

**STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL
FACILITIES AUTHORITY**
(A Component Unit of the State of Connecticut)

**BASIC FINANCIAL STATEMENTS
AS OF JUNE 30, 2008 AND 2007**

**TOGETHER WITH
INDEPENDENT AUDITORS' REPORT
AND
SUPPLEMENTAL INFORMATION**



**STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
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MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis (MD&A) of the State of Connecticut Health and Educational Facilities Authority's (Authority) activities and financial performance provides the reader with an introduction and overview to the audited financial statements for the fiscal years ended June 30, 2008 and 2007 with an additional comparison to FY 2006. Following this MD&A are the financial statements of the Authority together with the notes thereto, which are essential to a full understanding of the data contained in the financial statements.

The Authority is a "conduit" issuer of tax-exempt bonds, issued on behalf of non-profit healthcare institutions, higher education and private secondary schools, child care facilities, long-term care facilities, cultural institutions and various other qualified non-profit institutions pursuant to Connecticut General Statutes Chapter 187, Sections 10a-176 through 10a-198. These tax-exempt bonds are financial/debt obligations of the institution on whose behalf the Authority issues the bonds. The issuance of tax-exempt bonds provides funds for new construction projects, the refinancing of long-term debt obligations to reduce borrowing costs, and Debt Service Reserve Funds, which are typically required for all fixed interest rate bond issues at an amount equal to one year's maximum annual debt service.

The Authority's financial statements use proprietary fund reporting and report its financial position in three basic financial statements: (1) a balance sheet; (2) a statement of revenues, expenses and changes in net assets; and (3) a statement of cash flows.

Bonds Issued (Dollars in Thousands)

The following is a review of the number of bond issues and the related amount issued, summarized by market segment and comparing FY 2008, FY 2007 and FY 2006. The bonds issued during FY 2008 include \$1,303,868 for new projects and \$670,567 in refinancing of existing bond issues. There were three sizable bond issues for new projects including: \$175,000 for Saint Francis Hospital and Medical Center, \$302,215 for Quinnipiac University, and \$600,000 for Yale University. Not included in the bonds issued during FY 2008 was \$772,445 for auction rate conversions that were also closed (for eight bond issues).

	<u>Bond</u> <u>Issues</u>	<u>FY 2008</u>	<u>Bond</u> <u>Issues</u>	<u>FY 2007</u>	<u>Bond</u> <u>Issues</u>	<u>FY 2006</u>
Healthcare	11	\$ 591,795	9	\$415,920	8	\$345,160
Higher Education	10	1,092,080	8	269,095	10	546,925
Private Secondary Schools	7	148,865	5	106,800	3	59,265
Long-Term Care	4	141,695	2	16,050	1	7,095
Child Care	0	0	5	26,000	0	0
Other	0	0	0	0	2	24,195
Total	<u>32</u>	<u>\$1,974,435</u>	<u>29</u>	<u>\$833,865</u>	<u>24</u>	<u>\$982,640</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Annual Fees (Dollars in Thousands)

The following is a summary of the revenues generated from annual administrative fees charged during FY 2008, FY 2007 and FY 2006 based on the Board approved administrative fee of 9 basis points (or .0009) on the outstanding balance for all market segments with the exception for special capital Reserve fund long-term care bond issues which is 14 basis points (or .0014):

	<u>FY 2008</u>	<u>FY 2007</u>	<u>FY 2006</u>
Healthcare	\$1,314	\$1,293	\$1,268
Higher Education	3,419	2,780	2,446
Private Secondary Schools	542	495	479
Long-Term Care	216	171	232
Child Care	64	57	28
Other	<u>70</u>	<u>75</u>	<u>89</u>
Total	<u>\$5,625</u>	<u>\$4,871</u>	<u>\$4,542</u>

The increase in revenues from FY 2007 to FY 2008 was derived from the bonds issued during FY 2008 for new projects (\$1,303,868 was issued for new projects).

The increases in revenues from FY 2006 to FY 2007 for healthcare, higher education and private secondary schools were for bonds issued during FY 2007 for new projects. The decrease in long-term care revenues reflects the defeasance of three bond issues for facilities owned by the Diocese of Bridgeport (Saint Joseph's Manor, Pope John Paul II Center and Saint Camillus Health Center) and the sale/defeasance of 3030 Park Fairfield Nursing Home. The increase in child care fees resulted from the issuance of the Child Care Facilities Program Series F in December 2006.

Balance Sheets (Dollars in Thousands)

	<u>FY 2008</u>	<u>FY 2007</u>	<u>FY 2006</u>
ASSETS			
Unrestricted Assets	\$ 23,529	\$ 21,943	\$ 20,898
Restricted Assets	1,139,562	541,397	471,613
Non-Current Assets	<u>2,543</u>	<u>2,501</u>	<u>2,522</u>
Total Assets	<u>\$1,165,634</u>	<u>\$565,841</u>	<u>\$495,033</u>
LIABILITIES			
Current Liabilities	\$1,141,271	\$543,134	\$473,815
Non-Current Liabilities	<u>2,247</u>	<u>2,247</u>	<u>2,247</u>
Total Liabilities	<u>1,143,518</u>	<u>\$545,381</u>	<u>\$476,062</u>
NET ASSETS			
Invested in capital assets	296	254	275
Unrestricted	<u>21,820</u>	<u>20,206</u>	<u>18,696</u>
Total Liabilities and Net Assets	<u>\$1,165,634</u>	<u>\$565,841</u>	<u>\$495,033</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (*Continued*)

Financial Operation Highlights (Dollars in Thousands)

Unrestricted Assets – the following is an overview of the major changes in unrestricted current assets:

Cash – the increase in cash for FY 2008 of \$1,172 as compared to FY 2007 reflects the receipt of annual administrative fees paid at the end of the fiscal year that were not transferred to the STIF fund investments until July 2, 2008.

Investments – for FY 2008 the investments of \$21,850 have increased \$464 as compared to FY 2007. The increase for FY 2008 was derived from the increase in annual administrative fees derived from bonds issued for new projects. FY 2007 investments of \$21,386 have increased by \$961 as compared to FY 2006. The increase for FY 2007 was primarily from the recovery of \$1,280 in legal expenses incurred during the workout and sale of the 3030 Park Fairfield nursing home. Authority funds are invested in accordance with the Authority's Board approved investment policy, which permits investments in the Office of the State Treasurer's STIF (short-term investment fund).

Accounts Receivable – FY 2008 of \$174 as compared to FY 2007 of \$256 includes receivables for annual administrative fees and receivables for annual trustee fees. The FY 2007 was \$256 as compared to FY 2006 of \$252 and includes receivables for annual administrative fees and receivables for annual trustee fees.

Restricted Assets – the following is an overview of the major changes in restricted assets:

Fund Investments – are investments associated with construction funds managed and held by the Authority on behalf of its client institutions. The construction funds managed by the Authority for FY 2008 of \$1,133,962 have increased by \$597,525 as compared to FY 2007. The increase during FY 2008 includes the construction fund deposits for the following for bond issues closed during FY 2008: Saint Francis Hospital and Medical Center \$145,883, Yale University \$371,307, and Quinnipiac University \$241,454. The construction funds managed by the Authority for FY 2007 of \$536,437 have increased by \$68,197 as compared to FY 2006.

The Construction Funds are managed by the Authority on behalf of the institutions. The proceeds are invested and managed in accordance with an investment policy that is approved by the Authority's Board of Directors and invested in strict accordance with the relevant provisions of the respective bond issue trust indentures and with Connecticut state law. Bond funds are generally invested in a "AAA" rated Fidelity Institutional Government Money Market Fund, Class I; State of Connecticut Treasurer's Short-Term Investment Fund; Obligations issued or guaranteed by the U.S. Government; and Qualified Guaranteed Investment Contracts complying with Connecticut General Statutes Section 10a-180(s). Guaranteed Investment Contracts are competitively bid and invested with "qualified money market funds" as provided in the respective bond issue trust indentures that have an "AAA" rating by two nationally recognized rating agencies.

Interest Receivable - the receivable of \$495 for FY 2008 was for restricted interest receivable for a Yale-New Haven Hospital guaranteed investment contract which had a scheduled interest payment date of July 10, 2008.

Other Receivables – FY 2008, 2007 and 2006 include the interest earnings on the Debt Service Reserve Funds held by the Trustee on behalf of client institutions that flow to the Construction Fund until construction is completed.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Liabilities (Dollars in Thousands)

Accounts Payable and Accrued Expenses – the \$1,738 for FY 2008 has decreased \$60 from \$1,799 for FY 2007. FY 2007 decreased by \$431 as compared to FY 2006. The decrease for FY 2008 was attributable to a reduction in grants payable of \$330 which was offset by an increase in the amount due to the State of Connecticut of \$246 for funding associated with the Early Childhood Education facilities expansion project from the Connecticut State Department of Education. The decrease for FY 2007 as compared to FY 2006 was a reduction in grants payable of \$144, a decrease of \$120 in accrued legal expenses and a net decrease in other payables.

Amounts Held for Institutions – of \$1,139,532 is the amount held by the Authority for client construction funds. The increase of \$598,197 as of June 30, 2008 included the following major construction fund balances held: Saint Francis Hospital and Medical Center \$145,883, Yale University \$371,307, and Quinnipiac University \$241,454.

Amount Held on Behalf of the State of Connecticut – reflect the amounts held by the Authority pursuant to Public Act 97-259 for school readiness and child day care programs. The Act provided approximately \$1,500 to fund the loan guarantees for the Guaranteed Loan Fund Program managed by Peoples Bank and it provided approximately \$750 to fund the guarantees for the Small Direct Loan Fund Program managed by the Connecticut Community Investment Corporation (CTCIC). To date there has only been one call on the loan guarantee funds for a loan made by CTCIC for a loss of \$3.

Net Assets (Dollars in Thousands)

Total net assets for FY 2008 have increased by \$1,656 as compared to FY 2007. This increase was from an increase in administrative fee revenue of \$754 relating to the bonds issued for new projects and income from investments of \$836. Net assets for FY 2007 have increased by \$1,489 as compared to a decrease of \$556 for FY 2006. Contributing to the increase in Net Assets for FY 2007 was the miscellaneous income associated with the recovery of \$1,276 in legal fees incurred relating to the 3030 Park Fairfield nursing home workout and sale. Also contributing to the increase in Net Assets was the additional investment income generated by the increase in the yield for FY 2007 of 5.518% as compared to 4.404% for FY 2006.

Change in Net Assets (Dollars in Thousands)

	<u>FY 2008</u>	<u>FY 2007</u>	<u>FY 2006</u>
Total Operating Revenues	\$6,019	\$6,293	\$4,655
Total Operating Expenses	<u>5,199</u>	<u>5,832</u>	<u>6,055</u>
Total Operating Income (Loss)	820	461	(1,400)
Non-Operating Revenues	<u>836</u>	<u>1,028</u>	<u>844</u>
Change in Net Assets	<u>\$1,656</u>	<u>\$1,489</u>	<u>\$ (556)</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (*Continued*)

Operating Revenues (Dollars in Thousands)

Administrative Fees – During FY 2008 there were 32 bond issues closed which included \$1,303,868 in new money and \$670,567 in refinancings. The increase in fees derived from the new money bond issues included \$600,000 for Yale University, \$302,215 for Quinnipiac University and \$175,000 for Saint Francis Hospital and Medical Center. For FY 2007 fees increased by \$329 as compared to FY 2006. During FY 2007 the Authority issued \$834 in bonds which included \$552 in new money and \$282 in refinancings. The additional fees are for the new money bond issues.

Income from Investments – During FY 2008 the income from investments declined by \$192 with the amount of funds invested increasing by \$464. The yield of 3.919% on investments for FY 2008 is lower than the FY 2007 yield of 5.518%. For FY 2007 investment income was \$1,028 as compared to \$844 for FY 2006, a \$184 increase. This was due to an increase in interest rates during FY 2007 as compared to FY 2006. The average yield during FY 2007 was 5.518% as compared to 4.404% for FY 2006.

Operating Expenses (Dollars in Thousands)

Salaries and Related Expenses – The increase for FY 2008 as compared to FY 2007 included merit increases of \$72, labor grade adjustments of \$19, \$69 for new staff hired during FY 2008, and an increase in employee incentives of \$33. For FY 2007 salaries and related expenses have increased by \$382 as compared to FY 2006. This increase in cost is for two new positions approved and filled during FY 2007 including a Compliance/Internal Auditor and a Manager for the New Business/EasyLoan program for a total cost of \$205. The increase also included labor grade adjustments recommended and approved by the Human Resources Committee (please see footnote number 1 for a more detailed explanation) totaling \$80.¹

Grant Expense – during FY 2008 a total of \$1,412 of grants were awarded and expensed for the following grant programs: existing client grant program \$661, community foundation open grant program \$576 and targeted investment grant program (domestic violence prevention) \$175. For FY 2007 the \$2,083 expense decreased slightly from the FY 2006 level of \$2,216. Included in the FY 2007 expense were client grants of \$861, domestic violence prevention and nursing education targeted investment grants of \$363, non-client grants of \$808 and Early Childhood Research and Policy Grants of \$51.

¹ In accordance with the Governor's request for boards of quasi-public agencies to review and alter compensation policies, the Authority's Board commenced a review of the Authority's compensation practices. On February 15, 2006 the Authority's Board engaged the firm of Owen-Pottier, Human Resources Consultants, to complete a compensation study and make recommendations to the Authority's Human Resources Committee and to the Board for changes in compensation as a result of the study. The Consultant's report was issued in final form to the Human Resources Committee and to the Board on June 27, 2006 and both the Committee and the Board voted to implement the Consultant's recommendations. The Consultant recommended changes in base salaries and the implementation of salary standards that resulted in approximately \$85 in annual labor grade adjustments, a recommendation to continue an employee incentive (EIP) program and to make one minor change in the EIP level for managing directors, increasing the maximum eligible EIP from 12.5% to 15%.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Other Operating Expenses – of \$1,253 for FY 2008 have decreased by \$199 from FY 2007. There were reductions in the purchase of office supplies and non-capital equipment, savings generated by changing to a new telephone and internet provider, reductions in bond issuance expense, savings in courier costs, and a reduction in the use of outside consultants. For FY 2007 expenses decreased by \$472 as compared to FY 2006. This is due primarily to a decrease of \$657 in legal expenses associated the workout and subsequent sale of the 3030 Park Fairfield Nursing Home during FY 2007.

Summary of Cash Flow Activities (Dollars in Thousands)

Net cash provided and used by Operating Activities – during FY 2008 net cash available from operations totaled \$902 as compared to \$339 for FY 2007 including cash received from annual administrative fees and other operating income. During FY 2008 net cash flow funded employee related costs of \$2,509, grant expenses of \$1,743 and other expenses of \$946. During FY 2007 cash flow funded salary and related expenses of \$2,291, other expenses of \$1,401 and grant expenses of \$2,227.

Cash Flows from Non-Capital Financing Activities – during FY 2008 net proceeds from bond sales yielded \$1,919,336 from 32 bond issues. During FY 2007 net proceeds from bond sales were \$824,370 from the 29 bond issues closed. Net transfers to restricted funds reflect the bond proceeds transferred to the Authority to fund approved construction project expenses. The construction expenses paid reflect funds disbursed to the institution to reimburse them for qualified capital projects paid with their funds or payments made to contractors for construction projects as provided for in the institution's TEFRA public hearing notice and approved by the Governor.

Cash Flows from Investing Activities – are funds transferred from investments to Construction Funds and used to pay for construction project expenses on behalf of our client institutions.

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the
State of Connecticut Health and
Educational Facilities Authority
Hartford, Connecticut

We have audited the accompanying basic financial statements of the State of Connecticut Health and Educational Facilities Authority ("Authority"), a component unit of the State of Connecticut, as of and for the years ended June 30, 2008 and 2007, as listed in the table of contents. These basic financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements, 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 basic financial statements referred to above present fairly, in all material respects, the financial position of the State of Connecticut Health and Educational Facilities Authority, as of June 30, 2008 and 2007, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 9, 2008 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying Management's Discussion and Analysis listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The statements of changes in net assets and schedules of investments as of June 30, 2008 and for the year then ended are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to auditing procedures applied in our audit of the basic financial statements and, in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

<< R, LLP

Glastonbury, Connecticut
September 9, 2008

BASIC FINANCIAL STATEMENTS

**STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
BALANCE SHEETS
JUNE 30, 2008 AND 2007
(Amounts Expressed in Thousands)**

	2008	2007
ASSETS		
CURRENT ASSETS		
Unrestricted assets:		
Cash	\$ 1,349	\$ 180
Accounts receivable, net of allowance of \$70 in 2008 and \$109 in 2007	174	256
Investments	21,850	21,386
Prepaid expenses and other	156	121
Total unrestricted assets	23,529	21,943
Restricted assets:		
Cash	165	162
Fund investments	1,133,962	536,437
Other investments	4,851	4,708
Interest receivable	495	-
Other receivables	89	90
Total restricted assets	1,139,562	541,397
Total current assets	1,163,091	563,340
NONCURRENT ASSETS		
Investments (restricted)	2,247	2,247
Capital assets:		
Leasehold improvements	127	124
Computer equipment	537	461
Furniture and fixtures	254	243
Office equipment	255	223
Less: accumulated depreciation and amortization	(877)	(797)
Capital assets, net	296	254
Total assets	\$ 1,165,634	\$ 565,841
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 1,739	\$ 1,799
Amounts held for institutions	1,139,532	541,335
Total current liabilities	1,141,271	543,134
NONCURRENT LIABILITIES		
Amount held on behalf of the State of Connecticut	2,247	2,247
Total liabilities	1,143,518	545,381
NET ASSETS		
Invested in capital assets	296	254
Unrestricted	21,820	20,206
Total net assets	22,116	20,460
Total liabilities and net assets	\$ 1,165,634	\$ 565,841

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

**STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007**

(Amounts Expressed in Thousands)

	2008	2007
OPERATING REVENUES		
Revenues from institutions:		
Administrative fees	\$ 5,625	\$ 4,871
Bond issuance fees	97	138
Miscellaneous revenues	297	1,284
Total operating revenues	6,019	6,293
OPERATING EXPENSES		
Salaries and related expenses	2,534	2,297
Grant expense	1,412	2,083
Other operating expenses	1,253	1,452
Total operating expenses	5,199	5,832
Operating Income	820	461
NONOPERATING REVENUES		
Income from investments	836	1,028
Change in net assets	1,656	1,489
Net assets, beginning of year	20,460	18,971
Net assets, end of year	\$ 22,116	\$ 20,460

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

**STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
STATEMENTS OF CASH FLOWS**

FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

(Amounts Expressed in Thousands)

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received for administrative fees	\$ 5,705	\$ 4,866
Cash received from other operating income	395	1,392
Cash paid for other expenses	(946)	(1,401)
Cash paid for grant expense	(1,743)	(2,227)
Cash paid to employees	(2,509)	(2,291)
Net cash (used in) provided by operating activities	<u>902</u>	<u>339</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Proceeds from bond sales, net	1,919,336	824,370
Proceeds from institutions	52,434	1,046
Construction expenses paid	(824,005)	(516,763)
Net transfers to restricted funds	(638,094)	(288,569)
Net cash provided by (used in) noncapital financing activities	<u>509,671</u>	<u>20,084</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Net purchases of capital assets	(140)	(79)
Net cash used in capital and related financing activities	<u>(140)</u>	<u>(79)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash from restricted investment earnings	38,443	28,885
Cash received from investments	836	1,028
Net proceeds from investments	(548,540)	(50,145)
Net cash (used in) provided by investing activities	<u>(509,261)</u>	<u>(20,232)</u>
NET (DECREASE) INCREASE IN CASH	1,172	112
CASH, beginning of year	342	230
CASH, end of year	<u>\$ 1,514</u>	<u>\$ 342</u>

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

STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007
(Amounts Expressed in Thousands)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the State of Connecticut Health and Educational Facilities Authority ("Authority") have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed in pronouncements of the Governmental Accounting Standards Board ("GASB") and the Financial Accounting Standards Board ("FASB"), as applicable. Following is a summary of significant accounting policies of the Authority:

REPORTING ENTITY

The Authority is a public benefit corporation established pursuant to Chapter 187 of the General Statutes of Connecticut, Revision of 1958, as amended by Public Acts 93-102, 93-262 and 97-259 ("Act"). The Authority is constituted as a public instrumentality and political subdivision of the State whose board of directors is appointed by the Governor of the State of Connecticut (except for the Child Care Facilities Loan Program, the State of Connecticut is not responsible for any liabilities of the Authority). The purpose of the Authority, as stated in the Act, is to assist certain health care institutions, institutions of higher education and qualified for-profit and not-for-profit institutions (including municipalities, local boards of education, regional school districts and regional educational service centers but only for early childhood education facilities for three and four year olds) in the financing and refinancing of projects to be undertaken in relation to the programs for these institutions. Debt issued by the Authority is payable from the revenues of the institutions and is not the debt of the State of Connecticut, and the State is not obligated for such debt, except for the bonds issued under the Child Care Facilities Loan Program which is discussed in Note 5 and the Special Capital Reserve Program. Under the Special Capital Reserve Fund Program, the State is obligated for replenishment of funds for debt service.

The Authority is not obligated for the debt it issues except for the guarantees of loans issued under the Child Care Facilities Loan Program discussed in Note 5.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The Authority's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The statements of revenues, expenses and changes in net assets distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the Authority's principal ongoing operations. The principal operating revenues of the Authority consists of authority fees charged to institutions. Operating expenses of the Authority consist of salaries and related expenses and other operating expenses, including depreciation and amortization on capital assets. Revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007
(Amounts Expressed in Thousands)

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

The Authority has elected to apply the provisions of all relevant pronouncements of the FASB, including those issued after November 30, 1989, except for those that conflict or contradict GASB pronouncements.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include all highly liquid investments purchased with an original maturity of three months or less. The State Treasurer's Short Term Investment Fund is excluded from cash equivalents because it is considered to be an investment. The Authority had no cash equivalents at June 30, 2008 and 2007.

INVESTMENTS

In accordance with Governmental Accounting Standards Board Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, the Authority presents all investments at fair value, except for non-participating investment contracts which are recorded at cost.

The fair value of investments traded on public markets is determined using quoted market prices. The Authority invests in the State Treasurer's Short-Term Investment Fund, which is an investment pool managed by the State Treasurer's Office. The fair value of the Authority's position in the pool is the same as the value of the pool shares.

RESTRICTED ASSETS

Restricted assets are maintained under trust agreements in separate funds for each debt issue in accordance with the requirements of the underlying bond issue documents. Restricted assets include assets related to general obligation bonds issued by the Authority and assets held in the construction fund for which the Authority has fiduciary responsibility.

Fund descriptions are as follows:

- Construction and Project Funds – The funds reflect the receipt of bond proceeds, costs of issuance and disbursement of monies for the payment of construction or renovation projects and equipment for the institutions.
- Debt Service and Bond Funds – These funds record the receipt of payments from the institutions and disbursement of monies for the payment of bond interest and principal.
- Debt Service Reserve Funds – These funds record the receipt of a portion of the bond proceeds held in reserve to comply with the various bond resolutions. The net assets generally are required to be maintained at an amount equal to the greatest amount of interest and principal payable in the current or any future bond year.

STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007
(Amounts Expressed in Thousands)

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

RESTRICTED ASSETS (Continued)

- Redemption Funds – These funds account for the accumulation of assets not required by other funds for the eventual redemption or purchase of bonds.

Other significant accounting policies related to restricted assets are as follows:

Cash included in restricted assets is generally held by the trustee in amounts equal to the reported carrying amount and is uncollateralized.

Income earned on restricted assets is not reflected in the statements of revenues, expenses, and changes in net assets as such income accrues to the benefit of the institutions.

Restricted fund investments in guaranteed investment contracts are valued at cost and all other fund investments are valued at market. Generally, market value is not significantly different from cost.

The assets of the funds were held by trustee banks in accordance with the related bond indentures.

Other restricted investments include transfers to the Authority under its agency relationship with the State of Connecticut Department of Social Services (DSS) described in Note 5.

AMOUNTS HELD FOR INSTITUTIONS

Amounts held for institutions represent amounts payable to institutions, bondholders, and others from the Authority's restricted assets.

AMOUNTS HELD ON BEHALF OF THE STATE OF CONNECTICUT

Amounts held on behalf of the State of Connecticut represent funds transferred to the Authority under its agency relationship with DSS related to the childcare program pursuant to Public Act 97-259.

CAPITAL ASSETS

Capital assets, which include property, plant and equipment, are stated at cost. The Authority defines capital assets as assets with an initial cost exceeding five-hundred dollars. Depreciation and amortization is computed on a straight line basis over estimated service lives generally ranging from three to five years.

Maintenance and repairs that do not add to the value of the asset or materially extend their lives are charged to expense as incurred, while significant renewals and betterments are capitalized.

STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
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(Amounts Expressed in Thousands)

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

NET ASSETS

The accompanying balance sheets present the Authority's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

- Invested in capital assets - This category consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction or improvement of those assets.
- Restricted net assets - This category consists of net assets whose use is restricted either through external restrictions imposed by creditors, grantors, contributors, and the like, or through restrictions imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net assets - This category consists of net assets which do not meet the definition of the two preceding categories.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

AUTHORITY FEES

The Authority charges an administrative fee to institutions with outstanding bond issues to cover the operating expenses of the Authority. All issues, other than those under the Special Capital Reserve Fund Program for long term care facilities, were charged an annual fee of nine basis points, billed semi-annually, in arrears, on the outstanding par amount of the bonds at each principal and interest payment date. Bonds issued under the Special Capital Reserve Fund Program were charged an annual fee of fourteen basis points, billed semi-annually, in arrears, on the outstanding par amount of the bonds at each principal and interest payment date. In addition the Authority charges a bond issuance fee of five thousand dollars for each bond issue.

FAIR VALUES OF FINANCIAL INSTRUMENTS

- Investments – Guaranteed investment contracts are stated at cost which approximates fair value. All other investments are based on quoted market prices of individual investment instruments at year end.
- Accounts receivable and accounts payable and accrued expenses – The carrying amounts approximate their fair values because of the short-term maturity of these instruments.
- Amounts held for institutions – The carrying amounts approximate fair value because of the short-term maturity of these instruments.
- Amounts held on behalf of the State of Connecticut – The carrying amounts approximate fair value because of the short-term maturity of the underlying investments being held.

**STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
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(Amounts Expressed in Thousands)**

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

NOTE 2 - CASH DEPOSITS AND INVESTMENTS

CASH DEPOSITS – CUSTODIAL CREDIT RISK

Custodial credit risk is the risk that, in the event of a bank failure, the Authority will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Authority does not have a deposit policy for custodial credit risk.

As of June 30, 2008 and 2007, \$1,043 and \$166 of the Authority's bank balance of \$1,143 and \$266, respectively was exposed to custodial credit risk as follows:

	2008	2007
Uninsured and uncollateralized	\$ 1,040	\$ 149
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Authority's name	3	17
	\$ 1,043	\$ 166

All of the Authority's deposits were in qualified public institutions as defined by state statute. Under this statute, any bank holding public deposits must at all times maintain, segregated from its other assets, eligible collateral in an amount equal to a certain percentage of its public deposits. The applicable percentage is determined based on the bank's risk-based capital ratio. The amount of public deposits is determined based on either the public deposits reported on the most recent quarterly call report, or the average of the public deposits reported on the four most recent quarterly call reports, whichever is greater. The collateral is kept in the custody of the trust department of either the pledging bank or another bank in the name of the pledging bank.

A reconciliation of the Authority's cash deposits as of June 30, 2008 and 2007 is as follows:

	2008	2007
Unrestricted assets:		
Cash	\$ 1,349	\$ 180
Restricted assets:		
Cash	165	162
	\$ 1,514	\$ 342

**STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007
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NOTE 2 - CASH DEPOSITS AND INVESTMENTS (Continued)

INVESTMENTS

As of June 30, 2008, the Authority's investments consisted of the following:

Investment type	Fair Value	Investment Maturities (In Years)	
		Less Than 1	1 to 5
Debt Securities:			
Short Term Investment Fund (STIF)	\$ 34,459	\$ 34,459	\$ -
Guaranteed investment contract	431,818	177,413	254,405
Money market funds	696,633	696,633	-
Total	\$ 1,162,910	\$ 908,505	\$ 254,405

As of June 30, 2007, the Authority's investments consisted of the following:

Investment type	Fair Value	Investment Maturities (In Years)	
		Less Than 1	1 to 5
Debt Securities:			
Short Term Investment Fund (STIF)	\$ 39,260	\$ 39,260	\$ -
Guaranteed investment contract	257,638	-	257,638
Money market funds	267,880	267,880	-
Total	\$ 564,778	\$ 307,140	\$ 257,638

Because the STIF, and money market funds had weighted average maturities of 60 days and 90 days, respectively, they were presented as investments with maturities of less than one year.

A reconciliation of the Authority's investments as of June 30, 2008 and 2007 is as follows:

	2008	2007
Unrestricted assets:		
Investments	\$ 21,850	\$ 21,386
Restricted assets:		
Fund investments	1,133,962	536,437
Other investments - current	4,851	4,708
Investments - noncurrent	2,247	2,247
	\$ 1,162,910	\$ 564,778

STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
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NOTE 2 - CASH DEPOSITS AND INVESTMENTS *(Continued)*

INVESTMENTS *(Continued)*

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's investment policy provides that the Authority's investment portfolio for its unrestricted investments be designed with the objective of regularly exceeding the average return of ninety day U.S. Treasury Bills. This is generally considered to be a benchmark for risk less investment transactions and therefore represents a minimum standard for the portfolio's rate of return. The Authority's investment policy as it relates to restricted investments provides that all restricted accounts be invested in strict accordance with the bond issue trust indentures, with the above policy and with applicable Connecticut State Law. Whenever possible, restricted investments are to be held to maturity and be invested in an appropriate manner as to ensure the availability for specified payment dates, planned construction draws and other intended purposes as set forth in the relevant trust indentures and agreements, and to ensure a rate of return at least equal to the restricted bond yield, all with minimal risk to capital.

Credit Risk

The Authority has an investment policy that would further limit its investment choices beyond those limited by Connecticut State Statutes for both unrestricted and restricted investments.

Investments that may be purchased by the Authority with the written approval of an officer, provided the instrument has a maturity date of 365 days or less from the date of purchase are as follows: obligations issued or guaranteed by the U.S. Government, including FDIC; qualified money market funds or institutional money market funds investing in short-term securities as permitted by the Authority's enabling legislation; Connecticut State Treasurer's Short-Term Investment Fund (STIF) provided it maintains a "AAA" rating by Standard and Poor's; and qualified repurchase agreements secured by obligations issued or guaranteed by the U.S. Government. With approval by the Finance Committee or Board of Directors the following unrestricted investments are also permissible: any otherwise permitted investment with a maturity greater than 365 days from purchase; obligations issued or guaranteed by the State of Connecticut, including the State's medium term or long term investment fund; other debt obligations which are statutorily permissible and qualified guaranteed investment contracts complying with Connecticut General State Statutes 10a-180(s), Authority guidelines and applicable trust indentures.

**STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
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NOTE 2 - CASH DEPOSITS AND INVESTMENTS (Continued)

INVESTMENTS (Continued)

Credit Risk (Continued)

Pursuant to the General Statutes of the State of Connecticut, the Authority may only invest funds in obligations issued or guaranteed by the United States of America or the State of Connecticut and in other obligations which are legal investments for savings banks in this State, or in investment agreements with financial institutions whose short-term obligations are rated within the top two rating categories of any nationally recognized rating service or of any rating service recognized by the State Commissioner of Banking, or investment agreements fully secured by obligations of, or guaranteed by, the United States or agencies or instrumentalities of the United States or in securities or obligations which are legal investments for savings banks in this State, subject to repurchase agreements in the manner in which such agreements are negotiated in sales of securities in the marketplace, provided that the Authority shall not enter into any such agreement with any securities dealer or bank acting as a securities dealer unless such dealer or bank is included in the list of primary dealers, effective at the time of such agreement, as prepared by the Federal Reserve Bank of New York.

The Authority's investments in debt securities were rated by Standard & Poor's as follows at June 30, 2008:

<u>Debt Securities</u>	<u>Fair Value</u>	<u>AAA</u>	<u>AA-</u>	<u>A+</u>
Short Term Investment Fund (STIF)	\$ 34,459	\$ 34,459	\$ -	\$ -
Guaranteed investment contracts	431,818	-	254,405	177,413
Money market funds	696,633	696,633	-	-
	<u>\$ 1,162,910</u>	<u>\$ 731,092</u>	<u>\$ 254,405</u>	<u>\$ 177,413</u>

As of June 30, 2008, all of the Authority's investments were rated AAA by Standard & Poors.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority does not have a policy for custodial credit risk. In accordance with GASB No. 40, none of the Authority's investments require custodial credit risk disclosures.

**STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
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(Amounts Expressed in Thousands)**

NOTE 2 - CASH DEPOSITS AND INVESTMENTS (Continued)

INVESTMENTS (Continued)

Concentrations of Credit Risk

For unrestricted investments, the Authority places limits on the amount of investment in any one issuer. No issuer other than the United States Treasury or the Connecticut State Treasurer's Short-Term Investment Fund shall constitute greater than 5% of unrestricted investments, except for qualified money market or mutual bond funds, none of which shall constitute greater than 50% of general fund investments. The Authority's investment portfolio as of June 30, 2008 and 2007 was in compliance with this policy. The Authority places no limit on the amount of investment in any one issuer for restricted investments. Investments held by any one issuer that exceeded 5% of the Authority's investments as of June 30, 2008 and 2007 is as follows:

Investment type	Issuer	Maturity Date	2008	2007
Guaranteed investment contracts	AIG	1/20/2020	\$ -	\$ 9,242
Guaranteed investment contracts	Morgan Stanley	12/1/2008	177,413	168,700
Guaranteed investment contracts	Rabobank	8/21/2008	-	79,696
Guaranteed investment contracts	Trinity	3/1/2012	100,091	-
Guaranteed investment contracts	Trinity	7/1/2009	9,951	-
Guaranteed investment contracts	Trinity	10/1/2009	139,331	-
Guaranteed investment contracts	Trinity	10/2/2009	5,032	-

NOTE 3 - CAPITAL ASSETS

Capital asset activity for the years ended June 30, 2008 and 2007 is as follows:

	2008			Ending Balance
	Beginning Balance	Increases	Decreases	
Capital assets, being depreciated:				
Leasehold Improvements	\$ 124	\$ 3	\$ -	\$ 127
Computer equipment	461	90	(14)	537
Furniture and fixtures	243	16	(5)	254
Office equipment	223	32	-	255
Total capital assets, being depreciated	1,051	140	(19)	1,172
Less accumulated depreciation and amortization for:				
Leasehold Improvements	(77)	(14)	-	(91)
Computer equipment	(411)	(44)	14	(441)
Furniture and fixtures	(207)	(6)	5	(208)
Office equipment	(102)	(35)	-	(137)
Total accumulated depreciation and amortization	(797)	(99)	19	(877)
Total capital assets, being depreciated, net	254	41	-	295
Capital assets, net	\$ 254	\$ 41	-	\$ 295

STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007
(Amounts Expressed in Thousands)

NOTE 3 - CAPITAL ASSETS (Continued)

	2007			Ending Balance
	Beginning Balance	Increases	Decreases	
Capital assets, being depreciated:				
Leasehold Improvements	\$ 88	\$ 36	-	\$ 124
Computer equipment	448	13	-	461
Furniture and fixtures	242	2	(1)	243
Office equipment	215	27	(19)	223
Total capital assets, being depreciated	<u>993</u>	<u>78</u>	<u>(20)</u>	<u>1,051</u>
Less accumulated depreciation and amortization for:				
Leasehold Improvements				
Computer equipment	(68)	(9)	-	(77)
Furniture and fixtures	(355)	(56)	-	(411)
Office equipment	(203)	(5)	1	(207)
Total accumulated depreciation and amortization	<u>(92)</u>	<u>(29)</u>	<u>19</u>	<u>(102)</u>
Total capital assets, being depreciated, net	<u>(718)</u>	<u>(99)</u>	<u>20</u>	<u>(797)</u>
Capital assets, net	<u>275</u>	<u>(21)</u>	<u>-</u>	<u>254</u>
	<u>\$ 275</u>	<u>\$ (21)</u>	<u>-</u>	<u>\$ 254</u>

NOTE 4 - BONDS PAYABLE

The Authority issued general obligation bonds through July, 1979 for which the Authority is ultimately responsible for the payment of principal and interest when due. Subsequent to July 1, 1979, the Authority has issued only special obligation bonds for which principal and interest is payable solely from the revenues of the institutions. As of June 30, 2008 and 2007 there were no general obligation bonds outstanding.

As of June 30, 2008 and 2007, the total outstanding principal balances of special obligation bonds were \$6,817,535 and \$5,610,039, respectively. The bonds are issued on behalf of institutions to finance the construction of various health and educational facilities. These bonds are conduit debt obligations of the Authority and do not constitute obligations of the Authority.

STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007
(Amounts Expressed in Thousands)

NOTE 5 - CHILD CARE FACILITIES LOAN PROGRAMS

The Authority has entered into a partnership with the State of Connecticut Department of Social Services (DSS), Department of Education and banking institutions to provide child care providers with access to financing under three loan programs: the Tax-exempt Pooled Bond Issue Program, the Guaranteed Loan Fund Program, and the Small Revolving Direct Loan Program. Since, June 30, 1998 the Authority has designated \$4,500 of its net assets to be used for loan guarantees and debt service funding under these programs if providers default on their loans. As of June 30, 2008 the Net Asset designation was reduced to \$4,320, a decrease, of \$180 which was due to a payment on a defaulted loan.

From November 1998 to June 2008 the Authority has issued \$61,555 in revenue bonds under the Tax-exempt Pooled Bond Issue Program. The State of Connecticut is responsible for paying a portion of the debt service on these bonds. In conjunction with these bond issuances, in fiscal 1999 the Authority transferred \$500 into an irrevocable trust fund in order to service future debt service requirements. The Authority is under no obligation to make additional transfers into this irrevocable trust fund in order to service future debt service requirements and has no further obligation with respect to these bonds. In fiscal year 1998, DSS transferred \$3,750 to the Authority to be utilized by the Authority in providing debt service reserve funding and loan guarantees for loans made to child care providers. In 1999, \$1,500 and in 2007, \$1,310 of these DSS Funds were transferred into the debt service reserve fund.

In June 1999, the Board of Directors approved an amendment to the Guarantee Loan Fund to subsidize three-percent of the interest rate on future loans issue in conjunction with this program. As of June 30, 2008 there were approximately \$6,648 in loan balances outstanding with no new loans issued in 2008. Loans issued under this program are approved, granted and administered by several participating banking institutions. The Authority is responsible for guaranteeing twenty-percent to fifty-percent of each loan outstanding. During FY 2007 the Authority paid \$180 from the Guaranteed Loan Protection Account on a child care loan where the provider defaulted on the loan and the facility closed. As of June 30, 2008, the Authority has guaranteed approximately \$1,741 of loan balances outstanding under this program.

NOTE 6 - NET ASSETS

A portion of unrestricted net assets has been designated by the Authority's Board of Directors for operations and the remainder for programs that are part of the Authorities mission and purpose, as well as for contingencies. In addition, as described in Note 5, the Authority has designated \$4,320 of its net assets for the loan guarantees and debt service funding under the child care facilities loan program pursuant to Public Act 97-259.

**STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007
(Amounts Expressed in Thousands)**

NOTE 6 - NET ASSETS (Continued)

A summary of net assets as of June 30, 2008 and 2007 based on the Board of Directors designations is as follows:

	2008	2007
Focused investment program	\$ 6,088	\$ 6,014
Child care facilities loan program	4,320	4,320
Special capital reserve fund program	3,873	3,863
Operations	2,224	2,224
Legal fee contingencies	1,416	1,454
Contingency	2,549	1,015
ECE research and policy council	125	145
Strategic initiatives reserve	1,225	1,225
	\$ 21,820	\$ 20,206

NOTE 7 - EMPLOYEE BENEFIT PLANS

The Authority maintains a defined contribution money purchase plan covering all employees with three months of continuous service and one-thousand anticipated hours of service annually. The plan is administered by the Authority and can be amended by the trustees of the plan. The Authority contributes annually to the Plan an amount equal to ten-percent of each qualified employee's annual salary. For the years ended June 30, 2008 and 2007, retirement plan expense was \$170 and \$155, respectively.

In addition, the Authority has a deferred compensation plan which was established during fiscal year 1991 in accordance with Internal Revenue Code Section 457 and is available to Authority employees. Employees are permitted to defer a portion of their salaries, subject to certain limitations. The Authority matches the first one thousand five hundred dollars of employee contributions. Related expense was \$29 and \$27 for the years ended June 30, 2008 and 2007, respectively.

**STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007
(Amounts Expressed in Thousands)**

NOTE 8 - OPERATING LEASES

The Authority leases office space and other office equipment for use in operations. As of June 30, 2008 minimum future rental commitments of the leases are as follows:

Year ending June 30,		
2009	\$	279
2010		291
2011		302
2012		312
2013		325
Thereafter		811
	\$	<u>2,320</u>

Rental expense for these leases during the years ended June 30, 2008 and 2007 was \$273 and \$263, respectively.

NOTE 9 - LEGAL MATTERS

The Authority, in the normal course of business, is involved in various legal matters. Under terms of the agreements between the Authority and its borrowers, any costs associated with the litigation are the obligations of the borrowers. As of June 30, 2006, there was one legal matter known by the Authority arising from a bond default of a special capital reserve fund. During the FYE June 30, 2007 this matter was settled and the Authority was reimbursed \$1,277 for legal expenses incurred associated with the 3030 Park Fairfield Nursing Home workout.

STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
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(Amounts Expressed in Thousands)

NOTE 10 - RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

The following is a reconciliation of operating income provided by operating activities for the years ended June 30, 2008 and 2007.

	<u>2008</u>	<u>2007</u>
Operating income	\$ 820	\$ 461
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	99	101
Bad debt expense	-	213
Changes in assets and liabilities:		
Accounts payable and accrued expenses	(394)	(431)
Prepaid expenses and other	(35)	(1)
Accounts receivable	412	(4)
Net cash (used in) provided by operating activities	<u>\$ 902</u>	<u>\$ 339</u>

SUPPLEMENTAL INFORMATION

**STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS
ASCENSION HEALTH ISSUE, SERIES A
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Debt Service and Bond Fund</u>
Net assets, June 30, 2007	\$ <u><u>1</u></u>
Proceeds from institution	2,137,511
Income from investments	2
Interest on bonds	(1,037,512)
Face value of bonds retired	<u>(1,100,000)</u>
Net increase (decrease)	<u>1</u>
Net assets, June 30, 2008	\$ <u><u>2</u></u>
Comprising:	
Investments	\$ 73
Interest payable	(38,783)
Bonds payable currently due	(733,333)
Due from institution	<u>772,045</u>
	\$ <u><u>2</u></u>

STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
SCHEDULE OF INVESTMENTS
ASCENSION HEALTH ISSUE, SERIES A
JUNE 30, 2008

Face Value	Investment	Rate	Maturity	Cost	Carrying Value
Debt Service and Bond Fund:					
\$ 73	Wells Fargo Treasury	Variable	-	\$ 73	\$ 73

**STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS
CHERRY BROOK NURSING CENTER ISSUE, NHPI 1993
FOR THE YEAR ENDED JUNE 30, 2008**

	Debt Service and Bond Fund	Renewal and Replacement Fund	Special Capital Reserve Fund	Working Capital Fund	Loan Reserve Fund
Net assets, June 30, 2007	\$ 66,372	\$ 230,593	\$ 713,280	\$ 1,422,869	\$ 238,430
Proceeds from institution	-	60,000	-	47,966	561,943
Income from investments	10,729	9,398	45,517	67,918	10,246
Reimbursement to institution	-	(218,486)	-	-	-
Interest on bonds	(413,508)	-	-	-	-
Face value of bonds retired	(290,000)	-	-	-	-
Interfund transfers	626,407	44,504	(45,517)	(44,504)	(580,890)
Net increase (decrease)	(66,372)	(104,584)	-	71,380	(8,701)
Net assets, June 30, 2008	\$ -	\$ 126,009	\$ 713,280	\$ 1,494,249	\$ 229,729
Comprising:					
Investments	\$ 258,131	\$ 82,579	\$ 705,694	\$ 1,525,760	\$ 236,269
Interest payable	(68,004)	-	-	-	-
Interest receivable	-	-	7,586	11,919	-
Bonds payable currently due	(196,667)	-	-	-	-
Due from Institution	-	-	-	-	-
Due to/from other funds	6,540	43,430	-	(43,430)	(6,540)
	\$ -	\$ 126,009	\$ 713,280	\$ 1,494,249	\$ 229,729

**STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
SCHEDULE OF INVESTMENTS
CHERRY BROOK NURSING CENTER ISSUE, NHPI 1993
JUNE 30, 2008**

Face Value	Investment	Rate	Maturity	Cost	Carrying Value
Debt Service and Bond Fund:					
\$ 258,131	Guaranteed Investment Contract	Variable	11/1/2022	\$ 258,131	\$ 258,131
Renewal and Replacement Fund:					
\$ 82,579	Fidelity Funds	Variable	-	\$ 82,579	\$ 82,579
Special Capital Reserve Fund:					
\$ 705,694	Guaranteed Investment Contract	6.450%	11/1/2022	\$ 705,694	\$ 705,694
Working Capital Fund:					
\$ 1,475,000	U.S. Treasury Notes	4.875%	10/31/2008	\$ 1,492,359	\$ 1,488,939
\$ 36,821	Fidelity Funds	Variable	-	\$ 36,821	\$ 36,821
Loan Reserve Fund:					
\$ 236,269	Guaranteed Investment Contract	Variable	11/1/2022	\$ 236,269	\$ 236,269

**STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS
CONNECTICUT STATE UNIVERSITY SYSTEM ISSUE, SERIES B
FOR THE YEAR ENDED JUNE 30, 2008**

	Debt Service and Bond Fund	Special Capital Reserve Fund	Rebate Fund
	<u> </u>	<u> </u>	<u> </u>
Net assets, June 30, 2007	\$ -	\$ 2,985,953	\$ 1,600
Proceeds from institution	726,860	-	-
Income from investments	18,728	88,951	2,715
Interest on bonds	(128,733)	-	-
Face value of bonds retired	(621,667)	-	-
Transfers to/from other issues	-	(2,455,960)	-
Interfund transfers	4,812	(119,747)	114,935
	<u> </u>	<u> </u>	<u> </u>
Net increase (decrease)	-	(2,486,756)	117,650
Net assets, June 30, 2008	\$ -	\$ 499,197	\$ 119,250
Comprising:			
Investments	\$ 3,075	\$ 496,007	\$ 119,250
Interest receivable	-	3,190	-
Interest payable	(16,275)	-	-
Due from institution	13,200	-	-
	<u> </u>	<u> </u>	<u> </u>
	\$ -	\$ 499,197	\$ 119,250

**STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
SCHEDULE OF INVESTMENTS
CONNECTICUT STATE UNIVERSITY SYSTEM ISSUE, SERIES B
JUNE 30, 2008**

<u>Face Value</u>	<u>Investment</u>	<u>Rate</u>	<u>Maturity</u>	<u>Cost</u>	<u>Carrying Value</u>
Debt Service and Bond Fund:					
\$ 2,973	Fidelity Funds	Variable	-	\$ 2,973	\$ 2,973
\$ 102	Fidelity Funds	Variable	-	\$ 102	\$ 102
Special Capital Reserve Fund:					
\$ 263,644	Guranteed Investment Contract	7.260%	7/1/2017	\$ 263,644	\$ 263,644
\$ 232,363	Fidelity Funds	Variable	-	\$ 232,363	\$ 232,363
Rebate Fund:					
\$ 119,250	Fidelity Funds	Variable	-	\$ 119,250	\$ 119,250

**STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS
CONNECTICUT STATE UNIVERSITY SYSTEM ISSUE, SERIES C
FOR THE YEAR ENDED JUNE 30, 2008**

	Construction and Project Fund	Debt Service and Bond Fund	Special Capital Reserve Fund
	<u> </u>	<u> </u>	<u> </u>
Net assets, June 30, 2007	\$ 2,184	\$ -	\$ 1,977,544
Proceeds from institution	-	1,185,245	-
Income from investments	14	15,371	88,396
Construction expenses	(2,198)	-	-
Interest on bonds	-	(136,783)	-
Face value of bonds retired	-	(1,160,000)	-
Interfund transfers	-	96,167	(96,167)
	<u> </u>	<u> </u>	<u> </u>
Net increase (decrease)	(2,184)	-	(7,771)
	<u> </u>	<u> </u>	<u> </u>
Net assets, June 30, 2008	\$ -	\$ -	\$ 1,969,773
	<u> </u>	<u> </u>	<u> </u>
Comprising:			
Investments	\$ -	\$ 625,915	\$ 1,962,695
Interest receivable	-	-	7,078
Interest payable	-	(19,817)	-
Bonds payable currently due	-	(773,333)	-
Due from institution	-	167,235	-
	<u> </u>	<u> </u>	<u> </u>
	\$ -	\$ -	\$ 1,969,773
	<u> </u>	<u> </u>	<u> </u>

**STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
SCHEDULE OF INVESTMENTS
CONNECTICUT STATE UNIVERSITY SYSTEM ISSUE, SERIES C
JUNE 30, 2008**

Face Value	Investment	Rate	Maturity	Cost	Carrying Value
Debt Service and Bond Fund:					
\$ 43,650	Fidelity Funds	Variable	-	\$ 43,650	\$ 43,650
\$ 582,265	Fidelity Funds	Variable	-	\$ 582,265	\$ 582,265
Special Capital Reserve Fund:					
\$ 1,279,809	Fidelity Funds	Variable	-	\$ 1,279,809	\$ 1,279,809
\$ 347,016	Guaranteed Investment Contract	6.40%	11/1/2015	\$ 347,016	\$ 347,016
\$ 205,608	Guaranteed Investment Contract	7.26%	7/1/2017	\$ 205,608	\$ 205,608
\$ 130,262	Guaranteed Investment Contract	4.09%	10/31/2022	\$ 130,262	\$ 130,262

**STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS
CONNECTICUT STATE UNIVERSITY SYSTEM ISSUE, SERIES D
FOR THE YEAR ENDED JUNE 30, 2008**

	Construction and Project Fund	Debt Service and Bond Fund	Special Capital Reserve Fund
Net assets, June 30, 2007	\$ 11,135,037	\$ -	\$ 6,693,144
Proceeds from institution	-	4,301,092	-
Income from investments	422,600	51,435	271,107
Construction expenses	(4,048,562)	-	-
Interest on bonds	-	(781,750)	-
Face value of bonds retired	-	(3,843,333)	-
Interfund transfers	-	272,603	(272,603)
Net increase (decrease)	(3,625,962)	47	(1,496)
Net assets, June 30, 2008	\$ 7,509,075	\$ 47	\$ 6,691,648
Comprising:			
Cash	\$ 3,000	\$ -	\$ -
Investments	7,506,075	2,068,987	6,647,293
Interest receivable	-	40	44,355
Interest payable	-	(121,758)	-
Bonds payable currently due	-	(2,563,333)	-
Due from institution	-	616,111	-
	\$ 7,509,075	\$ 47	\$ 6,691,648

**STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
SCHEDULE OF INVESTMENTS
CONNECTICUT STATE UNIVERSITY SYSTEM ISSUE, SERIES D
JUNE 30, 2008**

Face Value	Investment	Rate	Maturity	Cost	Carrying Value
Construction and Project Fund					
\$ 7,325,690	Short Term Investment Fund	2.390%	-	\$ 7,325,690	\$ 7,325,690
\$ 180,385	Fidelity Funds	Variable	-	\$ 180,385	\$ 180,385
Debt Service and Bond Fund:					
\$ 5,000	U.S. Treasury Notes	4.875%	10/31/2008	\$ 5,059	\$ 5,047
\$ 2,063,940	Fidelity Funds	Variable	-	\$ 2,063,940	\$ 2,063,940
Special Capital Reserve Fund:					
\$ 6,502,113	Guaranteed Investment Contract	4.093%	10/31/2022	\$ 6,502,113	\$ 6,502,113
\$ 145,180	Fidelity Funds	Variable	-	\$ 145,180	\$ 145,180

**STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS
CONNECTICUT STATE UNIVERSITY SYSTEM ISSUE, SERIES E
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Construction and Project Fund</u>	<u>Debt Service and Bond Fund</u>	<u>Special Capital Reserve Fund</u>	<u>Rebate Fund</u>
Net assets, June 30, 2007	\$ <u>5,660,008</u>	\$ <u>-</u>	\$ <u>8,757,608</u>	\$ <u>-</u>
Proceeds from institution	-	6,375,856	-	-
Income from investments	211,582	47,344	374,416	4,288
Construction expenses	(865,761)	-	-	-
Interest on bonds	-	(3,236,496)	-	-
Face value of bonds retired	-	(3,186,666)	-	-
Interfund transfers	-	-	(374,416)	374,416
Net increase (decrease)	<u>(654,179)</u>	<u>38</u>	<u>-</u>	<u>378,704</u>
Net assets, June 30, 2008	\$ <u>5,005,829</u>	\$ <u>38</u>	\$ <u>8,757,608</u>	\$ <u>378,704</u>
Comprising:				
Cash	\$ 3,000	\$ -	\$ -	-
Investments	5,002,829	1,624,722	8,695,205	378,704
Interest receivable	-	32	62,403	-
Interest payable	-	(532,527)	-	-
Bonds payable currently due	-	(2,153,333)	-	-
Due from institution	-	1,061,144	-	-
	<u>\$ 5,005,829</u>	<u>\$ 38</u>	<u>\$ 8,757,608</u>	<u>\$ 378,704</u>

**STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
SCHEDULE OF INVESTMENTS
CONNECTICUT STATE UNIVERSITY SYSTEM ISSUE, SERIES E
JUNE 30, 2008**

Face Value	Investment	Rate	Maturity	Cost	Carrying Value
Construction and Project Fund:					
\$ 5,002,829	Fidelity Funds	Variable	-	\$ 5,002,829	\$ 5,002,829
Debt Service and Bond Fund:					
\$ 4,000	U.S. Treasury Notes	4.875%	10/31/2008	\$ 4,047	\$ 4,037
\$ 1,620,685	Fidelity Funds	Variable	-	\$ 1,620,685	\$ 1,620,685
Special Capital Reserve Fund:					
\$ 8,695,205	Guaranteed Investment Contract	4.306%	10/31/2023	\$ 8,695,205	\$ 8,695,205
Rebate Fund					
\$ 378,704	Fidelity Funds	Variable	-	\$ 378,704	\$ 378,704

**STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS
CONNECTICUT STATE UNIVERSITY SYSTEM ISSUE, SERIES F
FOR THE YEAR ENDED JUNE 30, 2008**

	Construction and Project Fund	Debt Service and Bond Fund	Special Capital Reserve Fund
	<u> </u>	<u> </u>	<u> </u>
Net assets, June 30, 2007	\$ 13,784	\$ -	\$ 3,237,414
Proceeds from institutions	-	5,244,384	-
Income from investments	432	40,093	286,894
Interest on bonds	-	(1,911,688)	-
Faced value of bonds retired	-	(3,638,333)	-
Transfer to/from other issue	-	-	1,910,858
Interfund transfers	-	265,572	(265,572)
	<u> </u>	<u> </u>	<u> </u>
Net increase (decrease)	432	28	1,932,180
Net assets, June 30, 2008	\$ 14,216	\$ 28	\$ 5,169,594
Comprising:			
Cash	\$ 3,000	\$ -	\$ -
Investments	11,216	2,296,773	5,117,154
Interest receivable	-	24	52,440
Interest payable	-	(315,571)	-
Bonds payable currently due	-	(2,826,667)	-
Due from institution	-	845,469	-
	<u> </u>	<u> </u>	<u> </u>
	\$ 14,216	\$ 28	\$ 5,169,594

**STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
SCHEDULE OF INVESTMENTS
CONNECTICUT STATE UNIVERSITY SYSTEM ISSUE, SERIES F
JUNE 30, 2008**

Face Value	Investment	Rate	Maturity	Cost	Carrying Value
Construction and Project Fund:					
\$ 11,216	Fidelity Funds	Variable	-	\$ 11,216	\$ 11,216
Debt Service and Bond Fund:					
\$ 3,000	U.S. Treasury Notes	4.875%	10/31/2008	\$ 3,035	\$ 3,029
\$ 2,293,744	Fidelity Funds	Variable	-	\$ 2,293,744	\$ 2,293,744
Special Capital Reserve Fund					
\$ 2,817,360	Guranteed Investment Contract	6.400%	11/1/2015	\$ 2,817,360	2,817,360
\$ 1,850,262	Guranteed Investment Contract	7.260%	7/1/2017	\$ 1,850,262	1,850,262
\$ 449,532	Fidelity Funds	Variable	-	\$ 449,532	\$ 449,532

**STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS
CONNECTICUT STATE UNIVERSITY SYSTEM ISSUE, SERIES G
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Construction and Project Fund</u>	<u>Debt Service and Bond Fund</u>	<u>Special Capital Reserve Fund</u>	<u>Rebate Fund</u>
Net assets, June 30, 2007	\$ <u>11,715,875</u>	\$ <u>-</u>	\$ <u>3,199,970</u>	\$ <u>-</u>
Proceeds from institution	-	2,942,702	-	-
Income from investments	306,713	22,557	123,975	478,349
Construction expenses	(8,008,172)	-	-	-
Interest on bonds	-	(1,506,034)	-	-
Faced value of bonds retired	-	(1,505,000)	-	-
Interfund transfers	-	45,775	(133,814)	88,039
Net increase (decrease)	<u>(7,701,459)</u>	<u>1</u>	<u>(9,840)</u>	<u>566,388</u>
Net assets, June 30, 2008	\$ <u>4,014,416</u>	\$ <u>1</u>	\$ <u>3,190,131</u>	\$ <u>566,388</u>
Comprising:				
Cash	\$ 3,000	\$ -	\$ -	\$ -
Investments	4,011,416	764,761	3,186,487	556,735
Interest receivable	-	-	3,644	9,653
Interest payable	-	(248,547)	-	-
Bonds payable currently due	-	(1,013,333)	-	-
Due from institution	-	497,120	-	-
	<u>\$ 4,014,416</u>	<u>\$ 1</u>	<u>\$ 3,190,131</u>	<u>\$ 566,388</u>

**STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
SCHEDULE OF INVESTMENTS
CONNECTICUT STATE UNIVERSITY SYSTEM ISSUE, SERIES G
JUNE 30, 2008**

Face Value	Investment	Rate	Maturity	Cost	Carrying Value
Construction and Project Fund:					
\$ 855,847	Fidelity Funds	Variable	-	\$ 855,847	\$ 855,847
\$ 3,155,569	Short Term Investment Fund	5.200%	-	\$ 3,155,569	\$ 3,155,569
Debt Service and Bond Fund:					
\$ 764,761	Fidelity Funds	Variable	-	\$ 764,761	\$ 764,761
Special Capital Reserve Fund:					
\$ 507,795	Guranteed Investment Contract	4.306%	10/31/2023	\$ 507,795	\$ 507,795
\$ 2,678,692	Fidelity Funds	Variable	-	\$ 2,678,692	\$ 2,678,692
Rebate Fund:					
\$ 543,000	U.S. Treasury Notes	3.875%	7/15/2010	\$ 554,041	\$ 556,662
\$ 73	Fidelity Funds	Variable	-	\$ 73	\$ 73

**STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS
CONNECTICUT STATE UNIVERSITY SYSTEM ISSUE, SERIES H
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Construction and Project Fund</u>	<u>Debt Service and Bond Fund</u>	<u>Special Capital Reserve Fund</u>
Net assets, June 30, 2007	\$ 7,027	\$ -	\$ -
Proceeds from institution	-	2,284,106	-
Income from investments	161	6,115	25,764
Interest on bonds	-	(2,299,599)	-
Faced value of bonds retired	-	(10,000)	-
Transfers to/from other issues	-	-	545,102
Interfund transfers	-	19,378	(19,378)
Net increase (decrease)	<u>161</u>	<u>-</u>	<u>551,488</u>
Net assets, June 30, 2008	\$ <u>7,188</u>	\$ <u>-</u>	\$ <u>551,488</u>
Comprising:			
Cash	\$ 3,000	\$ -	\$ -
Investments	4,188	26,819	545,102
Interest receivable	-	-	6,386
Interest payable	-	(383,252)	-
Bonds payable currently due	-	(6,666)	-
Due from institution	-	363,099	-
	<u>\$ 7,188</u>	<u>\$ -</u>	<u>\$ 551,488</u>

**STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
SCHEDULE OF INVESTMENTS
CONNECTICUT STATE UNIVERSITY SYSTEM ISSUE, SERIES H
JUNE 30, 2008**

Face Value	Investment	Rate	Maturity	Cost	Carrying Value
Construction and Project Fund:					
\$ 4,188	Fidelity Funds	Variable	-	\$ 4,188	\$ 4,188
Debt Service and Bond Fund:					
\$ 26,819	Fidelity Funds	Variable	-	\$ 26,819	\$ 26,819
Special Capital Reserve Fund:					
\$ 527,816	Guranteed Investment Contract	7.260%	7/1/2017	\$ 527,816	527,816
\$ 17,286	Fidelity Funds	Variable	-	\$ 17,286	\$ 17,286

**STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS
CONNECTICUT STATE UNIVERSITY SYSTEM ISSUE, SERIES I
FOR THE YEAR ENDED JUNE 30, 2008**

	Construction and Project Fund	Debt Service and Bond Fund
	<u> </u>	<u> </u>
Net assets, June 30, 2007	\$ 210,262	\$ -
Proceeds from institution	-	2,784,308
Income from investments	3,601	7,488
Construction expenses	(154,562)	-
Interest on bonds	-	(2,738,463)
Faced value of bonds retired	-	(53,333)
	<u> </u>	<u> </u>
Net increase (decrease)	(150,961)	-
	<u> </u>	<u> </u>
Net assets, June 30, 2008	\$ 59,301	\$ -
Comprising:		
Cash	\$ 3,000	\$ -
Investments	56,301	43,004
Interest payable	-	(456,411)
Bonds payable currently due	-	(53,333)
Due from institution	-	466,740
	<u> </u>	<u> </u>
	\$ 59,301	\$ -
	<u> </u>	<u> </u>

STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
SCHEDULE OF INVESTMENTS
CONNECTICUT STATE UNIVERSITY SYSTEM ISSUE, SERIES I
JUNE 30, 2008

Face Value	Investment	Rate	Maturity	Cost	Carrying Value
Construction and Project Fund:					
\$ 56,301	Fidelity Funds	Variable	-	\$ 56,301	\$ 56,301
Debt Service and Bond Fund:					
\$ 43,004	Fidelity Funds	Variable	-	\$ 43,004	\$ 43,004

**STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS
FAIRFIELD UNIVERSITY ISSUE, SERIES M
FOR THE YEAR ENDED JUNE 30, 2008**

	Construction Fund	Debt Service and Bond Fund	Debt Service Reserve Fund
Net assets, June 30, 2007	\$ -	\$ -	\$ -
Proceeds from Sale of Bonds	39,440,000	-	-
Proceeds from institution	501,503	1,701,639	-
Bond Discount	(182,216)	-	-
Income from investments	517	-	2,237
Construction Expenses	(272,883)	-	-
Faced value of bonds retired	-	(1,300,000)	-
Interest on bonds	-	(401,639)	-
Transfer to/from other Issue	(36,409,926)	2,705	-
Interfund transfers	(3,051,850)	6,575	3,045,275
Net increase (decrease)	25,145	9,280	3,047,512
Net assets, June 30, 2008	\$ 25,145	\$ 9,280	\$ 3,047,512
Comprising:			
Cash	\$ 3,000	\$ -	\$ -
Investments	22,145	1,704,344	3,019,612
Interest Receivable	-	-	34,475
Interest Payable	-	(401,639)	-
Bonds payable currently due	-	(1,300,000)	-
Due from Other Fund	-	6,575	(6,575)
Due from Institution	-	-	-
	\$ 25,145	\$ 9,280	\$ 3,047,512

STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
SCHEDULE OF INVESTMENTS
FAIRFIELD UNIVERSITY ISSUE, SERIES M
JUNE 30, 2008

Face Value	Investment	Rate	Maturity	Cost	Carrying Value
Construction and Project Fund:					
\$ 22,145	Fidelity Funds	Variable	-	\$ 22,145	\$ 22,145
Debt Service and Bond Fund:					
\$ 1,704,344	Fidelity Funds	Variable	-	\$ 1,704,344	\$ 1,704,344
Debt Service Reserve Fund:					
\$ 2,998,000	U.S. Treasury	4.625%	9/30/2008	\$ 3,047,387	\$ 3,019,316
\$ 296	Fidelity Funds	Variable	-	\$ 296	\$ 296

**STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS
HOPKINS SCHOOL ISSUE, SERIES B
FOR THE YEAR ENDED JUNE 30, 2008**

	Construction Fund	Debt Service and Bond Fund	Debt Service Reserve Fund
	<u> </u>	<u> </u>	<u> </u>
Net assets, June 30, 2007	\$ -	\$ -	\$ -
Proceeds from Sale of Bonds	9,240,000	-	-
Proceeds from institution	153,543	5,701	-
Bond Discount	(250,333)	-	-
Income from investments	2,714	-	-
Construction Expenses	(5,000)	-	-
Interest on bonds	-	(5,700)	-
Interfund transfers	(583,581)	-	583,581
	<u> </u>	<u> </u>	<u> </u>
Net increase (decrease)	8,557,343	1	583,581
Net assets, June 30, 2008	\$ <u>8,557,343</u>	\$ <u>1</u>	\$ <u>583,581</u>
Comprising:			
Cash	\$ 3,000	\$ -	\$ 583,581
Investments	8,554,343	-	-
Interest Payable	-	(5,700)	-
Due from Institution	-	5,701	-
	<u> </u>	<u> </u>	<u> </u>
	\$ <u>8,557,343</u>	\$ <u>1</u>	\$ <u>583,581</u>

STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
SCHEDULE OF INVESTMENTS
HOPKINS SCHOOL ISSUE, SERIES B
JUNE 30, 2008

<u>Face Value</u>	<u>Investment</u>	<u>Rate</u>	<u>Maturity</u>	<u>Cost</u>	<u>Carrying Value</u>
Construction and Project Fund:					
\$ 8,554,343	Fidelity Funds	Variable	-	\$ 8,554,343	\$ 8,554,343

**STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS
LOOMIS CHAFFEE SCHOOL ISSUE, SERIES A
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Debt Service and Bond Fund</u>	<u>Debt Service Reserve Fund</u>
Net assets, June 30, 2007	\$ 20,368	\$ 696,503
Proceeds from institution	31,636	-
Income from investments	823	40,542
Interest on bonds	(73,000)	-
Interfund transfers	40,542	(40,542)
Net increase (decrease)	<u>1</u>	<u>-</u>
Net assets, June 30, 2008	<u>\$ 20,369</u>	<u>\$ 696,503</u>
Comprising:		
Cash	\$ -	\$ 20,271
Investments	36,501	696,600
Interest payable	(36,500)	-
Due to/from other funds	<u>20,368</u>	<u>(20,368)</u>
	<u>\$ 20,369</u>	<u>\$ 696,503</u>

STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
SCHEDULE OF INVESTMENTS
LOOMIS CHAFFEE SCHOOL ISSUE, SERIES A
JUNE 30, 2008

<u>Face Value</u>	<u>Investment</u>	<u>Rate</u>	<u>Maturity</u>	<u>Cost</u>	<u>Carrying Value</u>
Debt Service and Bond Fund:					
\$ 36,501	Fidelity Funds	Variable	-	\$ 36,501	\$ 36,501
Debt Service Reserve Fund:					
\$ 696,600	U.S. Treasury Notes	5.820%	6/30/2010	\$ 696,600	\$ 696,600

**STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS
LOOMIS CHAFFEE SCHOOL ISSUE, SERIES E
FOR THE YEAR ENDED JUNE 30, 2008**

	Debt Service and Bond Fund	Debt Service Reserve Fund
	<u> </u>	<u> </u>
Net assets, June 30, 2007	\$ 249	\$ 924,750
Proceeds from institution	869,390	-
Income from investments	4,030	44,943
Interest on bonds	(528,237)	-
Face value of bonds retired	(390,000)	-
Interfund transfers	44,943	(44,943)
Net increase (decrease)	<u>126</u>	<u>-</u>
Net assets, June 30, 2008	\$ <u>375</u>	\$ <u>924,750</u>
Comprising:		
Investments	\$ 654,119	\$ 924,750
Interest receivable	-	375
Bonds payable currently due	(390,000)	-
Interest payable	(264,119)	-
Due to/from other funds	<u>375</u>	<u>(375)</u>
	\$ <u>375</u>	\$ <u>924,750</u>

STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
SCHEDULE OF INVESTMENTS
LOOMIS CHAFFEE SCHOOL ISSUE, SERIES E
JUNE 30, 2008

Face Value	Investment	Rate	Maturity	Cost	Carrying Value
Debt Service and Bond Fund					
\$ 264,119	Fidelity Funds	Variable	-	\$ 264,119	\$ 264,119
\$ 390,000	Fidelity Funds	Variable	-	\$ 390,000	\$ 390,000
Debt Service Reserve Fund:					
\$ 924,750	Guaranteed Investment Contract	Variable	-	\$ 924,750	\$ 924,750

**STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS
NEW HORIZONS VILLAGE ISSUE, NHPI 1994
FOR THE YEAR ENDED JUNE 30, 2008**

	Debt Service and Bond Fund	Earnings Fund	Renewal and Replacement Fund	Special Capital Reserve Fund	Working Capital Fund
Net assets, June 30, 2007	\$ 46,930	\$ 35,700	\$ 545	\$ 918,050	\$ 817,274
Proceeds from institution	-	-	60,600	713,524	14,725
Income from investments	13,674	1,757	23	181,314	38,337
Interest on bonds	(438,503)	-	-	-	-
Face value of bonds retired	(478,333)	-	-	-	-
Reimbursement to Insitution	-	-	(60,600)	-	-
Interfund transfers	910,345	(14,910)	24,475	(894,838)	(25,072)
Net increase (decrease)	7,183	(13,153)	24,498	-	27,990
Net assets, June 30, 2008	\$ 54,113	\$ 22,547	\$ 25,043	\$ 918,050	\$ 845,264
Comprising:					
Investments	\$ 450,442	\$ 22,547	\$ 568	\$ 918,050	\$ 863,000
Due to/from Other Funds	-	-	24,475	-	(24,475)
Interest receivable	1,640	-	-	-	6,739
Interest payable	(71,302)	-	-	-	-
Bonds payable currently due	(326,667)	-	-	-	-
	\$ 54,113	\$ 22,547	\$ 25,043	\$ 918,050	\$ 845,264

**STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
SCHEDULE OF INVESTMENTS
NEW HORIZONS VILLAGE ISSUE, NHPI 1994
JUNE 30, 2008**

<u>Face Value</u>	<u>Investment</u>	<u>Rate</u>	<u>Maturity</u>	<u>Cost</u>	<u>Carrying Value</u>
Debt Service and Bond Fund:					
\$ 203,000	U.S. Treasury Notes	4.875%	10/31/2008	\$ 206,239	\$ 204,918
\$ 245,524	Fidelity Funds	Variable	-	\$ 245,524	\$ 245,524
Earnings Fund:					
\$ 22,547	Fidelity Funds	Variable	-	\$ 22,547	\$ 22,547
Renewal and Replacement Fund:					
\$ 568	Fidelity Funds	Variable	-	\$ 568	\$ 568
Special Capital Reserve Fund:					
\$ 918,050	Fidelity Funds	Variable	-	\$ 918,050	\$ 918,050
Working Capital Fund:					
\$ 834,000	U.S. Treasury Notes	4.875%	10/31/2008	\$ 843,886	\$ 841,881
\$ 21,119	Fidelity Funds	Variable	-	\$ 21,119	\$ 21,119

**STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS
NEW OPPORTUNITIES FOR WATERBURY ISSUE, SERIES A
FOR THE YEAR ENDED JUNE 30, 2008**

	Debt Service and Bond Fund	Debt Service Reserve Fund
	<u> </u>	<u> </u>
Net assets, June 30, 2007	\$ 16,421	\$ 453,263
Proceeds from institution	421,590	-
Income from investments	1,874	21,239
Interest on bonds	(336,488)	-
Face value of bonds retired	(115,000)	-
Interfund transfers	<u>21,239</u>	<u>(21,239)</u>
Net increase (decrease)	<u>(6,785)</u>	<u>-</u>
Net assets, June 30, 2008	\$ <u>9,636</u>	\$ <u>453,263</u>
Comprising:		
Investments	\$ 283,244	\$ 457,724
Interest receivable	-	5,175
Interest payable	(168,244)	-
Bonds payable currently due	(115,000)	-
Due to/from other funds	<u>9,636</u>	<u>(9,636)</u>
	\$ <u>9,636</u>	\$ <u>453,263</u>

**STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
SCHEDULE OF INVESTMENTS
NEW OPPORTUNITIES FOR WATERBURY ISSUE, SERIES A
JUNE 30, 2008**

<u>Face Value</u>	<u>Investment</u>	<u>Rate</u>	<u>Maturity</u>	<u>Cost</u>	<u>Carrying Value</u>
Debt Service and Bond Fund:					
\$ 283,244	Fidelity Funds	Variable	-	\$ 283,244	\$ 283,244
Debt Service Reserve Fund:					
\$ 450,000	U.S. Treasury Notes	4.625%	9/30/2008	\$ 453,160	\$ 453,200
\$ 4,524	Fidelity Funds	Variable	-	\$ 4,524	\$ 4,524

**STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS
SACRED HEART UNIVERSITY ISSUE, SERIES C
FOR THE YEAR ENDED JUNE 30, 2008**

	Debt Service and Bond Fund	Debt Service Reserve Fund
	<u> </u>	<u> </u>
Net assets, June 30, 2007	\$ 64,228	\$ 518,117
Proceeds from institution	430,752	-
Income from investments	7,432	36,527
Interest on bonds	(316,412)	-
Face value of bonds retired	(200,000)	-
Interfund transfers	36,527	(36,527)
	<u> </u>	<u> </u>
Net increase (decrease)	(41,701)	-
	<u> </u>	<u> </u>
Net assets, June 30, 2008	\$ 22,527	\$ 518,117
Comprising:		
Cash	\$ -	\$ 18,162
Investments	362,571	518,117
Interest payable	(158,206)	-
Bonds payable currently due	(200,000)	-
Due to/from other funds	18,162	(18,162)
	<u> </u>	<u> </u>
	\$ 22,527	\$ 518,117
	<u> </u>	<u> </u>

**STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
SCHEDULE OF INVESTMENTS
SACRED HEART UNIVERSITY ISSUE, SERIES C
JUNE 30, 2008**

<u>Face Value</u>	<u>Investment</u>	<u>Rate</u>	<u>Maturity</u>	<u>Cost</u>	<u>Carrying Value</u>
Debt Service Fund:					
\$ 362,571	Fidelity Funds	Variable	-	\$ 362,571	\$ 362,571
Debt Service Reserve Fund:					
\$ 518,117	Guaranteed Investment Contract	7.050%	7/1/2026	\$ 518,117	\$ 518,117

**STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS
ST. JOSEPH'S LIVING CENTER, INC. ISSUE, NHPI 1994
FOR THE YEAR ENDED JUNE 30, 2008**

	Debt Service and Bond Fund	Renewal and Replacement Fund	Special Capital Reserve Fund	Working Capital Fund	Rebate Fund
Net assets, June 30, 2007	\$ <u>7,435</u>	\$ <u>94,690</u>	\$ <u>1,033,044</u>	\$ <u>1,590,705</u>	\$ <u>2,627</u>
Proceeds from institution	-	72,000	859,072	-	-
Income from investments	15,345	2,109	115,028	73,561	112
Interest on bonds	(428,505)	-	-	-	-
Face value of bonds retired	(526,667)	-	-	-	-
Reimbursement to Institution	-	(86,867)	-	-	-
Interfund transfers	938,229	50,804	(938,229)	(50,804)	-
Net increase (decrease)	<u>(1,598)</u>	<u>38,046</u>	<u>35,871</u>	<u>22,757</u>	<u>112</u>
Net assets, June 30, 2008	\$ <u>5,837</u>	\$ <u>132,736</u>	\$ <u>1,068,915</u>	\$ <u>1,613,462</u>	\$ <u>2,739</u>
Comprising:					
Investments	\$ 430,735	\$ 81,932	\$ 1,068,915	\$ 1,651,369	\$ 2,739
Interest receivable	1,770	-	-	12,897	-
Interest payable	(70,001)	-	-	-	-
Due to/from Other Funds	-	50,804	-	(50,804)	-
Bonds payable currently due	<u>(356,667)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 5,837</u>	<u>\$ 132,736</u>	<u>\$ 1,068,915</u>	<u>\$ 1,613,462</u>	<u>\$ 2,739</u>

**STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
SCHEDULE OF INVESTMENTS
ST. JOSEPH'S LIVING CENTER, INC. ISSUE, NHPI 1994
JUNE 30, 2008**

<u>Face Value</u>	<u>Investment</u>	<u>Rate</u>	<u>Maturity</u>	<u>Cost</u>	<u>Carrying Value</u>
Debt Service and Bond Fund:					
\$ 219,000	U.S. Treasury Notes	4.875%	10/31/2008	\$ 222,797	\$ 221,070
\$ 209,665	Fidelity Funds	Variable	-	\$ 209,665	\$ 209,665
Renewal and Replacement Fund:					
\$ 81,932	Fidelity Funds	Variable	-	\$ 81,932	\$ 81,932
Special Capital Reserve Fund:					
\$ 1,068,915	Fidelity Funds	Variable	-	\$ 1,068,915	\$ 1,068,915
Working Capital Fund:					
\$ 1,596,000	U.S. Treasury Notes	4.875%	10/31/2008	\$ 1,615,226	\$ 1,611,082
\$ 40,287	Fidelity Funds	Variable	-	\$ 40,287	\$ 40,287
Rebate Fund:					
\$ 2,739	Fidelity Funds	Variable	-	\$ 2,739	\$ 2,739

**STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS
ST. MARY'S HOSPITAL ISSUE, SERIES D AND E
FOR THE YEAR ENDED JUNE 30, 2008**

	Debt Service and Bond Fund	Debt Service Reserve Fund	Rebate Fund
Net assets, June 30, 2007	\$ <u>43,351</u>	\$ <u>4,214,232</u>	\$ <u>269,815</u>
Proceeds from institution	2,765,072	-	-
Income from investments	38,363	292,435	2,051
Interest on bonds	(1,715,713)	-	-
Face value of bonds retired	(1,345,000)	-	-
Arbitrage Rebate expense	-	-	(270,851)
Interfund transfers	<u>242,435</u>	<u>(292,435)</u>	<u>50,000</u>
Net increase (decrease)	<u>(14,843)</u>	<u>-</u>	<u>(218,800)</u>
Net assets, June 30, 2008	\$ <u>28,508</u>	\$ <u>4,214,232</u>	\$ <u>51,015</u>
Comprising:			
Cash	\$ 120,002	\$ -	\$ 25,000
Investments	2,111,362	4,214,232	26,015
Interest payable	(857,856)	-	-
Bonds payable currently due	<u>(1,345,000)</u>	<u>-</u>	<u>-</u>
	\$ <u>28,508</u>	\$ <u>4,214,232</u>	\$ <u>51,015</u>

STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
SCHEDULE OF INVESTMENTS
ST. MARY'S HOSPITAL ISSUE, SERIES D AND E
JUNE 30, 2008

Face Value	Investment	Rate	Maturity	Cost	Carrying Value
Debt Service and Bond Fund					
\$ 2,111,362	Fidelity Treasury	Variable	-	\$ 2,111,362	\$ 2,111,362
Debt Service Reserve Fund:					
\$ 4,214,232	Guaranteed Investment Contract	6.920%	7/1/2022	\$ 4,214,232	\$ 4,214,232
Rebate Fund:					
\$ 26,015	Fidelity Funds	Variable	-	\$ 26,015	\$ 26,015

**STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS
TAFT SCHOOL ISSUE, SERIES F
FOR THE YEAR ENDED JUNE 30, 2008**

	Debt Service and Bond Fund	Debt Service Reserve Fund	Rebate Fund
	<u> </u>	<u> </u>	<u> </u>
Net assets, June 30, 2007	\$ <u> -</u>	\$ <u> 902,753</u>	\$ <u> 16,181</u>
Proceeds from institution	877,197	1	-
Income from investments	5,046	49,243	1,320
Interest on bonds	(382,753)	-	-
Face value of bonds retired	(520,000)	-	-
Interfund transfers	<u> 36,493</u>	<u> (49,244)</u>	<u> 12,751</u>
Net increase (decrease)	<u> 15,983</u>	<u> -</u>	<u> 14,071</u>
Net assets, June 30, 2008	\$ <u> 15,983</u>	\$ <u> 902,753</u>	\$ <u> 30,252</u>
Comprising:			
Investments	\$ 711,376	\$ 925,236	\$ 23,652
Interest receivable	-	-	100
Interest payable	(191,376)	-	-
Bonds payable currently due	(520,000)	-	-
Due to/from other funds	<u> 15,983</u>	<u> (22,483)</u>	<u> 6,500</u>
	\$ <u> 15,983</u>	\$ <u> 902,753</u>	\$ <u> 30,252</u>

**STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
SCHEDULE OF INVESTMENTS
TAFT SCHOOL ISSUE, SERIES F
JUNE 30, 2008**

<u>Face Value</u>	<u>Investment</u>	<u>Rate</u>	<u>Maturity</u>	<u>Cost</u>	<u>Carrying Value</u>
Debt Service and Bond Fund:					
\$ 191,376	Fidelity Funds	Variable	-	\$ 191,376	\$ 191,376
\$ 520,000	Fidelity Funds	Variable	-	\$ 520,000	\$ 520,000
Debt Service Reserve Fund:					
\$ 925,236	Fidelity Funds	Variable	-	\$ 925,236	\$ 925,236
Rebate Fund:					
\$ 9,000	U.S. Treasury Notes	4.500%	9/30/2011	\$ 8,996	\$ 9,407
\$ 14,245	Fidelity Funds	Variable	-	\$ 14,245	\$ 14,245

**STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS
UNIVERSITY OF CONNECTICUT FOUNDATION ISSUE, SERIES A
FOR THE YEAR ENDED JUNE 30, 2008**

	Debt Service and Bond Fund	Debt Service Reserve Fund	Rebate Fund
Net assets, June 30, 2007	\$ <u>175</u>	\$ <u>1,015</u>	\$ <u>19</u>
Income from investments	1	4	1
Transfer to other issues	<u>(176)</u>	<u>(1,019)</u>	<u>-</u>
Net increase (decrease)	<u>(175)</u>	<u>(1,015)</u>	<u>1</u>
Net assets, June 30, 2008	\$ <u>-</u>	\$ <u>-</u>	\$ <u>20</u>
Comprising:			
Investments	\$ <u>-</u>	\$ <u>-</u>	\$ <u>20</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20</u>

STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
SCHEDULE OF INVESTMENTS
UNIVERSITY OF CONNECTICUT FOUNDATION ISSUE, SERIES A
JUNE 30, 2008

<u>Face Value</u>	<u>Investment</u>	<u>Rate</u>	<u>Maturity</u>	<u>Cost</u>	<u>Carrying Value</u>
Rebate Fund:					
\$ 20	Fidelity Funds	Variable	-	\$ 20	\$ 20

**STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS
UNIVERSITY OF CONNECTICUT FOUNDATION ISSUE, SERIES B
FOR THE YEAR ENDED JUNE 30, 2008**

	Construction Fund	Debt Service and Bond Fund	Debt Service Reserve Fund
	<u> </u>	<u> </u>	<u> </u>
Net assets, June 30, 2007	\$ 10,235	\$ 9,136	\$ 502,944
Proceeds from institution	\$ -	\$ 497,828	\$ -
Income from investments	281	2,334	21,812
Construction Expense	(10,516)	-	-
Interest on bonds	-	(287,828)	-
Face value of bonds retired	-	(210,000)	-
Transfer to Other Issues	-	176	1,019
Interfund transfers	-	22,831	(22,831)
	<u> </u>	<u> </u>	<u> </u>
Net increase (decrease)	(10,235)	25,341	-
Net assets, June 30, 2008	\$ -	\$ 34,477	\$ 502,944
Comprising:			
Investments	\$ -	\$ 356,500	\$ 534,835
Interest payable	-	(143,914)	-
Bonds payable currently due	-	(210,000)	-
Due to/from other funds	-	31,891	(31,891)
	<u> </u>	<u> </u>	<u> </u>
	\$ -	\$ 34,477	\$ 502,944

STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
SCHEDULE OF INVESTMENTS
UNIVERSITY OF CONNECTICUT FOUNDATION ISSUE, SERIES B
JUNE 30, 2008

<u>Face Value</u>	<u>Investment</u>	<u>Rate</u>	<u>Maturity</u>	<u>Cost</u>	<u>Carrying Value</u>
Debt Service and Bond Fund:					
\$ 356,500	Fidelity Funds	Variable	-	\$ 356,500	\$ 356,500
Debt Service Reserve Fund:					
\$ 534,835	Fidelity Funds	Variable	-	\$ 534,835	\$ 534,835

**STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS
WESLEYAN UNIVERSITY ISSUE, SERIES D
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Debt Service and Bond Fund</u>
Net assets, June 30, 2007	\$ <u><u>-</u></u>
Proceeds from institution	3,473,831
Income from investments	931
Interest on bonds	<u>(3,474,762)</u>
Net increase	<u>-</u>
Net assets, June 30, 2008	\$ <u><u>-</u></u>
Comprising:	
Investments	\$ 5,423
Interest payable	(101,004)
Due from institution	<u>95,581</u>
	<u>\$ <u><u>-</u></u></u>

STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
SCHEDULE OF INVESTMENTS
WESLEYAN UNIVERSITY ISSUE, SERIES D
JUNE 30, 2008

<u>Face Value</u>	<u>Investment</u>	<u>Rate</u>	<u>Maturity</u>	<u>Cost</u>	<u>Carrying Value</u>
Debt Service and Bond Fund:					
\$ 5,423	Fidelity Funds	Variable	-	\$ 5,423	\$ 5,423

**STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS
WESLEYAN UNIVERSITY ISSUE, SERIES E
FOR THE YEAR ENDED JUNE 30, 2008**

	Debt Service and Bond Fund
Net assets, June 30, 2007	\$ -
	-
Proceeds from institution	2,136,165
Income from investments	304
Interest on bonds	(2,136,469)
	-
Net increase (decrease)	-
Net assets, June 30, 2008	\$ -
	-
Comprising:	
Investments	\$ 172
Interest payable	(61,390)
Due from insitution	61,218
	\$ -
	-

STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
SCHEDULE OF INVESTMENTS
WESLEYAN UNIVERSITY ISSUE, SERIES E
JUNE 30, 2008

<u>Face Value</u>	<u>Investment</u>	<u>Rate</u>	<u>Maturity</u>	<u>Cost</u>	<u>Carrying Value</u>
Debt Service and Bond Fund:					
\$ 172	Fidelity Treasury	Variable	-	\$ 172	\$ 172

**STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS
YALE UNIVERSITY ISSUE, SERIES S
FOR THE YEAR ENDED JUNE 30, 2008**

		Debt Service and Bond Fund
Net assets, June 30, 2007	\$	<u> -</u>
Proceeds from institution		3,753,797
Interest on bonds		<u>(3,753,797)</u>
Net increase (decrease)		<u> -</u>
Net assets, June 30, 2008	\$	<u> -</u>

**STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS
YALE UNIVERSITY ISSUE, SERIES T
FOR THE YEAR ENDED JUNE 30, 2008**

		Debt Service and Bond Fund
Net assets, June 30, 2007	\$	<u><u>-</u></u>
Proceeds from institution		7,133,199
Income from investments		5
Interest on bonds		<u>(7,133,204)</u>
		<u>-</u>
Net assets, June 30, 2008	\$	<u><u>-</u></u>
Comprising:		
Investments	\$	143
Interest payable		(1,110,827)
Due from institution		<u>1,110,684</u>
	\$	<u><u>-</u></u>

STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
SCHEDULE OF INVESTMENTS
YALE UNIVERSITY ISSUE, SERIES T
JUNE 30, 2008

<u>Face Value</u>	<u>Investment</u>	<u>Rate</u>	<u>Maturity</u>	<u>Cost</u>	<u>Carrying Value</u>
Debt Service and Bond Fund:					
\$ 143	Fidelity Treasury	Variable	-	\$ 143	\$ 143

**STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS
YALE UNIVERSITY ISSUE, SERIES U
FOR THE YEAR ENDED JUNE 30, 2008**

		<u>Debt Service and Bond Fund</u>
Net assets, June 30, 2007	\$	<u><u>-</u></u>
Proceeds from institution		6,754,295
Interest on bonds		<u>(6,754,295)</u>
Net increase (decrease)		<u>-</u>
Net assets, June 30, 2008	\$	<u><u>-</u></u>
Comprising:		
Interest payable	\$	(244,125)
Due from institution		<u>244,125</u>
	\$	<u><u>-</u></u>

**STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS
YALE UNIVERSITY ISSUE, SERIES V
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Debt Service and Bond Fund</u>
Net assets, June 30, 2007	\$ <u><u>-</u></u>
Proceeds from institution	4,979,000
Interest on bonds	<u>(4,979,000)</u>
Net increase (decrease)	<u>-</u>
Net assets, June 30, 2008	\$ <u><u>-</u></u>
Comprising:	
Interest payable	\$ (169,262)
Due from institution	<u>169,262</u>
	\$ <u><u>-</u></u>

**STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS
YALE UNIVERSITY ISSUE, SERIES W
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Debt Service and Bond Fund</u>
Net assets, June 30, 2007	\$ <u><u>-</u></u>
Proceeds from institution	4,582,504
Income from investments	5,396
Interest on bonds	<u>(4,587,900)</u>
Net increase (decrease)	<u>-</u>
Net assets, June 30, 2008	\$ <u><u>-</u></u>
Comprising:	
Investments	\$ 5,440
Interest payable	(2,293,950)
Due from institution	<u>2,288,510</u>
	\$ <u><u>-</u></u>

STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
SCHEDULE OF INVESTMENTS
YALE UNIVERSITY ISSUE, SERIES W
JUNE 30, 2008

<u>Face Value</u>	<u>Investment</u>	<u>Rate</u>	<u>Maturity</u>	<u>Cost</u>	<u>Carrying Value</u>
Debt Service and Bond Fund:					
\$ 5,440	Fidelity Funds	Variable	-	\$ 5,440	\$ 5,440

**STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS
YALE UNIVERSITY ISSUE, SERIES X-1
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Debt Service and Bond Fund</u>
Net assets, June 30, 2007	\$ <u><u>-</u></u>
Proceeds from institution	4,994,121
Investment income	5,879
Interest on bonds	<u>(5,000,000)</u>
Net increase (decrease)	<u>-</u>
Net assets, June 30, 2008	\$ <u><u>-</u></u>
Comprising:	
Investments	\$ 5,881
Interest payable	(2,500,000)
Due from institution	<u>2,494,119</u>
	\$ <u><u>-</u></u>

STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
SCHEDULE OF INVESTMENTS
YALE UNIVERSITY ISSUE, SERIES X-1
JUNE 30, 2008

<u>Face Value</u>	<u>Investment</u>	<u>Rate</u>	<u>Maturity</u>	<u>Cost</u>	<u>Carrying Value</u>
Debt Service and Bond Fund:					
\$ 5,881	Fidelity Funds	Variable	-	\$ 5,881	\$ 5,881

**STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS
YALE UNIVERSITY ISSUE, SERIES X-2
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Debt Service and Bond Fund</u>
Net assets, June 30, 2007	\$ <u><u>-</u></u>
Proceeds from institution	3,446,002
Interest on bonds	<u>(3,446,002)</u>
Net increase (decrease)	<u>-</u>
Net assets, June 30, 2008	\$ <u><u>-</u></u>
Comprising:	
Interest payable	\$ (134,085)
Due from institution	<u>134,085</u>
	\$ <u><u>-</u></u>

**STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS
YALE UNIVERSITY ISSUE, SERIES X-3
FOR THE YEAR ENDED JUNE 30, 2008**

		<u>Debt Service and Bond Fund</u>
Net assets, June 30, 2007	\$	<u>-</u>
Proceeds from institution		3,821,538
Interest on bonds		<u>(3,821,538)</u>
Net increase (decrease)		<u>-</u>
Net assets, June 30, 2008	\$	<u>-</u>
Comprising:		
Interest payable	\$	(1,010,417)
Due from institution		<u>1,010,417</u>
	\$	<u>-</u>

**STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS
YALE UNIVERSITY ISSUE, SERIES Y-1
FOR THE YEAR ENDED JUNE 30, 2008**

	Construction and Project Fund	Debt Service and Bond Fund
	<u> </u>	<u> </u>
Net assets, June 30, 2007	\$ 10,279,066	\$ -
Proceeds from institution	-	9,988,235
Income from investments	95,839	11,765
Interest on bonds	-	(10,000,000)
Construction expense	<u>(10,374,905)</u>	<u>-</u>
Net increase (decrease)	<u>(10,279,066)</u>	<u>-</u>
Net assets, June 30, 2008	<u>\$ -</u>	<u>\$ -</u>
Comprising:		
Investments	\$ -	\$ 11,956
Interest payable	-	(5,000,000)
Due from institution	<u>-</u>	<u>4,988,044</u>
	<u>\$ -</u>	<u>\$ -</u>

STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
SCHEDULE OF INVESTMENTS
YALE UNIVERSITY ISSUE, SERIES Y-1
JUNE 30, 2008

<u>Face Value</u>	<u>Investment</u>	<u>Rate</u>	<u>Maturity</u>	<u>Cost</u>	<u>Carrying Value</u>
Debt Service and Bond Fund:					
\$ 11,956	Fidelity Treasury	Variable	-	\$ 11,956	\$ 11,956

**STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS
YALE UNIVERSITY ISSUE, SERIES Y-2
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Construction and Project Fund</u>	<u>Debt Service and Bond Fund</u>
Net assets, June 30, 2007	\$ <u>7,576,613</u>	\$ <u>-</u>
Proceeds from institution	-	1,241,577
Income from investments	21,985	-
Construction expense	(7,598,598)	-
Interest on bonds	<u>-</u>	<u>(1,241,577)</u>
Net increase (decrease)	<u>(7,576,613)</u>	<u>-</u>
Net assets, June 30, 2008	\$ <u>-</u>	\$ <u>-</u>
Comprising:		
Interest payable	\$ -	\$ (40,642)
Due from institution	<u>-</u>	<u>40,642</u>
	<u>\$ -</u>	<u>\$ -</u>

**STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS
YALE UNIVERSITY ISSUE, SERIES Y-3
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Construction and Project Fund</u>	<u>Debt Service and Bond Fund</u>
Net assets, June 30, 2007	\$ 5,462,501	\$ -
Proceeds from institution	-	1,244,924
Income from investments	15,713	-
Construction expense	(5,478,214)	-
Interest on bonds	-	(1,244,924)
Net increase (decrease)	<u>(5,462,501)</u>	<u>-</u>
Net assets, June 30, 2008	\$ <u>-</u>	\$ <u>-</u>
Comprising:		
Interest payable	\$ -	\$ (43,989)
Due from institution	-	43,989
	<u>\$ -</u>	<u>\$ -</u>

**STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS
YALE UNIVERSITY ISSUE, SERIES Z-1
FOR THE YEAR ENDED JUNE 30, 2008**

	Construction and Project Fund	Debt Service and Bond Fund
	<u> </u>	<u> </u>
Net assets, June 30, 2007	\$ -	\$ -
Proceeds from institution	2,100,000	14,821,967
Proceeds from Sale of Bonds	400,000,000	-
Bond discount	14,292,000	-
Income from investments	8,560,364	11,366
Interest on bonds	-	(14,833,333)
Construction expense	<u>(160,568,573)</u>	<u>-</u>
Net increase (decrease)	<u>264,383,791</u>	<u>-</u>
Net assets, June 30, 2008	\$ <u>264,383,791</u>	\$ <u>-</u>
Comprising:		
Cash	\$ 3,000	\$ -
Investments	264,380,791	11,366
Interest payable	-	(10,000,000)
Due from institution	<u>-</u>	<u>9,988,634</u>
	\$ <u>264,383,791</u>	\$ <u>-</u>

STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
SCHEDULE OF INVESTMENTS
YALE UNIVERSITY ISSUE, SERIES Z-1
JUNE 30, 2008

<u>Face Value</u>	<u>Investment</u>	<u>Rate</u>	<u>Maturity</u>	<u>Cost</u>	<u>Carrying Value</u>
Construction and Project Fund					
\$ 94,155	Fidelity Funds	Variable	-	\$ 94,155	\$ 94,155
\$ 130,763,166	Black Rock Mutual Funds	Variable	-	\$ 130,763,166	\$ 130,763,166
\$ 133,523,470	The Reserve Mutual Funds	Variable	-	\$ 133,523,470	\$ 133,523,470
Debt Service and Bond Fund:					
\$ 11,366	Fidelity Funds	Variable	-	\$ 11,366	\$ 11,366

**STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS
YALE UNIVERSITY ISSUE, SERIES Z-2
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Construction and Project Fund</u>	<u>Debt Service and Bond Fund</u>	
Net assets, June 30, 2007	\$ -	\$ -	
Proceeds from institution	-	3,193,651	
Proceeds from sale of bonds	100,000,000	-	
Income from investments	1,933,147	43	
Interest on bonds	-	(3,193,694)	
Construction expense	<u>(47,312,415)</u>	<u>-</u>	
Net increase (decrease)	<u>54,620,732</u>	<u>-</u>	
Net assets, June 30, 2008	\$ <u>54,620,732</u>	\$ <u>-</u>	
Comprising:			
Cash	\$ 3,000	\$ -	
Investments	54,617,732	43	
Interest payable	-	(1,304,583)	
Due from institution	<u>-</u>	<u>1,304,540</u>	
	\$ <u>54,620,732</u>	\$ <u>-</u>	

STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
SCHEDULE OF INVESTMENTS
YALE UNIVERSITY ISSUE, SERIES Z-2
JUNE 30, 2008

Face Value	Investment	Rate	Maturity	Cost	Carrying Value
Construction and Project Fund					
\$ 17,019	Fidelity Funds	Variable	-	\$ 17,019	\$ 17,019
\$ 49,108,716	Black Rock Mutual Funds	Variable	-	\$ 49,108,716	\$ 49,108,716
\$ 5,491,997	The Reserve Mutual Funds	Variable	-	\$ 5,491,997	\$ 5,491,997
Debt Service and Bond Fund:					
\$ 43	Fidelity Funds	Variable	-	\$ 43	\$ 43

**STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS
YALE UNIVERSITY ISSUE, SERIES Z-3
FOR THE YEAR ENDED JUNE 30, 2008**

	Construction and Project Fund	Debt Service and Bond Fund
	<u> </u>	<u> </u>
Net assets, June 30, 2007	\$ -	\$ -
Proceeds from institution	-	3,254,386
Proceeds from Sale of Bonds	100,000,000	-
Income from investments	1,962,310	-
Interest on bonds	-	(3,254,386)
Construction expense	<u>(49,869,810)</u>	<u>-</u>
Net increase (decrease)	<u>52,092,500</u>	<u>-</u>
Net assets, June 30, 2008	\$ <u>52,092,500</u>	\$ <u>-</u>
Comprising:		
Cash	\$ 3,000	\$ -
Investments	52,089,500	-
Interest payable	-	(1,332,639)
Due from institution	<u>-</u>	<u>1,332,639</u>
	\$ <u>52,092,500</u>	\$ <u>-</u>

STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
SCHEDULE OF INVESTMENTS
YALE UNIVERSITY ISSUE, SERIES Z-3
JUNE 30, 2008

Face Value	Investment	Rate	Maturity	Cost	Carrying Value
Construction and Project Fund					
\$ 19,287	Fidelity Funds	Variable	-	\$ 19,287	\$ 19,287
\$ 51,143,648	Black Rock Mutual Funds	Variable	-	\$ 51,143,648	\$ 51,143,648
\$ 926,565	The Reserve Mutual Funds	Variable	-	\$ 926,565	\$ 926,565

INTERNAL CONTROL AND COMPLIANCE REPORT

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS***

To the Board of Directors of the
State of Connecticut Health and
Educational Facilities Authority
Hartford, Connecticut

We have audited the basic financial statements of the State of Connecticut Health and Educational Facilities Authority ("Authority"), a component unit of the state of Connecticut, as of and for the year ended June 30, 2008, and have issued our report thereon dated September 9, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Authority's financial statements that is more than inconsequential will not be prevented or detected by the Authority's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Authority's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses as defined above.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Audit Committee, management, and others within the Authority and is not intended to be and should not be used by anyone other than these specified parties.

<< R, LLP

Glastonbury, Connecticut
September 9, 2008

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE

To the Board of Directors of the
State of Connecticut Health and
Educational Facilities Authority
Hartford, Connecticut

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the balance sheet of the State of Connecticut Health and Educational Facilities Authority ("Authority"), a component unit of the State of Connecticut, as of June 30, 2008, and the related statements of revenues, expenses and changes in net assets, and cash flows for the year then ended, and have issued our report thereon dated September 9, 2008.

In connection with our audit, nothing came to our attention that caused us to believe that the Authority was not in compliance with the requirements of the applicable Trust Indenture for the bond issues listed in Exhibit I as they relate to the insurance in force and the debt service reserve fund and project reserve fund balances as of June 30, 2008, or with any of the terms, covenants or provisions or the General or Series Bond Resolutions insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance.

This report is intended solely for the information and use of the Audit Committee, management, and others within the Authority and is not intended to be and should not be used by anyone other than these specified parties.

<< R, LLP

Glastonbury, Connecticut
September 9, 2008

EXHIBIT I

**STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
JUNE 30, 2008**

Bond Issues with Debt Service Reserve Funds**Trust Indenture**

Loomis Chaffee Issue, School Issue, Series A	June 1, 1990
Bridgeport Hospital Issue, Series A	March 1, 1992
St. Francis Hospital Issue, Series C	October 1, 1993
Hospital of St. Raphael Issue, Series H	November 1, 1993
Lawrence and Memorial Hospital Issue, Series D	December 1, 1993
New Britain General Hospital Issue, Series B	April 1, 1994
Day Kimball Hospital Issue, Series A	November 1, 1995
Bridgeport Hospital Issue, Series C	December 1, 1995
Sacred Heart University Issue, Series C	April 1, 1996
Loomis Chaffee Issue, School Issue, Series C	August 1, 1996
St. Mary's Hospital Issue, Series E	May 1, 1997
Middlesex Health Services, Inc. Issue, Series I	September 1, 1997
Bradley Health Care, Inc. Issue, Series B	November 1, 1997
Taft School Issue, Series D	May 1, 1998
New Opportunities for Waterbury Issue, Series A	April 1, 1998
Hopkins School Issue, Series A	June 1, 1998
Canterbury School Issue, Series A	July 1, 1998
Fairfield University Issue, Series H	August 1, 1998
Sacred Heart University Issue, Series E	December 1, 1998
Hebrew Home Issue, Series B	January 1, 1999
Norwalk Hospital Issue, Series E & F	April 1, 1999
Westminster School Issue Series B	April 1, 1999
Fairfield University Issue, Series I	September 1, 1999
Horace Bushnell Memorial Issue, Series A	September 1, 1999
Covenant Retirement Community Issue, Series A	November 1, 1999
Waterbury Hospital Issue, Series C	December 1, 1999
Eastern Connecticut Health Network Issue Series, A	February 1, 2000
The Marvelwood School Issue, Series A	June 1, 2000
Edgehill Issue, Series C	December 1, 2000
Gunnery School Issue, Series A	May 1, 2001
Greenwich Academy Issue, Series B	May 1, 2001
Fairfield University Issue, Series J	August 1, 2001
Taft School Issue, Series F	September 1, 2001
Loomis Chaffee School Issue, Series E	October 1, 2001
Washington Montessori School Issue, Series A	November 1, 2001
Bristol Hospital Issue, Series B	January 1, 2002
University of Hartford Issue, Series E	April 1, 2002

**STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
JUNE 30, 2008**

Bond Issues with Debt Service Reserve Funds

Trust Indenture

St. Francis Hospital Issue, Series D	May 1, 2002
The Village for Families and Children Issue, Series A	November 1, 2002
The Village for Families and Children Issue, Series B	November 1, 2002
Connecticut Children's Medical Center Issue, Series B	May 1, 2004
Connecticut Children's Medical Center Issue, Series C	May 1, 2004
Lawrence and Memorial Hospital Issue, Series E	June 1, 2004
Norwich Free Academy Issue, Series A	June 1, 2004
Greenwich Academy Issue, Series D	September 1, 2004
Kent School Issue, Series D	October 1, 2004
Hospital of Saint Raphael Issue, Series L	December 1, 2004
Griffin Hospital Issue, Series B	February 1, 2005
Westminster School Issue, Series D	June 1, 2005
William Backus Hospital Issue, Series F	August 1, 2005
William Backus Hospital Issue, Series G	August 1, 2005
Loomis Chaffee Issue, School Issue, Series F	October 1, 2005
Fairfield University Issue, Series L1	November 1, 2005
Eastern Connecticut Health Network Issue Series, C	November 1, 2005
University of Hartford Issue, Series G	June 1, 2006
Canterbury School Issue, Series B	July 1, 2006
Middlesex Hospital Issue, Series L	December 1, 2006
Middlesex Hospital Issue, Series M	December 1, 2006
UConn Foundation Issue, Series B	January 1, 2007
Griffin Hospital Issue, Series C	May 1, 2007
Griffin Hospital Issue, Series D	May 1, 2007
Chase Collegiate School Issue, Series A	June 1, 2007
Hospital for Special Care Issue, Series C	June 1, 2007
Hospital for Special Care Issue, Series D	June 1, 2007
University of Bridgeport Issue, Series B	August 1, 2007
Renbrook School Issue, Series A	September 1, 2007
Suffield Academy Issue, Series B	November 1, 2007
Windham Hospital Issue, Series D	November 1, 2007
Pierce Memorial Baptist Home Issue, Series A	January 1, 2008
Fairfield University Issue, Series M	April 1, 2008
Salisbury School Issue, Series C	May 1, 2008
Hopkins School Issue, Series B	June 1, 2008

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE

To the Board of Directors of the
State of Connecticut Health and
Educational Facilities Authority
Hartford, Connecticut

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the balance sheet of the State of Connecticut Health and Educational Facilities Authority ("Authority"), a component unit of the State of Connecticut as of June 30, 2008, and the related statements of revenues, expenses and changes in net assets, and cash flows for the year then ended, and have issued our report thereon dated September 9, 2008.

In connection with our audit, nothing came to our attention that caused us to believe that the Authority was not in compliance with the requirements of the applicable Trust Indenture for the bond issues listed in Exhibit II as they relate to the insurance in force or with any of the terms, covenants or provisions or the General or Series Bond Resolutions insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance.

This report is intended solely for the information and use of the Audit Committee, management, and others within the Authority and is not intended to be and should not be used by anyone other than these specified parties.

<< R, LLP

Glastonbury, Connecticut
September 9, 2008

EXHIBIT II

**STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
JUNE 30, 2008**

Bond Issues with Enhancements (other than Reserve Funds)	Trust Indenture
The Forman School Issue, Series A	November 1, 1993
Pomfret School Issue, Series A	January 1, 1995
Danbury Hospital Issue, Series F	January 1, 1996
Yale-New Haven Hospital Issue, Series H	August 1, 1996
Veterans Memorial Medical Center Issue, Series A	August 1, 1996
Stamford Hospital Issue, Series F	November 1, 1996
William Backus Hospital Issue, Series D	April 1, 1997
Middlesex Hospital Issue, Series H	October 1, 1997
Trinity College Issue, Series F	April 1, 1998
Taft School Issue, Series D	May 1, 1998
Charlotte Hungerford Hospital Issue, Series C	August 1, 1998
Fairfield University Issue, Series H	August 1, 1998
William Backus Hospital Issue, Series E	August 15, 1998
Child Care Issue, Series A & B	November 1, 1998
Stamford Hospital Issue, Series G & H	March 1, 1999
Danbury Hospital Issue, Series G	September 1, 1999
Child Care Issues, Series C	September 1, 1999
Catholic Health East Issue, Series F	October 1, 1999
Ethel Walker School Issue, Series A	March 1, 2000
Community Renewal Team Issue, Series A	March 1, 2000
Taft School Issue, Series E	April 1, 2000
Academy of Our Lady of Luralton Hall Issue, Series A	May 1, 2000
Hotchkiss School Issue, Series A	August 1, 2000
Hartford Hospital Issue, Series B	August 1, 2000
Child Care Issues, Series D	August 16, 2000
The Rectory School Issue, Series A	November 1, 2000
Kent School Issue, Series C	February 1, 2001
Child Care Issue, Series E	April 1, 2001
United Methodist Home of Sharon, Inc. Issue, Series A	June 1, 2001
Middlesex Hospital Issue, Series J	July 1, 2001
The Whitby School Issue, Series A	August 1, 2001
The Williams School Issue, Series C	October 1, 2001
Westminster School Issue, Series C	February 1, 2002
YMCA of Greater Hartford Issue, Series A	March 1, 2002
Health Care Capital Asset Issue, Series A-1	May 1, 2002
Kingswood-Oxford School Issue, Series B	June 1, 2002
Connecticut College Issue, Series E	July 1, 2002

**STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
JUNE 30, 2008**

Bond Issues with Enhancements (other than Reserve Funds)	Trust Indenture
Klingberg Family Centers Issue, Series A	December 1, 2002
Boy and Girls Club of Greenwich Issue, Series A	May 1, 2003
King & Low - Heywood Thomas School Issue, Series A	August 1, 2003
Cental Connecticut Coast YMCA, Inc. Issue, Series A	September 1, 2003
Sacred Heart University Issue, Series F	December 1, 2003
Greenwich Academy Issue, Series C	June 1, 2004
Trinity College Issue, Series H	July 1, 2004
ECHN, Inc Issue, Series B	July 1, 2004
Kent School Issue, Series D	October 1, 2004
Trinity College Issue, Series I	December 1, 2004
Hospital of Saint Raphael Issue, Series M	December 1, 2004
Eagle Hill School Issue, Series A	May 1, 2005
Avon Old Farms School Issue, Series A	June 1, 2005
Ridgefield Academy Issue, Series A	June 1, 2005
Greenwich Family YMCA, Series A	August 1, 2005
University of New Haven Issue, Series E	August 15, 2005
Wesleyan University Issue, Series F	September 1, 2005
Fairfield University Issue, Series L2	November 1, 2005
New Samaritan Corporation Issue, Series B	December 1, 2005
Avon Old Farms School Issue, Series B	March 1, 2006
Danbury Hospital Issue, Series H	March 1, 2006
Miss Porter's School Issue, Series B	June 1, 2006
Greenwich Adult Day Care	June 15, 2006
The Children's School Issue, Series A	July 1, 2006
University of New Haven Issue, Series G	August 1, 2006
Yale-New Haven Hospital Issue, Series J-1	September 1, 2006
Quinnipiac University Issue, Series H	December 1, 2006
Child Care Issue, Series F	December 1, 2006
Trinity College Issue, Series J	March 1, 2007
Trinity College Issue, Series K	March 1, 2007
Greenwich Academy Issue, Series E	March 1, 2007
Jerome Home Issue, Series D	March 1, 2007
Mulberry Gardens Issue, Series E	March 1, 2007
Connecticut College Issue, Series F	April 1, 2007
Connecticut College Issue, Series G	April 1, 2007
The Stanwich School Issue, Series A	May 1, 2007
Gaylord Hospital Issue, Series B	July 1, 2007

**STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
JUNE 30, 2008**

Bond Issues with Enhancements (other than Reserve Funds)	Trust Indenture
Westover Academy Issue, Series B	July 1, 2007
Masonicare Issue, Series C	October 1, 2007
Masonicare Issue, Series D	October 1, 2007
Hoffman SummerWood Issue, Series B	November 1, 2007
Westminster School Issue, Series E	November 1, 2007
Quinnipiac University Issue, Series I	December 1, 2007
Quinnipiac University Issue, Series J	December 1, 2007
Quinnipiac University Issue, Series K-1	December 1, 2007
Quinnipiac University Issue, Series K-2	December 1, 2007
Choate Rosemary Hall Issue, Series D	April 1, 2008
Saint Joseph College Issue, Series B	April 1, 2008
Greenwich Hospital Issue, Series C	May 1, 2008
Yale-New Haven Hospital Issue, Series K-1	May 1, 2008
Yale-New Haven Hospital Issue, Series K-2	May 1, 2008
Yale-New Haven Hospital Issue, Series L-1	May 1, 2008
Yale-New Haven Hospital Issue, Series L-2	May 1, 2008
Salisbury School Issue, Series C	May 1, 2008
Saint Francis Hospital Issue, Series E	May 1, 2008
Health Care Capital Asset Issue, Series B-1	June 1, 2008
Danbury Hospital Issue, Series J	June 1, 2008
Saint Francis Hospital Issue, Series F	June 1, 2008

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE

To the Board of Directors of the
State of Connecticut Health and
Educational Facilities Authority
Hartford, Connecticut

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the balance sheet of the State of Connecticut Health and Educational Facilities Authority ("Authority"), a component unit of the State of Connecticut, as of June 30, 2008, and the related statements of revenues, expenses and changes in net assets, and cash flows for the year then ended, and have issued our report thereon dated September 9, 2008.

In connection with our audit, nothing came to our attention that caused us to believe that the Authority was not in compliance with the requirements of the applicable Trust Indenture for the bond issues listed in Exhibit III as they relate to the insurance in force and the special capital reserve fund or with any of the terms, covenants or provisions or the General or Series Bond Resolutions insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance.

This report is intended solely for the information and use of the Audit Committee, management, and others within the Authority and is not intended to be and should not be used by anyone other than these specified parties.

CCR, LLP

Glastonbury, Connecticut
September 9, 2008

EXHIBIT III

**STATE OF CONNECTICUT
HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
JUNE 30, 2008**

Bond Issues with Special Capital Reserve Funds

Cherry Brook Nursing Center Issue, NHPI 1993
St. Joseph's Living Center Issue, NHPI 1994
New Horizons Village Issue, NHPI 1994
Connecticut State University System Issue, Series B
Connecticut State University System Issue, Series C
Connecticut State University System Issue, Series D
Connecticut State University System Issue, Series E
Connecticut State University System Issue, Series F
Connecticut State University System Issue, Series G
Connecticut State University System Issue, Series H
Connecticut State University System Issue, Series I

Trust Indenture

January 15, 1993
February 1, 1994
November 1, 1994
February 15, 1997
November 1, 1999
March 1, 2002
May 1, 2003
February 1, 2004
June 1, 2005
June 1, 2005
April 1, 2007

