

| WEST VIRGINIA |
**BOARD OF TREASURY
INVESTMENTS**

A Component Unit of the State of West Virginia

Audited Financial Statements
with Supplementary & Other
Financial Information

Year Ended June 30, 2008

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**Audited Financial Statements
With Supplementary Information
& Other Financial Information**

**West Virginia Board of Treasury Investments
Year Ended June 30, 2008**

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West Virginia Board of Treasury Investments

Financial Statements with Supplementary Information and Other Financial Information for the Year Ended June 30, 2008

Contents

Independent Auditors' Report	3
Management's Discussion and Analysis	5
Financial Statements:	
Proprietary Fund:	
Statement of Net Assets	13
Statement of Revenues, Expenses and Changes in Fund Net Assets	14
Statement of Cash Flows	15
Fiduciary Funds:	
Combined Statement of Fiduciary Net Assets	16
Combined Statement of Changes in Fiduciary Net Assets	17
Notes to Financial Statements	19
Supplementary Information:	
Combining and Individual Fund Financial Statements:	
Combining Statement of Fiduciary Net Assets – Fiduciary Funds	38
Combining Statement of Changes in Fiduciary Net Assets – Fiduciary Funds	40
Schedule of Investments in Securities	42
Other Financial Information:	
Schedule of Net Assets	56
Portfolio Statistics	57
Participant Net Asset Values	58
Glossary of Financial and Investment Terms	59
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	62

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INDEPENDENT AUDITORS' REPORT

To the West Virginia Board of Treasury Investments
Charleston, West Virginia

We have audited the accompanying financial statements of the proprietary and fiduciary funds of the West Virginia Board of Treasury Investments (the BTI), a component unit of the State of West Virginia, which collectively comprise the BTI's basic financial statements, the combining and individual fund financial statements, and the schedule of investments in securities as listed in the table of contents as of and for the year ended June 30, 2008. These financial statements are the responsibility of the BTI's management. Our responsibility is to express an opinion on these financial statements based on our audit.

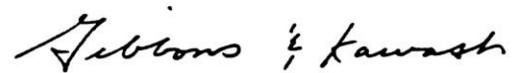
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and 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 respective financial position of the proprietary and fiduciary funds of the BTI as of June 30, 2008, and the respective results of their operations and changes in their net assets and cash flows, as applicable, for the year then ended, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the combining and individual fund financial statements and schedule of investments referred to above present fairly, in all material respects, the financial position of each of the individual funds and schedule of investments as of June 30, 2008, and the changes in net assets of such funds for the year 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 August 26, 2008, on our consideration of the BTI's internal control over financial reporting and 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 important for assessing the results of our audit.

The Management's Discussion and Analysis on pages 5 to 12 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 financial statements taken as a whole. The other financial information included on pages 56-61 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on it.

A handwritten signature in cursive script that reads "Gibson & Kawash".

August 26, 2008

West Virginia Board of Treasury Investments

Management's Discussion and Analysis

June 30, 2008

As management of the West Virginia Board of Treasury Investments (the "BTI"), we offer readers of the financial statements of the BTI this discussion and analysis of the BTI's financial performance for the fiscal year ended June 30, 2008. We encourage readers to consider the information presented in this section in conjunction with the BTI's financial statements, including notes to the financial statements, which follow this section.

The BTI serves as an investment vehicle for the operating cash of West Virginia State agencies and authorities, local governments such as cities and counties, and other political subdivisions throughout the State. The various investment pools and individual investment accounts managed by the BTI are collectively known as the Consolidated Fund. The Consolidated Fund's investment pools and accounts contain short-term fixed income instruments that are managed for the sole benefit of the participants.

Financial Highlights

Net assets of the Consolidated Fund increased \$441.4 million for the fiscal year ended June 30, 2008. The increase in net assets was the result of a strong marketing effort to gain new investment participants as well as net investment gains for the year. At the close of fiscal year 2008, the Federal Reserve kept the Fed Funds and Discount Target Rates steady at 2.00% and 2.25%, respectively, as inflation concerns heightened. The five year implied inflation rose to 2.63% which was the highest level since the second quarter of 2006.

The investment portfolio of the Consolidated Fund's WV Money Market, WV Government Money Market, and WV Short Term Bond Pools had 4.15%, 4.03%, and 5.02% returns, respectively, for the year ended June 30, 2008. The WV Money Market Pool, formerly known as the Cash Liquidity Pool, is structured as a money market fund with the goal of preservation of principal. The portfolio exceeded its benchmark index on an annualized basis for the fiscal year by 68 basis points. The objective of the WV Government Money Market Pool, formerly known as the Government Money Market Pool, is to preserve capital and maintain sufficient liquidity to meet the daily disbursement needs of participants, while earning a return above inflation. The portfolio outperformed its investment policy benchmark by 71 basis points on an annualized basis for the fiscal year.

The WV Short Term Bond Pool, formerly known as the Enhanced Yield Pool, is structured as a mutual fund with the objective of asset growth rather than current income. The portfolio underperformed its investment policy benchmark by 193 basis points for the fiscal year. The principal cause of this underperformance was the continuing deterioration in the credit markets. This affected spreads, which exerted a downward pressure on the WV Short Term Bond Pool returns.

Overview of the Financial Statements

This report presents the operating results and financial position of the BTI, which is composed of a proprietary fund and fiduciary fund. The proprietary fund is an internal service fund, or operating fund, used to account for activities that provide investment and administrative services on behalf of the State and other participants in the Consolidated Fund. The fiduciary fund is used to account for the activities of the Consolidated Fund, which is made up of twelve legally separate investment pools and accounts. There are three external investment pools, two special-purpose internal investment pools, and seven individual investment accounts, all of which are included in the fiduciary fund. The BTI is the trustee, or

fiduciary, for participants in the Consolidated Fund. Financial statements for the proprietary fund and the fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP") for governmental entities.

The Statement of Net Assets presents information on the proprietary fund's assets and liabilities, with the difference between the two reported as net assets. This statement is categorized into current and non-current assets and liabilities. For purposes of the financial statements, current assets and liabilities are those assets and liabilities with immediate liquidity or which are collectible or becoming due within 12 months of the statement's date.

The Statement of Revenues, Expenses and Changes in Net Assets reflects the operating and non-operating revenues and expenses of the proprietary fund for the operating year. Operating revenues primarily consist of investment service fees charged to the Consolidated Fund with significant operating expenses composed of salaries and benefits, investment advisor fees, investment management system expenses, professional service fees, and fiduciary bond fees.

The Statement of Cash Flows reflects the proprietary fund's cash flows from operating, noncapital financing, and investing activities. Cash collections and payments are reflected in this statement to arrive at the net increase or decrease in cash and cash equivalents for the year.

The Statement of Fiduciary Net Assets presents information on the fiduciary fund's assets and liabilities, with the difference between the two reported as net assets held in trust for investment pool participants and individual investment account holders.

The Statement of Changes in Fiduciary Net Assets reports the additions and deductions to the fiduciary fund for the year. Additions are composed of investment income, such as interest, dividends, securities lending income, and accretion; investment expenses such as investment advisor fees, custodian bank fees, administrative fees, and securities lending activity fees; and purchases of pool units, reinvestments of pool distributions, and contributions to individual investment accounts. Deductions represent distributions to pool participants, redemption of units by pool participants, and withdrawals from individual investment accounts.

The State of West Virginia reports the proprietary fund as an internal service fund in its Comprehensive Annual Financial Report ("CAFR"). An internal service fund is used to report any activity that provides goods or services to other funds, departments, or agencies of the State and its component units, or to other governments, on a cost-reimbursement basis. The State reports the portions of the Consolidated Fund pools and accounts held by state agencies and component units as investment holdings of those entities within the appropriate fund reporting categories for those entities. The State reports the portions of the Consolidated Fund held by local governments, municipalities, and other political subdivisions as investment trust funds, a type of fiduciary fund. Fiduciary fund reporting is used to account for resources held for the benefit of parties outside the governmental entity, and those resources are not available to support operations of that entity.

Financial Analysis of the Operating Fund

Net assets. The following is the condensed Statement of Net Assets of the proprietary fund, which represents the operating activities of the BTI, as of June 30, 2008 and 2007 (in thousands).

	2008	2007
Current assets	\$ 1,271	\$ 862
Noncurrent assets	10	9
Total assets	1,281	871
Current liabilities	521	325
Noncurrent liabilities	-	27
Total liabilities	521	352
Net assets:		
Invested in capital assets	10	9
Unrestricted	750	510
Total net assets	\$ 760	\$ 519

Net assets of the operating fund increased \$241,000 from the prior year. This increase was primarily due to an increase in cash of \$387,000, an increase in accounts receivable of \$22,000, an increase in accounts payable of \$235,000, and the elimination of compensated absences amounting to \$66,000. Net capital assets increased \$1,000.

The majority of the proprietary fund's net assets consist of current assets. Approximately \$894,000 of \$1,271,000 in current assets consists of cash and cash equivalents that will be used to pay investment advisor, custodian, and administrative costs. The increase in cash for the current year was due to reimbursements due to the WV State Treasurer's Office not being paid until after fiscal year end. These reimbursements include items such as administrative services and communication expenses.

The administrative fee charged against the pools is based on a flat basis point. The BTI adopted a policy such that one-half of excess funds remaining in the administrative fee account at the end of the prior fiscal year be used to reduce expenses for the subsequent year. The BTI conducted its second year of operations \$238,378 under budget. One-half of this amount was used to reduce administrative fees for fiscal year 2008.

Approximately \$377,000 of current assets consists of accounts receivable at June 30, 2008. The accounts receivable balance represents fees that had not been withdrawn from the investment pools at June 30, 2008 to pay investment advisor, custodian, and administrative costs. In accordance with *WV State Code §12-6C-19*, the Board may charge fees to the pools for reasonable and necessary expenses incurred for rendering services. The fees charged to the pools are categorized into direct expenses (investment advisor and custodian fees) and indirect expenses (administrative costs). As part of the BTI monthly operations, expenses are transferred from the pools to the BTI's operating fund to pay for all necessary and reasonable expenses. These transfers occur one month in arrears, resulting in an accounts receivable balance.

Current liabilities of \$521,000 are accounts payable at June 30, 2008. The majority of the accounts payable balance represents services received from investment advisors for the final quarter of fiscal year 2008, custodian fees for the month of June 2008, and administrative fees not yet paid. Due to investment advisor invoicing, the timing of the accounts payable balance at June 30, 2008 was significantly larger than the prior year.

West Virginia Board of Treasury Investments
 Management's Discussion and Analysis (Continued)

Net assets of the BTI's proprietary fund are composed of investments in capital assets net of depreciation and unrestricted net assets. Capital asset expenditures of \$1,000 or more are capitalized at cost and reported net of accumulated depreciation. Unrestricted net assets represent net assets not restricted to their use by legal, contractual or enabling legislation constraints.

Changes in fund net assets. The following is a condensed Statement of Revenues, Expenses and Changes in Fund Net Assets of the operating fund for the periods ended June 30, 2008 and 2007 (in thousands).

	<u>2008</u>	<u>2007</u>
Revenues		
Operating revenues:		
Management services	\$ 1,257	\$ 1,179
Advisor and custodian services	<u>1,169</u>	<u>1,057</u>
	2,426	2,236
Nonoperating revenues	<u>14</u>	<u>-</u>
Total revenues	2,440	2,236
Expenses		
Operating expenses:		
General and administrative	1,083	1,033
Advisor and custodian fees	1,169	1,057
Depreciation	<u>13</u>	<u>5</u>
Total expenses	<u>2,265</u>	<u>2,095</u>
Increase in net assets before special item	175	141
Special item: Gain from elimination of compensated absences and other postemployment benefits	<u>38</u>	<u>-</u>
Increase in net assets	<u>213</u>	<u>141</u>
Net assets at beginning of year	519	378
Effect of adopting GASB 45 in Fiscal Year 2008	<u>28</u>	<u>-</u>
Net assets at beginning of year, restated	<u>547</u>	<u>378</u>
Net assets at end of year	<u>\$ 760</u>	<u>\$ 519</u>

Operating revenues at June 30, 2008 consist of investment advisor, custodian, and administrative fees billed to the pools by the operating fund to cover the cost of providing investment management services. The fees charged to the pools are categorized into direct or indirect expenses. All direct fees, investment advisor and custodian, are charged directly to the pools as the fee is incurred. All indirect expenses, i.e. insurance, staff costs, and rent, are charged to the pools based upon a fixed basis point against the net asset value of the pool. The fees collected are deposited in a special account in the State Treasurer's Office created and designated the Board of Treasury Investments Fee Fund in accordance with *West Virginia Code §12-6C-19*.

Operating revenues for fiscal year 2008 increased by \$190,000. This increase consisted of \$78,000 in administrative fee revenues and \$112,000 in investment advisor fees charged to the pools. Since net assets increased significantly from the prior year, operating revenues charged against these assets also increased.

Total operating expenses for the year increased by \$170,000. Nearly half of BTI expenses are for investment advisor fees. The current investment advisors consist of JP Morgan Asset Management, Standish Mellon, and UBS Global Asset Management. All investment decisions and trade executions are performed by the investment advisors. Total investment advisor fees for fiscal year 2008 were \$1,060,000, which is a \$111,000 increase from the previous year. Since net assets increased significantly from the prior year, operating expenses charged against these assets also increased.

In accordance with *WV State Code §12-6C-7*, each Board director shall give a separate fiduciary or surety bond from a surety company qualified to do business within West Virginia in a penalty amount of \$1 million for the faithful performance of his or her duties as director. The fiduciary bond fee charged to the pools for fiscal year 2008 was \$155,000, the same as in the prior year.

Professional service fees for fiscal year 2008 represent investment consulting services provided by an investment consulting firm as well as external auditing fees and management services provided by the State Treasurer's Office. Professional service fees increased \$158,000 for fiscal year 2008. Effective March 1, 2008, the BTI transferred its employees to the State Treasurer's Office, which now performs operating and administrative activities for the BTI. The increase in professional service fees was largely the result of the transfer of employees.

General and administrative expenses represent costs associated with operating the BTI but not considered directly applicable to investment management. Activities show approximately \$283,000 in salary expense for the eight months ended February 29, 2008, when the BTI employed a staff. This is a \$184,000 decrease from the prior year. As discussed above, the BTI transferred its staff March 1, 2008 to the State Treasurer's Office to administer and manage the BTI. Another significant expense categorized as general and administrative is investment management systems. Costs associated with the investment accounting system were \$148,000, an increase of \$12,000 over the prior year. The West Virginia State Treasurer's Office provides certain administrative services at no cost.

Financial Analysis of the Consolidated Fund

Net assets. The following are combined, condensed Statements of Fiduciary Net Assets of the Consolidated Fund fiduciary funds as of June 30, 2008 and 2007 (in thousands).

	2008	2007
Assets		
Investments	\$ 3,355,799	\$ 2,927,355
Securities lending collateral	275,443	456,676
Receivables	9,522	7,149
Total assets	3,640,764	3,391,180
Liabilities		
Accrued expenses	377	354
Dividends and purchases payable	410	10,978
Securities lending payable	275,443	456,676
Total liabilities	276,230	468,008
Net Assets		
Held in trust for investment pool participants	3,321,371	2,815,502
Held in trust for individual investment account holders	43,163	107,670
Net assets	\$ 3,364,534	\$ 2,923,172

The Consolidated Fund's total assets as of June 30, 2008 were more than \$3.6 billion and were composed mainly of investments and invested securities lending collateral. Total assets increased \$249.6 million or 7.4% from the prior year primarily due to an initiative by the BTI to increase participation in the Consolidated Fund.

Total liabilities as of June 30, 2008 were \$276.2 million and were composed mainly of securities lending collateral payable. Total liabilities decreased \$191.8 million or 41.0% from the prior year primarily due to a decrease in cash collateral pledged.

Net assets are the excess of total assets over total liabilities. The Consolidated Fund had total net assets of nearly \$3.4 billion at the close of fiscal year 2008. The net assets consist of funds held in trust for investment pool participants and for individual account holders. Investment pool participants are those shareholders investing in the WV Money Market, WV Government Money Market, WV Short Term Bond, WV Bank, Loan, and Loss Amortization Pools. Net assets for investment pool participants increased 18.0% from the prior year primarily due to an increase in investments in the WV Money Market Pool. During fiscal year 2008, the BTI also created the WV Bank Pool to account for CD investments through an on-line auction. These funds had been held in the WV Money Market Pool.

Net assets held in trust for individual account holders represent individual state agency accounts with specific investment needs. Each agency has 100% ownership of the underlying investments in its pool and is solely responsible for the investment decisions in accordance with the legal restrictions applicable to those assets. Net assets for individual account holders decreased 59.9% from the prior year. This decrease was due to maturities in the Municipal Bond Commission Account as well as withdrawals by the Department of Highways for their Flex Repurchase Agreement.

Changes in net assets. The following is a combined, condensed Statement of Changes in Fiduciary Net Assets of the Consolidated Fund fiduciary funds for the years ended June 30, 2008 and 2007 (in thousands).

	Year Ended June 30,	
	2008	2007
Additions		
Net investment income	\$ 134,500	\$ 138,000
Net realized gain (loss)	3,603	(939)
Net increase in fair value of investments	11,033	4,308
Unit purchases and contributions	10,449,892	9,075,392
Total additions	10,599,028	9,216,761
Deductions		
Distributions	126,854	128,503
Unit redemptions and withdrawals	10,030,812	8,645,691
Total deductions	10,157,666	8,774,194
Increase in net assets	441,362	442,567
Net assets at beginning of year	2,923,172	2,480,605
Net assets at end of year	\$ 3,364,534	\$ 2,923,172

Net investment income for the Consolidated Fund decreased by \$3.5 million or 2.5% below the previous year. This decrease was due to the purchase of securities during fiscal year 2008 with lower yields than purchased in previous years.

A net realized gain of \$3.6 million was earned primarily due to the sale of securities in the WV Short Term Bond Pool. During January and February of 2008, the WV Short Term Bond Pool had \$1.2 million and \$2.4 million, respectively, in realized gains due to the sale of U.S. Treasuries and Agency Securities. Standish Mellon was heavily weighted in the Treasury and Agency sector during this period. Due to flight to quality, the demand for these securities increased. Thus, the sale of these securities resulted in net gains.

Unit purchases and contributions to the Consolidated Fund increased by \$1.4 billion or nearly 15.2% over the previous fiscal year, while unit redemptions and withdrawals to participants increased by \$1.4 billion or 16.0%.

Economic Factors

The overall performance of the BTI Consolidated Fund was positive for fiscal year 2008. Both the WV Money Market and WV Government Money Market Pools exceeded their benchmarks over all time periods measured.

The Consolidated Fund is designed to address the short-term liquidity needs of the participants which focus on safety of principal, maximization of yield, the conformance with state law and other pertinent legal restrictions. The Board recognizes that risk, volatility, and the possibility of loss in purchasing power are present in some degree in all types of investments. However, the Investment Policy of the BTI invests assets in a manner that strives for maximum safety with the primary objectives of safety and liquidity. The securities of the Consolidated Fund are restricted to fixed income investments. These investments fluctuate in value as interest rates change, with higher quality shorter-term investments fluctuating far less than lower quality maturities.

Through the earlier part of June 2008, sentiment in the fixed income markets remained generally positive in the face of continuing improvements in market liquidity and the perception that the worst of the credit and mortgage crisis may have passed. Economic indicators released in the first half of the month were marginally better than expected, reinforcing a commonly held viewpoint that though the US economy remains soft, it may yet avoid a recession. In light of these factors, the outlook for most market participants remains focused on the future direction of Federal Reserve policies.

Requests for Information

This financial report is designed to provide a general overview of the BTI's operations. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Chief Financial Officer, West Virginia Board of Treasury Investments, 1900 Kanawha Boulevard East, Charleston WV 25305.

West Virginia Board of Treasury Investments
Statement of Net Assets
Proprietary Fund

June 30, 2008

(In Thousands)

Assets	
Current assets:	
Cash	\$ 894
Receivables	<u>377</u>
Total current assets	1,271
Noncurrent assets:	
Capital assets, net of accumulated depreciation	<u>10</u>
Total assets	1,281
 Liabilities	
Current liabilities:	
Accounts payable	<u>521</u>
Total liabilities	<u>521</u>
 Net assets	
Invested in capital assets	10
Unrestricted	<u>750</u>
Total net assets	<u>\$ 760</u>

See accompanying notes to financial statements.

West Virginia Board of Treasury Investments
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Fund

For the Year Ended June 30, 2008

(In Thousands)

Operating revenues	
Management services	\$ 1,257
Advisor services	1,060
Custodian services	<u>109</u>
Total operating revenues	2,426
 Operating expenses	
Advisor fees	1,060
Professional service fees	362
Fiduciary bond	155
Custodian fees	109
General and administrative	566
Depreciation	<u>13</u>
Total operating expenses	<u>2,265</u>
Operating income	161
 Nonoperating revenue	
Other postemployment benefits contributions	<u>14</u>
Income before special item	175
 Special item	
Gain from elimination of compensated absences and other postemployment benefits	<u>38</u>
Change in net assets	213
Net assets at beginning of period, restated <i>(See Note 6)</i>	<u>547</u>
Net assets at end of period	<u><u>\$ 760</u></u>

See accompanying notes to financial statements.

Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2008

(In Thousands)

Cash flows from operating activities	
Cash received for services	\$ 2,404
Payments to employees	(311)
Payments to vendors	<u>(1,692)</u>
Net cash provided by operating activities	401
 Cash flows from capital financing activities	
Purchase of capital equipment	<u>(14)</u>
Total cash used for capital financing activities	<u>(14)</u>
 Net increase in cash and cash equivalents	 387
Cash at beginning of period	<u>507</u>
Cash at end of period	<u><u>\$ 894</u></u>
 Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 161
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	13
Changes in assets and liabilities:	
Receivables	(22)
Accounts payable	235
Compensated absences	14
Net cash provided by operating activities	<u><u>\$ 401</u></u>

See accompanying notes to financial statements.

West Virginia Board of Treasury Investments
 Combined Statement of Fiduciary Net Assets
 Fiduciary Funds

June 30, 2008

(In Thousands)

Assets	
Investments:	
At amortized cost	\$ 2,811,455
At fair value	<u>544,344</u>
Total investments	3,355,799
Collateral for securities loaned, at fair value <i>(See Note 4)</i>	275,443
Receivables:	
Accrued interest	9,051
Dividends	324
Securities lending income	<u>147</u>
Total receivables	9,522
Total assets	<u>3,640,764</u>
 Liabilities	
Accrued expenses	377
Dividends payable	410
Payable upon return of securities loaned <i>(See Note 4)</i>	<u>275,443</u>
Total liabilities	<u>276,230</u>
 Net Assets	
Held in trust for investment pool participants	3,321,371
Held in trust for individual investment account holders	<u>43,163</u>
Total net assets	<u><u>\$ 3,364,534</u></u>

See accompanying notes to financial statements.

West Virginia Board of Treasury Investments
 Combined Statement of Changes in Fiduciary Net Assets
 Fiduciary Funds

For the Year Ended June 30, 2008

(In Thousands)

Additions	
Investment income:	
Interest	\$ 68,731
Dividends	1,684
Securities lending income	23,351
Net accretion	65,983
Provision for uncollectible loans	(3,021)
Total investment income	156,728
Investment expenses:	
Investment advisor fees	1,060
Custodian bank fees	110
Administrative fees	1,256
Securities lending agent fees	1,353
Securities lending borrower rebates	18,446
Bad debt expense	3
Total investment expenses	22,228
Net investment income	134,500
Net realized gain from investments	3,603
Net increase in fair value of investments	11,033
Net increase in net assets from operations	149,136
Participant transactions:	
Purchase of pool units by participants	10,173,315
Reinvestment of pool distributions	130,263
Contributions to individual investment accounts	146,314
Total participant transactions	10,449,892
Total additions	10,599,028
Deductions	
Distributions to pool participants:	
Net investment income	126,764
Net realized gain from investments	90
Total distributions to pool participants	126,854
Participant transactions:	
Redemption of pool units by participants	9,816,801
Withdrawals from individual investment accounts	214,011
Total participant transactions	10,030,812
Total deductions	10,157,666
Change in net assets	441,362
Net assets at beginning of period	2,923,172
Net assets at end of period	\$ 3,364,534

See accompanying notes to financial statements.

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West Virginia Board of Treasury Investments

Notes to Financial Statements

June 30, 2008

1. Organization and Operations

The West Virginia Board of Treasury Investments (the “BTI”) is charged with managing the individual investment pools and accounts of the Consolidated Fund under authority of West Virginia State Code Chapter 12, Article 6C, West Virginia Treasury Investments Act. The 2005 West Virginia Legislature established the BTI, effective July 8, 2005, as a public corporation of the State of West Virginia, to make short-term operating funds of the state more accessible to state government and to allow the West Virginia Investment Management Board (the “IMB”), which had managed the Consolidated Fund, to focus on the state’s long-term trust investments. The BTI operates on a fiscal year that begins July 1 and ends June 30.

The accompanying financial statements include the operations of the BTI as well as investment balances and transactions of the individual investment pools and accounts of the Consolidated Fund under management of the BTI. The BTI administers and manages the Consolidated Fund. The BTI provides a business-type activity that charges fees on a cost-reimbursement basis and is shown in the separate proprietary fund financial statements. Investment activities of the Consolidated Fund are shown in the separate fiduciary fund financial statements.

The West Virginia State Treasurer’s Office provides direct administrative and management services to the BTI. The BTI does not employ a staff, but reimburses the Treasurer’s Office for all personnel expenses of Treasury employees assigned to administer and manage the BTI. The Treasurer’s Office also provides various supplementary administrative services. A five-member Board of Directors governs the BTI. The State Governor, State Treasurer, and State Auditor serve as ex officio members of the Board. The Governor appoints the two remaining members subject to the advice and consent of the State Senate. Of the two members appointed by the Governor, one shall be a certified public accountant and one shall be an attorney, and both shall have experience in finance, investing and management. The State Treasurer is Chairman of the Board.

The Consolidated Fund provides for the investment of moneys not currently needed to fund state governmental operations, as well as providing the opportunity for local governments to participate in large investment pools, and for those funds statutorily required to be invested in the Consolidated Fund. The following investment pools and accounts make up the Consolidated Fund:

WV Money Market – This pool consists of the operating funds of the State, funds held by State agencies, and funds from local governments who desire the opportunity to invest with the State. Its purpose is to provide for the investment of all surplus funds and to supply the daily cash needs of the State. The pool was renamed in July 2007. It was previously known as the Cash Liquidity Pool. The pool is co-managed by JP Morgan Asset Management and UBS Global Asset Management.

WV Government Money Market – This pool consists of investors who wish to invest in a pool that restricts its investments to U.S. Government Obligations, U.S. Government Agency Obligations, or

repurchase agreements. The pool was renamed in July 2007. It was previously known as the Government Money Market Pool. The pool is managed by UBS Global Asset Management.

WV Short Term Bond – This pool consists of the operating funds of the State that are not needed immediately to fund the State’s liquidity requirements. The pool was renamed in July 2007. It was known previously as the Enhanced Yield Pool. The pool is managed by Standish Mellon Asset Management.

WV Bank – This pool consists of certificates of deposit purchased by the State through the BidWV auction program. The program purchases CDs from state banks and depositories to make state investment funds available for consumer and business loans within the state.

Loss Amortization – This pool was created to account for those participant claims on the general operating funds of the State that exceeded the underlying assets of the other pools. This excess of participant claims on net assets over underlying assets occurred as a result of the distribution of earnings to participants in various BTI investment pools, principally the Unrestricted Pool (predecessor to the WV Money Market Pool), in excess of the true investment income experience of the pools, principally in 1987 and 1988.

Loans – This pool is composed of loans made by the State. The \$1 unit price is used for accounting purposes only. The State is the sole participant in this pool. Within the Loan Pool is a non-recourse loan made by the West Virginia Economic Development Authority (the “WVEDA”) to the West Virginia Enterprise Advancement Corporation (the “WVEAC”), which in turn invests the funds in the West Virginia Enterprise Capital Fund, LLC (the “WVECF”), which then invests the money in venture capital funds. The WVEAC is a non-profit corporation that has a common board of directors with the WVEDA. The non-recourse loan program was authorized pursuant to WV Code §12-6-9, which requires the BTI to transfer up to \$25,000,000 in State funds to the WVEDA. The funds transferred by the BTI are to be repaid with proceeds received by the WVEDA from the WVEAC, which will make repayment to the WVEDA from the proceeds it receives from the WVECF. The Loan Pool is restricted by statute to receiving 3% earnings on the funds transferred to the WVEDA. Although the non-recourse loan made by the WVEDA may earn an excess of 3%, only 3% will be given to the Loan Pool, and the WVEDA will retain the rest. The BTI is not responsible for exercising any discretion over or making any decisions in regard to the lending, investing and repayment activities of the non-recourse loan program, or for any other loans in the Loan Pool. The WVEDA provides all bookkeeping and accounting records of the non-recourse loan program. The BTI’s role is to transfer the funds to the WVEDA when requested and to maintain an accounting for the loans within the Loan Pool based on information provided by the WVEDA.

Participant Directed Accounts – The BTI also maintains pools for individual State agencies with specific investment needs. These pools are collectively referred to as Participant Directed Accounts, and include the following: Municipal Bond Commission, Lottery Defeasance, School Fund, Economic Development Authority – American Woodmark (“EDA – AW”), Economic Development Authority Insurance (“EDA Insurance”), and Department of Highways. Each agency is the sole owner of the investments in its pool and is responsible for the investment decisions in accordance with the legal restrictions applicable to those assets. The BTI serves as custodian of these pools and has no discretion over investment and financial decisions made for them.

The BTI is authorized by West Virginia Code Chapter 12, Article 6C, Section 9, to invest in United States government and agency obligations, commercial paper, corporate bonds, repurchase agreements, asset-backed securities, and investments in accordance with the Linked Deposit Program, which is a

program using financial institutions in the state to reduce loan costs to small businesses by offsetting interest reductions on the loans with certificates of deposit, loans approved by the Legislature, and any other programs authorized by the Legislature. In addition to the restrictions in investment types, at no time shall more than seventy-five percent of the Consolidated Fund be invested in any bond, note, debenture, commercial paper or other evidence of indebtedness of any private corporation or association and at no time shall more than five percent be invested in securities issued by a single private corporation or association. Further, no less than fifteen percent of the Consolidated Fund shall be invested in any direct obligation of or obligation guaranteed by the United States government.

2. Significant Accounting Policies

Basis of Accounting

The financial statements of the BTI are reported using the economic resources measurement focus and the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Under this method of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

An internal service fund, which is a type of proprietary fund, is used to account for investment management services provided by the BTI on a cost-reimbursement basis. An investment trust fund, which is a type of fiduciary fund, is used to account for each of the investment pools and accounts of the Consolidated Fund. The Consolidated Fund is composed of three external investment pools (WV Money Market, WV Government Money Market, and WV Short Term Bond), three internal investment pools (WV Bank, Loss Amortization, and Loans) and five individual investment accounts (Municipal Bond Commission, Lottery Defeasance, School Fund, Economic Development Authority – American Woodmark, Economic Development Authority Insurance, and Department of Highways).

Budgetary Information

The Board's annual operating budget is appropriated by the Legislature from fees collected by the BTI.

Cash Equivalents

Cash equivalents are short-term investments with maturities when acquired of 90 days or less.

Capital Assets

Capital asset expenditures of \$1,000 or more with a useful life greater than one year are capitalized at cost and reported net of accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The estimated useful lives are three years.

Compensated Absences and Other Postemployment Benefits

On July 1, 2007, the BTI adopted Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* ("GASB 45"), which provides guidance on all aspects of other postemployment benefit reporting by employers. BTI transferred all of its employees effective March 1, 2008, to the State Treasurer's Office to provide administrative and management services to the BTI. As a consequence of the release of its employees, the BTI no longer accrues for compensated absences and other postemployment benefits. See

notes 7 and 8 for more details about the transfer of employees and the BTI's application of GASB 45 during the year.

Income Taxes

The BTI is a public corporation organized under laws of the State of West Virginia and, as such, is exempt from federal and state taxation. Accordingly, the financial statements have been prepared recognizing that the BTI is not subject to federal or state income taxes.

Revenues and expenses – Proprietary fund

Operating revenues of the BTI's proprietary fund come from services provided to the investment pools and accounts of the Consolidated Fund. Revenues of the proprietary fund also are derived from vendor fees charged directly to the investment pools and accounts and paid by the proprietary fund, such as investment advisor fees and custodian fees. Operating expenses of the proprietary fund represent payments for services provided under contract, such as investment advisors and consultants, fiduciary bond fees, and custodian fees; general and administrative expenses of the BTI, such as administrative and management services, office equipment, office supplies, and office space; and depreciation of capital assets. Revenues and expenses are recorded when earned and incurred in accordance with the economic resources measurement focus and the accrual basis of accounting. Nonoperating revenues of the proprietary fund represent contributions made on behalf of the BTI for other postemployment benefits during the eight months that the BTI employed a staff.

Net Assets – Proprietary fund

Net assets of the BTI's proprietary fund are composed of investments in capital assets net of depreciation, and unrestricted net assets, which represent net assets not restricted to their use by legal, contractual or enabling legislation constraints.

Use of Estimates

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

Investment Accounting

Investment Valuation The BTI is an investment vehicle of the State and its component units, all of which are government entities. The investments of the WV Money Market, WV Government Money Market, WV Bank, Loan, and Municipal Bond Commission pools or accounts are, as permissible under Government Accounting Standards Board ("GASB") Statement Number 31, carried at amortized cost. The WV Money Market and WV Government Money Market pools are considered "2a7-like" investment pools and, as such, are reported at amortized cost, which approximates fair value. A 2a7-like pool operates in a manner consistent with the Securities and Exchange Commission (the "SEC") Rule 2a7 of the Investment Company Act of 1940, which allows money market mutual funds to use amortized cost to report net assets. A 2a7-like pool is not necessarily registered with the SEC as an investment company, but it would qualify as a money market fund should it be registered. The specific GASB 31 exceptions to fair value reporting for the other pools are as follows:

Pool	Exception
WV Bank	Nonnegotiable certificates of deposit with redemption terms that do not consider market rates
Loans	Loans receivable arising from real estate lending activities
Municipal Bond Commission	Irrevocable trust meeting the requirements of a legal or in-substance defeasance
EDA Insurance	Internal investment pool holding only money market investments with remaining maturities of one year or less

The investments of the remaining pools are reported at fair value, which is determined by a third party pricing service based on asset portfolio pricing models and other sources. The BTI determines fair value at the end of each month. Investments in commingled investment pools are valued at the reported unit values of the individual funds. Commissions on the purchases of securities by the BTI are a component of the security price quoted by the seller and are included in the investment cost.

As permitted by GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the BTI has elected not to adopt Financial Accounting Standards Board (“FASB”) statements and interpretations issued after November 30, 1989, unless the GASB specifically adopts such FASB statements or interpretations.

Repurchase Agreements The BTI uses only tri-party repurchase agreements. Under the terms of a tri-party repurchase agreement, the seller transfers collateral securities to an account of the BTI’s manager/agent at the seller’s custodian bank. This arrangement perfects the BTI’s lien on the collateral and effectively protects the BTI from a default by the seller. The BTI requires sellers in repurchase transactions to pledge collateral of at least 102% of the cash borrowed from the BTI. If the seller defaults and the fair value of the collateral declines, realization of the collateral by the BTI may be delayed or limited.

Securities Lending GASB Statement No. 28, *Accounting and Financial Reporting for Securities Lending Transactions*, requires governmental entities to report securities loaned as assets in their statements of net assets. The statement also requires the costs of the securities lending transactions be reported as expenses separately from income received. The BTI Board has authorized the BTI securities lending program. The BTI through its custodial agent, Mellon Bank, loans U.S. securities to various brokers on a temporary basis. Each transaction for U.S. securities is secured by collateral of at least 102% of the market value of the securities loaned. The BTI will accept only the following as collateral: cash; U.S. Treasury obligations or U.S. Government Agency obligations; and irrevocable letters of credit issued by banks rated A1 or P1, independent of borrowers. Cash collateral received is invested in the Mellon GSL DBT II Collateral Fund. Neither the BTI nor Mellon matches maturities of investments made with cash collateral to maturities of securities loaned. Non-cash collateral cannot be pledged or

sold unless the borrower defaults. The BTI receives a portion of the income from the investment of the collateral. The BTI also continues to receive interest or dividends on the securities loaned. Gains and losses in the fair value of the securities loaned that may occur during the term of the loans are reflected in the various investment pools. Mellon indemnifies the BTI against loss from borrower failure, which means that the BTI will receive contractual settlement regardless of whether the borrower returns securities loaned. Mellon also indemnifies the BTI against operational errors.

Asset-Backed Securities Certain pools invest in various asset-backed securities and structured corporate debt. The securities are reported at fair value. The pools invest in these securities to enhance yields on investments. Changes in market interest rates affect the cash flows of these securities and may result in changes in fair value. The overall return or yield on these securities depends on the changes in the interest and principal payment pattern and market value of the underlying assets.

Investment Transactions Investment transactions are accounted for on a trade date basis.

Investment Gains and Losses Gains and losses on the sale of investment securities are recognized at the time of sale by the average cost method. The calculation of realized gains and losses is independent of the calculation of the net increase in the fair value of investments. Realized gains and losses on investments held in more than one fiscal year and sold in the current year may have been recognized as an increase or decrease in the fair value of investments reported in the prior year.

Interest Income Interest income is recognized as earned on the accrual method with one exception. The cash received method of income recognition is used for the interest on the WVEDA Non-Recourse Loan held by the Loan Pool. Under this method, income is recognized when received.

Dividend Income Dividend income is recognized on the ex-dividend date.

Amortization Discounts and premiums on securities purchased are amortized over the life of the respective securities using the scientific method of amortization. This method maintains a constant book yield over the life of the security. The amortization of asset-backed securities considers the effect of prepayments on the life of the security. Historical prepayment speeds are obtained from market data vendors and are updated annually. The effect of changing prepayment assumptions is reported in the Combined Statement of Changes in Fiduciary Net Assets in the year of the change.

Allowance for Loan Losses The allowance for loan losses is available to absorb future loan losses. The allowance is increased by provisions charged against operations and reduced by charge-offs (losses), net of recoveries. The provision is based on several factors including: analytical reviews of loan loss experience in relationship to outstanding loans; a continuing review of problem loans and overall portfolio quality, including analysis of the quality of the underlying collateral; and management's judgment on the impact of current and expected economic conditions on the portfolio. At June 30, 2008, the Loan Pool had an allowance for uncollectible loans of \$9,958,532.

Distributions to Participants The monthly net income of the WV Short Term Bank Pool is declared as a dividend on the last day of the month and distributed to the participants in the pool on the first day of the following month. Distributions are paid in the form of reinvestments in the pools and have been included in distributions to participants and reinvestment of distributions as presented on the Statement of Changes in Fiduciary Net Assets.

The net income of the WV Money Market and WV Government Money Market pools are declared as dividends and distributed daily to the participants based upon their pro rata participation in the pools. The distributions of net investment income are credited to the participants' accounts in the form of

dividend reinvestments in the pool and have been included in distributions to participants and reinvestment of distributions as presented on the Statement of Changes in Fiduciary Net Assets.

The net income of the Loan Pool is determined monthly and distributed to the participant on the last day of the month. Distributions are paid in the form of reinvestments in the pool and have been included in distributions to participants and reinvestment of distributions as presented on the Statement of Changes in Fiduciary Net Assets.

The monthly net income of the Loss Amortization Pool is used to reduce the undistributed net losses recorded in the portfolio.

Expenses Each pool is charged for its direct investment-related cost and for its allocated share of other expenses. The other expenses are allocated to the pools based on asset size. Certain pools cannot be charged expenses or must be charged a reduced expense. The BTI pays all expenses on behalf of the pools.

3. Cash and Cash Equivalents

The internal service fund's cash on deposit with the State Treasurer's Office was approximately \$894,000 at June 30, 2008. The cash is pooled with other deposits from the State's agencies, departments, boards and commissions and is subject to coverage by the Federal Deposit Insurance Corporation ("FDIC") or collateralized by securities held by the State or its agents in the State's name. Cash equivalents are short-term, highly liquid investments having original maturities of 90 days or less. The internal service fund did not hold any cash equivalents at June 30, 2008.

Custodial credit risk of cash deposits is the risk that in the event of failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The BTI does not have a deposit policy for custodial credit risk. BTI management does not believe any of its operating fund's deposits are exposed to custodial credit risk.

4. Investments and deposits

The BTI has adopted an investment policy in accordance with the "Uniform Prudent Investor Act." The "prudent investor rule" guides those with responsibility for investing the money for others. Such fiduciaries must act as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments. The BTI's investment policy to invest assets in a manner that strives for maximum safety, provides adequate liquidity to meet all operating requirements, and achieves the highest possible investment return consistent with the primary objectives of safety and liquidity. The BTI recognizes that risk, volatility, and the possibility of loss in purchasing power are present to some degree in all types of investments. Due to the short-term nature of the Consolidated Fund, the BTI believes that it is imperative to review and adjust the investment policy in reaction to interest rate market fluctuations/trends on a regular basis and has adopted a formal review schedule. Investment policies have been established for each investment pool and account of the Consolidated Fund.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Two of the BTI's pools, the WV Money Market and WV Government Money Market Pools have been rated AAAM by Standard & Poor's. A fund rated "AAAM" has extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit, market, and/or liquidity risks.

“AAAm” is the highest principal stability fund rating assigned by Standard & Poor’s. Neither the BTI itself nor any of the other Consolidated Fund pools or accounts has been rated for credit risk by any organization. Of the Consolidated Fund pools and accounts, seven are subject to credit risk: WV Money Market Pool, WV Government Money Market Pool, WV Short Term Bond Pool, Loan Pool, School Fund Account, and Department of Highways Account.

The BTI limits the exposure to credit risk in the WV Money Market Pool by requiring all corporate bonds to be rated AA- by Standard & Poor’s (or its equivalent) or higher. Commercial paper must be rated at least A-1 by Standard & Poor’s and P1 by Moody’s. The pool must have at least 15% of its assets in U.S. Treasury issues. The following table provides information on the credit ratings of the WV Money Market Pool’s investments (in thousands):

Security Type	Credit Rating		Carrying Value	Percent of Pool Assets
	Moody’s	S&P		
Commercial paper	P1	A-1	\$ 658,879	27.94%
Corporate bonds and notes	Aaa	AAA	40,000	1.70
	Aa1	AA	71,000	3.01
	Aa2	A	27,000	1.14
	Aa3	AA	20,000	0.85
Total corporate bonds and notes			158,000	6.70
U.S. agency bonds	Aaa	AAA	254,019	10.77
U.S. Treasury bills *	Aaa	AAA	406,426	17.23
Negotiable certificates of deposit	P1	A-1	147,001	6.23
U.S. agency discount notes	P1	A-1	212,924	9.03
Money market funds	Aaa	AAA	150,058	6.36
Repurchase agreements (underlying securities):				
U.S. Treasury notes *	Aaa	AAA	62,265	2.64
U.S. agency notes	Aaa	AAA	308,898	13.10
Total repurchase agreements			371,163	15.74
			<u>\$ 2,358,470</u>	<u>100.00%</u>

* U.S. Treasury issues are explicitly guaranteed by the United States government and are not subject to credit risk.

The BTI limits the exposure to credit risk in the WV Government Money Market Pool by limiting the pool to U.S. Treasury issues, U.S. government agency issues, money market funds investing in U.S. Treasury issues and U.S. government agency issues, and repurchase agreements collateralized by U.S. Treasury issues and U.S. government agency issues. The pool must have at least 15% of its assets in U.S. Treasury issues. The following table provides information on the credit ratings of the WV Government Money Market Pool's investments (in thousands):

Security Type	<u>Credit Rating</u>		Carrying Value	Percent of Pool Assets
	Moody's	S&P		
U.S. agency bonds	Aaa	AAA	\$ 60,420	32.30%
U.S. Treasury bills *	Aaa	AAA	29,929	16.00
U.S. agency discount notes	P1	A-1	43,248	23.12
Money market funds	Aaa	AAA	67	0.04
Repurchase agreements (underlying securities):				
U.S. agency notes	Aaa	AAA	53,400	28.54
			<u>\$ 187,064</u>	<u>100.00%</u>

* U.S. Treasury issues are explicitly guaranteed by the United States government and are not subject to credit risk.

West Virginia Board of Treasury Investments
Notes to Financial Statements (Continued)

The BTI limits the exposure to credit risk in the WV Short Term Bond Pool by requiring all corporate bonds to be rated A by Standard & Poor's (or its equivalent) or higher. Commercial paper must be rated at least A-1 by Standard & Poor's and P1 by Moody's. The following table provides information on the credit ratings of the WV Short Term Bond Pool's investments (in thousands):

Security Type	Credit Rating		Carrying Value	Percent of Pool Assets
	Moody's	S&P		
Commercial paper	P1	A-1	\$ 7,971	2.25%
Corporate asset backed securities	Aaa	AAA	48,663	13.75
	Aaa	NR*	2,179	0.62
	NR*	AAA	1,135	0.32
	Aa3	AA	192	0.06
Total corporate asset backed securities			52,169	14.75
Corporate bonds and notes	Aaa	AAA	13,146	3.72
	Aa1	AA	12,613	3.56
	Aa2	AA	20,860	5.89
	Aa2	A	1,061	0.30
	Aa3	AA	11,488	3.25
	Aa3	A	4,548	1.28
	A1	AA	4,305	1.22
	A1	A	8,361	2.36
	A2	AA	847	0.24
	A2	A	26,585	7.51
	A3	A	10,917	3.08
	Baa1	AA-	593	0.17
	Baa1	A-	2,028	0.57
	Baa3	BB+	645	0.18
Total corporate bonds and notes			117,997	33.33
U.S. agency bonds	Aaa	AAA	71,840	20.29
U.S. Treasury notes **	Aaa	AAA	81,875	23.13
U.S. agency mortgage backed securities ***	Aaa	AAA	5,345	1.51
Repurchase agreements (underlying securities):				
U.S. agency notes	Aaa	AAA	16,782	4.74
			<u>\$ 353,979</u>	<u>100.00%</u>

* NR = Not Rated

** U.S. Treasury issues are explicitly guaranteed by the United States government and are not subject to credit risk.

*** U.S. agency mortgage backed securities are issued by the Government National Mortgage Association and are explicitly guaranteed by the United States government and are not subject to credit risk.

The Loan Pool is composed of loans made by the State. The pool holds intergovernmental loans and an interest in a money market mutual fund approximately \$1,005,000. The mutual fund is rated AAA by Standard & Poor's and Aaa by Moody's. The loans are not rated; however, because there is the potential for defaults on the loans, the pool is subject to credit risk related to the loans. The BTI addresses this credit risk by establishing and regularly evaluating a reserve for uncollectible loans.

The School Fund Account holds only an interest in a money market mutual fund valued at approximately \$1,669,000. The mutual fund is rated AAA by Standard & Poor's and Aaa by Moody's. The BTI does not have a policy specifically addressing credit risk in the School Fund Account.

The Department of Highways Account provides for the investment of proceeds from the issuance and sale of \$90 million Surface Transportation Improvements Special Obligation Notes. The BTI does not have a policy specifically addressing credit risk in the Department of Highways Account. The following table provides information on the credit ratings of the Department of Highways Account investments (in thousands):

Security Type	Credit Rating		Carrying Value	Percent of Pool Assets
	Moody's	S&P		
Money market funds	Aaa	AAA	\$ 12	0.08%
Repurchase agreements (underlying securities):				
U.S. agency mortgage backed securities *	Aaa	AAA	14,751	99.92
			<u>\$ 14,763</u>	<u>100.00%</u>

* U.S. agency mortgage backed securities are issued by the Government National Mortgage Association and are explicitly guaranteed by the United States government and are not subject to credit risk.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. All Consolidated Fund pools and accounts are subject to interest rate risk.

The overall weighted average maturity of the investments of the WV Money Market Pool cannot exceed 60 days. Maximum maturity of individual securities cannot exceed 397 days from date of purchase. The following table provides information on the weighted average maturities for the various asset types in the WV Money Market Pool:

Security Type	Carrying Value (In Thousands)	WAM (Days)
Repurchase agreements	\$ 371,163	1
U.S. Treasury bills	406,426	31
Commercial paper	658,879	29
Certificates of deposit	147,001	95
U.S. agency discount notes	212,924	84
Corporate bonds and notes	158,000	21
U.S. agency bonds/notes	254,019	111
Money market funds	150,058	1
	<u>\$ 2,358,470</u>	<u>40</u>

The overall weighted average maturity of the investments of the WV Government Money Market Pool cannot exceed 60 days. Maximum maturity of individual securities cannot exceed 397 days from date of

purchase. The following table provides information on the weighted average maturities for the various asset types in the WV Government Money Market Pool:

Security Type	Carrying Value (In Thousands)	WAM (Days)
Repurchase agreements	\$ 53,400	1
U.S. Treasury bills	29,929	58
U.S. agency discount notes	43,249	77
U.S. agency bonds/notes	60,420	84
Money market funds	66	1
	\$ 187,064	54

The overall weighted average maturity of the investments of the WV Short Term Bond Pool cannot exceed 731 days. Maximum maturity of individual securities cannot exceed 1,827 days (five years) from date of purchase. The following table provides information on the weighted average maturities for the various asset types in the WV Short Term Bank Pool:

Security Type	Carrying Value (In Thousands)	WAM (Days)
Repurchase agreements	\$ 16,782	1
U.S. Treasury bonds/notes	81,875	744
Corporate notes	117,997	675
Corporate asset backed securities	52,169	341
U.S. agency bonds/notes	71,840	1,231
U.S. agency mortgage backed securities	5,345	570
Commercial paper	7,971	50
	\$ 353,979	707

The West Virginia Bank Pool holds nonnegotiable certificates of deposit totaling approximately \$125,000,000 with maturity dates ranging from July 2008 to November 2008. The BTI's policy does not specifically address maturity restrictions as a means of managing exposure to fair value losses in this pool arising from increasing interest rates.

The Loss Amortization Pool holds a U.S. Treasury strip valued at approximately \$172,077,000 that matures on August 15, 2011. The BTI's policy does not specifically address maturity restrictions as a means of managing exposure to fair value losses in this pool arising from increasing interest rates. However, it is the intent of the BTI to hold this security to maturity.

The Loan Pool holds an interest in a money market mutual fund in the amount of approximately \$1,005,000 with a weighted average maturity of one day. The BTI's policy does not specifically address maturity restrictions as a means of managing exposure to fair value losses in this pool arising from increasing interest rates.

The BTI's policy does not specifically address maturity restrictions as a means of managing exposure to fair value losses in the Municipal Bond Commission Account arising from increasing interest rates. The

following table provides information on the weighted average maturities for the various asset types in the Municipal Bond Commission Account:

Security Type	Carrying Value (In Thousands)	WAM (Days)
U.S. Treasury bills	\$ 439	95
U.S. Treasury strips	6,614	1,366
U.S. Treasury bonds/notes	5,576	3,275
State and local government securities	11,928	582
	<u>\$ 24,557</u>	1,283

The Lottery Defeasance Account holds only U.S. Treasury securities and U.S. agency bonds and notes with maturities timed to match lottery winner payouts. It is the intent to hold these securities to maturity. The BTI's policy does not specifically address maturity restrictions as a means of managing exposure to fair value losses in the Lottery Defeasance Account arising from increasing interest rates. The following table provides information on the weighted average maturities for the various asset types in the Lottery Defeasance Account:

Security Type	Carrying Value (In Thousands)	WAM (Days)
U.S. agency bonds/notes	\$ 129	46
Money market funds	7	1
	<u>\$ 136</u>	44

The School Fund Account holds only an interest in a money market mutual fund valued at approximately \$1,669,000 with a weighted average maturity of one day. The BTI's policy does not specifically address maturity restrictions as a means of managing exposure to fair value losses in this pool arising from increasing interest rates.

The EDA-AW Account holds only a U.S. Treasury bond valued at approximately \$1,720,000 that matures August 15, 2023. The BTI's policy does not specifically address maturity restrictions as a means of managing exposure to fair value losses in this pool arising from increasing interest rates.

The BTI's policy does not specifically address maturity restrictions as a means of managing exposure to fair value losses in the Department of Highways Account arising from increasing interest rates. The following table provides information on the weighted average maturities for the various asset types in the Department of Highways Account:

Security Type	Carrying Value (In Thousands)	WAM (Days)
Repurchase agreements	\$ 14,751	610
Money market funds	12	1
	<u>\$ 14,763</u>	610

Other Risks of Investing

Other risks of investing can include concentration of credit risk, custodial credit risk, and foreign currency risk. None of the Consolidated Fund's investment pools or accounts is exposed to these risks as described below.

Concentration of credit risk is the risk of loss attributed to the magnitude of a Consolidated Fund pool or account's investment in a single corporate issuer. The BTI investment policy prohibits those pools and accounts permitted to hold corporate securities from investing more than 5% of their assets in any one corporate name or one corporate issue.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the BTI will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Repurchase agreements are required to be collateralized by at least 102% of their value, and the collateral is held in the name of the BTI. Securities lending collateral that is reported on the Statement of Fiduciary Net Assets is invested in the lending agent's money market fund in the BTI's name. In all transactions, the BTI or its agent does not release cash or securities until the counterparty delivers its side of the transaction.

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. None of the Consolidated Fund's investment pools or accounts holds interests in foreign currency or interests valued in foreign currency.

Securities Lending

At June 30, 2008, the fair value of securities on loan and the collateral held by the pools of the BTI are as follows. Of the collateral held, \$275,442,843 was received as cash. The collateral received as cash is invested in the Mellon GSL DBT II Collateral Fund. For securities loaned at June 30, 2008, the BTI has no credit risk exposure to borrowers because the amount the BTI owes the borrowers exceeds the amounts the borrowers owe the BTI. There were no losses during the year resulting from borrower default, and there were no significant violations of legal or contractual provisions. Neither the BTI nor Mellon matches maturities of investments made with cash collateral to maturities of securities loaned.

	Fair Value of Securities on Loan	Collateral Held
WV Money Market Pool	\$ 370,567,790	\$ 376,583,793
WV Government Money Market Pool	21,233,734	21,629,197
WV Short Term Bond Pool	105,587,300	106,684,760
	<u>\$ 497,388,824</u>	<u>\$ 504,897,750</u>

Deposits

Custodial credit risk of deposits is the risk that in the event of failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. Deposits include nonnegotiable certificates of deposit. The WV Bank Pool contains nonnegotiable certificates of deposit valued at \$125,000,000. The BTI does not have a deposit policy for custodial credit risk.

5. Capital Assets

Capital asset activity for the year ended June 30, 2008, was as follows (in thousands):

	June 30, 2007	Increases	Decreases	June 30, 2008
Equipment	\$ 17	\$ 14	-	\$ 31
Accumulated depreciation	(8)	(13)	-	(21)
Equipment, net of accumulated depreciation	\$ 9	\$ 1	-	\$ 10

6. Change in Accounting Principle and Restatement of Net Assets

Beginning July 1, 2008, the BTI adopted Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which provides guidance on all aspects of other postemployment benefit reporting by employers. As a consequence of adopting the new standard, the BTI was required to restate the net asset balance of the Operating Fund as of July 1, 2007, to account for the cumulative effect of the change in accounting principle related to accounting for other postemployment benefits, as follows (in thousands):

Net asset balance as reported June 30, 2007	\$ 519
Cumulative effect of change in accounting principle	28
Net asset balance as restated June 30, 2007	\$ 547

7. Special Item

The BTI transferred all of its employees effective March 1, 2008, to the State Treasurer’s Office to administer and manage the BTI. As a result, all accrued employee benefits related to compensated absences and other postemployment benefits were discharged from the BTI and became the responsibility of the State Treasurer’s Office. The gain of approximately \$38,000 resulting from the elimination of the liabilities is reported as a special item separate from net income from operating and nonoperating activities, and is composed of accrued annual leave of approximately \$32,000 and accrued other postemployment benefits of approximately \$6,000.

8. Compensated Absences, Employee Benefit Plans, and Other Postemployment Benefits

Compensated Absences

As discussed in Notes 2 and 7, the BTI transferred all of its employees effective March 1, 2008. Before their discharge, the BTI accrued for compensated absences in the proprietary fund to represent obligations that may arise for earned but unused annual and sick leave. Also discussed in Note 6 is the adoption of the new accounting standard, GASB 45, effective July 1, 2007. The accrued compensated absences liability at June 30, 2007, and changes in the fiscal year ended June 30, 2008, are as follows (in thousands):

Beginning balance, June 30, 2007	\$ 66
Effect of adopting GASB 45 on July 1, 2007	(28)
Additions: Annual leave earned through February 29, 2008	26
Reductions:	
Annual leave used through February 29, 2008	(32)
Accrued annual leave balance at February 29, 2008, transferred to Treasurer's Office	(32)
Ending balance, June 30, 2008	<u>\$ -</u>

Employee Retirement Plan Description

Prior to March 1, 2008, the BTI contributed to the PERS, a cost-sharing multiple-employer defined benefit pension plan administered by the West Virginia Consolidated Public Retirement Board ("CPRB") pursuant to Chapter 5, Article 10D of the West Virginia Code. The PERS provides retirement, disability and death benefits to plan members and beneficiaries. The CPRB issues a publicly available financial report that includes financial statements and required supplementary information for the PERS. That report can be obtained by writing to CPRB, Capitol Complex, Building 5, Room 1000, Charleston WV 25305. Effective March 1, 2008, BTI employees were transferred to the State Treasurer's Office, and the BTI is no longer responsible for contributions to PERS.

Retirement Plan Funding Policy

Eligible employees are required to contribute 4.5% of their annual covered salary, and the BTI was required to contribute 10.5% of covered employees' salaries to the PERS. The contribution requirements of eligible employees and the BTI are established and may be amended by the CPRB. The BTI's contributions to the PERS were \$26,109 for the eight months ended February 29, 2008, and \$38,281 and \$31,428 for the years ended June 30, 2007 and 2006, respectively, equal to the required contributions for the periods. Beginning March 1, 2008, BTI employees were transferred to the State Treasurer's Office, which is responsible for their salaries and benefits.

Other Postemployment Benefits

The State of West Virginia sponsors the West Virginia Other Postemployment Benefits Plan (the "OPEB Plan"), a cost-sharing multiple-employer defined benefit postemployment plan administered by the West Virginia Public Employees Insurance Agency (the "PEIA"), to provide medical benefits to retired state and local government employees. Chapter 5, Article 16D of the West Virginia Code created the West Virginia Retiree Health Benefits Trust Fund (the "Trust") and assigns the authority to administer the plan to PEIA. The PEIA issues a publicly available financial report that includes financial statements and required supplementary information for the Trust. That report can be obtained by writing to PEIA, Capitol Complex, Building 5, Room 1001, Charleston WV 25305, or by calling (304) 558-7850.

The BTI participated in the OPEB Plan for the eight months of the fiscal year in which it employed a staff. The BTI did not make any contributions to the plan during this time. All of the BTI's OPEB Plan obligations were discharged with the transfer of its staff, and those obligations became the responsibility of the State Treasurer's Office. The BTI recorded \$20,000 in other postemployment benefits expense and \$14,000 in other postemployment benefits contribution revenue for the eight months in which it employed a staff.

9. Related Party Transactions

Intergovernmental Investments

The BTI is required by law to enter into certain investment transactions with other state entities. At June 30, 2008, the BTI's intergovernmental investments included the following:

- a. The "Tax Reappraisal Loan" represents an obligation of the West Virginia Property Valuation Training and Procedures Commission. The original loan was \$5,701,896 and was used to fund property reappraisals by various counties. The loan's interest rate may be renegotiated every three years until paid. The outstanding principal balance and accrued interest at June 30, 2008, was \$3,966. The current note bears an annual rate of interest at 5.16%.
- b. The "WVEDA Revolving Loan" is an obligation of the West Virginia Economic Development Authority (WVEDA). The terms of the loan program require the BTI to make available on a revolving basis up to \$175,000,000 for the WVEDA to use to fund economic development initiatives. The interest rate is reset on July 1 of each year and is based on the twelve month return of the WV Money Market Pool. The rate for the year ending June 30, 2008, was 4.48%. The rate has a 1% annual adjustment cap. The WVEDA makes monthly principal and interest payments calculated on a one hundred twenty month amortization of the outstanding balance. At June 30, 2008, the outstanding balance was \$104,353,860.
- c. The "WVEDA Non-recourse Loan" represents an obligation of the WVEDA. The BTI assumed the loan as of July 8, 2005. The loan was originally entered into with the West Virginia Investment Management Board on April 9, 2002. The terms of the loan allow for the WVEDA to borrow through June 29, 2012, up to \$25,000,000 from the BTI. The funds borrowed by the WVEDA are to be loaned, without recourse, to the West Virginia Enterprise Advancement Corporation (WVEAC), for investment in the West Virginia Enterprise Capital Fund, to fund certain venture capital initiatives. The loan earns interest at 3%, which is fixed for the term of the loan. The WVEDA is required to make annual principal payments of \$10,000 plus accrued interest for the first ten years. However, in the event the WVEDA has not received any returns from the investment with the WVEAC, these payments may be deferred through June 30, 2012. Beginning June 30, 2013, the WVEDA is expected to make principal and interest payments sufficient to repay all outstanding principal and accrued interest in full by June 30, 2022. At June 30, 2008, \$20,950,000 of principal was outstanding.

Because of the uncertain collectibility of this loan, the BTI has elected to recognize income when the cash is received. Additionally, a valuation reserve of \$9,958,532 has been accrued at June 30, 2008.

The following table details the amount of interest that has not been recognized as income and the expected receipt of which has been deferred in accordance with the provisions of the loan.

Fiscal Year 2005 interest deferred	\$ 159,433
Fiscal Year 2006 interest deferred	464,716
Fiscal Year 2007 interest deferred	563,704
Fiscal Year 2008 interest deferred	593,158
Total interest deferred	<u>\$ 1,781,011</u>

Transactions with State Treasurer's Office

The State Treasurer's Office provides various services to the BTI, some of which are reimbursed by the BTI, and others of which the Treasurer provides at no cost to the BTI. During the year ended June 30, 2008, the BTI reimbursed the Treasurer's Office \$91,275 for services. Also during the year, the Treasurer's Office provided services valued at approximately \$93,000 at no cost to the BTI.

10. Risk Management

The BTI is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to and illnesses of employees; and natural disasters.

Board members are covered by a \$5 million blanket bond and general liability and property coverage of \$1 million per occurrence through the West Virginia State Board of Risk and Insurance Management ("BRIM"). The Board has obtained additional coverage of \$45 million faithful performance bond through an outside underwriter. There have been no claims since the inception of the BTI.

Effective March 1, 2008, the BTI transferred its employees to the State Treasurer's office to provide administrative and management services to the BTI. The Treasurer's Office has obtained health coverage for those employees through PEIA, which provides the following basic employee benefit coverage to all participants: hospital, surgical, group major medical, basic group life, accidental death, and prescription drug coverage for active and retired employees of the State of West Virginia and various related State and non-State agencies. Additionally, the Treasurer's Office has obtained coverage for job-related injuries through its participation in the private, employer-owned mutual insurance company BrickStreet Insurance. There have been no workers' compensation claims since the inception of the BTI.

11. Effect of New Accounting Pronouncements

The GASB has issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, which addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. The requirements of this statement will be effective for the BTI in the fiscal year beginning July 1, 2009. Program management has not yet determined whether these new requirements might significantly affect the BTI's financial position or results of operations for that fiscal year.

Supplementary Information

West Virginia Board of Treasury Investments
Combining Statement of Fiduciary Net Assets
Fiduciary Funds

June 30, 2008

(In Thousands)

	<u>WV Money Market Pool</u>	<u>WV Government Money Market Pool</u>	<u>WV Short Term Bond Pool</u>	<u>WV Bank Pool</u>	<u>Loss Amortization Pool</u>
Assets					
Investments:					
At amortized cost	\$ 2,358,470	\$ 187,064	\$ -	\$ 125,000	\$ -
At fair value	-	-	353,979	-	172,077
Collateral for securities loaned, at fair value (Note 4)	161,721	17,046	96,676	-	-
Receivables:					
Accrued interest	3,239	245	3,153	1,712	-
Dividends	319	-	-	-	-
Securities lending income	92	8	47	-	-
Total receivables	<u>3,650</u>	<u>253</u>	<u>3,200</u>	<u>1,712</u>	<u>-</u>
Total assets	<u>2,523,841</u>	<u>204,363</u>	<u>453,855</u>	<u>126,712</u>	<u>172,077</u>
Liabilities					
Accrued expenses	287	26	59	-	-
Dividends payable	-	-	410	-	-
Payable upon return of securities loaned (Note 4)	<u>161,721</u>	<u>17,046</u>	<u>96,676</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>162,008</u>	<u>17,072</u>	<u>97,145</u>	<u>-</u>	<u>-</u>
Net Assets					
Held in trust for investment pool participants	2,361,833	187,291	356,710	126,712	172,077
Held in trust for individual investment account holders	-	-	-	-	-
Total net assets	<u>\$ 2,361,833</u>	<u>\$ 187,291</u>	<u>\$ 356,710</u>	<u>\$ 126,712</u>	<u>\$ 172,077</u>

* Closed in September 2007

See accompanying notes to financial statements.

<u>Loan Pool</u>	<u>Municipal Bond Commission Account</u>	<u>Lottery Defeasance Account</u>	<u>School Fund Account</u>	<u>Economic Development Authority Insurance Account *</u>	<u>Economic Development Authority - American Woodmark Account</u>	<u>Department of Highways Account</u>	<u>Total</u>
\$ 116,364	\$ 24,557	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,811,455
-	-	136	1,669	-	1,720	14,763	544,344
-	-	-	-	-	-	-	275,443
385	221	-	-	-	34	62	9,051
3	-	-	2	-	-	-	324
-	-	-	-	-	-	-	147
<u>388</u>	<u>221</u>	<u>-</u>	<u>2</u>	<u>-</u>	<u>34</u>	<u>62</u>	<u>9,522</u>
<u>116,752</u>	<u>24,778</u>	<u>136</u>	<u>1,671</u>	<u>-</u>	<u>1,754</u>	<u>14,825</u>	<u>3,640,764</u>
4	1	-	-	-	-	-	377
-	-	-	-	-	-	-	410
-	-	-	-	-	-	-	275,443
<u>4</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>276,230</u>
116,748	-	-	-	-	-	-	3,321,371
-	24,777	136	1,671	-	1,754	14,825	43,163
<u>\$ 116,748</u>	<u>\$ 24,777</u>	<u>\$ 136</u>	<u>\$ 1,671</u>	<u>\$ -</u>	<u>\$ 1,754</u>	<u>\$ 14,825</u>	<u>\$ 3,364,534</u>

West Virginia Board of Treasury Investments
Combining Statement of Changes in Fiduciary Net Assets
Fiduciary Funds

For the Year Ended June 30, 2008

(In Thousands)

	WV Money Market Pool	WV Government Money Market Pool	WV Short Term Bond Pool	WV Bank Pool	Loss Amortization Pool
Additions					
Investment income					
Interest	\$ 39,266	\$ 5,340	\$ 12,616	\$ 3,310	\$ -
Dividends	1,206	11	-	-	-
Securities lending income	17,789	1,793	3,769	-	-
Net accretion (amortization)	56,367	3,839	(552)	-	6,571
Provision for uncollectible loans	-	-	-	-	-
Total investment income	114,628	10,983	15,833	3,310	6,571
Investment expenses					
Investment advisor fees	832	80	148	-	-
Custodian bank fees	78	12	20	-	-
Administrative fees	981	95	116	-	-
Securities lending agent fees	1,032	93	228	-	-
Securities lending borrower rebates	14,068	1,458	2,920	-	-
Bad debt expense	-	-	-	-	-
Total investment expenses	16,991	1,738	3,432	-	-
Net investment income	97,637	9,245	12,401	3,310	6,571
Net realized gain (loss) from investments	66	24	3,513	-	-
Net increase (decrease) in fair value of investments	-	-	(315)	-	11,229
Net increase (decrease) in net assets from operations	97,703	9,269	15,599	3,310	17,800
Participant transactions					
Purchase of pool units by participants	9,594,047	422,151	154,820	-	-
Reinvestment of pool distributions	97,687	9,267	17,045	3,310	-
Contributions to individual investment accounts	-	-	-	-	-
Total participant transactions	9,691,734	431,418	171,865	3,310	-
Total additions	9,789,437	440,687	187,464	6,620	17,800
Deductions					
Distributions to pool participants					
Net investment income	97,637	9,245	15,914	3,310	-
Net realized gain (loss) from investments	66	24	-	-	-
Total distributions to pool participants	97,703	9,269	15,914	3,310	-
Participant transactions					
Redemption of pool units by participants	9,277,893	474,044	44,567	-	-
Withdrawals from individual investment accounts	-	-	-	-	-
Total participant transactions	9,277,893	474,044	44,567	-	-
Total deductions	9,375,596	483,313	60,481	3,310	-
Net increase (decrease) in net assets from operations	413,841	(42,626)	126,983	3,310	17,800
Inter-pool transfers in	102,609	-	-	226,011	-
Inter-pool transfers out	(226,011)	-	-	(102,609)	-
Net inter-pool transfers in (out)	(123,402)	-	-	123,402	-
Change in net assets	290,439	(42,626)	126,983	126,712	17,800
Net assets at beginning of period	2,071,394	229,917	229,727	-	154,277
Net assets at end of period	\$ 2,361,833	\$ 187,291	\$ 356,710	\$ 126,712	\$ 172,077

* Closed in September 2007

See accompanying notes to financial statements.

<u>Loan Pool</u>	<u>Municipal Bond Commission Account</u>	<u>Lottery Defeasance Account</u>	<u>School Fund Account</u>	<u>Economic Development Authority Insurance Account *</u>	<u>Economic Development Authority - American Woodmark Account</u>	<u>Department of Highways</u>	<u>Total</u>
\$ 4,935	\$ 1,525	\$ -	\$ -	\$ -	\$ 90	\$ 1,649	\$ 68,731
405	-	6	55	1	-	-	1,684
-	-	-	-	-	-	-	23,351
-	(247)	12	-	2	(9)	-	65,983
(3,021)	-	-	-	-	-	-	(3,021)
<u>2,319</u>	<u>1,278</u>	<u>18</u>	<u>55</u>	<u>3</u>	<u>81</u>	<u>1,649</u>	<u>156,728</u>
-	-	-	-	-	-	-	1,060
-	-	-	-	-	-	-	110
51	11	-	1	-	1	-	1,256
-	-	-	-	-	-	-	1,353
-	-	-	-	-	-	-	18,446
3	-	-	-	-	-	-	3
<u>54</u>	<u>11</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>22,228</u>
2,265	1,267	18	54	3	80	1,649	134,500
-	-	-	-	-	-	-	3,603
-	-	(4)	-	-	123	-	11,033
<u>2,265</u>	<u>1,267</u>	<u>14</u>	<u>54</u>	<u>3</u>	<u>203</u>	<u>1,649</u>	<u>149,136</u>
2,297	-	-	-	-	-	-	10,173,315
2,954	-	-	-	-	-	-	130,263
-	6,674	139,000	640	-	-	-	146,314
<u>5,251</u>	<u>6,674</u>	<u>139,000</u>	<u>640</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,449,892</u>
7,516	7,941	139,014	694	3	203	1,649	10,599,028
658	-	-	-	-	-	-	126,764
-	-	-	-	-	-	-	90
<u>658</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>126,854</u>
20,297	-	-	-	-	-	-	9,816,801
-	29,428	139,182	783	454	89	44,075	214,011
<u>20,297</u>	<u>29,428</u>	<u>139,182</u>	<u>783</u>	<u>454</u>	<u>89</u>	<u>44,075</u>	<u>10,030,812</u>
<u>20,955</u>	<u>29,428</u>	<u>139,182</u>	<u>783</u>	<u>454</u>	<u>89</u>	<u>44,075</u>	<u>10,157,666</u>
(13,439)	(21,487)	(168)	(89)	(451)	114	(42,426)	441,362
-	-	-	-	-	-	-	328,620
-	-	-	-	-	-	-	328,620
-	-	-	-	-	-	-	-
(13,439)	(21,487)	(168)	(89)	(451)	114	(42,426)	441,362
130,187	46,265	304	1,760	451	1,639	57,251	2,923,172
<u>\$ 116,748</u>	<u>\$ 24,778</u>	<u>\$ 136</u>	<u>\$ 1,671</u>	<u>\$ -</u>	<u>\$ 1,753</u>	<u>\$ 14,825</u>	<u>\$ 3,364,534</u>

West Virginia Board of Treasury Investments
Schedule of Investments in Securities
June 30, 2008

(Dollars in thousands, except for Share Data)

WEST VIRGINIA MONEY MARKET POOL

<u>SECURITY NAME</u>	<u>% of POOL</u>	<u>COUPON</u>	<u>YIELD</u>	<u>MATURITY</u>	<u>PAR VALUE or SHARES</u>	<u>AMORTIZED COST</u>	<u>FAIR VALUE*</u>
<i>U. S. Government Agency Bonds</i>							
Federal Home Loan Bank		2.200 %	2.299 %	10/15/2008	\$ 10,000	\$ 9,997	\$ 9,990
Federal Farm Credit Bank		2.030	F 2.040	11/21/2008	11,000	11,000	10,992
Federal Home Loan Bank		2.560	F 2.508	01/05/2009	20,000	20,005	19,998
Federal Home Loan Bank		2.510	F 2.510	01/12/2009	20,000	20,000	19,994
Federal Home Loan Bank		2.560	1.944	02/13/2009	10,000	10,038	9,986
Federal Home Loan Bank		2.599	F 2.599	02/18/2009	25,000	25,000	25,003
Federal Home Loan Bank		2.185	2.185	03/17/2009	10,000	10,000	9,958
Federal Home Loan Bank		2.510	2.510	04/24/2009	5,000	5,000	4,988
Federal Home Loan Bank		2.390	2.390	04/30/2009	15,000	15,000	14,947
Federal Home Loan Bank		2.435	F 2.438	05/01/2009	30,000	30,000	30,024
Federal Home Loan Bank		2.375	2.589	05/27/2009	5,000	4,990	4,979
Federal Home Loan Mort Corp		2.625	2.626	06/12/2009	15,000	15,000	14,960
Federal Home Loan Bank		2.820	2.821	07/10/2009	10,000	10,000	10,000
Federal Farm Credit Bank		2.070	F 2.070	07/22/2009	20,000	20,000	19,966
Federal National Mortgage Assn		2.747	F 2.776	07/28/2009	20,000	19,994	20,000
Federal National Mortgage Assn		2.230	F 2.230	09/03/2009	18,000	18,000	17,977
Federal Home Loan Mort Corp		2.413	F 2.449	09/28/2009	10,000	9,995	9,997
Total U. S. Government Agency Bonds	10.8%					254,019	253,759
<i>Corporate Bonds</i>							
Toyota Motor Credit Corp		2.698	F 2.688	07/07/2008	10,000	10,000	10,000
K2 LLC		2.673	F 2.693	07/15/2008	10,000	10,000	9,994
Caja Ahorros Barcelona		2.920	F 2.920	07/23/2008	10,000	10,000	9,997
BNP Paribas		2.760	F 2.740	08/07/2008	10,000	10,000	9,998
Westpac Banking Corp		2.440	F 2.452	09/05/2008	12,000	12,000	11,996
Bank of New York Co Inc		2.465	F 2.457	09/11/2008	15,000	15,000	14,991
Bank of Ireland		2.492	F 2.505	09/19/2008	12,000	12,000	11,983
Totta Ireland PLC		2.458	F 2.471	10/06/2008	10,000	10,000	9,995
Toyota Motor Credit Corp		2.320	F 2.327	11/10/2008	10,000	10,000	9,994
Wells Fargo & Company		2.551	F 2.565	11/14/2008	15,000	15,000	14,993
Wachovia Bank		3.100	F 2.921	02/04/2009	12,000	12,000	11,976
Rabobank Nederland		2.900	F 2.958	04/30/2009	10,000	10,000	9,994
HSBC Bank USA Inc		3.218	F 3.203	05/15/2009	10,000	10,000	9,997
Deutsche Bank NY		3.011	F 3.023	07/21/2009	12,000	12,000	12,000
Total Corporate Bonds	6.7%					158,000	157,908
<i>Short Term Issues</i>							
Deutsche Bank Repurchase Agreement		2.500	2.500	07/01/2008	129,900	129,900	129,900
Bank of America Repurchase Agreement		2.300	2.300	07/01/2008	178,998	178,998	178,998
Goldman Sachs Repurchase Agreement		2.350	2.350	07/01/2008	62,265	62,265	62,265
Amsterdam Funding Corp		0.000	2.839	07/01/2008	15,000	15,000	15,000
Atlantic Asset Securities Corp		0.000	2.490	07/01/2008	15,000	15,000	15,000
Old Line Funding Corp		0.000	2.791	07/01/2008	30,000	30,000	30,000
Windmill Funding Corporation		0.000	2.839	07/01/2008	15,000	15,000	15,000
Barton Capital Corp		0.000	2.690	07/02/2008	30,000	29,998	29,998

(Continued on Next Page)

F – Floating rate note security.

* The fair value is not determined for loans. The fair value reported equals amortized cost.

See accompanying notes to financial statements.

West Virginia Board of Treasury Investments
Schedule of Investments in Securities (Continued)
June 30, 2008

(Dollars in thousands, except for Share Data)

WEST VIRGINIA MONEY MARKET POOL (Continued)							
<u>SECURITY NAME</u>	<u>% of POOL</u>	<u>COUPON</u>	<u>YIELD</u>	<u>MATURITY</u>	<u>PAR VALUE or SHARES</u>	<u>AMORTIZED COST</u>	<u>FAIR VALUE*</u>
American Express Centurion		2.500	2.500	07/03/2008	10,000	10,000	10,000
United States Treasury Bill		0.000	1.739	07/03/2008	222,000	221,979	221,979
CAFCO LLC		0.000	2.640	07/07/2008	20,000	19,991	19,991
BankAmerica Corp		0.000	2.495	07/08/2008	31,600	31,585	31,585
Amsterdam Funding Corp		2.580	2.623	07/09/2008	15,000	14,991	14,991
Fairway Finance Corp		0.000	2.743	07/09/2008	25,000	24,985	24,985
Windmill Funding Corporation		0.000	2.612	07/09/2008	30,000	29,983	29,983
Sheffield Receivables		0.000	2.561	07/10/2008	20,000	19,987	19,987
United States Treasury Bill		0.000	1.353	07/10/2008	25,000	24,992	24,992
Regency Markets No 1 LLC		0.000	2.642	07/11/2008	15,000	14,989	14,989
Federal Home Loan Bank		0.000	2.889	07/16/2008	24,000	23,972	23,972
Nordea NA Inc		0.000	2.367	07/16/2008	29,950	29,921	29,921
Rabobank USA Fin Corp		0.000	2.576	07/16/2008	10,000	9,989	9,989
Sheffield Receivables		0.000	2.844	07/16/2008	15,000	14,982	14,982
United States Treasury Bill		0.000	1.353	07/17/2008	17,500	17,490	17,490
Yorktown Capital LLC		0.000	2.930	07/17/2008	10,000	9,987	9,987
Royal Bank of Scotland Group		3.750	3.750	07/18/2008	10,000	10,000	10,000
Federal Home Loan Mort Corp		0.000	2.671	07/21/2008	15,000	14,978	14,978
Thunder Bay Funding Inc		0.000	2.628	07/21/2008	10,000	9,986	9,986
Jupiter Securitization Co LLC		0.000	2.794	07/22/2008	15,000	14,976	14,976
Federal Home Loan Bank		0.000	2.321	07/23/2008	30,000	29,958	29,958
Amsterdam Funding Corp		0.000	2.694	07/24/2008	33,000	32,944	32,944
United States Treasury Bill		0.000	1.333	07/24/2008	12,500	12,490	12,490
Calyon NY		2.600	2.470	07/25/2008	15,000	15,001	15,001
PNC Bank NA		3.190	3.190	07/25/2008	12,000	12,000	12,000
Ciesco LP		0.000	2.594	07/25/2008	30,000	29,949	29,949
Federal Home Loan Mort Corp		0.000	2.594	07/28/2008	10,000	9,981	9,981
Chariot Funding LLC		0.000	2.794	07/29/2008	15,000	14,968	14,968
Societe Generale NA		0.000	2.577	07/30/2008	15,000	14,969	14,969
Rabobank USA Fin Corp		0.000	2.556	08/11/2008	30,000	29,914	29,914
Bank of Tokyo-Mitsubishi UFJ		2.670	2.670	08/15/2008	10,000	10,000	10,000
Falcon Asset Sec Corp		0.000	2.769	08/18/2008	15,000	14,946	14,946
Federal Home Loan Mort Corp		0.000	2.567	08/18/2008	10,000	9,966	9,966
Windmill Funding Corporation		0.000	2.737	08/18/2008	15,000	14,946	14,946
Lloyds TSB Bank PLC		2.620	2.620	08/19/2008	15,000	15,000	15,000
General Electric Capital Corp		0.000	4.568	08/21/2008	10,700	10,632	10,632
United States Treasury Bill		0.000	1.168	08/21/2008	15,000	14,976	14,976
United States Treasury Bill		0.000	1.673	09/04/2008	25,000	24,926	24,922
Variable Funding Capital		0.000	2.654	09/04/2008	10,000	9,953	9,953
Dexia Delaware LLC		0.000	2.695	09/05/2008	30,000	29,855	29,855
United States Treasury Bill		0.000	1.621	09/11/2008	15,000	14,952	14,949
US Bank NA		2.700	2.700	09/15/2008	15,000	15,000	15,000
UBS Finance (DE) LLC		0.000	2.773	09/15/2008	30,000	29,828	29,828
Charta LLC		0.000	2.809	09/16/2008	30,000	29,823	29,823
Federal National Mortgage Assn		0.000	2.399	09/17/2008	25,000	24,872	24,864
United States Treasury Bill		0.000	1.234	09/18/2008	5,000	4,987	4,980
Dexia Delaware LLC		0.000	2.854	09/25/2008	15,000	14,900	14,900
Nordea NA Inc		0.000	2.808	09/25/2008	15,000	14,901	14,901
United States Treasury Bill		0.000	1.849	09/25/2008	50,000	49,783	49,793
State Street Bank & Trust		2.680	2.680	10/01/2008	10,000	10,000	10,000

(Continued on Next Page)

F – Floating rate note security.

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See accompanying notes to financial statements.

West Virginia Board of Treasury Investments
Schedule of Investments in Securities (Continued)
June 30, 2008

(Dollars in thousands, except for Share Data)

WEST VIRGINIA MONEY MARKET POOL (Continued)							
<u>SECURITY NAME</u>	<u>% of POOL</u>	<u>COUPON</u>	<u>YIELD</u>	<u>MATURITY</u>	<u>PAR VALUE or SHARES</u>	<u>AMORTIZED COST</u>	<u>FAIR VALUE*</u>
Federal National Mortgage Assn		0.000	2.134	10/01/2008	15,000	14,920	14,904
Federal National Mortgage Assn		0.000	2.121	10/08/2008	15,000	14,914	14,900
Svenska Handelsbanken NY		5.000	5.000	10/09/2008	15,000	15,000	15,000
Bank of America		2.740	2.740	11/03/2008	10,000	10,000	10,000
Federal Home Loan Mort Corp		0.000	2.529	11/05/2008	30,000	29,738	29,727
Federal Home Loan Mort Corp		0.000	2.152	11/10/2008	15,000	14,884	14,858
United States Treasury Bill		0.000	1.905	11/20/2008	20,000	19,853	19,840
Federal National Mortgage Assn		0.000	2.153	12/08/2008	10,000	9,907	9,888
Barclays Bank		3.020	3.020	02/23/2009	15,000	15,000	15,000
Federal National Mortgage Assn		0.000	1.693	02/27/2009	15,000	14,834	14,740
Danske Corp		3.050	F 3.047	04/09/2009	15,000	15,000	15,000
Calyon NY		3.170	3.170	06/02/2009	10,000	10,000	10,000
UBS Select					150,000	150,000	150,000
Dreyfus Cash Management					57	57	57
Total Short Term Issues	<u>82.5%</u>					<u>1,946,451</u>	<u>1,946,246</u>
Total Money Market Pool	<u>100.0%</u>					<u>\$ 2,358,470</u>	<u>\$ 2,357,913</u>

WEST VIRGINIA GOVERNMENT MONEY MARKET POOL

<u>SECURITY NAME</u>	<u>% of POOL</u>	<u>COUPON</u>	<u>YIELD</u>	<u>MATURITY</u>	<u>PAR VALUE or SHARES</u>	<u>AMORTIZED COST</u>	<u>FAIR VALUE*</u>
<i>U. S. Government Agency Bonds</i>							
Federal Home Loan Bank		5.100 %	4.615 %	09/19/2008	\$ 2,750	\$ 2,753	\$ 2,765
Federal Home Loan Mort Corp		2.641	F 2.704	09/30/2008	5,000	4,999	5,001
Federal Home Loan Banks		3.750	2.708	11/14/2008	2,500	2,509	2,505
Federal Farm Credit Bank		2.030	F 2.040	11/21/2008	5,000	5,000	4,997
Federal Home Loan Bank		2.560	F 2.623	01/05/2009	5,000	4,998	5,000
Federal Home Loan Bank		2.560	1.944	02/13/2009	2,000	2,008	1,997
Federal Farm Credit Bank		2.000	F 2.010	02/24/2009	5,000	5,000	4,993
Federal Home Loan Bank		2.850	2.855	03/04/2009	2,500	2,500	2,500
Federal Home Loan Bank		2.185	2.185	03/17/2009	2,500	2,500	2,489
Federal Home Loan Bank		2.540	2.522	05/05/2009	2,500	2,500	2,494
Federal Home Loan Bank		2.433	F 2.422	05/27/2009	5,000	5,000	4,997
Federal Home Loan Mort Corp		5.000	2.724	06/11/2009	2,500	2,553	2,550
Federal Home Loan Bank		2.535	F 2.501	07/14/2009	5,000	5,002	4,999
Federal National Mortgage Assn		2.747	F 2.776	07/28/2009	2,500	2,499	2,500
Federal National Mortgage Assn		2.230	F 2.230	09/03/2009	3,250	3,250	3,246
Federal Home Loan Mort Corp		2.451	F 2.434	09/18/2009	2,350	2,350	2,350
Federal Home Loan Mort Corp		2.413	F 2.449	09/28/2009	5,000	4,999	5,000
Total U. S. Government Agency Bonds	32.3%					60,420	60,383
<i>Short Term Issues</i>							
Deutsche Bank Repurchase Agreement		2.500	2.500	07/01/2008	53,400	53,400	53,400
Federal Home Loan Bank		0.000	2.034	07/07/2008	2,500	2,499	2,499

(Continued on Next Page)

F – Floating rate note security.

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See accompanying notes to financial statements.

West Virginia Board of Treasury Investments
Schedule of Investments in Securities (Continued)
June 30, 2008

(Dollars in thousands, except for Share Data)

WEST VIRGINIA GOVERNMENT MONEY MARKET POOL (Continued)

<u>SECURITY NAME</u>	<u>% of POOL</u>	<u>COUPON</u>	<u>YIELD</u>	<u>MATURITY</u>	<u>PAR VALUE or SHARES</u>	<u>AMORTIZED COST</u>	<u>FAIR VALUE*</u>
Federal National Mortgage Assn		0.000	2.120	07/09/2008	2,500	2,499	2,499
United States Treasury Bill		0.000	1.353	07/10/2008	5,000	4,998	4,998
Federal Home Loan Mort Corp		0.000	2.135	07/11/2008	2,500	2,499	2,499
Federal Home Loan Bank		0.000	2.224	07/16/2008	2,500	2,498	2,498
United States Treasury Bill		0.000	1.353	07/17/2008	2,500	2,499	2,499
Federal Home Loan Mort Corp		0.000	2.671	07/21/2008	2,500	2,496	2,496
United States Treasury Bill		0.000	1.333	07/24/2008	2,500	2,498	2,498
Federal Home Loan Mort Corp		0.000	2.594	07/28/2008	2,500	2,495	2,495
Federal Home Loan Mort Corp		0.000	2.131	08/15/2008	2,500	2,493	2,493
Federal Home Loan Mort Corp		0.000	2.567	08/18/2008	2,500	2,492	2,492
United States Treasury Bill		0.000	1.223	08/21/2008	5,000	4,991	4,991
United States Treasury Bill		0.000	1.725	09/04/2008	2,500	2,492	2,492
Federal Home Loan Bank		0.000	2.148	09/11/2008	2,500	2,489	2,489
Federal Home Loan Mort Corp		0.000	4.746	09/15/2008	2,500	2,476	2,487
United States Treasury Bill		0.000	1.234	09/18/2008	7,500	7,480	7,470
Federal Home Loan Mort Corp		0.000	2.500	09/22/2008	2,500	2,486	2,486
Federal Home Loan Mort Corp		0.000	2.138	09/25/2008	2,500	2,487	2,486
United States Treasury Bill		0.000	1.849	09/25/2008	2,500	2,489	2,490
Federal National Mortgage Assn		0.000	2.134	10/01/2008	2,500	2,487	2,484
United States Treasury Bill		0.000	1.905	11/20/2008	2,500	2,482	2,480
Federal Home Loan Mort Corp		0.000	4.080	12/08/2008	2,500	2,456	2,472
Federal National Mortgage Assn		0.000	2.153	12/08/2008	3,000	2,972	2,966
Federal Home Loan Bank		0.000	2.052	12/16/2008	3,000	2,972	2,963
Federal Home Loan Bank		0.000	3.805	01/02/2009	2,500	2,453	2,466
Dreyfus Cash Management					66	66	66
Total Short Term Issues	<u>67.7%</u>					<u>126,644</u>	<u>126,654</u>
Total Government Money Market Pool	<u>100.0%</u>					<u>\$ 187,064</u>	<u>\$ 187,037</u>

WEST VIRGINIA SHORT TERM BOND POOL

<u>SECURITY NAME</u>	<u>% of POOL</u>	<u>COUPON</u>	<u>YIELD</u>	<u>MATURITY</u>	<u>PAR VALUE or SHARES</u>	<u>AMORTIZED COST</u>	<u>FAIR VALUE*</u>
<i>U. S. Treasury Issues</i>							
United States Treasury Note		4.625 %	2.797 %	11/15/2009	\$ 35,000	\$ 35,853	\$ 36,082
United States Treasury Note		4.375	2.107	12/15/2010	\$ 22,500	23,715	23,373
United States Treasury Note		4.500	2.613	02/28/2011	21,500	<u>22,537</u>	<u>22,420</u>
Total U. S. Treasury Issues	23.1%					82,105	81,875
<i>U. S. Government Agency Bonds</i>							
Federal Home Loan Bank		4.625	3.134	02/18/2011	6,700	6,950	6,902
Federal Home Loan Mort Corp		5.625	3.593	03/15/2011	14,000	14,727	14,804
Federal National Mortgage Assn		3.375	3.831	05/19/2011	27,500	27,160	27,385

(Continued on Next Page)

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See accompanying notes to financial statements.

West Virginia Board of Treasury Investments
Schedule of Investments in Securities (Continued)
June 30, 2008

(Dollars in thousands, except for Share Data)

WEST VIRGINIA SHORT TERM BOND POOL (Continued)							
<u>SECURITY NAME</u>	<u>% of POOL</u>	<u>COUPON</u>	<u>YIELD</u>	<u>MATURITY</u>	<u>PAR VALUE or SHARES</u>	<u>AMORTIZED COST</u>	<u>FAIR VALUE*</u>
Federal Home Loan Mort Corp		4.500	3.456	01/15/2013	10,000	10,435	10,145
Federal Home Loan Bank		3.375	3.469	02/27/2013	13,000	12,948	12,604
Total U. S. Government Agency Bonds	20.3%					72,220	71,840
Corporate Issues							
Corporate Bonds							
American Honda Finance		4.200	4.904	07/14/2008	1,055	1,055	1,055
Regions Financial Corp		4.500	4.540	08/08/2008	2,520	2,520	2,523
Wells Fargo & Company		3.120	4.441	08/15/2008	1,270	1,268	1,268
Hartford Finl Services Group		5.550	5.475	08/16/2008	875	875	876
Caterpillar Financial Services		4.500	4.525	09/01/2008	1,850	1,850	1,854
Countrywide Financial Corp		2.796	F 2.805	09/02/2008	650	650	645
Dayton Hudson/Target Corp		5.875	5.100	11/01/2008	3,000	3,008	3,023
Chemical Bank		6.125	5.410	11/01/2008	590	591	595
Hancock John Financial Svcs		5.625	5.134	12/01/2008	745	746	751
Pioneer Hi-Bred Intl Inc		5.750	5.241	01/15/2009	2,000	2,005	2,018
National City Corporation		5.750	5.481	02/01/2009	1,395	1,397	1,366
Pepsi Bottling Group		5.625	5.365	02/17/2009	1,050	1,052	1,061
Bank One Corp		6.000	5.295	02/17/2009	1,350	1,356	1,358
Illinois Tool Works Inc		5.750	5.050	03/01/2009	500	502	508
CIT Group Holdings		3.375	5.458	04/01/2009	700	689	662
AFLAC Inc		6.500	5.456	04/15/2009	1,250	1,260	1,275
US Bancorp		5.300	5.332	04/28/2009	950	950	965
Household Finance Corporation		4.750	5.096	05/15/2009	2,900	2,892	2,903
Abbott Laboratories		5.375	3.901	05/15/2009	1,780	1,802	1,813
Canadian National Railways		4.250	5.040	08/01/2009	845	838	844
BellSouth Corporation		4.200	4.323	09/15/2009	2,690	2,686	2,695
National Westminster		7.375	4.753	10/01/2009	2,090	2,156	2,149
General Electric Capital Corp		5.250	5.007	10/27/2009	1,820	1,826	1,850
Goldman Sachs Group Inc		2.800	F 2.800	11/16/2009	1,450	1,450	1,429
Amgen Inc		4.000	3.791	11/18/2009	1,935	1,940	1,937
World Savings Bank FSB		4.125	4.955	12/15/2009	1,335	1,320	1,326
Berkshire Hathaway Finance		4.125	2.920	01/15/2010	1,700	1,731	1,717
Wells Fargo & Company		4.200	4.052	01/15/2010	3,000	3,007	3,009
Lehman Brothers Holdings		4.250	5.526	01/27/2010	1,500	1,472	1,461
Merrill Lynch & Company Inc		4.250	5.444	02/08/2010	3,200	3,142	3,131
Citigroup Inc		4.125	4.815	02/22/2010	3,500	3,462	3,468
Allstate LF GLB FN Trust		4.250	4.258	02/26/2010	800	800	802
MBIA Global Funding		4.375	5.321	03/15/2010	975	960	847
Simon Property Group Inc		4.875	5.462	03/18/2010	695	688	689
duPont EI de Nemours Co		4.125	3.236	04/30/2010	1,700	1,727	1,717
US Bancorp		3.170	F 3.184	05/06/2010	3,400	3,400	3,399
GlaxoSmithKline Cap Inc		3.310	F 3.310	05/13/2010	2,000	2,000	2,008
Morgan Stanley		4.250	4.974	05/15/2010	2,200	2,172	2,135
Florida Power Corporation		4.500	3.387	06/01/2010	2,100	2,143	2,121
Caterpillar Fin Serv Crp		4.300	4.388	06/01/2010	2,200	2,196	2,213
Goldman Sachs Group		4.500	5.165	06/15/2010	2,500	2,469	2,480
Wal-Mart Stores		4.125	3.408	07/01/2010	2,500	2,534	2,533
Bank Of America Corp		4.500	4.053	08/01/2010	4,870	4,913	4,868

(Continued on Next Page)

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West Virginia Board of Treasury Investments
Schedule of Investments in Securities (Continued)
June 30, 2008

(Dollars in thousands, except for Share Data)

WEST VIRGINIA SHORT TERM BOND POOL (Continued)							
<u>SECURITY NAME</u>	<u>% of POOL</u>	<u>COUPON</u>	<u>YIELD</u>	<u>MATURITY</u>	<u>PAR VALUE or SHARES</u>	<u>AMORTIZED COST</u>	<u>FAIR VALUE*</u>
Met Life Global	4.625		5.018	08/19/2010	900	893	906
Swedish Export Credit	4.500		2.697	09/27/2010	4,290	4,457	4,384
Genworth Global Funding	5.200		5.225	10/08/2010	700	700	700
Deutsche Bank London	5.000		4.007	10/12/2010	2,000	2,043	2,030
Halliburton Company	5.500		4.257	10/15/2010	910	934	943
Bear Stearns Companies Inc	4.500		5.974	10/28/2010	600	581	593
Textron Financial Corp	5.125		4.317	11/01/2010	2,000	2,035	2,028
Unilever Capital Corp	7.125		4.329	11/01/2010	1,650	1,751	1,761
General Electric Capital Corp	6.875		4.541	11/15/2010	1,580	1,662	1,665
Berkshire Hathaway Finance	4.200		3.516	12/15/2010	1,270	1,290	1,286
Oracle Corp	5.000		3.954	01/15/2011	1,500	1,538	1,529
JPMorgan Chase & Co	4.600		4.014	01/17/2011	3,700	3,752	3,690
European Investment Bank	3.250		3.329	02/15/2011	2,000	1,996	1,999
Campbell Soup Co	6.750		4.519	02/15/2011	885	933	937
Boeing Capital Corp	6.100		4.147	03/01/2011	820	860	864
France Telecom	7.750		5.039	03/01/2011	1,800	1,920	1,906
American Home Products	6.950		4.780	03/15/2011	1,400	1,476	1,482
Abbott Laboratories	5.600		4.055	05/15/2011	1,665	1,734	1,741
Disney Walt Company	5.700		3.958	07/15/2011	1,400	1,469	1,463
MBNA Corp	7.500		5.720	03/15/2012	750	794	808
Honeywell International Inc	5.625		4.434	08/01/2012	1,425	1,487	1,471
Inter-American Development Bk	3.500		3.500	03/15/2013	1,500	1,500	1,476
Met Life Funding	5.125		5.142	04/10/2013	750	749	739
Verizon Communications	5.250		5.346	04/15/2013	1,100	1,096	1,094
Kredit Wiederauf	3.500		3.600	05/16/2013	3,200	3,186	3,155
Total U. S. Corporate Bonds						118,336	117,997
Corporate Asset Backed Issues							
Capital Auto Receivable Asset	5.110		3.697	11/16/2009	1,663	1,669	1,672
Ford Credit Auto Owner Trust	4.380		4.884	01/15/2010	1,167	1,166	1,168
Daimler Chrysler Auto Trust	3.740		5.242	02/08/2010	812	811	812
Ford Credit Auto Owner Trust	5.050		3.625	03/15/2010	954	959	957
Bank of America Sec Auto Trust	5.180		3.505	06/18/2010	1,698	1,711	1,709
Daimler Chrysler Auto Trust	5.330		3.686	08/08/2010	1,221	1,230	1,229
Ford Credit Auto Owner Trust	5.260		3.598	10/15/2010	880	888	886
Capital One Auto Finance Trust	5.330		5.389	11/15/2010	191	191	192
Honda Auto Rec Owner Trust	4.600		4.416	11/22/2010	3,771	3,776	3,791
Citibank Credit Card Issuance	4.850		4.232	02/10/2011	4,050	4,065	4,081
USAA Auto Owner Trust	5.360		4.097	02/15/2011	2,707	2,726	2,726
Chase Manhattan Auto Owner Tr	3.980		3.890	04/15/2011	3,000	3,002	3,009
GS Auto Loan Trust	2.650		3.250	05/16/2011	381	381	379
Nissan Auto Receivables Owner	4.770		5.394	07/15/2011	900	895	908
MBNA Credit Card Master Note	4.900		4.152	07/15/2011	1,710	1,718	1,724
Carmax Auto Owner Trust	5.240		4.259	07/15/2011	2,200	2,220	2,210
Americredit Auto Rec Trust	5.560		6.229	09/06/2011	1,765	1,760	1,774
Volkswagen Auto Loan Trust	4.860		5.326	04/20/2012	1,555	1,550	1,568
Advanta Business Card Master	5.300		5.622	05/21/2012	1,765	1,756	1,791
Chase Manhattan Auto Owner Tr	4.880		4.931	06/15/2012	1,250	1,250	1,259

(Continued on Next Page)

F – Floating rate note security.

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See accompanying notes to financial statements.

West Virginia Board of Treasury Investments
Schedule of Investments in Securities (Continued)
June 30, 2008

(Dollars in thousands, except for Share Data)

WEST VIRGINIA SHORT TERM BOND POOL (Continued)							
<u>SECURITY NAME</u>	<u>% of POOL</u>	<u>COUPON</u>	<u>YIELD</u>	<u>MATURITY</u>	<u>PAR VALUE or SHARES</u>	<u>AMORTIZED COST</u>	<u>FAIR VALUE*</u>
WFS Financial Owner Trust		4.390	4.210	11/19/2012	1,114	1,115	1,116
Government National Mort Assoc		4.175	5.871	04/16/2028	1,006	980	997
Government National Mortgage		4.512	4.730	10/16/2028	1,213	1,196	1,210
Government National Mort Assoc		3.301	5.970	10/16/2029	874	841	852
Government National Mort Assoc		4.087	5.470	01/16/2030	670	656	664
Government National Mort Assoc		4.253	5.369	10/16/2030	796	779	790
JP Morgan Commercial Mortgage		7.371	3.995	08/15/2032	923	946	951
Equity One ABS Inc		4.145	6.354	04/25/2034	654	651	620
Opteum Mortgage Acceptance Co		5.640	6.196	12/25/2035	1,116	1,108	962
American General Mortgage Loan		5.750	5.441	12/25/2035	260	260	260
Citigroup Mortgage Loan Trust		5.735	5.846	05/25/2036	818	815	810
Citigroup Mortgage Loan Trust		5.852	5.657	05/25/2036	900	898	870
Chaseflex Trust		5.535	5.577	06/25/2036	86	86	86
JP Morgan Mortgage Corp		5.600	F 5.666	07/25/2036	228	228	227
Citicorp Residential Mortgage		5.956	6.030	07/25/2036	173	173	173
JP Morgan Alternative Loan Tr		5.630	5.689	08/25/2036	115	115	113
Banc of America Com Mortgage		3.878	5.589	09/11/2036	1,157	1,123	1,135
Citicorp Residential Mort Sec		5.557	5.587	09/25/2036	700	700	695
JP Morgan Alternative Ln Trust		5.550	5.534	10/25/2036	141	141	140
Bank of America Alternative Ln		5.707	5.588	10/25/2036	725	723	677
Morgan Stanley Mort Loan Trust		5.798	5.728	10/25/2036	1,250	1,247	1,154
Banc of America Funding Corp		5.791	5.503	10/25/2036	824	824	798
Renaissance Home Equity Loan		5.580	6.027	11/25/2036	986	981	981
CSAB Mortgage Backed Trust		6.000	5.648	11/25/2036	477	475	455
JP Morgan Alternative Ln Trust		5.400	5.580	12/25/2036	268	268	263
CSAB Mortgage Backed Trust		5.868	5.549	12/25/2036	691	689	672
Credit Suisse Mort Capital		5.942	5.619	01/25/2037	594	592	565
Credit-Based Asset Servicing		5.891	5.827	02/25/2037	810	807	803
Countrywide Certificates		5.530	5.561	03/25/2037	1,000	1,000	959
Bear Stearns CMBS		5.546	5.429	09/11/2038	640	640	641
JP Morgan Chase CMBS		6.023	5.877	04/15/2045	699	699	707
JP Morgan Alternative Ln Trust		5.440	5.499	10/25/2046	793	793	770
Government National Mort Assoc		4.054	F 5.747	01/16/2048	837	819	832
Citigroup/Deutsche Bank		4.977	4.962	12/11/2049	736	736	721
Total Corporate Asset Backed Issues						57,828	57,514
Total Corporate Issues	49.6%					176,164	175,511
Short Term Issues							
Deutsche Bank Repurchase Agreement		2.700	2.700	07/01/2008	16,782	16,782	16,782
Barclays US Funding Corp		0.000	2.707	08/19/2008	8,000	7,971	7,971
Total Short Term Issues	7.0%					24,753	24,753
Total Short Term Bond Pool	100.0%					\$ 355,242	\$ 353,979

(Continued on Next Page)

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See accompanying notes to financial statements.

West Virginia Board of Treasury Investments
Schedule of Investments in Securities (Continued)
June 30, 2008

(Dollars in thousands, except for Share Data)

WEST VIRGINIA BANK POOL

<u>SECURITY NAME</u>	<u>% of POOL</u>	<u>COUPON</u>	<u>YIELD</u>	<u>MATURITY</u>	<u>PAR VALUE or SHARES</u>	<u>AMORTIZED COST</u>	<u>FAIR VALUE*</u>
<i>Short Term Issues</i>							
Huntington Natl Bk - Charleston	4.125		4.125	07/10/2008	\$ 5,000	\$ 5,000	\$ 5,000
Harrison County Bk - Lost Crk	4.050		4.050	07/10/2008	5,000	5,000	5,000
United Bank Inc - Parkersburg	4.050		4.050	07/10/2008	1,500	1,500	1,500
Citizens Natl Bk - Berkeley Sp	4.056		4.056	07/10/2008	2,500	2,500	2,500
BB&T - Charleston	4.100		4.100	07/10/2008	1,000	1,000	1,000
United Bank Inc - Parkersburg	4.100		4.100	07/10/2008	1,000	1,000	1,000
WesBanco Bank - Wheeling	4.100		4.100	07/10/2008	5,000	5,000	5,000
BB&T - Charleston	4.150		4.150	07/10/2008	1,000	1,000	1,000
BB&T - Charleston	4.175		4.175	07/10/2008	1,000	1,000	1,000
BB&T - Charleston	4.200		4.200	07/10/2008	1,000	1,000	1,000
BB&T - Charleston	4.225		4.225	07/10/2008	1,000	1,000	1,000
First State Bk - Barboursville	2.500		2.500	09/11/2008	5,000	5,000	5,000
Jefferson Security Bank	2.500		2.500	09/11/2008	3,000	3,000	3,000
United Bank Inc - Parkersburg	2.430		2.430	09/11/2008	2,000	2,000	2,000
United Bank Inc - Parkersburg	2.440		2.440	09/11/2008	2,000	2,000	2,000
BB&T - Charleston	2.450		2.450	09/11/2008	3,000	3,000	3,000
Peoples Bank	2.511		2.511	09/11/2008	5,000	5,000	5,000
Chase Bank - Charleston	2.590		2.590	09/11/2008	5,000	5,000	5,000
Fifth Third Bank - Huntington	2.095		2.095	10/09/2008	3,000	3,000	3,000
Main Street Bank - Wheeling	2.100		2.100	10/09/2008	2,000	2,000	2,000
First State Bk - Barboursville	2.120		2.120	10/09/2008	5,000	5,000	5,000
Chase Bank - Charleston	2.410		2.410	10/09/2008	5,000	5,000	5,000
BB&T - Charleston	2.520		2.520	10/09/2008	1,000	1,000	1,000
WesBanco Bank - Wheeling	2.520		2.520	10/09/2008	5,000	5,000	5,000
BB&T - Charleston	2.530		2.530	10/09/2008	1,000	1,000	1,000
BB&T - Charleston	2.600		2.600	10/09/2008	3,000	3,000	3,000
BB&T - Charleston	4.500		4.451	10/09/2008	2,000	2,000	2,000
Jefferson Security Bank	4.500		4.451	10/09/2008	2,000	2,000	2,000
United Bank Inc - Parkersburg	4.410		4.363	10/09/2008	1,000	1,000	1,000
Fifth Third Bank - Huntington	4.451		4.403	10/09/2008	5,000	5,000	5,000
Chase Bank - Charleston	4.550		4.500	10/09/2008	2,000	2,000	2,000
BB&T - Charleston	4.600		4.549	10/09/2008	3,000	3,000	3,000
First Community Bk - Bluefield	4.650		4.597	10/09/2008	5,000	5,000	5,000
WesBanco Bank - Wheeling	4.665		4.612	10/09/2008	5,000	5,000	5,000
Chase Bank - Charleston	2.500		2.500	11/13/2008	5,000	5,000	5,000
United Bank Inc - Parkersburg	2.500		2.500	11/13/2008	2,000	2,000	2,000
Fifth Third Bank - Huntington	2.350		2.350	11/13/2008	5,000	5,000	5,000
BB&T - Charleston	2.400		2.400	11/13/2008	1,000	1,000	1,000
BB&T - Charleston	2.410		2.410	11/13/2008	1,000	1,000	1,000
BB&T - Charleston	2.420		2.420	11/13/2008	1,000	1,000	1,000
BB&T - Charleston	2.430		2.430	11/13/2008	1,000	1,000	1,000

(Continued on Next Page)

F – Floating rate note security.

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See accompanying notes to financial statements.

West Virginia Board of Treasury Investments
Schedule of Investments in Securities (Continued)
June 30, 2008

(Dollars in thousands, except for Share Data)

WEST VIRGINIA BANK POOL (Continued)							
<u>SECURITY NAME</u>	<u>% of POOL</u>	<u>COUPON</u>	<u>YIELD</u>	<u>MATURITY</u>	<u>PAR VALUE or SHARES</u>	<u>AMORTIZED COST</u>	<u>FAIR VALUE*</u>
BB&T - Charleston		2.435	2.435	11/13/2008	1,000	1,000	1,000
United Bank Inc - Parkersburg		2.550	2.550	11/13/2008	3,000	3,000	3,000
WesBanco Bank - Wheeling		2.600	2.600	11/13/2008	5,000	5,000	5,000
Total U. S. Treasury Issues	<u>100.0%</u>					<u>125,000</u>	<u>125,000</u>
Total West Virginia Bank Pool	<u>100.0%</u>					<u>\$ 125,000</u>	<u>\$ 125,000</u>

LOSS AMORTIZATION							
<u>SECURITY NAME</u>	<u>% of POOL</u>	<u>COUPON</u>	<u>YIELD</u>	<u>MATURITY</u>	<u>PAR VALUE or SHARES</u>	<u>AMORTIZED COST</u>	<u>FAIR VALUE*</u>
<i>U. S. Treasury Issues</i>							
United States Treasury Strip - Principal		0.000 %	4.087 %	08/15/2011	\$ 188,557	\$ 166,183	\$ 172,077
Total U. S. Treasury Issues	<u>100.0%</u>					<u>166,183</u>	<u>172,077</u>
Total Loss Amortization Pool	<u>100.0%</u>					<u>\$ 166,183</u>	<u>\$ 172,077</u>

LOAN POOL							
<u>SECURITY NAME</u>	<u>% of POOL</u>	<u>COUPON</u>	<u>YIELD</u>	<u>MATURITY</u>	<u>PAR VALUE or SHARES</u>	<u>AMORTIZED COST</u>	<u>FAIR VALUE*</u>
<i>Loans and Mortgages</i>							
Intergovernmental Loans							
Tax Reappraisal		5.156 %		06/30/2009	\$ 4	\$ 4	\$ 4
WVEDA Revolving Loan		4.480		12/31/2013	104,354	104,354	104,354
WVEDA Non-Recourse Loan		3.000		06/30/2022	20,950	20,950	20,950
Total Intergovernmental Loans					125,308	125,308	125,308
FHA/VA Mortgages							
BB&T		8.500		08/01/2014	10	10	10
Total FHA/VA Mortgages					10	10	10
Total Loans and Mortgages					125,318	125,318	125,318
Reserve for uncollectable loans					9,959	9,959	9,959
Loans and Mortgages, net of reserve for uncollectable loans	99.1%				115,359	115,359	115,359

(Continued on Next Page)

F – Floating rate note security.

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See accompanying notes to financial statements.

West Virginia Board of Treasury Investments
Schedule of Investments in Securities (Continued)
June 30, 2008

(Dollars in thousands, except for Share Data)

LOAN POOL (Continued)							
<u>SECURITY NAME</u>	<u>% of POOL</u>	<u>COUPON</u>	<u>YIELD</u>	<u>MATURITY</u>	<u>PAR VALUE or SHARES</u>	<u>AMORTIZED COST</u>	<u>FAIR VALUE*</u>
<i>Short Term Issues</i>							
Dreyfus Cash Management Money Market					1,005	1,005	1,005
Total Short Term Issues	0.9%				1,005	1,005	1,005
Total State Loan Pool	<u>100.0%</u>				<u>\$ 116,364</u>	<u>\$ 116,364</u>	<u>\$ 116,364</u>

MUNICIPAL BOND COMMISSION							
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<u>SECURITY NAME</u>	<u>% of POOL</u>	<u>COUPON</u>	<u>YIELD</u>	<u>MATURITY</u>	<u>PAR VALUE or SHARES</u>	<u>AMORTIZED COST</u>	<u>FAIR VALUE*</u>
<i>U. S. Treasury Issues</i>							
State & Local Government	6.230 %		6.230 %	07/01/2008	\$ 1,571	\$ 1,571	\$ 1,571
State & Local Government	4.820		4.820	10/01/2008	40	40	40
United States Treasury Strip - Interest	0.000		9.018	11/15/2008	6	6	6
State & Local Government	4.360		4.360	12/01/2008	4	4	4
State & Local Government	6.160		6.160	01/01/2009	6	6	6
State & Local Government	4.660		4.660	04/01/2009	41	41	41
United States Treasury Strip - Interest	0.000		0.000	05/15/2009	927	927	909
State & Local Government	4.360		4.360	06/01/2009	44	44	44
State & Local Government	6.090		6.090	07/01/2009	1,686	1,686	1,686
State & Local Government	4.550		4.550	10/01/2009	3,294	3,294	3,294
State & Local Government	4.360		4.360	12/01/2009	4	4	4
State & Local Government	4.530		4.530	04/01/2010	3,905	3,905	3,905
United States Treasury Strip - Interest	0.000		0.000	05/15/2010	932	932	888
State & Local Government	4.360		4.360	06/01/2010	49	49	49
State & Local Government	4.360		4.360	12/01/2010	4	4	4
United States Treasury Strip - Interest	0.000		0.000	05/15/2011	934	934	864
State & Local Government	4.360		4.360	06/01/2011	49	49	49
State & Local Government	4.360		4.360	12/01/2011	4	4	4
United States Treasury Strip - Interest	0.000		0.000	05/15/2012	938	938	834
State & Local Government	4.370		4.370	06/01/2012	49	49	49
State & Local Government	4.370		4.370	12/01/2012	4	4	4
United States Treasury Strip - Interest	0.000		0.000	05/15/2013	941	941	796
State & Local Government	4.380		4.380	06/01/2013	1,174	1,174	1,174
United States Treasury Strip - Interest	0.000		0.000	05/15/2014	963	963	781
United States Treasury Strip - Interest	0.000		0.000	05/15/2015	973	973	750
United States Treasury Bond	7.250		0.001	05/15/2016	980	1,539	1,204
United States Treasury Bond	8.750		0.001	05/15/2017	1,055	1,874	1,422
United States Treasury Bond	9.125		0.001	05/15/2018	1,138	2,163	1,597
Total U. S. Treasury Issues	98.2%					24,118	21,979

(Continued on Next Page)

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See accompanying notes to financial statements.

West Virginia Board of Treasury Investments
Schedule of Investments in Securities (Continued)
June 30, 2008

(Dollars in thousands, except for Share Data)

MUNICIPAL BOND COMMISSION (Continued)							
<u>SECURITY NAME</u>	<u>% of POOL</u>	<u>COUPON</u>	<u>YIELD</u>	<u>MATURITY</u>	<u>PAR VALUE or SHARES</u>	<u>AMORTIZED COST</u>	<u>FAIR VALUE*</u>
<i>Short Term Issues</i>							
United States Treasury Bill		0.000	5.500	09/18/2008	325	321	324
United States Treasury Bill		0.000	0.000	11/13/2008	118	118	117
Total Short Term Issues	<u>1.8%</u>					<u>439</u>	<u>441</u>
Total Municipal Bond Commission Pool	<u>100.0%</u>					<u>\$ 24,557</u>	<u>\$ 22,420</u>

LOTTERY DEFEASANCE							
<u>SECURITY NAME</u>	<u>% of POOL</u>	<u>COUPON</u>	<u>YIELD</u>	<u>MATURITY</u>	<u>PAR VALUE or SHARES</u>	<u>AMORTIZED COST</u>	<u>FAIR VALUE*</u>
<i>U. S. Treasury Issues</i>							
Coupon Treasury Receipt		0.000 %	8.160 %	08/15/2008	\$ 130	\$ 129	\$ 129
Total U. S. Treasury Issues	<u>94.9%</u>					<u>129</u>	<u>129</u>
<i>Short Term Issues</i>							
Dreyfus Cash Management Money Market					7	\$ 7	\$ 7
Total Short Term Issues	<u>5.1%</u>					<u>7</u>	<u>7</u>
Total Lottery Defeasance Pool	<u>100.0%</u>					<u>\$ 136</u>	<u>\$ 136</u>

SCHOOL FUND							
<u>SECURITY NAME</u>	<u>% of POOL</u>	<u>COUPON</u>	<u>YIELD</u>	<u>MATURITY</u>	<u>PAR VALUE or SHARES</u>	<u>AMORTIZED COST</u>	<u>FAIR VALUE*</u>
<i>Short Term Issues</i>							
Dreyfus Cash Management Money Market					\$ 1,669	\$ 1,669	\$ 1,669
Total Short Term Issues	<u>100.0%</u>					<u>1,669</u>	<u>1,669</u>
Total School Fund	<u>100.0%</u>					<u>\$ 1,669</u>	<u>\$ 1,669</u>

(Continued on Next Page)

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See accompanying notes to financial statements.

West Virginia Board of Treasury Investments
Schedule of Investments in Securities (Continued)
June 30, 2008

(Dollars in thousands, except for Share Data)

EDA - AW							
<u>SECURITY NAME</u>	<u>% of POOL</u>	<u>COUPON</u>	<u>YIELD</u>	<u>MATURITY</u>	<u>PAR VALUE or SHARES</u>	<u>AMORTIZED COST</u>	<u>FAIR VALUE*</u>
<i>U. S. Treasury Issues</i>							
United States Treasury Bond		6.250 %	4.929 %	08/15/2023	\$ 1,445	\$ 1,647	\$ 1,720
Total U. S. Treasury Issues	<u>100.0%</u>					<u>1,647</u>	<u>1,720</u>
Total EDA-AW	<u>100.0%</u>					<u>\$ 1,647</u>	<u>\$ 1,720</u>

DEPARTMENT OF HIGHWAYS							
<u>SECURITY NAME</u>	<u>% of POOL</u>	<u>COUPON</u>	<u>YIELD</u>	<u>MATURITY</u>	<u>PAR VALUE or SHARES</u>	<u>AMORTIZED COST</u>	<u>FAIR VALUE*</u>
<i>Short Term Issues</i>							
Flex Repurchase Agreement - MBIA		4.953 %	5.004 %	03/01/2009	\$ 14,751	\$ 14,751	\$ 14,751
Dreyfus Cash Management Money Market					12	12	12
Total Short Term Issues	<u>100.0%</u>					<u>14,763</u>	<u>14,763</u>
Total Department of Highways	<u>100.0%</u>					<u>\$ 14,763</u>	<u>\$ 14,763</u>

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See accompanying notes to financial statements.

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Other Financial Information

WEST VIRGINIA BOARD OF TREASURY INVESTMENTS

SCHEDULE OF NET ASSETS

JUNE 30, 2008

(IN THOUSANDS EXCEPT FOR INVESTMENT UNIT DATA)

	WV Money Market Pool	WV Government Money Market Pool	WV Short Term Bond Pool	WV Bank Pool	Loss Amortization Pool	Loan Pool
Paid-in capital	\$ 2,361,833	\$ 187,291	\$ 364,597	\$ 126,712	\$ 183,415	\$ 116,748
Accumulated undistributed net investment income (loss)	-	-	(3,513)	-	-	-
Accumulated undistributed net realized gain (loss)	-	-	(3,109)	-	(17,232)	-
Unrealized net appreciation (depreciation) of investments	-	-	(1,265)	-	5,894	-
Net assets at value	<u>\$ 2,361,833</u>	<u>\$ 187,291</u>	<u>\$ 356,710</u>	<u>\$ 126,712</u>	<u>\$ 172,077</u>	<u>\$ 116,748</u>
Investment unit data:						
Units outstanding	2,361,833,517	187,290,605	3,593,294	126,711,659	183,415,000	116,747,816
Net asset value, unit price	\$ 1.00	\$ 1.00	\$ 99.27	\$ 1.00	\$ 0.94	\$ 1.00

WEST VIRGINIA BOARD OF TREASURY INVESTMENTS

PORTFOLIO STATISTICS

JUNE 30, 2008

	<u>West Virginia Money Market</u>	<u>West Virginia Government Money Market</u>	<u>Short Term Bond Pool</u>
Weighted Average Days to Maturity	40	54	707
Maximum Weighted Average Investment Maturity Term Per Board Guidelines	60 days	60 days	731 days
Money Market Yield	2.40%	2.21%	

The money market yield represents the rate of income, net of expenses, earned over the past month and is not intended to indicate future performance. The return is annualized over a 366-day year, assuming no reinvestment of earnings.

Glossary of Financial and Investment Terms

Agency Securities - Securities issued by U.S. Government agencies, such as the Federal Home Loan Bank. These securities have high credit ratings but are not backed by the full faith and credit of the U.S. Government.

Asset-Backed Notes - Financial instruments collateralized by one or more types of assets including real property, mortgages, and receivables.

Banker's Acceptance - A high quality, short-term negotiable discount note drawn on and accepted by banks that are obligated to pay the face amount at maturity.

Basis Point - The smallest measure used in quoting yields or returns. One basis point is 0.01% of yield. One hundred basis points equals 1%. For example, a yield that changed from 8.75% to 9.50% increased by 75 basis points.

Benchmark - A standard unit used as the basis of comparison; a universal unit that is identified with sufficient detail so that other similar classifications can be compared as being above, below, or comparable to the benchmark.

Capital Gain (Loss) - Also known as capital appreciation (depreciation), capital gain (loss) measures the increase (decrease) in value of an asset over time.

Certificates of Deposit (CDs) - A debt instrument issued by banks, usually paying interest, with maturities ranging from seven days to several years.

Commercial Paper - Short-term obligations with maturities ranging from one to 270 days. They are issued by banks, corporations, and other borrowers to investors with temporarily idle cash.

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

Consumer Price Index (CPI) - A measure of change in consumer prices, as determined by a monthly survey of the U.S. Bureau of Labor Statistics. Components of the CI include housing costs, food, transportation, electricity, etc.

Cumulative Rate of Return - A measure of the total return earned for a particular time period. This calculation measures the absolute percentage change in value of an investment over a specified period, assuming reinvestment of dividends, interest income, and realized capital gains. For example, if a \$100 investment grew to \$120 in a two-year period, the cumulative rate of return would be 20%.

Derivative - Derivatives are generally defined as contracts whose value depends on, or derives from, the value of an underlying asset, reference rate, or index. For example, an option is a derivative instrument because its value derives from an underlying stock, stock index, or future.

Discount Rate - The interest rate that the Federal Reserve charges banks for loans, using government securities or eligible paper as collateral.

Expense Ratio - The amount, expressed as a percentage of total investment, that shareholders pay for mutual fund operating expenses and management fees.

Federal Funds Rate - The interest rate charged by banks with excess reserves at a Federal Reserve district bank to banks needing overnight loans to meet reserve requirements. The federal funds rate is one of the most sensitive indicators of the direction of interest rates because it is set daily by the market.

Federal Reserve Board - The governing body of the Federal Reserve System (twelve regional Federal banks monitoring the commercial and savings banks in their regions). The board establishes FRS policies on such key matters as reserve requirements and other regulations, sets the discount rate, and tightens or loosens the availability of credit in the economy.

Gross Domestic Product (GDP) - Total final value of goods and services produced in the United States over a particular period or time, usually one year. The GDP growth rate is the primary indicator of the health of the economy.

Index - A benchmark used in executing investment strategy which is viewed as an independent representation of market performance. An index implicitly assumes cost-free transactions; some assume reinvestment of income. Examples: S&P Index, Lehman Brothers Aggregate Index, Russell 2000 Index.

Inflation - A measure of the rise in price of goods and services, as happens when spending increases relative to the supply of goods on the market, i.e. too much money chasing too few goods.

Investment Income - The equity dividends, bond interest, and/or cash interest paid on an investment.

Market Value - Also known as fair value. The price at which buyers and sellers trade similar items in an open marketplace. Stocks and bonds are valued at a market price. Real estate is valued on an appraised basis.

Maturity Date - The date on which the principal amount of a bond or other debt instrument becomes payable or due.

Money Market Fund - An open-ended mutual fund that invests in commercial paper, bankers' acceptances, repurchase agreements, government securities, certificates of deposit, and other highly liquid and safe securities and pays money market rates of interest. The fund's net asset value remains a constant \$1 per share - only the interest rate goes up or down.

Net Asset Value (NAV) - The total assets minus total liabilities, including any valuation gains or losses on investments or currencies, and any accrued income or expense.

Par Value - The stated or face value of a stock or bond. It has little significance for common stocks; however, for bonds it specifies the payment amount at maturity.

Principal - Face value of an obligation, such as a bond or a loan, that must be repaid at maturity.

Realized Gain (Loss) - A gain (loss) that has occurred financially. The difference between the principal amount received and the cost basis of an asset realized at sale.

Repurchase Agreements (Repos) - An agreement to purchase securities from an entity for a specified amount of cash and to resell the securities to the entity at an agreed upon price and time. Repos are widely used as a money market instrument.

Reverse Repurchase Agreements (Reverse Repos) - An agreement to sell securities to an entity for a specified amount of cash and to repurchase the securities from the entity at an agreed upon price and time.

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

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

Turnover - The minimum of security purchases or sales divided by the fiscal year's beginning and ending market value for a given portfolio.

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

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

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

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

**INDEPENDENT AUDITORS' 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 West Virginia Board of Treasury Investments
Charleston, West Virginia

We have audited the financial statements of the West Virginia Board of Treasury Investments (the BTI) as of and for the year ended June 30, 2008, and have issued our report thereon dated August 26, 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 BTI's internal control over financial reporting as a basis for designing our auditing 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 BTI's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the BTI'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 entity'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 entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

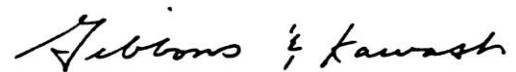
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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 over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the BTI'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 State of West Virginia, BTI's Audit Committee, Board of Directors, and management, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Gibson & Kawash".

August 26, 2008