

LOCAL GOVERNMENT INVESTMENT POOL
FINANCIAL STATEMENTS
FOR THE YEAR ENDING JUNE 30, 2005



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Table of Contents

Management's Discussion and Analysis	1
Financial Statements:	
Statement of Fiduciary Net Assets.....	4
Statement of Changes in Fiduciary Net Assets.....	5
Notes to the Financial Statements	8
Supplementary Information:	
Schedule of Selected Participant Share and Ratio Information	14
Schedule of Investments	15
Independent Auditor's Report.....	17

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

This section of the Local Investment Pool (the LGIP) annual financial report presents an analysis of the Local Government Investment Pool's financial performance during the fiscal year that ended on June 30, 2005. This information should be considered in conjunction with the information contained in the financial statements, which follow this section.

LGIP Activities and Highlights

The Local Government Investment Pool was established January 1, 1981 pursuant to the Investment of Public Funds and Local Government Investment Pool Act, Section 2.2-4600 of the Code of Virginia. The LGIP enables governmental entities to maximize their return on investments by providing for a State administered fund where monies can be commingled for investment purposes in order to realize the economies of large-scale investing and professional funds management. The LGIP is not registered with the Securities Exchange Commission (SEC) as an investment company, but maintains a policy to operate in a manner consistent with the Governmental Accounting Standards Board, Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools," definition of "2a7-like pools." The LGIP is rated 'AAAm' by Standard and Poor's Rating Service.

Overview of the Financial Statements

This discussion and analysis is an introduction to the LGIP's basic financial statements. This report also contains other supplementary information in addition to the basic financial statements. The LGIP is not required to present government-wide financial statements since all of its activity is reported in a fiduciary fund, which would not change in measurement focus (economic resources) or basis of accounting (accrual) for government-wide statements.

The financial statements of the LGIP offer financial information about its activities. The Statement of Net Assets provides information about the nature and amounts of the LGIP's cash, investments and receivables (assets) and their administrative fees (liabilities). The Statement of Changes in Fiduciary Net Assets reports the additions to, deductions from and net increases in net assets.

Financial Analysis

The primary purpose of the LGIP is to provide a fund that would allow governmental entities to increase their return on investments with minimal credit risk. Summary financial information follows.

Local Government Investment Pool (in millions)

	2005	2004
Total assets	\$2,936	\$2,791
Total net assets	\$2,936	\$2,791

LGIP activity increased significantly during fiscal year 2005. Year over year, net assets increased approximately five percent with the dollar value of both deposits and withdrawals increasing approximately 20 percent and 18 percent respectively. Active accounts numbered 904 at the end of fiscal year 2005.

Local Government Investment Pool Changes in Net Assets
(in millions)

	2005	2004
Additions:		
Proceeds from units admitted	\$ 6,167	\$ 5,132
Investment earnings	54	21
Total additions	6,221	5,153
Deductions:		
Disbursements for units withdrawn	6,076	5,140
Total deductions	6,076	5,140
Increase in net assets	145	13
Net assets, July 1	2,791	2,778
Net assets, June 30	\$ 2,936	\$ 2,791

Participation in the LGIP is voluntary, so participant activity variances from year to year are normal. Factors that could influence a potential participant would be the availability of funds to invest and the relative attractiveness of the LGIP's return as compared to other options that may be available to the entity.

Investment earnings were higher this year as interest rates steadily rose throughout the year. The benchmark federal funds steadily increased throughout fiscal year 2005 ending the year at 3.25% compared to a constant rate of 1.00% during fiscal year 2004. The increase in investment balances during the year also contributed to higher investment earnings.

Financial Statements

Local Government Investment Pool
Statement of Fiduciary Net Assets
As of June 30, 2005

Assets	
Investments in cash equivalents, at value (Notes 1 & 2)	\$ 1,773,537,099
Investments in securities, at value (Notes 1 & 2)	1,155,809,720
Interest receivable	<u>6,350,747</u>
Total assets	<u>2,935,697,566</u>
Liabilities	
Administrative fee payable	<u>3,523</u>
Total liabilities	<u>3,523</u>
Net Assets	
Held in trust for pool participants	<u><u>\$ 2,935,694,043</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

Local Government Investment Pool
Statement of Changes in Fiduciary Net Assets
For the year ended June 30, 2005

Additions	
Contributions:	
Proceeds from units admitted	\$ 6,166,732,143
Total contributions	<u>6,166,732,143</u>
Investment earnings:	
Interest income	46,585,379
Net accrued interest	6,350,747
Net change in unrealized appreciation of investments for the year	3,079,347
Less administrative fee	<u>(1,483,751)</u>
Net investment earnings	<u>54,531,722</u>
Total additions	<u>6,221,263,865</u>
Deductions	
Disbursements for units withdrawn	<u>6,076,244,513</u>
Total deductions	<u>6,076,244,513</u>
Change in net assets	145,019,352
Net assets - July 1, 2004	<u>2,790,674,691</u>
Net assets - June 30, 2005	<u><u>\$ 2,935,694,043</u></u>

The accompanying notes to the financial statements are an integral part of this statement.



Notes to the Financial Statements

LOCAL GOVERNMENT INVESTMENT POOL
NOTES TO THE FINANCIAL STATEMENTS
AS OF JUNE 30, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Local Government Investment Pool (LGIP) was established January 1, 1981 pursuant to the Local Government Investment Pool Act, Section 2.2-4600 of the *Code of Virginia*. The LGIP enables governmental entities to maximize their return on investments by providing for a State administered fund where monies can be commingled for investment purposes in order to realize the economies of large-scale investing and professional funds management. The LGIP is not registered with the Securities Exchange Commission (SEC) as an investment company, but maintains a policy to operate in a manner consistent with the Governmental Accounting Standards Board, Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools," definition of "2a7-like pools."

A. Basis of Presentation

The Treasury Board of Virginia administers the LGIP and presents the activity on an accrual basis. Earnings and expenses accrue daily, but are credited or charged to participants' accounts on a monthly basis.

B. Investment Valuation

Investments in the LGIP are stated at market value where available. However, market value does not include market accrued interest (totaling \$2,006,845) which is included as a portion of interest receivable on the Statement of Fiduciary Net Assets. Where market value is unavailable, the investments are reported at cost, which due to their short-term nature approximates market value.

Shares are purchased and redeemed at amortized cost. If the LGIP's current market-based net asset value per share should deviate from its amortized cost price per share by an amount exceeding $\frac{1}{2}$ of 1 percent, the State Treasurer, Chair of the Treasury Board, shall assess the situation and determine what action, if any, is in the best interest of the LGIP and its participants. Market-based net asset value is determined on a monthly basis.

2. INVESTMENTS

Funds in the LGIP are invested in accordance with Treasury Board investment guidelines and include obligations of the United States Government or agencies thereof, repurchase agreements, bankers' acceptances, commercial paper, short-term corporate and bank notes, and certificates of deposit. The maximum average maturity for the portfolio may not exceed 90 days. The maximum percentage of the Fund permitted in each category and the actual allocation at June 30, 2005 are as follows:

	<u>Maximum Permitted</u>	<u>Actual June 30, 2005</u>
U. S. Treasury/Agency	100%	20%
Bankers' Acceptances, Negotiable Certificates of Deposit and/or Negotiable Bank Deposit Notes	40%	14%
Non-Negotiable Certificate of Deposit	5%	0%
Commercial Paper	35%	31%
Corporate Notes and Bank Notes	25%	11%
Repurchase Agreements	50%	24%
Taxable Municipal Obligations	10%	0%

Interest Rate Risk - Investments

Interest rate risk is the risk that changes in interest rates of debt investment will adversely affect the fair values of an investment. Interest rate risk is measured and monitored through investing in high quality credits and managing the weighted average maturity (WAM) of the portfolio. The portfolio WAM is a key measure of the funds tolerance to rising interest rates. At June 30, the LGIP WAM was 44 days, which should assure minimal asset value fluctuations under most market conditions. The LGIP's investments at June 30, 2005 are presented below.

LGIP Investments
As of June 30, 2005
(Dollars in Thousands)

	<u>Fair Value Uncategorized</u>	<u>Weighted Average Days to Maturity</u>
U.S. Treasury and Agency Securities	\$ 587,651	131
Corporate Notes	318,583	62
Commercial Paper	902,694	13
Negotiable Certificates of Deposit	395,001	46
Non-Negotiable Certificates of Deposit	7,870	77
Repurchase Agreements	705,000	1
Mutual and Money Market Funds	12,548	1
Total	<u>\$ 2,929,347</u>	

Portfolio weighted average maturity

44

Credit Risk of Debt Securities

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The LGIP is rated AAAm by Standard & Poor's. The AAAm rating definition indicates the fund has an extremely strong capacity to maintain principal stability and limit exposure to principal losses due to credit, market, and/or liquidity risks. In addition to the overall fund rating requirements of Standard & Poor's to maintain the AAAm rating, the LGIP Investment Policy and Guidelines require a minimum rating of both P-1 by Moody's investment Services and A-1 by Standard and Poor's, Inc., on individual securities purchased. At June 30, 2005 eighty-seven percent of the LGIP portfolio was invested in securities with a short-term rating of A-1+ by Standard & Poor's. The LGIP's rated debt investments as of June 30, 2005 are presented below using the Standard and Poor's rating scale.

LGIP's Rated Debt Investments As of June 30, 2005 (Dollars in thousands)						
	Total Fair Value	Credit Quality				
		AAA	AA	A	A-1	Not Rated
U.S. Treasury and Agency Securities	\$ 587,651	\$ 587,651	\$ -	\$ -	\$ -	\$ -
Corporate Notes	318,583	40,000	83,604	169,979	25,000	-
Commercial Paper	902,694	-	-	-	902,694	-
Negotiable Certificates of Deposit	395,001	-	-	-	395,001	-
Non-Negotiable Certificates of Deposit	7,870	-	-	-	-	7,870
Repurchase Agreements	705,000	705,000	-	-	-	-
Mutual and Money Market Funds	12,548	12,548	-	-	-	-
Total	\$ 2,929,347	\$ 1,345,199	\$ 83,604	\$ 169,979	\$ 1,322,695	\$ 7,870

Concentration of Credit Risk

The LGIP Investment Policy requires diversification of assets with not more than 5% of the fund assets invested in the securities of any single issuer. This limitation does not apply to securities of the U.S. Government, agency thereof, or GSEs. As of June 30, 2005, more than 5 percent of the LGIP's investments are in the Federal Home Loan Bank (6.76%), the Federal National Mortgage Association (7.59%), and in a Goldman Sachs Tri-Party Repurchase Agreement (24.05%).

3. DISTRIBUTIONS

The LGIP distributes investment income net of expenses to participants on a monthly basis. The dividend distribution is automatically reinvested into additional shares.

4. SURETY BOND

The LGIP is exposed to various risks of loss related to torts; theft or, damage to, and destruction of assets; errors and omissions; non-performance of duty; injuries to employees; and natural disasters. The Department of Treasury participates in insurance plans maintained by the Commonwealth of Virginia on behalf of the Authority. The state employee health care and worker's compensation plans are administered by the Department of Human Resource Management and the risk management insurance plans are administered by the Department of Treasury, Division of Risk Management. Risk management insurance includes property, general liability, medical malpractice, faithful performance of duty bond, automobile, and air and watercraft plans. The Department of Treasury pays premiums to each of these Departments for its insurance coverage. Information relating to the Commonwealth's insurance plans is available at the statewide level in the Commonwealth of Virginia's Comprehensive Annual Financial Report.



Supplementary Information

Local Government Investment Pool
Selected Participant Share and Ratio Information

Selected ratios and data for the average number of shares outstanding
throughout the years ended June 30, 2003, 2004 and 2005

	June 30, 2005	June 30, 2004	June 30, 2003
Investment income ¹	\$ 0.02169	\$ 0.01138	\$ 0.01561
Expenses	0.00061	0.00060	0.00060
Investment income - net	0.02108	0.01078	0.01501
Income distributions	0.02108	0.01078	0.01501
Increase in net value	\$ -	\$ -	\$ -
Net Asset Value:			
Beginning of period	1.00000	1.00000	1.00000
End of period	1.00000	1.00000	1.00000
Ratio of investment income- Net to average net assets	2.11%	1.08%	1.50%
Ratio of expenses to average net assets	0.06%	0.06%	0.06%

LOCAL GOVERNMENT INVESTMENT POOL
SCHEDULE OF INVESTMENTS
As of June 30, 2005

	Yield @ Purchase	Carrying Value	Fair Value	Percentage of Investments at Fair Value
U.S. Government Agency Notes:				
Federal Farm Credit Bank 2.35% due 08/02/05	2.42%	9,991,200.00	9,999,228.49	0.00
Federal Farm Credit Bank FRN 3.10% due 06/01/06	3.12%	14,997,105.00	14,997,252.62	0.00
Federal Home Loan Bank 3.25% due 08/15/05	2.25%	50,396,250.00	50,059,240.04	0.02
Federal Home Loan Bank 1.50% due 08/19/05	2.69%	14,078,874.00	14,177,172.41	0.00
Federal Home Loan Bank 2.25% due 08/30/05	2.38%	24,968,750.00	24,993,852.46	0.01
Federal Home Loan Bank 2.20% due 09/12/05	2.71%	7,388,242.40	7,412,087.70	0.00
Federal Home Loan Bank 2.125% due 09/20/05	2.65%	24,886,500.00	24,969,857.38	0.01
Federal Home Loan Bank 2.25% due 10/21/05	2.79%	24,874,250.00	24,957,578.31	0.01
Federal Home Loan Bank 1.70% due 12/30/05	3.33%	14,797,905.00	14,878,207.65	0.01
Federal Home Loan Bank 1.72% due 12/30/05	3.56%	1,972,500.00	1,981,666.67	0.00
Federal Home Loan Bank 2.375% due 02/15/06	3.47%	9,896,340.00	9,930,590.23	0.00
Federal Home Loan Bank 2.875% due 05/22/06	3.63%	24,803,250.00	24,835,196.52	0.01
Federal Home Loan Mortgage Corp. 2.875% due 09/15/05	2.71%	25,026,250.00	25,006,762.71	0.01
Federal Home Loan Mortgage Corp. 2.125% due 11/15/05	3.00%	9,924,150.00	9,966,906.21	0.00
Federal Home Loan Mortgage Corp. 2.21% due 04/19/06	3.61%	24,695,500.00	24,722,143.75	0.01
Federal Home Loan Mortgage Corp. Discount Note due 09/20/05	3.10%	9,829,708.33	9,829,708.33	0.00
Federal Home Loan Mortgage Corp. Discount Note due 11/15/05	3.03%	24,375,173.61	24,375,173.61	0.01
Federal Home Loan Mortgage Corp. Discount Note due 12/30/05	3.25%	29,180,205.84	29,180,205.84	0.01
Federal Home Loan Mortgage Corp. Discount Note due 02/07/06	3.24%	19,375,022.22	19,375,022.22	0.01
Federal National Mortgage Association 2.32% due 09/12/05	2.30%	8,350,000.00	8,350,000.00	0.00
Federal National Mortgage Association 6.00% due 12/15/05	3.09%	25,624,750.00	25,324,016.30	0.01
Federal National Mortgage Association 2.00% due 01/27/06	3.10%	14,827,050.00	14,859,000.00	0.00
Federal National Mortgage Association 1.75% due 06/16/06	3.71%	24,512,000.00	24,539,622.64	0.01
Federal National Mortgage Association 3.25% due 07/12/06	3.81%	14,911,650.00	14,915,039.39	0.01
Federal National Mortgage Association Discount Note due 12/09/05	3.10%	34,086,922.22	34,022,979.17	0.01
Federal National Mortgage Association Floater 3.21% due 07/14/05	3.21%	49,988,650.00	49,999,595.75	0.02
Federal National Mortgage Association Floater 2.97% due 09/15/05	2.97%	49,980,475.00	49,993,255.00	0.02
Total U.S. Government Agency Notes		587,738,673.62	587,651,361.39	0.20
Repurchase Agreements Collateralized by U.S. Government Obligations:				
Goldman Sachs 3.43% due 7/1/2005	3.43%	705,000,000.00	705,000,000.00	0.24
Total Repurchase Agreements Collateralized by U.S. Government Obligations		705,000,000.00	705,000,000.00	0.24
Corporate Notes and Bank Notes:				
American Express 6.88% due 11/01/05	3.46%	5,096,200.00	5,054,528.11	0.00
Bank of America FRN 3.06% due 05/10/06	3.31%	25,000,000.00	25,000,000.00	0.01
Bank of America BN 2.93% due 08/09/06	2.93%	25,000,000.00	25,000,000.00	0.01
Bank One (J. P. Morgan) 6.50% due 02/01/06	3.69%	19,118,693.00	19,024,066.90	0.01
Bank One (J. P. Morgan) 6.50% due 02/01/06	3.23%	24,113,593.56	23,777,031.64	0.01
Barnett Bank 6.90% due 09/01/05	2.61%	10,340,840.00	10,071,151.78	0.00
Bear Stearns Co. FR MTN 3.17% due 08/05/09	3.17%	10,000,000.00	10,000,000.00	0.00
Citigroup 6.75% due 12/1/05	2.58%	16,093,568.30	15,601,521.50	0.00
General Electric Capital Corp. FRN 3.34% due 10/17/07	3.34%	15,000,000.00	15,000,000.00	0.00
General Electric Capital Corp. FRN 3.28% due 07/09/07	3.28%	25,000,000.00	25,000,000.00	0.01
Goldman Sachs Group MTN 2.72% due 03/21/06	2.84%	30,070,530.00	30,047,440.90	0.01
Merrill Lynch MTN 3.36% due 07/11/07	3.36%	50,000,000.00	50,000,000.00	0.02
Morgan Stanley FR MTN 3.21% due 08/15/05	3.21%	22,021,472.00	22,004,372.13	0.01
Wells Fargo & Co. MTN 3.12% due 09/29/05	3.12%	18,010,573.00	18,002,658.02	0.01
Wells Fargo & Co. MTN 3.14% due 07/03/11	3.14%	25,000,000.00	25,000,000.00	0.01
Total Corporate Notes and Bank Notes		319,865,469.86	318,582,770.98	0.11

LOCAL GOVERNMENT INVESTMENT POOL
SCHEDULE OF INVESTMENTS (Continued)
As of June 30, 2005

	Yield @ Purchase	Carrying Value	Fair Value	Percentage of Investments at Fair Value
Negotiable Certificates of Deposit:				
Barclays Bank NY 3.38% due 09/19/05	3.38%	25,000,000.00	25,000,000.00	0.00
Citibank NA 3.11% due 07/25/05	3.11%	50,000,000.00	50,000,000.00	0.02
Citibank NA 3.23% due 08/23/05	3.23%	25,000,000.00	25,000,000.00	0.01
Citibank NA 3.44% due 09/29/05	3.44%	25,000,000.00	25,000,000.00	0.01
First Tennessee Bank 3.27% due 07/27/05	3.27%	25,000,000.00	25,000,000.00	0.01
First Tennessee Bank 3.28% due 08/01/05	3.28%	25,000,000.00	25,000,000.00	0.01
Fortis Bank NY 3.08% due 07/05/05	3.08%	25,000,000.00	25,000,000.00	0.01
Lloyds Treasury Bank NY 3.54% due 12/12/05	3.53%	25,000,617.51	25,000,559.51	0.01
Suntrust Bank 3.28% due 08/02/05	3.28%	50,000,000.00	50,000,000.00	0.02
Suntrust Bank 3.43% due 09/27/05	3.43%	25,000,000.00	25,000,000.00	0.01
Wells Fargo Bank 3.10% due 07/08/05	3.10%	50,000,000.00	50,000,000.00	0.02
Wells Fargo Bank 3.27% due 07/29/05	3.27%	45,000,000.00	45,000,000.00	0.01
Total Negotiable Certificates of Deposit		395,000,617.51	395,000,559.51	0.14
Non-Negotiable Certificates of Deposit:				
Community Bankers Bank 3.26% due 09/15/05	3.26%	7,870,000.00	7,870,000.00	0.00
Total Non-Negotiable Certificates of Deposit		7,870,000.00	7,870,000.00	0.00
Commercial Paper:				
American Express Credit due 08/02/05	3.15%	49,610,000.00	49,610,000.00	0.02
Aspen Funding due 07/01/05	3.38%	89,991,550.00	89,991,550.00	0.03
Barclays US Funding due 10/31/05	3.52%	24,702,750.00	24,702,750.00	0.01
Barton Capital Corporation due 07/25/05	3.29%	31,685,662.33	31,685,662.33	0.01
Bear Stearns due 07/07/05	3.33%	49,967,625.00	49,967,625.00	0.02
Citigroup Funding due 07/01/05	3.06%	14,968,229.17	14,968,229.17	0.00
General Electric Capital Corporation due 07/01/05	3.38%	49,995,305.56	49,995,305.56	0.02
General Electric Capital Corporation due 07/29/05	3.26%	49,855,555.56	49,855,555.56	0.02
ING (US) Funding due 07/27/05	3.27%	23,423,274.90	23,423,274.90	0.00
Kitty Hawk Funding due 07/11/05	3.27%	38,957,490.00	38,957,490.00	0.01
Morgan Stanley Dean Witter due 11/14/05	3.28%	50,000,000.00	49,926,236.11	0.02
Morgan Stanley Dean Witter due 01/06/06	3.28%	25,000,000.00	24,946,041.67	0.01
New Center Asset Trust due 07/01/05	3.40%	54,994,805.56	54,994,805.56	0.02
Newport Funding due 07/22/05	3.30%	49,864,583.33	49,864,583.33	0.02
Rabobank USA Finance due 07/01/05	3.35%	69,993,486.11	69,993,486.11	0.02
Societe Generale NA due 07/08/05	3.27%	39,967,300.00	39,967,300.00	0.01
Toyota Motor Credit due 07/29/05	3.26%	49,859,861.11	49,859,861.12	0.02
UBS Finance Delaware due 07/01/05	3.28%	139,984,615.28	139,984,615.28	0.05
Total Commercial Paper		902,822,093.91	902,694,371.70	0.31
Money Market Funds:				
Short Term Investment Fund 3.01% due 7/01/2005	3.01%	12,547,755.05	12,547,755.05	0.00
Total Money Market Funds		12,547,755.05	12,547,755.05	0.00
Total Investments		\$ 2,930,844,609.95	\$ 2,929,346,818.63	1.00



Commonwealth of Virginia

Walter J. Kucharski, Auditor

**Auditor of Public Accounts
P.O. Box 1295
Richmond, Virginia 23218**

October 31, 2005

The Honorable Mark R. Warner
Governor of Virginia

The Honorable Lacey E. Putney
Chairman, Joint Legislative Audit
and Review Commission

The Virginia Treasury Board
and Pool Participants
Local Government Investment Pool

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

We have audited the accompanying basic financial statements of the Local Government Investment Pool, as of and for the year ended June 30, 2005, as listed in the table of contents. These financial statements are the responsibility of the Department of the Treasury's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Local Government Investment Pool as of June 30, 2005, and the changes in its net assets for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on page 1 through 2 is not a required part of the basic financial statements, but is supplementary information required by the 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 financial statements that collectively comprise the Local Government Investment Pool's basic financial statements. The Schedule of Participant Share and Ratio Information and the Schedule of Investments are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with Government Auditing Standards, we will issue our 2005 Report on Internal Control over Financial Reporting and on Compliance and Other Matters, on our consideration of the Department of the Treasury'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.

AUDITOR OF PUBLIC ACCOUNTS

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