING REFUNDING BONDS
Fiscal Year Ended June 30, 1999 ($ in Millions)



TOTAL DEBT OUTSTANDING
June 30, 1999



The Division manages seven active municipal financing programs for the State. The following summarizes these programs and the State's involvement with each.

	Amount Outstanding June 30, 1999
GENERAL OBLIGATION (GO)	$6,325,840,506

Repayment Source: General Taxing Power/"Full Faith and Credit" of the State of Connecticut.
Programs Financed: Construction of State buildings, grants and loans for housing, local school construction, economic development, community care facilities, State parks and open space.

SPECIAL TAX OBLIGATION (STO)	$3,117,281,796

Repayment Source: Dedicated revenue stream comprised of State gasoline and oil company taxes, motor vehicle registrations, licenses, and fees. Debt service reserve funded at one year's maximum debt service ($358 million as of June 30, 1999). Held by Trustee and invested in U.S. Treasury securities, STIF, Guaranteed Investment Contracts and highly rated taxable municipal securities.
Programs Financed: Funds the State's portion of highway and bridge construction, maintenance and capital needs of mass transit systems, state pier and general aviation airports. Limited grants to towns for local road improvement.

CLEAN WATER FUND (CWF) REVENUE BONDS	$572,510,000

Repayment Source: Secured by loan repayments from Connecticut municipalities and a debt service reserve fund of $281 million as of June 30, 1999. The reserve fund is funded with State General Obligation Bonds and Federal Capitalization Grants.
Programs Financed: The CWF is the State's water pollution control revolving fund. The revenue bonds provide below market rate loans to Connecticut municipalities for planning, design and construction of water quality improvement projects. A subsidy is provided from earnings on the reserve fund and from State General Obligation subsidy bonds. The State also provides grants and loans for the program through its general obligation bond program.

UCONN 2000	$357,587,147

Repayment Source: Debt service commitment from the State General Fund.
Programs Financed: Established under P.A. 95-230, up to $962 million of Debt Service Commitment bonds will be issued under a ten-year $1.25 billion capital program to rebuild and refurbish the University of Connecticut.

SECOND INJURY FUND (SIF)	$91,180,000

Repayment Source: Special Assessment on workers compensation insurers and self-insured employers.
Programs Financed: Treasury administered workers compensation insurance program. Consists of a $750 million Special Assessment Revenue Bond program including a $300 million subordinated commercial paper program which serve as bond anticipation notes. In addition to the bonds outstanding, $160 million of commercial paper was outstanding under this program as of June 30, 1999.

UNEMPLOYMENT COMPENSATION REVENUE BONDS	$544,755,000

Repayment Source: Special Assessment Bonds are repaid from assessments on Connecticut employers and a reserve fund of $100,845,500 on June 30, 1999.
Programs Financed: Approximately $1.0 billion issued in 1994 to repay loans made by the U.S. Treasury for payment of unemployment benefits, and to pay for some unemployment benefits paid in 1994.

BRADLEY INTERNATIONAL AIRPORT REVENUE BONDS	$81,450,000

Repayment Source: Special obligations of the State secured by revenues from the operation of Bradley International Airport.
Programs Financed: Capital Improvements at Bradley International Airport.

TOTAL AMOUNT OUTSTANDING AT JUNE 30, 1999	**$11,090,604,449**

Tax Exempt Proceeds Fund

The Division also plays an important role in overseeing the State's Tax Exempt Proceeds Fund (TEPF). The General Assembly created TEPF in 1988 to assist the State in complying with the provisions of the Federal Tax Reform Act of 1986. This Act places complicated restrictions on the use and investment of tax-exempt bond proceeds. Specifically, it requires states and recipients of state grants and loans which are financed with tax exempt proceeds to rebate earnings in excess of the interest rate on the tax-exempt bonds, unless the proceeds are invested in tax-exempt securities.

The Treasury is currently represented on the Fund's board of directors by the Assistant Treasurer for Financial Reporting. The Board monitors the Fund's performance and addresses issues pertaining to TEPF's governance activities. Other TEPF board members include a designee of the Connecticut chapter of the Government Finance Officers Association and two other disinterested outside directors.

Reich & Tang Asset Management, LP currently serves as the advisor to the TEPF. As required by U.S. Treasury regulations, the Fund is incorporated under the terms of the Federal Investment Company Act of 1940 and is regulated by the Securities and Exchange Commission pursuant to Rule 2a-7.

The Year in Review

The Division completed several important initiatives in fiscal year 1999. In highlighting its accomplishments, the Division:

- Continued to take advantage of historically low interest rates by refinancing $199 million of bonds providing total debt service savings of $5.1 million on a present value basis; converted a variable rate issue and terminated a swap option to lock in low fixed rates and thereby reduce interest rate risk and administrative burdens;
- Paid off the last of approximately $1 billion of Economic Recovery Notes the State issued in 1991 to fund a budget deficit;
- Cash defeased $59.2 million State guaranteed CHEFA nursing home bonds for which the underlying loans were in default reducing future debt service by $132.4 million through 2024;
- Assisted the University of Connecticut in the successful sale of its fourth series of UCONN 2000 debt service commitment bonds ($79.7 million) at the historically low interest rate of 4.46%. The issue was sold entirely to retail investors for the first time in the State's history;
- Completed a successful remarketing of the Special Assessment Unemployment Compensation Advance Refunding Revenue Bonds, 1993 Series C, reducing the interest rate by 22 basis points;
- Continued the development of the new Drinking Water Program and closed on the first loans under the program thereby preserving the federal funding for the program;
- Worked with Treasury programming staff to rewrite the Debt Management system. The new system includes better tracking of refunded bond issues, variable rate issues and greater flexibility in reporting;
- Completed Requests For Proposals for financial advisors, underwriters, printers and auditors allowing the Treasurer to review these vendor relationships;
- Assisted policymakers in the development of legislation providing for the issuance of bonds by cities and towns to assist in financing underfunded pension plans subject to certain provisions;
- Completed the largest competitive bond sale ever done by the State of Connecticut. ($300 million). The bonds sold at an extremely competitive rate of 4.9987%;
- Worked with the Second Injury Fund to develop a multi-year budget and financial plan for the Fund. Set aside $15 million from fiscal year 1999 assessments to pay down outstanding commercial paper on August 10, 1999. This will reduce the commercial paper outstanding balance to $145 million and lower the overall cost of the program; and
- Several investor relations initiatives were undertaken in the last year. Staff conducted three meetings with the three rating agencies during the year and Standard & Poor's recognized the State's improved financial position with an upgrade to AA from AA-. Made a presentation to the National Federation of Municipal Analysts, updated bondholder information on the Treasurer's web page and developed investor brochures to market the UConn 2000 and Clean Water Fund bond sales.

In addition to the above, the Division managed the sale of approximately $1.4 billion in bonds. These bonds were issued to fund new capital projects, to provide funding for the Clean Water program and the UCONN 2000 program and to refinance existing debt. The following table summarizes the bonds issued during the last fiscal year:

Description		Par Amount	True Interest Cost(1)	Average Life (Years)	Dated
NEW MONEY ISSUES:					
STO-1998 Series B	$	225,000,000	4.69%	12.31	September 15, 1998
GO-1998 Series C	$	230,000,000	4.48%	9.26	October 15, 1998
GO-1998 Series D	$	150,000,000	4.48%	11.44	December 15, 1998
UCONN-1999 Series A	$	79,735,000	4.46%	9.76	March 1, 1999
CWF Revenue-1999 Series	$	125,000,000	4.71%	13.61	April 15, 1999
CWF G.O. DSR 1999 Bonds	$	18,000,000	4.63%	13.67	May 1, 1999
CWF G.O. Interest Subsidy Bonds	$	4,875,000	4.63%	11.78	May 6, 1999
GO-1999 Series A	$	300,000,000	5.00%	10.50	June 15, 1999
Subtotal New Money Issues	$	1,132,610,000			
REFUNDING ISSUES:					
GO Taxable-1998 Series B	$	105,445,000	6.01%	3.78	July 15, 1998
GO Middletown Courthouse- Certificates of Participation	$	34,375,000	4.70%	8.95	August 1, 1998
CWF Revenue-1999 Series	$	78,995,000	4.70%	10.93	May 1, 1999
ASSUMED DEBT ISSUE(2):					
CHEFA Nursing Homes	$	59,245,000	Various	Various	December 30, 1998
Subtotal Refunding and Assumed Debt	$	278,060,000			
Total	$	1,410,670,000			

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

(2) In December 1998, the Treasurer determined that two nursing homes which were in receivership and had defaulted on their loan payments to the Connecticut Health and Educational Facilities Authority (CHEFA) were not likely to generate sufficient revenue to make scheduled principal and interest payments on $59.2 million of CHEFA's outstanding revenue bonds. Since these bonds were secured by special capital reserve funds, the Treasurer made a determination to treat the State's obligation to fund the special capital reserve funds over the term of the bonds as debt for purposes of calculating the debt limit of the state. As a result, the obligation to pay debt service on such bonds was reclassified as a direct long term debt obligation of the state. The bonds were cash defeased on January 5, 1999 using $68,433,951 from the June 1998 surplus.

Division Overview

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

Bank Control and Reconciliation

The Bank Control and Reconciliation unit operates the State's cash accounting system to record and track the State's $132 billion internal and external cash flow. The unit is also responsible for the reconciliation of 26 Treasury bank accounts with three and one-half million annual transactions, administers stop payments and check reissues, and processes State payroll and vendor checks.

Cash Control

The Cash Control unit forecasts available cash, funds disbursement accounts, concentrates cash from depository banks, sweeps idle cash into short-term investment vehicles to maximize investment balances, and executes electronic transfers. During fiscal 1999, the unit moved in excess of $30 billion between banks and investment vehicles.

Short-Term Investments

The Short-Term Investments unit invests STIF assets, monitors custodian activity, and prepares quarterly and annual reports. During fiscal 1999, an average of $3.7 billion was invested in STIF. The unit also administers 782 STIF accounts for 58 State agencies and authorities and 203 municipal 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. Finally, the unit provides market data used in negotiating CRI investment interest rates.

Client Services

The Client Services unit consults with agencies on initiatives to speed the deposit of funds, identifies mechanisms to reduce banking costs, reviews requests by State agencies for new bank accounts, maintains records of the State's 538 bank accounts which are held with 40 individual banks, manages CRI records, and reviews bank invoices and compensation. The unit also manages the insurance collateral program in conjunction with the Department of Insurance through which companies writing insurance policies in the State are required to deposit securities and funds in accounts totaling a fixed percentage of the policies' value. At June 30, 1999, approximately $549 million in securities were pledged to the program and $50 million was deposited in STIF.

The Year In Review

The Cash Management Division had several fundamental goals for the 1999 fiscal year. These included:

- Maximizing investment balances by speeding deposits, controlling disbursements, minimizing banking costs and compensating balances, and providing accurate cash forecasts;

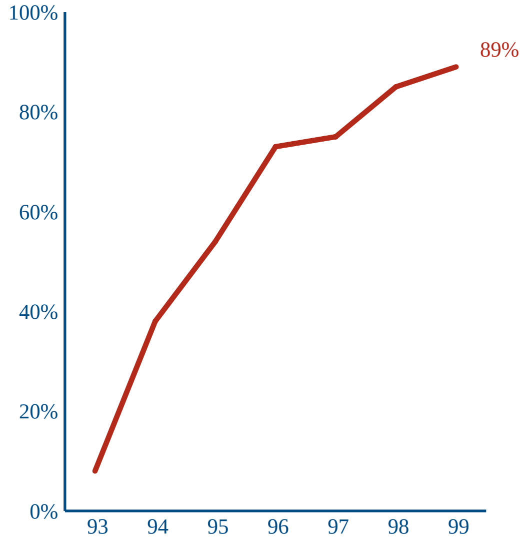
- Earning as high a level of current income in STIF as is consistent with the safety of principal and the provision of liquidity;
- Providing responsive services to STIF investors;
- Increasing earnings on stable investment balances through longer maturities;
- Protecting State deposits through strong internal operations and use of high quality banks;
- Improving operating efficiency through electronic data communication and processing; and
- Providing technical assistance to State agencies with banking issues.

Administrative/Organizational Initiatives

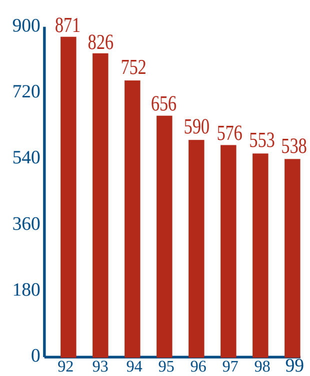
To realize these goals in as effective and efficient a manner as possible, the Division undertook several initiatives, as highlighted below:

- Successfully conducted a pilot program with the Comptroller's Office for making electronic payments to municipalities and vendors. Completed a competitive procurement for a bank to assist with initiating payments under an expanded program;
- Expanded the Treasurer's Community Reinvestment Initiative (CRI) in which State funds are invested for up to one year in financially strong banks that have outstanding CRA ratings or that are participating in Connecticut Development Authority programs;
- Initiated implementation of a system for transmitting bank data to agencies to improve the ease and accuracy of their reporting of bank deposits to the Treasury;
- Implemented electronic transmissions of outstanding and paid vendor and payroll checks from the bank to allow faster determination of a check's status;
- Furthered internal efficiencies through automation which allowed for the reduction of one staff position, for a total net reduction of 13 filled positions, or 36 percent of Division staff, over the past five years;
- STIF's AAAm rating was reaffirmed by Standard & Poor's (S&P), the leading rating agency of money market funds and local government investment pools. This rating, in S&P's view, "signifies that safety of invested principal is excellent and there is a superior capacity to maintain a $1 per share net asset value at all times";
- Held the fourth STIF annual meeting which was attended by 110 investors;
- Developed Clean Water Fund Express, in which towns may have Clean Water Program payments deducted from their STIF accounts by the program trustee;
- Revamped the STIF quarterly report format to improve readability and access to information;
- Conducted a competitive procurement for and commenced operation of a lockbox for the Judicial Branch's Client Security Fund, to improve the efficiency and timeliness of deposits;
- Initiated a competitive bid and negotiation process for a variety of banking services now costing the State over $700,000;
- Increased statewide participation in direct deposit of payroll to 64 percent;
- Expanded, with the Comptroller and the Department of Administrative Services, procurement cards for small purchases to include nine State agencies;
- Implemented special banking services to assist the Department of Revenue Services in generating Tax Rebate '98 checks;

STATE OF CONNECTICUT
Agency Deposit Data Reported Electronically



STATE OF CONNECTICUT
Number of Bank Accounts



- Initiated a project to consolidate separate state agency checking accounts;
- Replaced a microfilm-based paid check archive system with a digitized image-based system; and
- Automated internal Electronic Funds Transfer (EFT) records to reduce manual data entry tasks.

1999 Division Performance

As a result of these initiatives, the Cash Management Division realized many successes throughout the 1999 fiscal year. These included:

- Annual total return of 5.37 percent in STIF exceeded its primary benchmark by 33 basis points, resulting in $12 million in additional interest income for Connecticut governments and their taxpayers. (For a detailed discussion of STIF performance, please see the STIF Performance discussion which follows);
- Annual total return of 5.39 percent in CRI investments exceeded STIF's benchmark by 35 basis points, resulting in $158,000 in additional interest income for the State;
- Total STIF assets reached a record level of $4.5 billion in February 1999. STIF's average size for the year increased by over 20 percent, from $3.0 billion in fiscal year 1998 to $3.7 billion;
- Awarded Certificate of Achievement for Excellence in Financial Reporting for 1998 Comprehensive Annual Financial Report for STIF by the Government Finance Officers Association (GFOA);
- The addition of 73 local STIF accounts with $85 million of assets;
- Total CRI investments reached $55 million;
- The closing of 15 State bank accounts bringing total closed accounts to 333 over the past seven years;
- The recapture of over $550,000 in annualized bank overcharges;
- Expansion of Grant Express program, in which certain State grants are deposited directly into municipal STIF accounts, to include 83 municipalities. Since the inception of this program, $4.8 billion has been deposited into municipal STIF accounts, thereby speeding the availability of municipal funds; and
- Increased electronic reporting of agency bank deposits from 85 to 89 percent.

SHORT-TERM INVESTMENT FUND

Investment Results Review
Fiscal Year Ended June 30, 1999

SHORT-TERM INVESTMENT FUND
Fund Facts at June 30, 1999

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.

Date of Inception: 1972

Total Net Assets: $3.6 billion

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

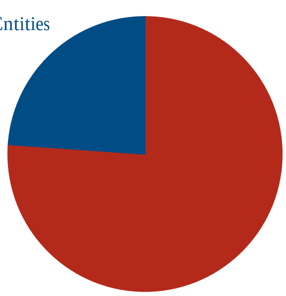
Performance Objective: As high a level of current income as is consistent with, first, the safety of principal and, second, the provision of liquidity.

Number of Advisors: 1 internal

Management Fees: None

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

SHORT-TERM INVESTMENT FUND
Ownership Analysis at June 30, 1999 ($ in Millions)



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. 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 1999 fiscal year, STIF's portfolio averaged $3.7 billion.

STIF uses the basic strategy of buying on market weakness. When interest rates rise, STIF is in the market taking advantage of higher yields. To ensure sufficient liquidity to fund unexpected participant withdrawals, STIF closely monitors its "average maturity," based upon time to maturity or interest rate reset date of all securities in the portfolio. 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 $30.5 million, contributes significantly to STIF's low risk profile.

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

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

Among the Fund's several achievements during the 1999 fiscal year was the continuation of an AAAm rating by Standard & Poor's in December 1998. This rating is S&P's highest for money market funds and investment pools and signifies its conclusion that the Fund's safety of investors' principal is excellent and that superior capacity exists to maintain a $1 per share net asset value at all times.

Risk Profile

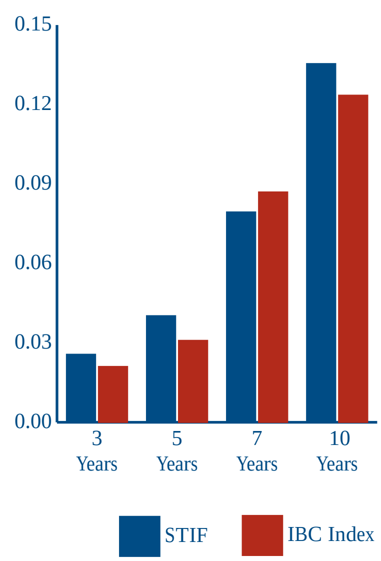
STIF is considered extremely low risk for several reasons. First, its portfolio is comprised of high-quality, highly liquid securities which insulate the Fund from default and liquidity risk. Second, its relatively short average maturity reduces the Fund's price sensitivity to changes in market interest rates. Third, STIF has a strong degree of asset diversification by security type and issuer, as required by its investment policy, strengthening its overall risk profile. And finally, STIF's reserve, which totals approximately one percent of Fund assets is available to protect against security defaults or the erosion of security values due to dramatic and unforeseen market changes. While this reserve has never been drawn upon during STIF's 27-year history, this added layer of security preserves the Fund's low risk profile. As the chosen short-term investment vehicle for the operating cash of

SHORT-TERM INVESTMENT FUND
Comprehensive Profile

Fiscal Year End	Number of Issues	Yield[2]	Average Maturity[1]	Average Quality
1999	178	5.37%	52 days	A-1+/AAA
1998	184	5.82%	34 days	A-1+/AAA
1997	137	5.66%	30 days	A-1+/AAA
1996	80	5.95%	44 days	A-1+ or AAA
1995	62	5.62%	18 days	TBW-1/ AAA

(1) Includes interest rate adjustment periods.
(2) Represents Annual Total Return of the Fund for years ended June 30.

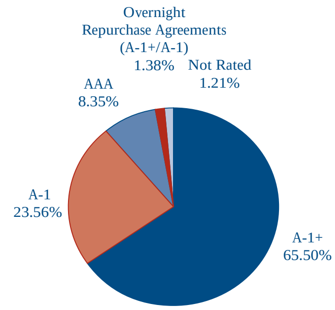
SHORT-TERM INVESTMENT FUND
Standard Deviation



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.

SHORT-TERM INVESTMENT FUND
Distribution by Quality Rating at June 30, 1999

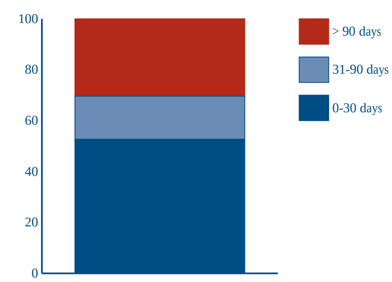


Portfolio Composition

Throughout the year, STIF closely monitored the activities of the Federal Reserve and other economic indicators, adjusting the Fund's portfolio and characteristics as required. At the beginning of the fiscal year, STIF's weighted average maturity equaled 34 days. During the year the Fund's average maturity ranged from 22 to 62 days as market rates fluctuated. At the end of the 1999 fiscal year, the average maturity was 52 days, since STIF extended its maturities as yields rose.

STIF's assets continued to be well diversified across the spectrum of available short-term securities throughout the year. The Fund ended the year with a 75 percent concentration in investments rated A-1+ or AAA (the highest ratings of Standard & Poor's) or overnight repurchase agreements. The Fund's yield distribution was concentrated in the four percent to five percent range, with 53 percent of the Fund invested in securities with maturities, or interest rate reset dates for adjustable rate securities, of less than 30 days, versus the 80 percent at previous year end. The Fund's three largest security weightings included certificates of deposit (22.9 percent), receivable backed commercial paper (20.3 percent) and bank notes (15.0 percent). Asset-backed commercial paper reported in the distribution by security type pie chart includes receivable-backed, loan-backed, securities-backed, and multi-backed commercial paper.

SHORT-TERM INVESTMENT FUND
Maturity* Analysis at June 30, 1999

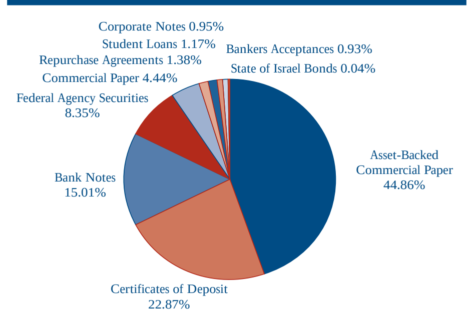


**Or Interest Rate Reset Period.*

Performance Summary

For the one-year period ended June 30, 1999, STIF reported an annual total return of 5.37 percent, net of operating expenses and allocations to Fund reserves. Annual total return measures the total investment income a participant would earn with monthly compounding at the Fund's monthly net earned rate during the year. This figure exceeded that achieved by its benchmark, the IBC index, which equaled 5.04 percent, by 33 basis points, as well as three-

SHORT-TERM INVESTMENT FUND
Distribution by Security Type at June 30, 1999



month T-Bills, which yielded 4.59 percent and three-month CDs which yielded 5.15 percent. Principal reasons for STIF's strong performance include low overall expenses, its effective security selection and fluctuating average life in response to the changing interest rate environment.

Over the long-term, STIF has performed exceptionally well. For the trailing three, five, seven and ten-year periods, STIF's compounded annual total return was 5.62 percent, 5.68 percent, 5.14 percent, and 5.91 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 $17.8 million at June 30, 1999, versus $16.7 million for a hypothetical investment in the IBC Index.

Beyond management's effective security selection, STIF's extremely low cost structure contributed significantly to these returns. While STIF's operating expenses are less than three basis points, or 0.03 percent of average net assets, the average rated institutional money market mutual fund charges its investors approximately 32 basis points. Reducing costs is the most prudent and safest way to increase yield. Thus, STIF has a risk-free advantage, shared by all its investors, of 29 basis points, or at least 19 basis points after the 10 basis points annual allocation to Fund's reserve.

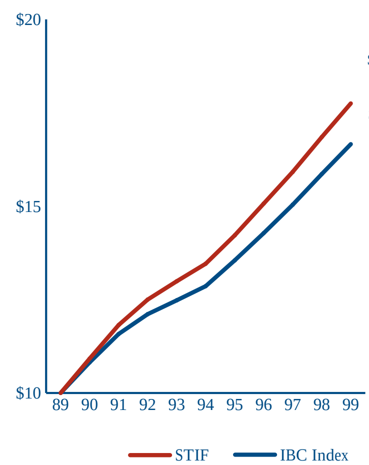
During the fiscal year, STIF assets under management grew from $3.2 billion to $3.6 billion, an increase of approximately $400 million. The principal reason for this growth was an increase in State cash balances of over $500 million, offset by reductions of $80 million from its municipal and local customers.

SHORT-TERM INVESTMENT FUND
Periods Ended June 30, 1999

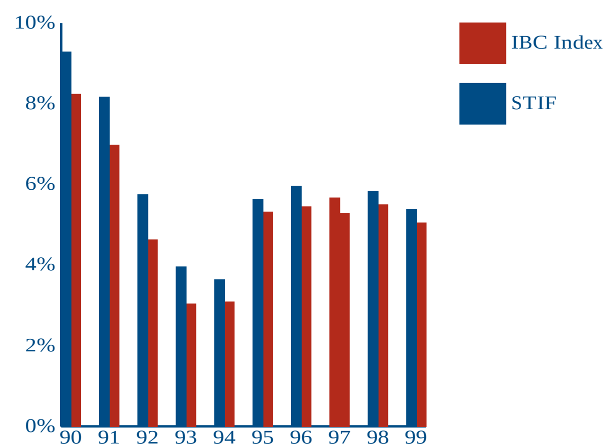
	1 Year	*3 Years*	*5 Years*	*7 Years*	*10 Years*
Compounded Annual Total Return (%)					
STIF	5.37	5.62	5.68	5.14	5.91
IBC Index*	5.04	5.26	5.31	4.66	5.24
Fed. Three-Month T-Bill	4.59	4.97	5.12	4.58	5.12
Fed. Three-Month CD	5.15	5.43	5.51	4.92	5.47
Cumulative Total Return (%)					
STIF	5.37	17.82	31.84	42.03	77.51
IBC Index*	5.04	16.64	29.53	37.57	66.62
Fed. Three-Month T-Bill	4.59	15.68	28.38	36.82	64.78
Fed. Three-Month CD	5.15	17.18	30.76	39.95	70.39

**Represents IBC First Tier Institutions-Only Index prior to December 31, 1995 and IBC First Tier Institutions-Only Rated Index through June 30, 1999.*

SHORT-TERM INVESTMENT FUND
Growth of $10 Million ($ in Millions)



SHORT-TERM INVESTMENT FUND
Annual Total Return Fiscal Years Ended June 30



**Represents IBC First Tier Institutions-Only Index prior to December 31, 1995 and IBC First Tier Institutions-Only Rated Index through June 30, 1999.*

Division Overview

Introduction

In fiscal year 1999, the Treasurer's Unclaimed Property Program was granted full division status within the Treasury organization. This status recognizes the tremendous growth of the program since the Connecticut Unclaimed Property law was first enacted in 1933 and is consistent with the way in which unclaimed and abandoned financial assets are growing nationally. Today, approximately 26 million Americans are the rightful owners of unclaimed and abandoned property.

Unclaimed Property consists primarily of inactive savings or checking accounts, uncashed checks, insurance proceeds, payments or refunds, utility deposits, money orders, stock dividends, bond and interest payments, money from courts and other governmental agencies, and safe deposit box contents. When there has been no documented transaction or contact with the owners in connection with their assets for a period ranging from three to five years, depending upon property type, these funds are turned over to the Treasurer. The Treasurer is then responsible for safeguarding these funds, publicizing the names of rightful owners, and returning those assets to the owners as they are located or come forward. For the period ending June 30, 1999, the Treasurer's Office returned $9.0 million in unclaimed property to more than 7,500 owners.

In fiscal year 1999, the Unclaimed Property Division (UCPD) collected $47.3 million, net of fees. These unclaimed financial assets were received from banks, insurance companies and businesses which are required to relinquish this property to the State Treasurer following a loss of contact with the owner of record.

Organization

The UCPD is organized into three units consisting of field examinations, database management/owner location and claims/securities processing. The field examination unit, consisting of staff auditors, is responsible for general ledger examinations of the records of banks, insurance companies, hospitals, universities, and other business entities to determine whether all unclaimed property is being reported. The examinations unit works closely with two contractual vendors who deliver abandoned property from other states belonging to Connecticut residents.

The database management and owner location unit maintains the unclaimed property owner and holder database. This unit records all property received for the current year reporting cycle and maintains all holder data for previous reporting years which has not been claimed. The system is a mainframe system which is connected to a claims vendor via a modem.

The claims and securities processing unit is responsible for the processing of all claims. Unit employees work cooperatively with Affiliated Computer Services (ACS), to respond to inquiries, research claims, download claim forms for owner filing, and complete the claims processing and approval process. All property types are returned through the claims processing unit, including stocks and mutual funds.

The Year in Review

During fiscal year 1999, the Division undertook several initiatives as highlighted below:

- Paid $9.0 million in claims and issued 6,941 checks;
- Collected $4.2 million as a result of the UCPD examination efforts;
- Sold 1,617 stocks representing 367,853,668 abandoned shares which generated $9.1 million in receipts;
- Loaded 54,762 owner records into the holder system;
- The Y2K contingency planning process identified five core business processes, and resulted in contingency plans in the event of Y2K system, facility or power failures. Detailed procedures were prepared to ensure continuity of collection and loading of holder reports, claims processing, check deposit and recording, securities recording and transferring, and uninterrupted communication with claimants, holders and general public;
- The Connecticut Unclaimed Property Amnesty Program was officially launched in early January 1999. Connecticut is now one of 38 states participating in a nationwide effort to collect abandoned funds. The program enables the holders of abandoned property to become compliant with the unclaimed property laws of all participating states with no penalties or interest. The program runs through October 1999; and
- Completed system upgrade involving a new router which improves the connection between the Office of the Treasurer and our outside claims vendor. This upgrade will allow UCPD to download data and print customized reports on Division printers in Hartford. Additional work to install software (Paradox and IBM Client Access) on individual PC's within the claims processing unit will allow for the actual production of claim forms. This upgrade will also prevent system failures and allow for more users on the system.

Division Overview

Introduction

The Treasurer is responsible for the administration 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. Employers transferred liability for workers' compensation claims to the Fund after 104 weeks if certain criteria were met under the Connecticut Workers' Compensation Act.

Operations

The Second Injury Fund is financed by assessments on Connecticut employers. Insured employers pay a surcharge on the workers' compensation insurance policies based on annual standard premiums. The assessment for self-insured employers is based on workers' compensation loss costs for medical and indemnity benefits incurred in the prior calendar year.

The Second Injury Fund employs 66 people within the Treasury, working in a claims analysis unit, an accounting unit, a litigation unit comprised of fraud, investigations, collections, and litigation, and an administrative services unit responsible for claims support, specialty claim reimbursements, the return-to-work program and medical case management. SIF also funds 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 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 of the Fund

What started out as a relatively obscure fund 54 years ago, developed into the largest disburser of workers' compensation benefits in the State. Without the benefit of normal checks and balances inherent in similar private sector operations, the SIF evolved to become a simple processor of claims. This "pay-as-you-go" approach led to a rise in the dollar value of assessments on Connecticut employers, reaching a high of $146.5 million in fiscal year 1996. The Second Injury Fund's responsibilities have expanded through judicial and legislative reform resulting in annual claim growth in excess of 20 percent for the period 1970 to 1995.

In 1995, the Connecticut General Assembly enacted Public Act 95-277. This legislation:

- Closed the Fund to new claims covered under Connecticut General Statutes Section 31-349 where an injured worker with a pre-existing injury sustained a second injury on or after July 1, 1995;
- Restricted statutory notice requirement to SIF, imposing a deadline of June 30, 1995 for initial notification of any new claim against the Fund under C.G.S. 31-349;
- Established the Medical Review Panel, appointed by the Workers' Compensation Chairman, to determine medical eligibility for all claims in which transfer to the Fund was sought;

- Transferred the responsibility from SIF to the insurer for payments during an appeal pursuant to C.G.S. 31-301(f);
- Eliminated SIF obligation to reimburse employers for the cost of group health coverage to injured workers pursuant to C.G.S. 31-284b; and
- Expanded enforcement, fines and penalties against employers who fail to provide workers' compensation coverage.

Furthermore, the Fund established policies for the:

- Implementation of Return to Work and Medical Case Management programs for injured workers;
- Closing of claims through appropriate full and final settlement; and
- Expansion of fraud detection and prosecution efforts.

A year later, the Connecticut General Assembly enacted additional reforms through Public Act 96-242, which imposed a deadline of July 1, 1999 for transfer of all eligible cases to SIF and authorized the issuance of up to $750 million in revenue bonds to finance stipulated settlements.

Due to these legislative reforms, the SIF operating budget for fiscal year 1997 showed its first decrease of operating expenses in SIF history. The Second Injury Fund operating budget also began to show the following trends:

- Declining assessment revenue base;
- Declining medical/indemnity payments due to increased stipulated settlements;
- First time debt service expense line item ($3.5 million) to pay for principal and interest for $100 million in bonds issued in 1996 for stipulated settlements; and
- Average settlement costs per case increased from $36,000 to over $100,000.

In fiscal year 1998, the SIF operating budget shows debt service expense increase to $12.3 million dollars to pay annual principal and interest expense for increased stipulated settlements.

The Year In Review

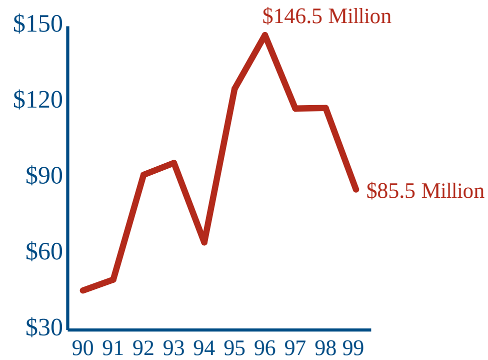
Despite its statutory "closing", the Second Injury Fund will continue to accept liability for claims relating to uninsured employers and reimbursement to employers in instances of concurrent employment. The Fund will also continue to administer its existing caseload.

Treasurer Nappier initiated a thorough review of the finances of the Fund, rational budget analysis and planning with five year projections. This process raised concerns regarding the fiscal management of the Fund and prior decisions made regarding assessment reductions. As reported to SIF participants on June 3, 1999, this analysis revealed potential future shortfalls, caused largely because the required repayment of principal and interest on bonds was omitted from budget planning by the previous administration. This coupled with three assessment reductions in less than one year and a declining revenue base resulted in projected deficits in the Second Injury Fund beginning next year.

Assessments

Current assessment rates have been frozen for insured and self-insured employers through June 30, 2000 to ensure fairness and equity by providing adequate time to prepare for any potential restoration of assessment rates to pre-1998 levels necessitated by future audit findings. In the interim, Treasurer Nappier plans appointment of a Blue Ribbon Commission and an independent audit of SIF to determine what reforms are necessary to improve data integrity and more accurately determine future revenue and expenditure requirements. The Treasurer also instituted a program to pay down debt concerns in the SIF through the issuance of commercial paper, in lieu of a bond issue that had been scheduled for October 1999.

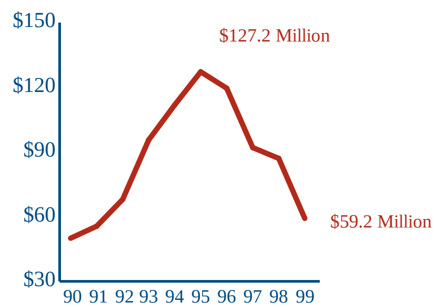
SECOND INJURY FUND ASSESSMENTS
Fiscal Years Ended June 30, ($ in Millions)



Operating Expenses

Fiscal year 1999 marked the fourth straight year in which SIF was able to decrease operating expenses and reduce the budget. While operating expenses declined by approximately $27.7 million or 31.9 percent over the prior year for the SIF, debt service expense increased to $13.3 million to pay the annual principal and interest expense for stipulated settlements.

SECOND INJURY FUND
Total Operating Expenditures ($ in Millions)



Bond Proceeds

Using the proceeds from the issuance of bonds combined with the utilization of an innovative commercial paper program, the Fund has been able to increase the number of full and final settlements it has negotiated on its claims. The net effect of this alternative financing program has been a reduction in short-term costs and a significant reduction in the Fund's long-term liability. Prudent management of these resources resulted in a reduction of $24.8 million in anticipated borrowing in fiscal year 1999.

Settlement Savings

The strategy of full and final settlements to reduce the Fund's long-term liabilities has had its successes. Final settlements were negotiated on 1,007 claims. The result was that as of June 30, 1999, the estimated unfunded liability is $836.6 million. Furthermore, during fiscal year 1999, biweekly lost time payments to injured workers were reduced $224,197 or 24 percent.

Responding to concerns from the business community in the face of the statutory closing of the Fund, outreach efforts during May and June 1999 resulted in 34 settlement conferences in which approximately 20 carriers, third party administrators and self-insured employers participated. Of approximately 300 files that were reviewed, 50 cases were transferred to the Fund, 68 were withdrawn and 176 settlements were negotiated. Conservative estimates indicate a long-term savings to the Fund in excess of $25 million.

Of particular concern was the significant number of stipulated settlements involving high settlement dollar amounts. As a part of the restructuring of the SIF, claims settlement authority policy was revamped to limit increasing settlement dollar amounts. In addition, a formal Settlement Review Committee and protocols for review of proposed settlements has been established.

Accounting

Treasurer Nappier has appointed a controller to oversee this critical aspect of SIF operations. On-site audits of insurance companies and self-insured employers began in fiscal year 1999 which yielded an additional $1.2 million in revenue. An analysis of select checkwriting vendor services was completed and these services were brought in-house with checks being issued directly by the Comptroller's Office, resulting in an annual savings of $60,000 to the Fund's operating expenses.

Litigation & Collections

In fiscal year 1999, aggressive pursuit of uninsured employer claims resulted in $470,440 in recoveries. First, the Division began to pursue insurance companies that owed money to the SIF. Second, the Division began to utilize the workers' compensation commission and its authority under the workers' compensation statutes, instead of going to civil court to collect the amount due.

Fraud & Investigations

SIF investigations discovered fraudulent activity on six cases in fiscal year 1999. Criminal arrests were made on all six cases. Two SIF investigators were cited for their exemplary performance in a recovery of medical payments in the amount of $4,364 and delinquent assessments in excess of $28,000 respectively.

MIS

Management information systems were evaluated during the fiscal year and weaknesses in the systems were identified. As part of a restructuring plan, a formal MIS committee was re-established to assess division needs. Ensuring data integrity is a crucial first step in any efforts to upgrade or maintain our existing system.

Return to Work/Medical Case Management

While the Division has made great strides in the cost containment of the Fund, it still pursued quality medical care and rehabilitative services for claimants. In fiscal year 1999, the return-to-work program created 70 employment opportunities for injured workers. Examining the effectiveness of the existing return-to-work program and making recommendations for improvement was incorporated as a part of a continuing effort to improve the quality of services to injured workers, while at the same time reducing the burden on the business community. The revamped program calls for the following:

- Expanding the re-training programs and employment opportunities through collaboration with state and/or government agencies;
- Limiting contracted services to six months unless otherwise authorized in writing by the Fund;
- Utilizing cost containment mechanisms to reduce medical expenditures; and
- Requiring written approval for independent medical examination (IME) services in excess of $1,000.

Management of the Fund

An internal organizational study was conducted to improve organizational effectiveness, assess workflow inefficiencies, address certain audit recommendations, and examine the potential impact of a diminishing workload as a result of the statutory closing of the Fund. The result was a reorganization plan for the Second Injury Fund that positions the Fund to meet its changing focus in the coming years. It is a comprehensive plan which includes:

- Restructuring the division in the face of shifting priorities brought on by the statutory “closure” of the Fund;
- Examining workload inefficiencies and redistribution of the workload;
- Implementing standards and procedures for SIF operations; and
- Addressing independent consultant recommendations, i.e., development of a reserving philosophy, greater supervisory review of claims, institution of roundtable discussions, training opportunities, and setting performance standards.

1999 Division Performance

The performance of the Second Injury Fund during the fiscal year can be measured by:

- Net reduction of the unfunded liability by $405.4 million to $836.6 million in fiscal year 1999 and $1.5 billion since January 1995;
- 1,007 claim settlements negotiated and settled in fiscal year 1999, bringing the total number of claims settled to 4,948 claims since January 1995;
- Reduction in lost wage payroll of approximately 35 percent;
- Continued reduction in the number of claimants receiving lost time payments from 1,050 in June 1998 to 719 in June 1999, a 31.5 percent decline;
- Continuation of arrests and prosecutions for fraud; and
- For fiscal year 1999, for claims covered under C.G.S. 31-349, 231 cases were transferred into the Fund; 384 cases were settled in lieu of transfer to the Fund.

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, 1999, the related statement of operations for the fiscal year then ended and the statement of changes in net assets for the fiscal years ended June 30, 1999, and 1998. We have audited the accompanying statement of net assets of the Short Term Investment Fund as of June 30, 1999 and the statements of changes in net assets for the fiscal years ended June 30, 1999, and 1998. We have audited the accompanying statement of net assets of the Connecticut Higher Education Trust as of June 30, 1999, the related statement of operations for the fiscal year then ended and the statement of changes in net assets for the fiscal year ended June 30, 1999. Further, we have audited the balance sheet of the Second Injury Fund and the statements of condition of the other Non-Civil List Trust Funds as of June 30, 1999, together with the related statements of revenue and expenditures and statements of changes in fund balance for each and the statement of cash flows for the other Non-Civil List Trust Funds, for the fiscal year ended June 30, 1999. We have also examined the schedules of Civil List Funds investments, and debt outstanding, as of June 30, 1999, and changes in debt outstanding during the fiscal year ended June 30, 1999. 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.

Our review of the Tax Exempt Proceeds Fund (TEPF) was limited to (1) the operations performed within the State Treasury, such as accounting for Civil List investments, the wire transfer of funds and the provision of information to State agencies, and (2) reviewing documents to ensure that rules concerning the withdrawal of refunds were being complied with by recipients. The books and records of TEPF were audited by a firm of independent public accountants.

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

Our procedures included confirmation of securities owned as of June 30, 1999, by correspondence with the custodians. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Combined Investment Funds, Short Term Investment Fund, Connecticut Higher Education Trust, Second Injury Fund and other Non-Civil List Trust Funds as of June 30, 1999, and the results of their operations, the changes in net assets for the Combined Investment Funds, the Short Term Investment Fund and the Connecticut Higher Education Trust, changes in fund balance for the Second Injury Fund and other Non-Civil List Trust Funds and cash flows for the other Non-Civil List Trust Funds for the year then ended, in conformity with generally accepted accounting principles.

In our opinion, the schedules referred to above present fairly, in all material respects the investments of the Civil List Funds as of June 30, 1999, and the balance of bonds outstanding as of June 30, 1999, 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 generally accepted accounting principles.

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, 1999, quarter ending estimated values adjusted for cash flows of the Funds during the subsequent quarter that affect the value at the Funds' level. Adjustments are made for underlying investments that experienced significant changes in value during the quarter, if deemed appropriate. We have reviewed the investment advisors' values, the relevant cash flows and the procedures used by the State Treasurer in reviewing the estimated values and have read underlying documentation and, in the circumstances, we believe the procedures to be reasonable and the documentation appropriate. However, because of the inherent uncertainty of valuation, those estimated values may differ significantly from the values that would have been used had a ready market for the investments existed, and the differences could be material.

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

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

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

Kevin P. Johnston
Auditor of Public Accounts

Robert G. Jaekle
Auditor of Public Accounts

Nancy Wyman
State Comptroller

October 15, 1999
State Capitol
Hartford, Connecticut

Connecticut State Treasury
Hartford, Connecticut
October 15, 1999

While the financial statements and the related financial data contained in this Annual Report have been prepared in conformity with generally accepted accounting principles and such financial statements are audited annually by the State Auditors of Public Accounts, the ultimate accuracy and validity of this information is the responsibility of the management of the State Treasury. To carry out this responsibility, the Treasury maintains financial policies, procedures, accounting systems and internal controls which management believes provide reasonable, but not absolute, assurance that accurate financial records are maintained and investments and other assets are safeguarded.

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

Sincerely,

Howard G. Rifkin
Deputy Treasurer

Statement of Net Assets
June 30, 1999

	CASH RESERVE FUND	MUTUAL EQUITY FUND	MUTUAL FIXED INCOME FUND	INTER-NATIONAL STOCK FUND	REAL ESTATE FUND	COMMERCIAL MORTGAGE FUND	PRIVATE INVEST-MENT FUND	ELIMINATION ENTRY	TOTAL
ASSETS									
Investments in Securities, at Fair Value									
Cash Reserve Fund	$ -	$ 83,053,791	$ 888,881,732	$ 67,179,040	$ 47,452,556	$ 8,105,272	$ 72,026,030	$ (1,166,698,420)	$ -
Cash Equivalents	816,458,429	-	7,331,622	-	-	-	-	-	823,790,051
Asset Backed Securities	296,440,499	-	94,033,968	-	-	-	-	-	390,474,467
Government Securities	-	-	970,165,447	-	-	-	-	-	970,165,447
Government Agency Securities	32,992,034	-	1,631,775,411	-	-	-	-	-	1,664,767,445
Mortgage Backed Securities	52,032,713	-	475,929,586	-	-	2,844,475	-	-	530,806,774
Corporate Debt	195,875,756	-	2,103,336,610	1,597,260	-	-	-	-	2,300,809,626
Convertible Securities	-	-	211,222,905	662,975	-	-	-	-	211,885,880
Common Stock	-	9,031,543,971	10,358,043	2,308,483,584	56,131,247	187,295,346	867,276	-	11,594,679,468
Preferred Stock	-	-	85,274,769	54,316,772	-	-	-	-	139,591,540
Real Estate Investment Trust	-	22,941,471	2,962,288	256,748	-	-	-	-	26,160,507
Mutual Fund	-	-	78,478,155	4,464,194	-	-	-	-	82,942,350
Limited Liability Corporation	-	-	-	-	-	-	45,009,697	-	45,009,697
Trusts	-	-	-	-	65,124,371	36,987,256	-	-	102,111,627
Limited Partnerships	-	-	202,713,400	-	196,684,863	-	1,065,002,061	-	1,464,400,322
Partnerships	-	-	-	-	47,535,718	-	-	-	47,535,718
Annuities	-	-	-	-	15,293,088	-	-	-	15,293,088
Total Investments in Securities, at Fair Value	1,393,799,432	9,137,539,233	6,762,463,935	2,436,960,573	428,221,842	235,232,350	1,182,905,063	(1,166,698,420)	20,410,424,008
Cash	-	-	2,139,107	18,268,031	-	-	-	-	20,407,138
Receivables									
Foreign Exchange Contracts	-	-	147,970,600	1,275,038,224	-	-	1,293,341	-	1,424,302,165
Interest Receivable	10,316,555	341,483	71,652,475	280,681	233,157	-	459,084	(9,447,490)	73,835,945
Dividends Receivable	-	8,465,400	268,673	3,330,851	-	1,607,324	-	-	13,672,249
Due from Brokers	-	52,934,343	172,040,149	8,243,431	-	-	-	-	233,217,923
Management Fee Receivable	-	-	-	6,278,262	-	-	-	-	6,278,262
Foreign Taxes	-	29,498	7,478	1,357,704	-	-	-	-	1,394,680
Securities Lending Receivable	-	136,727	381,145	284,523	-	-	-	-	802,395
Reserve for Doubtful Receivables	-	-	(1,130,492)	(306,804)	-	-	-	-	(1,437,297)
Total Receivables	10,316,555	61,907,452	391,190,028	1,294,506,872	233,157	1,607,324	1,752,425	(9,447,490)	1,752,066,323
Invested Securities Lending Collateral	-	482,560,428	663,467,854	654,031,383	-	-	-	-	1,800,059,665
Other Funds on Deposit	-	-	-	-	-	29,462	-	-	29,462
Prepaid Expenses	-	-	-	-	-	8,729	2,973,481	-	2,982,210
Total Assets	1,404,115,987	9,682,007,113	7,819,260,924	4,403,766,859	428,454,999	236,877,866	1,187,630,970	(1,176,145,910)	23,985,968,807
LIABILITIES									
Payables									
Foreign Exchange Contracts	-	-	147,415,514	1,260,676,406	-	-	1,299,270	-	1,409,391,191
Due to Brokers	24,987,932	55,518,623	834,221,295	16,527,197	-	-	-	(4,479,903)	926,775,144
Income Distribution	5,603,725	-	-	-	-	-	-	(4,737,953)	865,772
Other Payables	-	1,578,422	-	-	-	-	-	-	1,578,422
Total Payables	30,591,657	57,097,045	981,636,810	1,277,203,603	-	-	1,299,270	(9,217,856)	2,338,610,529
Securities Lending Collateral	-	482,560,428	663,467,854	654,031,383	-	-	-	-	1,800,059,665
Accrued Expenses	261,693	18,247,912	4,644,791	3,253,895	77,366	-	87,024	(233,554)	26,339,125
Total Liabilities	30,853,350	557,905,385	1,649,749,455	1,934,488,880	77,366	-	1,386,295	(9,451,410)	4,165,009,319
NET ASSETS	$1,373,262,637	$9,124,101,728	$6,169,511,470	$2,469,277,979	$428,377,633	$236,877,866	$1,186,244,675	$(1,166,694,500)	$19,820,959,484
Units Outstanding	1,373,262,637	10,920,908	56,531,227	10,786,350	7,202,512	3,159,604	14,572,446		
Net Asset Value and Redemption Price per Unit	$ 1.00	$ 835.47	$ 109.13	$ 228.93	$ 59.48	$ 74.97	$ 81.40		

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

Statement of Operations
For the Fiscal Year Ended June 30, 1999

	CASH RESERVE FUND	MUTUAL EQUITY FUND	MUTUAL FIXED INCOME FUND	INTER-NATIONAL STOCK FUND	REAL ESTATE FUND	COMMERCIAL MORTGAGE FUND	PRIVATE INVEST-MENT FUND	ELIMINATION ENTRY	TOTAL
Investment Income									
Dividends	$ -	$ 110,325,001	$ 25,650,033	$ 46,316,867	$ 21,376,001	$22,583,302	$ 52,342,119	$ -	$ 278,593,322
Interest	69,398,412	3,819,772	408,876,810	5,424,122	3,831,913	429,231	4,418,261	(49,555,354)	446,643,167
Other Income	-	-	-	61	-	-	-	-	61
Securities Lending	-	26,937,450	34,943,598	28,132,252	-	-	-	-	90,013,300
Total Income	69,398,412	141,082,223	469,470,441	79,873,301	25,207,915	23,012,533	56,760,380	(49,555,354)	815,249,847
Expenses									
Investment Advisory Fees	235,850	22,244,938	10,100,483	5,074,707	1,647,593	808,313	11,254,557	(168,413)	51,198,028
Salary and Fringe Benefits	86,876	497,742	310,240	135,716	83,864	58,708	211,323	(62,036)	1,322,433
Custody and Transfer Agent Fees	64,951	177,185	241,327	571,081	25,727	14,936	174,929	(46,380)	1,223,758
Professional Fees	20,215	131,904	82,522	58,898	5,964	4,159	382,836	(14,435)	672,063
Security Lending Fees	-	601,374	848,502	1,035,908	-	-	-	-	2,485,784
Security Lending Rebates	-	24,684,547	31,731,758	24,364,656	-	-	-	-	80,780,961
Other Investment Expenses	3,094	-	-	-	-	-	-	(2,209)	885
Total Expenses	410,986	48,337,690	43,314,831	31,240,966	1,763,148	886,116	12,023,645	(293,473)	137,683,910
Net Investment Income	68,987,426	92,744,532	426,155,610	48,632,335	23,444,766	22,126,417	44,736,735	(49,261,881)	677,565,941
Net Realized Gain (Loss)	214,237	711,451,505	(57,138,468)	17,985,041	2,294,333	(1,080,670)	229,121	(152,981)	673,802,120
Net Change in Unrealized Gain(Loss) on Investments and Foreign Currency	-	678,360,196	(208,927,811)	85,451,411	14,412,844	(5,223,957)	(33,797,046)	-	530,275,637
Net Increase (Decrease) in Net Assets Resulting from Operations	$69,201,663	$1,482,556,234	$160,089,330	$152,068,787	$40,151,944	$15,821,790	$11,168,810	$(49,414,862)	$1,881,643,698

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

Statement of Changes in Net Assets
For the Fiscal Year Ended June 30, 1999

	CASH RESERVE FUND	MUTUAL EQUITY FUND	MUTUAL FIXED INCOME FUND	INTER-NATIONAL STOCK FUND	REAL ESTATE FUND	COMMERCIAL MORTGAGE FUND	PRIVATE INVEST-MENT FUND	ELIMINATION ENTRY	TOTAL
Net Increase in Net Assets Resulting from Operations	$ 69,201,663	$1,482,556,234	$ 160,089,330	$ 152,068,787	$ 40,151,944	$ 15,821,790	$ 11,168,810	$ (49,414,862)	1,881,643,698
Distributions to Unit Owners:									
Income Distributed	(69,201,663)	(98,838,804)	(381,768,132)	(30,295,768)	(30,844,898)	(22,581,737)	(59,510,561)	49,414,861	(643,626,703)
Returns of Capital	-	-	-	-	-	-	-	-	-
Total Distributions	(69,201,663)	(98,838,804)	(381,768,132)	(30,295,768)	(30,844,898)	(22,581,737)	(59,510,561)	49,414,861	(643,626,703)
Unit Transactions									
Purchase of Units by Participants	3,760,120,119	6,859,157	219,834,231	-	197,320,424	203,055	540,000,000	(2,716,618,488)	2,007,718,498
Redemption of Units by Participants	(3,761,862,436)	(1,984,000)	(130,994,000)	(90,557,000)	(195,000,000)	(32,000,000)	(100,000,000)	2,513,454,383	(1,798,943,053)
Net Increase(Decrease) in Net Assets Resulting from Unit Transactions	(1,742,317)	4,875,157	88,840,231	(90,557,000)	2,320,424	(31,796,945)	440,000,000	(203,164,105)	208,775,445
Total Increase(Decrease) in Net Assets	(1,742,317)	1,388,592,587	(132,838,571)	31,216,019	11,627,470	(38,556,893)	391,658,249	(203,164,106)	1,446,792,440
Net Assets-Beginning of Period	1,375,004,953	7,735,509,143	6,302,350,040	2,438,061,960	416,750,163	275,434,758	794,586,427	(963,530,394)	18,374,167,050
Net Assets-End of Period	$1,373,262,637	$9,124,101,728	$6,169,511,470	$2,469,277,979	$428,377,633	$236,877,866	$1,186,244,675	$(1,166,694,500)	$19,820,959,484
Other Information:									
Units									
Purchased	3,760,120,119	9,239	1,989,554	-	3,348,457	2,636	6,729,369		
Redeemed	(3,761,862,436)	(2,724)	(1,157,755)	(447,522)	(3,266,283)	(414,697)	(1,260,743)		
Net Increase(Decrease)	(1,742,317)	6,515	831,799	(447,522)	82,174	(412,061)	5,468,626		

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

Statement of Changes in Net Assets
For the Fiscal Year Ended June 30, 1998

	CASH RESERVE FUND	MUTUAL EQUITY FUND	MUTUAL FIXED INCOME FUND	INTER-NATIONAL STOCK FUND	REAL ESTATE FUND	COMMERCIAL MORTGAGE FUND	VENTURE CAPITAL FUND	ELIMINATION ENTRY	TOTAL
Increase(Decrease) in Net Assets									
Operations									
Net Investment Income	$ 97,039,535	$ 108,571,588	$ 376,433,619	$ 39,396,993	$ 25,563,016	$ 34,794,639	$ 81,411,311	$ (69,100,261)	$ 694,110,440
Net Realized Gain(Loss)	54,472	1,240,044,437	185,973,089	(77,483,019)	17,024,039	(15,166,109)	-	(38,788)	1,350,408,121
Change in Unrealized Gain(Loss) on Investments and Foreign Currency	-	561,573,993	(49,842,840)	75,171,425	35,274,044	28,475,402	30,760,923	-	681,412,947
Net Increase(Decrease) in Net Assets Resulting from Operations	97,094,007	1,910,190,018	512,563,868	37,085,399	77,861,099	48,103,932	112,172,234	(69,139,049)	2,725,931,508
Distributions to Unit Owners:									
Income Distributed	(97,094,007)	(96,503,774)	(287,594,954)	(32,207,173)	(50,514,679)	(30,918,176)	(103,036,394)	69,139,040	(628,730,117)
Returns of Capital	-	-	-	-	-	-	-	-	-
Total Distributions	(97,094,007)	(96,503,774)	(287,594,954)	(32,207,173)	(50,514,679)	(30,918,176)	(103,036,394)	69,139,040	(628,730,117)
Unit Transactions									
Purchase of Units by Participants	4,303,230,382	-	1,826,885,764	-	50,000,000	-	243,156,283	(3,514,691,907)	2,908,580,522
Redemption of Units by Participants	(4,285,701,826)	(1,417,976,932)	-	(6,737,351)	(149,000,000)	(70,000,000)	-	3,268,453,213	(2,660,962,896)
Net Increase(Decrease) in Net Assets Resulting from Unit Transactions	17,528,556	(1,417,976,932)	1,826,885,764	(6,737,351)	(99,000,000)	(70,000,000)	243,156,283	(246,238,694)	247,617,626
Total Increase(Decrease) in Net Assets	17,528,556	395,709,312	2,051,854,678	(1,859,125)	(71,653,580)	(52,814,244)	252,292,123	(246,238,703)	2,344,819,017
Net Assets-Beginning of Period	1,357,476,397	7,339,799,831	4,250,495,362	2,439,921,085	488,403,743	328,249,002	542,294,304	(717,291,691)	16,029,348,033
Net Assets-End of Period	$1,375,004,953	$7,735,509,143	$6,302,350,040	$2,438,061,960	$416,750,163	$275,434,758	$794,586,427	$(963,530,394)	$18,374,167,050
Other Information:									
Units									
Purchased	4,303,230,382	-	16,357,344	-	847,210	-	2,855,150		
Redeemed	(4,285,701,826)	(2,221,248)	-	(35,022)	(2,761,982)	(933,218)	-		
Net Increase(Decrease)	17,528,556	(2,221,248)	16,357,344	(35,022)	(1,914,772)	(933,218)	2,855,150		

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 (formerly the Venture Capital 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 McBride Principles. Other legislation restricts the maximum aggregate investment in equity securities to 55% of the fair value of the Trust Funds.

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

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

A. NEW PRONOUNCEMENTS

There were no relevant new pronouncements for the fiscal year ended June 30, 1999.

B. SECURITY VALUATION

The financial statements and corresponding footnotes include the application of GASB 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools". Management believes this presentation provides a more comprehensive and meaningful representation of the Funds' investments and financial reporting. This adoption has been accomplished using the Audit and Accounting Guide for Audits of Investment Companies prepared by the American Institute of Certified Public Accountants pursuant to GASB 31.

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

Mutual Equity Fund

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

Mutual Fixed Income Fund

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

An investment with a market value of $202,713,400 and a cost value of $201,614,206 is held through a limited partnership. The fair value of the underlying securities is based on quoted market prices when available. When quoted market prices are not available, the underlying securities are valued by the General Partner at the fair value as determined in good faith under consistently applied procedures.

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

The Mutual Fixed Income Fund invests in Mortgage Backed Securities (MBSs) and Asset Backed Securities (ABSs), which are included in the Statement of Net Assets. These are bonds issued by a special purpose trust that collects payments on an underlying collateral pool of mortgage or other loans and remits payments to bondholders. The bonds are structured in a series of classes or tranches, each with a different coupon rate and stated maturity date. Interest payments to the bondholders are made in accordance with the trust indentures and amounts received from borrowers in excess of interest payments and expenses are used to amortize the principal on the bonds. Such principal payments are made to retire the tranches of bonds in order of their stated maturity. Because mortgage prepayments are largely dependent on market interest rates, the ultimate maturity date of the bonds is unpredictable and is sensitive to changes in market interest rates, but is generally prior to the stated maturity date. At June 30, 1999, the Fund held MBSs of $475,929,586 and ABSs of $94,033,968.

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, 1999, the Funds' holdings had a fair value of $18.2 million and a cost of $21.1 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, partnerships, and annuities, which comprise substantially all of the Fund's investments, are carried at the cash adjusted fair value. The cash adjusted fair value utilizes the prior calendar quarter end fair value as estimated by the investment advisor, (i) plus cash flows relating to capitalized expenses and principal contributions disbursed from and (ii) minus amounts received by the Real Estate Fund, to estimate the current fair value. The Treasurer's staff reviews the prior quarter estimated fair values provided by the investment advisors for reasonableness. In those instances where an advisor's value appears to be overstated, this estimated fair value is adjusted accordingly. Additionally, the staff monitors the estimated cash adjusted fair values against the estimated values subsequently reported by the investment advisors. In the event of significant total Fund-level differences between the cash adjusted estimates and the investment advisors' estimated values, adjustments to the reported cash adjusted fair values are made to prevent overstatement. At June 30, 1999, the estimated investment values provided by the investment advisors, net of the adjustments noted above, were less than the cash adjusted fair values reported on the Statement of Net Assets by approximately $0.7 million. Consistent with the cash adjusted fair value presentation this deficit was deemed insignificant and will be considered for next quarter's adjustment.

Commercial Mortgage Fund

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

The Fund's common stock investments include a subordinated residual interest in a securitized portfolio of commercial mortgage loans ("the CMO residual"). The single class of related senior bonds has been paid in full during the fiscal year. The CMO residual has an estimated fair value of approximately $66 million at June 30, 1999 which was determined by applying risk-adjusted discount rates to the projected cash flows from the investment. Similar to the whole loans discussed above, the discount rates were determined by applying a spread over U.S. Treasury yields of comparable maturities. This derivative asset subjects the Fund to credit risk represented by the fair value of the asset. At June 30, 1999, the weighted average yield on the loans was 6.18%. Additionally, the Fund has three commercial mortgage backed securities. These securities are included on the Statement of Net Assets as Trusts. The Mortgage Backed Securities on the Statement of Net Assets consist of a residual interest in a CMO created pursuant to a securitization of a residential mortgage pool.

Private Investment Fund

The Private Investment Fund is comprised of investments in various limited partnerships and limited liability companies. The general partner or managing member is the investment advisor and is compensated on a fee basis for management services in addition to its participation in partnership profits and losses. These investments are carried at their cash adjusted fair values. The cash adjusted fair value utilizes the prior quarter fair value as estimated by the investment advisor, (i) plus cash flows relating to capitalized expenses and principal contributions disbursed from and (ii) minus amounts received by the Private Investment Fund, to estimate the current fair value. The Treasurer's staff reviews the prior quarter estimated fair values provided by the investment advisors for reasonableness. In those instances where an advisor's value appears to be overstated, the estimated fair value is adjusted accordingly. Additionally, the staff monitors the estimated cash adjusted fair values against the estimated values subsequently reported by the investment advisors. In the event of significant total Fund-level differences between the cash adjusted estimates and the investment advisors' estimated values, adjustments of reported cash adjusted values are made to prevent overstatement. At June 30, 1999, the estimated investment values provided by the investment advisors, net of the adjustments noted above, exceeded the cash adjusted fair value reported on the Statement of Net Assets by approximately $147.6 million. Consistent with the cash adjusted fair value presentation this increase will be considered for the next quarter's adjustment.

Notes to Financial Statements (Continued)

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

C. INVESTMENT TRANSACTIONS AND RELATED INCOME

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

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

D. FOREIGN CURRENCY TRANSLATION

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

E. SHARE TRANSACTIONS AND PRICING

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

F. EXPENSES

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

G. DISTRIBUTIONS

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

H. DERIVATIVE FINANCIAL INSTRUMENTS

GASB Technical Bulletin Number 94-1 states that derivatives are generally defined as contracts whose value depends on, or derives from, the value of an underlying asset, reference rate, or index. For the fiscal year ended June 30, 1999, the funds maintained positions in a variety of such securities. The Cash Reserve Fund held adjustable rate and asset backed securities. The Mutual Fixed Income Fund held CMOs, including IOs and other asset backed securities, indexed Treasury securities and option contracts. The International Stock and Mutual Fixed Income Funds were invested in foreign exchange contracts and the Commercial Mortgage Fund held CMOs and CMO residuals. The specific nature of these investments is discussed more fully in the accounting policy note for each respective fund, where appropriate. These financial instruments are utilized for trading and other purposes. Those that are used for other than trading purposes are foreign exchange contracts, which can be used to facilitate trade settlements, and may serve as foreign currency hedges. The credit exposure resulting from such contracts is limited to the recorded fair value of the contracts on the Statement of Net Assets.

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

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

I. COMBINATION

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. 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, 1999:

	Netted	Capitalized	Expensed	Total
Private Investment Fund	$8,891,145	$27,582,912	$11,254,557	$47,728,614

In addition, realized gains and losses are not reported at the level of the Fund's investment since these relate to realized gains and losses on the underlying securities held by the Funds' investment vehicles. The following is the Fund's share of such realized gains for the fiscal year ended June 30, 1999:

Private Investment Fund	$29,463,298

The Mutual Fixed Income Fund includes an investment in a mutual fund and an investment in a limited partnership interest. Fees incurred are deducted from the operations of the fund and are not separately presented on the Statement of Operations. The corresponding fees incurred for the fiscal year ended June 30, 1999 totaled $2.2 million.

Investment advisory fees incurred for certain investments in the Real Estate Fund are capitalized in the cost basis of these investments and become a component of unrealized gain (loss). A summary of such fees as well as the amounts expensed and reflected as Investment Advisory Fees is presented below for the fiscal year ended June 30, 1999:

	Capitalized	Expensed	Total
Real Estate Fund	$3,130,511	$1,647,593	$4,778,104

Additionally, the Real Estate Fund incurred disposition fees of $6,760,662 on investments sold with a Net Asset Value of $100,623,388. This amount is netted against the proceeds realized upon the disposition of an asset. These amounts are reflected in the Realized Gain on the Statement of Operations.

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

K. RECLASSIFICATIONS

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

L. RELATED PARTY AND OTHER TRANSACTIONS

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

Investment Transactions between Funds - In April 1999, an interest in a Limited Partnership in the Private Investment Fund with a cost value of $200,000,000 and fair value, as determined by the investment manager and reviewed by staff, of $201,614,206 was transferred to the Mutual Fixed Income Fund in return for cash proceeds. The cost of this investment as recorded in the Mutual Fixed Income Fund is $201,614,206. The fair value as of June 30, 1999 is $202,713,400.

M. ESTIMATES

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

NOTE 2: CASH, INVESTMENTS AND SECURITIES LENDING

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

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

All registered securities, as noted above, are classified under GASB risk category 1, except as follows:

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

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

Notes to Financial Statements (Continued)

Private Investment Fund

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

Commercial Mortgage Fund

At June 30, 1999, investments with a cost of $176,655,829 and a fair value of $187,295,346 in the form of common stock certificates are classified as category 1. Other Funds on Deposit represent portfolio level net assets consisting of escrow accounts. These are maintained by the portfolio manager and are not classified as they are not investments.

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

The composition of the Fund's investment portfolio by the underlying assets in which the investee corporations and trusts are invested in are as follows at June 30, 1999:

Investment	Fair Value	Cost
Cash Reserve	$8,105,272	$8,105,272
Commercial		
Mortgage loans	217,748,381	214,520,370
CMO's	9,378,697	8,887,424
Total	$235,232,350	$231,513,066

Real Estate Fund

Certain investments in the form of common stock certificates with a cost of $32,562,540 and a fair value of $56,131,247 are classified under risk category 1.

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

Summary of Credit Risk Categories

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

	Carrying Amount (Fair Value)			
Investment Type	Category 1	Category 2	Category 3	Total
Cash Equivalents	$ 798,802,119			$ 798,802,119
Asset Backed	390,474,467			390,474,467
Government	633,129,520		$ 13,294,567	646,424,087
Agency	697,324,768		22,812,977	720,137,745
Mortgage Backed	514,066,175			514,066,175
Corporate Debt	2,275,171,750			2,275,171,750
Convertible	207,420,697			207,420,697
U.S. Corporate Stock	8,815,967,226		240,725	8,816,207,951
International Equity	1,675,680,595		1,626,560	1,677,307,155
Preferred Stock	138,383,425			138,383,425
Collateral securities held by investment pool under securities lending arrangements:				
Cash Equivalents			472,788,521	472,788,521
Corporate Debt			1,325,672,410	1,325,672,410
SUBTOTAL	$16,146,420,742	$ -	$1,836,435,760	$17,982,856,502

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

Real Estate Investment Trusts	$ 25,798,868
Mutual Funds	82,942,350
Limited Liability Corporation	45,009,697
Trusts	102,111,627
Limited Partnerships	1,464,400,322
Partnerships	47,535,718
Annuities	15,293,088
Investments held by broker-dealers under securities loans:	
U.S.Government and Agency	527,069,019
U.S. Corporate Stock	545,959,768
International Equity	555,296,840
Domestic Fixed	112,495,011
International Fixed	4,078,937
Total Investments	$21,510,847,747

Cash balances included on the Statement of Net Assets of $20,407,138 are fully insured by the FDIC and are, therefore, classified as Category 1.

Cash Equivalents listed on the breakdown by investment type under Category 1 consist of corporate debt of $794,063,332, time deposits of $3,772,973 and government securities of $965,814. Cash Equivalents reported under Category 3 consist of certificates of deposit of $164,945,521 and time deposits of $307,843,000.

Securities Lending

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

During the period ended June 30, 1999, 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, 1999, 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, 1999 were $1,838,671,522 and $1,782,874,406, 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, 1999 was 31 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, 1999:

Fund	Fair Value of Collateral	Fair Value of Securities Lent
Mutual Equity	$ 484,086,077	$ 468,207,554
International Stock	657,569,625	624,085,994
Mutual Fixed Income	701,800,125	690,580,858
Total	$1,843,455,827	$1,782,874,406

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	$126,744,946	$ 355,386,260	$ 482,131,206
International Stock	171,782,899	481,668,488	653,451,387
Mutual Fixed Income	174,260,676	488,617,662	662,878,338
Total	$472,788,521	$1,325,672,410	$1,798,460,931

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

NOTE 3: PURCHASES AND SALES OF INVESTMENT SECURITIES

For the period ended June 30, 1999, 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	$ 4,592,974,709	$ 4,577,238,269
Mutual Fixed Income	18,906,407,211	18,546,539,340
International Stock	2,225,575,028	2,285,072,937
Real Estate	119,246,891	132,046,546
Commercial Mortgage	3,177,925	35,255,527
Private Investment	724,483,494	89,670,891

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, 1999, 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	$3,030,349,703	$213,992,304	$2,816,357,399
Mutual Fixed Income	68,679,146	249,956,874	(181,277,728)
International Stock	613,348,373	114,119,654	499,228,719
Real Estate	62,408,563	76,861,040	(14,452,477)
Commercial Mortgage	11,180,651	14,396,272	(3,215,621)
Private Investment	132,071,328	87,418,849	44,652,479

NOTE 5: FOREIGN EXCHANGE CONTRACTS

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, 1999, 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	$4,231,777	$(1,862)
Brazilian Real	486,284	1,523
Danish Krone	160,000	(300)
Euro Currency	2,760,000	(12,728)
Greek Drachma	25,445	(104)
Hong Kong Dollar	3,635,498	(236)
Japanese Yen	6,404,388	(18,711)
New Zealand Dollar	378,511	(2,942)
Norwegian Krone	365,000	(859)
Pound Sterling	149,377	(340)
Singapore Dollar	2,547,894	(408)
Swedish Krona	1,519,245	6,811
Swiss Franc	3,313,259	(26,509)
Thailand Baht	17,569	(35)
	25,994,247	(56,700)

Notes to Financial Statements (Continued)

Contracts to Sell:		
Australian Dollar	35,086,808	(553,043)
Danish Krone	15,859,887	125,691
Euro Currency	497,596,446	9,710,553
Hong Kong Dollar	23,666,089	14,175
Israeli Shekel	100,335	(423)
Japanese Yen	384,997,945	2,701,615
New Zealand Dollar	2,320,974	82,319
Norwegian Krone	5,644,250	41,182
Pound Sterling	183,336,590	1,452,076
Singapore Dollar	5,638,002	(1,010)
Swedish Krona	30,524,793	212,656
Swiss Franc	63,628,046	632,251
Thailand Baht	700,512	476
	1,249,100,677	14,418,518
Total	$1,275,094,924	$14,361,818

Financial Statement Amounts:

	Receivable	Payable	Net
Amount In US Dollars	$1,275,094,924	$1,275,094,924	$ -
Unrealized Gain (Loss)	(56,700)	14,418,518	14,361,818
Net	$1,275,038,224	$1,260,676,406	$14,361,818

Mutual Fixed Income Fund:

Foreign Currency	Value	Unrealized Gain(Loss)
Contracts to Buy:		
Argentine Peso	$3,448,203	$105,855
Chilean Peso	1,605,000	(90,209)
Colombian Peso	1,040,000	(62,642)
Costa Rican Colon	468,000	157
Czechoslovakia Koruna	1,787,820	(152,333)
Euro Currency	22,423,554	(171,840)
Greek Drachma	6,400,299	(465,483)
Hungarian Forint	1,796,803	(52,537)
Indian Rupee	1,955,000	(3,690)
Indonesian Rupiah	2,178,876	822,488
Israeli Shekel	406,000	4,447
Japanese Yen	8,199,492	(76,813)
Mexican Peso	6,503,353	349,528
Philippine Peso	4,499,051	253,566
Polish Zloty	5,631,144	(180,000)
Pound Sterling	526,849	(4,218)
Slovakian Koruna	779,130	(19,491)
South African Rand	410,000	7,662
South Korean Won	3,850,000	226,382
Thailand Baht	3,888,337	144,659
Yuan Renminbi	1,180,000	2,776
	78,976,911	638,264
Contracts to Sell:		
Argentine Peso	3,467,963	(86,095)
Canadian Dollar	1,380,023	16,844
Colombian Peso	967,553	(9,804)
Czechoslovakia Koruna	986,833	(5,892)
Euro Currency	26,913,918	30,695
Greek Drachma	5,999,293	64,476
Indian Rupee	1,225,000	(13,716)
Indonesian Rupiah	3,015,838	14,484
Japanese Yen	9,645,477	74,713
Mexican Peso	1,149,924	(10,221)
Philippine Peso	4,578,064	(43,970)
Polish Zloty	1,050,087	(4,574)
Pound Sterling	530,074	7,443
Slovakian Koruna	755,944	(3,680)
South African Rand	398,572	(19,090)
South Korean Won	2,289,245	(63,402)
Thailand Baht	4,001,617	(31,389)
	68,355,425	(83,178)
Total	$147,332,336	$555,086

Financial Statement Amounts:

	Receivable	Payable	Net
Amount In US Dollars	$147,332,336	$147,332,336	$ -
Unrealized Gain (Loss)	638,264	(83,178)	555,086
Net	$147,970,600	$147,415,514	$555,086

Additionally, the Private Investment Fund entered into a contract to buy EURO currency with a value of $1,299,270 and an unrealized loss of $(5,929). This results in a receivable of $1,293,341 and a payable of $1,299,270 as of June 30, 1999.

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

NOTE 6: COMMITMENTS

In accordance with the terms of the individual investment agreements, the Private Investment Fund and the Real Estate Fund have outstanding commitments to make additional investments. These commitments will be fulfilled as suitable investment opportunities become available. Unfunded commitments at June 30, 1999, were as follows:

Fund	Total Commitment	Cumulative Amounts Funded	Unfunded Commitment
Real Estate	$ 365,000,000	$ 158,087,474	$ 206,912,526
Private Investment	3,308,730,539	1,328,349,676	1,980,380,863

After June 30, 1999, the Private Investment Fund negotiated the reduction of original total commitments by $55 million. Additional reductions to commitments may occur.

NOTE 7: REGULATION 3-31b.

In the MFIF, bonds purchased at a discount are accreted on a straight-line basis over their life. Prior to September 30, 1998, this was contrary to CIF Regulation 3-31b, which mandated that the purchase price of such securities be maintained until redeemed or sold. This regulation was not followed for the three months ended September 30, 1998, as the prescribed methodology was contrary to GAAP. The following is a summary of the differences between amounts presented in these financial statements prior to the amendment for the period July 1, 1998 to September 30, 1998:

	Financial Statements	Accretion Adjustment	Regulation 3-31b
Cost of Investments	$6,512,122,762	$ (12,800,629)	$ 6,499,322,133
Interest Income	104,362,253	(12,800,629)	91,561,624
Net Change in Unrealized Gain on Investments and Foreign Currency	(112,936,337)	12,800,629	(100,135,708)
Gross Appreciation	177,434,544	12,800,629	190,235,173
Net Appreciation (Depreciation)	(82,616,320)	12,800,629	(69,815,691)

The impact of this treatment on Net Realized Gain (Loss) could not be determined.

As of September 30, 1998, Regulation 3-31b has been changed to conform to GAAP. As a result, this disclosure will no longer be necessary in the future.

NOTE 8: COST BASIS OF INVESTMENTS.

The aggregate cost values of investments in the Funds are as follows at June 30, 1999:

	CASH RESERVE FUND	MUTUAL EQUITY FUND	MUTUAL FIXED INCOME FUND	INTER-NATIONAL STOCK FUND	REAL ESTATE FUND	COMMERCIAL MORTGAGE FUND	PRIVATE INVESTMENT FUND
Investments, at Cost							
Cash Reserve Fund	$ -	$ 83,053,791	$ 888,881,732	$ 67,179,040	$ 47,452,556	$ 8,105,272	$ 72,026,030
Cash Equivalents	816,458,429	-	7,330,632	-	-	-	-
Government Securities	-	-	997,630,599	-	-	-	-
Government Agency Securities	32,992,034	-	1,650,884,322	-	-	-	-
Mortgage Backed Securities	52,032,713	-	494,899,239	-	-	2,816,312	-
Asset Backed Securities	296,440,499	-	94,952,110	-	-	-	-
Corporate Debt	195,875,756	-	2,181,701,930	1,409,729	-	-	-
Convertible Securities	-	-	219,114,264	976,566	-	-	-
Common Stock	-	6,215,035,364	22,392,937	1,806,963,810	32,562,540	176,655,829	101,193
Preferred Stock	-	-	83,980,162	55,849,395	-	-	-
Mutual Fund	-	-	96,694,232	5,081,507	-	-	-
Real Estate Investment Trust	-	23,092,679	3,665,147	271,822	-	-	-
Limited Liability Corporation	-	-	-	-	-	-	46,945,196
Trusts	-	-	-	-	87,522,961	43,935,653	-
Limited Partnerships	-	-	201,614,206	-	197,388,494	-	1,019,180,165
Partnerships	-	-	-	-	37,420,432	-	-
Annuities	-	-	-	-	40,327,336	-	-
Total Investments, at Cost	$1,393,799,432	$6,321,181,834	$6,943,741,512	$1,937,731,869	$442,674,319	$231,513,066	$1,138,252,584

NOTE 9: YEAR 2000 ISSUE

The Office of the Treasurer, as part of an effort coordinated by the State's Department of Information Technology, has worked diligently over the past two years to address the Year 2000 (Y2K) issue. The Y2K issue generally refers to a characteristic of many computer software programs that use only the last two digits of a data field to refer to "year" on the assumption that the first two digits are "19". As a result, these programs would interpret the Year 2000 as the Year 1900. The issue extends to computer hardware, electronics, and other equipment that are dependent on microchip technology. Without reprogramming, such software and equipment could impact the ability to input data into computer programs and the ability of such programs to correctly process data. Y2K may affect the computer systems utilized directly by the Treasury as well as the other systems upon which the Treasury depends to fulfill its mission.

The Treasury has completed an inventory of computer systems and other electronic equipment that may be affected by the Y2K issue and has identified 21 core systems and 17 other key systems that are necessary in conducting the operations of the Office. These systems were further classified as internal or external systems to describe which party has control over design and software maintenance of the system. Internal systems represent any system or application that is developed in-house to support business functions, and include custom-built systems and modified packages. External systems represent any system or application that is owned by an external party, and implies that the external party has control. Nine of the core systems were classified as internal systems and 12 of the core systems were classified as external systems, 8 of which are provided by State Street Bank. Treasury staff was charged with the responsibility for making the internal systems compliant, as well as tracking the external core systems for compliance.

Those core systems and other key systems identified would be subject to the following stages of work to address Year 2000 issues:

Awareness Stage – Establishing a budget and project plan for dealing with the Y2K issue
Assessment Stage – Identifying the systems and components for which Y2K compliance work is needed
Remediation Stage – Making the actual changes to the systems and equipment identified
Validation/Testing Stage – Validating and testing the changes that were made during the remediation stage

As of June 30, 1999, validation stage testing has been completed on all internal core systems and other key systems identified at the Treasury. In addition, the Treasury has contacted external organizations that have a critical relationship with the Office and whose Year 2000 compliance could affect the operations of the Treasury. Such organizations have responded that they are Year 2000 compliant or expect to achieve Year 2000 compliance prior to January 1, 2000. Organizations with less critical relationships have also been contacted to remind them of the potential problems surrounding Year 2000 and the need to evaluate their systems. The Treasury is also finalizing contingency plans in the event of a problem with any of the core systems identified.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the Year 2000 and thereafter. Management cannot assure that the Treasury is or will be Year 2000 ready, that the Treasury's remediation efforts will be successful in whole or in part, or that the parties with whom the Treasury does business will be Year 2000 ready.

Supplemental Schedule of Financial Highlights

MUTUAL EQUITY FISCAL YEAR ENDED JUNE 30,	1999	1998	1997	1996	1995
PER SHARE DATA					
Net Asset Value- Beginning of Period	$708.74	$558.77	$434.79	$356.79	$295.67
INCOME FROM INVESTMENT OPERATIONS					
Net Investment Income	8.46	8.84	8.32	7.47	6.71
Net Gains(Losses) on Securities (Both Realized and Unrealized)	127.32	148.87	123.88	77.60	61.04
Total from Investment Operations	135.78	157.71	132.20	85.07	67.75
LESS DISTRIBUTIONS					
Dividends from Net Investment Income	(9.05)	(7.74)	(8.22)	(7.07)	(6.63)
Returns of Capital	0.00	0.00	0.00	0.00	0.00
Total Distributions	(9.05)	(7.74)	(8.22)	(7.07)	(6.63)
Net Asset Value - End of Period	$835.47	$708.74	$558.77	$434.79	$356.79
TOTAL RETURN	19.38%	28.40%	30.74%	23.98%	23.20%
RATIOS					
Net Assets - End of Period ($000 Omitted)	9,124,102	7,735,509	7,339,800	5,714,655	4,668,689
Ratio of Expenses to Average Net Assets (excl. sec. lending fees & rebates)	0.27%	0.17%	0.13%	0.20%	0.29%
Ratio of Expenses to Average Net Assets	0.57%	0.56%	0.63%	0.28%	0.48%
Ratio of Net Investment Income (Loss) to Average Net Assets	1.10%	1.42%	1.74%	1.88%	2.11%

PRIVATE INVESTMENT[1] FISCAL YEAR ENDED JUNE 30,	1999	1998	1997	1996	1995
PER SHARE DATA					
Net Asset Value- Beginning of Period	$87.28	$86.79	$102.98	$86.82	$77.33
INCOME FROM INVESTMENT OPERATIONS					
Net Investment Income	4.23	11.84	17.96	26.08	20.20
Net Gains(Losses) on Securities (Both Realized and Unrealized)	(5.30)	4.29	(14.09)	15.88	4.93
Total from Investment Operations	(1.07)	16.13	3.87	41.96	25.13
LESS DISTRIBUTIONS					
Dividends from Net Investment Income	(4.81)	(15.64)	(20.06)	(25.80)	(13.52)
Returns of Capital	0.00	0.00	0.00	0.00	(2.12)
Total Distributions	(4.81)	(15.64)	(20.06)	(25.80)	(15.64)
Net Asset Value - End of Period	$81.40	$87.28	$86.79	$102.98	$86.82
TOTAL RETURN	(0.81)%	18.55%	5.68%	43.78%	25.39%
RATIOS					
Net Assets - End of Period ($000 Omitted)	1,186,245	794,586	542,295	302,605	222,914
Ratio of Expenses to Average Net Assets (excl. sec. lending fees & rebates)	1.21%	0.55%	0.06%	0.03%	0.03%
Ratio of Expenses to Average Net Assets	na	na	na	na	na
Ratio of Net Investment Income (Loss) to Average Net Assets	5.28%	14.25%	17.65%	31.87%	25.80%

INTERNATIONAL STOCK FISCAL YEAR ENDED JUNE 30,	1999	1998	1997	1996	1995
PER SHARE DATA					
Net Asset Value- Beginning of Period	$217.03	$216.52	$189.26	$170.57	$168.68
INCOME FROM INVESTMENT OPERATIONS					
Net Investment Income	5.29	3.54	2.78	3.05	2.63
Net Gains(Losses) on Securities (Both Realized and Unrealized)	9.34	(0.17)	26.76	18.39	1.80
Total from Investment Operations	14.63	3.37	29.54	21.44	4.43
LESS DISTRIBUTIONS					
Dividends from Net Investment Income	(2.73)	(2.86)	(2.28)	(2.75)	(2.54)
Distributions from Capital Gains	0.00	0.00	0.00	(0.00)	0.00
Total Distributions	(2.73)	(2.86)	(2.28)	(2.75)	(2.54)
Net Asset Value - End of Period	$228.93	$217.03	$216.52	$189.26	$170.57
TOTAL RETURN	6.77%	1.52%	15.67%	12.58%	2.27%
RATIOS					
Net Assets - End of Period ($000 Omitted)	2,469,278	2,438,062	2,439,921	2,132,756	1,887,058
Ratio of Expenses to Average Net Assets (excl. sec. lending fees & rebates)	0.24%	0.52%	0.65%	0.39%	0.37%
Ratio of Expenses to Average Net Assets	1.27%	1.71%	1.62%	0.70%	1.42%
Ratio of Net Investment Income (Loss) to Average Net Assets	1.98%	1.69%	1.45%	1.70%	1.56%

MUTUAL FIXED INCOME FISCAL YEAR ENDED JUNE 30,	1999	1998	1997	1996	1995
PER SHARE DATA					
Net Asset Value- Beginning of Period	$113.15	$108.04	$104.20	$104.94	$100.63
INCOME FROM INVESTMENT OPERATIONS					
Net Investment Income	6.79	8.65	7.47	8.20	7.75
Net Gains(Losses) on Securities (Both Realized and Unrealized)	(4.44)	3.21	3.26	(1.80)	4.68
Total from Investment Operations	2.35	11.86	10.73	6.40	12.43
LESS DISTRIBUTIONS					
Dividends from Net Investment Income	(6.37)	(6.75)	(6.89)	(6.63)	(8.12)
Distributions from Capital Gains	0.00	0.00	0.00	(0.51)	0.00
Total Distributions	(6.37)	(6.75)	(6.89)	(7.14)	(8.12)
Net Asset Value - End of Period	$109.13	$113.15	$108.04	$104.20	$104.94
TOTAL RETURN	2.64%	10.52%	10.62%	5.97%	13.00%
RATIOS					
Net Assets - End of Period ($000 Omitted)	6,169,511	6,302,350	4,250,495	3,696,278	2,362,537
Ratio of Expenses to Average Net Assets (excl. sec. lending fees & rebates)	0.17%	0.16%	0.23%	0.19%	0.18%
Ratio of Expenses to Average Net Assets	0.69%	0.61%	0.67%	0.40%	1.01%
Ratio of Net Investment Income (Loss) to Average Net Assets	6.83%	7.09%	7.06%	6.90%	7.67%

Supplemental Schedule of Financial Highlights (Continued)

	COMMERCIAL MORTGAGE FISCAL YEAR ENDED JUNE 30,					REAL ESTATE FISCAL YEAR ENDED JUNE 30,				
	1999	1998	1997	1996	1995	1999	1998	1997	1996	1995
PER SHARE DATA										
Net Asset Value- Beginning of Period	$77.12	$72.87	$71.67	$72.93	$71.56	$58.53	$54.06	$51.91	$55.48	$61.08
INCOME FROM INVESTMENT OPERATIONS										
Net Investment Income	6.24	8.33	6.70	5.66	6.15	1.71	6.33	3.58	3.89	2.92
Net Gains(Losses) on Securities										
(Both Realized and Unrealized)	(1.78)	5.01	0.66	(1.20)	4.23	0.03	8.60	1.62	(3.34)	(4.22)
Total from Investment Operations	4.46	13.34	7.36	4.46	10.38	1.74	14.93	5.20	0.55	(1.30)
LESS DISTRIBUTIONS										
Dividends from Net Investment Income	(6.61)	(9.09)	(6.16)	(5.72)	(6.29)	(0.79)	(10.46)	(3.05)	(4.12)	(3.13)
Distributions from Capital Gains	0.00	0.00	0.00	0.00	(2.72)	0.00	0.00	0.00	0.00	(1.17)
Total Distributions	(6.61)	(9.09)	(6.16)	(5.72)	(9.01)	(0.79)	(10.46)	(3.05)	(4.12)	(4.30)
Net Asset Value - End of Period	$74.97	$77.12	$72.87	$71.67	$72.93	$59.48	$58.53	$54.06	$51.91	$55.48
TOTAL RETURN	6.10%	17.71%	9.82%	6.46%	15.46%	9.96%	25.63%	10.69%	0.83%	(2.78)%
RATIOS										
Net Assets - End of Period ($000 Omitted)	236,878	275,435	328,249	448,577	461,465	428,378	416,750	488,404	985,541	1,068,462
Ratio of Expenses to Average Net Assets										
(excl. sec. lending fees & rebates)	0.35%	0.32%	0.44%	0.39%	0.31%	0.42%	0.70%	0.70%	0.94%	0.85%
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	8.64%	9.45%	8.91%	11.13%	8.76%	6.65%	6.75%	5.86%	6.99%	4.98%

(1) Formerly Venture Capital Fund.

Source: Amounts were derived from custodial records.
Note: Year 1995 is unaudited.

Statement of Net Assets
June 30, 1999

Assets	
Investment in Securities, at Amortized Cost (Note 7)	$ 3,625,242,944
Accrued Interest and Other Receivables	20,246,970
Receivable from Transfer Agent (Note 5)	100,000
Total Assets	$ 3,645,589,914
Liabilities	
Distribution Payable	$ 13,688,661
Other Liabilities	92,152
Total Liabilities	$ 13,780,813
Net Assets	$ 3,631,809,101
Net Assets Consist of :	
Participant Units Outstanding($1.00 Par)	$ 3,601,309,067
Designated Surplus Reserve (Note 1)	30,500,034
Total Net Assets	$ 3,631,809,101
Participant Net Asset Value, Offering Price and Redemption Price per share ($3,601,309,067 divided by 3,601,309,067 shares)	$ 1.00

See Notes to Financial Statements.

Statements of Changes in Net Assets
For the Years Ended June 30, 1999 and 1998

	1999	1998
Operations		
Interest Income Before Expenses	$ 198,420,882	$ 175,111,420
Expenses:		
Operating Expenses	812,558	986,548
Interest Expense on Reverse Repurchase Agreements	141,000	-
Total Expenses	953,558	986,548
Net Investment Income	197,467,324	174,124,872
Net Realized Gains	59,690	77,761
Net Increase in Net Assets Resulting from Operations	197,527,014	174,202,633
Distribution to Participants (Notes 1 & 6)		
Distributions to Participants	(193,792,259)	(171,440,217)
Distributions Paid and Payable	(193,792,259)	(171,440,217)
Share Transactions at Net Asset Value of $1.00 per Share		
Purchase of Units	10,090,642,966	8,978,778,043
Redemption of Units	(9,636,639,596)	(8,322,543,833)
Net Increase in Net Assets and Shares Resulting from Share Transactions	454,003,370	656,234,210
Total Increase in Net Assets	457,738,125	658,996,626
Net Assets		
Beginning of Year	3,174,070,976	2,515,074,350
End of Year	$3,631,809,101	$3,174,070,976

See Notes to Financial Statements.

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

The Short-Term Investment Fund ("STIF" or the "Fund") is a money market investment pool managed by the Treasurer of the State of Connecticut (the "Treasurer"). STIF was created by Sec. 3-27 of the Connecticut General Statutes (CGS). Pursuant to CGS 3-27a - 3-27f, the State, municipal entities, and political subdivisions of the State of Connecticut are eligible to invest in the Fund. The State Treasurer is authorized to invest monies of the Short-Term Investment Fund 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. For financial reporting purposes, STIF is not displayed in the State's combined financial statements. Instead, each fund type's investment in STIF is reported as cash equivalents in the combined balance sheet. Non-State monies are recorded in an investment trust fund. STIF is authorized to issue an unlimited number of units. The Fund uses the accrual basis of accounting. Significant accounting policies are as follows:

The Fund is a proprietary fund type. A proprietary fund is used to account for governmental activities that are similar to those found in the private sector where the determination of net income is necessary or useful to sound financial administration. The generally accepted accounting principles ("GAAP") used for proprietary funds are generally those applicable to similar businesses in the private sector. The Fund is considered a "2a7-like" pool and, as such, reports its investments at amortized cost. In accordance with Government Accounting Standards Board ("GASB") Statement Number 20, the Treasurer has elected to apply all GASB pronouncements as well as all Financial Accounting Standards Board Statements, Interpretations, Accounting Principles, Board Opinions and Accounting Research Bulletins, except those that conflict with GASB pronouncements. During fiscal year 1998, the Fund adopted the financial statement presentation and disclosure requirements of GASB 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools".

Related Party Transactions. There were no related party transactions during the fiscal year.

Security Valuation. The assets of the Fund are carried at amortized cost which approximates fair value. Premiums and discounts on securities maturing in less than one year from date of purchase are amortized or accreted on a straight line basis. Premiums and discounts on fixed rate securities maturing more than one year from date of purchase are amortized or accreted on a constant yield basis while variable rate securities maturing more than one year from date of purchase are amortized or accreted on a straight line basis. Premiums and discounts on securities subject to prepayments are amortized or accreted on a straight line basis over the securities' expected remaining life.

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

Expenses. Operating and interest expenses of STIF are accrued as incurred.

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

Distributions to Participants. Distributions to participants are earned by the participants 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 an allocation to the Designated Surplus Reserve, if applicable. These distributions are paid monthly within two business days of the end of the month, and are based upon an actual days (365 or 366) basis. Shares are sold and redeemed at a constant $1.00 net asset value per share, which is consistent with the per share net asset value of the Fund, excluding the Designated Surplus Reserve. Prior to December 1, 1996 distributions were based upon the actual days in the year (365 or 366) at an interest rate established by the Treasurer on or before the first date of the month ("the guaranteed rate"). The interest distributions earned by participants were distributed within fifteen business days after the close of the periods ending on the last day of August and November.

Earnings Subject to Special Distribution. Prior to December 1, 1996, the excess of actual net earnings of STIF over interest payments made through November 1996 at the guaranteed rates, prior to any transfer to the Designated Surplus Reserve, was considered Earnings Subject to Special Distribution. In December 1996, a special distribution was paid to participants based upon net earnings of STIF less previously distributed quarterly payments and an allocation to the Designated Surplus Reserve. This special distribution was paid out in proportion to the total interest paid on the guaranteed rates since June 1, 1996. Given the change in the method for computing distributions to participants after November 30, 1996, a special distribution will no longer be necessary.

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.

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

As of June 30, 1999, the balance in the Designated Surplus Reserve was $30,500,034, an increase of $3,734,754 from the June 30, 1998 balance of $26,765,280.

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 disclosure of contingent assets and liabilities at the date 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 2: INVESTMENT RISK CLASSIFICATION

STIF's investment practice is to minimize uninvested cash balances; as such, there was no uninvested cash balance at June 30, 1999. All certificates of deposit within the portfolio are considered negotiable instruments. The certificates of deposit and all other securities of STIF are registered under the State Street Bank nominee name, Pond, Tide & Co., for the State of Connecticut nominee name, Conn. STIF & Co., and held by a designated agent of the State. They are classified in category 1 of the credit risks defined by Statement 3 of the Governmental Accounting Standards Board (GASB).

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

NOTE 3: CUSTODIAN

Effective February 1, 1996, State Street Bank was appointed as custodian for STIF. STIF pays fees to the custodian for transactions and accounting services at a fixed annual rate of $35,000.

NOTE 4: ADMINISTRATION

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

NOTE 5: RECEIVABLE FROM TRANSFER AGENT

In an effort to minimize uninvested cash balances each day, estimates of participant purchase and sale activity are made. Occasionally, the timing of cash movements by participants may not exactly match the net activity of purchases and sales, resulting in a difference between investments held in securities relative to participants' net account value. As of June 30, 1999, STIF recorded an asset of $100,000, receivable from the transfer agent, for investments purchased which did not match actual movements of cash by participants into the Fund.

NOTE 6: DISTRIBUTIONS TO PARTICIPANTS

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

Distributions:	1999	1998
July	$14,869,926	$ 11,627,464
August	17,980,323	14,766,430
September	17,448,280	15,326,081
October	17,360,524	14,524,350
November	16,212,546	13,355,190
December	15,438,709	12,869,933
January	16,389,685	14,211,351
February	16,298,605	14,531,780
March	16,745,275	15,109,256
April	15,542,275	15,048,742
May	15,817,450	15,931,207
June (Payable at June 30)	13,688,661	14,138,433
Total Distributions Paid & Payable	$193,792,259	$171,440,217

NOTE 7: INVESTMENTS IN SECURITIES

The following is a summary of investments in securities, at amortized cost and fair value as of June 30, 1999:

Investment	Amortized Cost	Fair Value
Repurchase Agreements	$ 50,000,000	$ 50,000,000
Certificates of Deposit	828,936,301	828,343,135
Loan-Backed Commercial Paper	419,403,041	419,375,340
Multi-Backed Commercial Paper	108,708,246	108,708,246
Receivable-Backed Commericial Paper	735,446,756	735,405,152
Securities-Backed Commercial Paper	362,581,902	362,581,902
Commercial Paper	160,935,000	160,935,000
Corporate Notes	34,330,408	34,220,507
Bankers' Acceptances	33,867,850	33,834,371
Bank Notes	544,267,440	544,327,749
Federal Agency Securities	302,786,752	302,600,147
Student Loan-Backed Revolving Loans	42,479,073	42,479,073
State of Israel Bonds	1,500,000	1,500,000
Liquidity Management Control System	175	175
TOTAL	$3,625,242,944	$3,624,310,797

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

GASB Technical Bulletin Number 94-1 states that derivatives are generally defined as contracts whose value depends on, or derives from, the value of an underlying asset, reference rate, or index. At June 30, 1999, STIF held adjustable-rate federal agency, student loan-backed revolving loans and State of Israel securities whose interest rates vary directly with short-term money market indices and are reset daily, weekly, monthly, quarterly or semi-annually. According to GASB Technical Bulletin Number 94-1, these securities are derivatives. Such securities allow the Fund to earn higher interest rates as market rates increase, thereby increasing fund yields and protecting against the erosion of market values from rising interest rates. The adjustable-rate federal agency securities are rated AAA by a nationally-recognized credit rating agency. The collateral underlying the student loans is guaranteed by the U.S. government. All of the 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, 1999, STIF was rated AAAm, its highest rating, by Standard and Poor's Corporation ("S&P"). In December 1998, following a review of the portfolio and STIF's investment policies, management and procedures, S&P reaffirmed STIF's AAAm rating. In order to maintain an AAAm rating, STIF is subject to certain requirements which include:

- 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: YEAR 2000 ISSUE

The Office of the Treasurer, as part of an effort coordinated by the State's Department of Information Technology, has worked diligently over the past two years to address the Year 2000 (Y2K) issue. The Y2K issue generally refers to a characteristic of many computer software programs that use only the last two digits of a data field to refer to "year" on the assumption that the first two digits are "19". As a result, these programs would interpret the Year 2000 as the Year 1900. The issue extends to computer hardware, electronics, and other equipment that are dependent on microchip technology. Without reprogramming, such software and equipment could impact the ability to input data into computer programs and the ability of such programs to correctly process data. Y2K may affect the computer systems utilized directly by the Treasury as well as the other systems upon which the Treasury depends to fulfill its mission.

The Treasury has completed an inventory of computer systems and other electronic equipment that may be affected by the Y2K issue and has identified 21 core systems and 17 other key systems that are necessary in conducting the operations of the Office. These systems were further classified as internal or external systems to describe which party has control over design and software maintenance of the system. Internal systems represent any system or application that is developed in-house to support business functions, and include custom-built systems and modified packages.

External systems represent any system or application that is owned by an external party, and implies that the external party has control. Nine of the core systems were classified as internal systems and 12 of the core systems were classified as external systems, 8 of which are provided by State Street Bank. Treasury staff was charged with the responsibility for making the internal systems compliant, as well as tracking the external core systems for compliance.

Those core systems and other key systems identified would be subject to the following stages of work to address Year 2000 issues:

Awareness Stage –	Establishing a budget and project plan for dealing with the Y2K issue
Assessment Stage –	Identifying the systems and components for which Y2K compliance work is needed
Remediation Stage –	Making the actual changes to the systems and equipment identified
Validation/Testing Stage –	Validating and testing the changes that were made during the remediation stage

As of June 30, 1999, validation stage testing has been completed on all internal core systems and other key systems identified at the Treasury. In addition, the Treasury has contacted external organizations that have a critical relationship with the Office and whose Year 2000 compliance could affect the operations of the Treasury. Such organizations have responded that they are Year 2000 compliant or expect to achieve Year 2000 compliance prior to January 1, 2000. Organizations with less critical relationships have also been contacted to remind them of the potential problems surrounding Year 2000 and the need to evaluate their systems. The Treasury is also finalizing contingency plans in the event of a problem with any of the core systems identified.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the Year 2000 and thereafter. Management cannot assure that the Treasury is or will be Year 2000 ready, that the Treasury's remediation efforts will be successful in whole or in part, or that the parties with whom the Treasury does business will be Year 2000 ready.

List of Investments at June 30, 1999

Par Value	Security (Coupon,Maturity or Next Reset Date)	Yield (%)	Amortized Cost	Fair Value	Quality Rating	CUSIP
BANKERS' ACCEPTANCES (0.93%)						
$ 14,170,692	Bank of Nova Scotia 4.83, 10/7/99	4.50	$ 13,984,371	$ 13,961,675	A-1+	064960008
1,145,758	BankBoston 4.85, 7/6/99	4.85	1,144,987	1,144,987	A-1	06099F006
1,290,545	BankBoston 4.85, 7/6/99	4.85	1,289,676	1,289,676	A-1	06099F006
2,000,000	BankBoston 4.81, 7/15/99	4.82	1,996,259	1,996,259	A-1	06099F006
1,000,000	BankBoston 4.84, 9/10/99	5.29	990,454	989,670	A-1	06099F006
1,334,194	BankBoston 4.84, 9/13/99	5.30	1,320,919	1,319,823	A-1	06099F006
5,000,000	Bankers Trust 4.78, 8/23/99	4.81	4,964,814	4,964,814	A-1+	06699C007
8,268,592	Bankers Trust 4.78, 9/23/99	5.31	8,176,370	8,167,467	A-1+	06699C007
$ 34,209,781	**Total**		**$ 33,867,850**	**$ 33,834,371**		
BANK NOTES (14.99%)						
$ 100,000,000	Bankers Trust 4.95, 5/15/00, Resets Daily	5.05	$ 99,947,989	$ 99,945,000	A-1+	0063J1CM5
50,000,000	FCC National Bank 5.02, 4/20/01, Resets Daily	5.05	50,000,000	49,979,000	A-1+	30241NR72
25,000,000	First Union 5.092, 6/4/01, Resets Daily	5.10	25,000,000	25,034,000	A-1+	33737XGL6
25,000,000	First Union 5.10, 6/4/01, Resets Daily	5.11	25,000,000	24,989,750	A-1+	33737XGS1
25,000,000	First Union 5.103, 6/7/01, Resets Daily	5.06	25,000,000	24,994,500	A-1+	33737XGM4
50,000,000	Fleet Bank 5.02, 4/20/01, Resets Daily	5.11	50,000,000	49,970,000	A-1	33901MMA7
50,000,000	Fleet Bank 5.083, 4/26/01, Resets Daily	5.05	49,982,491	49,965,500	A-1	33901MMU3
50,000,000	Fleet Bank 5.02, 5/24/01, Resets Daily	5.05	49,981,808	49,989,000	A-1	33901MAH5
50,000,000	Fleet Bank 5.02, 5/24/01, Resets Daily	5.05	49,990,520	49,989,000	A-1	33901MAH5
25,000,000	Fleet Bank 5.04, 6/1/01, Resets Daily	5.08	24,995,445	24,994,500	A-1	33901MBB7
3,150,000	Key Bank 5.195, 5/3/00, Resets Quarterly	5.08	3,149,735	3,152,772	A-1	49306BGT4
10,000,000	Key Bank 5.195, 5/3/00, Resets Quarterly	5.08	9,998,375	10,008,800	A-1	49306BGT4
10,000,000	Key Bank 5.195, 5/3/00, Resets Quarterly	5.08	9,999,440	10,008,800	A-1	49306BGT4
6,666,667	Key Bank 5.245, 11/2/00, Resets Quarterly	5.12	6,666,220	6,675,800	A-1	49306BGY3
6,666,667	Key Bank 5.245, 11/2/00, Resets Quarterly	5.12	6,665,812	6,675,800	A-1	49306BGY3
13,333,332	Key Bank 5.245, 11/2/00, Resets Quarterly	5.12	13,328,844	13,351,600	A-1	49306BGY3
6,666,667	Key Bank 5.245, 11/2/00, Resets Quarterly	5.12	6,662,295	6,675,800	A-1	49306BGY3
6,666,667	Key Bank 5.245, 11/2/00, Resets Quarterly	5.12	6,662,721	6,675,800	A-1	49306BGY3

List of Investments at June 30, 1999 (Continued)

Par Value	Security (Coupon,Maturity or Next Reset Date)	Yield (%)	Amortized Cost	Fair Value	Quality Rating	CUSIP
6,275,000	Key Bank 5.03, 12/11/00	5.12	6,244,210	6,262,827	A-1	49306BHA4
25,000,000	Key Bank 5.093, 1/25/01, Resets Daily	5.13	24,991,535	24,989,500	A-1	49306BHK2
$ 544,425,000	**Total**		**$ 544,267,440**	**$ 544,327,749**		
CERTIFICATES OF DEPOSIT (22.82%)						
$ 10,000,000	Bank of Montreal 5.20, 5/12/00	5.76	$ 9,992,179	$ 9,949,500	A-1+	0636P6001
10,000,000	Bank of Montreal 5.20, 5/12/00	5.76	9,991,346	9,949,500	A-1+	0636P6001
16,000,000	BankBoston 4.92, 7/7/99	4.92	16,000,000	16,000,000	A-1	06605Q009
10,000,000	BankBoston 5.06, 1/12/00	5.40	10,000,000	9,975,300	A-1	06605Q009
20,000,000	Chase Manhattan Bank 5.70, 7/2/99	4.82	20,000,337	20,000,337	A-1+	16160W002
10,000,000	Commerzbank 5.265, 5/18/00	5.77	9,996,181	9,953,900	A-1+	20259V008
10,000,000	Commerzbank 5.265, 5/18/00	5.77	9,996,181	9,953,900	A-1+	20259V008
10,000,000	Commerzbank 5.58, 6/8/00	5.80	9,998,197	9,978,500	A-1+	20259V008
50,000,000	Deutsche Bank 4.90, 7/6/99	4.83	50,000,124	50,000,124	A-1+	25152X001
10,000,000	Deutsche Bank 5.36, 5/22/00	5.77	9,995,709	9,961,700	A-1+	25152X001
10,000,000	Deutsche Bank 5.615, 6/15/00	5.80	9,996,782	9,981,600	A-1+	25152X001
10,000,000	First Union 5.56, 6/2/00	5.61	10,000,886	9,993,300	A-1+	33738T007
50,000,000	Fleet Bank 4.90, 7/6/99	4.90	50,000,000	50,000,000	A-1	3390EA005
50,000,000	Fleet Bank 4.88, 7/26/99	4.88	50,000,000	50,000,000	A-1	33901MMU3
10,000,000	Fleet Bank 5.00, 9/15/99	5.00	10,000,000	10,000,000	A-1	3390EA005
10,000,000	Fleet Bank 5.25, 3/13/00	5.51	10,000,000	9,976,100	A-1	3390EA005
25,000,000	Morgan Guaranty 4.87, 7/6/99	4.87	25,000,000	25,000,000	A-1+	61736F000
50,000,000	Morgan Guaranty 4.87, 7/8/99	4.87	50,000,000	50,000,000	A-1+	61736F000
10,000,000	Morgan Guaranty 4.97, 7/15/99	4.97	10,000,000	10,000,000	A-1+	61736F000
25,000,000	Paribas Bank 4.90, 7/14/99	4.90	25,000,000	25,000,000	A-1	O66745002
10,000,000	Rabobank 5.45, 6/5/00	5.47	9,992,849	9,996,500	A-1+	74977D006
15,000,000	Royal Bank of Canada 5.60, 8/23/99	4.84	15,011,585	15,011,585	A-1+	83365N005
50,000,000	Societe Generale 4.88, 7/9/99	4.88	50,000,000	50,000,000	A-1+	83365N005
50,000,000	Societe Generale 4.89, 7/12/99	4.89	50,000,000	50,000,000	A-1+	83365N005
15,000,000	Societe Generale 4.90, 7/12/99	4.83	15,000,088	15,000,088	A-1+	83365N005

List of Investments at June 30, 1999 (Continued)

Par Value	Security (Coupon,Maturity or Next Reset Date)	Yield (%)	Amortized Cost	Fair Value	Quality Rating	CUSIP
50,000,000	Societe Generale 4.88, 7/14/99	4.88	50,000,000	50,000,000	A-1+	83365N005
50,000,000	Societe Generale 4.885, 7/15/99	4.89	50,000,000	50,000,000	A-1+	83365N005
50,000,000	Societe Generale 4.885, 8/2/99	4.89	50,000,000	50,000,000	A-1+	83365N005
10,000,000	Societe Generale 5.16, 2/22/00	5.67	9,994,068	9,960,700	A-1+	83365N005
10,000,000	Societe Generale 5.16, 2/22/00	5.67	9,990,907	9,960,700	A-1+	83365N005
10,000,000	Societe Generale 5.29, 3/3/00	5.71	9,996,111	9,965,900	A-1+	83365N005
33,000,000	Union Bank of Switzerland 5.58, 8/23/99	4.85	33,023,902	33,023,902	A-1+	90261E005
10,000,000	Union Bank of Switzerland 5.10, 1/13/00	5.65	9,998,965	9,963,800	A-1+	90261E005
10,000,000	Union Bank of Switzerland 5.20, 5/8/00	5.77	9,995,887	9,949,200	A-1+	90261E005
10,000,000	Union Bank of Switzerland 5.22, 5/10/00	5.77	9,995,861	9,951,000	A-1+	90261E005
10,000,000	Union Bank of Switzerland 5.28, 5/18/00	5.77	9,995,758	9,955,400	A-1+	90261E005
10,000,000	Union Bank of Switzerland 5.40, 5/30/00	5.77	9,996,484	9,964,799	A-1+	90261E005
10,000,000	Union Bank of Switzerland 5.60, 6/23/00	5.75	9,985,390	9,985,400	A-1+	90261E005
10,000,000	Union Bank of Switzerland 5.60, 6/26/00	5.80	9,990,524	9,980,400	A-1+	90261E005
$ 829,000,000	**Total**		**$ 828,936,301**	**$ 828,343,135**		
CORPORATE NOTES (0.95%)						
$ 5,000,000	General Electric Cap Corp 5.78, 4/6/00	5.40	$ 5,022,344	$ 5,013,550	A-1+	36962GMG6
3,000,000	General Electric Cap Corp 5.89, 5/15/00	5.47	3,020,773	3,010,380	A-1+	36962GNS9
5,000,000	General Electric Cap Corp 5.73, 6/19/00	5.57	5,026,427	5,007,450	A-1+	36962GPK4
13,925,000	General Electric Cap Corp 5.72, 8/3/00	5.65	13,989,408	13,934,748	A-1+	36962GPT5
2,000,000	General Electric Cap Corp 6.12, 8/15/00	5.65	2,014,954	2,010,000	A-1+	36962GLK8
1,000,000	General Electric Cap Corp 5.92, 4/3/01	5.95	1,000,000	999,440	A-1+	36962GME1
1,500,000	General Electric Cap Corp 5.89, 5/11/01	6.00	1,509,117	1,497,090	A-1+	36962GNP5
2,750,000	General Electric Cap Corp 5.96, 5/14/01	6.00	2,747,385	2,747,849	A-1+	36962GNQ3
$ 34,175,000	**Total**		**$ 34,330,408**	**$ 34,220,507**		
LOAN-BACKED COMMERCIAL PAPER (11.55%)						
$ 24,600,000	Ariesone Metafolio Corp 5.00, 7/6/99	5.00	$ 24,582,917	$ 24,582,917	A-1	04037M001
25,000,000	Ariesone Metafolio Corp 4.95, 7/7/99	4.95	24,979,375	24,979,375	A-1	04037M001
38,401,000	Ariesone Metafolio Corp 5.00, 7/7/99	5.00	38,368,999	38,368,999	A-1	04037M001
35,106,000	Atlantis One Funding 4.83, 7/26/99	4.85	34,988,249	34,988,249	A-1+	04915W000

List of Investments at June 30, 1999 (Continued)

Par Value	Security (Coupon,Maturity or Next Reset Date)	Yield (%)	Amortized Cost	Fair Value	Quality Rating	CUSIP
20,170,000	Fountain Square 4.89, 7/1/99	4.89	20,170,000	20,170,000	A-1+	35075R007
1,858,000	Fountain Square 4.99, 7/1/99	4.99	1,858,000	1,858,000	A-1+	35075R007
15,123,000	Fountain Square 4.87, 7/2/99	4.87	15,120,954	15,120,954	A-1+	35075R007
9,614,000	Fountain Square 4.99, 7/2/99	4.99	9,612,667	9,612,667	A-1+	35075R007
38,316,000	Fountain Square 4.96, 7/6/99	4.96	38,289,605	38,289,605	A-1+	35075R007
2,041,000	Fountain Square 4.99, 7/6/99	4.99	2,039,585	2,039,585	A-1+	35075R007
9,373,000	Fountain Square 4.97, 7/7/99	4.97	9,365,236	9,365,236	A-1+	35075R007
3,938,000	Fountain Square 5.00, 7/9/99	5.01	3,933,624	3,933,624	A-1+	35075R007
3,561,000	Fountain Square 4.88, 7/12/99	4.89	3,555,690	3,555,690	A-1+	35075R007
3,933,000	Fountain Square 4.90, 7/12/99	4.91	3,927,111	3,927,111	A-1+	35075R007
6,087,000	Fountain Square 4.88, 7/13/99	4.89	6,077,098	6,077,098	A-1+	35075R007
6,723,000	Fountain Square 4.92, 7/13/99	4.93	6,711,974	6,711,974	A-1+	35075R007
14,818,000	Fountain Square 4.88, 7/15/99	4.89	14,789,879	14,789,879	A-1+	35075R007
2,959,000	Fountain Square 4.93, 7/19/99	4.94	2,951,706	2,951,706	A-1+	35075R007
3,595,000	Fountain Square 4.88, 7/20/99	4.89	3,585,741	3,585,741	A-1+	35075R007
5,572,000	Fountain Square 4.87, 7/29/99	4.89	5,550,895	5,550,895	A-1+	35075R007
14,960,000	Fountain Square 4.88, 7/30/99	4.90	14,901,191	14,901,191	A-1+	35075R007
42,186,000	Fountain Square 4.88, 8/2/99	4.90	42,003,007	42,003,007	A-1+	35075R007
10,255,000	Fountain Square 4.93, 8/10/99	4.96	10,198,825	10,198,825	A-1+	35075R007
3,468,000	Fountain Square 5.04, 8/10/99	5.07	3,448,579	3,448,579	A-1+	35075R007
4,681,000	Fountain Square 4.88, 8/11/99	4.91	4,654,984	4,654,984	A-1+	35075R007
1,560,000	Fountain Square 4.93, 8/11/99	4.96	1,551,241	1,551,241	A-1+	35075R007
2,532,000	Fountain Square 4.93, 8/16/99	4.96	2,516,050	2,516,050	A-1+	35075R007
4,102,000	Fountain Square 4.93, 8/17/99	4.96	4,075,598	4,075,598	A-1+	35075R007
4,966,000	Fountain Square 4.93, 8/17/99	4.96	4,934,037	4,934,037	A-1+	35075R007
3,517,000	Fountain Square 4.95, 9/7/99	5.21	3,484,116	3,482,709	A-1+	35075R007
2,520,000	Fountain Square 4.90, 9/9/99	5.21	2,495,990	2,494,724	A-1+	35075R007
15,064,000	Fountain Square 5.15, 9/15/99	5.22	14,900,221	14,899,953	A-1+	35075R007
2,393,000	Fountain Square 4.91, 10/6/99	5.26	2,361,341	2,359,546	A-1+	35075R007

List of Investments at June 30, 1999 (Continued)

Par Value	Security (Coupon,Maturity or Next Reset Date)	Yield (%)	Amortized Cost	Fair Value	Quality Rating	CUSIP
20,496,000	Fountain Square 4.86, 10/18/99	5.27	20,194,401	20,174,008	A-1+	35075R007
2,734,000	Fountain Square 4.88, 10/18/99	5.27	2,693,605	2,691,049	A-1+	35075R007
14,897,000	Fountain Square 5.24, 12/17/99	5.37	14,530,550	14,530,534	A-1+	35075R007
$ 421,119,000	**Total**		**$ 419,403,041**	**$ 419,375,340**		
MULTI-BACKED COMMERCIAL PAPER (2.99%)						
$ 15,188,000	Compass Securitization 4.84, 7/15/99	4.85	$ 15,159,413	$ 15,159,413	A-1+	2044WD003
25,000,000	Compass Securitization 4.85, 7/20/99	4.86	24,936,007	24,936,007	A-1+	2044WD003
15,000,000	Compass Securitization 5.15, 7/26/99	5.17	14,946,354	14,946,354	A-1+	2044WD003
13,876,000	Compass Securitization 4.84, 7/26/99	4.87	13,829,361	13,829,361	A-1+	2044WD003
25,000,000	Compass Securitization 5.18, 7/26/99	5.20	24,910,069	24,910,069	A-1+	2044WD003
15,000,000	CXC 5.15, 8/4/99	5.18	14,927,042	14,927,042	A-1+	12672L006
$ 109,064,000	**Total**		**$ 108,708,246**	**$ 108,708,246**		
RECEIVABLE-BACKED COMMERCIAL PAPER (20.25%)						
$ 24,548,000	Eagle Funding 5.40, 7/16/99	5.41	$ 24,492,767	$ 24,492,767	A-1	27003L004
12,288,000	Eagle Funding 5.20, 7/22/99	5.22	12,250,726	12,250,726	A-1	27003L004
3,412,000	Eagle Funding 5.22, 7/26/99	5.24	3,399,632	3,399,632	A-1	27003L004
17,360,000	Eagle Funding 4.84, 8/13/99	4.87	17,259,640	17,259,640	A-1	27003L004
13,115,000	Eagle Funding 4.86, 11/8/99	5.37	12,884,832	12,865,422	A-1	27003L004
50,000,000	Edison Asset Securitization 4.84, 7/13/99	4.85	49,919,333	49,919,333	A-1+	28100M002
53,234,000	Edison Asset Securitization 4.85, 7/16/99	4.86	53,126,423	53,126,423	A-1+	28100M002
50,000,000	Edison Asset Securitization 4.84, 7/22/99	4.85	49,858,833	49,858,833	A-1+	28100M002
50,000,000	Kittyhawk Funding 5.35, 7/21/99	5.37	49,851,389	49,851,389	A-1+	49833M002
18,381,000	Kittyhawk Funding 5.15, 8/3/99	5.17	18,294,226	18,294,226	A-1+	49833M002
23,223,000	Liberty Street 5.05, 7/15/99	5.06	23,177,393	23,177,393	A-1	53127U001
10,132,000	Liberty Street 4.97, 8/6/99	4.99	10,081,644	10,081,644	A-1	53127U001
25,000,000	Liberty Street 5.00, 8/10/99	5.03	24,861,111	24,861,111	A-1	53127U001
25,000,000	Liberty Street 5.11, 8/17/99	5.14	24,833,215	24,833,215	A-1	53127U001
25,000,000	Madison Funding 5.35, 7/21/99	5.37	24,925,694	24,925,694	A-1	55748J000
33,910,000	Madison Funding 5.02, 8/10/99	5.05	33,720,858	33,720,858	A-1	55748J000
10,100,000	Madison Funding 5.05, 8/11/99	5.08	10,041,911	10,041,911	A-1	55748J000

List of Investments at June 30, 1999 (Continued)

Par Value	Security (Coupon,Maturity or Next Reset Date)	Yield (%)	Amortized Cost	Fair Value	Quality Rating	CUSIP
22,485,000	Madison Funding 5.18, 8/23/99	5.22	22,313,527	22,313,527	A-1	55748J000
25,000,000	Madison Funding 5.33, 8/26/99	5.37	24,792,722	24,792,722	A-1	55748J000
7,110,000	PAR Capital Corp 4.85, 8/24/99	4.89	7,058,275	7,058,275	A-1+	73278Y008
29,871,000	Receivables Capital Corp 5.30, 7/23/99	5.32	29,774,251	29,774,251	A-1+	7561V5009
25,000,000	Tulip Funding 4.93, 7/2/99	4.93	24,996,576	24,996,576	A-1+	89929M005
20,309,000	Tulip Funding 4.94, 7/2/99	4.94	20,306,213	20,306,213	A-1+	89929M005
77,551,000	Tulip Funding 4.83, 7/23/99	4.84	77,322,095	77,322,095	A-1+	89929M005
61,600,000	Tulip Funding 4.835, 8/12/99	4.86	61,252,526	61,252,526	A-1+	89929M005
25,000,000	Twin Towers 4.88, 10/12/99	5.27	24,650,944	24,628,750	A-1+	901993006
$ 738,629,000	**Total**		**$ 735,446,756**	**$ 735,405,152**		
SECURITIES-BACKED COMMERCIAL PAPER (9.98%)						
$ 37,368,000	Giro Multi Funding 5.33, 7/29/99	5.35	$ 37,213,089	$ 37,213,089	A-1+	37635L009
25,000,000	Grand Funding 5.75, 7/1/99	5.75	25,000,000	25,000,000	A-1+	38551M005
24,623,000	Grand Funding 5.07, 7/29/99	5.09	24,525,903	24,525,903	A-1+	38551M005
25,000,000	Superior Funding 4.94, 7/6/99	4.94	24,982,847	24,982,847	A-1+	86816K009
7,330,000	Superior Funding 4.95, 7/7/99	4.95	7,323,953	7,323,953	A-1+	86816K009
25,000,000	Superior Funding 4.95, 7/7/99	4.95	24,979,375	24,979,375	A-1+	86816K009
10,654,000	Superior Funding 4.96, 7/7/99	4.96	10,645,193	10,645,193	A-1+	86816K009
25,124,000	Superior Funding 5.00, 7/16/99	5.01	25,071,658	25,071,658	A-1+	86816K009
10,046,000	Superior Funding 5.07, 7/16/99	5.08	10,024,778	10,024,778	A-1+	86816K009
15,000,000	Superior Funding 5.12, 8/9/99	5.15	14,916,800	14,916,800	A-1+	86816K009
25,000,000	Superior Funding 5.09, 8/13/99	5.12	24,848,007	24,848,007	A-1+	86816K009
17,011,000	Superior Funding 5.22, 8/13/99	5.25	16,904,936	16,904,936	A-1+	86816K009
40,400,000	Trident Capital Financing 5.875, 7/1/99	5.88	40,400,000	40,400,000	A-1+	8961J3009
26,000,000	Trident Capital Financing 4.84, 7/20/99	4.85	25,933,584	25,933,584	A-1+	8961J3009
50,000,000	Trident Capital Financing 4.84, 7/29/99	4.86	49,811,779	49,811,779	A-1+	8961J3009
$ 363,556,000	**Total**		**$ 362,581,902**	**$ 362,581,902**		
COMMERCIAL PAPER (4.43%)						
$ 160,935,000	GE Capital Corp 5.75, 7/1/99	5.75	$ 160,935,000	$ 160,935,000	A-1+	3615T3005
$ 160,935,000	**Total**		**$ 160,935,000**	**$ 160,935,000**		

List of Investments at June 30, 1999 (Continued)

Par Value	Security (Coupon,Maturity or Next Reset Date)	Yield (%)	Amortized Cost	Fair Value	Quality Rating	CUSIP
FEDERAL AGENCY SECURITIES (8.34%)						
$ 5,000,000	Federal Farm Credit Bank 5.75, 8/20/01	5.85	$ 5,002,872	$ 4,989,650	AAA	31331RYQ2
15,000,000	Federal Farm Credit Bank 4.937, 8/3/99, Resets Quarterly	4.86	14,999,537	14,996,250	AAA	31331RXT7
1,000,000	Federal Home Loan Bank 5.763, 8/20/01	5.85	1,000,466	998,190	AAA	3133M5AK6
25,000,000	Federal Home Loan Bank 5.249, 9/9/99, Resets Weekly	5.17	24,997,603	25,003,000	AAA	3133M5N48
67,000,000	Federal Home Loan Bank 4.988, 4/7/00, Resets Weekly	4.97	66,925,291	66,953,100	AAA	3133M8DR2
50,000,000	Federal Home Loan Bank 5.136, 4/24/00, Resets Weekly	5.12	49,996,107	50,001,500	AAA	3133M8GY4
50,000,000	Federal Home Loan Bank 5.166, 4/24/00, Resets Weekly	5.12	50,000,000	50,014,500	AAA	3133M8JT2
10,000,000	Federal Home Loan Bank 5.03, 4/28/00	5.56	10,000,000	9,953,700	AAA	3133M77F7
10,000,000	Federal Home Loan Bank 5.015, 8/11/00	5.60	9,999,256	9,937,100	AAA	3133M7FL5
15,000,000	Federal Home Loan Bank 5.015, 8/11/00	5.60	14,998,884	14,905,650	AAA	3133M7FL5
7,035,000	Federal Home Loan Mtg Corp 6.00, 1/6/03	6.32	7,035,000	6,969,223	AAA	3134A2L22
14,394,000	Federal Natl Mtg Corp 6.50, 7/29/02	6.47	14,408,889	14,406,811	AAA	31359MCP6
21,000,000	Student Loan Mtg Corp 4.895, 8/2/99, Resets Weekly	5.18	21,000,000	20,992,860	AAA	863871TJ8
7,700,000	Student Loan Mtg Corp 4.895, 8/2/99, Resets Weekly	5.18	7,698,690	7,697,382	AAA	863871TJ8
4,800,000	Student Loan Mtg Corp 4.987, 3/7/01, Resets Weekly	5.22	4,724,157	4,781,231	AAA	863871SD2
$ 302,929,000	**Total**		**$ 302,786,752**	**$ 302,600,147**		
LIQUIDITY MANAGEMENT CONTROL SYSTEM (0.00%)						
$ 175	LMCS 4.25, 7/1/99	4.25	$ 175	$ 175	NR	536991003
$ 175	**Total**		**$ 175**	**$ 175**		
STATE OF ISRAEL BONDS (0.04%)						
$ 1,500,000	State of Israel 7.25, 5/1/01, Resets Semi-Annually	7.25	$ 1,500,000	$ 1,500,000	NR	465994002
$ 1,500,000	**Total**		**$ 1,500,000**	**$ 1,500,000**		
REPURCHASE AGREEMENTS (1.38%)						
$ 50,000,000	Banc One 5.80, 7/1/99	5.80	$ 50,000,000	$ 50,000,000	A-1+	05999U006
$ 50,000,000	**Total**		**$ 50,000,000**	**$ 50,000,000**		
STUDENT LOAN-BACKED REVOLVING LOANS (1.17%)						
$ 42,479,073	CT Student Loan Fund 5.52, 7/1/99, Resets Daily	5.52	$ 42,479,073	$ 42,479,073	NR	22799B005
$ 42,479,073	**Total**		**$ 42,479,073**	**$ 42,479,073**		
$ 3,632,021,029	**Total Investments in Securities**	**99.82%**	**$ 3,625,242,944**	**$ 3,624,310,797**		
	Other Assets and Liabilities	0.18%	6,566,157			
	Net Assets	**100.00%**	**$ 3,631,809,101**			

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INDEPENDENT ACCOUNTANTS' REPORT

Treasurer of the State of Connecticut
Hartford, Connecticut

We have examined the accompanying Schedules of Rates of Return for the Connecticut State Treasurer`s Short-Term Investment Fund (the "Schedules") managed by the Treasurer of the State of Connecticut for each of the quarterly and annual investment periods from July 1, 1992 through June 30, 1999. The Schedules are the responsibility of the Connecticut State Treasurer`s Short-Term Investment Fund's management. Our responsibility is to express an opinion on the Schedules based on our examinations.

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

In our opinion, such Schedules present the composite rates of return for the Connecticut State Treasurer`s Short-Term Investment Fund managed by the Treasurer of the State of Connecticut for each of the quarterly and annual investment periods from July 1, 1992 through June 30, 1999, in all material respects, in accordance with the Performance Presentation Standards of the Association for Investment Management and Research ("AIMR-PPS").

We did not examine the rates of return for the Connecticut State Treasurer`s Short-Term Investment Fund for each of the quarterly and annual investment periods from July 1, 1989 to June 30, 1992, which are included in the Schedules and, accordingly, we express no opinion or any other form of assurance on them.

Deloitte + Touche LLP

September 2, 1999

Deloitte Touche
Tohmatsu
International

Schedule of Annual Rates of Return

	Year Ended June 30,									
	1999	1998	1997	1996	1995	1994	1993	1992*	1991*	1990*
STIF Total Rate of Return (%)	5.37	5.82	5.66	5.95	5.62	3.63	3.95	5.74	8.16	9.28
IBC First Tier Institutions-Only Money Fund Report Index (%) (1)	5.04	5.49	5.27	5.44	5.31	3.08	3.03	4.62	6.97	8.23
Total Assets in STIF, End of Period ($ - Millions)	3,646	3,190	2,527	2,014	1,495	1,830	1,787	1,835	1,070	1,195
Percent of Firm Assets	71	70	73	68	58	67	66	73	56	69
Number of Participant Accounts in Composite, End of Year	782	654	644	590	563	510	424	390	366	N/A (2)

* Rates of return for fiscal years ended June 30, 1990-1992 have not been examined by Deloitte & Touche LLP.

(1) Represents IBC First Tier Institutions-Only Money Fund Report Index prior to December 31, 1995 and IBC First Tier Institutions-Only Rated Money Fund Report Index for the period January 1, 1996 through June 30, 1999. These Index rates have been taken from published sources and have not been examined by Deloitte & Touche LLP.

(2) Number of participant accounts not available for 1990.

See Notes to Schedules of Rates of Return.

Schedule of Quarterly Rates of Return

FISCAL YEAR	Rate of Return(%)	IBC First Tier Institutions-Only Rated Money Fund Report Index(%)[1]
1999		
Sep-98	1.42	1.34
Dec-98	1.37	1.26
Mar-99	1.24	1.19
Jun-99	1.23	1.16
YEAR	5.37	5.04
1998		
Sep-97	1.43	1.34
Dec-97	1.45	1.36
Mar-98	1.41	1.35
Jun-98	1.40	1.34
YEAR	5.82	5.49
1997		
Sep-96	1.40	1.28
Dec-96	1.36	1.28
Mar-97	1.37	1.28
Jun-97	1.40	1.33
YEAR	5.66	5.27
1996		
Sep-95	1.54	1.40
Dec-95	1.54	1.38
Mar-96	1.42	1.29
Jun-96[2]	1.33	1.26
YEAR	5.95	5.44
1995		
Sep-94	1.16	1.07
Dec-94	1.31	1.25
Mar-95	1.58	1.43
Jun-95[2]	1.46	1.46
YEAR	5.62	5.31

* Rates of return for fiscal years ended June 30, 1990-1992 have not been examined by Deloitte & Touche LLP.

(1) Represents IBC First Tier Institutions-Only Money Fund Report Index prior to December 31, 1995 and IBC First Tier Institutions-Only Rated Money Fund Report Index for the period January 1, 1996 through June 30, 1999. These Index rates have been taken from published sources and have not been examined by Deloitte & Touche LLP.

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

See Notes to Schedules of Rates of Return.

Schedule of Quarterly Rates of Return (Continued)

FISCAL YEAR	Rate of Return(%)	IBC First Tier Institutions-Only Rated Money Fund Report Index(%)[1]
1994		
Sep-93	0.86	0.71
Dec-93	0.90	0.72
Mar-94	0.95	0.74
Jun-94[2]	0.87	0.88
YEAR	3.63	3.08
1993		
Sep-92	1.09	0.81
Dec-92	0.97	0.75
Mar-93	0.96	0.73
Jun-93[2]	0.87	0.70
YEAR	3.95	3.03
1992*		
Sep-91	1.62	1.37
Dec-91	1.60	1.23
Mar-92	1.23	1.01
Jun-92[2]	1.17	0.93
YEAR	5.74	4.62
1991*		
Sep-90	2.09	1.89
Dec-90	2.25	1.84
Mar-91	1.89	1.63
Jun-91[2]	1.70	1.44
YEAR	8.16	6.97
1990*		
Sep-89	2.31	2.11
Dec-89	2.34	2.02
Mar-90	2.18	1.93
Jun-90[2]	2.15	1.93
YEAR	9.28	8.23

* Rates of return for fiscal years ended June 30, 1990-1992 have not been examined by Deloitte & Touche LLP.

(1) Represents IBC First Tier Institutions-Only Money Fund Report Index prior to December 31, 1995 and IBC First Tier Institutions-Only Rated Money Fund Report Index for the period January 1, 1996 through June 30, 1999. These Index rates have been taken from published sources and have not been examined by Deloitte & Touche LLP.

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

See Notes to Schedules of Rates of Return.

Notes to Schedules of Rates of Return
For the Investment Period July 1, 1989 through June 30, 1999

NOTE 1: ORGANIZATION

The Connecticut State Treasury Short-Term Investment Fund ("STIF" or the "Fund") was created in 1972 by Sec. 3-27 of the Connecticut General Statutes to serve as an investment vehicle for the operating cash of the State Treasury, State agencies and authorities, municipalities and other political subdivisions of the State. Only such entities are eligible to invest in STIF. 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, first, the safety of principal and, second, the provision of liquidity to meet participants' daily cash flow requirements. During the 1999 fiscal year, STIF's portfolio averaged $3.7 billion.

NOTE 2: PERFORMANCE RESULTS

STIF has prepared and presented this report in compliance with the Performance Presentation Standards of the Association for Investment Management and Research (AIMR-PPS) for the period July 1, 1989 through June 30, 1999. AIMR has not been involved with the preparation or review of this report. The performance presentation for the period July 1, 1992 through June 30, 1999 has been subject to a Level II verification in accordance with AIMR standards by an independent public accounting firm whose report is included herein. The performance presentation for all other periods presented is not included within the scope of the independent accountants' report. For the purposes of compliance with AIMR performance presentation standards, the Treasury has defined the "Firm" as the funds under the control of the State Treasurer, State agencies and State authorities for which the Treasury has direct investment management responsibilities.

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

NOTE 3: CALCULATION OF RATES OF RETURN

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

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

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

Notes to Schedules of Rates of Return (Continued)
For the Investment Period July 1, 1989 through June 30, 1999

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

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

NOTE 4: DESIGNATED SURPLUS RESERVE

In order to provide some protection to the shareholders of STIF from potential credit and market risks, the Treasurer has designated that a portion of each day's net earnings be transferred to the Designated Surplus Reserve (Reserve). Such amounts are restricted in nature and are not available for current distribution to shareholders. In December 1996, a transfer was made to the Designated Surplus Reserve at the annualized rate of 0.1 percent of the average month-end investment balances for June through November 1996. Beginning December 1, 1996, the amount transferred daily to the Designated Surplus Reserve is equal to 0.1 percent of end of day investment balance divided by the actual number of days in the year. As of June 30, 1999, the balance in the Designated Surplus Reserve was $30,500,034, an increase of $3,734,754 from the June 30, 1998 balance of $26,765,280.

No transfer is to be made if the reserve account is equal to or greater than 1.0 percent of the daily investment balance. If net losses significant to the aggregate portfolio are realized, the Treasurer is authorized to transfer funds from the Reserve to Participant Units Outstanding. There have been no charges against this reserve during the 27 year history of the Fund.

NOTE 5: ADDITIONAL DISCLOSURES

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

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

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

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

Schedule of Cash and Investments, Balances and Activity (At Fair Value)
For the Fiscal Year Ended June 30, 1999

	Teachers' Retirement	State Employees' Retirement	Municipal Employees' Retirement	Probate Court Retirement	Judges' Retirement	State's Attorneys' Retirement	Soldiers Sailors & Marines	Arts Endowment	Policemen & Firemen Survivor's Benefit
Cash and Investment Balances at June 30, 1999:									
Cash	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Income Receivable	434,136	214,782	157,971	5,245	25,681	988	210	5,702	14,768
Interest in Investment Funds	10,792,854,930	7,524,293,945	1,212,958,725	65,002,132	124,336,644	886,348	57,643,512	11,955,472	16,807,127
Total Cash and Investments	$ 10,793,289,066	$ 7,524,508,727	$ 1,213,116,696	$ 65,007,377	$ 124,362,325	$ 887,336	$ 57,643,722	$ 11,961,174	$16,821,895
Schedule of Activity:									
Cash and Investments at July 1, 1998	$ 9,972,591,536	$ 7,023,726,573	$ 1,122,332,691	$ 60,441,062	$ 115,139,276	$ 768,754	$ 58,532,027	$ 9,626,651	$ -
Shares Purchased (Excluding Cash Reserve Fund)	513,147,435	362,185,671	61,635,496	2,429,761	7,539,830	2,041	2,000,000	2,000,000	12,576,633
Shares Redeemed (Excluding Cash Reserve Fund)	(298,626,297)	(210,505,675)	(33,651,523)	(1,743,705)	(3,581,252)	(5,711)	(1,420,993)	(200,506)	(9,540)
Net Purchase and Redemptions of Cash Reserve Fund	(78,452,169)	(118,937,124)	(9,976,556)	(263,341)	(1,349,075)	59,837	(496,742)	894,562	3,433,822
Net Investment Income	347,734,968	245,642,870	40,317,416	2,089,497	4,310,003	28,165	3,357,784	672,383	196,027
Realized Gain(Loss) from Sale of Investments	777,827	1,350,241	106,025	30,948	(52,427)	630	114,292	9,628	(40)
Change in Unrealized Gain(Loss) on Investment Funds	684,349,425	467,309,949	72,722,537	4,113,764	6,674,297	61,575	(1,081,140)	(372,537)	806,251
Increase(Decrease) in Receivables - Net (1)	(498,691)	(620,908)	(51,974)	(1,112)	(8,324)	210	(3,722)	3,376	14,769
Distributions	(347,734,968)	(245,642,870)	(40,317,416)	(2,089,497)	(4,310,003)	(28,165)	(3,357,784)	(672,383)	(196,027)
Cash and Investments at June 30, 1999	$ 10,793,289,066	$ 7,524,508,727	$ 1,213,116,696	$ 65,007,377	$ 124,362,325	$ 887,336	$ 57,643,722	$ 11,961,174	$16,821,895

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

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

Financial Statements
June 30, 1999

	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	$ -	$ -	$ -	$ -	$ -	$ 50,037,505
Interest & Dividends Receivable	2,567	165	454	171	2,935	-
Investments in Combined Investment Funds, at Fair Value	9,032,156	592,815	2,016,775	947,854	1,631,049	-
Total Assets	$ 9,034,723	$ 592,980	$ 2,017,229	$ 948,025	$ 1,633,984	$ 50,037,505
LIABILITIES & FUND BALANCE						
Due to Other Funds	$ 91,888	$ 17,017	$ 58,488	$ 27,773	$ -	$ -
Fund Balance	8,942,835	575,963	1,958,741	920,252	1,633,984	50,037,505
Total Liabilities & Fund Balance	$ 9,034,723	$ 592,980	$ 2,017,229	$ 948,025	$ 1,633,984	$ 50,037,505

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

	SCHOOL FUND	AGRICUL-TURAL COLLEGE FUND	IDA EATON COTTON FUND	ANDREW C. CLARK FUND	HOPEMEAD STATE PARK TRUST FUND
STATEMENT OF REVENUES AND EXPENDITURES					
REVENUES					
Net Investment Income	$ 282,797	$ 17,017	$ 58,488	$ 27,773	$ 57,979
Realized Gain on Investments	284,930	48,229	160,558	71,788	952
Change in Unrealized Gain(Loss) on Investments	424,316	(19)	1,346	6,043	97,596
Increase(Decrease) in Cash Reserve Fund Income Receivables[(1)]	(17)	11	52	35	(47)
Total Revenues	$ 992,026	$ 65,238	$ 220,444	$ 105,639	$ 156,480
EXPENDITURES	$ -	$ -	$ -	$ -	$ -
Excess of Revenues over Expenditures	$ 992,026	$ 65,238	$ 220,444	$ 105,639	$ 156,480

See Notes to Civil and Non-Civil List Trust Fund Financial Statements.
(1) Reflects timing differences in the recognition of income by the Plans and Trusts.

	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 CHANGES IN FUND BALANCE						
Fund Balance at July 1, 1998	$ 8,231,917	$ 527,741	$ 1,796,784	$ 842,386	$ 1,477,502	$ 46,536,274
Excess of Revenues over Expenditures	992,026	65,238	220,444	105,639	156,480	-
Net Cash Transactions	-	-	-	-	-	991,923
Transfer from Other Funds	20,855	-	-	-	-	2,509,308
Transfer to Other Funds	(294,884)	(13,244)	(45,363)	(20,855)	-	-
(Increase) in Due to Other Funds	(7,079)	(3,772)	(13,124)	(6,918)	-	-
Fund Balance at June 30, 1999	$ 8,942,835	$ 575,963	$ 1,958,741	$ 920,252	$ 1,633,984	$ 50,037,505

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

Statement of Cash Flows
For the Fiscal Year Ended June 30, 1999

	SCHOOL FUND	AGRICUL-TURAL COLLEGE FUND	IDA EATON COTTON FUND	ANDREW C. CLARK FUND	HOPEMEAD STATE PARK TRUST FUND
Cash Flows from Operating Activities:					
Excess of Revenues over Expenditures	$ 992,026	$ 65,238	$ 220,444	$ 105,639	$ 156,480
Realized Gain on Investments	(284,930)	(48,229)	(160,558)	(71,788)	(952)
Change in Unrealized(Gain) Loss on Investments	(424,316)	19	(1,346)	(6,043)	(97,596)
(Increase)Decrease in Cash Reserve Fund Income Receivables	17	(11)	(52)	(35)	47
Net Cash Provided by Operations	$ 282,797	$ 17,017	$ 58,488	$ 27,773	$ 57,979
Cash Flows from Non Capital Financing Activities:					
Operating Transfers - Out to Other Funds	(294,884)	(13,244)	(45,363)	(20,855)	-
Operating Transfers - In from Other Funds	20,855	-	-	-	-
Net Cash Used for Non-Capital Financing Activities	(274,029)	(13,244)	(45,363)	(20,855)	-
Cash Flows from Investing Activities:					
Net Purchase and Redemptions of Cash Reserve Fund	(71,631)	(7,291)	(25,645)	(13,317)	(62,480)
Purchase of Investments	(350,000)	(60,000)	(200,000)	(90,000)	-
Proceeds from Sale of Investments	412,863	63,518	212,520	96,399	4,501
Net Cash Provided by (Used for) Investing Activities	(8,768)	(3,773)	(13,125)	(6,918)	(57,979)
Net Increase (Decrease) In Cash	-	-	-	-	-
Cash June 30, 1998	-	-	-	-	-
Cash June 30, 1999	$ -	$ -	$ -	$ -	$ -

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

Statement of Condition, at Cost
June 30, 1999

	SCHOOL FUND	AGRICUL-TURAL COLLEGE FUND	IDA EATON COTTON FUND	ANDREW C. CLARK FUND	HOPEMEAD STATE PARK TRUST FUND	MISC. TRUST FUNDS
ASSETS						
Cash & Cash Equivalents	$ -	$ -	$ -	$ -	$ -	$ 50,037,505
Interest & Dividends Receivable	2,567	165	454	171	2,935	-
Investments in Combined Investment Funds	4,602,812	309,729	1,049,474	503,642	1,022,047	-
Total Assets	$ 4,605,379	$ 309,894	$ 1,049,928	$ 503,813	$ 1,024,982	$ 50,037,505
LIABILITIES						
Due to Other Funds	$ 91,888	$ 17,017	$ 58,488	$ 27,773	$ -	$ -
Fund Balance	4,513,491	292,877	991,440	476,040	1,024,982	50,037,505
Total Liabilities & Fund Balance	$ 4,605,379	$ 309,894	$ 1,049,928	$ 503,813	$ 1,024,982	$ 50,037,505

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

Notes to the 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 this document) is intended to present only the cash and investments under the Treasurer's care and does not depict a full financial statement presentation. The Non-Civil List Trust Funds are not administered by the Office of the Comptroller. Accordingly, the financial statements presented for the Non-Civil List Funds are designed to provide a full set of financial statements for the Trusts' investment assets and provide the necessary detail for the respective Boards that administer these Trust Funds. Effective May 27, 1999, Public Act No. 99-70 was enacted which affected sections 3-13 to 3-13e, inclusive, and 3-31b of the Connecticut General Statutes to include the Policemen and Firemen Survivors' Benefit Fund in the Trust Funds.

Significant accounting 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.

NOTE 4. YEAR 2000 ISSUE

The Office of the Treasurer, as part of an effort coordinated by the State's Department of Information Technology, has worked diligently over the past two years to address the Year 2000 (Y2K) issue. The Y2K issue generally refers to a characteristic of many computer software programs that use only the last two digits of a data field to refer to "year" on the assumption that the first two digits are "19". As a result, these programs would interpret the Year 2000 as the Year 1900. The issue extends to computer hardware, electronics, and other equipment that are dependent on microchip technology. Without reprogramming, such software and equipment could impact the ability to input data into computer programs and the ability of such programs to correctly process data. Y2K may affect the computer systems utilized directly by the Treasury as well as the other systems upon which the Treasury depends to fulfill its mission.

The Treasury has completed an inventory of computer systems and other electronic equipment that may be affected by the Y2K issue and has identified 21 core systems and 17 other key systems that are necessary in conducting the operations of the Office. These systems were further classified as internal or external systems to describe which party has control over design and software maintenance of the system. Internal systems represent any system or application that is developed in-house to support business functions, and include custom-built systems and modified packages. External systems represent any system or application that is owned by an external party, and implies that the external party has control. Nine of the core systems were classified as internal systems and 12 of the core systems were classified as external systems, 8 of which are provided by State Street Bank. Treasury staff was charged with the responsibility for making the internal systems compliant, as well as tracking the external core systems for compliance.

Those core systems and other key systems identified would be subject to the following stages of work to address Year 2000 issues:

Awareness Stage –	Establishing a budget and project plan for dealing with the Y2K issue
Assessment Stage –	Identifying the systems and components for which Y2K compliance work is needed
Remediation Stage –	Making the actual changes to the systems and equipment identified
Validation/Testing Stage –	Validating and testing the changes that were made during the remediation stage

As of June 30, 1999, validation stage testing has been completed on all internal core systems and other key systems identified at the Treasury. In addition, the Treasury has contacted external organizations that have a critical relationship with the Office and whose Year 2000 compliance could affect the operations of the Treasury. Such organizations have responded that they are Year 2000 compliant or expect to achieve Year 2000 compliance prior to January 1, 2000. Organizations with less critical relationships have also been contacted to remind them of the potential problems surrounding Year 2000 and the need to evaluate their systems. The Treasury is also finalizing contingency plans in the event of a problem with any of the core systems identified.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the Year 2000 and thereafter. Management cannot assure that the Treasury is or will be Year 2000 ready, that the Treasury's remediation efforts will be successful in whole or in part, or that the parties with whom the Treasury does business will be Year 2000 ready.

Combining Balance Sheet
Expendable Trust Fund and Related
Portion of Long-Term Debt Account Group
June 30, 1999

ASSETS		Second Injury Fund	Long-Term Debt Account Group
Cash and Cash Equivalents		$ 25,585,123	$
Trustee Accounts		37,765,001	
Accounts Receivable:			
Non Compliance	$31,518,740		
Appeal Benefits	2,114,862		
Assessments	1,688,665		
Other Receivables	1,485,666	36,807,933	
Less: Allowance for Uncollectible Accounts		(36,139,682)	
Net Assessments and Accounts Receivable		668,251	
Prepaid Expenses		61,282	
Investment Income Receivable		12,614	
Other Debits:			
Amount available in Second Injury Fund			33,313,588
Amount to be provided for debt service and associated costs			217,866,412
TOTAL ASSETS		$ 64,092,271	$ 251,180,000
LIABILITIES			
Stipulations Payable (Note 7)		$ 8,376,081	$
Accrued Interest Payable		2,867,350	
Claimant Benefits Payable		3,794,802	
Other Accounts Payable		597,485	
Deferred Notification Fee (Note 5)		408,500	
Bonds Payable (Note 3)			91,180,000
Bond Anticipation Notes (BANs) Payable (Note 4)			160,000,000
TOTAL LIABILITIES		16,044,218	251,180,000
FUND BALANCE			
Reserve for Fund Activities		36,713,804	-
Unreserved		11,334,249	-
TOTAL FUND BALANCE		48,048,053	-
TOTAL LIABILITIES AND FUND BALANCE		$ 64,092,271	$ 251,180,000

See Notes to Financial Statements.

Statement of Revenues and Expenditures
For the Fiscal Year Ended June 30, 1999

REVENUES		
Assessments (Note 6)		$ 85,516,460
Fund Recoveries		1,067,628
Interest Income		2,931,219
Other Income:		
Late Charge Income	$ 336,384	
Notification Fee Income (Note 5)	350,500	
Miscellaneous	68,104	
Total Other Income		754,988
TOTAL REVENUES		90,270,295
EXPENDITURES		
Claims:		
Stipulations		92,511,866
Indemnity		34,934,466
Medical		7,548,153
Total Claims		134,994,485
Administrative Expenses		7,714,843
Interest Expense		8,468,505
Cost of Issuance		582,475
TOTAL EXPENDITURES		151,760,308
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES		(61,490,013)
OTHER FINANCING SOURCES (USES)		
Proceeds from Issuance of BANs (Note 4)		70,000,000
Retirement of Bonds and BANs (Notes 3 & 4)		(4,880,000)
TOTAL OTHER FINANCING SOURCES (USES)		65,120,000
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES		$ 3,629,987

See Notes to Financial Statements.

Statement of Changes in Fund Balance
For the Fiscal Year Ended June 30, 1999

FUND BALANCE AT JUNE 30, 1998	$ 44,418,066
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	3,629,987
FUND BALANCE AT JUNE 30, 1999	$ 48,048,053

See Notes to Financial Statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Basis of Presentation

The accompanying financial statements of the Second Injury Fund (SIF) and the related portion of the long-term debt account group have been prepared in conformity with generally accepted accounting principles as prescribed in pronouncements of the Governmental Accounting Standards Board. These funds and the related portion of the long-term debt account group are part of the financial reporting entity of the State of Connecticut (State). Accordingly, these financial statements do not intend to present the financial position and result of operations of the Fiduciary Funds or the Expendable Trust Funds of the State (other than the Second Injury Fund) in conformity with generally accepted accounting principles.

B. Fund Accounting

For financial reporting purposes, the Second Injury Fund is classified as an expendable trust fund, which accounts for assets held by the State in a trustee capacity. The long-term debt account group accounts for Special Assessment Revenue Bonds and Bond Anticipation Notes, which are to be paid from future revenues of the Second Injury Fund. This account group is not a fund because it does not reflect available financial resources and related liabilities.

C. Measurement Focus and Basis of Accounting

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

D. Assets and Liabilities

Cash and Cash Equivalents consist of funds in bank checking accounts, General Fund deposits held at the Treasury Business Office and funds invested in the Short-Term Investment Fund (STIF). Cash equivalents are carried at cost.

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

Accounts Receivable for Assessments, which are recorded inclusive of interest due, if any, result from amounts billed in accordance with the following statute:

C.G.S. 31-354 Assessments: The Second Injury Fund's primary source of revenue is from the levying of assessments against self-insured employers and insurance carriers who insure Connecticut employers. (See Note 6).

Certain accounts receivable, which are recorded inclusive of interest due, result from amounts paid in accordance with the following statutes:

C.G.S. 31-301 Appeal Cases: This statute provides for the payment of indemnity (loss wages) and medical benefits to a claimant while their claims are under appeal. Upon a decision in the appeal, the claimant (in cases of denial of compensation) or insurer (in cases of award of compensation) must reimburse the Second Injury Fund 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 1999, benefits continued to be paid for appeals filed that remained pending.

C.G.S. 31-355 Non Compliance: This statute mandates that the Second Injury Fund pay indemnity and medical benefits for claimants whose employers fail to or are unable to pay the compensation. The most common examples are cases where the employer did not carry worker's compensation insurance or is bankrupt.

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

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

The Allowance for Uncollectible Accounts is established when timing of collection causes the receivable not to be available to fund current liabilities. As a result, an allowance for uncollectible accounts was established for 100% of accounts receivable other than assessments receivable. The allowance for uncollectible assessment receivable accounts represents those amounts not available to fund current liabilities.

The Allowance for Uncollectible Accounts is detailed as follows:

Allow. for Uncollectible Accounts - Non Compliance	$31,518,740
Allow. for Uncollectible Accounts - Appeal	2,114,862
Allow. for Uncollectible Accounts - Assessments	1,020,414
Allow. for Uncollectible Accounts - Other	1,485,666
Total	$36,139,682

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

Stipulations are negotiated settlements of future liability and are charged to claims paid expense when the check is issued. An accrual is made for stipulations committed as of the balance sheet date and paid within sixty days thereafter. (See Note 7)

Claimant Benefits Payable represent indemnity and medical payments and are charged to claims paid expense when the checks are issued. An accrual is made for claimant benefits incurred as of the balance sheet date and paid within sixty days thereafter.

NOTE 2: PURPOSE OF FUND

The Second Injury Fund, administered by the Office of the Treasurer, operates as a workers' compensation insurance program governed by various statutes of the Workers' Compensation Act, Chapter 568, of the Connecticut General Statutes. The Fund is responsible for the payment of compensation, medical expenses, dependency benefits, cost-of-living adjustments, and insurance coverage to eligible and qualified workers who suffer a subsequent injury while working in Connecticut.

The Fund also provides benefits when employers are uninsured or fail to pay benefits and health insurance coverage to workers' compensation recipients when the employer ceases doing business in Connecticut.

NOTE 3: SPECIAL ASSESSMENT REVENUE BONDS

On November 7, 1996, the State issued $100 million of Second Injury Fund Special Assessment Revenue Bonds. These bonds were issued in an effort to reduce long-term liabilities by settling claims on a one-time lump sum basis (each, a "Stipulation"), and are recorded in the long-term debt account group of the State. These bonds will be payable solely from future assessment revenue of the Second Injury Fund, and the State has no contingent obligation either directly or indirectly for the payment of such bonds. Issuance costs are reported as expenditures of the period in which incurred.

A portion of these bonds matures on January 1 of each year through 2012 and bear fixed interest rates ranging from 4.50% to 6.00%. On January 1, 1999, $4,880,000 of bonds were retired. At June 30, 1999, the following amounts needed to pay principal and the respective interest rates payable on those amounts were as follows:

January 1,	Principal	Interest Rate
2000	$ 5,100,000	4.50%
2001	5,330,000	5.00%
2002	5,595,000	5.00%
2003	5,875,000	5.50%
2004	6,195,000	5.00%
2005 - 2012	63,085,000	5.10-6.00%
	$ 91,180,000	

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

NOTE 4: BOND ANTICIPATION NOTES (BANs)

Pursuant to authorization by the State Bond Commission, the Bond Indenture allows for periodic issuance of subordinated Bond Anticipation Notes (BANs) in the form of commercial paper. The State intends on replacing these BANs with long term bonds in the first quarter of fiscal year 2001, and has entered into a Revolving Credit Agreement that ensures that the BANs can be refinanced on a long-term basis. Interest expense is accrued on the outstanding BANs to June 30, 1999 if the maturity date of the BAN is within sixty days after year end. Issuance costs are reported as expenditures of the period in which incurred. The following table details the activity during the fiscal year:

Balance as of June 30, 1998	$ 90,000,000
New issues	70,000,000
Sub-total	160,000,000
Rollovers	885,400,000
Maturities	(885,400,000)
Net Retirements	0
Balance as of June 30, 1999	$ 160,000,000

The following table provides information regarding the outstanding BANs at June 30, 1999:

Issue Date	Amount	Interest Rate	Maturity Date
January 10, 1999	$ 3,000,000	2.75%	July 21, 1999
February 18, 1999	3,000,000	2.65%	July 20, 1999
February 18, 1999	2,000,000	2.60%	August 19, 1999
February 19, 1999	5,900,000	2.65%	July 13, 1999
March 8, 1999	7,000,000	2.75%	August 18, 1999
March 25, 1999	3,000,000	3.00%	August 17, 1999
April 1, 1999	1,000,000	3.00%	August 17, 1999
April 1, 1999	3,100,000	3.00%	August 17, 1999
April 20, 1999	15,000,000	3.00%	August 10, 1999
April 26, 1999	5,000,000	3.05%	August 10, 1999
April 26, 1999	1,300,000	2.95%	September 15, 1999
April 26, 1999	3,700,000	2.95%	September 15, 1999
May 3, 1999	2,000,000	3.00%	September 15,1999
May 4, 1999	27,500,000	3.00%	September 9,1999
May 4, 1999	12,000,000	3.00%	September 9,1999
May 6, 1999	2,900,000	3.00%	September 8,1999
May 6, 1999	8,300,000	3.00%	September 8,1999
May 11, 1999	11,100,000	3.05%	September 7, 1999
May 11, 1999	3,900,000	3.05%	September 7, 1999
May 12, 1999	3,000,000	3.10%	August 9, 1999
May 18, 1999	12,100,000	3.10%	August 25, 1999
May 18, 1999	4,200,000	3.10%	August 25, 1999
May 19, 1999	2,000,000	3.00%	September 2, 1999
May 20, 1999	8,000,000	3.15%	July 20, 1999
June 15, 1999	3,500,000	3.05%	August 2, 1999
June 23, 1999	4,500,000	3.25%	August 5, 1999
June 24, 1999	2,000,000	3.30%	July 15, 1999
	$ 160,000,000		

As of October 15, 1999, the amount outstanding in BANs Payable was $155,000,000.

NOTE 5: NOTIFICATION FEES

P.A. 95-277 mandated that a $2,000 notification fee accompany any new claims presented to the Second Injury Fund for transfer into the Fund. If the claim is approved by the Worker's Compensation Commission for transfer to the Fund, $1,500 of that fee is refunded to the carrier or self-insured employer seeking transfer of the claim. If the claim is not transferred, no part of the fee is refunded.

Notes to Financial Statements (Continued)

When received, $1,500 of the notification fee is recorded as a liability (deferred income) with the remaining $500 (which represents the Fund's minimum fee income per claim) recorded as income. When the claim is either transferred or denied transfer by the Commission, the $1,500 is either refunded and recorded as a decrease to deferred income or recorded as income with a corresponding decrease to deferred income respectively.

NOTE 6: ASSESSMENTS

The assessment method for carriers paying on behalf of insured employers is on an actual premium basis. The premium surcharge, which is paid by insured employers through their worker's compensation insurance carrier within 45 days of the close of a quarter, is the premium surcharge rate multiplied by the employer's standard premium on all policies with an effective date for that quarter. The premium surcharge is set yearly based on the Fund's budgetary needs prior to the start of the fiscal year. During the fiscal year ended June 30, 1999, quarterly assessments were received from insured employers as follows:

Assessment Date	Amount	Annualized Assessment Rate	Period Covered
08/15/98	$18,807,185	12.5%	04/01/98 - 06/30/98
11/15/98	19,227,694	11.5%	07/01/98 - 09/30/98
02/15/99	13,476,975	10.0%	10/01/98 - 12/31/98
05/15/99	17,811,621	10.0%	01/01/99 - 03/31/99
	$69,323,475		

The initial annual assessment rate for the fiscal year ending June 30, 2000 has been set at 10.0%.

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

During the fiscal year ended June 30, 1999, self-insured employers were assessed in the following quarterly amounts:

Assessment Date	Amount	Annualized Assessment Rate	Period Covered
07/01/98	$ 4,282,029	16.0%	07/01/98 - 09/30/98
10/01/98	3,973,058	14.5%	10/01/98 - 12/31/98
01/01/99	3,928,006	14.5%	01/01/99 - 03/31/99
04/01/99	4,009,892	14.5%	04/01/99- 06/30/99
	$16,192,985		

The initial annual assessment rate for self-insured employers for the fiscal year ending June 30, 2000 has been set at 14.5%.

NOTE 7: STIPULATIONS

Some stipulation negotiations include agreements to pay the stipulation in a future period. At June 30, 1999, negotiations were at various stages of completion for stipulations valued at $12,002,641. A total of $8,376,081 of those stipulations were paid during the months of July and August, 1999. Accordingly, an accrual was made to reflect this liability at June 30, 1999.

NOTE 8: FUTURE CLAIMS AND ASSESSMENTS

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

NOTE 9: YEAR 2000 ISSUE

The Office of the Treasurer, as part of an effort coordinated by the State's Department of Information Technology, has worked diligently over the past two years to address the Year 2000 (Y2K) issue. The Y2K issue generally refers to a characteristic of many computer software programs that use only the last two digits of a data field to refer to "year" on the assumption that the first two digits are "19". As a result, these programs would interpret the Year 2000 as the Year 1900. The issue extends to computer hardware, electronics, and other equipment that are dependent on microchip technology. Without reprogramming, such software and equipment could impact the ability to input data into computer programs and the ability of such programs to correctly process data. Y2K may affect the computer systems utilized directly by the Treasury as well as the other systems upon which the Treasury depends to fulfill its mission.

The Treasury has completed an inventory of computer systems and other electronic equipment that may be affected by the Y2K issue and has identified 21 core systems and 17 other key systems that are necessary in conducting the operations of the Office. These systems were further classified as internal or external systems to describe which party has control over design and software maintenance of the system. Internal systems represent any system or application that is developed in-house to support business functions, and include custom-built systems and modified packages.

External systems represent any system or application that is owned by an external party, and implies that the external party has control. Nine of the core systems were classified as internal systems and 12 of the core systems were classified as external systems, 8 of which are provided by State Street Bank. Treasury staff was charged with the responsibility for making the internal systems compliant, as well as tracking the external core systems for compliance.

Those core systems and other key systems identified would be subject to the following stages of work to address Year 2000 issues:

Awareness Stage –	Establishing a budget and project plan for dealing with the Y2K issue
Assessment Stage –	Identifying the systems and components for which Y2K compliance work is needed
Remediation Stage –	Making the actual changes to the systems and equipment identified
Validation/Testing Stage –	Validating and testing the changes that were made during the remediation stage

As of June 30, 1999, validation stage testing has been completed on all internal core systems and other key systems identified at the Treasury. In addition, the Treasury has contacted external organizations that have a critical relationship with the Office and whose Year 2000 compliance could affect the operations of the Treasury. Such organizations have responded that they are Year 2000 compliant or expect to achieve Year 2000 compliance prior to January 1, 2000. Organizations with less critical relationships have also been contacted to remind them of the potential problems surrounding Year 2000 and the need to evaluate their systems. The Treasury is also finalizing contingency plans in the event of a problem with any of the core systems identified.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the Year 2000 and thereafter. Management cannot assure that the Treasury is or will be Year 2000 ready, that the Treasury's remediation efforts will be successful in whole or in part, or that the parties with whom the Treasury does business will be Year 2000 ready.

Statement of Net Assets
June 30, 1999

	Conservative Trust Fund	Moderately Conservative Trust Fund	Moderate Trust Fund	Moderately Aggressive Trust Fund	Aggressive Trust Fund	Total Trust Fund
ASSETS						
Cash and Cash Equivalents	$ 28,017	$ 41,483	$ 18,188	$ 21,109	$ 49,345	$ 158,142
Investments in Securities, at Fair Value	1,483,324	3,324,435	8,085,409	9,085,153	9,145,851	31,124,172
Receivable for Fund Shares Sold	-	-	1,000	50	600	1,650
Interest and Dividends Receivable	229	411	607	601	730	2,578
Total Assets	$ 1,511,570	$ 3,366,329	$ 8,105,204	$ 9,106,913	$ 9,196,526	$ 31,286,542
LIABILITIES						
Payable for Investments Purchased	$ 28,017	$ 41,483	$ 18,188	$ 21,109	$ 49,345	$ 158,142
Accrued Management Fees	3,979	7,901	20,964	21,934	20,446	75,224
Accrued Account Maintenance Fees	404	1,537	4,267	5,547	7,835	19,590
Total Liabilities	$ 32,400	$ 50,921	$ 43,419	$ 48,590	$ 77,626	$ 252,956
NET ASSETS	$ 1,479,170	$ 3,315,408	$ 8,061,785	$ 9,058,323	$ 9,118,900	$ 31,033,586
Units Outstanding	137,757	291,848	663,032	733,512	731,719	
Net Asset Value and Redemption Price per Unit	$ 10.74	$ 11.36	$ 12.16	$ 12.35	$ 12.46	
NET ASSETS CONSIST OF:						
Paid in Capital	$ 1,452,329	$ 3,174,433	$ 7,448,531	$ 8,159,161	$ 8,162,491	$ 28,396,945
Cumulative Net Income including Realized and Unrealized Gains and Losses	26,841	140,975	613,254	899,162	956,409	2,636,641
NET ASSETS	$ 1,479,170	$ 3,315,408	$ 8,061,785	$ 9,058,323	$ 9,118,900	$ 31,033,586

See Notes to Financial Statements.

Statement of Operations
For the Year Ended June 30, 1999

	Conservative Trust Fund	Moderately Conservative Trust Fund	Moderate Trust Fund	Moderately Aggressive Trust Fund	Aggressive Trust Fund	Total Trust Fund
INVESTMENT INCOME						
Interest and Dividends	$ 44,164	$ 82,754	$ 127,309	$ 100,530	$ 46,301	$ 401,058
Net Increase (Decrease) in Fair Value of Investments	(11,062)	63,129	486,202	806,191	924,666	2,269,126
Total Investment Income	$ 33,102	$ 145,883	$ 613,511	$ 906,721	$ 970,967	$ 2,670,184
EXPENSES						
Management Fees	$ 12,230	$ 29,224	$ 71,769	$ 83,833	$ 81,235	$ 278,291
Waived Management Fees	(2,423)	(8,640)	(19,147)	(26,669)	(28,582)	(85,461)
Account Maintenance Fees	1,077	4,528	12,476	16,799	22,852	57,732
Total Expenses	$ 10,884	$ 25,112	$ 65,098	$ 73,963	$ 75,505	$ 250,562
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	$ 22,218	$ 120,771	$ 548,413	$ 832,758	$ 895,462	$ 2,419,622

See Notes to Financial Statements.

Statement of Changes in Net Assets
For the Year Ended June 30, 1999

	Conservative Trust Fund	Moderately Conservative Trust Fund	Moderate Trust Fund	Moderately Aggressive Trust Fund	Aggressive Trust Fund	Total Trust Fund
OPERATIONS						
Net Increase in Net Assets Resulting from Operations	$ 22,218	$ 120,771	$ 548,413	$ 832,758	$ 895,462	$ 2,419,622
SHARE TRANSACTIONS						
Purchase of Units by Participants	851,674	1,933,435	5,154,001	6,226,409	6,939,957	21,105,476
Redemption of Units by Participants	(51,368)	(1,032)	(3,603)	(856)	(4,721)	(61,580)
Net Transfers of Units between Funds	332,749	383,243	474,622	(265,929)	(924,685)	-
Net Increase from Share Transactions	1,133,055	2,315,646	5,625,020	5,959,624	6,010,551	21,043,896
TOTAL INCREASE IN NET ASSETS	1,155,273	2,436,417	6,173,433	6,792,382	6,906,013	23,463,518
NET ASSETS						
Beginning of Period	$ 323,897	$ 878,991	$ 1,888,352	$ 2,265,941	$ 2,212,887	$ 7,570,068
End of Period	$ 1,479,170	$ 3,315,408	$ 8,061,785	$ 9,058,323	$ 9,118,900	$ 31,033,586

See Notes to Financial Statements.

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 and signed into law by the Governor in July 1997. 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 may not exceed the amount determined by actuarial estimates that 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 taxes (either federal or State) on earnings. Amounts can 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 are taxed after qualified withdrawals for higher education expenses from the Trust at the beneficiary's federal tax rate. The State of Connecticut does not tax the earnings after withdrawal. Earnings withdrawn for non-qualified expenses incur a penalty tax of 15%.

CHET consists of five individual Trust Funds ("Funds"). The Funds are open-ended, unitized portfolios consisting of investments in various mutual funds and trusts. The units of the Funds are directly owned by the participants. Each Fund represents a different asset allocation based on the age of the child (beneficiary) for whom the account has been established. As the child (beneficiary) grows older and approaches college age, his or her account will be moved from a more aggressive fund to a more conservative fund where preservation of capital is the major investment objective. The following table presents the age group applicable to each Trust Fund:

Aggressive	0-5 Years Old
Moderately Agressive	6-9 Years Old
Moderate	10-13 Years Old
Moderately Conservative	14-16 Years Old
Conservative	17+ Years Old

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

The following significant accounting policies are consistently followed by CHET in the preparation of its financial statements:

A. Investment Valuation

Investments in mutual funds are stated at fair value which is based on the net asset value calculated as of the close of business on the valuation date. Investments in non-mutual fund holdings (Pooled Trusts) are based on the value of the trust as of the close of business on the day prior to the valuation date.

B. 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. Realized and unrealized gains and losses are presented in the Statement of Trust Operations as Net Increase in Fair Value of Investments.

C. Unit Transactions and Pricing

All unit prices are determined daily (on days the New York Stock Exchange is open) 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 net asset value of each fund on the day an order to purchase and/or redeem is received.

D. Distributions

There is no distribution of net investment income to unit owners. Net investment income is reinvested into investments of the fund when the related cash is available.

E. Federal Income Taxes

The Trust, a Qualified Savings Tuition Program under Section 529 of the Internal Revenue Code, is fully exempt from federal taxation on all income earned on Trust assets.

F. Expenses

Expenses of the Trust are recognized on an accrual basis of accounting and are deducted in calculating net investment income and net asset value on a daily basis. Direct expenses, such as management fees and account maintenance fees, are charged to each fund. All other fees, except those noted below, are paid by the Program Manager.

Each of the Funds within the Trust is also allocated a portion of Trust expenses which include expenses for accounting and legal services rendered. No allocation of expenses was necessary for the year ended June 30, 1999 as only direct expenses were incurred.

G. Investment Management and Fees

CHET, acting through the Treasurer of the State of Connecticut, has contracted with Collegiate Capital Group, Inc., (Collegiate Capital or Program Manager) to provide investment management, marketing, and account administrative services for CHET for a period of five years. The Program Manager is responsible for allocating the assets contributed to CHET. Once assets are allocated, the Program Manager and the State Treasurer are responsible for hiring investment management firms to manage specific asset classes.

Under the terms of the Management Agreement between CHET and the Program Manager, each fund pays the Program Manager for management services performed at a fee calculated by applying a daily rate based on the annual percentage rate of 1.55% to each fund's average daily net assets for each calendar quarter. Fees charged by the mutual funds reduce the charge by the Program Manager to the Trust so that total fees incurred by the Trust are 1.55%.

Under the Management Agreement, each Participant pays the Program Manager for recordkeeping and customer servicing an annual account fee of $15 accrued daily and payable quarterly.

H. Related Party Transactions

Certain other administrative expenses in the amount of $53,901, which include the salary and benefits of the CHET Director, were paid by the State General Fund appropriation to the Treasurer and were not charged to the Trust. 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.

I. 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 income and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2: INVESTMENT RISK CLASSIFICATION

The balance in Cash and Cash Equivalents at June 30, 1999 represented funds held by State Street Bank and Trust Co. in an interest earning cash account. Governmental Accounting Standard Board Statement No. 3 categorizes investments to give an indication of credit risk assumed by the Trust. Investments of the Trust are not categorized because mutual funds and pooled trusts are not evidenced by securities that exist in either physical or book entry form.

GASB Technical Bulletin Number 94-1 states that derivatives are generally defined as contracts whose value depends on, or derives from the value of an underlying asset, reference rate, or index. To the extent available, disclosure of credit risk, market risk and legal risk is required if the Trust is indirectly using, holding or writing derivatives such as through participation in a mutual fund or investment pool that holds derivatives. As of the end of the fiscal year, this information was not available to the Trust.

NOTE 3: CUSTODIAN

State Street Bank and Trust Co. is the custodian of the Trust and is appointed by the Program Manager. The Program Manager pays the Custodian for transactions and accounting services from its fee that is charged to the Trust. No Custodial Fees are charged directly to the Trust.

NOTE 4: PURCHASES AND SALES OF INVESTMENT SECURITIES

For the year ended June 30, 1999, purchases and sales of investment securities other than temporary cash investments were as follows:

FUND	PURCHASES	SALES
Aggressive	$ 6,197,657	$ 170,000
Moderately Aggressive	6,360,760	341,000
Moderate	5,737,473	28,000
Moderately Conservative	2,423,296	40,809
Conservative	1,231,910	61,993
TOTAL	$21,951,096	$ 641,802

NOTE 5: COST BASIS OF INVESTMENTS

The following is a summary of the cost basis of investments by Trust Fund:

Aggressive	$ 8,156,922
Moderately Aggressive	8,238,837
Moderate	7,542,706
Moderately Conservative	3,248,887
Conservative	1,493,171
TOTAL	$28,680,523

NOTE 6: FAIR VALUE OF INVESTMENTS

During fiscal year 1999, the Trust realized a net gain by Fund as detailed by the table below. The calculation of realized gains (losses) is independent of the calculation of the net increase (decrease) in fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current year may have been recognized as an increase or decrease in the fair value of investments reported in the prior year. The net increase in the fair value of investments by Fund for fiscal year 1999 takes into account all changes in fair value (including purchases and sales) that occurred during the year and is listed below. The unrealized gain (loss) on investments held at fiscal year end by Fund is listed in the table below.

FUND	REALIZED GAIN	FAIR VALUE INCREASE (DECREASE)	CHANGE IN FAIR VALUE OF INVESTMENT	UNREALIZED GAIN (LOSS) JUNE 30, 1999
Aggressive	$ -	$ 924,666	$ 924,666	$ 988,928
Moderately Aggressive	25,183	781,008	806,191	846,317
Moderate	3,570	482,632	486,202	542,703
Moderately Conservative	3,134	59,995	63,129	75,548
Conservative	727	(11,789)	(11,062)	(9,847)
TOTAL	$ 32,614	$ 2,236,512	$ 2,269,126	$ 2,443,649

NOTE 7: YEAR 2000

The Year 2000 (Y2K) issue refers to the fact that many computer software programs were written to use only the last two digits of a data field to refer to “year” on the assumption that the first two digits are “19”. As a result, these programs would interpret the Year 2000 as the Year 1900. The issue extends to computer hardware, electronics, and other equipment that are dependent on microchip technology. Without reprogramming, such software and equipment could impact the ability to input data into computer programs and the ability of such programs to correctly process data.

As Program Manager for CHET, Collegiate Capital relies entirely on the external computer systems of State Street Bank and Trust Co. (State Street) and Boston Financial Data Services (BFDS). State Street maintains the accounting systems for CHET and BFDS maintains the participant recordkeeping systems for CHET. External systems represent any system or application that is owned by an external party, and implies that the external party has control.

Collegiate Capital has contacted both State Street and BFDS, each having a critical relationship with the Trust and whose Year 2000 compliance could affect the operations of the Trust. Such organizations have responded that they are Year 2000 compliant or expect to achieve Year 2000 compliance prior to January 1, 2000.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the Year 2000 and thereafter. Collegiate Capital cannot assure that State Street or BFDS is or will be Year 2000 ready, in whole or in part.

NOTE 8: SUBSEQUENT EVENT

The Treasurer, acting on behalf of the Trust, has entered into an agreement with Collegiate Capital Group, Inc. dated September 24, 1999, with the specific intent to assign the Management Agreement to a new management firm. Sub-contract arrangements with the Custodian and investment management firms have not been altered. The intent of the September 24, 1999 agreement is to provide for a smooth transition in the management of the Trust while continuing to grow the assets of the Trust funds and service the needs of each Participant.

Statement of Net Assets
June 30, 1999

Face Amount		Maturity Date	Yield		Value (Note 1)	Ratings (a) Moody's	Standard & Poor's
Other Tax Exempt Investments (24.29%)							
$ 3,000,000	Allegheny County Port Authority	06/30/00	3.23%	$	3,020,850	MIG-1	
1,500,000	Georgia State HFA RB (Single Family Mortgage)	10/01/99	3.20		1,500,000		A1+
3,000,000	Iowa School Cash Anticipation (Corp. Warrant) Insured by Financial Security Assurance	06/23/00	3.24		3,021,862	MIG-1	SP-1+
2,000,000	Indiana Bond Advanced Funding - Series 1999A-2	01/19/00	2.94		2,005,716	MIG-1	SP-1+
3,000,000	Kenosha, WI UFSD TRAN	10/29/99	3.00		3,000,000	MIG-1	
3,000,000	Kentucky Assets/Liability Commissions TRAN	06/28/00	3.32		3,025,170	MIG-1	SP-1+
2,000,000	Kentucky Interlocal School Transportation TRAN	06/30/00	3.44		2,009,620	MIG-1	SP-1+
3,000,000	Maryland State Community Development	01/14/00	3.05		3,000,000	MIG-1	
3,000,000	Michigan Municipal Bond Authority - Series C LOC Bank of Nova Scotia	08/27/99	3.53		3,003,026		SP-1+
1,000,000	Michigan Municipal Bond Authority - Notes Series A-1	06/30/00	3.37		1,005,490		SP-1+
1,400,000	Missouri Rural Water Finance Corporation (Public Project Construction)	11/15/99	3.11		1,406,379	MIG-1	
3,000,000	Municipality of Anchorage, AK General Obligation TAN	01/04/00	2.91		3,011,929	MIG-1	SP-1+
2,000,000	Passaic Valley, NJ Water Commission Revenue System Notes - Series A LOC PNC Bank, N.A.	11/16/99	3.09		2,006,337	P1	A1
10,000,000	Puerto Rico Commonwealth TRAN	07/30/99	2.82		10,005,153	MIG-1	SP-1+
2,107,000	University of Cincinnati General Receipts BAN - Series A	12/21/99	2.99		2,109,223	MIG-1	SP-1+
2,900,000	University of Cincinnati General Receipts BAN - Series A	03/01/00	2.88		2,903,944	MIG-1	SP-1+
45,907,000	Total Other Tax Exempt Investments				46,034,699		
Other Variable Rate Demand Instruments (59.66%)							
$ 1,470,000	Bloomington, IL Normal Airport Authority - Series 1995A	01/01/13	3.70%	$	1,470,000	VMIG-1	
3,800,000	California Independent System (CA State Economic Development) LOC Bank of America	04/01/08	3.05		3,800,000	VMIG-1	A1+
2,975,000	Capital Realty Investment MHRB COPS LOC Swiss Bank	12/01/04	3.76		2,975,000	VMIG-1	A1+
3,400,000	Carlton, WI PCRB (Wisconsin Power & Light)	09/01/05	3.45		3,400,000	P1	A1+
3,650,000	City & County of Denver, CO Refunding MHRB (Cottonwood Creek Project) LOC General Electric Capital Corporation	04/15/14	3.60		3,650,000		A1+
3,000,000	City of Baltimore, MD (HM Investments, Ltd.) - Series 1993 LOC Toronto-Dominion Bank	02/01/00	3.55		3,000,000		A1+

See Notes to Financial Statements.

Statement of Net Assets (Continued)
June 30, 1999

Face Amount		Maturity Date	Yield		Value (Note 1)	Ratings (a) Moody's	Standard & Poor's
Other Variable Rate Demand Instruments (Continued)							
$ 5,000,000	City of Burlington, KS Power and Light	09/01/15	3.60%	$	5,000,000	VMIG-1	A1
1,200,000	City of Philadelphia, PA Insured by AMBAC Indemnity Corp.	08/01/27	3.30		1,200,000	VMIG-1	A1+
2,000,000	Columbia, AL Industrial Development Board PCRB (Alabama Power Company Project) - Series A	11/01/21	3.45		2,000,000	VMIG-1	A1+
4,475,000	Connecticut State Special Tax (Transportation Infrastructure) LOC Commerzbank, A.G.	12/01/10	3.45		4,475,000	P1	A1+
2,800,000	County of Cuyahoga, OH Hospital RB (Cleveland Clinic) - Series 1997C	01/01/16	3.50		2,800,000	VMIG-1	A1+
4,900,000	County of Hamilton, OH Hospital Facilities RB – Series 1997B Insured by MBIA Insurance Corp.	01/01/18	3.35		4,900,000	VMIG-1	A1+
200,000	DeKalb County, GA Development Authority IDRB (Pet Inc. Project) LOC Credit Suisse First Boston	02/01/04	3.65		200,000	P1	
6,900,000	DeKalb County, GA Housing Authority LOC Bank of Montreal	12/01/07	3.50		6,900,000		A1+
700,000	Delaware County, PA Regional Finance Authority Local Government RB LOC Credit Suisse First Boston	12/01/18	3.50		700,000	VMIG-1	A1+
100,000	Delta County, MI EDA (Mead Escanaba) - Series D LOC Credit Suisse First Boston	12/01/23	3.45		100,000	P1	
1,200,000	Georgetown, KY Educational Institution Improvement RB (Georgetown College) LOC PNC Bank, N.A.	06/01/04	3.65		1,200,000	VMIG-1	
2,400,000	Greystone RB Certificate (Variable Senior Certificates of Beneficial Ownership) LOC Credit Suisse First Boston	05/01/28	3.78		2,400,000	VMIG-1	A1+
3,600,000	Illinois Development Finance Authority RB (Glenwood School for Boys) LOC Harris Trust	02/01/33	3.65		3,600,000		A1+
3,300,000	Illinois Educational Facilities Authority (Chicago Children's Museum) - Series 1994 LOC National Bank of Detroit	02/01/28	3.65		3,300,000	VMIG-1	A1+
1,000,000	Illinois HFA (Resurrection Health Care System)	05/01/11	3.45		1,000,000	VMIG-1	
2,400,000	Indiana HEFA (Rehabilitation Hospital of Indiana) LOC National Bank of Detroit	11/01/20	3.30		2,400,000	VMIG-1	
2,100,000	Kansas City, KS (PQ Corporation-Kansas City Project) LOC Bank of New York	08/01/15	3.55		2,100,000	VMIG-1	
2,000,000	Kentucky EDFA (Pooled Hospital Loan Program) LOC Capital Reinsurance	08/01/18	3.55		2,000,000		A1+

See Notes to Financial Statements.

Statement of Net Assets (Continued)
June 30, 1999

Face Amount		Maturity Date	Yield	Value (Note 1)	Ratings (a) Moody's	Ratings (a) Standard & Poor's
Other Variable Rate Demand Instruments (Continued)						
$ 695,000	Lancaster, PA Higher Education LOC Chase Manhattan Bank, N.A.	04/15/27	3.72%	$ 695,000	VMIG-1	A-1
2,000,000	Maricopa County, AZ PCRB (Arizona Public Service) - Series 1985C LOC Bank of America	05/01/29	3.40	2,000,000	P1	A1+
2,500,000	Maryland State IDA Economic Development RB (Johnson Control Inc.)	12/01/03	4.00	2,500,000	VMIG-1	A2
1,500,000	Michigan Strategic Fund Ltd. (Detroit Edison Co.) LOC Barclays Bank	09/01/30	3.45	1,500,000	P1	A1+
1,500,000	Michigan Strategic Fund PCRB (Consumer's Power Co. Project) LOC Canadian Imperial Bank of Commerce	06/15/10	3.45	1,500,000		A1+
2,860,000	Missouri HEFA (Washington University)	09/01/10	3.45	2,860,000	VMIG-1	A1+
4,420,000	Montgomery County, MD Housing Opportunities Commission MHRB (Oakwood-Gainesburg) Guaranteed by Freddie Mac	11/01/07	3.50	4,420,000		A1+
1,925,000	New Hampshire HEFA RB (Alice Peck Day Memorial Hospital) LOC Corestates Bank, N.A.	11/01/05	3.55	1,925,000	VMIG-1	
4,000,000	North Carolina Medical Care Commission Pooled - Series 1985 Insured by MBIA Insurance Corp.	12/01/25	3.50	4,000,000	VMIG-1	A1+
3,000,000	North Central Texas Health Facility (Methodist Hospitals of Dallas) Insured by MBIA Insurance Corp.	10/01/15	3.45	3,000,000		A1+
5,300,000	Ohio Air Quality Development (Series B Cincinnati Gas & Electric) LOC Morgan Guaranty Trust Company	12/01/15	3.50	5,300,000		A1+
3,000,000	Ohio Air Quality Development Authority LOC Canadian Imperial Bank of Commerce	09/01/30	3.35	3,000,000	VMIG-1	A1+
1,800,000	Pennsylvania State Turnpike Commission	06/01/28	3.45	1,800,000	VMIG-1	A1+
1,000,000	Raleigh Durham, NC Airport Authority (American Airlines 1995A) LOC NationsBank/Bank of America	11/01/15	3.45	1,000,000		A1+
900,000	Reading, PA (York County General Authority) Insured by AMBAC Indemnity Corp.	09/01/26	3.75	900,000		A1+
1,700,000	Roanoke, VA IDA Hospital RB (Carilion Health Systems)	07/01/27	3.60	1,700,000	VMIG-1	A1+
1,100,000	Roanoke, VA IDA Hospital RB (Carilion Health Systems)	07/01/27	3.50	1,100,000	VMIG-1	A1+
1,900,000	Salt Lake City, UT PCRB (Service Station Holdings - British Petroleum Oil)	02/01/08	3.40	1,900,000	P1	A1+
500,000	University of Michigan Medical Service Plan	12/01/21	3.45	500,000	VMIG-1	A1+
4,000,000	Wake County, NC Industrial Facilities (Carolina Power & Light Co.) LOC Wachovia Bank, N.A.	05/01/15	3.30	4,000,000	P1	A1+

See Notes to Financial Statements.

Statement of Net Assets (Continued)
June 30, 1999

Face Amount		Maturity Date	Yield	Value (Note 1)	Ratings (a) Moody's	Ratings (a) Standard & Poor's
Other Variable Rate Demand Instruments (Continued)						
$ 1,400,000	Wisconsin Health & Educational Facility (Alverno College Project) LOC Allied Irish Bank	11/01/17	3.65%	$ 1,400,000	VMIG-1	
1,500,000	York County, PA IDA PCRB (Philadelphia Electric Company) LOC Toronto-Dominion Bank	08/01/16	3.40	1,500,000	P1	A1+
113,070,000	Total Other Variable Rate Demand Instruments			113,070,000		
Put Bonds (10.37%)						
$ 7,500,000	Connecticut State Special Assessment Unemployment Compensation Advance Fund RB - Series 1993C Insured by FGIC	07/01/99	3.60%	$ 7,500,000	VMIG-1	A1+
1,500,000	Intermountain Power Authority Power Supply RB - Series E Insured by AMBAC Indemnity Corp.	09/15/99	3.10	1,500,000	VMIG-1	A1+
2,000,000	Summit County, OH	06/01/00	3.15	2,010,671	MIG1	SP1+
6,950,000	Vermont State Educational & Health Building Finance Agency (Middlebury College)	11/01/99	3.10	6,950,000		A1+
1,700,000	Vermont State Educational & Health Building Finance Agency (Middlebury College)	05/01/00	3.15	1,700,000		A1+
19,650,000	Total Put Bonds			19,660,671		
Tax Exempt Commercial Paper (10.02%)						
$ 2,000,000	City of Rochester, Minnesota (Mayo Foundation)	09/09/99	3.15%	$ 2,000,000		A1+
2,000,000	Illinois HFA RB (Rush-Presbyterian St. Luke's) LOC Northern Trust	07/01/99	3.15	2,000,000	VMIG-1	A1+
3,000,000	Illinois HFA RB (Rush-Presbyterian St. Luke's) LOC Northern Trust	02/16/00	3.20	3,000,000	VMIG-1	A1+
5,000,000	Intermountain Power Agency Power Supply RB - Series 1985 F Insured by AMBAC Indemnity Corp.	07/22/99	3.15	5,000,000	VMIG-1	A1+
2,000,000	Maricopa County, AZ PCRB (Southern California Edison Company)	08/18/99	3.10	2,000,000	P1	A-1
5,000,000	Norfolk, VA Airport Authority LOC First Union National Bank	03/07/00	3.40	5,000,000	P1	A-1
19,000,000	Total Tax Exempt Commercial Paper			$ 19,000,000		
	Total Investments (104.34% (Cost $197,765,370†)			197,765,370		
	Liabilities in Excess of Cash and Other Assets (-4.34%)			(8,229,546)		
	Net Assets (100.00%) 189,540,474 Shares Outstanding (Note 3)			$ 189,535,824		
	Net Asset Value, offering and redemption price per share			$ 1.00		

† Aggregate cost for Federal income tax purposes is identical.

See Notes to Financial Statements.

Statement of Net Assets (Continued)
June 30, 1999

FOOTNOTES:

(a) Unless the variable rate demand instruments are assigned their own ratings, the ratings are those of the holding company of the bank whose letter of credit guarantees the issue or the insurance company who insures the issue. All letters of credit and insurance are irrevocable and direct pay covering both principal and interest. Certain issuers have either a line of credit, a liquidity facility, a standby purchase agreement or some other financing mechanism to ensure the remarketing of the securities. This is not a guarantee and does not serve to insure or collateralize the issue.

(b) Interest rates are adjustable on a daily, weekly or monthly basis. The rate shown is the rate in effect at the date of this statement.

KEY:

BAN	=	Bond Anticipation Note	IDA	=	Industrial Development Authority
COPS	=	Certificate of Participations	IDRB	=	Industrial Development Revenue Bond
EDA	=	Economic Development Authority	LOC	=	Letter of Credit
EDFA	=	Economic Development Finance	MHRB	=	Multifamily Housing Revenue Bond
FSA	=	Financial Security Assurance	PCRB	=	Pollution Control Revenue Bond
FGIC	=	Financial Guarantee Insurance Company	RB	=	Revenue Bond
HFA	=	Housing Finance Authority	UFSD	=	Unified School District
HEFA	=	Health and Education Facilities Authority	TAN	=	Tax Anticipation Note
			TRAN	=	Tax and Revenue Anticipation Note

See Notes to Financial Statements.

Statement of Operations
Year Ended June 30, 1999

INVESTMENT INCOME	
Interest income	$ 6,364,103
Expenses (Note 2)	(774,901)
Net investment income	5,589,202
REALIZED GAIN (LOSS) ON INVESTMENTS	
Net realized gain (loss) on investments	49
Net increase in net assets from operations	$ 5,589,251

See Notes to Financial Statements.

Statements of Changes in Net Assets

	Year Ended June 30, 1999	Year Ended June 30, 1998
INCREASE (DECREASE) IN NET ASSETS		
Operations:		
Net investment income	$ 5,589,202	$ 6,656,468
Net realized gain (loss) on investments	49	(1,453)
Net increase in net assets from operations	5,589,251	6,655,015
Dividends to shareholders from net investment income	(5,589,202)	(6,656,468)
Net increase (decrease) from capital share transactions (Note 3)	(2,480,032)	(7,032,901)
Total increase (decrease) in net assets	(2,479,983)	(7,034,354)
Net assets:		
Beginning of year	192,015,807	199,050,161
End of year	$ 189,535,824	$ 192,015,807

See Notes to Financial Statements.

1. Summary of Accounting Policies

Tax Exempt Proceeds Fund, Inc. is a no-load, diversified, open-end management investment company registered under the Investment Company Act of 1940. This Fund is a short term, tax exempt money market fund. Its financial statements are prepared in accordance with generally accepted accounting principles 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 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 generally accepted accounting principles requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates.

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

2. Investment Management Fees and Other Transactions with Affiliates

Under the Investment Management Contract, the Fund pays an investment management fee to Reich & Tang Asset Management, L.P. (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.

2. Investment Management Fees and Other Transactions with Affiliates (Continued)

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, 1999, 20,000,000,000 shares of $.001 par value stock were authorized and paid in capital amounted to $189,540,474. Transactions in capital stock, all at $1.00 per share, were as follows:

	Year Ended June 30, 1999	Year Ended June 30, 1998
Sold	550,776,547	439,480,605
Issued on reinvestment of dividends	1,686,931	2,022,495
Redeemed	(554,943,510)	(448,536,001)
Net increase (decrease)	(2,480,032)	(7,032,901)

4. Liabilities

At June 30, 1999, the Fund had the following liabilities:

Payables for securities purchases	$ 9,061,130
Accrued management fee	63,515
Dividends payable	316,217
Total liabilities	$ 9,440,862

5. Sales of Securities

Accumulated undistributed realized losses at June 30, 1999 amounted to $4,650. This amount represents tax basis capital losses which may be carried forward to offset future gains. Such losses expire through June 30, 2007.

6. Financial Highlights

	Year Ended June 30,				
	1999	1998	1997	1996	1995
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	0.029	0.033	0.032	0.033	0.032
Less distributions:					
Dividends from net investment income	(0.029)	(0.033)	(0.032)	(0.033)	(0.032)
Net asset value, end of year	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00
Total Return	2.92%	3.31%	3.23%	3.31%	3.22%
Ratios/Supplemental Data					
Net assets, end of year (000)	$ 189,536	$ 192,016	$ 199,050	$ 254,251	$ 213,134
Ratios to average net assets:					
Expenses	0.40%	0.40%	0.40%	0.40%	0.40%
Net investment income	2.89%	3.26%	3.18%	3.26%	3.22%

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

We have audited the accompanying statement of net assets of Tax Exempt Proceeds Fund, Inc. as of June 30, 1999 and the related statement of operations for the year then ended and the statements of changes in net assets and the financial highlights for each of the two years in the period then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits. The financial highlights for all years prior to July 1, 1997, were audited by other auditors whose report, dated July 31, 1997, expressed an unqualified opinion on those statements.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements 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, 1999 by correspondence with the custodian and brokers. 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, 1999, the results of its operations, the changes in its net assets and the financial highlights for the periods indicated in conformity with generally accepted accounting principles.

McGladrey & Pullen, LLP

New York, New York
July 2[illegible], 1999

Supplemental Information

Combined Investment Funds
Total Net Asset Value by Pension Plans and Trusts
June 30, 1999

Participant	Amount
Teachers' Retirement Fund	$ 10,792,854,930
State Employees' Retirement Fund	7,524,293,945
Municipal Employees' Retirement Fund	1,212,958,725
Judges' Retirement Fund	124,336,644
Probate Court Retirement Fund	65,002,132
Soldiers' Sailors' & Marines' Fund	57,643,512
Policemen & Firemen Survivor's Benefit Fund	16,807,127
Arts Endowment Fund	11,955,472
School Fund	9,032,156
Ida Eaton Cotton Fund	2,016,775
Hopemead Fund	1,631,049
Andrew Clark Fund	947,854
State's Attorneys' Retirement Fund	886,348
Agricultural College Fund	592,815
TOTAL	$ 19,820,959,484

Combined Investment Funds
Statement of Investment Activity By Pension Plan
For the Fiscal Year Ended June 30, 1999

	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, 1998	$182,796,598	$1,117,794,538	$3,042,549,235	$ 771,853,301	$298,867,353	$145,936,606	$411,745,710	$ 5,971,543,339
Market Value at June 30, 1998	$182,796,598	$4,264,787,871	$3,385,639,247	$1,330,986,750	$227,346,923	$150,383,539	$429,717,780	$ 9,971,658,707
Shares Purchased	582,467,075	-	114,006,856	-	107,549,929	-	291,590,650	1,095,614,510
Shares Redeemed	(660,919,244)	(700,604)	(70,417,652)	(49,437,904)	(106,533,327)	(17,491,036)	(54,045,774)	(959,545,541)
Returns of Capital	-	-	-	-	-	-	-	-
Gain(Loss) on Shares Redeemed	-	516,976	7,135,903	18,689,115	(24,112,251)	527,971	(1,979,886)	777,827
Net Investment Income Earned	10,458,401	54,481,611	204,939,261	16,539,052	16,822,218	12,324,370	32,170,055	347,734,968
Net Investment Income Distributed	(10,458,401)	(54,481,611)	(204,939,261)	(16,539,052)	(16,822,218)	(12,324,370)	(32,170,055)	(347,734,968)
Changes in Market Value of Fund Shares	-	761,924,256	(126,172,091)	47,789,158	29,190,911	(4,215,143)	(24,167,667)	684,349,425
Market Value at June 30, 1999	$104,344,428	$5,026,528,501	$3,310,192,262	$1,348,027,119	$233,442,185	$129,205,331	$641,115,104	$10,792,854,930
Book Value at June 30, 1999	$104,344,428	$1,117,610,911	$3,093,274,342	$ 741,104,511	$275,771,703	$128,973,540	$647,310,700	$ 6,108,390,137
Shares Outstanding	104,344,428	6,016,401	30,331,288	5,888,479	3,924,972	1,723,410	7,875,791	160,104,771
Market Value per Share	$ 1.00	$ 835.47	$ 109.13	$ 228.93	$ 59.48	$ 74.97	$ 81.40	
STATE EMPLOYEES' RETIREMENT FUND								
Book Value at June 30, 1998	$170,894,951	$ 788,287,962	$2,150,399,501	$ 543,942,969	$210,254,186	$102,195,103	$289,645,321	$ 4,255,619,993
Market Value at June 30, 1998	$170,894,951	$2,930,956,705	$2,412,343,742	$ 939,720,404	$160,520,439	$105,874,272	$302,580,368	$ 7,022,890,883
Shares Purchased	371,434,319	-	81,246,352	-	75,787,179	-	205,152,140	733,619,990
Shares Redeemed	(490,371,443)	(494,078)	(49,769,477)	(34,903,091)	(75,014,699)	(12,281,838)	(38,042,493)	(700,877,118)
Returns of Capital	-	-	-	-	-	-	-	-
Gain(Loss) on Shares Redeemed	-	361,194	5,404,195	13,234,682	(16,712,728)	434,139	(1,371,241)	1,350,241
Net Investment Income Earned	7,269,947	37,442,087	146,048,818	11,677,136	11,879,023	8,678,871	22,646,989	245,642,870
Net Investment Income Distributed	(7,269,947)	(37,442,087)	(146,048,818)	(11,677,136)	(11,879,023)	(8,678,871)	(22,646,989)	(245,642,870)
Changes in Market Value of Fund Shares	-	523,620,935	(90,234,697)	33,701,250	20,295,291	(3,031,101)	(17,041,729)	467,309,949
Market Value at June 30, 1999	$ 51,957,827	$3,454,444,756	$2,358,990,115	$ 951,753,245	$164,875,483	$ 90,995,471	$451,277,045	$ 7,524,293,945
Book Value at June 30, 1999	$ 51,957,827	$ 788,155,079	$2,187,280,572	$ 522,274,560	$194,313,938	$ 90,347,404	$455,383,727	$ 4,289,713,106
Shares Outstanding	51,957,827	4,134,727	21,615,424	4,157,468	2,772,128	1,213,746	5,543,722	91,395,043
Market Value per Share	$ 1.00	$ 835.47	$ 109.13	$ 228.93	$ 59.48	$ 74.97	$ 81.40	
MUNICIPAL EMPLOYEES' RETIREMENT FUND								
Book Value at June 30, 1998	$ 45,943,299	$ 120,705,927	$ 339,202,142	$ 83,428,713	$ 32,638,544	$ 15,887,384	$ 52,591,843	$ 690,397,851
Market Value at June 30, 1998	$ 45,943,299	$ 458,779,207	$ 378,124,620	$ 144,120,370	$ 25,114,428	$ 16,576,509	$ 53,464,311	$ 1,122,122,744
Shares Purchased	51,519,486	-	12,733,319	-	11,807,056	-	37,095,122	113,154,982
Shares Redeemed	(61,496,042)	(75,655)	(7,850,594)	(5,352,930)	(11,667,821)	(1,916,269)	(6,788,253)	(95,147,565)
Returns of Capital	-	-	-	-	-	-	-	-
Gain(Loss) on Shares Redeemed	-	55,750	808,067	2,029,473	(2,510,417)	80,766	(357,615)	106,025
Net Investment Income Earned	2,530,365	5,860,787	22,889,472	1,790,866	1,859,078	1,359,279	4,027,570	40,317,416
Net Investment Income Distributed	(2,530,365)	(5,860,787)	(22,889,472)	(1,790,866)	(1,859,078)	(1,359,279)	(4,027,570)	(40,317,416)
Changes in Market Value of Fund Shares	-	81,962,857	(14,103,150)	5,168,863	3,069,830	(487,593)	(2,888,271)	72,722,537
Market Value at June 30, 1999	$ 35,966,742	$ 540,722,159	$ 369,712,262	$ 145,965,777	$ 25,813,076	$ 14,253,413	$ 80,525,294	$ 1,212,958,725
Book Value at June 30, 1999	$ 35,966,742	$ 120,686,022	$ 344,892,934	$ 80,105,255	$ 30,267,362	$ 14,051,881	$ 82,541,096	$ 708,511,292
Shares Outstanding	35,966,742	647,206	3,387,673	637,611	434,007	190,120	989,215	42,252,575
Market Value per Share	$ 1.00	$ 835.47	$ 109.13	$ 228.93	$ 59.48	$ 74.97	$ 81.40	

Combined Investment Funds
Statement of Investment Activity By Pension Plan (Continued)
For the Fiscal Year Ended June 30, 1999

	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, 1998	$1,303,290	$ 6,444,489	$18,349,196	$ 5,192,535	$1,882,600	$ 943,127	$ 1,474,350	$ 35,589,587
Market Value at June 30, 1998	$1,303,290	$25,266,137	$20,885,779	$ 9,003,788	$1,437,970	$ 967,813	$ 1,569,927	$ 60,434,705
Shares Purchased	3,338,236	-	703,635	-	678,740	-	1,047,386	5,767,997
Shares Redeemed	(3,601,577)	(4,039)	(424,679)	(334,387)	(671,756)	(112,798)	(196,045)	(5,345,282)
Returns of Capital	-	-	-	-	-	-	-	-
Gain(Loss) on Shares Redeemed	-	3,009	51,577	127,556	(149,352)	2,949	(4,792)	30,948
Net Investment Income Earned	87,291	322,770	1,264,857	111,883	106,416	79,300	116,980	2,089,497
Net Investment Income Distributed	(87,291)	(322,770)	(1,264,857)	(111,883)	(106,416)	(79,300)	(116,980)	(2,089,497)
Changes in Market Value of Fund Shares	-	4,513,987	(786,254)	322,155	181,441	(26,669)	(90,896)	4,113,764
Market Value at June 30, 1999	$1,039,948	$29,779,095	$20,430,058	$ 9,119,113	$1,477,044	$ 831,295	$ 2,325,580	$ 65,002,132
Book Value at June 30, 1999	$1,039,948	$ 6,443,459	$18,679,729	$ 4,985,705	$1,740,232	$ 833,278	$ 2,320,899	$ 36,043,250
Shares Outstanding	1,039,948	35,643	187,201	39,834	24,834	11,088	28,569	1,367,118
Market Value per Share	$ 1.00	$ 835.47	$ 109.13	$ 228.93	$ 59.48	$ 74.97	$ 81.40	
JUDGES' RETIREMENT FUND								
Book Value at June 30, 1998	$7,648,987	$12,523,703	$35,356,823	$ 8,316,997	$3,134,618	$1,561,101	$ 7,272,043	$ 75,814,272
Market Value at June 30, 1998	$7,648,987	$43,106,052	$38,907,286	$14,230,646	$2,325,633	$1,632,626	$ 7,254,042	$115,105,272
Shares Purchased	5,883,540	-	1,309,838	-	1,115,289	-	5,114,703	13,423,370
Shares Redeemed	(7,232,616)	(7,850)	(818,309)	(528,688)	(1,110,453)	(188,518)	(927,434)	(10,813,867)
Returns of Capital	-	-	-	-	-	-	-	-
Gain(Loss) on Shares Redeemed	-	5,569	74,674	197,296	(278,682)	8,366	(59,651)	(52,427)
Net Investment Income Earned	373,163	550,659	2,354,571	176,831	171,921	133,890	548,967	4,310,003
Net Investment Income Distributed	(373,163)	(550,659)	(2,354,571)	(176,831)	(171,921)	(133,890)	(548,967)	(4,310,003)
Changes in Market Value of Fund Shares	-	7,700,616	(1,442,296)	513,472	330,965	(48,442)	(380,019)	6,674,297
Market Value at June 30, 1999	$6,299,911	$50,804,388	$38,031,194	$14,412,725	$2,382,753	$1,404,032	$11,001,640	$124,336,644
Book Value at June 30, 1999	$6,299,911	$12,521,422	$35,923,026	$ 7,985,605	$2,860,773	$1,380,949	$11,399,660	$ 78,371,347
Shares Outstanding	6,299,911	60,809	348,480	62,958	40,062	18,728	135,150	6,966,099
Market Value per Share	$ 1.00	$ 835.47	$ 109.13	$ 228.93	$ 59.48	$ 74.97	$ 81.40	
STATE'S ATTORNEYS' RETIREMENT FUND								
Book Value at June 30, 1998	$ 180,944	$ 92,361	$ 160,263	$ -	$ 5,183	$ -	$ -	$ 438,751
Market Value at June 30, 1998	$ 180,944	$ 385,659	$ 196,606	$ -	$ 4,769	$ -	$ -	$ 767,976
Shares Purchased	59,837	-	-	-	2,041	-	-	61,879
Shares Redeemed	-	(58)	(3,709)	-	(1,944)	-	-	(5,711)
Returns of Capital	-	-	-	-	-	-	-	-
Gain(Loss) on Shares Redeemed	-	44	686	-	(99)	-	-	630
Net Investment Income Earned	11,051	4,927	11,833	-	355	-	-	28,165
Net Investment Income Distributed	(11,051)	(4,927)	(11,833)	-	(355)	-	-	(28,165)
Changes in Market Value of Fund Shares	-	68,903	(7,529)	-	201	-	-	61,575
Market Value at June 30, 1999	$ 240,781	$ 454,548	$ 186,054	$ -	$ 4,968	$ -	$ -	$ 886,348
Book Value at June 30, 1999	$ 240,781	$ 92,347	$ 157,239	$ -	$ 5,181	$ -	$ -	$ 495,549
Shares Outstanding	240,781	544	1,705	-	84	-	-	243,111
Market Value per Share	$ 1.00	$ 835.47	$ 109.13	$ -	$ 59.48	$ -	$ -	

Combined Investment Funds
Statement of Investment Activity By Trust
For the Fiscal Year Ended June 30, 1999

	CASH RESERVE FUND	MUTUAL EQUITY FUND	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, 1998	$ 830,616	$1,095,841	$48,405,281	$ -	$ -	$ -	$ -	$50,331,738
Market Value at June 30, 1998	$ 830,616	$4,862,583	$52,834,896	$ -	$ -	$ -	$ -	$58,528,095
Shares Purchased	4,972,304	-	2,000,000	-	-	-	-	6,972,304
Shares Redeemed	(5,469,046)	(687)	(1,420,306)	-	-	-	-	(6,890,039)
Returns of Capital	-	-	-	-	-	-	-	-
Gain(Loss) on Shares Redeemed	-	532	113,760	-	-	-	-	114,292
Net Investment Income Earned	30,341	62,120	3,265,323	-	-	-	-	3,357,784
Net Investment Income Distributed	(30,341)	(62,120)	(3,265,323)	-	-	-	-	(3,357,784)
Changes in Market Value of Fund Shares	-	868,801	(1,949,941)	-	-	-	-	(1,081,140)
Market Value at June 30, 1999	$ 333,874	$5,731,229	$51,578,409	$ -	$ -	$ -	$ -	$57,643,512
Book Value at June 30, 1999	$ 333,874	$1,095,686	$49,098,734	$ -	$ -	$ -	$ -	$50,528,295
Shares Outstanding	333,874	6,860	472,613	-	-	-	-	813,347
Market Value per Share	$ 1.00	$ 835.47	$ 109.13	$ -	$ -	$ -	$ -	
ARTS ENDOWMENT FUND								
Book Value at June 30, 1998	$ 524,015	$ -	$ 8,663,307	$ -	$ -	$ -	$ -	$ 9,187,322
Market Value at June 30, 1998	$ 524,015	$ -	$ 9,100,310	$ -	$ -	$ -	$ -	$ 9,624,325
Shares Purchased	6,932,105	-	2,000,000	-	-	-	-	8,932,105
Shares Redeemed	(6,037,543)	-	(200,506)	-	-	-	-	(6,238,049)
Returns of Capital	-	-	-	-	-	-	-	-
Gain(Loss) on Shares Redeemed	-	-	9,628	-	-	-	-	9,628
Net Investment Income Earned	55,413	-	616,970	-	-	-	-	672,383
Net Investment Income Distributed	(55,413)	-	(616,970)	-	-	-	-	(672,383)
Changes in Market Value of Fund Shares	-	-	(372,537)	-	-	-	-	(372,537)
Market Value at June 30, 1999	$1,418,577	$ -	$10,536,895	$ -	$ -	$ -	$ -	$11,955,472
Book Value at June 30, 1999	$1,418,577	$ -	$10,472,429	$ -	$ -	$ -	$ -	$11,891,006
Shares Outstanding	1,418,577	-	96,550	-	-	-	-	1,515,127
Market Value per Share	$ 1.00	$ -	$ 109.13	$ -	$ -	$ -	$ -	
AGRICULTURAL COLLEGE FUND								
Book Value at June 30, 1998	$ 33,466	$ 74,298	$ 149,963	$ -	$ -	$ -	$ -	$ 257,727
Market Value at June 30, 1998	$ 33,466	$ 336,820	$ 170,545	$ -	$ -	$ -	$ -	$ 540,831
Shares Purchased	20,535	-	60,000	-	-	-	-	80,535
Shares Redeemed	(13,244)	(60,047)	(3,470)	-	-	-	-	(76,761)
Returns of Capital	-	-	-	-	-	-	-	-
Gain(Loss) on Shares Redeemed	-	47,810	419	-	-	-	-	48,229
Net Investment Income Earned	1,771	4,166	11,080	-	-	-	-	17,017
Net Investment Income Distributed	(1,771)	(4,166)	(11,080)	-	-	-	-	(17,017)
Changes in Market Value of Fund Shares	-	7,069	(7,088)	-	-	-	-	(19)
Market Value at June 30, 1999	$ 40,757	$ 331,652	$ 220,406	$ -	$ -	$ -	$ -	$ 592,815
Book Value at June 30, 1999	$ 40,757	$ 62,061	$ 206,912	$ -	$ -	$ -	$ -	$ 309,729
Shares Outstanding	40,757	397	2,020	-	-	-	-	43,173
Market Value per Share	$ 1.00	$ 835.47	$ 109.13	$ -	$ -	$ -	$ -	

Combined Investment Funds
Statement of Investment Activity By Trust (Continued)
For the Fiscal Year Ended June 30, 1999

	CASH RESERVE FUND	MUTUAL EQUITY FUND	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, 1998	$ 87,826	$ 253,889	$ 534,076	$ -	$ -	$ -	$ -	$ 875,791
Market Value at June 30, 1998	$87,826	$1,138,609	$ 615,313	$ -	$ -	$ -	$ -	$1,841,746
Shares Purchased	71,493	-	200,000	-	-	-	-	271,493
Shares Redeemed	(45,848)	(200,159)	(12,361)	-	-	-	-	(258,368)
Returns of Capital	-	-	-	-	-	-	-	-
Gain(Loss) on Shares Redeemed	-	158,926	1,632	-	-	-	-	160,558
Net Investment Income Earned	4,641	14,091	39,757	-	-	-	-	58,488
Net Investment Income Distributed	(4,641)	(14,091)	(39,757)	-	-	-	-	(58,488)
Changes in Market Value of Fund Shares	-	26,840	(25,494)	-	-	-	-	1,346
Market Value at June 30, 1999	$113,470	$1,124,215	$ 779,090	$ -	$ -	$ -	$ -	$2,016,775
Book Value at June 30, 1999	$113,470	$ 212,656	$ 723,347	$ -	$ -	$ -	$ -	$1,049,474
Shares Outstanding	113,470	1,346	7,139	-	-	-	-	121,955
Market Value per Share	$ 1.00	$ 835.47	$ 109.13	$ -	$ -	$ -	$ -	
ANDREW CLARK FUND								
Book Value at June 30, 1998	$ 30,054	$ 121,702	$ 273,180	$ -	$ -	$ -	$ -	$ 424,936
Market Value at June 30, 1998	$ 30,054	$ 542,717	$ 290,334	$ -	$ -	$ -	$ -	$ 863,105
Shares Purchased	34,172	-	90,000	-	-	-	-	124,172
Shares Redeemed	(20,855)	(90,076)	(6,323)	-	-	-	-	(117,254)
Returns of Capital	-	-	-	-	-	-	-	-
Gain(Loss) on Shares Redeemed	-	71,415	373	-	-	-	-	71,788
Net Investment Income Earned	2,376	6,728	18,668	-	-	-	-	27,773
Net Investment Income Distributed	(2,376)	(6,728)	(18,668)	-	-	-	-	(27,773)
Changes in Market Value of Fund Shares	-	17,604	(11,562)	-	-	-	-	6,043
Market Value at June 30, 1999	$ 43,370	$ 541,660	$ 362,823	$ -	$ -	$ -	$ -	$ 947,854
Book Value at June 30, 1999	$ 43,370	$ 103,041	$ 357,231	$ -	$ -	$ -	$ -	$ 503,642
Shares Outstanding	43,370	648	3,325	-	-	-	-	47,343
Market Value per Share	$ 1.00	$ 835.47	$ 109.13	$ -	$ -	$ -	$ -	
SCHOOL FUND								
Book Value at June 30, 1998	$562,447	$1,059,243	$2,687,422	$ -	$ -	$ -	$ -	$4,309,113
Market Value at June 30, 1998	$562,447	$4,749,055	$3,002,639	$ -	$ -	$ -	$ -	$8,314,141
Shares Purchased	369,536	-	350,000	-	-	-	-	719,536
Shares Redeemed	(297,905)	(350,664)	(62,198)	-	-	-	-	(710,767)
Returns of Capital	-	-	-	-	-	-	-	-
Gain(Loss) on Shares Redeemed	-	278,400	6,530	-	-	-	-	284,930
Net Investment Income Earned	37,705	59,873	185,219	-	-	-	-	282,797
Net Investment Income Distributed	(37,705)	(59,873)	(185,219)	-	-	-	-	(282,797)
Changes in Market Value of Fund Shares	-	539,497	(115,181)	-	-	-	-	424,316
Market Value at June 30, 1999	$634,079	$5,216,288	$3,181,789	$ -	$ -	$ -	$ -	$9,032,156
Book Value at June 30, 1999	$634,079	$986,979	$2,981,754	$ -	$ -	$ -	$ -	$4,602,812
Shares Outstanding	634,079	6,244	29,155	-	-	-	-	669,477
Market Value per Share	$ 1.00	$ 835.47	$ 109.13	$ -	$ -	$ -	$ -	

Combined Investment Funds
Statement of Investment Activity By Trust (Continued)
For the Fiscal Year Ended June 30, 1999

	CASH RESERVE FUND	MUTUAL EQUITY FUND	FIXED INCOME FUND	INTER-NATIONAL STOCK FUND	REAL ESTATE FUND	COMMERCIAL MORTGAGE FUND	PRIVATE INVESTMENT FUND	TOTALS
HOPEMEAD FUND								
Book Value at June 30, 1998	$ 638,069	$ 134,273	$ 190,773	$ -	$ -	$ -	$ -	$ 963,115
Market Value at June 30, 1998	$ 638,069	$ 597,728	$ 238,724	$ -	$ -	$ -	$ -	$ 1,474,520
Shares Purchased	65,605	-	-	-	-	-	-	65,605
Shares Redeemed	(3,125)	(84)	(4,415)	-	-	-	-	(7,624)
Returns of Capital	-	-	-	-	-	-	-	-
Gain(Loss) on Shares Redeemed	-	65	887	-	-	-	-	952
Net Investment Income Earned	35,971	7,636	14,373	-	-	-	-	57,979
Net Investment Income Distributed	(35,971)	(7,636)	(14,373)	-	-	-	-	(57,979)
Changes in Market Value of Fund Shares	-	106,796	(9,200)	-	-	-	-	97,596
Market Value at June 30, 1999	$ 700,549	$ 704,505	$ 225,996	$ -	$ -	$ -	$ -	$ 1,631,049
Book Value at June 30, 1999	$ 700,549	$ 134,254	$ 187,244	$ -	$ -	$ -	$ -	$ 1,022,047
Shares Outstanding	700,549	843	2,071	-	-	-	-	703,463
Market Value per Share	$ 1.00	$ 835.47	$ 109.13	$ -	$ -	$ -	$ -	
POLICEMEN & FIREMEN SURVIVOR'S BENEFIT FUND								
Book Value at June 30, 1998	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Market Value at June 30, 1998	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Shares Purchased	16,333,387	6,859,157	5,134,231	-	380,191	203,055	-	28,910,020
Shares Redeemed	(12,899,565)	-	-	-	-	(9,540)	-	(12,909,105)
Returns of Capital	-	-	-	-	-	-	-	-
Gain(Loss) on Shares Redeemed	-	-	-	-	-	(40)	-	(40)
Net Investment Income Earned	54,834	21,348	107,930	-	5,888	6,026	-	196,027
Net Investment Income Distributed	(54,834)	(21,348)	(107,930)	-	(5,888)	(6,026)	-	(196,027)
Changes in Market Value of Fund Shares	-	859,579	(50,113)	-	1,936	(5,151)	-	806,251
Market Value at June 30, 1999	$3,433,822	$7,718,736	$5,084,118	$ -	$382,127	$188,324	$ -	$16,807,127
Book Value at June 30, 1999	$3,433,822	$6,859,157	$5,134,231	$ -	$380,191	$193,475	$ -	$16,000,876
Shares Outstanding	3,433,822	9,239	46,586	-	6,425	2,512	-	3,498,584
Market Value per Share	$ 1.00	$ 835.47	$ 109.13	$ -	$ 59.48	$ 74.97	$ -	

Combined Investment Funds
Summary of Operations
Fiscal Years Ended June 30,
(Dollars in Thousands)

	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990
Investment Income [(1)]	$ 731,983	$ 734,928	$ 648,136	$ 621,540	$ 510,890	$453,150	$ 462,742	$438,572	$415,791	$436,744
Expenses [(1)]	54,417	40,817	38,316	36,558	36,623	45,682	44,137	32,180	18,790	23,686
Net Investment Income	677,566	694,111	609,820	584,982	474,267	407,468	418,605	406,392	397,001	413,058
Realized Gains(Losses)	673,802	1,350,408	277,293	1,240,686	(7,954)	539,865	387,899	433,240	127,274	214,814
Change in Unrealized Gains(Losses)	530,276	681,413	1,727,651	(103,966)	998,758	(473,565)	357,989	(143,362)	(248,203)	154,263
Total	$1,881,644	$2,725,932	$2,614,764	$1,721,702	$1,465,070	$473,768	$1,164,493	$696,270	$276,072	$782,135

(1) Securities lending income and expenses are shown net in the Investment Income line above for all periods presented.

Source: Amounts were derived from custodial records.

Combined Investment Funds
Pension and Trust Funds
Balances [(1)] in Combined Investment Funds
at June 30, 1999
(Dollars in Thousands)

Fund Name	Teachers' Retirement Fund		State Employees' Retirement Fund		Municipal Employees' Retirement Fund		Judges' Retirement Fund		Probate Court Retirement Fund		State's Attorneys' Retirement Fund		Trust Funds	
CRA	$ 104,344	0.97%	$ 51,958	0.69%	$ 35,967	2.97%	$ 6,300	5.07%	$ 1,040	1.60%	$ 241	27.17%	$ 6,718	6.68%
MEF	5,026,529	46.57%	3,454,445	45.91%	540,722	44.58%	50,804	40.86%	29,779	45.81%	455	51.28%	21,368	21.24%
ISF	1,348,027	12.49%	951,753	12.65%	145,966	12.03%	14,413	11.59%	9,119	14.03%	-	0.00%	-	0.00%
REF	233,442	2.16%	164,875	2.19%	25,813	2.13%	2,383	1.92%	1,477	2.27%	5	0.56%	382	0.38%
MFIF	3,310,192	30.67%	2,358,990	31.35%	369,712	30.48%	38,031	30.59%	20,430	31.43%	186	20.99%	71,970	71.52%
CMF	129,205	1.20%	90,995	1.21%	14,253	1.17%	1,404	1.13%	831	1.28%	-	0.00%	188	0.18%
PIF [(2)]	641,115	5.94%	451,277	6.00%	80,525	6.64%	11,002	8.84%	2,326	3.58%	-	0.00%	-	0.00%
Total	$10,792,855	100.00%	$7,524,294	100.00%	$1,212,959	100.00%	$ 124,337	100.00%	$ 65,002	100.00%	$ 886	100.00%	$ 100,627	100.00%

(1) Based on Net Asset Value
(2) Formerly Venture Capital Fund

Source: Amounts were derived from custodial records.

Combined Investment Funds
Investment Summary at June 30, 1999

CASH RESERVE ACCOUNT [1]

	Book Value	Market Value	% of Total Fund MV	Rate of Return
1999	$227,101,012	$227,101,012	1.11%	5.46%
1998	409,767,394	409,767,394	2.17%	5.86%
1997	640,227,925	640,227,925	3.57%	5.70%
1996	217,728,153	217,728,153	1.57%	5.90%
1995	594,092,737	594,092,737	4.80%	5.83%
1994	400,801,402	400,801,402	3.66%	3.70%
1993	360,298,297	360,298,297	3.39%	4.02%
1992	320,988,105	320,988,105	3.41%	5.89%
1991	368,272,756	368,272,756	4.16%	7.85%
1990	196,900,760	196,900,760	2.31%	9.29%

MUTUAL EQUITY FUND

	Book Value	Market Value	% of Total Fund MV	Rate of Return
1999	$6,321,181,834	$9,137,539,233	44.77%	19.38%
1998	5,597,631,659	7,735,628,862	41.04%	28.40%
1997	5,740,662,847	8,072,686,952	44.95%	30.74%
1996	5,473,247,153	5,722,251,986	41.19%	23.98%
1995	3,626,292,305	4,666,476,576	37.71%	23.20%
1994	3,281,944,393	3,666,548,982	33.48%	0.52%
1993	2,684,910,855	3,568,316,032	33.62%	17.10%
1992	2,529,490,941	3,171,585,397	33.72%	10.67%
1991	2,604,555,839	3,273,705,502	36.97%	6.30%
1990	2,744,979,983	3,378,756,198	39.62%	12.55%

INTERNATIONAL STOCK FUND

	Book Value	Market Value	% of Total Fund MV	Rate of Return
1999	$1,937,731,869	$2,436,960,573	11.94%	6.77%
1998	1,988,516,841	2,394,774,756	12.71%	1.52%
1997	2,056,745,949	2,988,188,715	16.64%	15.67%
1996	2,013,932,947	2,080,961,453	14.98%	12.58%
1995	1,629,499,154	1,881,836,637	15.21%	2.27%
1994	1,681,401,549	2,047,505,365	18.70%	20.97%
1993	1,790,846,646	1,948,549,126	18.36%	13.20%
1992	1,436,422,448	1,360,522,434	14.46%	2.11%
1991	1,065,275,575	1,010,520,806	11.41%	(14.08%)
1990	740,480,450	856,661,496	10.05%	20.55%

REAL ESTATE FUND

	Book Value	Market Value	% of Total Fund MV	Rate of Return
1999	$442,674,319	$428,221,842	2.10%	9.96%
1998	445,482,545	416,617,227	2.21%	25.63%
1997	553,333,465	488,413,514	2.72%	10.69%
1996	1,172,793,083	985,747,371	7.09%	0.83%
1995	1,198,474,807	1,068,615,573	8.63%	(2.78%)
1994	1,455,508,818	1,100,002,995	10.05%	(3.95%)
1993	1,348,453,216	978,014,999	9.21%	(7.68%)
1992	1,237,086,506	985,482,361	10.48%	(15.36%)
1991	1,246,307,162	1,241,192,197	14.02%	(3.03%)
1990	1,184,994,790	1,302,499,241	15.27%	6.40%

MUTUAL FIXED INCOME FUND

	Book Value	Market Value	% of Total Fund MV	Rate of Return
1999	$6,943,741,512	$6,762,463,935	33.13%	2.64%
1998	6,798,694,018	6,826,179,407	36.22%	10.52%
1997	4,612,052,907	4,902,597,809	27.30%	10.62%
1996	3,946,699,249	3,961,751,213	28.51%	5.97%
1995	2,493,278,232	2,576,238,602	20.82%	13.00%
1994	2,395,459,874	2,333,628,878	21.31%	(0.07%)
1993	2,396,492,799	2,492,239,958	23.48%	13.84%
1992	2,312,419,702	2,429,003,128	25.83%	17.07%
1991	2,129,076,685	2,158,157,197	24.37%	11.41%
1990	2,094,257,281	2,089,158,575	24.50%	6.61%

INTERNATIONAL BOND FUND [2]

	Book Value	Market Value	% of Total Fund MV	Rate of Return
1999	—	—	—	—
1998	—	—	—	—
1997	—	—	—	—
1996	—	—	—	—
1995	$695,139,207	$749,095,597	6.05%	19.10%
1994	624,328,836	657,973,564	6.01%	7.27%
1993	574,207,418	600,603,560	5.66%	11.11%
1992	531,177,878	579,853,055	6.17%	27.01%
1991	452,536,642	434,818,413	4.91%	10.76%
1990	370,959,863	370,986,733	4.35%	N/A*

COMMERCIAL MORTGAGE FUND

	Book Value	Market Value	% of Total Fund MV	Rate of Return
1999	$231,513,066	$235,232,350	1.15%	6.10%
1998	262,476,294	271,419,535	1.44%	17.71%
1997	343,534,264	324,002,103	1.80%	9.82%
1996	467,004,415	442,659,307	3.19%	6.46%
1995	464,667,416	455,820,517	3.68%	15.46%
1994	481,528,231	439,917,392	4.02%	(2.90%)
1993	484,589,826	483,295,439	4.55%	9.05%
1992	356,687,815	349,504,144	3.72%	10.54%
1991	232,050,209	229,773,851	2.59%	8.04%
1990	214,828,202	213,616,780	2.50%	12.19%

RESIDENTIAL MORTGAGE FUND [3]

	Book Value	Market Value	% of Total Fund MV	Rate of Return
1999	—	—	—	—
1998	—	—	—	—
1997	—	—	—	—
1996	—	—	—	—
1995	$50,630,376	$48,602,786	0.39%	11.54%
1994	73,484,931	67,780,499	0.62%	(2.38%)
1993	25,055,151	25,530,507	0.24%	1.55%
1992	79,163,570	79,804,310	0.85%	9.30%
1991	34,961,527	33,970,886	0.38%	16.88%
1990	36,324,084	34,446,791	0.40%	7.45%

Combined Investment Funds
Investment Summary at June 30, 1999 (Continued)

MUTUAL CONTRACT FUND (4)

	Book Value	Market Value	% of Total Fund MV	Rate of Return
1999	—	—	—	—
1998	—	—	—	—
1997	—	—	—	—
1996	—	—	—	—
1995	—	—	—	—
1994	—	—	—	—
1993	—	—	—	—
1992	—	—	—	—
1991	—	—	—	—
1990	$5,229,348	$5,229,348	0.06%	17.83%

MUTUAL MORTGAGE FUND (5)

	Book Value	Market Value	% of Total Fund MV	Rate of Return
1999	—	—	—	—
1998	—	—	—	—
1997	—	—	—	—
1996	—	—	—	—
1995	—	—	—	—
1994	—	—	—	—
1993	$3,899,616	$3,903,265	0.04%	26.92%
1992	3,780,230	3,269,669	0.03%	8.88%
1991	3,761,889	3,239,165	0.04%	9.43%
1990	2,666,003	2,132,940	0.03%	8.88%

PRIVATE INVESTMENT FUND (6)

	Book Value	Market Value	% of Total Fund MV	Rate of Return
1999	$1,138,252,584	$1,182,905,063	5.80%	(0.81%)
1998	715,880,779	794,324,372	4.21%	18.55%
1997	496,527,964	542,174,959	3.02%	5.68%
1996	198,233,821	302,481,786	2.18%	43.78%
1995	167,316,010	222,837,361	1.80%	25.39%
1994	164,964,030	169,773,008	1.55%	5.20%
1993	135,432,242	134,922,131	1.27%	3.15%
1992	110,123,666	114,773,181	1.22%	2.65%
1991	85,334,633	85,879,104	0.97%	(6.07%)
1990	56,617,117	56,650,666	0.66%	(8.39%)

CONNECTICUT PROGRAMS FUND (6)

	Book Value	Market Value	% of Total Fund MV	Rate of Return
1999	—	—	—	—
1998	—	—	—	—
1997	—	—	—	—
1996	$172,656,335	$179,638,107	1.29%	14.24%
1995	122,511,963	112,633,665	0.91%	(5.86%)
1994	87,711,051	66,076,102	0.60%	3.38%
1993	40,927,545	19,576,472	0.18%	(1.75%)
1992	31,113,182	10,774,932	0.11%	(48.51%)
1991	26,210,006	15,825,756	0.18%	(21.90%)
1990	25,803,555	21,198,768	0.25%	N/A*

TOTAL FUND

	Book Value	Market Value	% of Total Fund MV	Rate of Return
1999	$17,242,196,196	$20,410,424,008	100.00%	10.49%
1998	16,218,449,530	18,848,711,553	100.00%	17.19%
1997	14,443,085,321	17,958,291,977	100.00%	19.35%
1996	13,662,295,156	13,893,219,375	100.00%	14.14%
1995	11,041,902,207	12,376,250,052	100.00%	13.48%
1994	10,647,133,115	10,950,008,187	100.00%	3.74%
1993	9,845,113,611	10,615,249,786	100.00%	11.81%
1992	8,948,454,043	9,405,560,716	100.00%	8.07%
1991	8,248,342,923	8,855,355,633	100.00%	3.88%
1990	7,674,041,436	8,528,238,296	100.00%	10.24%

Note: All rates of return are net of management fees and division operating expenses.

(1) The market value of CRA for the periods presented represents the market value of the pension and trust balances in CRA only; the CRA balances of the other combined investment funds are shown in the market value of each fund.
(2) The International Bond Fund merged with the Mutual Fixed Income Fund in March 1996.
(3) Residential Mortgage Fund merged with the Commercial Mortgage Fund in November 1995.
(4) In 1990, the operations of the Mutual Contract Fund were discontinued; the last GIC matured on September 1990 and shares were redeemed by the Retirement Funds.
(5) In May 1994, the operations of the Mutual Mortgage Fund were discontinued; the assets were sold and shares were redeemed by the Retirement Funds.
(6) The Connecticut Programs Fund merged with the Venture Capital Fund in December 1996. In fiscal year 1999, the Venture Capital Fund was renamed as the Private Investment Fund.

*Funds did not experience a full fiscal year since inception.

Combined Investment Funds
Top Ten Holdings by Fund at June 30, 1999

MUTUAL EQUITY FUND

Security Name	Industry Sector	Fair Value	Percent of Investments at Fair Value
Microsoft Corporation	Technology	$ 263,663,156	2.88%
General Electric	Capital Goods	241,051,600	2.64%
Cisco Sys Inc.	Technology	192,200,953	2.10%
International Business Machines	Consumer Non-Durables	170,002,525	1.86%
Intel Corporation	Technology	162,500,450	1.78%
Lucent Technologies Inc.	Technology	145,106,550	1.59%
Wal Mart Stores Inc.	Consumer Non-Durables	134,207,375	1.47%
Bristol Myers Squibb Company	Pharmaceuticals	134,042,563	1.47%
MCI Worldcom Inc.	Communications	130,844,519	1.43%
Citigroup Inc.	Finance	130,335,013	1.43%
TOTAL		$1,703,954,704	18.65%

INTERNATIONAL STOCK FUND

Security Name	Country	Fair Value	Percent of Investments at Fair Value
Telefonica SA EUR	Spain	$ 23,108,992	0.95%
Telecom Italia SPA DI RISP Itl 1000	Italy	22,727,496	0.93%
Deutsche Telekom ORD NPV	Germany	21,258,920	0.87%
Nokia AB OY Euro	Japan	21,108,081	0.87%
British Telecom ORD GBPO	Great Britain	19,268,876	0.79%
ING Groepnv CVA NLG1	Netherlands	17,568,904	0.72%
Total FINA B Shs FRF50	France	17,318,335	0.71%
Daimlerchrysler AG Ord NPV	Germany	16,415,186	0.68%
Mannesmann AG Ord NPV	Germany	16,337,164	0.67%
Telecom Italia MOB ITL50	Italy	16,164,143	0.66%
TOTAL		$ 191,276,097	7.85%

REAL ESTATE FUND

Property/Fund Name	Location	Property Type	Fair Value	Percent of Investments at Fair Value
Apollo Real Est Invest Fd III	Various	Various	$ 74,612,223	17.42%
IBM Building	Atlanta, GA	Office	47,535,718	11.10%
Walton Street RE II LP Fnd 2	Various	Various	45,277,050	10.58%
Goodwin Center	Hartford, CT	Mixed Use	43,027,663	10.05%
Conn Public Storage Fund	Various	Public Storage	42,622,374	9.95%
Union Station	Washington, DC	Mixed Use	34,118,214	7.97%
AEW Partners III	Various	Various	21,180,571	4.95%
Worcester Center	Worcester, MA	Retail/Office	15,293,088	3.57%
AEW 221 Trust	Various	Various	14,999,990	3.50%
Wachovia Timberland-Dublin	Various	Timberland	11,662,190	2.72%
TOTAL			$ 350,329,081	81.81%

Combined Investment Funds
Top Ten Holdings by Fund at June 30, 1999 (Continued)

MUTUAL FIXED INCOME FUND

Security Name	Coupon	Maturity	Security Type	Fair Value	Percent of Investments at Fair Value
Triumph Conn II LP	N/A	N/A	N/A	$ 202,713,400	3.00%
FNMA-TBA	6.00%	07/14/2029	U.S. Govt. Agency	130,651,577	1.93%
U.S. Treasury Bonds	12.00%	08/15/2013	U.S. Govt. Agency	91,375,700	1.35%
U.S. Treasury Bonds	3.63%	04/15/2028	U.S. Govt. Agency	88,465,885	1.31%
FHLMC-TBA	6.50%	07/14/2029	U.S. Govt. Agency	86,559,213	1.28%
FNMA–TBA	7.00%	08/16/2029	U.S. Govt. Agency	69,456,739	1.03%
FNMA-TBA	6.50%	07/14/2029	U.S. Govt. Agency	67,894,882	1.00%
FNMA-TBA	7.00%	07/14/2029	U.S. Govt. Agency	49,511,728	0.73%
U.S. Treasury Notes	5.75%	06/30/2001	U.S. Govt. Agency	48,586,463	0.72%
U.S. Treasury Bonds	5.25%	02/15/2029	U.S. Govt. Agency	41,870,943	0.62%
TOTAL				$ 877,086,530	12.97%

COMMERCIAL MORTGAGE FUND

Manager	Property Name	Location	Property Type	Fair Value	Percent of Investments at Fair Value
AEW	SASCO	Various	Other	$ 66,001,875	28.06%
AEW	Vancouver Mall	Vancouver, WA	Retail	32,734,158	13.92%
AEW	National Place	Washington, DC	Other	19,441,021	8.27%
AEW	Huntington Ave.	Boston, MA	Office	18,427,078	7.83%
AEW	57 Park Plaza	Boston, MA	Hotel	18,326,818	7.79%
AEW	Green Hill Apts.	Detroit, MI	Residential	17,579,168	7.47%
AEW	Black Canyon II	Phoenix, AZ	Office	11,012,014	4.68%
AEW	Irvine Tech Center	Irvine, CA	Industrial	9,568,402	4.07%
AEW	Sheraton Denver West	Lakewood, CO	Hotel	8,343,331	3.55%
AEW	North Haven Crossing	No. Haven, CT	Retail	8,123,520	3.45%
TOTAL				$ 209,557,385	89.09%

PRIVATE INVESTMENT FUND

Date of Purchase	Company	Industry	Fair Value	Percent of Investments at Fair Value
10/16/96	Capstar Broadcasting	Communications	$ 44,389,106	3.75%
01/07/99	BC Components Holdings B.V.	Electronics	36,623,651	3.10%
11/01/96	International Home Foods, Inc.	Services	36,598,409	3.09%
05/02/98	LIN Holdings Corp.	Communications	22,208,408	1.88%
10/01/96	Viasystems Group, Inc..	Electronics	20,041,737	1.69%
05/27/98	Regal Cinemas	Consumer Related	19,651,126	1.66%
01/06/99	Centennial Cellular	Communications	18,243,544	1.54%
05/07/97	Quest Comm Int'l Inc.	Communications	13,932,075	1.18%
08/31/98	Republic Engineered Steels, Inc.	Manufacturing	13,313,455	1.13%
05/12/93	Paragon Networks International, Inc.	Communications	11,557,660	0.98%
TOTAL			$ 236,559,171	20.00%

Schedule of Expenses in Excess of $5,000[1]
Fiscal Year Ended June 30, 1999

Name of Firm	Description of Services	Contract Date	Aggregate Comp. Paid in FY 1999	Status at June 30, 1999
INVESTMENT ADVISORY SERVICES				
Equity Advisory Services				
Alliance Capital	Equity Advisor	Mar-96	$ 770,149	Active
AXA Rosenberg Investment Management	Equity Advisor	Mar-96	2,466,444	Active
BGI Barclay's Global Investors	Equity Advisor	Mar-96	1,934,551	Active
Brown Capital Management	Equity Advisor	Mar-96	2,028,123	Active
Cowen Asset Management	Equity Advisor	Mar-96	1,747,375	Active
Dresdner RCM Global Investors, L.L.C.	Equity Advisor	Mar-96	406,646	Active
J. P. Morgan Investment Management	Equity Advisor	Mar-96	870,746	Active
State Street Global Advisors	Equity Advisor	Mar-96	189,267	Active
Travelers Investment Management	Equity Advisor	Mar-96	1,239,686	Active
ValueQuest Ltd.	Equity Advisor	Mar-96	457,704	Active
Total Equity Advisor Compensation			$ 12,110,691	
Fixed Income Investment Advisory Services				
Blackrock Financial Management	Fixed Income Advisor	Mar-96	$ 889,137	Active
J. P. Morgan Investment Management	Fixed Income Advisor	Mar-96	1,031,440	Active
Lazard Freres & Co.	Fixed Income Advisor	Feb-98	51,555	Terminated
Loomis Sayles & Co., Inc.	Fixed Income Advisor	Mar-96	478,736	Active
Mitchell Hutchins Institutional Inv.	Fixed Income Advisor	Nov-97	680,825	Active
Oaktree Capital Management	Fixed Income Advisor	Mar-96	2,065,669	Active
Pacific Investment Management Co.	Fixed Income Advisor	Mar-96	70,801	Terminated
Phoenix Investment Counsel	Fixed Income Advisor	Nov-97	548,309	Active
Spectrum Asset Management	Fixed Income Advisor	Dec-98	118,295	Terminated
State Street Global Advisors	Fixed Income Advisor	Mar-96	425,369	Active
W. R. Huff Asset Management	Fixed Income Advisor	Mar-96	716,820	Active
Wellington Asset Management	Fixed Income Advisor	Nov-97	668,428	Active
Western Asset Management	Fixed Income Advisor	Nov-97	1,132,390	Active
Total Fixed Income Advisor Compensation			$ 8,877,774	
Cash Reserve Account Advisory Services				
State Street Global Advisors	Cash Reserve Account Advisor	Mar-96	$ 286,102	Active
Total Cash Reserve Account Advisor Compensation			$ 286,102	
International Equity Investment Advisory Services				
DSI International Management	International Equity Advisor	Mar-96	$ 152,603	Active
Grantham, Mayo, Van Otterloo & Co.	International Equity Advisor	Mar-96	1,304,471	Active
Morgan Stanley Asset Management	International Equity Advisor	Mar-96	7,443,284	Active
Pictet International Management	International Equity Advisor	Mar-96	1,242,165	Active
Smith Barney Capital Management	International Equity Advisor	Mar-96	771,598	Active
State Street Global Advisors	International Equity Advisor	Mar-96	519,305	Active
Total International Equity Advisor Compensation			$ 11,433,426	
Real Estate Investment Advisory Services [2]				
Aldrich, Eastman & Waltch, L.P.	Real Estate Advisor	Aug-87	$ 559,893	Active
CIGNA Investment Management	Real Estate Advisor	Apr-83	110,071	Active
PSI Institutional Realty Associates, Inc.	Real Estate Advisor	Jun-85	313,043	Active
The RREEF Funds	Real Estate Advisor	Feb-83	46,869	Active

Schedule of Expenses in Excess of $5,000 (1) (Continued)
Fiscal Year Ended June 30, 1999

Name of Firm	Description of Services	Contract Date	Aggregate Comp. Paid in FY 1999	Status at June 30, 1999
Sentinel Real Estate Corporation	Real Estate Advisor	Jan-88	284,719	Active
Wachovia Bank of Georgia, N.A.	Real Estate Advisor	Mar-94	92,422	Active
Total Real Estate Advisor Compensation			$ 1,407,017	
Commercial Mortgage Investment Advisory Services (2)				
Aldrich, Eastman & Waltch, L.P.	Commercial Mortgage Advisor	Aug-87	$ 808,313	Active
Total Commercial Mortgage Advisor Compensation			$ 808,313	
Private Investment Advisory Services (2)				
Blackstone Management Partners	Venture Capital Advisor	Jul-97	$ 246,196	Active
Carlyle Europe Partners	Venture Capital Advisor	Dec-97	2,971,945	Active
Crossroads Constitution Fund	Venture Capital Advisor	Jul-87	2,722,500	Active
DLJ Merchant Banking Fund II	Venture Capital Advisor	Nov-96	1,125,000	Active
Forstmann Little & Company	Venture Capital Advisor	Apr-97	1,950,000	Active
Greenwich Street Capital Partners	Venture Capital Advisor	Oct-98	875,000	Active
Kohlberg Kravis Roberts & Company	Venture Capital Advisor	Jul-97	491,108	Active
THL Equity Advisors IV, L.L.C.	Venture Capital Advisor	Dec-97	554,041	Active
Total Private Investment Advisor Compensation			$ 10,935,790	
TOTAL COMPENSATION TO INVESTMENT ADVISORS			$ 45,859,113	
CUSTODY SERVICES				
State Street Bank & Trust	Custody of Fund Assets	Jan-96	$ 1,322,500	Active
TOTAL CUSTODY SERVICES COMPENSATION			$ 1,322,500	
CONSULTING SERVICES				
Ferrell Capital Management	International Equity Advisor	Oct-97	$ 37,500	Active
Irwin Tepper Assoc. Inc.	Consultant - Pension Funds	Jun-95	25,000	Active
Rogers Casey Consulting Inc.	Consultant - Pension Funds	Jul-95	210,000	Active
Sidney Lipshires	Consultant - Pension Funds	Aug-98	6,530	Terminated
TOTAL CONSULTING SERVICES COMPENSATION			$ 279,030	
MISCELLANEOUS SERVICES				
Bloomberg L.P.	Subscription	N/A	$ 14,280	Active
Computers Plus Center, Inc.	Computer Equipment	N/A	5,037	Terminated
Council of Institutional Investors	Dues	N/A	23,886	Active
John Quirke	IAC Travel Reimbursement	N/A	5,003	Terminated
Westaff	Temporary Services	N/A	18,122	Terminated
Xerox Corporation	Copier Maintenance	N/A	7,180	Active
TOTAL MISCELLANEOUS SERVICES COMPENSATION			$ 73,508	
GRAND TOTAL			**$ 47,534,151**	

(1) Expenses are presented on a cash basis.
(2) Alternative Investment Management fees are comprised of payments made through the Treasury Business Office as well as fees netted from income distributions. These amounts do not include capitalized fees which 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.

Combined Investment Funds
List of Investment Advisors and Net Assets Under Management
June 30, 1999

Name of Fund	Investment Strategy	Net Assets Under Management	Percent of Fund Total
CASH RESERVE ACCOUNT (CRA)			
State Street Global Advisors	Active	$ 1,373,262,637	100.0%
SUBTOTAL CRA		$ 1,373,262,637	100.0%
MUTUAL EQUITY FUND (MEF)			
Large Cap		$ 7,435,367,569	81.5%
State Street Global Advisors	Passive - Indexed	2,360,704,090	25.9%
J.P. Morgan Investment Management, Inc.	Passive - Enhanced	2,728,124,810	29.9%
BGI Barclays Global Investors, N.A.	Passive - Enhanced	2,346,538,669	25.7%
Small/Mid Cap		$ 543,405,012	5.9%
The Travelers Investment Management Co.	Passive - Enhanced	286,244,286	3.1%
AXA Rosenberg Investment Management	Passive - Enhanced	257,160,726	2.8%
Small/Mid Cap		$ 1,137,495,896	12.5%
Brown Capital Management, Inc.	Active	255,883,488	2.8%
ValueQuest Ltd.	Active	249,249,710	2.7%
Cowen Asset Management	Active	236,112,358	2.6%
Dresdner RCM Global Investors, L.L.C.	Active	231,642,256	2.6%
Alliance Capital	Active	164,608,084	1.8%
Other (1)		$ 7,833,251	0.1%
SUBTOTAL MEF		$ 9,124,101,728	100.0%
INTERNATIONAL STOCK FUND (ISF)			
EAFE - Europe		$ 590,699,413	23.9%
State Street Global Advisors	Passive - Enhanced	590,699,413	23.9%
Core		$ 1,466,462,004	59.4%
Morgan Stanley Asset Management	Active	610,213,236	24.7%
Grantham, Mayo, Van Otterloo & Co.	Active	507,469,587	20.5%
Smith Barney Capital Management	Active	176,868,782	7.2%
DSI International Management	Active	171,910,399	7.0%
Emerging		$ 404,576,647	16.4%
Morgan Stanley Asset Management	Active	217,307,359	8.8%
Pictet International Management	Active	187,269,288	7.6%
Other (1)		$ 7,539,915	0.3%
SUBTOTAL ISF		$ 2,469,277,979	100.0%
REAL ESTATE FUND (REF)			
Aldrich, Eastman & Waltch, L.P.	Active	$ 81,630,270	19.1%
Apollo Real Estate	Active	74,612,223	17.4%
The RREEF Funds	Active	47,535,718	11.1%
Walton Street	Active	45,277,050	10.6%
Tishman	Active	43,027,663	10.0%
PSI Institutional Realty Associates, Inc.	Active	42,622,374	9.9%
CIGNA Investment Management	Active	15,293,088	3.6%
Wachovia Bank of Georgia, N.A.	Active	13,103,584	3.1%
Westport Senior Living	Active	8,863,386	2.1%
Sentinel Real Estate Corporation	Active	4,129,260	0.9%
Other (1)		52,283,017	12.2%
SUBTOTAL REF		$ 428,377,633	100.0%

Combined Investment Funds
List of Investment Advisors and Net Assets Under Management (Continued)
June 30, 1999

Name of Fund	Investment Strategy	Net Assets Under Management	Percent of Fund Total
MUTUAL FIXED INCOME FUND (MFIF)			
Core		$ 4,525,694,856	73.4%
State Street Global Advisors	Passive - Enhanced	1,184,279,108	19.2%
BlackRock Financial Management, Inc.	Active	845,650,489	13.7%
Western Asset Management Co.	Active	739,780,410	12.0%
Wellington	Active	724,052,948	11.7%
J.P. Morgan Investment Management Inc.	Active	431,130,095	7.0%
Phoenix	Active	300,869,469	4.9%
Mitchell Hutchins	Active	299,932,337	4.9%
Convertibles		$ 274,907,609	4.4%
Oaktree Capital Management, L.L.C.	Active	274,907,609	4.4%
High Yield		$ 1,099,034,048	17.8%
Loomis Sayles & Co., Inc.	Active	346,835,558	5.6%
W.R. Huff Asset Management	Active	291,536,010	4.7%
Oaktree Capital Management, L.L.C.	Active	257,949,080	4.2%
Triumph Capital Partners (Fund II)	Active	202,713,400	3.3%
Other [(1)]		$ 269,874,957	4.4%
SUBTOTAL MFIF		$ 6,169,511,470	100.0%
COMMERCIAL MORTGAGE FUND (CMF)			
Aldrich, Eastman & Waltch, L.P.	Active	$ 224,282,603	94.7%
Other [(2)]		12,595,263	5.3%
SUBTOTAL CMF		$ 236,877,866	100.0%
PRIVATE INVESTMENT FUND (PIF)			
Corporate Buyout		$ 414,803,578	35.0%
Hicks, Muse, Tate & Furst	Active	167,601,050	14.1%
SCP Private Equity Partners	Active	40,711,173	3.4%
DLJ Merchant Banking Partners	Active	34,046,159	2.9%
Conning & Company	Active	33,271,608	2.8%
Veritas Capital Management	Active	31,918,841	2.7%
Thomas H. Lee & Company	Active	27,760,697	2.3%
KKR	Active	21,578,336	1.8%
Greenwich Street Capital Partners	Active	18,526,162	1.6%
Welsh, Carson, Anderson & Stowe (Fund VIII)	Active	14,044,282	1.2%
Wellspring Capital Partners	Active	7,698,789	0.7%
Blackstone Capital Partners	Active	6,366,219	0.5%
Thayer Equity Investors	Active	5,885,776	0.5%
Kelso Investment Associates	Active	5,288,220	0.5%
Green Equity Investors	Active	106,266	0.0%
Forstmann Little (Equity Fund VI) [(4)]	Active	0	0.0%
Venture Capital		$ 200,985,062	16.9%
Crescendo Ventures (World Fund)	Active	53,648,423	4.5%
Pioneer Venture Associates	Active	37,942,339	3.2%
Crescendo Ventures (Fund III)	Active	37,310,908	3.2%
Cullinane & Donnelly	Active	20,232,867	1.7%
Prospect Street Ventures	Active	16,906,944	1.4%
Keystone Ventures	Active	10,909,653	0.9%
Shawmut Equity Partners	Active	9,341,374	0.8%

Combined Investment Funds
List of Investment Advisors and Net Assets Under Management (Continued)
June 30, 1999

Name of Fund	Investment Strategy	Net Assets Under Management	Percent of Fund Total
Grotech Partners	Active	7,936,586	0.7%
Connecticut Greene Ventures	Active	4,048,190	0.3%
RFE Investment Partners	Active	2,707,778	0.2%
Mezzanine		$ 181,578,109	15.3%
Welsh, Carson, Anderson & Stowe (Fund III)	Active	56,778,123	4.8%
Triumph Capital Partners (Fund III)	Active	53,088,162	4.5%
Triumph Capital Partners (CT Partners)	Active	43,120,288	3.6%
GarMark Partners	Active	22,491,612	1.9%
Smith Whiley & Co.	Active	6,099,924	0.5%
Forstmann Little (MBO VII) (4)	Active	0	0.0%
International		$ 60,200,595	5.1%
Compass European Partners	Active	32,107,745	2.7%
Carlyle Group (European Fund)	Active	12,269,984	1.0%
Gilbert Global Equity Partners	Active	7,818,167	0.7%
AIG	Active	7,754,699	0.7%
Carlyle Group (Asia Partners)	Active	250,000	0.0%
Fund of Funds		$ 252,444,413	21.3%
Crossroads Group	Active	203,126,680	17.1%
Goldman Sachs	Active	26,389,550	2.2%
Landmark Partners	Active	18,797,961	1.6%
Lexington Capital Partners	Active	4,130,222	0.4%
Other (1)		$ 76,232,918	6.4%
SUBTOTAL PIF		$ 1,186,244,675	100.0%
TOTAL		$ 20,987,653,984	
Adjustments (3)		(1,166,694,500)	
GRAND TOTAL		$ 19,820,959,484	

(1) Other represents moneys earmarked for distribution to participants, reinvestment, and expenses as well as terminated advisor balances.
(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.
(4) Private Investment advisors under contract which are unfunded as of June 30, 1999.

Combined Investment Funds
Schedule of Brokerage Commissions
For the Fiscal Year Ended June 30, 1999

Name of Firm	Commissions Paid	Total Share Volume	Avg. Comm. Per Share
A B WATLEY INC	1,472.65	72,103.00	0.020
A.B. ASESORES BURSATILES	3,986.62	391,000.00	0.010
AB ASESORES BURSATILES BOLSA	17,999.56	2,041,700.00	0.009
AB ASESORES MONEDA	1,250.63	598,000.00	0.002
ABC SECURITIES	560.56	343,000.00	0.002
ABEL NOSER CORPORATION	225.00	4,500.00	0.050
ABG	58,827.91	1,749,057.00	0.034
ABG SECURITIES AS	22,328.21	599,665.00	0.037
ABG SECURITIES AS (STOCKHOLM)	17,907.28	337,730.00	0.053
ABN AMRO	23,832.36	2,505,570.00	0.010
ABN AMRO ASIA SECS LTD	26,243.72	3,797,708.00	0.007
ABN AMRO BANK	13,126.83	982,786.00	0.013
ABN AMRO BANK (SCHWEIZ)	1.55	22,550.00	0.000
ABN AMRO BANK NV	10,346.88	794,105.00	0.013
ABN AMRO BANK, LONDON	850.19	33,800.00	0.025
ABN AMRO CHICAGO CORP	15,492.72	603,500.00	0.026
ABN AMRO CHICAGO CORPORATION	77,048.93	2,699,471.00	0.029
ABN AMRO HOARE GOVETT ASIA LTD	1,371.32	78,968.00	0.017
ABN AMRO HOARE GOVETT STERLING BONDS LTD	3,420.19	1,055,535.00	0.003
ABN AMRO NV CHICAGO CORP	611.79	19,000.00	0.032
ABN AMRO SECURITIES	113,839.71	30,727,871.00	0.004
ABN AMRO SECURITIES UK LTD	1,785.51	115,400.00	0.015
ABN AMRO,HOARE GOVETTE	6,274.29	1,387,750.00	0.005
ABN AMROBANK, LONDON	180.85	6,500.00	0.028
ABN AMRU ASIA SECS TOKYO	202.90	16,000.00	0.013
ABN LDN GILTS	128.48	27,200.00	0.005
ACCIONES Y VALORES	577.34	132,890.00	0.004
ACCIONES Y VALORES DE MEXICO S.A. DE C.V	232.96	29,400.00	0.008
ADAMS HARKNESS + HILL,INC	703.00	215,900.00	0.003
ADVEST,INC	9,504.00	158,400.00	0.060
AFIN CASADE BOLSA, S.A. DE C.V.	442.02	46,620.00	0.009
AHORRO CORPORATION FINANCIERA S.A. A.V.B	72,566.17	1,376,271.00	0.053
ALBERT E SHARP	4,429.33	1,678,100.00	0.003
ALEX BROWN & SONS	5,548.44	275,643.00	0.020
ALFA SECURITIES	4,115.50	59,248,000.00	0.000
ALFRED BERG-LONDON	3,020.69	53,350.00	0.057
ALPHA MANAGEMENT INC	3,730.00	69,000.00	0.054
ANDERSON & STRUDWICK, INC.(CLR.THRU 443)	305.00	6,100.00	0.050
ARAB-MALAYSIAN SECURITIES SDN	42.96	7,000.00	0.006
ARGENTARIA MADRID	3,363.69	42,000.00	0.080
ARGENTARIA SOC VAL SA	4,966.72	119,803.00	0.041
ARGENTARIA SOCIEDAD DE VALORES	1,136.41	10,500.00	0.108
ARNHOLD +S BLEICHROEDER,INC	12,342.73	245,115.00	0.050
ARNHOLD AND S BLEICHROEDER,INC	11,700.00	199,400.00	0.059
AROS SEC	1,663.13	3,900.00	0.426
ASESORES	2,140.00	188,000.00	0.011
ASESORES BURSATILES	4,790.37	628,000.00	0.008
ASIA EQUITY HONG KONG	1,591.42	180,150.00	0.009
ASIA EQUITY LIMITED	155.63	42,000.00	0.004
ASIA EQUITY SECS INC MANILA	4,284.54	348,700.00	0.012
ASIA EQUITY SECURITIES	1,641.60	592,200.00	0.003
ATA SECS ISTANBUL	24,746.20	484,115,700.00	0.000
ATA SECURITIES INC. (ISTANBUL)	1,943.63	21,322,000.00	0.000
ATTIJARI INTERMEDIATION	8,572.80	17,200.00	0.498
AUTRANET, INC.	13,604.50	274,420.00	0.050
AUTRANET,INC.	55,583.75	1,144,395.00	0.049
BANCAMERICA ROBERTSON STEPHANS	10,604.00	410,950.00	0.026
BANCBOSTON ROBERTSON STEPHENS	19,535.95	700,219.00	0.028
BANCO DE CREDITO CREDIBOLSA	83.40	46,000.00	0.002
BANCO DE INVEST GARANTIA SAO PAULO	7,857.36	111,326,250.00	0.000
BANCO ICATU	24,020.74	238,724,132.00	0.000
BANCO ICATU S.A.	250.33	4,360,000.00	0.000
BANCO ITAN S A	12.02	11,972,000.00	0.000
BANCO ITAU BRAZIL	451.36	8,100.00	0.056
BANCO ITAU S/A	309.99	5,458,000.00	0.000
BANCO PACTUAL S.A.	35,552.45	456,623,168.00	0.000
BANCO PONTUAL	31.80	15,675,412.00	0.000
BANCO SABADELL	1,368.68	906,000.00	0.002
BANCO SANTANDER	37,139.27	65,821,347.00	0.001
BANCO SANTANDER (GBL)	1,337.14	688,416.00	0.002
BANCO SANTANDER DE NEGOCIOS	3,919.16	2,024,379.00	0.002
BANCO SANTANDER DE NEGOCIOS LDN	184.28	62,000.00	0.003
BANK OF AMERICA SECURITIES LLC	25,768.00	839,200.00	0.031
BANK OF NEW YORK	2,607.10	72,650.00	0.036
BANKERS TRUST	25,277.17	79,033,180.00	0.000
BANKERS TRUST ALEX BROWN INT LDN	1,493.88	234,778.00	0.006
BANKERS TRUST CO CORPORATE CLEARANCE	2,130.00	130,375.00	0.016
BANKERS TRUST COMPANY	4,656.11	10,072,300.00	0.000
BANKERS TRUST INT	5,253.42	79,884.00	0.066
BANKERS TRUST INTERNATIONAL LTD.	44,389.84	1,742,395.00	0.025
BANKERS TRUST INTL NY	8,227.31	163,262.00	0.050
BANQUE PARIBAS	3,301.17	611,000.00	0.005
BANQUE PARIBAS , LONDON	343.79	3,600.00	0.095
BANQUE PARIBAS PARIS	285.62	2,900.00	0.098
BARD STOCK BROKERS	98,485.03	304,060.00	0.324

Name of Firm	Commissions Paid	Total Share Volume	Avg. Comm. Per Share
BARING SECS	99.77	121,640.00	0.001
BAUM GEORGE K. + COMPANY	402.00	6,700.00	0.060
BBV INTERACTIVOS SVB	1,620.12	22,000.00	0.074
BBV LATINVEST	1,909.84	29,000.00	0.066
BEAR STEARNS	84.67	170,700.00	0.000
BEAR STEARNS ASIA LTD	1,847.78	298,800.00	0.006
BEAR STEARNS CO	1,186.56	5,817,000.00	0.000
BEAR STEARNS SECURITIES CORP	24,013.79	689,391.00	0.035
BEAR, STEARNS SECURITIES CORP	130,688.13	10,070,788.00	0.013
BENDER SECS ISTANBUL	4,084.79	64,737,000.00	0.000
BENDER SECURITIES	21,295.79	220,964,643.00	0.000
BERNSTEIN SANFORD C + CO INC	378.00	6,300.00	0.060
BERNSTEINSANFORD C + CO INC	43,028.00	795,800.00	0.054
BLACK & COMPANY	9,866.00	251,000.00	0.039
BLAIR,WILLIAM, AND COMPANY	12,032.00	805,313.00	0.015
BLAYLOCK PARTNERS	2,512.00	62,800.00	0.040
BNP PEREGRINE SECURITIES	451.27	74,000.00	0.006
BNP PRIMEEAST	395.84	351,700.00	0.001
BNP SECURITIES	237.49	639,000.00	0.000
BNP SECURITIES (U.S.A.), INC	1,004.90	6,510.00	0.154
BNP SECURITIES LONDON UK	3,086.98	4,550.00	0.678
BNP-BANQUE NATIONALE DE PARIS	1,160.89	3,890.00	0.298
BOSTON INSTITUTIONAL SERVICES	4,500.00	75,000.00	0.060
BRADFORD, J.C. + CO	3,920.00	99,500.00	0.039
BREWIN DOLPHIN BELL LAWRIE LIMITED	67.37	17,600.00	0.004
BRIDGE TRADING	117,282.95	2,306,944.00	0.051
BROADCORT CAPITAL (THRU ML)	7,370.00	140,500.00	0.052
BROADCORTCAPITAL (THRU ML)	4,900.00	98,000.00	0.050
BROCKHOUSE + COOPER INC MONTREAL	507.52	108,000.00	0.005
BROWN BROTHERS HARRIMAN & CO	5,410.00	101,000.00	0.054
BT ALEX BROWN	84,973.59	8,329,701.00	0.010
BT ALEX BROWN INC	847.22	53,000.00	0.016
BT BROKERAGE	829.10	126,600.00	0.007
BT BROKERAGE CORP	611.75	157,800.00	0.004
BT BROKERAGE(HK) LTD HONG KONG	2,414.49	132,150.00	0.018
B-TRADE SERVICES LLC	5,290.00	264,500.00	0.020
BUCKINGHAM RESEARCH GROUP	7,294.50	126,800.00	0.058
C.J.LAWRENCE/DEUTSCHE BANK SECURITIES	27,150.54	567,279.00	0.048
CANTOR FITZGERALD + CO., INC.	183,696.56	4,859,714.00	0.038
CAPEL, JAMES HSBC SECURITIES INC.	58,088.85	1,183,149.00	0.049
CAPITAL INSTITUTIONAL SERVICES	10,625.00	179,900.00	0.059
CAPITAL SECURITIES CO LTD	10,094.32	3,215,714.00	0.003
CAPITAL SECURITIES GROUP	117.36	69,110.00	0.002
CARNAGIE FOND KOMMISSION	6,399.20	148,100.00	0.043
CARNEGIE BANK	2,555.72	58,100.00	0.044
CARNEGIE FONDKOMISSION	1,144.32	23,000.00	0.050
CARNEGIE FONDKOMMISSION AB	4,813.48	106,000.00	0.045
CARNEGIE INC	306.05	7,000.00	0.044
CARNEGIE INT'L LND	11,628.96	168,325.00	0.069
CASABLANCA FINANCE GROUP	25,693.77	28,100.00	0.914
CATHAY FINANCIAL LLC	6,076.00	151,900.00	0.040
CAZENOVE	5,139.44	1,137,981.00	0.005
CAZENOVE + CO	5,122.94	989,530.00	0.005
CAZENOVE + CO.	3,173.99	417,000.00	0.008
CAZENOVE AND COMPANY (OVERSEAS) LTD	800.89	191,000.00	0.004
CAZENOVE INCORPORATED	4,918.23	920,376.00	0.005
CAZENOVE SECURITIES LTD	2,196.96	331,000.00	0.007
CHARLES SCHWAB & CO., INC.	5,520.00	163,600.00	0.034
CHARTERHOUSE TILNEY	797.99	55,000.00	0.015
CHARTERHOUSE TILNEY SECS	214.07	7,000.00	0.031
CHD BROKERS	65.03	7,795.00	0.008
CHEUVREUX DE VIRIEUX, PARIS	4,061.56	26,500.00	0.153
CHEUVREUXDE NORDIC A B	2,418.73	3,528.00	0.686
CHEUVREUXDE VIRIEU	89,691.15	256,525.00	0.350
CHEUVREUXDE VIRIEUX, PARIS	12,481.53	843,020.00	0.015
CHEVEAUX,J. PARIS	4,418.15	9,192.00	0.481
CHEVREUX DE VIRIEU	3,134.66	18,260.00	0.172
CHEVREUX DE VIRIEU NORDIC AB	1,387.39	4,922.00	0.282
CHEVREUXDE VIRIEU	683.18	2,111.00	0.324
CHINA SECURITIES CO LTD	9,849.95	3,539,102.00	0.003
CIBC OPPENHEIMER + CO.	53,353.30	1,465,385.00	0.036
CIBC WORLD MARKETS CORP	8,910.94	269,600.00	0.033
CIMB SECURITIES SDN BHD	1,727.76	304,600.00	0.006
CITATION GROUP	14,560.00	258,000.00	0.056
CITBK-CITIBANK N.A. DEALER	3,171.54	315,000.00	0.010
CITIBANK N.A.	10,917.00	2,388,630.00	0.005
CITIBANK,N.A.	55.00	2,600.00	0.021
CLARION SECS ASIA LTD	13,705.32	881,710.00	0.016
CLEARY, GULL & REILAND	756.00	12,600.00	0.060
COLIN HOCHSTIN	994.92	16,582.00	0.060
COLLINS STEWART	2,248.60	97,400.00	0.023
COMMERZBANK	5,033.16	109,600.00	0.046
COMMERZBANK AG	5,313.90	13,990.00	0.380
COMMERZBANK LONDON	6,176.17	6,880.00	0.898
CONCORD SECURITIES GROUP INC.	2,704.10	10,530.00	0.257

Combined Investment Funds
Schedule of Brokerage Commissions (Continued)
For the Fiscal Year Ended June 30, 1999

Name of Firm	Commissions Paid	Total Share Volume	Avg. Comm. Per Share
CONCORDE	266.27	1,170.00	0.228
CONNING +CO.	4,786.80	84,380.00	0.057
CORRESPONDENT SERVICES, INC	21,319.46	713,982.00	0.030
COWEN + CO	4,492.00	332,550.00	0.014
CREDIT ANSTALT	8,970.01	157,072.00	0.057
CREDIT LYONAIS SECS	12,593.29	8,181,900.00	0.002
CREDIT LYONAIS/EUROPARTNERS	823.91	30.00	27.464
CREDIT LYONNAIS	61,640.96	12,518,668.00	0.005
CREDIT LYONNAIS - ACTIF	17,211.66	7,163,400.00	0.002
CREDIT LYONNAIS SECS	117,105.09	38,215,280.00	0.003
CREDIT LYONNAIS SECURITIES	1,718.52	118,300.00	0.015
CREDIT LYONNAIS SECURITIES (USA) INC	14,364.10	45,955,609.00	0.000
CREDIT SUISSE	727.86	42,000.00	0.017
CREDIT SUISSE ASSET MANAGEMENT LTD	143,994.74	58,291,176.00	0.002
CREDIT SUISSE FIRST BOSTON	16,493.09	804,210.00	0.021
CREDIT SUISSE FST BOSTON SECS LDN,ZURICH	7,938.91	186,600.00	0.043
CREDITANSTALT INTL	898.09	19,963.00	0.045
CREDITANSTALT SECURITIES	7,057.36	62,756.00	0.112
CREDITANSTALT-BANKVEREIN	98.51	1,530.00	0.064
CROSBY SECS CO SINGAPORE	9,714.94	1,122,090.00	0.009
CROSBY SECURITIES INC	23,469.72	2,081,050.00	0.011
CROSBY SECURITIES PTE LTD	535.84	139,000.00	0.004
CS FIRST BOSTON	6,233.67	810,100.00	0.008
CS FIRST BOSTON (HONG KONG) LIMITED	41,931.01	4,898,110.00	0.009
CS FIRST BOSTON CORPORATION	333,563.72	96,485,531.00	0.003
CS FIRST BOSTON EQUITIES (EUROPE) LTD	897.60	140,410.00	0.006
CSFB	553.72	43,461.00	0.013
CSFB GILTS	4,275.69	153,150.00	0.028
CSFB NOMINEES LIMITED CLIENT ACCOUNT	1,942.26	207,900.00	0.009
D E SHAW SECURITIES	8,068.83	266,961.00	0.030
D.A. DAVIDSON + CO., INC.	1,036.00	28,100.00	0.037
DAEWOO SECS CO LTD, SEOUL KOREA	3,584.18	29,290.00	0.122
DAEWOO SECURITIES CO., LTD	7,835.35	47,090.00	0.166
DAIN RAUCHSER INC	11,878.00	415,570.00	0.029
DAIWA	1,313.26	124,000.00	0.011
DAIWA SECURITIES	2,997.88	119,000.00	0.025
DAIWA SECURITIES CO	3,747.53	315,870.00	0.012
DAIWA SECURITIES CO., LTD.	2,245.92	80,000.00	0.028
DANARESKASECURITIES, PT	2,103.94	448,000.00	0.005
DAVIS, MENDEL AND REGENSTEIN	1,745.00	30,100.00	0.058
DAVY (J+E)	33,371.36	2,589,800.00	0.013
DAVY STOCKBROKERS	1,935.40	128,400.00	0.015
DB CLEARING SERVICES	165,292.75	1,941,766.00	0.085
DBS SECURITIES	864.68	229,500.00	0.004
DBS SECURITIES, SINGAPORE	29.01	3,000.00	0.010
DE SHAW	1,204.04	3,308.00	0.364
DEITCHE &FIELD	15,412.00	385,300.00	0.040
DEMIRBANK	47,771.21	600,222,691.00	0.000
DENDANSKECOPENHAGEN	105.14	4.00	26.285
DEUTCHE WESTMINSTER BANK	536.56	34,000.00	0.016
DEUTSCH BANK AG	37,913.16	6,415,209.00	0.006
DEUTSCHE BANK	95,795.20	9,270,728.00	0.010
DEUTSCHE BANK AG	13,899.10	1,732,250.00	0.008
DEUTSCHE BANK AG LONDON	58,388.93	11,890,526.00	0.005
DEUTSCHE BANK AG MANNHEIM	2,992.17	32,300.00	0.093
DEUTSCHE BANK CAPITAL CORP	209.92	900.00	0.233
DEUTSCHE BANK SECURITIES	3,344.25	543,227.00	0.006
DEUTSCHE BANK SECURITIES CORP	2,611.66	147,550.00	0.018
DEUTSCHE BANK SECURITIES CORP (GLOBAL)	596.36	14,400.00	0.041
DEUTSCHE BANK SECURITIES INC	3,163.69	295,250.00	0.011
DEUTSCHE MORGAN GRENFELL	27,583.11	55,783,127.00	0.000
DEUTSCHE MORGAN GRENFELL (LONDON)	140.42	6,000.00	0.023
DEUTSCHE SECURITIES ASIA	2,725.67	1,861,000.00	0.001
DEVELETOGLOU ATHENS	9,537.37	196,770.00	0.048
DEVLETOGLOU (NIC) ATHENS	30,827.94	378,076.00	0.082
DLJ INTERNATIONAL SECURITIES	432.84	505,000.00	0.001
DLJ SECS	436.58	32,700.00	0.013
DMG AND PARTNERS SECURITIES	14,755.11	1,580,277.00	0.009
DMR SECURITIES INC	85.97	13,000.00	0.007
DONALDSON, LUFKIN + JENRETTE SECS	308,004.37	18,421,069.00	0.017
DONALDSONLUFKIN + JEANETTE	3,303.27	224,800.00	0.015
DONALDSONLUFKIN JENRETTE EQUI.DIV	2,645.30	5,300.00	0.499
DRESDNER	1,508.68	5,200.00	0.290
DRESDNER BANK	226.41	125,100.00	0.002
DRESDNER BANK - KLEINWORT BENSON	1,109.91	42,800.00	0.026
DRESDNER BANK AG	947.85	420,400.00	0.002
DRESDNER BANK LONDON	107.55	1,130.00	0.095
DRESDNER KLEINWORT BENSON	31,122.93	2,377,480.00	0.013
DRESDNER KLEINWORT BENSON ASIA LTD	858.43	77,000.00	0.011
DRESDNER KLEINWORT BENSONS	38,823.25	2,317,690.00	0.017
DRESDNER SECURITIES (USA) INC.	16,671.90	308,391.00	0.054
E W BALDERSON	3,436.30	3,109,300.00	0.001
EAST/WESTSECURITIES CO	220.00	5,500.00	0.040
EGYPTIAN FINANCIAL GROUP	34,338.49	739,840.00	0.046
ELKINS MCSHERRY CO	1,280.00	32,000.00	0.040

Name of Firm	Commissions Paid	Total Share Volume	Avg. Comm. Per Share
ENGELMAN SECURITIES	5,639.95	112,799.00	0.050
ENSKILDA SEC.-LONDON	1,972.72	32,260.00	0.061
ENSKILDA SECS	168.38	3,156.00	0.053
ENSKILDA SECURITIES	50,690.84	814,251.00	0.062
ENTERPRISE SECURITIES, INC	1,204.88	9,455.00	0.127
ERNST + CO	105,401.00	2,626,850.00	0.040
ERSTE OESTERREICHISCHE SPARKASSE	156.86	3,080.00	0.051
ESI SECURITIES COMPANY	1,200.00	20,000.00	0.060
ESPONOSIAPARTNERS	266.76	5,000.00	0.053
EVEREN CLEARING CORP	600.00	11,600.00	0.052
EVEREN SECURITIES	4,705.00	92,100.00	0.051
EWING CAPITAL,INC. BROADCORT CAP CLEARIN	9,305.00	170,260.00	0.055
EXANE	61,246.95	476,493.00	0.129
EXANE S.A.	5,407.14	30,100.00	0.180
FACTSET DATA SYSTEMS (THRU BEAR STEARNS)	74,517.05	1,459,881.00	0.051
FACTSET DATA SYSTIMES INC	37,780.00	755,600.00	0.050
FAHNESTOCK + CO.	370.00	7,400.00	0.050
FC FINANCIAL SERVICES	1,650.00	33,000.00	0.050
FERRIS, BAKER WATTS, INC	288.00	4,800.00	0.060
FIDELITY CAPITAL MARKETS	40,862.10	834,200.00	0.049
FINACIAL MANAGEMENT GROUP INC	718.54	6,470.00	0.111
FINANCIAL BROKERAGE GROUP	40.65	580.00	0.070
FINANCIALBROKERAGE GROUP	7,573.10	92,639.00	0.082
FIRST ALBANY CORP.	19,281.40	470,564.00	0.041
FIRST ANALYSIS SECURITIES CORP	14,130.00	246,000.00	0.057
FIRST NATIONAL BANK	1,695.01	143,300.00	0.012
FIRST NATIONAL EQUITIES	61.70	10,960.00	0.006
FIRST SOUTHWEST CO	90.88	19,410,000.00	0.000
FIRST UNION CAPITAL MARKETS	1,620.00	89,500.00	0.018
FISERV CORRESPONDENT SERVICES INC	1,200.00	20,000.00	0.060
FITZGERALD & COMPANY INC	6,486.00	125,600.00	0.052
FLEMING MARTIN	12,521.74	1,232,020.00	0.010
FLEMING,ROBERT INC	2,548.38	623,000.00	0.004
FLEMINGS ROBERT	17,507.00	424,300.00	0.041
FOX PITT KELTON INC	27,883.63	582,580.00	0.048
FOX PITT,KELTON INC.	688.43	34,352.00	0.020
FRANK LEVENTHAL	6,030.72	7,978,415.00	0.001
FRANK RUSSELL	1,200.80	24,016.00	0.050
FRIEDMAN BILLINGS + RAMSEY	96.00	281,700.00	0.000
FURMAN,SELZ,MAGERDIETZ + BIRNEY	89,719.30	2,678,256.00	0.033
G K GOH SECURITIES	672.69	952,000.00	0.001
GARANITIA	2,815.79	38,849,000.00	0.000
GARANTI INVESTMENT	6,463.80	79,363,000.00	0.000
GARDNER RICH + CO	500.00	10,000.00	0.050
GENA INCORPORATED	4,104.00	102,600.00	0.040
GENESIS MERCHANT GROUP SECURITIES	600.00	10,000.00	0.060
GERARD KLAUER MATTISON + CO	32,488.50	861,700.00	0.038
GK GOH SEC., SING	663.06	106,000.00	0.006
GK GOH SECURITIES (HK) LTD.	4,695.27	5,046,000.00	0.001
GK GOH SECURITIES MALAYSIA	206.53	35,000.00	0.006
GK GOH STOCKBROKERS PTE LTD	150.88	25,000.00	0.006
GLAZER C.L. + COMPANY	15,540.00	310,800.00	0.050
GLOBAL SECURITIES	5,083.42	36,344,000.00	0.000
GLOBAL SECURITIES INC. (ISTANBUL)	991.54	2,888,000.00	0.000
GLOBAL SECURITIES ISTANBUL	4,679.42	46,240,200.00	0.000
GLOBAL SECURITIES(TURKEY)	1,253.52	4,282,000.00	0.000
GOH SEC LTD MALAYSIA	676.00	675,000.00	0.001
GOLDIS PITTSBURG INST SER INC	3,017.50	60,350.00	0.050
GOLDMAN SACHS	114,383.41	5,104,145.00	0.022
GOLDMAN SACHS + CO	376,158.50	89,451,727.00	0.004
GOLDMAN SACHS ASIA	152.95	29,500.00	0.005
GOLDMAN SACHS EQUITY SECURITES (UK) LTD	160.82	8,300.00	0.019
GOLDMAN SACHS INTERNATIONAL LONDON	21,197.89	7,249,441.00	0.003
GOLDMAN SACHS INTL	3,781.31	433,233.00	0.009
GOLDMAN SACHS INTL LTD	3,687.26	157,156.00	0.023
GOLDMAN SACHS INTL LTD NY	80.40	1,340.00	0.060
GOODBODY GILTS	45.31	10,400.00	0.004
GOODBODY STOCKBROKERS	122.28	25,000.00	0.005
GORDON CAPITAL CORP	900.00	15,000.00	0.060
GORDON HASKETT	1,932.00	32,200.00	0.060
GREIG MIDDLETON GILTS	87.22	6,000.00	0.015
GREIG,MIDDLETON + CO	2,598.91	318,109.00	0.008
GRIEG MIDDLETON + CO LIMITED	377.17	25,000.00	0.015
GS2 SECURITIES INC	2,370.00	39,500.00	0.060
GUZMAN + CO	25,046.00	614,100.00	0.041
H LUNDEN FONDS. STOCKHOLM	2,114.27	37,233.00	0.057
HAGSTROMER & QVIBERG	2,619.58	125,000.00	0.021
HBSC SECURITIES	138.00	4,600.00	0.030
HENDERSONBROTHERS.INC	2,700.00	45,000.00	0.060
HENDERSONCROSTHWAIT INSTL BROK LTD	436.46	29,887.00	0.015
HERMAN & CO	33.79	3,000.00	0.011
HERMES SECURITIES INC	18,338.67	219,400.00	0.084
HOARE GOVETT SECURITIES LIMITED	746.02	696,300.00	0.001
HOARE GOVETT SECURITIES LTD	48,376.77	4,768,525.00	0.010
HOENIG (FAR EAST) LIMITED	5,107.53	424,410.00	0.012

Combined Investment Funds
Schedule of Brokerage Commissions (Continued)
For the Fiscal Year Ended June 30, 1999

Name of Firm	Commissions Paid	Total Share Volume	Avg. Comm. Per Share
HOENIG + CO.	1,215.78	266,340.00	0.005
HONG KONG+ SHANGHAI BANKING	666.14	276,900.00	0.002
HOWARD,WEIL,LABOUISSE,FRIEDRICHS	6,395.00	111,500.00	0.057
HSBC	13,102.58	1,006,906.00	0.013
HSBC INVESTMENT BANK PLC	25,441.83	1,218,986.00	0.021
HSBC INVESTMENT LTD	5,986.54	63,000.00	0.095
HSBC JAMES CAPEL	7,422.24	997,010.00	0.007
HSBC JAMES CAPEL + CO LTD	2,104.44	274,586.00	0.008
HSBC JAMES CAPEL LIMITED	43,401.67	1,987,200.00	0.022
HSBC SECURITIES (JAMES CAPEL)	36,511.70	59,856,937.00	0.001
HSBC SECURITIES INC	29,902.30	2,523,120.00	0.012
HYUNDAI SECURITIES CO. LTD.	4,239.87	16,500.00	0.257
ICATU	42.38	15,072,000.00	0.000
IKTISAT BANKASI TURK A.S	519.06	3,306,000.00	0.000
ILLINOIS SECURITIES CO	8,838.00	147,300.00	0.060
IMI SIGECO UK LTD	5,751.24	88,000.00	0.065
INDOSUEZ CAPITAL SEC	3,343.42	638,651.00	0.005
INDOSUEZ WI CARR SECURITIES LTD	45,111.41	6,159,085.00	0.007
INFERENTIAL BROKERAGE	474.00	7,900.00	0.060
ING BARING FURMAN SELZ LLC	1,270.62	177,200.00	0.007
ING BARING SECURITIES	141,907.38	53,052,856.00	0.003
ING BARING SECURITIES IND., PT	1,458.88	47,200.00	0.031
ING BARINGS SEC INC	3,405.35	437,800.00	0.008
ING BARINGS SEC LTD	22,624.31	23,352,800.00	0.001
ING INVESTMENT BANK	3,279.09	20,860.00	0.157
ING SECURITIES	851.74	3,780.00	0.225
INSTINET	447,108.25	22,470,776.00	0.020
INSTINET CORP	4,824.10	634,200.00	0.008
INSTINET INVESTMENT SERVICES LIMITED	73,885.66	968,957.00	0.076
INSTINET PACIFIC LIMITED	1,917.83	557,550.00	0.003
INSTINET UK LIMITED	147.22	4,100.00	0.036
INTEGRATED SECURITIES CORPORATION	4.45	330.00	0.013
INTERMOBILIARE SECURITIES SIM SPA	62,581.08	4,520,531.00	0.014
INTERNATIONAL SECURITIES CORP	1,800.73	34,720.00	0.052
INTERNATIONAL SECURITIES,INC.	123.19	9,830.00	0.013
INTERSTATE/JOHNSON LANE CORP	10,031.00	190,900.00	0.053
INVEST CORPORATION	158.26	7,300.00	0.022
INVESTEC EQUITIES JOHANNESBURG	8,042.40	143,210.00	0.056
INVESTEC SECS	1,086.11	40,300.00	0.027
INVESTEC SECURITIES LTD	980.68	43,600.00	0.022
INVESTMENT TECHNOLOGY GROUP INC.	840,459.97	38,513,154.00	0.022
ISI GROUP INC	1,668.00	27,800.00	0.060
ISI GROUPINC	17,349.10	311,902.00	0.056
J CHEUVREAUX	15,654.57	64,342.00	0.243
J.B.WERE + SON, INC.	12.40	4,900.00	0.003
JACKSON PARTNERS + ASSOCIATES INC	7,846.00	228,500.00	0.034
JAMES CAPEL	1,262.17	122,400.00	0.010
JAMES CAPEL + CO	6,400.71	556,020.00	0.012
JANNEY MONTGOMERY, SCOTT	1,342.00	37,000.00	0.036
JARDINE FLEMING BK LTD	2,095.49	107,000.00	0.020
JARDINE FLEMING HONG KONG	9,057.41	649,890.00	0.014
JARDINE FLEMING INTL SEC LTD	8,494.82	1,084,927.00	0.008
JARDINE FLEMING SECS	43,240.30	6,750,956.00	0.006
JARDINE FLEMING SECURITIES LIMITED	48,548.03	2,367,940.00	0.021
JARDINE FLEMING SECURITIES LTD	67,910.86	19,257,230.00	0.004
JB WERE	38.56	16,200.00	0.002
JB WERE +SON LTD LDN	3,347.91	871,200.00	0.004
JB WERE AND SON	2,244.63	54,300.00	0.041
JEAN PIERRE PINATTON	190.48	5,000.00	0.038
JEFFERIES+ CO	93,518.25	3,590,823.00	0.026
JONES + ASSOCIATES	68,564.78	1,843,780.00	0.037
JOSEPHTHAL LYON + ROSS	2,120.50	37,850.00	0.056
JP MORGAN	2,075.05	72,925,190.00	0.000
JP MORGANSECURITIES LIMITED	106,560.86	1,017,456.00	0.105
JPP EURO SEC	5,603.91	24,400.00	0.230
JPP EURO SECURITIES	23,578.73	187,389.00	0.126
JULIUS BAER SECURITIES	1,028.79	7,498.00	0.137
JULIUS BAER/BANK JULIUS BAER	2,205.69	29,903.00	0.074
K + N KENANGA SDN BHD	359.58	17,000.00	0.021
KALB,VOORHIS & CO	3,674.00	78,100.00	0.047
KASB	9,145.60	460,000.00	0.020
KAY HIAN + CO.(SINGAPORE)	1,517.01	44,600.00	0.034
KAY HIAN JAMES CAPEL SINGAPORE	109.60	3,000.00	0.037
KEB SMITHBARNEY SECS	16,530.92	121,740.00	0.136
KEEFE BRUYETTE + WOODS INC	28,548.50	552,950.00	0.052
KEIJSER EFFECTEN	414.50	6,050.00	0.069
KELTON INTL LTD	10,904.93	1,124,000.00	0.010
KEMPEN + CO.	6,698.42	127,702.00	0.052
KIM ENG SECURITIES (HK) LTD.	3,102.19	184,100.00	0.017
KINNARD JOHN G. + CO.	1,500.00	25,000.00	0.060
KLEINWORT, BENSON NORTH AMERICA INC	4,661.00	108,200.00	0.043
KLEINWORTBENSON INC	16,984.97	4,643,591.00	0.004
KLEINWORTBENSON SECS	576.12	35,560.00	0.016
KLEINWORTBENSON SECURITIES LIMITED	127,205.72	6,511,285.00	0.020
KLIENWORTH BENSON SECURITIES (ASIA) LTD	2,029.15	35,370.00	0.057

Name of Firm	Commissions Paid	Total Share Volume	Avg. Comm. Per Share
KORFEZBANK ISTANBUL	17,288.43	242,694,000.00	0.000
LATINVESTSECURITIES INC	295.26	4,921.00	0.060
LAZARD FRERES & CO.	36,747.80	1,129,531.00	0.033
LEGG MASON	3,100.00	62,000.00	0.050
LEGG MASON WOOD WALKER INC	11,537.50	256,650.00	0.045
LEHMAN BROS INC.	420,662.18	26,021,458.00	0.016
LEHMAN BROTHERS	3,241.53	105,500.00	0.031
LEHMAN BROTHERS ASIA LTD	162.49	3,200.00	0.051
LEHMAN BROTHERS INC	1,939.02	102,570.00	0.019
LEHMAN BROTHERS INC NEW YORK	94.92	8,800.00	0.011
LEHMAN BROTHERS INTERNATIONAL (EUROPE)	101,177.94	2,873,122.00	0.035
LEHMAN BROTHERS NOMINEES	650.74	13,000.00	0.050
LEWCO SECS AGENT FOR HAMBRECHT+QUIST	15,728.70	1,435,300.00	0.011
LEWCO SECS AGENT FOR WERTHEIM SHCRODER	33,532.10	868,200.00	0.039
LYNCH JONES AND RYAN INC	39,370.00	1,550,900.00	0.025
MACQUARIEBANK LIMITED	1,295.29	114,186.00	0.011
MACQUARIEEQUITIES LIMITED	8,035.96	874,700.00	0.009
MACQUARIEEQUITIES LIMITED (SYDNEY)	6,522.92	205,300.00	0.032
MACQUARIEEQUITIES U S A	387.54	50,000.00	0.008
MASSONAUDKERVERN PARIS	3,023.43	14,510.00	0.208
MASTERLINK SECURITIES CO LTD	12,495.31	5,512,000.00	0.002
MAXUS CORP	1,748.90	44,100.00	0.040
MAY DAVISGROUP INC	12,548.00	313,700.00	0.040
MCDONALD + CO	22,823.00	460,000.00	0.050
MERRILL LYNCH	37,638.13	3,649,380.00	0.010
MERRILL LYNCH FAR EAST LTD	302.38	500.00	0.605
MERRILL LYNCH INTERNATIONAL	279,941.17	93,850,956.00	0.003
MERRILL LYNCH INTERNATIONAL BK LTD	4,099.99	1,317,300.00	0.003
MERRILL LYNCH PIERCE FENNER + SMITH	617,120.36	124,796,987.00	0.005
MIDLAND WALWYN CAPITAL CORP	1,500.00	30,000.00	0.050
MILLER JOHNSON + KEANE	840.00	14,000.00	0.060
MILLER TABAK HIRCH	3,000.00	50,000.00	0.060
MONNESS,CRESPI,HARDT + CO, INC	18,690.00	311,500.00	0.060
MONTGOMERY CORRESPONDENT SERVICES	13,552.20	472,700.00	0.029
MORGAN GRENFELL	692.36	3,515,400.00	0.000
MORGAN KEEGAN & CO INC	8,320.00	140,500.00	0.059
MORGAN STANLEY	7,044.68	365,000.00	0.019
MORGAN STANLEY NY	1,482.11	5,400.00	0.274
MORGAN STANLEY + CO	755.57	50,000.00	0.015
MORGAN STANLEY AND CO, INC	1,049,605.60	42,446,145.00	0.025
MORGAN STANLEY AND CO. INTERNATIONAL	2,397.15	13,800.00	0.174
MORGAN STANLEY WITTER INC	10,694.00	264,700.00	0.040
MORGAN, J.P. SECURITIES	4,961.82	16,207,739.00	0.000
MORGAN, J.P.,SECURITIES INC	200,947.63	24,850,435.82	0.008
N D C SECURITIES	893.85	18,100.00	0.049
N.C. DEVLETOGLU	171.49	7,100.00	0.024
NATION SECS CORP TAIPEI	11,823.17	4,076,786.00	0.003
NATIONAL BANK OF GREECE	159.26	15,140.00	0.011
NATIONAL FINANCIAL SERVICES CORP.	1,384.00	34,600.00	0.040
NATIONAL SECURITIES CORP	1,438.60	871,000.00	0.002
NATIONSBANC MONTGOMERY SECS LLC	600.00	12,000.00	0.050
NATIONSBANC MONTGOMERY SECURITIES	140,133.00	4,772,425.00	0.029
NATWEST SECURITIES CORP	253,576.53	3,777,109.00	0.067
NCB STOCKBROKERS	7,706.44	394,496.00	0.020
NCB STOCKBROKERS LTD	164.62	11,000.00	0.015
NEEDHAM + COMPANY	1,200.00	25,000.00	0.048
NEEDHAM +COMPANY	6,927.00	134,100.00	0.052
NESBITT BURNS	523.80	20,000.00	0.026
NESBITT BURNS SECURITIES INC	10,103.26	347,100.00	0.029
NEUBERGER + BERMAN	2,130.00	35,500.00	0.060
NEUBERGER+ BERMAN	39,356.28	959,957.00	0.041
NEW JAPANBANK,TOKYO	1,673.52	40,010.00	0.042
NEW JAPANSECURITIES CO. LTD., TOKYO	207.65	21,000.00	0.010
NEW JAPANSECURITIES INTERNATIONAL	4,800.80	120,214.00	0.040
NEWBRIDGESECURITIES INC	514.29	17,143.00	0.030
NIKKO SECURITIES	3,055.83	489,170.00	0.006
NIKKO SECURITIES (SINGAPORE) PTE LTD	426.59	33,000.00	0.013
NIKKO SECURITIES CO INTL	4,972.57	213,010.00	0.023
NIKKO SECURITIES TOKYO JAPAN	115.84	10,400.00	0.011
NIKKO SECURITIES, NEW YORK	1,300.83	30,000.00	0.043
NOMURA INTERNATIONAL, PLC	8,169.21	2,015,700.00	0.004
NOMURA SECURITIES CO LTD	1,461.95	159,400.00	0.009
NOMURA SECURITIES CO., LTD.	32,236.63	1,305,540.00	0.025
NOMURA SECURITIES INTERNATIONAL INC,	1,402.72	193,700.00	0.007
NOMURA SECURITIES INTL	186.54	24,000.00	0.008
NOMURA SECURITIES INTL INC	24,556.25	3,999,524.00	0.006
NUTMEG SECURITIES	2,221.00	56,900.00	0.039
O NEIL, WILLIAM AND CO. INC/BCC CLRG	7,102.00	139,780.00	0.051
OCBC SECURITIES (HONG KONG LIMITED)	391.30	309,000.00	0.001
OCBC SECURITIES PTE LTD	531.00	157,800.00	0.003
OFEK SEC AND INV	144.16	18,400.00	0.008
OKASAN SECURITIES CO., LTD.	1,671.48	70,000.00	0.024
ORD MINNETT	7,796.08	1,332,318.00	0.006
ORD MINNETT GROUP LIMITED	984.65	355,868.00	0.003
ORD MINNETT LTD	18,102.08	8,354,219.00	0.002

Combined Investment Funds
Schedule of Brokerage Commissions (Continued)
For the Fiscal Year Ended June 30, 1999

Name of Firm	Commissions Paid	Total Share Volume	Avg. Comm. Per Share
ORD MINNETT SECURITIES, MELBOURNE	1,625.81	70,950.00	0.023
ORMES CAPITAL	7,324.40	136,300.00	0.054
ORMES CAPITAL MARKETS INC	1,983.00	66,100.00	0.030
OTA LTD PARTNERSHIP	1,119.00	36,100.00	0.031
PACIFIC CREST SECURITIES	2,890.00	49,000.00	0.059
PACIFIC EQUITY RESEARCH INC	470.90	38,000.00	0.012
PACIFIC GROWTH EQUITIES	9,222.00	464,700.00	0.020
PACTUAL	384.50	6,860,930.00	0.000
PAINE WEBBER INCORPORATED	263,349.33	6,152,289.00	0.043
PANMURE GORDON & CO LTD	17,068.27	2,019,500.00	0.008
PANMURE GORDON + CO LTD	37.80	10,800.00	0.004
PARIBAS ASIA EQUITY LTD	573.59	26,700.00	0.021
PARIBAS CORP	21,514.93	1,489,859.00	0.014
PARIBAS LONDON	18,888.66	1,059,430.00	0.018
PARIBAS/LONDON LTD	1,554.08	52,120.00	0.030
PARKER/HUNTER, INC.	1,000.00	20,000.00	0.050
PATRIA FINANCE	7,271.53	96,000.00	0.076
PAULSEN, DOWLING SECURITIES INC.	7,076.00	125,600.00	0.056
PCS SECURITIES INC	1,236.00	20,600.00	0.060
PHILEO ALLIED SECURITIES	468.70	42,000.00	0.011
PICTET CO	8,175.31	1,985,856.00	0.004
PIPER JAFFRAY INC	21,440.18	1,466,603.00	0.015
PKO POLAND	50.22	7,500.00	0.007
PREFERREDTECHNOLOGY, INC.	1,800.00	30,000.00	0.060
PRIME SECURITIES STOCKBROKERS	1,380.39	3,578.00	0.386
PRUDENTIAL SECURITIES INC	928.21	35,000.00	0.027
PRUDENTIAL SECURITIES INCORPORATED	41,160.15	1,853,418.00	0.022
PT SIRCA DALAPRO PERDANA	1,393.93	393,000.00	0.004
PUNK ZIEGEL AND KNOLL	11,346.00	189,100.00	0.060
QUANTITATIVE ANALYSIS(THRU BEAR STEARNS)	6,000.00	100,000.00	0.060
QUICK + REILLY INC	3,965.00	79,300.00	0.050
RAGEN MACKENZIE INCORPORATED	7,182.00	119,700.00	0.060
RAIDA STOCKBROKERS	125.14	11,500.00	0.011
RASHID HUSSAIN MALAYSIA	83.88	6,000.00	0.014
RASHID HUSSAIN SECURITIES SDN	57.29	2,000.00	0.029
RASHID HUSSEIN	298.08	21,000.00	0.014
RAYMOND JAMES AND ASSOCIATES INC	14,408.00	317,200.00	0.045
RBC DOMINION SECURITIES CORPORATION	5,533.00	95,400.00	0.058
ROBERT FLEMING	57,672.70	170,573,208.00	0.000
ROBERT FLEMING + CO LONDON	3,890.40	100,200.00	0.039
ROBERT FLEMING + CO LTD	81,766.27	141,303,607.00	0.001
ROBERT FLEMING + CO. LTD	2,299.22	226,682.00	0.010
ROBERT FLEMING INC. BANK OF NEW YORK	1,082.87	79,580.00	0.014
ROBERT FLEMING N Y	4,244.14	23,187,391.00	0.000
ROBERT FLEMING SECURITIES LIMITED	24,248.23	162,974,150.00	0.000
ROBERT FLEMMING SECS INC	9,445.05	4,089,086.00	0.002
ROBERT W BAIRD & CO., INCORPORATED	13,419.75	943,579.00	0.014
ROBERTS +RYAN	2,515.00	50,300.00	0.050
ROBINSON HUMPHREY	42,243.75	1,737,888.00	0.024
ROCHDALE SEC CORP.	82,601.44	1,786,243.00	0.046
RUSSELL FRANK SECURITIES INC	6,080.00	121,600.00	0.050
S G WARBURG SECURITIES CORPORATION	9,616.43	68,328.00	0.141
SALOMAN BROS	4,107.72	393,100.00	0.010
SALOMAN BROTHERS INC.	333.54	25,000.00	0.013
SALOMON BROS HONG KONG	1,778.77	551,200.00	0.003
SALOMON BROTHERS	82.89	9,300.00	0.009
SALOMON BROTHERS INC	62,338.78	52,155,200.00	0.001
SALOMON BROTHERS INC, NY	13,217.81	979,447.00	0.013
SALOMON BROTHERS INTERNATIONAL	10,420.82	21,586,730.00	0.000
SALOMON SMITH BARNEY	14,589.66	26,582,371.00	0.001
SALOMON SMITH BARNEY AUSTRALIA	241.05	37,000.00	0.007
SALOMON SMITH BARNEY HOLDINGS INC	5,920.73	6,526,115.00	0.001
SALOMON SMITH BARNEY INC	203,731.57	35,694,054.00	0.006
SAMSUNG SECURITIES CO LTD	3,156.06	30,460.00	0.104
SANTANDER INVESTMENT BANK LTD	43.52	104,000.00	0.000
SANTANDERINVESTMENT BANK LTD	2,315.47	14,772,700.00	0.000
SANTANDERINVESTMENT SECURITIES	18,041.17	4,831,886.00	0.004
SANTANDERINVESTMENT SECURITIES INC	6,666.62	403,752.00	0.017
SBC WARBURG	26,752.03	25,192,780.00	0.001
SBC WARBURG ASIA LTD.	79,205.04	10,965,462.00	0.007
SBC WARBURG DILLION READ INC	132,525.67	11,134,665.00	0.012
SBC WARBURG DILLON READ ASIA LTD	368.14	15,000.00	0.025
SBC WARBURG DILLON READ INC	2,623.88	396,750.00	0.007
SBC WARBURG LONDON	707.55	268,962.00	0.003
SCHRODER + CO.	1,660.04	31,000.00	0.054
SCHRODER BANK	1,666.86	10,000.00	0.167
SCHRODER SECS INTL	48,027.43	3,486,023.00	0.014
SCHRODER SECURITIES JAPAN LTD	4,183.72	234,000.00	0.018
SCHRODER SECURITIES LTD	59,641.51	3,957,436.00	0.015
SCHRODER WERTHEIM AND CO	2,397.39	38,000.00	0.063
SCHRODERSSECURITIES LTD (SSL)	62,157.72	2,488,341.00	0.025
SCOTTISH EQUITABLE UNIT TRUST	215.47	18,000.00	0.012
SG COWEN SECURITIES CORP	81,653.70	3,430,070.00	0.024
SHARPE CAPITAL INC., NEW YORK	10,810.00	216,200.00	0.050
SHENZHEN SECS CLEARING CO LTD	154.88	21,800.00	0.007
SHERWOOD SECURITIES/BROADCORT CAP CLNG	1,200.00	28,800.00	0.042

Name of Firm	Commissions Paid	Total Share Volume	Avg. Comm. Per Share
SIGMA SECS SA	15,015.12	163,770.00	0.092
SIGMA SECS, ATHENS	14,780.56	235,950.00	0.063
SIGMA SECURITIES S.A.	760.20	3,788.00	0.201
SILVIS BARNARD JACOS	1,289.73	55,620.00	0.023
SKANDINAVISKA ENSKILDA BANKEN LONDON	412.75	4,200.00	0.098
SLOATE,WEISMAN,MURRAY(THRU BEAR STEARNS)	31,162.00	649,300.00	0.048
SMITH BARNEY INC.	228,137.93	6,911,848.00	0.033
SOCIETE GENERALE	47,098.45	2,685,740.00	0.018
SOCIETE GENERALE BANK AND TRUST	1,243.49	68,000.00	0.018
SOCIETE GENERALE EQUITIES INTL LTD	352.97	67,300.00	0.005
SOCIETE GENERALE SECURITIES CORP	35,054.27	2,027,905.00	0.017
SOCIETE GENERALE STRAUSS TRNBULL SEC LTD	2,708.99	350,560.00	0.008
SOGEN (FRENCH)	3,882.67	61,101.00	0.064
SOGENAL PARIS	553.55	15,000.00	0.037
SOUNDVIEWFINANCIAL GROUP	14,817.00	623,600.00	0.024
SOUTHEASTRESEARCH PARTNERS INC	9,510.00	158,500.00	0.060
SOUTHWEST SECURITIES	16.00	800.00	0.020
SOUTHWESTSECURITIES	135.00	2,700.00	0.050
SPEAR, LEEDS & KELLOGG	3,992.00	101,200.00	0.039
STANDARD + POORS SECURITIES	65,888.39	1,322,105.00	0.050
STANDARD BANK	162.54	1,010,000.00	0.000
STANDARD BANK LONDON LIMITED	2,773.17	84,354.00	0.033
STANDARD NEW YORK	9,299.09	465,200.00	0.020
STATE STREET BK + TRUST CO CT N.A.	4,048.74	3,511,630.00	0.001
STATE STREET BOSTON CORP	4,965.00	191,100.00	0.026
STATE STREET BRKERAGE SERVICES	5,626.73	275,135.00	0.020
STATE STREET BROKERAGE SERVICES	651.12	32,440.00	0.020
STEPHENS,INC.	5,738.00	114,700.00	0.050
STRATEJI SECS ISTANBUL	2,181.92	25,104,032.00	0.000
STURDIVANT + CO INC	12,824.00	320,600.00	0.040
SUMMERS, OVER, SAAD & KOHLD	12,359.00	322,400.00	0.038
SUNTRUST EQUITABLE SECURITIES CORP	180.00	13,300.00	0.014
SUTHERLAND EDINBURGH	16,385.04	1,502,100.00	0.011
SUTHERLANDS LIMITED	2,117.45	555,238.00	0.004
SUTRO ANDCOMPANY INC.	2,428.00	41,700.00	0.058
SWEDBANK	150.01	3,500.00	0.043
TAIWAN SECURITIES CO LTD	411.68	120,000.00	0.003
TELESIS SECS ATHENS	7,679.16	67,400.00	0.114
THOMASON INSTITUTIONAL SERVICES, INC	537.00	9,500.00	0.057
TIEDEMANNASSOCIATES INC	755.28	186,000.00	0.004
TIEDEMANNSECURITIES LIMITED	244.94	225,000.00	0.001
TORONTO DOMINION	536.88	20,000.00	0.027
TORONTO DOMINION SECURITIES	657.49	24,000.00	0.027
TUCKER ANTHONY CLEARY GULL	420.00	7,000.00	0.060
TUCKER, ANTHONY + R.L. DAY, INC	1,938.00	32,300.00	0.060
U.S.CLEARING CORPORATION	2,470.00	43,400.00	0.057
UBS SECURITIES, INC.	2,365.00	72,300.00	0.033
UPLINE SECURITIES S A	1,793.77	2,076.00	0.864
USCC/SANTANDER	1,999.00	36,541.00	0.055
VAN KASPER+ COMPANY	7,140.00	136,000.00	0.053
VECTOR SECURITIES INC.	8,930.00	185,200.00	0.048
VICKER BALLAS	26,010.60	1,239,900.00	0.021
VICKERS BALLAS (USA) + CO	1,299.82	50,000.00	0.026
VICKERS BALLAS LTD	906.35	50,100.00	0.018
VOLPE WELTY + COMPANY	17,533.00	426,700.00	0.041
VONTOBEL	5,653.38	10,425.00	0.542
VONTOBEL SECURITIES	7,028.03	1,300.00	5.406
W I CARR	24,764.54	5,515,845.00	0.004
W I CARR (FAR EAST) LONDON	20,165.59	26,136,990.00	0.001
W.I. CARR	33,962.28	5,837,080.00	0.006
W.I. CARR(UK) LTD LONDON	1,847.84	975,700.00	0.002
WACHOVIA SECURITIES INS	4,750.00	81,300.00	0.058
WAGNER STOTT + CO	5,605.00	181,600.00	0.031
WAKO SECURITIES	8,174.38	293,040.00	0.028
WAKO SECURITIES CO LTD	2,012.59	180,000.00	0.011
WARBG WARBURG DILLON READ LLC	1,690.41	822,100.00	0.002
WARBURG DILLON READ AG	5,286.94	96,900.00	0.055
WARBURG DILLON READ AUST LTD	2,140.63	2,324,147.00	0.001
WARBURG DILLON READ EQUITIES (MELBOURNE)	12,336.72	2,544,240.00	0.005
WARBURG DILLON READ LLC	75,950.77	11,467,628.00	0.007
WARBURG DILLON REED	7,166.34	11,761,500.00	0.001
WARBURG DILLON REED LLC	36,024.06	63,432,896.00	0.001
WARBURG SECURITIES	130,482.12	147,406,432.00	0.001
WARBURG, S.G., + COMPANY, INC	4,284.80	34,746,726.00	0.000
WEDBUSH MORGAN SECURITIES, INC.	1,602.00	26,700.00	0.060
WEEDEN + CO.	118,647.20	2,945,366.42	0.040
WELLESLEYRESOURCES, INC	1,200.00	20,000.00	0.060
WERTHEIM SCHRODER	2,240.44	155,650.00	0.014
WHEAT, FIRST SECURITIES, INC.	235.00	56,400.00	0.004
WI CARR	36,933.94	6,531,507.00	0.006
WICAR	659.73	29,000.00	0.023
WILLIAMS CAPITAL GROUP	1,514.52	41,300.00	0.037
WILLIAMS CAPITAL GROUP(THE)	52,370.13	1,702,137.00	0.031
WOOD COMPANY SECS	1,709.95	13,742.00	0.124
WOOD GUNDY INC.	342.17	10,200.00	0.034
ZANNEX SECURITIES	24,195.56	767,519.00	0.032

Agency Securities - Securities issued by U.S. Government agencies, such as the Federal Home Loan Bank. These securities have high credit ratings but are not backed by the full faith and credit of the U.S. Government.

Alpha - A measurement of the difference between the actual performance of a fund and its expected performance given the overall return of the market and the fund's beta. Positive alpha indicates successful management of risk while a negative alpha suggests unsuccessful management.

Asset - Anything owned that has value; any interest in real property or personal property that can be used for payment of debts.

Asset Backed Notes - Financial instruments collateralized by one or more types of assets including real property, mortgages, and receivables.

Banker's Acceptance (BA) - A high-quality, short-term negotiable discount note, drawn on and accepted by banks which are obligated to pay the face amount at maturity.

Basis Point (bp) - The smallest measure used in quoting yields or returns. One basis point is 0.01% of yield, 100 basis points equals 1%. A yield that changed from 8.75% to 9.50% increased by 75 basis points.

Benchmark - A standard unit used as the basis of comparison; a universal unit that is identified with sufficient detail so that other similar classifications can be compared as being above, below, or comparable to the benchmark.

Beta - A measure of the volatility associated with the price movement of a stock in relation to the price movement of the overall stock market or benchmark.

Book Value (BV) - The value of individual assets, calculated as actual cost less allowances for any depreciation. Book value may be more or less than current market value.

Capital Gain(Loss) - Also known as capital appreciation(depreciation), capital gain(loss) measures the increase(decrease) in value of an asset over time.

Certificates of Deposit (CDs) - A debt instrument issued by banks, usually paying interest, with maturities ranging from seven days to several years.

Coefficient of Determination (R^2) - A statistic which indicates the amount of variability in a dependent variable, such as Fund returns, which may be explained by an independent variable, such as market returns, in a regression model. The coefficient of determination is denoted R^2 and ranges from 0 to 1.0. If the statistic measures 0, the independent variable offers no explanation of the dependent variable. If the statistic measures 1.0, the independent variable fully explains the dependent variable.

Collateral - Property offered as security, usually as an inducement to another party, to lend money or extend credit.

Collateralized Mortgage Obligation (CMO) - A generic term for a security backed by real estate mortgages. CMO payment obligations are covered by interest and/or principal payments from a pool of mortgages.

Commercial Paper - Short-term obligations with maturities ranging from 1 to 270 days. They are issued by banks, corporations, and other borrowers to investors with temporarily idle cash.

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

Consumer Price Index (CPI) - A measure of change in consumer prices, as determined by a monthly survey of the U.S. Bureau of Labor Statistics. Components of the CPI include housing costs, food, transportation, electricity, etc.

Cumulative Rate of Return - A measure of the total return earned for a particular time period. This calculation measures the absolute percentage change in value of an investment over a specified period, assuming reinvestment of dividends, interest income, and realized capital gains. For example, if a $100 investment grew to $120 in a two-year period, the cumulative rate of return would be 20%.

Current Yield - The relationship between the annual coupon interest rate and the market price of a fixed-income security. In calculating current yield, only the coupon interest payments are considered; no consideration is given to capital gain/loss or interest on interest.

Derivative - Derivatives are generally defined as contracts whose value depends on, or derives from, the value of an underlying asset, reference rate, or index. For example, an option is a derivative instrument because its value derives from an underlying stock, stock index, or future.

Discount Rate - The interest rate that the Federal Reserve charges banks for loans, using government securities or eligible paper as collateral.

Diversification - The spreading of risk by putting assets in several categories of investments - stocks, bonds, money market instruments, or a mutual fund with its broad range of stocks in one portfolio.

Donoghue Index (IBC/Donoghue First Tier Institutions-Only Rated Money Fund Report 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.

Duration - A measure of the average time to receipt of all bond cash flows. Duration is used to determine the percentage change in price of a fixed income security for a given change in the security's yield to maturity. Duration is stated in terms of time periods, generally years. (see Modified and Macaulay duration).

Equity - The ownership interest possessed by shareholders in a corporation.

ERISA (Employee Retirement Income Security Act) - The 1974 law governing the operation of most private pension and benefit plans. The law eased pension eligibility rules, set up the Pension Benefit Guarantee Corporation, and established guidelines for the management of pension funds.

Expense Ratio - The amount, expressed as a percentage of total investment, that shareholders pay for mutual fund operating expenses and management fees.

Fair Value - The amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Federal Funds Rate - The interest rate charged by banks with excess reserves at a Federal Reserve district bank to banks needing overnight loans to meet reserve requirements. The federal funds rate is one of the most sensitive indicators of the direction of interest rates since it is set daily by the market.

Federal Reserve Board - The governing body of the Federal Reserve System (12 regional Federal banks monitoring the commercial and savings banks in their regions). The board establishes FRS policies on such key matters as reserve requirements and other regulations, sets the discount rate, and tightens or loosens the availability of credit in the economy.

Fiduciary - A person, company, or association holding assets in trust for a beneficiary. The fiduciary is charged with the responsibility to invest the money wisely for the beneficiary's benefit.

Floating Rate Note - A fixed principal instrument which has a long or even indefinite life and whose yield is periodically reset relative to a reference index rate to reflect changes in short- or intermediate-term interest rates.

Gross Domestic Product - Total final value of goods and services produced in the United States over a particular period or time, usually one year. The GDP growth rate is the primary indicator of the health of the economy.

Hedge - An investment in assets which serves to reduce the overall risk of a portfolio, usually at the expense of potential reward.

Index - A benchmark used in executing investment strategy which is viewed as an independent representation of market performance. An index implicitly assumes cost-free transactions; some assume reinvestment of income. Example: S&P 500 index.

Index Fund - A fund whose portfolio matches that of a broadbased index such as the S&P 500 so as to match its performance.

Inflation - A measure of the rise in price of goods and services, as happens when spending increases relative to the supply of goods on the market, i.e. too much money chasing too few goods.

Investment Income - The equity dividends, bond interest, and/or cash interest paid on an investment.

Letter of Credit - An instrument or document issued by a bank, guaranteeing the payment of a customer's drafts up to a stated amount for a specified period. It substitutes the bank's credit for the buyer's and eliminates the seller's risk.

Liability - The claim on the assets of a company or individual - excluding ownership equity. The obligation to make a payment to another.

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

Macaulay Duration - The present value weighted time to maturity of the cash flows of a fixed payment instrument or of the implicit cash flows of a derivative based on such an instrument.

Market Value - The price at which buyers and sellers trade similar items in an open marketplace. Stocks are considered liquid and are therefore valued at a market price. Real estate is illiquid and valued on an appraised basis.

Master Custodian - An entity, usually a bank, used as a place for safekeeping of securities. The bank is also responsible for many other functions which include accounting, performance, and securities lending.

Maturity Date - The date on which the principal amount of a bond or other debt instrument becomes payable or due.

Mezzanine Debt - Subordinated debt.

Modified Duration - A measurement of the change in the value of an instrument in response to a change in interest rates. It is the primary basis for comparing the effect of interest rate changes on prices of fixed income securities.

Money Market Fund - An open-ended mutual fund that invests in commercial paper, bankers' acceptances, repurchase agreements, government securities, certificates of deposit, and other highly liquid and safe securities and pays money market rates of interest. The fund's net asset value remains a constant $1 per share - only the interest rate goes up or down.

Moody's (Moody's Investors Service) - A financial services company which is one of the best known bond rating agencies in the country. Moody's investment grade ratings are assigned to certain municipal short-term debt securities, classified as MIG-1, 2, 3, and 4 to signify best, high, favorable, and adequate quality, respectively. All four are investment grade or bank quality.

MSCI-EAFE - Morgan Stanley Europe, Australia, Far East foreign equity index. An arithmetic value weighted average of the performance of over 900 securities on the stock exchanges of 19 countries on three continents. The index is calculated on a total return basis, which includes reinvestment of dividends net of withholding taxes.

Net Asset Value (NAV) - The total assets minus liabilities, including any gains or losses on investments or currencies, and any accrued income or expense. NAV is similar to Shareholders' Equity.

NCREIF (National Council of Real Estate Investment Fiduciaries) - An index consisting of investment-grade, non-agricultural, income-producing properties: apartments, hotels, offices, and warehouses. The return includes appreciation, realized capital gains, and income. It is computed by adding the income return and capital appreciation return 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 Man 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 man 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 after the sale of an asset.

Relative Volatility - A ratio of the standard deviation of the Fund to the standard deviation of its selected benchmark. A relative volatility greater than 1.0 suggests comparatively more volatility in Fund returns than those of the benchmark.

Repurchase Agreements ("Repos") - An agreement to purchase securities from an entity for a specified amount of cash and to resell the securities to the entity at an agreed upon price and time. Repos are widely used as a money market instrument.

Reverse Repurchase Agreements ("Reverse Repos") - An agreement to sell securities to an entity for a specified amount of cash and to repurchase the securities from the entity at an agreed upon price and time.

Return on Equity (ROE) - The net income for the accounting period after payment of preferred stock dividends and before payment of common stock dividends of a company divided by the common stock equity at the beginning of the accounting period.

Risk Adjusted Return - A modified (usually reduced) return which allows for the cost or value of a specific exposure or for aggregate risk exposures.

Russell 3000 - An equity index comprised of the securities of the 3,000 largest public U.S. companies as determined by total market capitalization. This index represents approximately 98% of the U.S. equity market. The largest security has a market capitalization of approximately $85 billion; the smallest is approximately $90 million.

Salomon Brothers Broad Investment-Grade Bond Index (SBIG) - A market value-weighted index composed of over 4,000 individually priced securities with a quality rating of at least BBB. Each issue has a minimum maturity of one year with an outstanding par amount of at least $25 million.

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

Securities Lending - A carefully collateralized process of loaning portfolio positions to custodians, dealers, and short sellers who must make physical delivery of positions. Securities lending can reduce custody costs or enhance annual returns by a full percentage point or more in certain market environments.

Shearson/Lehman 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 dividends. Issues must have at least one year to maturity and an outstanding par value of at least $100 million.

Soft Dollars - The value of research or other services that brokerage houses and other service entities provide to a client "free of charge" in exchange for the client's business.

S&P 500 (Standard & Poor's) - The composite price average of 425 industrial stocks, 50 utility stocks, and 25 railroad stocks.

S&P Ratings -

AAA - Debt having the highest rating assigned by Standard & Poor's. It has the highest capacity to pay interest and its ability to repay principal is extremely strong.

AA - Debt having a very strong capacity to pay interest and repay principal. AA rated debt differs from the higher rated issues by only a small degree.

A - Debt which has a strong capacity to pay interest and repay principal although it is somewhat more susceptible to the adverse effects of change in circumstances and economic conditions than debt in higher rated categories.

BBB - Debt regarded as having an adequate capacity to pay interest and repay principal. BBB is the lowest rating assignable to investment grade securities. Although debt rated BBB normally exhibits adequate protection parameters, adverse economic conditions or changing circumstances are more likely to lead to weakened capacity to pay interest and repay principal for debt in this category than in higher rated categories.

BB, B, CCC, and CC - These ratings are regarded, on balance, as predominantly speculative with respect to capacity to pay interest and repay principal in accordance to the terms of the obligation.

C - These ratings are reserved for income bonds on which no interest is being paid.

D - These ratings are for debt which is in default. No interest or repayment of principal is being paid.

Standard Deviation - A statistical measure showing the deviation of an individual value in a probability distributed from the mean (average) of the distribution. The greater the degree of dispersion from the mean rate of return, the higher the standard deviation; therefore, the higher the risk.

Thomson Bank Watch - Rating agency for banks. Thomson's ratings on short-term securities span from TBW-1 through TBW-4. Long-term investments are rated A through E.

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

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

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

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

Turnover - The minimum of 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 with a normal curve being convex in shape.

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

Changes in Debt Outstanding*
June 30, 1999

BOND TYPE	Outstanding June 30, 1998	Issued During FY 1999	Retired During FY 1999	Refunded During FY 1999	Outstanding June 30, 1999	Interest Paid During FY 1999
General Obligation - Tax Supported [1]	$ 5,851,939,289	$ 837,140,000 [8]	$505,607,847	$ 108,490,000 [8]	$ 6,074,981,442	$ 325,798,084
General Obligation - Revenue Supported	177,846,278	-	16,520,000	16,065,000	145,261,278	9,574,193
General Obligation - Transportation	72,102,186	5,555,000	16,074,400	715,000	60,867,786	3,979,480
Debt Service Commitment - UCONN 2000 [2]	293,837,147	79,735,000	15,985,000	-	357,587,147	13,324,393
Special Tax Obligation	3,050,356,796	225,000,000	158,075,000	-	3,117,281,796	165,964,876
Clean Water Fund	464,300,000	203,995,000	21,705,000	74,080,000	572,510,000	24,570,461
Bradley International Airport	84,690,000	-	3,240,000	-	81,450,000	6,330,324
Economic Recovery Notes	78,055,000	-	78,055,000	-	-	2,829,550
Unemployment Compensation [3]	689,755,000	-	145,000,000	-	544,755,000	29,008,440
CDA Tax Increment Financing [4]	37,740,000	-	1,175,000	-	36,565,000	2,041,890
CDA Governmental Lease Revenue [5]	8,535,000	-	370,000	-	8,165,000	537,938
Second Injury Fund [6]	96,060,000	-	4,880,000	-	91,180,000	4,988,970
CHEFA Nursing Homes [7]	-	59,245,000	-	59,245,000	-	-
TOTAL	$ 10,905,216,696	$ 1,410,670,000	$966,687,247	$ 258,595,000	$ 11,090,604,449	$ 588,948,599

(1) Debt outstanding at June 30, 1999 includes $33,740,000 in Certificates of Participation for the Middletown courthouse which is not debt of the State. However, the State is obligated to pay a base rent under a lease for the courthouse, subject to the annual appropriation of funds or the availability of other funds. The base rent is appropriated as debt service. The Certificates of Participation are included on the Treasurer's Debt Management System for control purposes.

(2) UCONN 2000 Bonds in a total amount of $962 Million are authorized over a ten year period to be paid by the University of Connecticut from a State Debt Service commitment. As each series is issued, the debt service is validly appropriated from the State General Fund.

(3) $32.5 million in assessment revenue is reserved to redeem $32.5 million in Unemployment Compensation bonds on July 1, 1999.

(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) $160 Million in Second Injury Fund Commercial Paper was issued and is outstanding as of June 30, 1999. $15 million from the 1998-99 assessment has been reserved to pay down $15 million of the commercial paper on August 10, 1999. This short term commercial paper will be refinanced with additional Second Injury Fund Bonds.

(7) In December 1998, the Treasurer determined that two nursing homes which were in receivership and had defaulted on their loan payments to the Connecticut Health and Educational Facilities Authority (CHEFA) were not likely to generate sufficient revenue to make scheduled principal and interest payments on $59.2 million of CHEFA's outstanding revenue bonds. Since these bonds were secured by special capital reserve funds, the Treasurer made a determination to treat the State's obligation to fund the special capital reserve funds over the term of the bonds as debt for purposes of calculating the debt limit of the State. As a result, the obligation to pay debt service on such bonds was reclassified as a direct long term debt obligation of the State in fiscal year 1999. These bonds were subsequently defeased on January 5, 1999 using $68,433,951 from the June 30, 1998 surplus.

(8) An additional $80,000,000 in variable rate bonds were converted to fixed rate bonds. This conversion is not included in either the issued or refunded totals.

* For a detailed listing of debt outstanding for the fiscal year ended June 30, 1999, please see Statutory Appendix.

Retirement Schedule of In-Substance Defeased Debt Outstanding [1]
June 30, 1999

Date Escrow Established		Amount of Principal Outstanding	Last Call Date on Refunded Debt		Market Value of Escrow	Investment Profile of Escrow Account
BOND TYPE: GENERAL OBLIGATION						
05/14/92	$	19,085,000	07/15/00	$	18,905,712	State and Local Government Series Bonds
02/25/93		140,260,000	09/15/00		144,676,561	State and Local Government Series Bonds
04/01/93		54,660,000	03/01/01		56,508,109	State and Local Government Series Bonds
10/20/93		227,650,000	03/15/02		238,191,715	State and Local Government Series Bonds
03/30/95		40,860,000	03/01/01		42,392,082	State and Local Government Series Bonds
04/30/96		38,030,000	09/15/00		39,082,380	State and Local Government Series Bonds
11/26/96		68,270,000	03/15/02		71,705,886	State and Local Government Series Bonds
09/15/97		119,285,000	08/15/04		126,370,268	State and Local Government Series Bonds
02/01/98		143,360,000	08/15/04		151,618,929	State and Local Government Series Bonds
08/27/98		31,515,000	12/15/01		33,290,952	State and Local Government Series Bonds
SUBTOTAL	$	882,975,000		$	922,742,594	
BOND TYPE: SPECIAL TRANSPORTATION FUND						
03/01/93	$	250,645,000	06/01/03	$	258,573,972	State and Local Government Series Bonds
09/01/93		121,030,000	06/01/03		125,814,909	State and Local Government Series Bonds
09/01/95		79,825,000	06/01/03		83,034,214	State and Local Government Series Bonds
10/01/96		79,670,000	10/01/01		82,924,889	State and Local Government Series Bonds
09/25/97		80,810,000	10/01/03		82,774,309	State and Local Government Series Bonds
10/15/97		63,680,000	09/01/02		67,484,541	State and Local Government Series Bonds
04/15/98		195,180,000	10/01/04		206,823,837	State and Local Government Series Bonds
SUBTOTAL	$	870,840,000		$	907,430,671	
BOND TYPE: CLEAN WATER FUND						
04/11/96	$	43,125,000	01/01/01	$	49,956,771	U.S. Treasury Notes
05/01/99		74,080,000	06/01/04		80,414,180	State and Local Government Series Bonds
SUBTOTAL	$	117,205,000		$	130,370,951	
BOND TYPE: CHEFA NURSING HOMES [2]						
01/05/99	$	59,245,000	11/01/04	$	64,648,804	U.S. Treasury Notes
SUBTOTAL	$	59,245,000		$	64,648,804	
TOTAL	$	1,930,265,000		$	2,025,193,020	

(1) Represents bonds which have been refunded with proceeds of other bond issues. 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.

(2) In December 1998, the Treasurer determined that two nursing homes which were in receivership and had defaulted on their loan payments to the Connecticut Health and Educational Facilities Authority (CHEFA) were not likely to generate sufficient revenue to make scheduled principal and interest payments on $59.2 million of CHEFA's outstanding revenue bonds. Since these bonds were secured by special capital reserve funds, the Treasurer made a determination to treat the State's obligation to fund the special capital reserve funds over the term of the Bonds as debt for purposes of calculating the debt limit of the State. As a result, the obligation to pay debt service on such Bonds was reclassified as a direct long term debt obligation of the State in fiscal year 1999. These Bonds were subsequently defeased on January 5, 1999 using $68,433,951 from the June 30, 1998 surplus.

Schedule of Expenses in Excess of $5,000 [(1)]
Fiscal Year Ended June 30, 1999

Name of Firm	Description of Services	Aggregate Compensation Paid in FY 1999	Status as of 06/30/1999
Advest	Management Fee	$ 100,000	N/A
A.G. Edwards & Sons	Management Fee	92,000	N/A
Bayerische Landesbank	Letter of Credit	66,425	Active
Bear Stearns	Management Fee	65,000	N/A
Bloomberg LP	Subscription	16,215	Active
Carmody & Torrance	Bond Counsel	54,724	Active
Commerzbank	Letter of Credit	199,788	Active
Credit Agricole	Liquidity Fee	346,028	Active
Cummings & Lockwood	Bond Counsel	38,525	Active
Day, Berry & Howard	Bond Counsel	560,937	Active
Deloitte & Touche	Audit Services	57,900	Terminated
DiSanto Bertoline & Co.	Audit Services	19,668	Active
FGIC	Liquidity Fee	899,650	Active
First Albany Corporation	Management Fee	8,000	N/A
Fitch Investors Service	Rating Agency	71,000	N/A
Goldman, Sachs & Co.	Remarketing	49,682	N/A
Grant Thornton	Verification Agent	7,500	Active
Hawkins, Delafield & Wood	Bond Counsel	218,935	Active
Internal Revenue Service	Rebate System	2,047,683	N/A
J.P. Morgan Securities	Remarketing Fee	156,758	Active
Lamont Financial Services	Financial Advisor	172,320	Terminated
Lehman Brothers	Management Fee	8,000	N/A
Levy & Droney	Bond Counsel	78,395	Active
McGhee & Associates	Bond Counsel	37,798	Active
Merrill Lynch & Co.	Management Fee	80,000	N/A
Moody's Investors Service	Rating	272,547	N/A
P.G. Corbin & Co.	Financial Advisor	147,031	Active
Paine Webber	Management Fee	50,000	N/A
Prudential	Management Fee	35,000	N/A
Pullman & Comley	Bond Counsel	122,333	Active
Roosevelt & Cross	Management Fee	70,000	N/A
Sci-Tech	Printing	186,355	Active
Seward & Kissel	Legal Counsel	87,847	Terminated
Shipman & Goodwin	Bond Counsel	110,850	Active
Smith Barney	Remarketing	103,995	Active
Squire, Sanders & Dempsey	Legal Counsel	84,131	Active
Standard & Poor's	Rating	142,000	N/A
State Street Bank	Trustee Fees	277,901	Active
Updike, Kelly & Spellacy	Bond Counsel	222,800	Active
Walker Systems Support	System Consulting	28,978	Active
Whitman, Breed, Abbott & Morgan	Bond Counsel	103,918	Active
Xerox Corporation	Photocopier	5,517	Active
TOTAL		$7,504,134	

(1) Expenses are presented on a cash basis.

Activity Statement [1]
Fiscal Year Ended June 30, 1999

Description	Total	
INFLOWS		
Receipts:		
Deposits	$15,746,405,262.14	(2)
Bad Checks	(8,611,256.20)	(3)
Receipts initiated by OTC	6,423,654.08	(4)
Total Receipts	15,744,217,660.02	
Transfers:		
CD Maturities	13,000,000.00	(13)
Income/Cash Transfers	2,152,913,561.51	(5)
Investment - Sells	7,900,166,901.38	(6)
Total Transfers	10,066,080,462.89	
Other Inflows:		
Internal Bank Transfers	23,090,652,525.63	(7)
Interbank Transfers	16,894,871,925.92	(8)
Transfers from Small Banks	3,111,548.52	(9)
Total Other Inflows	39,988,636,000.07	
TOTAL INFLOWS	$65,798,934,122.98	
OUTFLOWS		
Disbursements:		
Vendor	$11,614,096,655.72	(10)
Payroll	4,767,167,467.57	(11)
Disbursements initiated by OTT	500,792,727.86	(4)
Total Disbursements	16,882,056,851.15	
Transfers:		
CD Purchases or Savings Accounts Opened	23,617,417.01	(12)
Income/Cash Transfers	431,840,134.73	(5)
Investments - Buys	8,458,320,136.24	(6)
Total Transfers	8,913,777,687.98	
Other Outflows:		
Internal Bank Transfers	23,090,652,525.63	(7)
Interbank Transfers	16,894,871,925.92	(8)
Transfers to Large Banks	3,111,548.52	(9)
Total Other Outflows	39,988,636,000.07	
TOTAL OUTFLOWS	$65,784,470,539.20	

(1) Detail information on Grant Transfer and Service Transfer activity is no longer recorded by the Treasurer. These transactions affected individual fund balances, but in total had no effect on net cash balances. As a result, this activity is no longer included in this schedule.
(2) Deposits - revenue received from taxes, licenses, lottery fees, and federal grants.
(3) Bad Checks - checks issued with insufficient funds in the originator's bank account.
(4) Receipts initiated by the Office of the Comptroller. Disbursements initiated by the Office of the Treasurer. Both transactions affect appropriations.
(5) Income Earned/Cash Transfers - income earned from short and long-term investments, transfers of cash from one fund to the other due to closing of the fund or combining funds.
(6) Investments Sells/Buys - investments activity.
(7) Internal Bank Transfers - transfers of money from concentration accounts to a zero balance sub account with the same depository institution to provide funds to cover authorized disbursements.
(8) Interbank Transfers - transfers of state moneys between banks to invest excess cash or to cover authorized disbursements.
(9) Transfers from Small Banks - movement of money from the State's secondary accounts to the State's depository.
(10) Vendor - expenditures for goods and services provided to the State by vendors.
(11) Payroll - expenditures for the State's personnel payroll.
(12) CD Purchases or Savings Accounts Opened - Certificates of Deposit purchased or Savings Accounts opened with Connecticut banks under the Treasurer's Community Reinvestment Initiative.
(13) CD Maturities - Certificates of Deposit purchased under the Treasurer's Community Reinvestment Initiative that have since matured.

Civil List Funds
Summary Schedule of Cash Receipts and Disbursements[1]
Fiscal Year Ended June 30, 1999

Fund Name	Adjusted Cash Balance July 1, 1998	FY 1999 Treasury Receipts [2]	FY 1999 Treasury Disbursements	Transfers	Service & Grant Transfers Recorded by OTC [3]	Other Net Adjustments [4]	Adjusted Cash Balance June 30, 1999
General Fund	$(842,055,260.48)	$12,342,091,723.95	$11,142,219,464.46	$(489,755,186.74)	$(879,061,667.08)	$47,069,994.65	$(963,929,860.16)
Special Revenue Funds	647,004,462.53	1,874,477,810.25	2,502,856,149.43	360,186,782.99	489,945,156.68	2,251,290.44	871,009,353.46
Debt Service Funds	890,781.71	4,873,299.33	0.00	339,850.75	68,512.56	-	6,172,444.35
Capital Project Funds	(80,270,840.90)	317,687,995.18	1,063,026,133.91	744,691,213.44	(24,798,428.90)	-	(105,716,195.09)
Internal Service Funds	5,810,426.80	19,969,758.54	70,143,776.76	121,614.10	51,052,339.75	-	6,810,362.43
Enterprise Service Funds	32,304,020.78	187,189,690.49	261,962,481.74	82,523,484.84	(26,449,328.42)	1,312,946.94	14,918,332.89
Fiduciary Funds	29,345,216.13	997,927,382.28	1,841,848,844.85	454,195,015.53	389,243,415.41	(261,686.64)	28,600,497.86
TOTAL FUNDS	**$(206,971,193.43)**	**$15,744,217,660.02**	**$16,882,056,851.15**	**$1,152,302,774.91**	**$ 0.00**	**$50,372,545.39**	**$(142,135,064.26)**

(1) Detailed information on activity within each individual fund (formerly provided in the Statutory Appendix) can be obtained from the Comptroller's Annual Report.
(2) Figures do not reflect any adjustments made by the Comptroller to the agency's deposit information.
(3) Represents Service and Grant Transfers recorded by the Comptroller in order to move cash between funds, subsequent to the initial receipt of the money. As these transfers do not effect the cash total, they were not recorded in the Treasurer's records.
(4) Other Net Adjustments have been included to bring the Treasurer's cash balance presentation into conformance with the Comptroller's cash balance presentation.
These adjustments include the following:
- Cash received by agencies on June 30, 1998, and June 30, 1999, but not deposited in a bank.
- Cash held in agency checking accounts or recorded as zero-balance account disbursement prior to the issuance of checks.

Civil List Funds

Summary Schedule of Cash and Investments[1]

Fiscal Year Ended June 30, 1999

Description	Total All Funds	General Fund	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Internal Service Funds	Enterprise Funds	Fiduciary Funds
General Investments								
Cash [3]	$ (142,135,064.26)	$(963,929,860.16)	$ 871,009,353.46	$ 6,172,444.35	$(105,716,195.09)	$6,810,362.43	$ 14,918,332.89	$ 28,600,497.86
STIF	1,795,493,660.18	1,226,314,460.09	126,926,761.11	144,218,502.30	126,225,198.86	0.00	124,311,728.98	47,497,008.84
TEPF	92,468,689.46	871,455.04	39,153,794.39	0.00	22,774,846.82	0.00	29,668,593.21	0.00
Investments with Treasurer as Trustee								
Short-Term	376,722,912.21	54,867,417.01	0.00	0.00	0.00	0.00	116,819,583.84	205,035,911.36
Long-Term	19,601,702,920.90	0.00	0.00	0.00	0.00	0.00	0.00	19,601,702,920.90
Investments with Others as Trustee								
Short-Term	1,123,228,595.19	0.00	37,333,485.01	174,071,746.23	0.00	0.00	77,003,242.61	834,820,121.34
Long-Term	737,654,303.61	0.00	100,845,500.00	326,217,627.32	0.00	0.00	310,591,176.29	0.00
Total	$23,585,136,017.29	$ 318,123,471.98	$1,175,268,893.97	$650,680,320.20	$ 43,283,850.59	$6,810,362.43	$673,312,657.82	$20,717,656,460.30

Reconciliation Between Treasurer & Comptroller [2]

Office of the Comptroller	
Cash and STIF June 30, 1999 (Annual Statutory Report)	$1,787,695,363.07
Investment with the State Treasurer	171,687,000.85
STIF classified as Long Term Investments Fund #2025	96,554,338.10
Cash and investments with Trustee Fund #6300	66,613,495.28
Difference in STIF balance Fund #1802 and #7805	0.32
Total	$2,122,550,197.62

Office of the Treasurer	
Cash	$ (142,135,064.26)
STIF	1,795,493,660.18
TEPF	92,468,689.46
STIF/Investments with Treasurer as Trustee	376,722,912.21
Difference in STIF balance Funds #0000, #1832 and #7807	0.03
Total	$2,122,550,197.62

(1) For a detailed listing of the Civil List Investments for the Fiscal Year Ending June 30, 1999, please see Statutory Appendix.
(2) Reconciliation of Cash Equivalents Per Comptroller's Books to Cash and General Investments and Short-Term Investments with Treasurer as Trustee Per Treasury Books.
(3) The cash figures were obtained from the Comptroller's records, as the Treasurer maintains information on the total fund balance.

Schedule of Expenses in Excess of $5,000 [1]
Fiscal Year Ended June 30, 1999

Name of Firm	Description of Services	Contract Date	Aggregate Compensation Paid in FY 1999		Status As of 6/30/99
Fleet Bank	Banking Services	Various	$2,009,189	(2)	Active
Bank of Boston	Banking Services	Various	581,999	(2)	Active
State Street Bank & Trust	Banking Services	Jun-90	198,532	(2)	Active
People's Bank	Banking Services	Mar-97	160,571	(2)	Active
First Union	Banking Services	Dec-96	46,425	(2)	Active
Webster Bank	Banking Services	Jun-98	37,101	(2)	Active
State Street Bank & Trust	STIF Custodian Fees	Jan-96	51,361		Active
Standard & Poors	Subscription & Rating	N/A	33,016		Active
Dow Jones Telerate	Financial Information	N/A	18,681		Active
Moody's Investors Services	Subscription & Research	N/A	17,931		Active
Deloitte & Touche LLP	Audit Services	Sep-96	11,119		Terminated
Bloomberg L P	Subscription	N/A	9,405		Active
Xerox Corporation	Copier Maintenance	N/A	9,092		Active
Thompson Bankwatch Inc.	Bank Credit Analysis	N/A	6,600		Active
Faxone Systems Consulting	Systems Review Services	Oct-97	7,505		Terminated
Co-Opportunity Personnel	Temporary Services	N/A	5,658		Terminated
TOTAL			$3,204,185		

(1) Expenses are presented on a cash basis.
(2) Includes compensation realized through bank balances and fees.

Schedule of Expenses in Excess of $5,000[1]
Fiscal Year Ended June 30, 1999

Name of Firm	**Description of Services**	**Contract Date**	**Aggregate Compensation Paid in FY 1999**	**Status As of 6/30/99**
State Street Bank and Trust Co.	Securities Services & Claims Processing	Nov-93	$ 549,958	Active
State Street Bank and Trust Co.	Identification & Collection of Property	Aug-94	828,254	Active
National Abandoned Property Processing Corporation	Identification & Collection of Property	Dec-91	344,131	Active
Tucker Anthony	Securities Services	Dec-98	16,861	Terminated
Computers Plus Centers, Inc.	EDP Equipment	N/A	28,137	Terminated
Co-Opportunity Personnel Services	Temporary Services	N/A	25,647	Active
Corporate Express	Office Supplies	Oct-95	5,061	Active
New Haven Register	Publication of Unclaimed Property List	N/A	9,606	Terminated
The Hartford Courant	Publication of Unclaimed Property List	N/A	100,705	Terminated
TOTAL			$ 1,908,360	

(1) Expenses are presented on a cash basis.

Five Year Selected Financial Information
Fiscal Year Ended June 30,

	1999	1998	1997	1996	1995
Receipts (Net of fees)	$ 47,270,291	$ 31,066,409	$ 26,257,013	$ 27,523,813	$ 35,658,360
Fees netted from proceeds (1)	1,191,231	1,036,619	600,888	592,210	807,077
Gross Receipts	48,461,522	32,103,028	26,857,901	28,116,023	36,465,437
Claims paid	8,951,783	8,777,191	4,896,505	3,637,914	3,330,999
Administrative Expenses:					
Salaries & fringe benefits	1,212,850	1,095,209	975,593	899,131	790,353
Data processing & hardware	395,016	234,990	289,608	323,343	459,507
All other	428,420	284,758	200,819	78,154	362,592
Fees netted from proceeds (1)	1,191,231	1,036,619	600,888	592,210	807,077
Total Disbursements	12,179,300	11,428,767	6,963,413	5,530,752	5,750,528
Excess of Receipts over Disbursements (2)	$ 36,282,222	$ 20,674,261	$ 19,894,488	$ 22,585,271	$ 30,714,909
Approximate Market Value of Securities at Fiscal Year End:					
Stocks and bonds (3)	$ 50,139,146	$ 42,858,009	$ 35,019,000	$ 24,270,000	$ 17,958,699
Mutual funds (3)	12,567,907	10,755,734	8,356,000	6,141,000	4,641,801
Total Securities Inventory	$ 62,707,053	$ 53,613,743	$ 43,375,000	$ 30,411,000	$ 22,600,500
Securities liquidated	$ 9,092,811	$ 0	$ 0	$ 0	$ 803,226
Number of checks paid	6,941	7,666	2,862	3,477	4,484

(1) Fees include amounts for recovery of securities and related amounts, participation in out-of-state audits, appraisal of safe deposit box contents, and the auction of safe deposit box contents.

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

(3) The amounts disclosed above as "receipts" and "claims paid" represent actual cash flows and do not include the value of the marketable securities received by the Unclaimed Property unit, nor the value of securities returned to owners. However, the amounts disclosed above as fiscal year end market values of securities and mutual funds help provide a general indication of the relative net activity in such assets over time. Receipts, net of fees, include the proceeds from securities liquidated in a given year.

Summary of Gross Receipts
Fiscal Year Ended June 30, 1999

Financial institutions	$ 8,973,595
Other corporations	16,843,657
Insurance companies	9,106,543
Governmental agencies and public authorities	755,438
Dividends on securities held	683,306
Estates	37,500
Proceeds from court settlement	420,000
Securities liquidated	9,092,811
Securities tendered	259,093
Interest penalty assessments	483,697
Proceeds from auction of safe deposit box contents	19,313
Sale of property lists, copying and other charges	981
Reciprocal exchange program with other states	1,785,588
Total Gross Receipts	$ 48,461,522

STATE BOND COMMISSION

All projects and grants funded from State bonds, as well as the issuance of the bonds themselves, must be authorized by the State Bond Commission. The Commission approves hundreds of millions of dollars for projects authorized by the General Assembly. The members of the Commission are the Governor, Treasurer, Comptroller, Attorney General, Secretary of the Office of Policy and Management (OPM), Commissioner of Public Works, and the Co-Chairs and Ranking Members of the State Legislature's Joint Committee on Finance, Revenue and Bonding.

INVESTMENT ADVISORY COUNCIL (IAC)

The Investment Advisory Council advises on investment policy and guidelines, and also reviews the assets and performance of the pension funds. Additionally, the Council makes recommendations to the Treasurer on the hiring of outside investment advisors and on the appointments of principal investment staff. The Investment Advisory Council consists of the Treasurer, the Secretary of OPM and ten Gubernatorial and Legislative appointees.

BANKING COMMISSION

The Banking Commission is responsible for approving 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 (FAC)

The FAC approves budget transfers recommended by the Governor and has other such powers over the State budget, most notably when the General Assembly is not in session. The Committee members are the Governor, Lieutenant Governor, Treasurer, Comptroller, two State Senators who are members of the Legislature's Appropriations Committee and three State Representatives who are members of the Legislature's Appropriations Committee.

CONNECTICUT LOTTERY CORPORATION BOARD OF DIRECTORS

The Connecticut Lottery Corporation manages the state lottery with the charge 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 Gubernatorial and Legislative appointees.

CONNECTICUT HIGHER EDUCATION TRUST (CHET) ADVISORY COMMITTEE

This committee advises the Treasurer on policies concerning Connecticut Higher Education Trust (CHET). The Trust allows families to make tax deferred investments for higher education costs. The Commissioner of Higher Education, the Secretary of OPM, the Co-Chairs (or their designees) of the Legislature's Education Committee, the Co-Chairs (or their designees) of the Legislature's Finance, Revenue and Bonding Committees, and four representatives of private higher education and the public serve with the Treasurer on this board.

COUNCIL OF FISCAL OFFICERS

The purpose of the Council of Fiscal Officers is to provide a forum for discussion and participation in the development of State financial policies, practices and systems. Membership is open to all State officials or employees, elected or appointed, classified or unclassified, serving in a fiscal management position. The Treasurer is one of four permanent members of the Executive Board.

Ex-Officio Responsibilities of the State Treasurer (Continued)

THE STANDARDIZATION COMMITTEE

The standardization committee approves or grants waivers to existing purchasing regulations when it is in the best interests of the State to do so. The members of this committee include the Treasurer, Comptroller, Commissioner of Administrative Services, Commissioner of Transportation, Commissioner of Public Works, Commissioner of Social Services, and the Secretary of OPM.

INFORMATION AND TELECOMMUNICATION SYSTEMS (IT) EXECUTIVE STEERING COMMITTEE

The IT Steering Committee directs the planning, development, implementation and maintenance of State information and telecommunication systems. The Committee consists of the Treasurer, Comptroller, Secretary of OPM, Commissioner of Administrative Services, and the Chief Information Officer.

THE PRIVATE ACTIVITY BOND COMMISSION

The Governor, Treasurer, Secretary of OPM, Chairpersons and Ranking Members of the Legislature's Finance Committee, Planning & Development Committee, and Commerce Committee are members of the Private Activity Bond Commission. The 1986 Federal tax act limited the amount of tax exempt bonds any state could issue for certain private activity. The Limit is currently $50 per capita per year and is distributed by statute. The Commission has the authority to reallocate the available cap amounts when the General Assembly is not in session.

CONNECTICUT DEVELOPMENT AUTHORITY (CDA)

The CDA administers programs that support the State's economic development efforts. CDA has two basic types of loan programs: direct loans and loan guarantees (of bank loans). The Board membership includes the Treasurer, Commissioner of Economic Development, Secretary of OPM, four members appointed by the Governor, and four members appointed by legislative leaders.

CONNECTICUT HOUSING FINANCE AUTHORITY (CHFA)

The 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 home owners at below market rates, mortgages for multi-family developers, and construction financing. The members of the board include the Treasurer, Commissioner of Housing, Secretary of OPM, Banking Commissioner, and six members appointed by the Governor.

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

The 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

The 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.

Total Administration Expenditures
Fiscal Years Ended June 30,

	1999	%	1998	%	1997	%	1996	%	1995	%
GENERAL FUND										
Personal Services	$ 2,531,740	4.50%	$ 2,349,347	4.25%	$ 2,453,744	7.53%	$ 2,456,413	8.10%	$ 2,396,270	6.43%
Other Expenses	407,548	0.73%	530,802	0.96%	391,641	1.20%	412,918	1.36%	264,659	0.71%
Capital Equipment	4,700	0.01%	1,000	0.01%	9,869	0.04%	9,572	0.03%	8,187	0.02%
TOTAL	2,943,988	5.24%	2,881,149	5.22%	2,855,254	8.77%	2,878,903	9.49%	2,669,116	7.16%
PENSION FUNDS										
Personal Services	$ 1,414,580	2.52%	$ 2,048,114	3.71%	$ 1,901,780	5.84%	$ 2,094,101	6.91%	$ 3,249,962	8.73%
Other Expenses [3]	40,572,960	72.20%	40,475,836	73.27%	16,812,917	51.62%	15,458,385	51.00%	22,015,978	59.12%
Capital Equipment	13,171	0.02%	12,973	0.02%	102,216	0.31%	597,891	1.97%	43,191	0.12%
TOTAL	42,000,711	74.74%	42,536,923	77.00%	18,816,913	57.77%	18,150,377	59.89%	25,309,131	67.97%
SECOND INJURY FUND										
Personal Services	$ 5,992,293	10.66%	$ 5,562,373	10.07%	$ 5,545,222	17.02%	$ 6,258,550	20.65%	$ 5,667,824	15.22%
Other Expenses	1,880,142	3.35%	1,955,067	3.54%	2,617,619	8.04%	959,813	3.17%	1,389,395	3.73%
Capital Equipment	26,200	0.05%	96,583	0.17%	94,541	0.29%	226,929	0.75%	19,907	0.05%
TOTAL	7,898,635	14.06%	7,614,023	13.78%	8,257,381	25.35%	7,445,292	24.57%	7,077,126	19.00%
UNCLAIMED PROPERTY										
Personal Services	$ 1,212,850	2.16%	$ 1,095,209	1.98%	$ 975,593	3.00%	$ 899,131	2.97%	$ 790,353	2.12%
Other Expenses	792,410	1.41%	490,103	0.89%	477,730	1.46%	349,164	1.15%	782,955	2.10%
Capital Equipment	31,027	0.05%	29,645	0.05%	12,697	0.04%	52,333	0.17%	39,144	0.11%
TOTAL	2,036,287	3.62%	1,614,957	2.92%	1,466,020	4.50%	1,300,628	4.29%	1,612,452	4.33%
SHORT-TERM INVESTMENT FUND										
Personal Services	$ 607,104	1.08%	$ [1]	0.00%	$ [1]	0.00%	$ [1]	0.00%	$ [1]	0.00%
Other Expenses	187,442	0.33%	[1]	0.00%	[1]	0.00%	[1]	0.00%	[1]	0.00%
Capital Equipment	2,674	0.01%	[1]	0.00%	[1]	0.00%	[1]	0.00%	[1]	0.00%
TOTAL	797,220	1.42%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Other Financing Sources [2]	$ 516,589	0.92%	$ 596,690	1.08%	$ 1,175,715	3.61%	$ 532,692	1.76%	$ 573,851	1.54%
TOTAL AGENCY	$ 56,193,430	100.00%	$55,243,742	100.00%	$ 32,571,283	100.00%	$ 30,307,892	100.00%	$ 37,241,676	100.00%

(1) In order to more appropriately identify expenses of the Short-Term Investment Fund (STIF), the Fund was issued its own cost center in fiscal year 1999. Prior to fiscal year 1999, the STIF was included as part of the Pension Funds.

(2) Other Financing Sources include: Unemployment Compensation Special Assessment Fund; Clean Water Fund; Special Transportation Fund; Bonds Cost of Issuance Fund; Rental Housing Fund; and the Capital Equipment Fund.

(3) Other expenses include fees paid to investment advisors. These amounts do not include fees netted from income distributions nor capitalized fees.

Schedule of Expenses in Excess of $5,000[1]
Fiscal Year Ended June 30, 1999

Name of Firm	Description of Services	Contract Date	Aggregate Compensation Paid in FY 1999	Status
Bloomberg	Subscription	N/A	$ 21,132	Active
Computers Plus Center Inc.	EDP Equipment	N/A	22,979	Terminated
Corporate Express	Office Supplies	Oct-95	8,808	Active
Deloitte & Touche LLP	Audit Services	Sep-96	5,598	Terminated
Hitchcock Printer & Dist.	Printing of 1998 Annual Report	N/A	5,099	Terminated
McBride Wayside Carpter Co.	Carpeting	N/A	23,099	Terminated
Xerox Corporation	Copier Lease and Maintenance	N/A	13,039	Active
TOTAL			$ 99,754	

(1) Expenses are presented on a cash basis.

Schedule of Expenses in Excess of $5,000[1]
Fiscal Year Ended June 30, 1999

Name of Firm	Description of Services	Contract Date	Aggregate Compensation Paid in FY 1999	Status As of 6/30/99
Alpha Consultants, Inc.	Computer Software/Programming	N/A	$ 17,275	Terminated
Automatic Data Processing	Check Processing	Apr-90	87,435	Active
Beneficial Investigation	Surveillance Services	Sep-96	26,793	Active
Brander & Ponzini	Legal Services	Apr-97	9,934	Active
Brown, Paindiris & Scott	Legal Services	Feb-97	66,171	Active
CareSys Incorporated	Med. Bill Auditing & Payment	Jun-97	163,977	Active
Computers Plus Center, Inc.	Computer Equipment	N/A	8,812	Terminated
Concentra Managed Care	IME/Case Mgmt./Job Placement	Sep-96	182,309	Active
Cooney, Scully & Dowling	Legal Services	Feb-97	26,080	Active
Corporate Express	Office Supplies	Oct-95	8,024	Active
Crawford & Company	IME/Case Mgmt./Job Placement	Sep-96	29,231	Active
Deloitte & Touche LLP	Financial Consulting Service	Jul-96	20,665	Terminated
Drake, Kaufman & Upton LLC	Legal Services	Feb-97	14,132	Active
Duhamel & Schoolcraft	Legal Services	Dec-97	17,825	Active
Hitchcock Printer & Dist. Services	Annual Report Publisher	N/A	7,736	Terminated
Industrial Health Care (IHC)	Independent Medical Examinations	Sep-96	25,985	Active
Intracorp	Job Placement/Case Mgmt. Services	Sep-96	58,056	Active
Jannon Holdings LLC	EDP Equipment	N/A	14,200	Terminated
Jeremy Booty	Legal Services	Feb-97	56,986	Active
McHugh Law Offices	Legal Services	May-98	15,100	Active
Moody's	Bond Rating Service	N/A	20,370	Active
Mosley & Sinclair	Legal Services	Apr-97	7,711	Active
O'Brien, Tanski, Tanzer & Young	Legal Services	Feb-97	55,138	Active
Raymond S. Nichols	Actuarial Services	Nov-98	65,000	Terminated
Standard & Poors	Bond Analytical Services	N/A	16,000	Active
The Paris Group	Independent Medical Examinations	Sep-96	290,978	Active
Trumbull Services LLC	Claim Reserve and Procedural Review	Nov-98	30,000	Terminated
Xerox Corporation	Photocopier Lease	N/A	6,651	Active
TOTAL			$1,348,574	

(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.

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SCHEDULE OF DEBT OUTSTANDING[1]
June 30, 1999

BOND TYPE: GENERAL OBLIGATION-TAX SUPPORTED

Issue Date	Outstanding June 30,1998	Issued During FY 1999	Retired During FY 1999	Refunded/ Converted During FY 1999	Outstanding June 30,1999	Low Rate (%)	High Rate (%)	Next Maturity Date	Last Maturity Date	Interest Accreted Through FY 1999 [2]	Interest Paid During FY 1999
07/15/86	$ 7,500,000	$ -	$ 7,500,000	$ -	$ -	-	-	-	-	$ -	$ 251,250
12/01/87	9,900,000	-	9,900,000	-	-	-	-	-	-	-	331,650
08/01/88	9,000,000	-	-	-	9,000,000	6.70	6.70	08/01/99	08/01/99	-	603,000
11/01/88	76,360,000	-	-	76,360,000	-	-	-	-	-	-	3,530,245
12/22/88	71,048,066	-	11,506,704	-	59,541,362	7.18	7.53	12/01/99	12/01/08	68,509,957	11,517,296
03/01/89	7,930,000	-	7,930,000	-	-	-	-	-	-	-	565,012
05/11/89	91,924,932	-	9,059,285	-	82,865,647	7.21	7.42	07/01/99	07/01/08	89,390,652	8,281,715
08/01/89	28,260,000	-	9,420,000	-	18,840,000	6.20	6.30	08/01/99	08/01/00	-	1,469,520
11/14/89	74,689,502	-	5,274,857	-	69,414,645	6.75	7.02	11/01/99	11/01/09	64,355,326	4,265,143
12/01/89	14,455,000	-	7,230,000	-	7,225,000	8.50	8.50	01/01/00	01/01/00	-	1,228,675
03/15/90	27,270,000	-	9,090,000	-	18,180,000	6.60	6.70	03/15/00	03/15/01	-	1,799,820
05/15/90	71,973,969	-	4,383,921	-	67,590,048	7.12	7.32	05/15/00	05/15/10	61,555,852	3,773,079
07/15/90	19,085,000	-	-	-	19,085,000	6.50	6.60	07/15/00	07/15/01	-	1,259,610
09/15/90	40,310,000	-	11,770,000	-	28,540,000	6.80	6.90	09/15/99	09/15/00	-	2,351,785
11/01/90	16,800,000	-	5,600,000	-	11,200,000	6.60	6.63	11/15/99	11/15/00	-	919,800
11/20/90	53,033,680	-	3,865,233	-	49,168,447	6.91	7.38	11/15/99	11/15/10	41,313,126	2,747,768
12/01/90	6,450,000	-	3,250,000	-	3,200,000	8.95	9.00	01/01/00	01/01/01	-	574,125
01/01/91	19,403,083	-	1,595,622	-	17,807,461	6.75	6.75	07/01/99	01/01/11	-	1,283,764
03/01/91	26,180,600	-	6,180,600	-	20,000,000	6.20	9.88	03/01/00	03/01/01	-	1,984,517
05/01/91	6,500,000	-	6,500,000	-	-	-	-	-	-	-	383,500
05/16/91	48,965,200	-	3,760,848	-	45,204,352	6.46	7.03	05/15/00	05/15/11	32,581,860	2,455,153
11/15/91	8,000,000	-	2,500,000	-	5,500,000	5.70	6.15	11/15/99	11/15/03	-	398,500
12/01/91	21,960,000	-	5,490,000	-	16,470,000	7.88	8.00	02/01/00	02/01/02	-	1,729,350
12/12/91	42,435,689	-	4,339,831	-	38,095,858	6.05	6.73	12/15/99	12/15/11	23,289,296	2,213,169
12/15/91	32,795,000	-	-	32,795,000	-	-	-	-	-	-	-
01/21/92	22,520,785	-	1,956,061	-	20,564,724	6.03	6.03	08/01/99	02/01/12	-	1,339,443
03/15/92	168,455,783	-	21,390,000	-	147,065,783	5.90	6.50	03/15/00	03/15/07	-	10,331,990
05/01/92	153,655,000	-	46,820,000	-	106,835,000	5.80	6.05	11/15/99	11/15/04	-	7,887,172
05/14/92	44,305,660	-	5,567,967	-	38,737,693	6.18	6.80	05/15/00	05/15/12	22,406,464	2,874,032
09/01/92	122,240,000	-	9,215,000	-	113,025,000	5.10	5.90	03/15/00	03/15/09	-	6,857,510
10/15/92	80,000,000	-	10,000,000	-	70,000,000	5.80	6.10	11/15/99	11/15/05	-	4,400,000
11/15/92	57,465,000	-	11,495,000	-	45,970,000	7.00	7.40	12/15/99	12/15/02	-	3,712,150
11/17/92	46,909,297	-	5,643,721	-	41,265,576	5.45	6.40	11/15/99	11/15/12	19,645,922	2,049,278
02/01/93	353,420,000	-	2,480,000	-	350,940,000	4.50	5.60	11/15/99	11/15/10	-	18,226,179
03/15/93	236,865,000	-	24,435,000	-	212,430,000	4.40	5.50	09/15/99	03/15/12	-	11,592,909
05/01/93	43,325,000	-	4,335,000	-	38,990,000	4.50	6.75	05/01/00	05/01/08	-	2,155,417
05/19/93	55,036,498	-	4,993,962	-	50,042,536	5.04	5.95	06/15/00	06/15/12	19,999,585	1,703,038
06/15/93	36,000,000	-	6,000,000	-	30,000,000	5.70	6.25	07/01/99	07/01/03	-	1,977,000
07/01/93	138,900,000	-	9,260,000	-	129,640,000	4.60	5.10	08/01/99	08/01/12	-	6,523,670
10/01/93	250,045,000	-	2,475,000	-	247,570,000	4.10	6.00	03/15/00	03/15/12	-	12,032,102
10/15/93	49,400,000	-	3,800,000	-	45,600,000	4.40	5.00	12/01/99	12/01/10	-	2,197,350
11/16/93	56,084,134	-	7,990,858	-	48,093,276	4.41	5.38	12/01/99	12/01/12	14,902,278	1,871,458
01/01/94	42,600,000	-	7,100,000	-	35,500,000	5.50	7.00	01/15/00	01/15/04	-	2,570,200
03/15/94	171,190,120	-	12,130,000	-	159,060,120	5.20	5.65	03/15/00	03/15/12	-	9,130,159

SCHEDULE OF DEBT OUTSTANDING[1] (Continued)

June 30, 1999

Issue Date	Outstanding June 30,1998	Issued During FY 1999	Retired During FY 1999	Refunded/ Converted During FY 1999	Outstanding June 30,1999	Low Rate (%)	High Rate (%)	Next Maturity Date	Last Maturity Date	Interest Accreted Through FY 1999 [2]	Interest Paid During FY 1999
05/01/94	49,720,000	-	3,820,000	-	45,900,000	5.20	5.70	05/01/00	05/01/11	-	2,671,690
05/26/94	81,444,392	-	21,873,859	-	59,570,533	5.55	6.41	06/01/00	06/01/13	20,870,988	6,630,141
06/01/94	3,347,000	-	770,000	-	2,577,000	5.49	5.49	12/01/99	06/01/02	-	173,319
08/15/94	113,735,000	-	10,270,000	-	103,465,000	5.38	5.80	08/15/99	08/15/08	-	5,951,265
11/01/94	36,545,000	-	4,060,000	-	32,485,000	5.40	6.00	12/01/99	12/01/06	-	1,985,635
11/22/94	70,082,500	-	-	-	70,082,500	5.26	6.40	12/15/99	12/15/13	20,731,041	-
12/01/94	57,820,000	-	8,260,000	-	49,560,000	8.30	8.50	12/01/99	12/01/04	-	4,493,440
03/15/95	266,126,609	-	20,040,000	-	246,086,609	5.00	7.00	03/15/00	03/15/09	-	14,605,812
10/01/95	379,000,000	-	21,500,000	-	357,500,000	4.50	6.00	10/01/99	10/01/15	-	19,277,802
03/28/96	7,679,375	-	429,063	-	7,250,312	5.03	5.03	11/01/99	05/01/18	-	380,889
04/15/96	270,000,000	-	15,000,000	-	255,000,000	4.50	6.25	05/15/00	05/15/15	-	14,472,000
04/15/96	61,260,000	-	305,000	-	60,955,000	4.50	6.00	10/15/99	10/15/02	-	3,317,725
08/15/96	109,240,000	-	10,760,000	-	98,480,000	4.50	6.50	08/15/99	08/15/16	-	5,262,237
11/01/96	158,445,000	-	630,000	-	157,815,000	4.10	6.50	11/01/99	11/01/16	-	8,299,638
11/26/96	79,335,000	-	-	79,335,000 [10]	-	-	-	-	-	-	488,341
12/01/96	69,750,000	-	7,750,000	-	62,000,000	3.75	5.00	12/01/99	12/01/06	-	3,080,625
03/01/97	126,500,000	-	13,500,000	-	113,000,000	4.63	6.00	03/01/04	03/01/17	-	6,750,540
05/14/97	99,235,000	-	-	-	99,235,000	6.00	6.00	05/15/05	05/15/14	-	2,994,178
08/01/97	249,402,415	-	12,470,000	-	236,932,415	4.25	5.50	08/01/99	08/01/17	-	12,357,506
09/01/97	19,000,000	-	345,455	-	18,654,545	5.08	5.08	03/01/00	03/01/20	-	965,390
09/15/97	126,765,000	-	490,000	-	126,275,000	4.00	5.50	12/01/99	12/01/12	-	6,555,343
09/30/97	5,080,000	-	165,000	-	4,915,000	5.08	5.08	03/01/00	03/01/20	-	258,115
02/01/98	146,780,000	-	300,000	-	146,480,000	3.75	5.25	03/15/00	03/15/15	-	7,615,374
03/15/98	220,000,000	-	16,000,000	-	204,000,000	3.90	5.50	03/15/00	03/15/18	-	10,534,000
03/15/98	85,000,000	-	3,000,000	-	82,000,000	5.80	6.17	03/15/00	03/15/06	-	5,116,000
07/15/98	-	105,445,000	-	-	105,445,000	5.65	6.14	08/01/99	08/01/08	-	3,357,611
07/30/98	-	-	-	(80,000,000) [10]	80,000,000	5.65	6.12	11/01/99	11/01/06	-	3,553,864
08/01/98	-	34,375,000	635,000	-	33,740,000 [3]	4.00	4.75	12/15/99	12/15/13	-	1,325,835
10/15/98	-	224,445,000	-	-	224,445,000	3.40	5.25	10/15/99	10/15/18	-	4,742,241
12/15/98	-	150,000,000	-	-	150,000,000	3.40	5.25	12/15/01	12/15/18	-	3,233,025
05/01/99	-	18,000,000	-	-	18,000,000	4.63	4.63	09/01/01	09/01/22	-	-
05/06/99	-	4,875,000	-	-	4,875,000	4.63	4.63	09/01/00	09/01/22	-	-
06/15/99	-	300,000,000	-	-	300,000,000	4.00	5.25	06/15/00	06/15/19	-	-
SUBTOTAL	$ 5,851,939,289	$ 837,140,000	$ 505,607,847	$ 108,490,000	$ 6,074,981,442					$ 499,552,347	$ 325,798,084

BOND TYPE: GENERAL OBLIGATION-REVENUE SUPPORTED

Issue Date	Outstanding June 30,1998	Issued During FY 1999	Retired During FY 1999	Refunded/ Converted During FY 1999	Outstanding June 30,1999	Low Rate (%)	High Rate (%)	Next Maturity Date	Last Maturity Date	Interest Accreted Through FY 1999 [2]	Interest Paid During FY 1999
07/01/72	$ 80,000,000	$ -	$ -	$ -	$ 80,000,000	5.25	5.25	07/01/02	07/01/02	$ -	$ 4,200,000
11/01/88	25,415,000	-	9,350,000	16,065,000	-	-	-	-	-	-	1,153,611
03/01/89	1,240,000	-	1,240,000	-	-	-	-	-	-	-	88,350
12/01/89	2,000,000	-	1,000,000	-	1,000,000	8.50	8.50	01/01/00	01/01/00	-	170,000
07/15/90	45,000	-	15,000	-	30,000	6.50	6.60	07/15/00	07/15/01	-	2,445
12/01/90	4,900,000	-	-	-	4,900,000	9.00	9.00	01/01/01	01/01/01	-	441,000
03/15/92	14,897,007	-	1,860,000	-	13,037,007	5.90	6.50	03/15/00	03/15/07	-	914,339
03/15/93	7,375,000	-	525,000	-	6,850,000	4.63	5.50	03/15/00	03/15/12	-	378,709
03/15/94	7,709,880	-	645,000	-	7,064,880	5.20	5.50	03/15/00	03/15/10	-	407,026
08/15/94	3,665,000	-	330,000	-	3,335,000	5.38	5.80	08/15/99	08/15/08	-	191,810

SCHEDULE OF DEBT OUTSTANDING[1] (Continued)

June 30, 1999

Issue Date	Outstanding June 30,1998	Issued During FY 1999	Retired During FY 1999	Refunded/ Converted During FY 1999	Outstanding June 30,1999	Low Rate (%)	High Rate (%)	Next Maturity Date	Last Maturity Date	Interest Accreted Through FY 1999 [2]	Interest Paid During FY 1999
03/15/95	11,599,391	-	1,055,000	-	10,544,391	5.00	7.00	03/15/00	03/15/09	-	642,960
10/01/95	9,000,000	-	500,000	-	8,500,000	4.50	6.00	10/01/99	10/01/15	-	458,198
03/01/97	10,000,000	-	-	-	10,000,000	4.63	6.00	03/01/04	03/01/17	-	525,745
SUBTOTAL	$ 177,846,278	$ -	$ 16,520,000	$ 16,065,000	$ 145,261,278					$ -	$ 9,574,193
BOND TYPE: GENERAL OBLIGATION-TRANSPORTATION											
08/01/88	$ 13,000,000	$ -	$ 11,000,000	$ -	$ 2,000,000	6.70	6.70	08/01/99	08/01/99	$ -	$ 497,000
11/01/88	50,000	-	-	50,000	-	-	-	-	-	-	2,313
12/22/88	343,991	-	-	-	343,991	7.18	7.53	12/01/06	12/01/08	403,747	-
03/01/91	3,819,400	-	3,819,400	-	-	-	-	-	-	-	232,983
11/15/91	40,845,000	-	705,000	-	40,140,000	5.70	6.15	11/15/99	11/15/03	-	2,410,350
03/15/92	2,647,210	-	-	-	2,647,210	5.90	6.50	03/15/06	03/15/06	-	169,421
11/16/93	20,000	-	20,000	-	-	-	-	-	-	-	4,684
03/15/95	114,000	-	-	-	114,000	5.30	5.30	03/15/05	03/15/05	-	6,042
11/26/96	665,000	-	-	665,000 [10]	-	-	-	-	-	-	2,865
08/01/97	10,597,585	-	530,000	-	10,067,585	4.25	5.50	08/01/99	08/01/17	-	518,069
10/15/98	-	5,555,000	-	-	5,555,000	4.50	5.25	10/15/12	10/15/13	-	135,753
SUBTOTAL	$ 72,102,186	$ 5,555,000	$ 16,074,400	$ 715,000	$ 60,867,786					$ 403,747	$ 3,979,480
BOND TYPE: GENERAL OBLIGATION-UCONN 2000 [4]											
01/01/96	$ 72,055,000	$ -	$ 4,505,000	$ -	$ 67,550,000	4.05	5.50	02/01/00	02/01/16	$ -	$ 3,332,450
02/21/96	4,369,715	-	-	-	4,369,715	5.05	5.10	02/01/10	02/01/11	800,876	-
04/01/97	110,500,000	-	6,500,000	-	104,000,000	4.40	5.38	04/01/00	04/01/17	-	5,487,625
04/24/97	7,392,432	-	-	-	7,392,432	5.20	5.30	04/01/08	04/01/09	885,259	-
06/01/98	99,520,000	-	4,980,000	-	94,540,000	3.80	5.25	06/01/00	06/01/18	-	4,504,318
03/01/99	-	79,735,000	-	-	79,735,000	2.95	4.85	04/01/00	04/01/19	-	-
SUBTOTAL	$ 293,837,147	$ 79,735,000	$ 15,985,000	$ -	$ 357,587,147					$ 1,686,135	$ 13,324,393
BOND TYPE: SPECIAL TAX OBLIGATION											
06/15/88	$ 7,113,187	$ -	$ -	$ -	$ 7,113,187	7.55	7.75	06/01/04	06/01/08	$ 9,247,422	$ -
09/15/88	8,440,000	-	8,440,000	-	-	-	-	-	-	-	291,180
01/15/89	5,670,000	-	5,670,000	-	-	-	-	-	-	-	388,395
07/01/89	8,175,000	-	8,175,000	-	-	-	-	-	-	-	271,819
07/12/89	4,118,609	-	-	-	4,118,609	6.70	6.70	07/01/99	07/01/99	3,824,937	-
12/01/89	17,885,000	-	8,660,000	-	9,225,000	6.60	6.60	12/01/99	12/01/99	-	892,465
05/15/90	97,865,000	-	10,580,000	-	87,285,000	7.13	8.00	06/01/00	06/01/10	-	7,115,652
12/19/90	201,100,000	-	10,200,000	-	190,900,000	6.17	6.17	12/01/99	12/01/10	-	10,822,593
05/15/91	8,190,000	-	8,190,000	-	-	-	-	-	-	-	499,590
09/15/91	105,945,000	-	7,125,000	-	98,820,000	6.50	6.50	10/01/07	10/01/12	-	6,629,925
01/01/92	83,850,000	-	9,650,000	-	74,200,000	5.60	6.10	02/15/00	02/15/05	-	4,880,448
09/01/92	214,250,000	-	10,075,000	-	204,175,000	5.10	6.15	09/01/99	09/01/12	-	12,259,080
03/01/93	542,560,000	-	5,005,000	-	537,555,000	4.40	5.40	09/01/99	09/01/10	-	27,814,954
09/01/93	238,605,000	-	9,395,000	-	229,210,000	4.00	4.60	10/01/99	10/01/06	-	9,878,120
09/15/93	155,500,000	-	6,955,000	-	148,545,000	4.40	5.00	10/01/99	10/01/13	-	7,185,823

SCHEDULE OF DEBT OUTSTANDING[1] (Continued)

June 30, 1999

Issue Date	Outstanding June 30,1998	Issued During FY 1999	Retired During FY 1999	Refunded/ Converted During FY 1999	Outstanding June 30,1999	Low Rate (%)	High Rate (%)	Next Maturity Date	Last Maturity Date	Interest Accreted Through FY 1999[2]	Interest Paid During FY 1999
03/01/94	70,995,000	-	5,770,000	-	65,225,000	4.75	5.50	04/01/00	04/01/08	-	3,636,157
09/15/94	88,270,000	-	6,995,000	-	81,275,000	5.50	5.80	10/01/99	10/01/07	-	4,735,777
05/15/95	116,225,000	-	4,325,000	-	111,900,000	5.10	5.60	06/01/00	06/01/15	-	6,206,540
09/01/95	157,150,000	-	14,975,000	-	142,175,000	4.25	6.25	10/01/99	10/01/05	-	7,571,226
09/01/95	132,595,000	-	6,065,000	-	126,530,000	4.40	5.63	10/01/99	10/01/15	-	6,551,221
06/01/96	144,145,000	-	5,055,000	-	139,090,000	4.50	6.00	06/01/00	06/01/16	-	7,848,385
10/01/96	79,795,000	-	55,000	-	79,740,000	4.20	6.00	10/01/99	10/01/09	-	4,779,765
10/01/96	149,000,000	-	4,890,000	-	144,110,000	4.25	6.00	10/01/99	10/01/16	-	7,834,082
10/15/97	65,415,000	-	325,000	-	65,090,000	4.00	5.50	11/01/99	11/01/07	-	3,346,655
10/15/97	150,000,000	-	1,500,000	-	148,500,000	4.00	6.00	11/01/99	11/01/17	-	7,433,738
04/15/98	197,500,000	-	-	-	197,500,000	4.25	5.50	10/01/99	10/01/14	-	10,287,049
09/15/98	-	225,000,000	-	-	225,000,000	4.00	5.50	11/01/99	11/01/18	-	6,804,237
SUBTOTAL	$ 3,050,356,796	$ 225,000,000	$ 158,075,000	$ -	$ 3,117,281,796					$ 13,072,359	$ 165,964,876
BOND TYPE: CLEAN WATER FUND											
01/01/91	$ 34,420,000	$ -	$ 5,275,000	$ 7,125,000	$ 22,020,000	6.40	7.00	07/01/99	01/01/11	$ -	$ 2,188,051
01/01/92	82,895,000	-	5,185,000	42,145,000	35,565,000	5.25	6.13	08/01/99	02/01/12	-	4,776,767
01/01/93	44,135,000	-	2,470,000	-	41,665,000	4.90	6.00	10/01/99	10/01/12	-	2,442,371
06/01/94	67,400,000	-	3,145,000	24,810,000	39,445,000	4.65	6.50	12/01/99	06/01/16	-	3,052,129
03/01/96	77,430,000	-	3,185,000	-	74,245,000	4.50	5.88	11/01/99	05/01/18	-	4,001,888
03/15/96	48,020,000	-	445,000	-	47,575,000	4.20	5.60	07/01/99	01/01/11	-	2,472,137
09/01/97	110,000,000	-	2,000,000	-	108,000,000	4.35	6.00	03/01/00	03/01/20	-	5,637,118
04/15/99	-	125,000,000	-	-	125,000,000	4.00	5.13	09/01/01	09/01/22	-	-
05/01/99	-	78,995,000	-	-	78,995,000	3.45	5.25	07/15/01	07/15/16	-	-
SUBTOTAL	$ 464,300,000	$ 203,995,000	$ 21,705,000	$ 74,080,000	$ 572,510,000					$ -	$ 24,570,461
BOND TYPE: BRADLEY INTERNATIONAL AIRPORT											
07/15/89	$ 3,400,000	$ -	$ 115,000	$ -	$ 3,285,000	9.13	9.13	08/01/99	08/01/12	$ -	$ 305,003
09/30/92	81,290,000	-	3,125,000	-	78,165,000	7.30	7.65	10/01/99	10/01/12	-	6,025,321
SUBTOTAL	$ 84,690,000	$ -	$ 3,240,000	$ -	$ 81,450,000					$ -	$ 6,330,324
BOND TYPE: ECONOMIC RECOVERY NOTES											
11/01/95	$ 78,055,000	$ -	$ 78,055,000	$ -	$ -	-	-	-	-	$ -	$ 2,829,550
SUBTOTAL	$ 78,055,000	$ -	$ 78,055,000	$ -	$ -					$ -	$ 2,829,550
BOND TYPE: UNEMPLOYMENT COMPENSATION [5]											
07/15/93	$ 200,000,000	$ -	$ 115,000,000	$ -	$ 85,000,000	4.50	4.60	11/15/99	11/15/00	$ -	$ 7,753,750
09/23/93	267,000,000	-	30,000,000	-	237,000,000	3.00	3.00	11/15/01	11/15/01	-	9,472,500
05/15/96	222,755,000	-	-	-	222,755,000	4.50	5.50	11/15/99	11/15/01	-	11,782,190
SUBTOTAL	$ 689,755,000	$ -	$ 145,000,000	$ -	$ 544,755,000					$ -	$ 29,008,440

SCHEDULE OF DEBT OUTSTANDING[1] (Continued)
June 30, 1999

Issue Date	Outstanding June 30,1998	Issued During FY 1999	Retired During FY 1999	Refunded/ Converted During FY 1999	Outstanding June 30,1999	Low Rate (%)	High Rate (%)	Next Maturity Date	Last Maturity Date	Interest Accreted Through FY 1999[2]	Interest Paid During FY 1999
BOND TYPE: CDA TAX INCREMENT FINANCING [6]											
10/01/94	$ 9,490,000	$ -	$ 145,000	$ -	$ 9,345,000	5.20	6.38	10/15/99	10/15/24	$ -	$ 590,281
10/15/94	1,240,000	-	110,000	-	1,130,000	5.15	6.00	10/15/99	10/15/06	-	65,705
12/01/95	9,280,000	-	330,000	-	8,950,000	4.30	5.55	12/15/99	12/15/15	-	474,963
01/01/97	17,730,000	-	590,000	-	17,140,000	4.35	5.50	05/01/00	05/01/17	-	910,941
SUBTOTAL	$ 37,740,000	$ -	$ 1,175,000	$ -	$ 36,565,000					$ -	$ 2,041,890
BOND TYPE: CDA GOVERNMENTAL LEASE REVENUE [7]											
12/15/94	$ 8,535,000	$ -	$ 370,000	$ -	$ 8,165,000	5.60	6.60	06/15/00	06/15/14	$ -	$ 537,938
SUBTOTAL	$ 8,535,000	$ -	$ 370,000	$ -	$ 8,165,000					$ -	$ 537,938
BOND TYPE: SECOND INJURY FUND [8]											
10/01/96	$ 96,060,000	$ -	$ 4,880,000	$ -	$ 91,180,000	4.50	6.00	01/01/00	01/01/12	$ -	$ 4,988,970
SUBTOTAL	$ 96,060,000	$ -	$ 4,880,000	$ -	$ 91,180,000					$ -	$ 4,988,970
BOND TYPE: CHEFA NURSING HOMES [9]											
12/30/98	$ -	$ 59,245,000	-	$ 59,245,000	$ -	-	-	-	-	$ -	$ -
SUBTOTAL	$ -	$ 59,245,000	-	$ 59,245,000	$ -					$ -	$ -
TOTAL	**$ 10,905,216,696**	**$ 1,410,670,000**	**$ 966,687,247**	**$ 258,595,000**	**$ 11,090,604,449**					**$ 514,714,588**	**$ 588,948,599**

(1) Includes all outstanding debt issued by the State of Connecticut as of June 30, 1999. 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 30,1999.

(3) Debt outstanding at June 30,1999 includes $33,740,000 in Certificates of Participation for the Middletown Courthouse, which is not debt of the State. However, the State is obligated to pay a base rent under a lease for the courthouse, subject to the annual appropriation of funds or the availability of other funds. The base rent is appropriated as debt service. The Certificates of Participation are included on the Treasurer's Debt Management system for control purposes.

(4) UCONN 2000 Bonds in a total amount of $962 million are authorized over a ten year period to be paid by the University of Connecticut from a State Debt Service commitment. As each series is issued, the debt service is validly appropriated from the State General Fund.

(5) $32.5 million in assessment revenue is reserved to redeem $32.5 million in Unemployment Compensation bonds on July 1, 1999.

(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) $160 Million in Second Injury Fund Commercial Paper was issued and is outstanding as of June 30, 1999. $15 million from the 1998-99 assessment has been reserved to pay down $15 million of the commercial paper on August 10, 1999. This short term commercial paper will be refinanced with additional Second Injury Fund Bonds.

(9) In December 1998, the Treasurer determined that two nursing homes which were in receivership and had defaulted on their loan payments to the Connecticut Health and Educational Facilities Authority (CHEFA) were not likely to generate sufficient revenue to make scheduled principal and interest payments on $59.2 million of CHEFA's outstanding revenue bonds. Since these bonds were secured by special capital reserve funds, the Treasurer made a determination to treat the State's obligation to fund the special capital reserve funds over the term of the bonds as debt for purposes of calculating the debt limit of the State. As a result, the obligation to pay debt service on such bonds was reclassified as a direct long term debt obligation of the State in fiscal year 1999. These bonds were subsequently defeased on January 5, 1999 using $68,433,951 from the June 30, 1998 surplus.

(10) $80,000,000 in variable rate bonds were converted to fixed rate bonds.

SCHEDULE OF AUTHORIZED AND ISSUED DEBT OUTSTANDING [1]

June 30, 1999

Fund No.	Name	Inception to Date: Total Authorized	Inception to Date: Total Issued	Outstanding June 30, 1999	Interest Accreted Through Fiscal Year 1999 [2]	Outstanding Incl. Accreted Interest June 30, 1999
BOND TYPE: GENERAL OBLIGATION-TAX SUPPORTED						
1116	Moderate Rental Housing Rehab.	$ 42,000,000	$ 42,000,000	$ 19,234,968	$ 20,918,999	$ 40,153,967
1501	Economic Development Fund	141,430,000	109,430,000	15,000,000	-	15,000,000
1502	Economic Development Assistance	450,800,000	389,586,669	252,776,669	-	252,776,669
1504	Economic Stabilization Fund	128,000,000	86,462,706	84,842,706	-	84,842,706
1800	Housing Bonds	445,977,506	363,176,980	138,833,164	21,879,094	160,712,258
1824	Grants for Vo-Education Equipment	14,820,000	14,820,000	2,020,000	-	2,020,000
1825	Flood Relief Purposes	3,895,000	3,895,000	2,225,000	-	2,225,000
1836	Housing Improvements	30,000,000	30,000,000	979,693	-	979,693
1841	Housing Improvements	11,000,000	11,000,000	2,080,199	2,249,238	4,329,437
1842	Vocational Education Equipment	300,000	300,000	13,721	-	13,721
1843	Child Care Facilities	5,775,000	4,291,905	2,070,205	-	2,070,205
1851	Housing Improvements	12,496,103	12,496,103	1,514,120	-	1,514,120
1853	Housing for Homeless Persons	3,500,000	3,500,000	3,500,000	3,217,544	6,717,544
1861	Housing Improvements	35,661,594	35,661,594	14,697,352	10,286,088	24,983,440
1862	Grants to Local Govts. and Others	28,470,000	28,470,000	60,000	55,158	115,158
1865	Housing Site Development	3,000,000	3,000,000	3,000,000	2,868,772	5,868,772
1870	Local Capital Improvement Fund	350,000,000	267,487,378	180,568,084	9,121,115	189,689,199
1871	Housing Improvements	209,500,000	209,500,000	62,240,359	31,096,877	93,337,236
1872	Capital Equipment Purchase Fund	159,940,000	145,298,937	68,484,156	-	68,484,156
1873	Grants to Local Govts. and Others	683,501,217	512,176,784	334,978,713	39,329,203	374,307,916
1874	Economic Development and Other Grants	104,193,324	95,992,313	43,841,010	23,447,323	67,288,333
1877	Shellfish Fund	1,300,000	1,300,000	1,300,000	1,407,383	2,707,383
1878	Community Housing Land Bank and Trust	1,000,000	1,000,000	1,000,000	747,435	1,747,435
1879	Housing for Homeless Persons	8,100,000	4,899,805	4,129,805	-	4,129,805
1911	Uncompensated Care Pool Health Services	10,000,000	10,000,000	10,000,000	-	10,000,000
1951	Corporate Tax Compensation and Refunds	48,000,000	33,000,000	10,000,000	-	10,000,000
1961	Special Contaminated Prop Rem and Ins Fund	5,000,000	-	-	-	-
1971	Hartford Redevelopment	33,000,000	-	-	-	-
3051	Rental Housing for the Elderly	145,600,000	145,600,000	10,300,000	11,804,198	22,104,198
3080	Elimination of Water Pollution	398,000,000	397,965,862	14,673,803	3,703,087	18,376,890
3081	Capital Improvements	248,048,985	248,048,985	6,894,862	4,461,549	11,356,411
3086	Capital Improvements	226,962,623	226,608,688	1,024,701	-	1,024,701
3089	School Construction	1,638,192,000	1,593,439,500	670,802,000	77,230,926	748,032,926
3090	Magnet Schools	405,068,969	315,304,694	314,404,694	-	314,404,694
3094	Capital Improvements	53,621,491	52,929,178	250,868	-	250,868
3731	Capital Improvements	42,898,779	41,000,000	-	-	-
3732	Capital Improvements	4,216,000	4,216,000	4,216,000	4,878,805	9,094,805
3741	Capital Improvements	144,627,189	144,485,339	3,752,477	-	3,752,477
3753	Emer. Municipal P-Works Employment	4,253,348	4,236,642	-	-	-
3771	Capital Improvements	80,529,711	80,124,323	6,650,000	7,770,916	14,420,916

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

June 30, 1999

Fund No.	Name	Inception to Date Total Authorized	Inception to Date Total Issued	Outstanding June 30, 1999	Interest Accreted Through Fiscal Year 1999 [2]	Outstanding Incl. Accreted Interest June 30, 1999
3775	Congregate Housing for the Elderly	21,000,000	21,000,000	17,241,132	15,268,275	32,509,407
3781	Capital Improvements	90,246,303	85,346,729	-	-	-
3783	Agricultural Land Preservation	82,750,000	73,948,716	18,764,366	816,558	19,580,924
3784	Water Treatment Facilities	4,151,599	4,151,599	2,828,984	2,813,259	5,642,243
3791	Capital Improvements	40,802,535	39,677,932	7,151,522	8,402,460	15,553,982
3792	Neighborhood Rehabilitation	7,500,000	7,500,000	225,000	-	225,000
3795	Grants for Urban Action	409,695,902	270,441,510	230,819,831	20,176,981	250,996,812
3801	Capital Improvements	72,605,784	72,070,000	-	-	-
3804	Elderly Housing Project	3,000,000	3,000,000	150,000	112,295	262,295
3811	Capital Improvements	77,337,530	75,100,000	-	-	-
3831	Capital Improvements	88,295,310	86,802,041	-	-	-
3835	Housing Development Corps	11,000,000	10,965,000	-	-	-
3841	Capital Improvements	117,260,158	114,613,828	23,103,215	1,054,719	24,157,934
3851	Capital Improvements	116,686,668	113,336,252	29,038,949	-	29,038,949
3861	Capital Improvements	120,193,010	110,699,245	10,221,648	10,061,896	20,283,544
3864	Consolidated Fire Training School Facility	1,000,000	1,000,000	88,155	-	88,155
3871	Capital Improvements	522,619,335	499,048,870	98,047,627	39,147,296	137,194,923
3872	University Athletic Facilities	5,000,000	5,000,000	5,000,000	5,623,614	10,623,614
3874	State Capitol Renovation	10,000,000	10,000,000	984,732	918,191	1,902,923
3877	Univ. Athletic Facility Increases	3,000,000	3,000,000	3,000,000	3,407,973	6,407,973
3891	General State Purposes	418,358,089	397,930,193	137,659,979	16,615,417	154,275,396
3901	General State Purposes	536,196,511	507,351,957	250,850,326	35,536,747	286,387,073
3911	General State Purposes	148,923,755	133,228,672	112,445,558	14,317,480	126,763,038
3912	General State Purposes	1,000,000	1,000,000	-	-	-
3921	General State Purposes	322,312,576	252,029,525	184,648,873	977,942	185,626,815
3931	General State Purposes	631,685,309	543,945,028	434,258,391	20,444,869	454,703,260
3951	General State Purposes/UCONN Babbidge Library & Plaza	212,728,598	140,995,197	140,995,197	-	140,995,197
3961	General State Purposes	239,990,713	84,362,051	84,362,051	-	84,362,051
3971	General State Purposes	209,541,930	50,000,000	50,000,000	-	50,000,000
3981	General State Purposes	235,627,500	-	-	-	-
3982	Hartford Stadium	250,000,000	-	-	-	-
3983	CT Juvenile Training School	27,500,000	-	-	-	-
4831	Capital Equip. Data Proc. Revolving Fund	10,500,000	10,500,000	2,500,000	-	2,500,000
6024	Connecticut Innovations, Inc.	115,195,600	84,998,900	15,130,000	-	15,130,000
6864	Clean Water Fund	568,327,218	422,664,918	298,906,931	27,382,665	326,289,596
6866	Clean Water Fund-Long Island Sound	50,502,782	50,502,782	29,644,646	-	29,644,646
6867	Drinking Water - State Revolving Fund	2,500,000	-	-	-	-
7202	Industrial Bldg Mortgage Ins Fund	26,000,000	5,550,000	-	-	-
9972	Middletown Courthouse Refunding Bonds [3] [4]	-	34,375,000	33,740,000	-	33,740,000
9973	1996 A Taxable G.O. Refunding [3]	-	80,000,000	80,000,000	-	80,000,000
9974	1998 A Taxable G.O. Refunding [3]	-	105,445,000	105,445,000	-	105,445,000

SCHEDULE OF AUTHORIZED AND ISSUED DEBT OUTSTANDING [1] (Continued)
June 30, 1999

Fund No.	Name	Inception to Date: Total Authorized	Inception to Date: Total Issued	Outstanding June 30, 1999	Interest Accreted Through Fiscal Year 1999 [2]	Outstanding Incl. Accreted Interest June 30, 1999
9976	February 1998 G.O. Refunding [3]	-	146,780,000	146,480,000	-	146,480,000
9978	1997 D G.O. Refunding [3]	-	126,765,000	126,275,000	-	126,275,000
9979	1996 C G.O. Refunding [3]	-	81,555,000	80,315,000	-	80,315,000
9982	April 1996 Refunding [3]	-	61,260,000	60,955,000	-	60,955,000
9985	March 1995 G.O. Refunding [3]	-	54,150,000	52,295,000	-	52,295,000
9986	October 1993 G.O. Refunding [3]	-	259,125,000	247,570,000	-	247,570,000
9989	March 1993 B G.O. Refunding [3]	-	157,745,000	99,680,000	-	99,680,000
9991	February 1993 G.O. Refunding [3]	-	389,090,000	350,940,000	-	350,940,000
9993	September 1992 G.O. Refunding [3]	-	216,330,000	113,025,000	-	113,025,000
9995	April 1992 G.O. Refunding [3]	-	332,340,000	97,835,000	-	97,835,000
SUBTOTAL GENERAL OBLIGATION-TAX SUPPORTED		$ 12,173,713,554	$ 12,009,426,330	$ 6,074,981,442	$ 499,552,347	$ 6,574,533,789
BOND TYPE: GENERAL OBLIGATION-REVENUE SUPPORTED						
1302	Conn Student Loan Foundation	$ 5,000,000	$ -	$ -	$ -	$ -
3012	Rental Housing	197,132,435	197,132,435	85,900,000	-	85,900,000
3016	Regional Markets	3,793,963	3,793,963	303,299	-	303,299
3083	State University Facilities	21,619,509	21,619,509	19,509	-	19,509
3088	State University Facilities	5,115,994	5,115,994	115,994	-	115,994
3802	Board of Trustees State College Facilities	197,465	197,464	197,464	-	197,464
3852	Univ. and State College Facilities	1,731,145	1,623,180	-	-	-
3862	Univ. and State College Facilities	4,147,365	4,131,365	-	-	-
3876	Univ. and State College Facilities	105,971,666	104,192,153	58,725,012	-	58,725,012
SUBTOTAL GENERAL OBLIGATION-REVENUE SUPPORTED		$ 344,709,542	$ 337,806,063	$ 145,261,278	$ -	$ 145,261,278
BOND TYPE: GENERAL OBLIGATION-TRANSPORTATION						
3071	Specific Interior Highway Project	$ 459,400,000	$ 459,400,000	$ 5,400,000	$ -	$ 5,400,000
3084	Specific Highway Purposes	76,950,000	74,500,000	-	-	-
3092	Specific Highway Purposes	142,050,000	140,597,585	10,067,585	-	10,067,585
3746	Transportation Facilities	10,097,955	10,095,000	2,000,000	-	2,000,000
3803	Ramps-Rt 72 Center Street Expressway	500,000	498,991	498,991	403,747	902,738
3833	Transportation Improvements	34,171,610	34,171,610	2,647,210	-	2,647,210
3836	Transportation Improvements	1,500,000	1,338,533	114,000	-	114,000
9996	G.O. Transportation Refunding [3]	-	47,570,000	40,140,000	-	40,140,000
SUBTOTAL GENERAL OBLIGATION-TRANSPORTATION		$ 724,669,565	$ 768,171,719	$ 60,867,786	$ 403,747	$ 61,271,533
BOND TYPE: GENERAL OBLIGATION-UCONN 2000 [5]						
3952	UCONN 2000	$ 387,577,147	$ 387,577,147	$ 357,587,147	$ 1,686,135	$ 359,273,282
SUBTOTAL GENERAL OBLIGATION-UCONN 2000		$ 387,577,147	$ 387,577,147	$ 357,587,147	$ 1,686,135	$ 359,273,282

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

June 30, 1999

Fund No.	Name	Inception to Date: Total Authorized	Inception to Date: Total Issued	Outstanding June 30, 1999	Interest Accreted Through Fiscal Year 1999 [2]	Outstanding Incl. Accreted Interest June 30, 1999
BOND TYPE: SPECIAL TAX OBLIGATION						
3842	Infrastructure Improvement	$ 4,538,213,104	$ 4,119,650,752	$ 1,791,811,796	$ 13,072,359	$ 1,804,884,155
9975	1998 A S.T.O. Refunding [3]	-	197,500,000	197,500,000	-	197,500,000
9977	1997 B S.T.O. Refunding [3]	-	65,415,000	65,090,000	-	65,090,000
9980	1996 C S.T.O. Refunding [3]	-	79,795,000	79,740,000	-	79,740,000
9987	1993 B S.T.O. Refunding [3]	-	254,770,000	229,210,000	-	229,210,000
9988	September 1995 S.T.O. Refunding [3]	-	286,345,000	216,375,000	-	216,375,000
9990	March 93 S.T.O. Refunding [3]	-	560,750,000	537,555,000	-	537,555,000
SUBTOTAL SPECIAL TAX OBLIGATION		$ 4,538,213,104	$ 5,564,225,752	$ 3,117,281,796	$ 13,072,359	$ 3,130,354,155
BOND TYPE: CLEAN WATER FUND						
6865	Clean Water Fund - Federal Account	$ 867,900,000	$ 688,125,000	$ 445,940,000	$ -	$ 445,940,000
9971	Clean Water Fund Refunding - 1999 Series [3]	-	78,995,000	78,995,000	-	78,995,000
9983	Clean Water Fund Refunding Revenue [3]	-	48,445,000	47,575,000	-	47,575,000
SUBTOTAL CLEAN WATER FUND		$ 867,900,000	$ 815,565,000	$ 572,510,000	$ -	$ 572,510,000
BOND TYPE: BRADLEY INTERNATIONAL AIRPORT						
9992	Bradley Airport Refunding Bonds 1992 [3]	$ -	$ 94,065,000	$ 78,165,000	$ -	$ 78,165,000
9998	Bradley Airport Revenue Bonds	103,855,000	103,855,000	3,285,000	-	3,285,000
SUBTOTAL BRADLEY INTERNATIONAL AIRPORT		$ 103,855,000	$ 197,920,000	$ 81,450,000	$ -	$ 81,450,000
BOND TYPE: UNEMPLOYMENT COMPENSATION [6]						
1400	Unemployment Compensation Advance Fund	$ 1,020,700,000	$ 1,020,700,000	$ 322,000,000	$ -	$ 322,000,000
9981	May 1996 UCAF Refunding [3]	-	222,755,000	222,755,000	-	222,755,000
SUBTOTAL UNEMPLOYMENT COMPENSATION		$ 1,020,700,000	$ 1,243,455,000	$ 544,755,000	$ -	$ 544,755,000
BOND TYPE: CDA INCREMENT FINANCING [7]						
8000	Amphitheater-TIF	$ 9,885,000	$ 9,885,000	$ 9,345,000	$ -	$ 9,345,000
8001	Norwich Yankee-TIF	1,545,000	1,545,000	1,130,000	-	1,130,000
8002	Oakdale Theater-TIF	9,900,000	9,900,000	8,950,000	-	8,950,000
8003	Lake Compounce-TIF	18,000,000	18,000,000	17,140,000	-	17,140,000
8100	CDA-Tax Incremental Financing	151,470,000	-	-	-	-
SUBTOTAL CDA INCREMENT FINANCING		$ 190,800,000	$ 39,330,000	$ 36,565,000	$ -	$ 36,565,000
BOND TYPE: CDA GOVERNMENTAL LEASE REVENUE [8]						
8500	New Britain Government Center	$ 9,275,000	$ 9,275,000	$ 8,165,000	$ -	$ 8,165,000
SUBTOTAL CDA GOVERNMENTAL LEASE REVENUE		$ 9,275,000	$ 9,275,000	$ 8,165,000	$ -	$ 8,165,000

SCHEDULE OF AUTHORIZED AND ISSUED DEBT OUTSTANDING [1] (Continued)
June 30, 1999

Fund No.	Name	Inception to Date Total Authorized	Inception to Date Total Issued	Outstanding June 30, 1999	Interest Accreted Through Fiscal Year 1999 [2]	Outstanding Incl. Accreted Interest June 30, 1999
BOND TYPE: SECOND INJURY FUND REVENUE [9]						
8900	Second Injury Fund Revenue Bonds	$ 100,000,000	$ 100,000,000	$ 91,180,000	$ -	$ 91,180,000
SUBTOTAL SECOND INJURY FUND REVENUE		$ 100,000,000	$ 100,000,000	$ 91,180,000	$ -	$ 91,180,000
TOTAL		**$ 20,461,412,912**	**$ 21,472,752,011**	**$ 11,090,604,449**	**$ 514,714,588**	**$ 11,605,319,037**

(1) Includes all outstanding debt issued by the State of Connecticut as of June 30, 1999. 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, 1999.

(3) References those bond issues which require no prior authorization due to the fact that proceeds raised therefrom are used to refund other bond issues and thereby reduce overall debt service expense.

(4) Debt outstanding at June 30, 1999 includes $33,740,000 in Certificates of Participation for the Middletown Courthouse which is not debt of the State. However, the State is obligated to pay a base rent under a lease for the Courthouse, subject to the annual appropriation of funds or the availability of other funds; therefore the base rent is appropriated as debt service. The Certificates of Participation are included on the Treasurer's Debt Management System for control purposes.

(5) UCONN 2000 Bonds in a total amount of $962 Million are authorized over a ten year period to be paid by the University of Connecticut from a State Debt Service commitment. As each series is issued, the debt service is validly appropriated from the State General Fund.

(6) $32.5 million in assessment revenue is reserved to redeem $32.5 million in Unemployment Compensation bonds on July 1, 1999.

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

(8) 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.

(9) $160 Million in Second Injury Fund Commercial Paper was issued and is outstanding as of 6/30/99. $15 million from the 1998-99 assessment has been reserved to pay down $15 million of the commercial paper on August 10, 1999. This short term commercial paper will be refinanced with additional Second Injury Fund Bonds.

MISCELLANEOUS TRUST FUNDS

Schedule of Cash Receipts, Disbursements, and Investments
Fiscal Year Ended June 30, 1999

Fund Name	Cash Balance July 1, 1998	Cash Receipts	Cash Disbursements	Cash Balance June 30, 1999	STIF June 30, 1999
CSI-Child Support Escrow	$ 0.00	$ 1,328.93	$ 1,328.93	$ 0.00	$ 26,066.59
DOH Escrow	0.00	4.56	4.56	0.00	0.00
Suspense Accounts:					
Ins. Dept-Motor Club of America	0.00	204,424.04	204,424.04	0.00	4,009,777.04
Ins. Dept-Western	0.00	98,535.86	98,535.86	0.00	1,932,781.77
Ins. Escrow-Amer. Mutual/Boston	0.00	1,023,220.95	1,023,220.95	0.00	20,070,471.94
Ins. Escrow-Amer. Mutual Liab.	0.00	875,859.22	875,859.22	0.00	2,645,137.38
Ins. Escrow-First Conn. Life Ins. Co.	0.00	891,812.68	891,812.68	0.00	14,274,210.99
Ins. Dept-Covenant Mutual Liq. Trust	0.00	1,151,109.04	1,151,109.04	0.00	1,151,109.04
Ins. Dept-Westbrook Ins. Co.	0.00	5,204,944.77	5,204,944.77	0.00	5,927,950.48
TOTALS	$ 0.00	$ 9,451,240.05	$ 9,451,240.05	$ 0.00	$ 50,037,505.23

CIVIL LIST FUNDS

Schedule of Investments[1] [2]

Fiscal Year Ended June 30, 1999

Legal No.	Legal Type	GAAP No.	GAAP Type	Fund Name	STIF Investments 6/30/99	Tax Exempt Proceeds Fund Investments 6/30/99	Investments with Treasurer as Trustee Short-Term 6/30/99	Investments with Treasurer as Trustee Long-Term 6/30/99	Investments with Others as Trustee Short-Term 6/30/99	Investments with Others as Trustee Long-Term 6/30/99	Total
GENERAL FUND[3]											
0000	Gen. Fund	050	Gen.Fund	General Fund	$1,226,314,460.09	$ 871,455.04	$ 54,867,417.01[16]				$1,282,053,332.14
SUBTOTAL GENERAL FUND					$1,226,314,460.09	$ 871,455.04	$ 54,867,417.01	$ -	$ -	$ -	$1,282,053,332.14
SPECIAL REVENUE FUNDS											
1105	Spec.Rev.	180	Spec.Rev.	Probate Court Administration	$ 17,359,384.02						$ 17,359,384.02
1115	Spec.Rev.	130	Spec.Rev.	Soldiers, Sailors and Marines	192,103.75 [4]						192,103.75
1123	Spec.Rev.	180	Spec.Rev.	Municipal Employees Retirement Administration	671,853.28						671,853.28
1129	Spec.Rev.	120	Spec.Rev.	Regional Market Operation	392,652.65						392,652.65
1154	Spec.Rev.	165	Spec.Rev.	Recreation and Natural Heritage Trust Fund		$ 1,525,219.34					1,525,219.34
1162	Spec.Rev.	922	Discrete	University Health Center Operating Fund	160,960.19						160,960.19
1169	Spec.Rev.	180	Spec.Rev.	Inter-Agency/Intra-Agency Grants - Tax Exempt Proceeds		31,493,761.40					31,493,761.40
1172	Spec.Rev.	922	Discrete	University Health Center Research Foundation	14,253,605.60						14,253,605.60
1175	Spec.Rev.	165	Spec.Rev.	Low-Level Radioactive Waste Management	13,090,276.85						13,090,276.85
1201	Spec.Rev.	100	Spec.Rev.	Transportation	63,682,186.02						63,682,186.02
1400	Spec.Rev.	510	Exp.Trust	Special Assessment Unemployment Compensation Adv Fund	1,132,691.89				$ 37,333,485.01[5]	$100,845,500.00 [5]	139,311,676.90
1405	Spec.Rev.	140	Spec.Rev.	Employment Security - Special Administration	3,878,148.82						3,878,148.82
1503	Spec.Rev.	160	Spec.Rev.	Economic Assistance Revolving Fund		2,971,651.33					2,971,651.33
1602	Spec.Rev.	170	Spec.Rev.	Housing Repayment and Revolving Loan Fund - Tax Exempt		2,399,611.43					2,399,611.43
1802	Spec.Rev.	170	Spec.Rev.	Housing Assistance Bond Fund - Tax Exempt	26,411.26						26,411.26
1824	Spec.Rev.	160	Spec.Rev.	Vocational Education Equipment		51,112.17					51,112.17
1825	Spec.Rev.	165	Spec.Rev.	Flood Relief Purposes		28,422.49					28,422.49
1832	Spec.Rev.	160	Spec.Rev.	High Technology Development		46,980.19					46,980.19
1842	Spec.Rev.	160	Spec.Rev.	Vocational Educational Equipment		5,377.87					5,377.87
1862	Spec.Rev.	160	Spec.Rev.	Grants to Local Governments and Others		484,257.77					484,257.77
1864	Spec.Rev.	165	Spec.Rev.	Estuarine Embayments Grants		48,750.00					48,750.00
1872	Spec.Rev.	180	Spec.Rev.	Capital Equipment Purchase Fund	7,678,468.89						7,678,468.89
1873	Spec.Rev.	160	Spec.Rev.	Grants to Local Governments and Others	4,408,017.89						4,408,017.89
1877	Spec.Rev.	180	Spec.Rev.	Shellfish Fund		98,650.40					98,650.40
SUBTOTAL SPECIAL REVENUE FUNDS					$ 126,926,761.11	$ 39,153,794.39	$ -	$ -	$ 37,333,485.01	$100,845,500.00	$ 304,259,540.51
DEBT SERVICE FUNDS											
2002	Debt Service	907	Discrete	University Bond Liquidation	$ 5,369,369.53						$ 5,369,369.53
2008	Debt Service	949	Discrete	State University Dormitory	41,244,476.20						41,244,476.20
2020	Debt Service	405	Enterprise	Rental Housing Fund	1,050,318.47					$ 68,809,678.56[6]	69,859,997.03
2025	Debt Service	250	Debt Service	Transportation Fund Reserve	96,554,338.10				$174,071,746.23[7]	257,407,948.76[7]	528,034,033.09
SUBTOTAL DEBT SERVICE FUNDS					$ 144,218,502.30	$ -	$ -	$ -	$174,071,746.23	$326,217,627.32	$ 644,507,875.85
CAPITAL PROJECTS FUNDS											
3012	Cap. Proj.	405	Enterprise	Rental Housing Fund		$ 239,164.97					$ 239,164.97
3016	Cap. Proj.	300	Cap.Proj.	Regional Market Fund		25,696.96					25,696.96
3057	Cap. Proj.	350	Cap.Proj.	National System of Interstate and Defense Highways		6,001,072.80					6,001,072.80
3071	Cap. Proj.	350	Cap.Proj.	Specific Interior Highway Projects	$ 1,799,165.57						1,799,165.57
3080	Cap. Proj.	165	Spec.Rev.	Elimination of Water Pollution	3,235,000.00	129,139.48					3,364,139.48
3086	Cap. Proj.	300	Cap.Proj.	Capital Improvements and Other Purposes		51,329.80					51,329.80
3092	Cap. Proj.	350	Cap.Proj.	Specific Highway Purposes	9,843.89						9,843.89
3741	Cap. Proj.	300	Cap.Proj.	Capital Improvements and Other Purposes		392,839.45					392,839.45
3745	Cap. Proj.	350	Cap.Proj.	Mass Transportation		774,054.87					774,054.87

CIVIL LIST FUNDS

Schedule of Investments[1] [2] (Continued)

Fiscal Year Ended June 30, 1999

Legal No.	Legal Type	GAAP No.	GAAP Type	Fund Name	STIF Investments 6/30/99	Tax Exempt Proceeds Fund Investments 6/30/99	Investments with Treasurer as Trustee Short-Term 6/30/99	Investments with Treasurer as Trustee Long-Term 6/30/99	Investments with Others as Trustee Short-Term 6/30/99	Investments with Others as Trustee Long-Term 6/30/99	Total
3771	Cap. Proj.	300	Cap.Proj.	Capital Improvements and Other Purposes		1,908,399.40					1,908,399.40
3781	Cap. Proj.	300	Cap.Proj.	Capital Improvements and Other Purposes		224,173.43					224,173.43
3782	Cap. Proj.	300	Cap.Proj.	Acquisition of Hartford Seminary		0.85					0.85
3784	Cap. Proj.	160	Spec.Rev.	Water Treatment Facilities		81,434.96					81,434.96
3785	Cap. Proj.	350	Cap.Proj.	Transportation Improvement		136,973.74					136,973.74
3786	Cap. Proj.	350	Cap.Proj.	Replace Bridges Over Railroads		69,875.50					69,875.50
3791	Cap. Proj.	300	Cap.Proj.	Capital Improvements and Other Purposes		1,154,112.84					1,154,112.84
3795	Cap. Proj.	160	Spec.Rev.	Community Conservation and Development	29,667,386.47						29,667,386.47
3797	Cap. Proj.	300	Cap.Proj.	University and State University Facilities		2,699.71					2,699.71
3801	Cap. Proj.	300	Cap.Proj.	Capital Improvements and Other Purposes		2,683,630.41					2,683,630.41
3802	Cap. Proj.	300	Cap.Proj.	State University Facilities		13,498.82					13,498.82
3803	Cap. Proj.	350	Cap.Proj.	Ramps Route 72 Expressway	25,162.48						25,162.48
3811	Cap. Proj.	300	Cap.Proj.	Capital Improvements and Other Purposes		1,543,068.49					1,543,068.49
3814	Cap. Proj.	300	Cap.Proj.	University and State University Facilities		45,587.97					45,587.97
3822	Cap. Proj.	350	Cap.Proj.	Highway Resurfacing		66,195.32					66,195.32
3823	Cap. Proj.	300	Cap.Proj.	University and State University Facilities		97,737.11					97,737.11
3831	Cap. Proj.	300	Cap.Proj.	Capital Improvements and Other Purposes	324,137.46	2,755,826.28					3,079,963.74
3833	Cap. Proj.	350	Cap.Proj.	Transportation Improvements and Other Purposes		207,256.16					207,256.16
3834	Cap. Proj.	300	Cap.Proj.	University and State University Facilities		121,223.00					121,223.00
3836	Cap. Proj.	350	Cap.Proj.	Transportation Improvements	132.02						132.02
3837	Cap. Proj.	350	Cap.Proj.	Transportation Purposes		144,437.57					144,437.57
3838	Cap. Proj.	350	Cap.Proj.	Highway Resurfacing		97,291.78					97,291.78
3841	Cap. Proj.	300	Cap.Proj.	Capital Improvements and Other Purposes		2,330,463.86					2,330,463.86
3842	Cap. Proj.	325	Cap.Proj.	Infrastructure Improvement Fund	69,338,703.28						69,338,703.28
3843	Cap. Proj.	300	Cap.Proj.	Legislative Office Building		78.00					78.00
3844	Cap. Proj.	300	Cap.Proj.	University and State University Facilities		198,215.48					198,215.48
3851	Cap. Proj.	300	Cap.Proj.	Capital Improvements and Other Purposes	2,857,795.77						2,857,795.77
3852	Cap. Proj.	300	Cap.Proj.	University and State University Facilities		27,947.75					27,947.75
3861	Cap. Proj.	300	Cap.Proj.	Capital Improvements and Other Purposes		937,370.10					937,370.10
3862	Cap. Proj.	300	Cap.Proj.	University and State University Facilities		139,913.90					139,913.90
3863	Cap. Proj.	350	Cap.Proj.	Middletown Cluster Rail Service (DEP)	8,662.18						8,662.18
3864	Cap. Proj.	300	Cap.Proj.	Fire Training School Facility		858.99					858.99
3873	Cap. Proj.	300	Cap.Proj.	Correctional Institution Inmate Housing		110,739.51					110,739.51
3876	Cap. Proj.	300	Cap.Proj.	University and State University Facilities	2,123,057.62						2,123,057.62
3891	Cap. Proj.	300	Cap.Proj.	Capital Improvements and Other Purposes	4,527,949.00	62,537.56					4,590,486.56
3911	Cap. Proj.	300	Cap.Proj.	Capital Improvements and Other Purposes	1,549,667.40						1,549,667.40
3931	Cap. Proj.	300	Cap.Proj.	Capital Improvements and Other Purposes	10,758,535.72						10,758,535.72
SUBTOTAL CAPITAL PROJECTS FUNDS					$ 126,225,198.86	$22,774,846.82	$ -	$ -	$ -	$ -	$ 149,000,045.68
ENTERPRISE FUNDS											
6005	Enterprise	924	Discrete	University Health Center Hospital					$ 192,891.54[8]	$ 1,061,825.48[8]	$ 1,254,717.02
6031	Enterprise	180	Spec.Rev.	Auto Emissions Inspection	$ 7,400,014.60						7,400,014.60
6300	Enterprise	410	Enterprise	Bradley International Airport Operations	66,613,495.28[9]					9,250,000.00[10]	75,863,495.28
6301	Enterprise	160	Spec.Rev.	Local Bridge Revolving Fund - Bond Financed		$29,668,593.21					29,668,593.21
6303	Enterprise	160	Spec.Rev.	Local Bridge Revolving Fund - Revenue Financed	20,473,307.97						20,473,307.97
6864	Enterprise	165	Spec.Rev.	Clean Water Fund - State	22,218,235.08				3,602,728.08[11]	22,364,000.00[11]	48,184,963.16
6865	Enterprise	610	Non.-Exp.	Clean Water Fund - Federal	2,983,068.56		$116,819,583.84[12]		73,207,622.99[13]	277,915,350.81[13]	470,925,626.20
6866	Enterprise	165	Spec.Rev.	Clean Water Fund - Long Island Sound	4,623,607.49						4,623,607.49
SUBTOTAL ENTERPRISE FUNDS					$ 124,311,728.98	$29,668,593.21	$116,819,583.84	$ -	$ 77,003,242.61	$310,591,176.29	$ 658,394,324.93

CIVIL LIST FUNDS

Schedule of Investments[1][2] (Continued)

Fiscal Year Ended June 30, 1999

Legal No.	Legal Type	GAAP No.	GAAP Type	Fund Name	STIF Investments 6/30/99	Tax Exempt Proceeds Fund Investments 6/30/99	Investments with Treasurer as Trustee Short-Term 6/30/99	Investments with Treasurer as Trustee Long-Term 6/30/99	Investments with Others as Trustee Short-Term 6/30/99	Investments with Others as Trustee Long-Term 6/30/99	Total
FIDUCIARY FUNDS											
7047	Fiduciary	700	Pension	Municipal Employees' Retirement - Fund A	$ 14,200.42						$ 14,200.42
7048	Fiduciary	700	Pension	Municipal Employees' Retirement - Fund B			$ 35,966,743.23	$ 1,176,991,981.78[14]			1,212,958,725.01
7049	Fiduciary	780	Agency	Policemen and Firemen Survivor's Benefit Fund			3,433,822.28	13,373,304.52[14]			16,807,126.80
7050	Fiduciary	710	Pension	Probate Judges and Employees Retirement Fund			1,039,948.59	63,962,183.54[14]			65,002,132.13
7201	Fiduciary	540	Exp.Trust	Connecticut Health Club Guaranty Fund	343,207.60						343,207.60
7202	Fiduciary	425	Comp. Unit	Industrial Building Mortgage Insurance Fund	17,899,794.46						17,899,794.46
7203	Fiduciary	540	Exp.Trust	Real Estate Guaranty Fund	19,542.83						19,542.83
7205	Fiduciary	500	Exp.Trust	Unemployment Compensation Fund					$ 834,820,121.34[15]		834,820,121.34
7207	Fiduciary	923	Discrete	John Dempsey Hospital Malpractice Trust Fund	5,026,318.11						5,026,318.11
7209	Fiduciary	540	Exp.Trust	Home Improvement Guaranty Fund	636,431.87						636,431.87
7303	Fiduciary	640	Non.-Exp.	Endowed Chair Investment Fund	3,753,662.65						3,753,662.65
7304	Fiduciary	640	Non.-Exp.	Connecticut Arts Endowment Fund			1,418,577.13	10,536,895.21[14]			11,955,472.34
7305	Fiduciary	630	Non.-Exp.	Soldiers', Sailors' and Marines' Trust Fund			333,874.07	57,309,638.12[14]			57,643,512.19
7801	Fiduciary	650	Pension	State Employees' Retirement Fund			51,957,827.45	7,472,336,117.33[14]			7,524,293,944.78
7803	Fiduciary	670	Pension	State's Attorneys' Retirement Fund			240,779.35	645,568.79[14]			886,348.14
7804	Fiduciary	670	Pension	General Assembly Retirement Fund	41,391.31						41,391.31
7805	Fiduciary	680	Pension	Judges' and Compensation Commissioners' Retirement Fund			6,299,911.82	118,036,732.02[14]			124,336,643.84
7806	Fiduciary	670	Pension	Public Defenders Retirement Fund	24,254.77						24,254.77
7807	Fiduciary	660	Pension	Teachers' Retirement Fund	19,738,204.82		104,344,427.44	$ 10,688,510,499.59[14]			10,812,593,131.85
SUBTOTAL FIDUCIARY FUNDS					$ 47,497,008.84	$ -	$205,035,911.36	$19,601,702,920.90	$ 834,820,121.34	$ -	$20,689,055,962.44
TOTAL CIVIL LIST FUNDS					**$1,795,493,660.18**	**$92,468,689.46**	**$376,722,912.21**	**$19,601,702,920.90**	**$1,123,228,595.19**	**$737,654,303.61**	**$23,727,271,081.55**

CIVIL LIST FUNDS
Schedule of Investments[1][2] (Continued)
Fiscal Year Ended June 30, 1999

(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) Included $192,103.75 investment recognized by the Comptroller.

(5) Short-term investments consists of a repurchase agreement and long-term investments consist of collateralized repurchase agreements and GIC's. Short and long-term investments held by State Street Bank and Trust as Trustee. Short and long-term investments held by State Street Bank and Trust as Trustee. For description of program, see Debt Management Division.

(6) Long-term investments consist of a portfolio of U.S. Treasury and agency securities purchased with annual sinking fund payments. The fund was established to pay $80,000,000 principal of Rental Housing term bonds due in 2002. State Street Bank and Trust serves as Trustee.

(7) Short-term investments consist of Guaranteed Investment Contracts. Long-term investments consist of U.S. Treasury securities, GIC's and taxable municipal bonds. Investments held by State Street Bank & Trust as Trustee. For description of the program, see Debt Management Division.

(8) Represents funds reserved by the University of Connecticut Health Center at the time of issuance of state bonds to purchase equipment for the University Health Center Hospital. The funds are invested in U.S. Treasury securities maturing from 8/15/99 through 12/15/09. 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, 1999. At June 30, 1999, the aggregate historical cost of this portfolio was $526,536, the par value was $1,621,000. Although the portfolio is considered long-term in nature, securities totaling $199,000 in par value, $192,892 in market value, mature by June 30, 2000. These funds are held by State Street Bank & Trust as Trustee.

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

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

(11) Short-term investments consist of a money market fund. Long-term investments consist of State of Connecticut General Obligation Bonds which are shown at par. Short and long-term investments held by State Street Bank & Trust as Trustee. For description of program, see Debt Management Division.

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

(13) Short-term investments consist of a money market fund. Long-term investments consist of State of Connecticut General Obligation Bonds, shown at par value, and GIC's. Both short and long-term investments held by State Street Bank & Trust as Trustee. For description of program, see Debt Management Division.

(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 in certificates of deposit or savings accounts of "well capitalized" Connecticut Banks that have "outstanding" state or federal Community Reinvestment Act ratings or that participate in certain Connecticut Development Authority programs. CD maturities range from three to 12 months.

CIVIL LIST FUNDS

General Fund Agency Deposits (1)
Fiscal Year Ended June 30, 1999

Agency Number	Description	Total
1001	Legislative Management	$ 93,859.32
1005	Auditors of Public Accounts	3,849.26
1012	Permanent Commission on Status of Women	42,951.85
1013	Commission on Children	52,508.00
1014	Commission on Latino and Puerto Rican Affairs	13,745.00
1101	Governor's Office	18,723.91
1102	Office of the Secretary of the State	18,092,463.16
1103	Lieutenant Governor's Office	17.14
1104	Elections Enforcement Commission	44,038.43
1105	Ethics Commission	478,198.39
1106	Freedom of Information Commission	3,046.34
1201	Office of the State Treasurer	
	Miscellaneous	60,114,329.97
	Escheats	44,305,804.26
	Dividends on Securities Held	685,802.09
	Penalties - Examinations or Late Filing	483,696.92
	Reciprocal States	1,785,587.64
	Private Donations	15,450.00
	Investments	883,100.73
1202	Office of the State Comptroller	
	Personal Income Tax - Withholding	3,827,271.39
	Miscellaneous	238,499.72
	Loan Agreement Interest	95,812.50
	Unemployment Compensation	1,110,818.25
	Indirect Overhead - Federal Projects	2,238.56
	Workers' Compensation - Recoveries - Fringe Benefits	195,380.93
	Recoveries - Employees Fringe Benefits	2,390,488.17
	Principal on Loans	75,000.00
	Grants Other than Federal - Restricted	40,872.00
1203	Department of Revenue Services	
	Hospital Gross Earnings Tax	130,779,134.72
	Insurance Companies	162,792,817.14
	Gas Companies	29,588,695.65
	Gas and Electric Companies	87,546,156.82
	Electric and Power Companies	27,633,665.10
	Water and Water Power Companies	3,580.54
	Community Antenna Television Systems	23,260,209.81
	Steam Railroad Companies	152,116.17
	Petroleum Companies	47,795,712.90
	Steam Companies	380,017.91
	Hospital and Medical Service Corporations	30,570,129.44
	Inheritance Tax	237,573,114.71
	Gift Tax	33,233,693.76

CIVIL LIST FUNDS

General Fund Agency Deposits [1] (Continued)
Fiscal Year Ended June 30, 1999

Agency Number	Description	Total
	Alcoholic Beverages	40,005,208.65
	Cigarettes	118,698,612.75
	Gasoline	50.00
	Retail Tire Fee	134,111.16
	Tobacco Products	4,580,437.09
	Controlled Substance Tax	1,071.84
	Admissions, Dues and Cabarets	26,870,035.11
	Corporation	623,740,407.09
	Capital Gains, Dividends and Interest	672,692.77
	Personal Income Tax - Withholding	2,491,011,594.22
	Personal Income Tax - Estimated Payments/Tax Returns	1,303,498,642.16
	Unrelated Business Income Tax	2,356,540.88
	Sales and Use Tax	2,929,821,286.58
	Rental Surcharge	216,331.60
	Occupational Tax	5,859,112.90
	Generators of Hazardous Waste	1,190,763.84
	Real Estate Conveyance	103,736,580.35
	Controlling Interest Transfer Tax	3,076,064.50
	Licenses	827,389.47
	Jury Fees	515,339.22
	Miscellaneous Private Donations	10.00
1204	Division of Special Revenue	3,433,167.01
1205	Connecticut Lottery Corporation	286,676,514.34
1220	State Insurance & Risk Management Board	318,784.57
1221	Connecticut Housing Finance Authority	7,912,023.93
1310	Office of Policy and Management	308,909,090.30
1312	Department of Veterans' Affairs	9,746,721.52
1320	Department of Administrative Services	1,558,792.35
1323	DAS/Collection Services Business Center	55,223,163.06
1324	DAS/BGTS/Technical Services Division	5,211.65
1326	Department of Public Works	1,993,236.82
1501	Office of the Attorney General	2,097,994.91
1502	Office of the Claims Commissioner	16,271.50
1504	Division of Criminal Justice	3,251,004.64
2000	Department of Public Safety	32,936,398.77
2003	Police Officer Standards and Training Council	810.73
2004	Board of Firearms Permit Examiners	161.20
2101	Department of Motor Vehicles	854,760.34
2201	Military Department	7,821,875.13
2304	Commission on Fire Prevention and Control	944,266.18
2402	Department of Banking	70,710.86
2403	Department of Insurance	12,990,232.49
2407	Department of Public Utility Control	201,838.99

CIVIL LIST FUNDS

General Fund Agency Deposits [1] (Continued)
Fiscal Year Ended June 30, 1999

Agency Number	Description	Total
2500	Department of Consumer Protection	16,738,044.94
2610	Department of Labor	8,279,519.29
2620	Employment Security Division	16,324.44
2901	Commission on Human Rights and Opportunities	1,510,353.94
2902	Office of Advocacy for Persons with Disabilities	932,841.35
2903	Office of the Child Advocate	706.50
2904	Workers' Compensation Commission	70,950.00
3002	Department of Agriculture	2,423,632.20
3100	Department of Environmental Protection	36,760,206.62
3190	Council on Environmental Quality	75.00
3400	Connecticut Historical Commission	672,907.35
3500	Department of Economic and Community Development	46,071,760.76
3504	Connecticut Development Authority	3,160,000.00
3601	Connecticut Agricultural Experiment Station	1,456,457.53
4001	Department of Public Health	107,814,132.82
4050	Office of Health Care Access	4,029,216.62
4090	Office of the Chief Medical Examiner	641,395.14
4101	Southbury Training School	277,862.86
4114	Office of Mental Retardation	1,233,184.89
4121	DMR - Region 1	743,339.82
4122	DMR - Region 2	1,380,365.90
4123	DMR - Eastern Region	970,997.55
4124	DMR - Region 4	1,156,602.70
4125	DMR - Region 5	1,607,667.13
4400	Department of Mental Health and Addiction Services	3,000.00
4402	DMH/Office of the Commissioner	13,851,057.55
4403	Connecticut Valley Hospital	130,800,099.60
4405	Western Connecticut Mental Health Network	8,266.65
4406	Southeast Mental Health Authority	81,535.67
4407	River Valley Services	3,853.03
4409	Connecticut Mental Health Center - New Haven	11,922,764.65
4411	Southwest Connecticut Mental Health System	12,881,563.41
4412	Capital Region Mental Health Center	233,974.00
4413	Franklin S. Dubois Center	2,702.64
4415	Cedarcrest Regional Hospital	40,178,773.82
4416	DHMAS Purchased Service	15,215,270.29
4430	Psychiatric Security Review Board	974.13
5000	Department of Transportation	16,609.59
6100	Department of Social Services	2,011,493,779.76
7001	Department of Education	239,520,846.80
7101	Board of Education and Services for the Blind	8,106,615.12
7102	Commission on the Deaf and Hearing Impaired	824,557.34
7104	State Library	3,985,810.07

CIVIL LIST FUNDS

General Fund Agency Deposits [1] (Continued)
Fiscal Year Ended June 30, 1999

Agency Number	Description	Total
7250	Department of Higher Education	4,389,586.03
7301	University of Connecticut	48,390.82
7302	University of Connecticut Health Center	184,932.28
7401	Charter Oak State College	924,025.69
7601	Teachers' Retirement Board	2,382.15
7701	Board for Regional Community-Technical Colleges	2,664.37
7702	Manchester Community-Technical College	5,149.41
7703	Northwestern Community-Technical College	3,959.75
7704	Norwalk Community-Technical College	91,018.60
7706	Middlesex Community-Technical College	317.37
7707	Capital Community-Technical College	7,815.82
7708	Naugatuck Valley Community-Technical College	105,752.52
7709	Gateway Community-Technical College	3,372.94
7710	Tunxis Community-Technical College	65,174.32
7711	Three Rivers Community-Technical College	5,275.68
7712	Quinebaug Valley Community-Technical College	12,925.54
7713	Asnuntuck Community-Technical College	50.00
7804	Southern Connecticut State University	12,098.67
8000	Department of Correction (Parent Account)	11,299,690.59
8005	DOC Grant Administration	3,777,506.06
8090	Board of Pardons	534.40
8091	Board of Parole	4,975.95
8102	DCF/Office of the Commissioner	116,997,212.59
8103	DCF/Long Lane School	45,530.11
8104	Connecticut Children's Place	2,096,336.99
8113	DCF/High Meadows	42,074.84
8115	DCF/Riverview Hospital for Children and Youth	63,108.38
8121	DCF/Region 1	109,809.54
8122	DCF/Region 2	63,228.89
8123	DCF/Region 3	208,366.18
8124	DCF/Region 4	534,613.49
8125	DCF/Region 5	81,496.42
8200	County Sheriffs	7,692.29
9001	Judicial Department	9,410,154.96
9007	Public Defender Services Commission	110,520.36
9403	Workers' Compensation Claims - D.A.S.	593,745.78
9601	Judicial Review Council	764.20
9610	Adjudicated Claims	17,837.49
9910	Highter Education Alternative Retirement System	12,971,620.01
9913	Group Life Insurance	819,330.70
9916	Tuition Reimb/Training and Travel (Union Contacts)	250.00
9926	Employer Social Security Tax	42,844,303.60
9932	Health Service Cost	60,085,506.39

CIVIL LIST FUNDS

General Fund Agency Deposits [1] (Continued)
Fiscal Year Ended June 30, 1999

Agency Number	Description	Total
9933	Retired State Employees Health Cost	358,390.48
SUBTOTAL		$ 12,335,668,004.19
Adjustments as of July 1, 1998		(5,405,544.63) [2]
Adjustments as of June 30, 1999		6,063,558.23 [3]
TOTAL		$ 12,336,326,017.79

(1) Figures do not reflect any adjustments made by the Comptroller to the agency's deposit information.
(2) Cash received by agencies during the fiscal year 1998, but not deposited until the fiscal year 1999. These cash receipts were recorded by the Treasurer as fiscal year 1999 receipts and have been netted against the sub-total to accurately reflect fiscal year 1999 cash receipts.
(3) Cash received by agencies on June 30, 1999 but deposited after June 30, 1999.

SECURITIES HELD IN TRUST FOR POLICYHOLDERS

June 30, 1999

Name of Insurance Company	Par Amount of Collateral	Market Value

Securities are held on deposit with the State Treasurer on behalf of the Insurance Department under Sec 38a-83:

Name of Insurance Company	Par Amount of Collateral	Market Value
Action Auto Rental Inc.	$ 170,000.00	$ 170,000.00
Aetna Health and Life Insurance	2,000,000.00	2,000,160.00
Aetna Insurance Company Of America	2,935,000.00	2,708,350.55
Aetna Insurance Company Of Connecticut	1,585,000.00	1,589,707.45
Aetna Life Insurance & Annuity Company	2,600,000.00	2,398,498.00
Aetna Life Insurance Company	1,441,000.00	1,661,559.29
Aetna Life Insurance Company Of America	2,625,000.00	2,629,515.00
Allianz Insurance Company	1,000,000.00	1,011,720.00
Allianz Insurance Company Workers Comp.	1,450,000.00	1,466,994.00
Alpine Insurance Company	4,970,000.00	5,077,684.70
American Centennial Insurance Company	50,000.00	50,898.50
American Employers Insurance Company	3,220,000.00	3,297,771.40
American General Annuity	100,000.00	101,500.00
American Mayflower Life Insurance Of New York	250,000.00	351,015.00
American Maturity Life	4,600,000.00	4,704,452.00
American Phoenix Life & Reassurance	5,050,000.00	5,201,116.00
American Security Insurance Company	35,000.00	38,647.70
American Skandia Life Assurance Corp.	1,500,000.00	1,509,380.00
Argonaut Insurance Company	5,700,000.00	6,347,197.00
Associated Indemnity Corporation	883,000.00	896,105.62
Atlas Assurance Company Of America	250,000.00	251,485.00
Auto Insurance Company Of Hartford	4,050,000.00	4,258,691.00
Berkshire Mutual Insurance Company	600,000.00	620,904.00
Blue Ridge Indemnity Company	500,000.00	515,315.00
Blue Ridge Insurance Company	2,000,000.00	2,061,260.00
C M Assurance Company	2,000,000.00	2,025,320.00
C M Life Insurance Company	1,600,000.00	1,620,256.00
Carolina Casualty Insurance Company	200,000.00	206,968.00
Century Indemnity Company	1,560,000.00	1,624,833.60
Charter Oak Fire Insurance Company	4,525,000.00	4,664,366.75
Chicago Title Insurance Company	100,000.00	100,297.00
Cigna Fire Underwriters Insurance Company	1,910,000.00	1,925,112.90
Cigna Life Insurance Company	2,015,000.00	2,080,284.30
Cologne Reinsurance Company Of America	3,450,000.00	3,523,543.00
Commercial Union Insurance Company	10,100,000.00	10,552,899.60
Commonwealth Mortgage Assurance Company	315,000.00	329,128.07
Connecticut Attorneys Title Ins.	100,000.00	101,172.00
Connecticut General Life Insurance Company	1,650,000.00	1,718,574.00
Connecticut Indemnity Company	2,065,000.00	2,072,356.01
Connecticut Specialty Insurance Company	2,800,000.00	2,802,430.40
Connecticut Surety Company	750,000.00	752,930.00
Covenant Insurance	850,000.00	862,139.50
Design Professionals Insurance Co.	2,750,000.00	2,860,266.75
E.B.I. Indemnity	1,500,000.00	1,440,069.00
Electric Mutual Liability Insurance Company	5,435,000.00	5,657,043.25
Employee Benefits Insurance Co.	2,605,000.00	2,751,722.37
Employers Fire Ins. Co.	1,455,000.00	1,501,831.90
Executive Risk Specialty Insurance Company	2,500,000.00	2,625,464.00
Fairfield Insurance	2,500,000.00	2,701,983.25

SECURITIES HELD IN TRUST FOR POLICYHOLDERS (Continued)
June 30, 1999

Name of Insurance Company	Par Amount of Collateral	Market Value
Farmington Casualty Company	3,000,000.00	3,211,212.00
Fire & Casualty Ins.Co. Of Connecticut	2,075,000.00	2,152,360.00
Firemens Fund Insurance Company	5,219,100.00	5,647,814.62
First Reinsurance Of Hartford	2,100,000.00	2,120,267.00
First State Insurance Company	2,100,000.00	2,187,612.00
Freemont Industrial Indemnity Company	465,000.00	443,856.92
General & Cologne Life Re of America	1,500,000.00	1,531,314.00
Gen. Electric Mortgage Ins.Corp. Of N.C.	60,000.00	61,246.80
General Star Indemnity Company	2,975,000.00	3,218,239.55
Genesis Insurance Company	3,000,000.00	3,186,570.00
Hartford Accident & Indemnity Company	3,325,000.00	3,438,166.31
Hartford Fire Insurance Company	3,830,000.00	3,892,970.67
Hartford International Life Reassurance Corp.	2,051,000.00	2,079,226.22
Hartford Life and Accident Insurance Co.	2,000,000.00	2,036,290.00
Hartford Life Insurance Company	1,960,000.00	1,991,928.10
Hartford Life and Annuity	2,405,000.00	2,441,545.23
Hartford Steam Boiler Inspec. & Ins. Co.	3,600,000.00	3,688,975.10
Hartford Steam Boiler Insp & Ins Co Of Conn.	1,000,000.00	1,022,807.50
Hartford Underwriters Insurance Company	3,575,000.00	3,686,588.68
Highlands Insurance Company	100,000.00	106,037.00
Highmark Insurance Company	5,000,000.00	5,208,600.00
Houston General Insurance Company	65,000.00	63,212.50
Idealife Insurance Company	1,500,000.00	1,516,526.00
Il Annuity And Insurance Co.	250,000.00	260,430.00
Industrial Alliance Life Insurance	30,000.00	32,161.80
Integon National Insurance Company	75,000.00	79,664.25
Integon Preferred Insurance	75,000.00	89,577.75
Liberty Insurance Corporation	30,000.00	30,360.90
Liberty Mutual Fire Insurance Company	20,450,000.00	21,296,550.43
Liberty Mutual Insurance Company	172,305,000.00	180,311,071.48
Life Reassurance Corporation Of America	5,290,000.00	5,192,777.40
Lumber Mutual Insurance Company	3,080,000.00	3,231,845.60
MML Bay State Life Insurance Co.	1,500,000.00	1,518,990.00
Massachusetts Mutual	1,810,000.00	1,930,878.20
Members Life Ins. Co.	350,000.00	371,766.50
Monumental Life Insurance	75,000.00	78,421.50
Munich American Reassurance Company	40,000.00	40,024.80
National Fire Insurance Co. Of Hartford	2,500,000.00	2,503,560.00
National Liability & Fire Insurance	2,600,000.00	2,621,112.00
New England Insurance Company Of Connecticut	2,600,000.00	2,623,166.00
New England Reinsurance Corporation	3,225,000.00	3,226,999.50
New London County Mutual Insurance Co.	600,000.00	609,846.00
Northern Assur. Co. of America	3,640,000.00	3,774,879.55
North American Lumber Insurance Company	125,000.00	127,558.75
Nutmeg Insurance Company	3,000,000.00	3,045,272.00
Orion Insurance Company	3,530,000.00	3,584,538.60
PHL Variable Insurance Company	5,070,000.00	5,128,130.70
Pacific Indemnity Group	2,257,000.00	2,618,947.83
Pacific Insurance Company	2,820,000.00	2,893,074.02
Patrons Fire Ins. Co. of Rhode Island	120,000.00	140,768.76
Phoenix American Life	1,500,000.00	1,500,930.00
Phoenix Insurance Company	4,635,000.00	4,721,084.13

SECURITIES HELD IN TRUST FOR POLICYHOLDERS (Continued)
June 30, 1999

Name of Insurance Company	Par Amount of Collateral	Market Value
Phoenix Life Insurance Co.	1,700,000.00	1,701,598.00
Phoenix Life & Annuity	5,150,000.00	5,194,415.50
PXRE Reinsurance	7,425,000.00	7,424,864.50
Quadrant Indemnity	3,000,000.00	3,079,680.00
Reliance Insurance Co. of California	35,000.00	35,065.80
Royal Life Insurance Company Of America	5,050,000.00	5,135,433.00
Royal Special Risks Insurance Company	2,500,000.00	2,500,000.00
Royal Surplus Lines Insurance Company	2,500,000.00	2,500,000.00
Safeco Insurance Co.	100,000.00	107,656.00
Safeguard Insurance Company	3,350,000.00	3,350,000.00
Seaco Insurance Company	4,020,000.00	4,267,821.67
Security Connecticut Life Ins. Co.	5,000,000.00	4,809,350.00
Security Insurance Company Of Hartford	3,185,000.00	3,251,413.21
Seneca Insurance Company	260,000.00	270,847.20
Standard Fire Insurance Company	4,000,000.00	4,002,480.00
T.H.E. Insurance Company	300,000.00	301,720.70
Thames Ins. Co.	200,000.00	203,282.00
Tig Insurance Co.	19,721,000.00	19,678,885.74
Tig Reinsurance	2,500,000.00	2,903,026.10
Transnational Insurance	3,600,000.00	3,604,110.00
Travco Insurance Company	4,875,000.00	5,332,031.25
Travelers Casualty & Surety	3,000,000.00	3,041,560.00
Travelers Casualty & Surety of America	3,180,000.00	3,326,354.20
Travelers Casualty of Connecticut	2,500,000.00	2,576,973.25
Travelers Commercial Insurance	1,625,000.00	1,627,961.50
Travelers Excess & Surplus	2,500,000.00	2,576,575.00
Travelers Home & Marine Insurance Company	5,125,000.00	5,605,468.75
Travelers Indemnity Company	4,130,000.00	4,020,107.67
Travelers Indemnity Company Of America	3,565,000.00	3,567,210.30
Travelers Indemnity Company Of Connecticut	3,000,000.00	3,412,260.00
Travelers Insurance Company	2,625,000.00	2,636,750.00
Travelers Life And Annuity Company	2,600,000.00	2,732,966.00
Travelers Personal Security Insurance Company	1,100,000.00	1,100,682.00
Travelers Property Casualty Insurance Company	1,550,000.00	1,566,189.00
Trenwick America Reinsurance	3,500,000.00	3,669,214.50
Truck Insurance Exchange	370,000.00	370,000.00
Trumbull Insurance Co	3,090,000.00	3,152,103.84
United Guaranty Residential Ins. Co. Of N.C.	50,000.00	51,855.50
United Healthcare Insurance	1,506,000.00	1,520,708.72
United Illuminating	265,000.00	255,555.40
Vision Service Plan Of Connecticut Inc.	2,300,000.00	2,324,794.00
Westchester Surplus Lines	100,000.00	105,922.00
Worcester Ins.	1,270,000.00	1,302,473.40
Zenith Insurance Company	25,000.00	25,074.25
Zurich Reinsurance Centre I	3,000,000.00	3,075,780.00
TOTAL	$ 531,233,100.00	$ 549,236,893.46

SECURITIES HELD IN TRUST FOR POLICYHOLDERS (Continued)

June 30, 1999

Name of Insurance Company		Par Amount of Collateral	Market Value
Assets Held In STIF:			
American Mutual Insurance Of Boston	$	1,932,781.77	
American Mutual Liability		20,070,471.94	
Covenant Mutual Liquidating Trust		14,274,210.99	
First State Insurance Company		2,645,137.38	
Suburban Health Plan		1,151,109.04	
Westbrook Insurance Company		5,927,950.48	
Western Employers Insurance		4,009,777.04	
TOTAL	$	50,011,438.64	