

| 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, 2010



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

**West Virginia Board of Treasury Investments
Year Ended June 30, 2010**

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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, 2010

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INDEPENDENT AUDITORS' REPORT

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, 2010. 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.

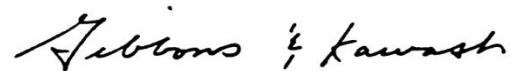
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and 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, 2010, and the respective results of their operations and changes in their net assets and, where applicable, cash flows thereof, 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, 2010, 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 September 1, 2010, 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 should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements of the BTI taken as a whole. The other financial information included on pages 56 to 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 "Gibbons & Kawash".

September 1, 2010

West Virginia Board of Treasury Investments

Management's Discussion and Analysis

June 30, 2010

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, 2010. 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 \$262 million for the year ended June 30, 2010. In a market environment that continues to have concerns over the Euro-zone, high unemployment and mortgage issues, participants exhibited a "flight to quality" behavior. In other words, investors' appetites for "safer" investments, as shown by the increase in net assets, favored money markets over other types of investments.

The investment portfolio of the Consolidated Fund's WV Money Market, WV Government Money Market, and WV Short Term Bond Pool had returns of 0.12%, 0.06%, and 3.70%, respectively, for the year ended June 30, 2010.

The WV Money Market Pool is structured as a money market fund with the goal of preservation of principal. The benchmark for the WV Money Market Pool is the Merrill Lynch 3-Month T-Bill plus 15 basis points. The portfolio underperformed its investment policy benchmark for the fiscal year. Since December of 2008, the Fed Funds target rate as set by the Federal Open Market Committee (the "FOMC") has been ranging 0-25 basis points. The combination of larger than average amounts of cash chasing yield, the reduction of commercial paper issuance amidst credit concerns, and real rates of return hovering just above zero made for a very trying environment in which to achieve the benchmark.

The WV Government Money Market's objective is to preserve capital and maintain sufficient liquidity to meet the daily disbursements of participants, while earning a return above inflation. The benchmark for the WV Government Money Market is the Merrill Lynch 3-Month T-Bill. The portfolio also underperformed its investment policy benchmark for the fiscal year. Given a suppressed interest rate environment, the pool would have to take on more risk than allowed by State Code to achieve returns above the benchmark.

The WV Short Term Bond Pool is structured as a mutual fund with the objective of asset growth rather than current income. The benchmark for the WV Short Term Bond Pool is the Merrill Lynch U.S. Corporate & Government, 1-3 Years, A Rated and Above Index plus 10 basis points. The portfolio outperformed its investment policy benchmark by 14 basis points for the fiscal year.

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 ten legally separate investment pools and accounts. There are four external investment pools, three special-purpose internal investment pools, and three 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 Fund 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 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 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 assets, liabilities, and net assets generated by the operating activities of the BTI, as of June 30, 2010 and 2009 (in thousands).

	2010	2009
Current assets	\$ 1,369	\$ 1,054
Noncurrent assets	1	4
Total assets	1,370	1,058
Current liabilities	442	397
Total liabilities	442	397
Net assets:		
Invested in capital assets	1	4
Unrestricted	927	657
Total net assets	\$ 928	\$ 661

Net assets of the Operating Fund increased \$267,000 from the prior year. This increase was primarily due to an increase in cash of \$257,000, an increase in accounts receivable of \$58,000, an increase in accumulated depreciation of \$3,000, and an increase in accounts payable of \$45,000.

The majority of the proprietary fund's net assets consist of current assets. Approximately \$901,000 of \$1,369,000 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 an increase in the collection of administrative fees. Administrative fees are a function of net asset value. As net asset values grow, administrative revenue also increases. Net assets grew \$267 million from last year.

The administrative fees charged against the pools are 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 will be used to reduce expenses for the subsequent year. In fiscal year 2009, the BTI was slightly under budget by \$55,357. The outlook for fiscal year 2010 was an expectation of low returns and market volatility. There was concern of tight constraints on our budget. Contrary to prior years, one-half of the budget savings for fiscal year 2009 was not used to reduce administrative fees for fiscal year 2010.

Approximately \$468,000 of current assets consists of accounts receivable at June 30, 2010. The accounts receivable balance represents fees that have not been withdrawn from the investment pools at June 30, 2010 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, the fees 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.

Approximately \$387,000 of current liabilities represents accounts payable at June 30, 2010. The majority of the accounts payable balance represents services received from the BTI's investment advisors and consultants for the final quarter of fiscal year 2010, custodian fees for the month of June 2010, and maintenance costs due for the investment management system for June 2010. The remaining \$55,000 in accounts payable represents reimbursements due to the West Virginia State Treasurer's Office for goods

and services provided to the BTI. The majority of this payable represents salaries expense of the BTI staff for June 2010.

Net assets of the BTI's proprietary fund are composed of investments in capital assets net of accumulated 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, 2010 and 2009 (in thousands).

	<u>2010</u>	<u>2009</u>
Revenues		
Operating revenues:		
Management services	\$ 1,468	\$ 1,210
Advisor and custodian services	<u>1,384</u>	<u>1,243</u>
Total revenues	2,852	2,453
Expenses		
Operating expenses:		
General and administrative	1,198	1,303
Advisor and custodian fees	1,384	1,243
Depreciation	<u>3</u>	<u>6</u>
Total expenses	<u>2,585</u>	<u>2,552</u>
Increase (decrease) in net assets	267	(99)
Net assets at beginning of year	<u>661</u>	<u>760</u>
Net assets at end of year	<u>\$ 928</u>	<u>\$ 661</u>

Operating revenues at June 30, 2010 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 2010 increased by approximately \$399,000. This growth in revenue consisted of an increase of \$119,000 in advisor fee revenues, an increase of \$258,000 in management (administrative) fees, and an increase of \$22,000 in custodian fees charged to the pool.

On January 27, 2010, the BTI hired Wachovia to manage the securities lending function. After this transition, BNY Mellon (previous manager of the securities lending program) discontinued providing a \$35,000 per year custodian fee discount. As such, custodian fees increased for fiscal year 2010. Advisor fees and administrative fees are a function of growth in net asset value. The Consolidated Fund's net assets grew \$262 million during fiscal year 2010.

Total operating expenses for the year increased by approximately \$33,000. This includes a decrease in general and administrative expenses of \$105,000, an increase in advisor and custodian fees of \$141,000, and a decrease in depreciation of \$3,000.

General and administrative expenses represent costs associated with operating the BTI but not considered directly applicable to investment management. The largest cost classified under general and administrative expenses are management services. Management services include professional service fees with Mercer Investment Consulting, external auditing fees, and staff salaries. During fiscal year 2010, the BTI budgeted for increased expenses in consulting due to a policy change which discontinued the practice of BTI engaging in securities lending activities. With the assistance of staff and expertise from Wachovia (the new securities lending agent), expenses were under budget in this area. Thus, total management services decreased \$77,000 for the year ended June 30, 2010.

Other expenses categorized as general and administrative that experienced significant changes from the prior year include marketing and investment management systems. Due to an uncertain market environment and low short term rates, the BTI spent less in marketing during fiscal year 2010. As rates begin to climb, higher expenditures will be seen in this area. The BTI's investment management systems include Bloomberg and Princeton Financial Systems (investment accounting software), both systems' maintenance fees increased during the year ended June 30, 2010.

A large portion of BTI expenses represent investment advisor fees. The current investment advisors are JP Morgan Asset Management, Federated Investors, and UBS Global Asset Management. All investment decisions and trade executions are performed by the investment advisors. Total investment advisor fees for fiscal year 2010 were \$1,277,000, representing a \$119,000 increase from the previous year. This increase is due to an overall increase in net asset value of the Consolidated Fund.

Custodian fees increased \$22,000 during fiscal year 2010. This was due to the elimination of the custodian fee discount by BNY Mellon as securities lending services were transferred to Wachovia.

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, 2010 and 2009 (in thousands).

	2010	2009
Assets		
Investments	\$ 3,979,008	\$ 3,649,763
Securities lending collateral	133,606	360,184
Receivables	4,481	14,247
Other assets	10	-
Total assets	4,117,105	4,024,194
Liabilities		
Accrued expenses	468	410
Dividends and purchases payable	57,825	308
Securities lending payable	133,606	360,184
Total liabilities	191,899	360,902
Net Assets		
Held in trust for investment pool participants	3,907,990	3,638,551
Held in trust for individual investment account holders	17,216	24,741
Net assets	\$ 3,925,206	\$ 3,663,292

The Consolidated Fund's total assets as of June 30, 2010 were more than \$3.9 billion and consisted mainly of investments and invested securities lending collateral. Total assets increased nearly \$93 million or 2% from the prior year primarily due to an increase in contributions and a decrease in the amount of securities available for loan and collateralized at June 30, 2010. The BTI has worked diligently with Wachovia to create an unwind schedule for securities lending. As of June 30, 2010, securities on loan were more than \$133 million representing a 63% decrease from the prior year.

Total liabilities as of June 30, 2010 were \$192 million and consisted mainly of securities lending collateral payable. Total liabilities decreased \$169 million or 47% from the prior year primarily due to the unwinding of the securities lending program.

Net assets are the excess of total assets over total liabilities. The Consolidated Fund had total net assets of more than \$3.9 billion at the close of fiscal year 2010. The net assets consist of funds held in trust for investment pool participants and individual account holders. Investment pool participants are those participants investing in the WV Money Market, WV Government Money Market, WV Short Term Bond, WV Bank, Reserve, Loan, and Loss Amortization Pools. Net assets for investment pool participants increased approximately 7% from the prior year primarily due to an increase in investments for the WV Money Market and WV Short Term Bond Pool. During fiscal year 2010, the BTI had increased participation in the WV Short Term Bond Pool by more than \$128 million. Returns in this pool largely exceeded the money market pools. Several participants, such as the Department of Highways and the State Participation Fund, were willing to take on additional risk to capture a higher return.

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 \$8 million or 30% from the prior year. This decrease represents maturities in the WV Municipal Bond Commission account that were not reinvested back in the pool.

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, 2010 and 2009 (in thousands).

	Year Ended June 30,	
	2010	2009
Additions		
Net investment income	\$ 25,778	\$ 48,311
Net realized (loss) gain	1,576	(1,578)
Net (decrease) increase in fair value of investments	(770)	8,560
Unit purchases and contributions	10,217,163	10,372,383
Total additions	10,243,747	10,427,676
Deductions		
Distributions	19,565	39,210
Unit redemptions and withdrawals	9,962,268	10,089,708
Total deductions	9,981,833	10,128,918
Increase in net assets	261,914	298,758
Net assets at beginning of year	3,663,292	3,364,534
Net assets at end of year	\$ 3,925,206	\$ 3,663,292

Net investment income for the Consolidated Fund decreased \$23 million or 47% from the previous year. This decrease was due to short-term interest rates remaining low during fiscal year 2010. The target range for the federal funds rate was kept at 0% to 0.25% by the FOMC during 2010. A rate increase is not expected before the 2nd quarter of fiscal year 2011.

A net realized gain of nearly \$2 million was achieved by the Consolidated Fund during fiscal year 2010. The majority of this gain occurred in the WV Short Term Bond Pool due to the sale of Federal Home Loan Bank securities.

The fair value of investments decreased by \$9 million, primarily due to the ongoing suppressed financial market associated with record high unemployment rates and a weak housing market.

Unit purchases and contributions to the Consolidated Fund decreased \$155 million from the previous fiscal year, while unit redemptions and withdrawals to participants also decreased \$127 million.

Economic Factors

The Consolidated Fund is designed to address the short-term liquidity needs of the participants which focus on safety of principal, maximization of yield, and 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 to 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 overall performance of the BTI Consolidated Fund relative to its benchmark was less favorable than prior years. Both the WV Money Market and WV Government Money Market Pools lagged behind their benchmark for the fiscal year. The WV Short Term Bond Pool exceeded its benchmark for the fiscal year.

The US economic recovery is expected to be slow and run deep into the next year, held back by employers hesitant to hire and shoppers reluctant to spend. The latest quarterly Associated Press Economy Survey shows economists have been issuing gloomier forecasts for an economic recovery. Weaker growth and higher unemployment is expected. As a result, it is predicted that the Federal Reserve will keep interest rates near zero until spring 2011. Many state budget shortfalls have emerged as a major threat to recovery nationwide. State and local governments cut their spending in the first three months of 2010 by 3.8%, the biggest cutback since 1981. When state and local governments tighten spending by trimming services and jobs, the cutbacks ripple through the broader economy, reducing individual spending. On a positive note, West Virginia was one of only a handful of states with a budget surplus during fiscal year 2010.

Despite such economic data, most economists believe that recovery is on track and is merely slower than first anticipated. The BTI remains hopeful that rates will eventually rise in 2011 and performance of the Consolidated Fund will outperform its benchmarks next year.

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, 2010

(In Thousands)

Assets	
Current assets:	
Cash	\$ 901
Receivables	<u>468</u>
Total current assets	1,369
Noncurrent assets:	
Capital assets, net of accumulated depreciation	<u>1</u>
Total assets	1,370
 Liabilities	
Current liabilities:	
Accounts payable	<u>442</u>
Total liabilities	<u>442</u>
 Net assets	
Invested in capital assets	1
Unrestricted	<u>927</u>
Total net assets	<u><u>\$ 928</u></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, 2010

(In Thousands)

Operating revenues	
Management services	\$ 1,468
Advisor services	1,277
Custodian services	<u>107</u>
Total operating revenues	2,852
Operating expenses	
Advisor fees	1,277
Management fees	637
Professional service fees	202
Fiduciary bond	155
Custodian fees	107
General and administrative	204
Depreciation	<u>3</u>
Total operating expenses	<u>2,585</u>
Operating income	<u>267</u>
Change in net assets	267
Net assets at beginning of period	<u>661</u>
Net assets at end of period	<u><u>\$ 928</u></u>

See accompanying notes to financial statements.

West Virginia Board of Treasury Investments
Statement of Cash Flows
Proprietary Fund

For the Year Ended June 30, 2010

(In Thousands)

Cash flows from operating activities	
Cash received for services	\$ 2,794
Payments to vendors	<u>(2,537)</u>
Net cash provided by operating activities	257
Cash at beginning of period	<u>644</u>
Cash at end of period	<u><u>\$ 901</u></u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 267
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	3
Changes in assets and liabilities:	
Receivables	(58)
Accounts payable	<u>45</u>
Net cash provided by operating activities	<u><u>\$ 257</u></u>

See accompanying notes to financial statements.

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

June 30, 2010

(In Thousands)

Assets	
Investments:	
At amortized cost	\$3,334,498
At fair value	<u>644,510</u>
Total investments	3,979,008
Collateral for securities loaned, at fair value <i>(See Note 4)</i>	133,606
Receivables:	
Accrued interest	4,423
Dividends	40
Other	<u>18</u>
Total receivables	4,481
Other assets	<u>10</u>
Total assets	<u>4,117,105</u>
 Liabilities	
Accrued expenses	468
Dividends payable	831
Payable for investments purchased	56,994
Payable upon return of securities loaned <i>(See Note 4)</i>	<u>133,606</u>
Total liabilities	<u>191,899</u>
 Net Assets	
Held in trust for investment pool participants	3,907,990
Held in trust for individual investment account holders	<u>17,216</u>
Total net assets	<u><u>\$3,925,206</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, 2010

(In Thousands)

Additions	
Investment income:	
Interest	\$ 21,499
Dividends	624
Net accretion	7,700
Provision for securities lending loss	<u>(1,193)</u>
Total investment income	28,630
Investment expenses:	
Investment advisor fees	1,276
Custodian bank fees	107
Administrative fees	<u>1,469</u>
Total investment expenses	<u>2,852</u>
Net investment income	25,778
Net realized gain from investments	1,576
Net decrease in fair value of investments	<u>(770)</u>
Net increase in net assets from operations	26,584
Participant transactions:	
Purchase of pool units by participants	10,192,912
Reinvestment of pool distributions	19,301
Contributions to individual investment accounts	<u>4,950</u>
Total participant transactions	<u>10,217,163</u>
Total additions	10,243,747
Deductions	
Distributions to pool participants:	
Net investment income	17,989
Net realized gain from investments	<u>1,576</u>
Total distributions to pool participants	19,565
Participant transactions:	
Redemption of pool units by participants	9,949,245
Withdrawals from individual investment accounts	<u>13,023</u>
Total participant transactions	<u>9,962,268</u>
Total deductions	<u>9,981,833</u>
Change in net assets	261,914
Net assets at beginning of period	<u>3,663,292</u>
Net assets at end of period	<u><u>\$ 3,925,206</u></u>

See accompanying notes to financial statements.

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West Virginia Board of Treasury Investments

Notes to Financial Statements

June 30, 2010

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 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 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 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 is managed by Federated Investors.

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 State 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.

Reserve – This pool is composed of an interest-bearing depository account with BB&T. The pool was created to provide an added layer of security for the WV Money Market and WV Government Money Market Pools. The objective of this pool is to provide support for the WV Money Market and WV Government Money Market Pools to ensure their unit net asset levels do not fall below \$0.9975. The State is the sole participant in this pool. Other funds are transferred to this pool as management deems necessary.

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, School Fund, and Economic Development Authority – American Woodmark (“EDA – AW”). 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 four external investment pools (WV Money Market, WV Government Money Market, WV Short Term Bond, and WV Bank), three internal investment pools (Loss Amortization, Loans, and Reserve) and three individual investment accounts (Municipal Bond Commission, School Fund, and Economic Development Authority – American Woodmark).

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.

Wages, Compensated Absences, Retirement Plan and Other Postemployment Benefits

The BTI has no employees. The State Treasurer's Office provides administrative and management services to the BTI. As a result, the BTI does not accrue for compensated absences and other postemployment benefits or directly contributes to the state retirement plan. Management services provided are recorded as management fees paid to the State Treasurer's Office.

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.

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, Reserve, 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
Loan	Loans receivable arising from real estate lending activities
Reserve	Nonparticipating investment contract with redemption terms that do not consider market rates
Municipal Bond Commission	Irrevocable trust meeting the requirements of a legal or in-substance defeasance

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, Wachovia Global Securities Lending (“WGSL”), 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 a collateral pool. Neither the BTI nor WGSL 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. WGSL 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. WGSL also indemnifies the BTI against operational errors. The BTI is exposed to cash reinvestment risk, which is the risk that the cash reinvestment assets would not be sufficient to cover the liabilities due the borrowing brokers.

The BTI is winding down its securities lending program. The unwinding represents a controlled withdrawal from the securities lending program to reduce risk and minimize losses. This strategy allows the BTI to incorporate a more conservative collateral reinvestment policy, cap the program at a more manageable level, and raise cash for liquidity. The BTI does not believe the increased risk of a securities lending program justifies its continuing participation in the program. See Note 4 for further details.

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, 2010, the Loan Pool had an allowance for uncollectible loans of \$17,074,593.

Distributions to Participants 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 monthly net income of the WV Short Term Bond 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 Bank Pool is determined monthly and reinvested in the pool. The earnings are transferred periodically to the WV Money Market Pool for distribution to participants because the WV Bank Pool functions as a vehicle for the BidWV auction program and is not open to participants.

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.

The net income of the Reserve Pool is declared as a dividend and distributed on the last day of the month. If the pool incurs a loss resulting in negative income, the loss will be distributed on the last day of the month.

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 proprietary fund pays all expenses on behalf of the pools and is subsequently reimbursed by the pools.

3. Cash and Cash Equivalents

The internal service fund's cash on deposit with the State Treasurer's Office was approximately \$901,000 at June 30, 2010. 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, 2010.

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, five are subject to credit risk: WV Money Market Pool, WV Government Money Market Pool, WV Short Term Bond Pool, Loan Pool, and School Fund Account.

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

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	\$ 855,844	29.75%
Corporate bonds and notes	Aa1	AA	10,000	0.35
	Aa2	AA	10,000	0.35
Total corporate bonds and notes			20,000	0.70
U.S. agency bonds	Aaa	AAA	246,990	8.59
U.S. Treasury notes *	Aaa	AAA	65,153	2.26
U.S. Treasury bills *	Aaa	AAA	476,670	16.57
Negotiable certificates of deposit	P1	A-1	281,000	9.77
U.S. agency discount notes	P1	A-1	606,048	21.07
Money market funds	Aaa	AAA	150,026	5.21
Repurchase agreements (underlying securities):				
U.S. Treasury notes *	Aaa	AAA	101,280	3.52
U.S. agency notes	Aaa	AAA	73,700	2.56
Total repurchase agreements			174,980	6.08
			\$ 2,876,711	100.00%

* 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 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	Credit Rating		Carrying Value	Percent of Pool Assets
	Moody's	S&P		
U.S. agency bonds	Aaa	AAA	\$ 79,532	35.96%
U.S. Treasury notes *	Aaa	AAA	8,526	3.85
U.S. Treasury bills *	Aaa	AAA	29,982	13.55
U.S. agency discount notes	P1	A-1	36,465	16.49
Money market funds	Aaa	AAA	78	0.04
Repurchase agreements (underlying securities):				
U.S. agency notes	Aaa	AAA	66,600	30.11
			<u>\$ 221,183</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 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			
Corporate asset backed securities	Aaa	AAA	24,330	5.37	
	Aaa	NR*	10,353	2.28	
	Aa3	AAA	1,000	0.22	
	**	Ba1	CC	45	0.01
	**	Ba2	BB	219	0.05
	**	B1	BBB	605	0.13
	**	B1	CCC	857	0.19
	**	B2	CCC	366	0.08
	**	B3	B	442	0.10
	**	B3	BBB	247	0.05
	**	B3	CCC	554	0.12
	**	Caa1	CCC	230	0.05
	**	Caa2	CCC	779	0.17
	NR	AAA	3,538	0.78	
Total corporate asset backed securities			43,565	9.60	
Corporate bonds and notes	Aaa	AAA	72,549	16.00	
	Aaa	AA	2,060	0.46	
	Aa1	AA	5,430	1.20	
	Aa2	AA	6,650	1.47	
	Aa3	AA	6,722	1.48	
	Aa3	A	13,850	3.05	
	A1	AA	15,485	3.41	
	A1	A	21,098	4.65	
	A2	A	41,093	9.06	
	A3	A	4,158	0.92	
Total corporate bonds and notes			189,095	41.70	
U.S. agency bonds	Aaa	AAA	40,180	8.86	
U.S. Treasury notes ***	Aaa	AAA	158,423	34.93	
U.S. agency mortgage backed securities ****	Aaa	AAA	4,540	1.00	
Money market funds	Aaa	AAA	17,715	3.91	
			<u>\$ 453,518</u>	<u>100.00%</u>	

* NR = Not Rated

** These securities were not in compliance with BTI Investment Policy at June 30, 2010. The securities were in compliance when originally acquired, but were subsequently downgraded. BTI management and its investment advisors have determined that it is in the best interests of the participants to hold the securities for optimal outcome.

*** 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 investment in a money market mutual fund of approximately \$511,000. 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 \$1,393,000. 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 Federal Temporary Liquidity Guarantee Program provides that six issuances in the Short Term Bond Pool are guaranteed by the Federal Deposit Insurance Corporation (the "FDIC") through maturity. The issuances are as follows:

- Citigroup Funding Inc. Note, 1.875% coupon rate, par value \$6,500,000, due 10/22/2012
- Citigroup Funding Inc. Note, 2.000% coupon rate, par value \$20,000,000, due 3/30/2012
- General Electric Capital Corp. Note, 1.800% coupon rate, par value \$10,000,000, due 3/11/2011
- General Electric Capital Corp. Note, 2.250% coupon rate, par value \$8,000,000, due 3/12/2012
- Goldman Sachs Group Inc. Note, 1.625% coupon rate, par value \$10,000,000, due 7/15/2011
- JP Morgan Chase & Co. Note, 1.650% coupon rate, par value \$10,000,000, due 2/23/2011

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	\$ 174,980	1
U.S. Treasury notes	65,153	140
U.S. Treasury bills	476,670	35
Commercial paper	855,844	18
Certificates of deposit	281,000	45
U.S. agency discount notes	606,048	52
Corporate bonds and notes	20,000	19
U.S. agency bonds/notes	246,990	55
Money market funds	150,026	1
	\$ 2,876,711	33

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	\$ 66,600	1
U.S. Treasury notes	8,526	114
U.S. Treasury bills	29,982	72
U.S. agency discount notes	36,465	115
U.S. agency bonds/notes	79,532	30
Money market funds	78	1
	<u>\$ 221,183</u>	44

The overall effective duration 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 effective duration for the various asset types in the WV Short Term Bond Pool:

Security Type	Carrying Value (In Thousands)	Effective Duration (Days)
U.S. Treasury bonds/notes	\$ 158,423	583
Corporate notes	189,095	560
Corporate asset backed securities	43,565	679
U.S. agency bonds/notes	40,180	288
U.S. agency mortgage backed securities	4,540	360
Money market funds	17,715	1
	<u>\$ 453,518</u>	530

The West Virginia Bank Pool holds nonnegotiable certificates of deposit totaling \$60,000,000 with maturity dates ranging from July 2010 to April 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.

The Loss Amortization Pool holds a U.S. Treasury strip valued at approximately \$187,726,000 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 \$511,000 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 Reserve Pool maintains funds totaling approximately \$30,137,000 in a bank depository account. 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	\$ 2,603	1
U.S. Treasury strips	4,749	1,058
U.S. Treasury bonds/notes	5,122	2,514
State and local government securities	1,402	973
	\$ 13,876	1,388

The School Fund Account holds only an interest in a money market mutual fund valued at approximately \$1,393,000 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 \$1,873,000 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.

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, 2010, the fair value of securities on loan and the collateral held by the pools of the BTI are as follows. Of the collateral held, \$133,605,470 was received as cash. The collateral received as cash is invested in a collateral pool. For securities loaned at June 30, 2010, 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. The BTI is exposed to cash reinvestment risk, which is the risk that the cash reinvestment assets would not be sufficient to cover the liabilities due the borrowing brokers.

Maturities of investments made with cash collateral are not matched to maturities of securities loaned.

	Fair Value of Securities on Loan	Collateral Held
WV Money Market Pool	\$ 79,707,623	\$ 81,331,537
WV Short Term Bond Pool	51,473,421	52,273,933
	\$ 131,181,044	\$ 133,605,470

As discussed in Note 2, the BTI is winding down its securities lending program to avoid the increased risks associated with securities lending activities.

The collateral pool is established as a segregated account and managed by WGSL. The Pool is managed in a fashion to reduce loan exposures over time and to eventually allow the BTI to unwind out of securities lending. The Pool is also managed to:

- Reduce the loan exposure in line with collateral liquidity to prevent unnecessary realized losses;
- Use revenue or collateral gains to offset realized losses to limit cash injections required; and
- Continue to meet Standard & Poor's (S&P) ratings and broader regulatory and statutory guidelines throughout the unwind process.

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 \$60,000,000. The Reserve Pool contains funds totaling approximately \$30,137,000 in a bank depository account. The BTI does not have a deposit policy for custodial credit risk.

5. Capital Assets

Capital asset activity in the proprietary fund was as follows (in thousands):

	June 30, 2009	Increases	Decreases	June 30, 2010
Equipment, at cost	\$ 31	\$ -	-	\$ 31
Accumulated depreciation	(27)	(3)	-	(30)
Equipment, net of accumulated depreciation	\$ 4	\$ (3)	-	\$ 1

6. Related Party Transactions

Intergovernmental Investments

The BTI is required by law to enter into certain investment transactions with other state entities. At June 30, 2010, the BTI's intergovernmental investments, which are assets of the Loan Pool, included the following:

- a. 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, 2010, was 3.17%. The rate has a 1% annual adjustment cap. The WVEDA makes monthly principal and interest payments calculated on a 120-month amortization of the outstanding balance. At June 30, 2010, the outstanding balance was \$124,234,935.
- b. 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, 2010, \$24,920,000 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 \$17,074,593 has been accrued at June 30, 2010.

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 2006 interest deferred	\$ 446,391
Fiscal Year 2007 interest deferred	563,704
Fiscal Year 2008 interest deferred	593,158
Fiscal Year 2009 interest deferred	657,953
Fiscal Year 2010 interest deferred	<u>702,859</u>
Total interest deferred	<u>\$ 2,964,065</u>

Interpool Investments

Reserve Pool assets totaling \$17,245,000 have been redeemed from the Reserve Pool and invested in the WV Short Term Bond Pool. These assets and the Reserve Pool assets of \$30,147,000 provide \$47,392,000 to support unit net asset values in the WV Money Market Pool and the WV Government Money Market Pool

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, 2010, the BTI reimbursed the Treasurer's Office \$757,000 for services, which includes \$585,000 for management services provided by Treasurer's Office employees. Also during the year, the Treasurer's Office provided services valued at approximately \$29,000 at no cost to the BTI.

7. 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 BTI 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.

8. Effect of New Accounting Pronouncements

The GASB has issued Statement No. 59, *Financial Instruments Omnibus*, which updates and improves existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. The requirements of this statement will be effective for the BTI in the fiscal year beginning July 1, 2010. BTI management has not yet determined whether these new requirements might significantly affect the BTI's financial position or results or operations for that fiscal year.

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Supplementary Information

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

June 30, 2010

(In Thousands)

	WV Money Market Pool	WV Government Money Market Pool	WV Short Term Bond Pool	WV Bank Pool	Loss Amortization Pool
Assets					
Investments:					
At amortized cost	\$ 2,876,711	\$ 221,183	\$ -	\$ 60,000	\$ -
At fair value	-	-	453,518	-	187,726
Collateral for securities loaned, at fair value (Note 4)	81,332	-	52,274	-	-
Receivables:					
Accrued interest	712	112	3,122	82	-
Dividends	28	-	2	-	-
Other	14	-	4	-	-
Total receivables	<u>754</u>	<u>112</u>	<u>3,128</u>	<u>82</u>	<u>-</u>
Other assets	-	-	-	-	-
Total assets	<u>2,958,797</u>	<u>221,295</u>	<u>508,920</u>	<u>60,082</u>	<u>187,726</u>
Liabilities					
Accrued expenses	316	30	118	-	-
Dividends payable	-	-	831	-	-
Payable for investments purchased	56,994	-	-	-	-
Payable upon return of securities loaned (Note 4)	<u>81,332</u>	<u>-</u>	<u>52,274</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>138,642</u>	<u>30</u>	<u>53,223</u>	<u>-</u>	<u>-</u>
Net Assets					
Held in trust for investment pool participants	2,820,155	221,265	455,697	60,082	187,726
Held in trust for individual investment account holders	-	-	-	-	-
Total net assets	<u>\$ 2,820,155</u>	<u>\$ 221,265</u>	<u>\$ 455,697</u>	<u>\$ 60,082</u>	<u>\$ 187,726</u>

See accompanying notes to financial statements.

<u>Loan Pool</u>	<u>Reserve Pool</u>	<u>Municipal Bond Commission Account</u>	<u>School Fund Account</u>	<u>Economic Development Authority - American Woodmark Account</u>	<u>Total</u>
\$ 132,591	\$ 30,137	\$ 13,876	\$ -	\$ -	\$3,334,498
-	-	-	1,393	1,873	644,510
-	-	-	-	-	133,606
321	-	40	-	34	4,423
-	10	-	-	-	40
-	-	-	-	-	18
<u>321</u>	<u>10</u>	<u>40</u>	<u>-</u>	<u>34</u>	<u>4,481</u>
<u>10</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10</u>
<u>132,922</u>	<u>30,147</u>	<u>13,916</u>	<u>1,393</u>	<u>1,907</u>	<u>4,117,105</u>
4	-	-	-	-	468
-	-	-	-	-	831
-	-	-	-	-	56,994
-	-	-	-	-	133,606
<u>4</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>191,899</u>
132,918	30,147	-	-	-	3,907,990
-	-	13,916	1,393	1,907	17,216
<u>\$ 132,918</u>	<u>\$ 30,147</u>	<u>\$ 13,916</u>	<u>\$ 1,393</u>	<u>\$ 1,907</u>	<u>\$3,925,206</u>

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

For the Year Ended June 30, 2010

(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	\$ 3,766	\$ 688	\$ 12,057	\$ 459	\$ -
Dividends	271	-	35	-	-
Net accretion (amortization)	3,142	(17)	(2,411)	-	7,144
Provision for securities lending loss	(1,051)	(142)	-	-	-
Total investment income	6,128	529	9,681	459	7,144
Investment expenses:					
Investment advisor fees	827	99	351	-	-
Custodian bank fees	79	15	13	-	-
Administrative fees	1,140	117	152	-	-
Total investment expenses	2,046	231	516	-	-
Net investment income	4,082	298	9,165	459	7,144
Net realized gain from investments	47	31	1,498	-	-
Net increase (decrease) in fair value of investments	-	-	2,633	-	(3,525)
Net increase in net assets from operations	4,129	329	13,296	459	3,619
Participant transactions:					
Purchase of pool units by participants	9,404,429	649,593	123,318	-	-
Reinvestment of pool distributions	4,087	295	10,548	459	-
Contributions to individual investment accounts	-	-	-	-	-
Total participant transactions	9,408,516	649,888	133,866	459	-
Total additions	9,412,645	650,217	147,162	918	3,619
Deductions					
Distributions to pool participants:					
Net investment income	4,324	360	9,342	459	-
Net realized gain from investments	47	31	1,498	-	-
Total distributions to pool participants	4,371	391	10,840	459	-
Participant transactions:					
Redemption of pool units by participants	9,199,586	712,419	7,601	-	-
Withdrawals from individual investment accounts	-	-	-	-	-
Total participant transactions	9,199,586	712,419	7,601	-	-
Total deductions	9,203,957	712,810	18,441	459	-
Net increase (decrease) in net assets from operations	208,688	(62,593)	128,721	459	3,619
Inter-pool transfers in	215,592	-	-	175,000	-
Inter-pool transfers out	(175,000)	-	-	(215,592)	-
Net inter-pool transfers in (out)	40,592	-	-	(40,592)	-
Change in net assets	249,280	(62,593)	128,721	(40,133)	3,619
Net assets at beginning of period	2,570,875	283,858	326,976	100,215	184,107
Net assets at end of period	\$ 2,820,155	\$ 221,265	\$ 455,697	\$ 60,082	\$ 187,726

See accompanying notes to financial statements.

<u>Loan Pool</u>	<u>Reserve Pool</u>	<u>Municipal Bond Commission Account</u>	<u>School Fund Account</u>	<u>Economic Development Authority - American Woodmark Account</u>	<u>Total</u>
\$ 3,939	\$ -	\$ 499	\$ -	\$ 91	\$ 21,499
-	318	-	-	-	624
-	-	(148)	-	(10)	7,700
-	-	-	-	-	(1,193)
<u>3,939</u>	<u>318</u>	<u>351</u>	<u>-</u>	<u>81</u>	<u>28,630</u>
-	-	-	-	-	1,277
-	-	-	-	-	107
<u>53</u>	<u>-</u>	<u>5</u>	<u>-</u>	<u>1</u>	<u>1,468</u>
<u>53</u>	<u>-</u>	<u>5</u>	<u>-</u>	<u>1</u>	<u>2,852</u>
3,886	318	346	-	80	25,778
-	-	-	-	-	1,576
-	-	-	-	122	(770)
<u>3,886</u>	<u>318</u>	<u>346</u>	<u>-</u>	<u>202</u>	<u>26,584</u>
13,408	2,164	-	-	-	10,192,912
3,594	318	-	-	-	19,301
-	-	4,552	398	-	4,950
<u>17,002</u>	<u>2,482</u>	<u>4,552</u>	<u>398</u>	<u>-</u>	<u>10,217,163</u>
20,888	2,800	4,898	398	202	10,243,747
3,186	318	-	-	-	17,989
-	-	-	-	-	1,576
<u>3,186</u>	<u>318</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,565</u>
12,512	17,127	-	-	-	9,949,245
-	-	12,622	312	89	13,023
<u>12,512</u>	<u>17,127</u>	<u>12,622</u>	<u>312</u>	<u>89</u>	<u>9,962,268</u>
<u>15,698</u>	<u>17,445</u>	<u>12,622</u>	<u>312</u>	<u>89</u>	<u>9,981,833</u>
5,190	(14,645)	(7,724)	86	113	261,914
-	-	-	-	-	390,592
-	-	-	-	-	(390,592)
-	-	-	-	-	-
5,190	(14,645)	(7,724)	86	113	261,914
127,728	44,792	21,640	1,307	1,794	3,663,292
<u>\$ 132,918</u>	<u>\$ 30,147</u>	<u>\$ 13,916</u>	<u>\$ 1,393</u>	<u>\$ 1,907</u>	<u>\$ 3,925,206</u>

West Virginia Board of Treasury Investments
Schedule of Investments in Securities
June 30, 2010
(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. Treasury Issues</i>							
United States Treasury Note		3.875 %	0.212 %	07/15/2010	\$ 25,000	\$ 25,035	\$ 25,035
United States Treasury Note		0.875	0.295	12/31/2010	25,000	25,072	25,078
United States Treasury Note		0.875	0.466	03/31/2011	15,000	15,046	15,063
Total U. S. Treasury Issues	2.3%					65,153	65,176
<i>U. S. Government Agency Bonds</i>							
Federal Home Loan Mort Corp		0.197 %	F 0.194 %	07/12/2010	20,000	20,000	19,998
Federal Home Loan Bank		0.530	F 0.530	07/13/2010	10,000	10,000	10,000
Federal National Mortgage Assn		0.188	F 0.362	07/13/2010	15,000	15,000	15,000
Federal National Mortgage Assn		0.297	F 0.332	08/05/2010	15,000	14,999	15,004
Federal Home Loan Bank		0.500	0.506	10/15/2010	6,250	6,250	6,256
Federal Home Loan Bank		0.243	F 0.248	10/15/2010	13,000	13,000	13,001
Federal Home Loan Bank		0.500	0.520	10/18/2010	12,000	11,999	12,011
Federal National Mortgage Assn		0.600	F 0.590	10/22/2010	10,000	10,000	10,013
Federal Home Loan Bank		0.270	0.305	10/26/2010	13,000	12,999	13,004
Federal Home Loan Bank		0.500	0.303	10/29/2010	15,000	15,010	15,014
Federal Home Loan Bank		0.260	F 0.269	11/17/2010	27,000	26,999	26,999
Federal Home Loan Bank		0.284	F 0.281	12/01/2010	10,000	10,000	10,001
Federal Home Loan Bank		0.325	F 0.325	12/06/2010	21,000	21,000	21,007
Federal Farm Credit Bank		0.308	F 0.320	03/21/2011	6,500	6,499	6,501
Federal Home Loan Bank		0.570	0.589	04/13/2011	8,750	8,749	8,756
Federal Home Loan Bank		0.297	F 0.329	05/25/2011	6,000	5,998	6,000
Federal Home Loan Bank		0.580	0.580	05/27/2011	10,000	10,000	10,013
Federal Home Loan Bank		0.190	F 0.250	05/27/2011	8,500	8,495	8,496
Federal Farm Credit Bank		0.150	F 0.150	08/26/2011	10,000	10,000	9,982
Federal Home Loan Mort Corp		0.317	F 0.367	09/26/2011	10,000	9,993	9,998
Total U. S. Government Agency Bonds	8.6%					246,990	247,054
<i>Corporate Bonds</i>							
Commonwealth Bank of Australia		0.344	F 0.344	11/22/2010	10,000	10,000	9,990
Toyota Motor Credit Corp		0.350	F 0.350	01/10/2011	10,000	10,000	9,998
Total Corporate Bonds	0.6%					20,000	19,988
<i>Short Term Issues</i>							
Banc of America Repurchase Agreement		0.010	0.010	07/01/2010	101,280	101,280	101,280
Deutsche Bank Repurchase Agreement		0.030	0.030	07/01/2010	73,700	73,700	73,700
Credit Agricole CIB		0.320	0.320	07/01/2010	12,500	12,500	12,500
Bank of Tokyo-Mitsubishi		0.380	0.380	07/01/2010	15,000	15,000	15,000
Dexia Bank NY YKCD		0.450	0.450	07/01/2010	30,000	30,000	30,000
Atlantis One Funding		0.000	0.335	07/01/2010	25,000	25,000	25,000
BankAmerica Corp		0.000	0.193	07/01/2010	27,000	27,000	27,000
United States Treasury Bill		0.000	0.096	07/01/2010	57,000	57,000	57,000
Barton Capital Corp		0.000	0.345	07/02/2010	15,000	15,000	15,000

(Continued on Next Page)

F – Floating rate note security.

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

** Rate represents last business day of the month.

See accompanying notes to financial statements.

**West Virginia Board of Treasury Investments
Schedule of Investments in Securities (Continued)**

June 30, 2010

(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>
Deutsche Bank Finl LLC		0.000	0.355	07/02/2010	15,000	15,000	15,000
Societe Generale NA		0.000	0.324	07/02/2010	15,000	15,000	15,000
Variable Funding Capital Corp		0.000	0.335	07/02/2010	15,000	15,000	15,000
Rabobank Nederland NV YKCD		0.290	0.290	07/06/2010	10,000	10,000	10,000
Federal Home Loan Mort Corp		0.000	0.213	07/06/2010	12,000	12,000	12,000
Federal National Mortgage Assn		0.000	0.183	07/06/2010	27,000	26,999	26,999
General Electric Capital Corp		0.000	0.274	07/06/2010	10,000	10,000	10,000
ING Funding LLC		0.000	0.294	07/06/2010	45,000	44,998	44,998
Old Line Funding Corp		0.000	0.264	07/06/2010	15,000	14,999	14,999
Thunder Bay Funding Inc		0.000	0.325	07/06/2010	15,000	14,999	14,999
UBS Finance LLC		0.000	0.132	07/06/2010	27,000	27,000	27,000
Amsterdam Funding Corp		0.000	0.274	07/07/2010	25,000	24,999	24,999
Federal Home Loan Bank		0.000	0.118	07/07/2010	33,399	33,398	33,398
Societe Generale NA		0.000	0.304	07/07/2010	27,000	26,999	26,999
BNP Paribas Finance Inc		0.000	0.335	07/08/2010	15,000	14,999	14,999
Federal National Mortgage Assn		0.000	0.183	07/08/2010	22,100	22,099	22,099
Massachusetts Mutual Life Ins		0.000	0.325	07/08/2010	15,000	14,999	14,999
United States Treasury Bill		0.000	0.112	07/08/2010	76,000	75,998	75,998
Atlantic Asset Securities Corp		0.000	0.365	07/09/2010	15,000	14,999	14,999
Falcon Asset Sec Corp		0.000	0.335	07/09/2010	15,000	14,999	14,999
Federal National Mortgage Assn		0.000	0.183	07/09/2010	25,000	24,999	24,999
Federal National Mortgage Assn		0.000	0.172	07/12/2010	13,000	12,999	12,999
Atlantic Asset Securities Corp		0.000	0.355	07/13/2010	15,000	14,998	14,998
Sheffield Receivables		0.000	0.406	07/13/2010	10,000	9,999	9,999
Societe Generale NA		0.000	0.314	07/13/2010	15,000	14,998	14,998
Barton Capital Corp		0.000	0.355	07/14/2010	15,000	14,998	14,998
Salisbury Receivables Co LLC		0.000	0.335	07/14/2010	15,000	14,998	14,998
Amsterdam Funding Corp		0.000	0.360	07/15/2010	15,000	14,998	14,998
Bryant Park Funding LLC		0.000	0.335	07/15/2010	15,000	14,998	14,998
Chariot Funding LLC		0.000	0.325	07/15/2010	15,000	14,998	14,998
Regency Markets No 1		0.000	0.375	07/15/2010	15,000	14,998	14,998
Toyota Motor Credit Corp		0.000	0.335	07/15/2010	15,000	14,998	14,998
United States Treasury Bill		0.000	0.072	07/15/2010	90,000	89,998	89,998
Bank of Tokyo-Mitsubishi		0.400	0.400	07/16/2010	15,000	15,000	15,000
Natexis Banque Populaires US		0.000	0.345	07/16/2010	30,000	29,996	29,996
National Bank of Canada CP		0.000	0.304	07/16/2010	10,500	10,499	10,499
Federal Home Loan Mort Corp		0.000	0.183	07/19/2010	35,000	34,997	34,997
Massachusetts Mutual Life Ins		0.000	0.304	07/19/2010	15,000	14,998	14,998
Regency Markets No 1		0.000	0.385	07/19/2010	15,000	14,997	14,997
Yorktown Capital LLC		0.000	0.345	07/19/2010	15,000	14,997	14,997
Citigroup Funding Inc		0.000	0.335	07/20/2010	29,000	28,995	28,995
Clipper Receivables Corp		0.000	0.304	07/20/2010	10,000	9,998	9,998
Enterprise Funding LLC		0.000	0.335	07/20/2010	15,000	14,997	14,997
Salisbury Receivables Co LLC		0.000	0.345	07/20/2010	15,000	14,997	14,997
Variable Funding Capital Corp		0.000	0.314	07/20/2010	15,000	14,998	14,998
Mizuho Corporate Bank NY		0.400	0.400	07/21/2010	15,000	15,000	15,000
Danske Corp		0.000	0.299	07/21/2010	15,000	14,998	14,998
Federal National Mortgage Assn		0.000	0.183	07/21/2010	20,000	19,998	19,998
General Electric Capital Corp		0.000	0.172	07/21/2010	5,000	5,000	5,000

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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, 2010

(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>
Mizuho Corporate Bank NY		0.380	0.380	07/22/2010	15,000	15,000	15,000
United States Treasury Bill		0.000	0.085	07/22/2010	20,000	19,999	19,999
Grampian Funding LLC		0.000	0.365	07/23/2010	10,000	9,998	9,998
Barclays US Funding Corp		0.000	0.183	07/26/2010	35,000	34,996	34,996
Federal Home Loan Bank		0.000	0.172	07/26/2010	13,000	12,998	12,998
Ranger Funding Co LLC		0.000	0.345	07/26/2010	15,000	14,996	14,996
Citibank NA		0.310	0.310	07/28/2010	9,500	9,500	9,500
United States Treasury Bill		0.000	0.178	07/29/2010	65,000	64,991	64,991
Federal Home Loan Bank		0.000	0.203	07/30/2010	13,000	12,998	12,998
Federal Home Loan Mort Corp		0.000	0.213	08/02/2010	13,000	12,998	12,998
Federal National Mortgage Assn		0.000	0.213	08/02/2010	15,000	14,997	14,997
Federal Home Loan Mort Corp		0.000	0.203	08/03/2010	13,000	12,998	12,998
Federal Home Loan Bank		0.000	0.193	08/04/2010	13,750	13,748	13,748
Natixis		0.290	F 0.290	08/05/2010	15,000	15,000	15,000
Federal Home Loan Mort Corp		0.000	0.223	08/06/2010	28,000	27,994	27,994
Federal Farm Credit Bank		0.000	0.509	08/09/2010	10,000	9,995	9,995
Old Line Funding Corp		0.000	0.406	08/09/2010	10,000	9,996	9,996
Thunder Bay Funding Inc		0.000	0.396	08/09/2010	15,000	14,994	14,994
Federal National Mortgage Assn		0.000	0.172	08/10/2010	20,000	19,996	19,996
Bank of Montreal		0.270	0.270	08/11/2010	20,000	20,000	20,000
Credit Suisse First Boston NY		0.000	0.375	08/11/2010	15,000	14,994	14,994
Federal National Mortgage Assn		0.000	0.203	08/11/2010	13,000	12,997	12,997
PACCAR Financial Corp		0.000	0.416	08/12/2010	10,000	9,995	9,995
United States Treasury Bill		0.000	0.145	08/12/2010	75,000	74,987	74,987
Federal Home Loan Bank		0.000	0.203	08/13/2010	13,000	12,997	12,997
Old Line Funding Corp		0.000	0.416	08/13/2010	10,000	9,995	9,995
Nordea NA Inc		0.000	0.386	08/16/2010	15,000	14,993	14,993
Federal Home Loan Bank		0.000	0.203	08/18/2010	42,000	41,989	41,989
Federal National Mortgage Assn		0.000	0.218	08/18/2010	14,000	13,996	13,996
Federal Home Loan Bank		0.000	0.122	08/20/2010	28,000	27,995	27,995
Federal Home Loan Mort Corp		0.000	0.233	08/24/2010	10,000	9,997	9,998
United States Treasury Bill		0.000	0.183	08/26/2010	25,000	24,993	24,993
BP Capital Markets PLC		0.000	0.864	08/27/2010	15,000	14,980	14,980
Federal National Mortgage Assn		0.000	0.213	08/30/2010	11,128	11,124	11,124
Federal National Mortgage Assn		0.000	0.213	08/31/2010	13,000	12,995	12,997
Federal National Mortgage Assn		0.000	0.203	09/01/2010	13,000	12,996	12,996
Clipper Receivables Corp		0.000	0.528	09/02/2010	15,000	14,986	14,986
United States Treasury Bill		0.000	0.205	09/02/2010	25,000	24,991	24,993
National Bank of Canada		0.431	F 0.431	09/03/2010	15,000	15,000	15,000
Federal Home Loan Mort Corp		0.000	0.178	09/07/2010	12,897	12,893	12,893
Federal National Mortgage Assn		0.000	0.264	09/08/2010	13,000	12,994	12,996
Bank of Nova Scotia		0.460	0.460	09/09/2010	10,000	10,000	10,000
Grampian Funding LLC		0.000	0.579	09/10/2010	17,000	16,981	16,981
Westpac Banking Corp NY		0.280	0.280	09/20/2010	15,000	15,000	15,000
Federal National Mortgage Assn		0.000	0.305	09/29/2010	13,000	12,990	12,993
Toronto Dominion Bank NY		0.450	0.450	10/04/2010	19,000	19,000	19,000
Federal Home Loan Mort Corp		0.000	0.254	10/05/2010	15,000	14,990	14,993
Westpac Banking Corp NY		0.290	0.290	10/12/2010	10,000	10,000	10,000
Federal National Mortgage Assn		0.000	0.279	10/20/2010	15,000	14,987	14,991

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See accompanying notes to financial statements.

West Virginia Board of Treasury Investments
Schedule of Investments in Securities (Continued)
June 30, 2010

(Dollars in thousands, except for Share Data)

WEST VIRGINIA MONEY MARKET POOL (Continued)							
<u>SECURITY NAME</u>	<u>% of</u> <u>POOL</u>	<u>COUPON</u>	<u>YIELD</u>	<u>MATURITY</u>	<u>PAR VALUE</u> <u>or SHARES</u>	<u>AMORTIZED</u> <u>COST</u>	<u>FAIR</u> <u>VALUE*</u>
Federal National Mortgage Assn	0.000		0.305	10/27/2010	13,000	12,987	12,991
United States Treasury Bill	0.000		0.244	10/28/2010	19,000	18,985	18,991
Federal National Mortgage Assn	0.000		0.305	11/10/2010	13,000	12,986	12,990
Bank of Nova Scotia	0.360	F	0.365	11/17/2010	12,000	12,000	12,000
United States Treasury Bill	0.000		0.231	11/18/2010	9,750	9,741	9,743
Royal Bank of Canada	0.390	F	0.390	11/22/2010	13,000	13,000	13,000
United States Treasury Bill	0.000		0.228	11/26/2010	15,000	14,986	14,989
Rabobank Nederland NV YKCD	0.367	F	0.367	11/29/2010	15,000	15,000	15,000
National Australia Bank	0.447	F	0.447	11/29/2010	15,000	15,000	15,000
Federal National Mortgage Assn	0.000		0.305	01/19/2011	18,000	17,969	17,974
Westpac Trust Securities NZ	0.428	F	0.427	01/21/2011	3,500	3,500	3,500
Federal Home Loan Bank	0.000		0.509	05/17/2011	10,000	9,955	9,960
UBS Select	0.210		**		150,000	150,000	150,000
Dreyfus Cash Management	0.090		**		26	26	26
Total Short Term Issues	<u>88.5%</u>					<u>2,544,568</u>	<u>2,544,614</u>
Total Money Market Pool	<u>99.9%</u>					<u>\$ 2,876,711</u>	<u>\$ 2,876,832</u>

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See accompanying notes to financial statements.

West Virginia Board of Treasury Investments
Schedule of Investments in Securities (Continued)

June 30, 2010

(Dollars in thousands, except for Share Data)

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. Treasury Issues</i>							
United States Treasury Note		2.750 %	0.499 %	07/31/2010	\$ 3,000	3,006	\$ 3,006
United States Treasury Note		2.375	0.537	08/31/2010	3,000	3,009	3,011
United States Treasury Note		0.875	0.294	03/31/2011	2,500	2,511	2,511
Total U. S. Treasury Issues	3.8%					8,526	8,528
<i>U. S. Government Agency Bonds</i>							
Federal Home Loan Bank		0.145	F 0.046 %	07/09/2010	7,000	7,000	7,000
Federal Home Loan Bank		0.530	F 0.530	07/13/2010	2,500	2,500	2,500
Federal National Mortgage Assn		0.188	F 0.362	07/13/2010	4,000	4,000	4,000
Federal Home Loan Mort Corp		0.378	F 0.231	08/10/2010	5,000	4,999	5,000
Federal National Mortgage Assn		2.875	0.506	10/12/2010	3,500	3,523	3,526
Federal Home Loan Bank		0.148	F 0.140	10/29/2010	5,000	5,000	4,999
Federal Farm Credit Bank		0.710	F 0.240	11/12/2010	5,000	5,009	5,006
Federal Home Loan Bank		0.260	F 0.260	11/17/2010	5,000	5,000	5,000
Federal Home Loan Mort Corp		0.204	F 0.266	02/01/2011	5,000	4,998	4,999
Federal Home Loan Mort Corp		0.607	F 0.460	03/09/2011	5,000	5,005	5,004
Federal Home Loan Mort Corp		0.342	F 0.229	04/07/2011	5,000	5,004	5,006
Federal Farm Credit Bank		0.278	F 0.288	05/19/2011	5,000	5,000	4,999
Federal Home Loan Bank		0.120	F 0.120	05/26/2011	5,000	5,000	4,995
Federal Home Loan Banks		0.580	0.580	05/27/2011	2,500	2,500	2,503
Federal Home Loan Bank		0.250	F 0.250	05/27/2011	5,000	5,000	4,992
Federal Home Loan Banks		0.190	F 0.250	05/27/2011	5,000	4,997	4,998
Federal Home Loan Mort Corp		0.317	F 0.367	09/26/2011	5,000	4,997	4,999
Total U. S. Government Agency Bonds	36.0%					79,532	79,526
<i>Short Term Issues</i>							
Goldman Sachs Repurchase Agreement		0.020	0.020	07/01/2010	25,000	25,000	25,000
Deutsche Bank Repurchase Agreement		0.030	0.030	07/01/2010	41,600	41,600	41,600
United States Treasury Bill		0.000	0.096	07/15/2010	5,000	5,000	5,000
Federal Home Loan Bank		0.000	0.193	07/30/2010	2,500	2,500	2,500
Federal Farm Credit Bank		0.000	0.509	08/09/2010	5,000	4,997	4,997
United States Treasury Bill		0.000	0.183	08/26/2010	5,000	4,999	4,999
United States Treasury Bill		0.000	0.215	09/02/2010	15,000	14,994	14,996
Federal Home Loan Mort Corp		0.000	0.254	10/01/2010	5,000	4,997	4,998
Federal National Mortgage Assn		0.000	0.274	10/18/2010	4,000	3,997	3,998
Federal Home Loan Mort Corp		0.000	0.254	10/20/2010	5,000	4,996	4,997
Federal Home Loan Mort Corp		0.000	0.264	10/26/2010	5,000	4,996	4,997
Federal National Mortgage Assn		0.000	0.213	11/08/2010	5,000	4,996	4,997
Federal Home Loan Mort Corp		0.000	0.249	12/13/2010	2,500	2,497	2,497
United States Treasury Bill		0.000	0.450	12/16/2010	5,000	4,989	4,995
Federal Home Loan Bank		0.000	0.509	05/17/2011	2,500	2,489	2,490

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See accompanying notes to financial statements.

West Virginia Board of Treasury Investments
Schedule of Investments in Securities (Continued)
June 30, 2010

(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>
Dreyfus Cash Management		0.001 **			78	78	78
Total Short Term Issues	<u>60.2%</u>					<u>133,125</u>	<u>133,139</u>
Total Government Money Market Pool	<u>100.0%</u>					<u>\$ 221,183</u>	<u>\$ 221,193</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		1.250 %	0.891 %	11/30/2010	\$ 1,200	\$ 1,202	\$ 1,205
United States Treasury Note		4.875	2.753	04/30/2011	12,200	12,411	12,657
United States Treasury Note		1.000	1.156	07/31/2011	8,000	7,987	8,050
United States Treasury Note		4.625	2.012	08/31/2011	4,000	4,120	4,194
United States Treasury Note		0.875	0.851	01/31/2012	40,000	40,015	40,212
United States Treasury Note		1.375	1.315	02/15/2012	18,000	18,017	18,246
United States Treasury Inflation Index Note		2.000	0.004	04/15/2012	21,486	22,284	22,258
United States Treasury Inflation Index Note		3.000	0.040	07/15/2012	24,249	25,711	25,797
United States Treasury Note		1.125	1.365	12/15/2012	5,500	5,468	5,545
United States Treasury Note		1.375	1.601	03/15/2013	20,000	19,881	20,259
Total U. S. Treasury Issues	34.9%					157,096	158,423
<i>U. S. Government Agency Bonds</i>							
Federal Home Loan Mort Corp		5.625	3.594	03/15/2011	14,000	14,196	14,516
Federal National Mortgage Assn		3.375	3.831	05/19/2011	25,000	24,902	25,664
Total U. S. Government Agency Bonds	8.9%					39,098	40,180

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**West Virginia Board of Treasury Investments
Schedule of Investments in Securities (Continued)**

June 30, 2010

(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>
<i>Mortgage Backed</i>							
Government National Mortgage Association	4.175		4.481	04/16/2028	912	891	945
Government National Mortgage Association	4.512		4.702	10/16/2028	899	887	926
Government National Mortgage Association	3.301		3.705	10/16/2029	598	578	608
Government National Mortgage Association	4.087		4.310	08/16/2030	631	620	651
Government National Mortgage Association	4.253		4.496	10/16/2030	728	714	760
Government National Mortgage Association	4.054		4.278	01/16/2048	637	619	650
Total Government Mortgage Backed Issues	1.0%					4,309	4,540
<i>Corporate Issues</i>							
<i>Corporate Bonds</i>							
Bank Of America Corp	4.500		4.058	08/01/2010	4,870	4,872	4,880
General Dynamics Corp	4.500		3.489	08/15/2010	2,600	2,603	2,611
Met Life Global	4.625		5.018	08/19/2010	900	900	903
Swedish Export Credit	4.500		2.697	09/27/2010	4,290	4,308	4,326
Halliburton Company	5.500		3.976	10/15/2010	1,890	1,898	1,911
Bear Stearns Companies Inc	4.500		5.974	10/28/2010	600	597	607
Unilever Capital Corp	7.125		4.329	11/01/2010	1,650	1,665	1,685
Berkshire Hathaway Finance	4.200		3.516	12/15/2010	1,270	1,274	1,290
Avon Products Inc	5.125		4.485	01/15/2011	2,000	2,007	2,046
Oracle Corp	5.000		3.954	01/15/2011	1,500	1,508	1,531
JPMorgan Chase & Co	4.600		4.014	01/17/2011	3,700	3,712	3,773
European Investment Bank	3.250		3.329	02/15/2011	2,000	1,999	2,031
Campbell Soup Co	6.750		4.519	02/15/2011	885	897	918
JP Morgan Chase & Co	1.650		1.286	02/23/2011	10,000	10,023	10,080
Boeing Capital Corp	6.100		4.230	03/01/2011	2,320	2,348	2,398
General Electric Capital Corp	1.800		1.347	03/11/2011	10,000	10,031	10,097
American Home Products	6.950		4.780	03/15/2011	1,400	1,421	1,459
Abbott Laboratories	5.600		4.057	05/15/2011	1,665	1,687	1,734
Goldman Sachs Group Inc	1.625		1.417	07/15/2011	10,000	10,021	10,118
Disney Walt Company	5.700		3.958	07/15/2011	1,400	1,425	1,470
Conoco Funding Co	6.350		4.119	10/15/2011	1,600	1,644	1,707
Westpac Banking Corp	0.605	F	0.502	10/21/2011	1,105	1,107	1,104
AT&T Corp	7.300		2.042	11/15/2011	2,750	2,945	2,973
Morgan Stanley Dean Witter	5.625		1.957	01/09/2012	2,000	2,109	2,081
Lilly Eli and Company	3.550		1.249	03/06/2012	2,500	2,595	2,607
General Electric Capital Corp	2.250		1.158	03/12/2012	8,000	8,146	8,208
Pfizer Inc	4.450		1.663	03/15/2012	2,000	2,093	2,110
MBNA Corp	7.500		5.720	03/15/2012	750	771	805
American Honda Finance	5.100		1.839	03/27/2012	1,850	1,953	1,955
Citigroup Funding Inc	2.000		1.538	03/30/2012	20,000	20,159	20,416
ANZ National (Int'l) Ltd	3.250		1.419	04/02/2012	2,000	2,063	2,060
Sysco International Co.	6.100		1.500	06/01/2012	2,000	2,173	2,190
Dell Inc	3.375		1.470	06/15/2012	3,000	3,110	3,113
General Electric Capital Corp	6.000		2.953	06/15/2012	3,000	3,172	3,228
Proctor & Gamble Company	1.375		1.395	08/01/2012	2,000	1,999	2,020
Honeywell International Inc	5.625		4.444	08/01/2012	1,425	1,458	1,553
Bear Stearns Co Inc	2.124	F	0.847	08/10/2012	1,000	1,027	1,023

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Schedule of Investments in Securities (Continued)**

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(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>
Hewlett-Packard Company		2.950	1.349	08/15/2012	3,000	3,100	3,109
Deutsche Bank London		5.375	2.441	10/12/2012	3,000	3,194	3,215
Citigroup Funding Inc		1.875	1.995	10/22/2012	6,500	6,482	6,637
Wells Fargo & Company		5.250	2.859	10/23/2012	3,000	3,159	3,210
HSBC Holdings PLC		5.250	2.712	12/12/2012	4,000	4,239	4,205
duPont El de Nemours Co		5.000	2.482	01/15/2013	1,000	1,062	1,085
Barclays Bank PLC		2.500	2.447	01/23/2013	3,000	3,004	2,988
US Bancorp		2.125	2.215	02/15/2013	2,000	1,995	2,032
Inter-American Development Bk		3.500	3.500	03/15/2013	1,500	1,500	1,587
Goldman Sachs Group Inc		5.250	3.166	04/01/2013	2,000	2,109	2,105
Met Life Funding		5.125	5.142	04/10/2013	750	750	811
Citigroup Inc		5.500	4.553	04/11/2013	4,000	4,098	4,158
JPMorgan Chase & Co		4.750	2.435	05/01/2013	3,000	3,189	3,200
General Electric Capital Corp		4.800	2.698	05/01/2013	2,000	2,114	2,132
Bank of America Corp		4.900	3.343	05/01/2013	3,000	3,125	3,143
International Business Machs		2.100	1.900	05/06/2013	2,000	2,011	2,038
Kredit Wiederauf		3.500	3.600	05/16/2013	3,200	3,191	3,376
Goldman Sachs Group Inc		5.250	3.126	10/15/2013	2,000	2,132	2,108
Pfizer Inc		4.500	2.456	02/15/2014	2,000	2,141	2,179
BHP Billiton Finance USA		5.500	2.784	04/01/2014	2,000	2,192	2,230
Northern Trust Corp		4.625	2.475	05/01/2014	2,000	2,156	2,186
Schwab Charles Corp		4.950	3.197	06/01/2014	3,000	3,192	3,253
Bank of America		0.817	F	06/15/2016	1,000	908	875
Morgan Stanley Dean Witter		0.754	F	10/18/2016	1,500	1,394	1,305
National City Bank		0.887	F	12/15/2016	1,000	917	907
Total U. S. Corporate Bonds	41.7%					187,074	189,095
Corporate Asset Backed Issues							
BMW Vehicle Lease Trust		2.910	2.929	03/15/2012	3,500	3,500	3,544
Huntington Auto Trust		4.810	5.988	04/16/2012	1,679	1,662	1,700
Advanta Business Card Master		5.300	5.623	05/21/2012	221	220	218
National City CC Master Trust		0.400	F	08/15/2012	2,500	2,363	2,499
Hyundai Auto Receivables Trust		5.150	8.674	05/15/2013	947	904	963
Harley-Davidson Motorcycle		3.190	3.212	11/15/2013	1,000	1,000	1,021
Banc of America Comm Mort		5.449	5.078	12/15/2013	5,000	5,025	5,142
PFS Financing Corp		1.750	F	02/15/2014	3,000	3,000	3,000
Harley-Davidson Motorcycle		2.620	2.637	03/15/2014	3,000	3,000	3,051
Ally Master Owner Trust		2.100	F	01/15/2015	5,000	5,000	5,068
LB-UBS Commercial Mort Trust		5.156	4.224	01/15/2016	3,000	3,077	3,121
Americredit Auto Rec Trust		1.460	1.464	10/01/2018	1,000	1,000	1,000
Equity One ABS Inc		4.145	4.253	04/25/2034	503	498	479
Opteum Mortgage Acceptance Co		5.640	5.805	12/25/2035	755	745	605
Citigroup Mortgage Loan Trust		5.852	5.886	05/25/2036	629	629	366
Banc of America Com Mortgage		3.878	4.115	09/11/2036	413	403	418
Bank of America Alternative Ln		5.707	5.740	10/25/2036	725	725	554
Banc of America Funding Corp		5.791	5.824	10/25/2036	50	50	45
Morgan Stanley Mort Loan Trust		5.798	5.833	10/25/2036	1,250	1,249	779
Renaissance Home Equity Loan		5.580	5.655	11/25/2036	569	566	442
CSAB Mortgage Backed Trust		6.000	6.005	11/25/2036	132	133	75

(Continued on Next Page)

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** Rate represents last business day of the month.

See accompanying notes to financial statements.

**West Virginia Board of Treasury Investments
Schedule of Investments in Securities (Continued)**

June 30, 2010

(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>
Credit Suisse Mort Capital	5.942		5.959	02/25/2037	292	292	155
Credit-Based Asset Servicing	5.046	F	5.114	02/25/2037	257	256	247
Countrywide Certificates	5.530		5.561	03/25/2037	1,000	1,000	857
CS First Boston Mortgage Sec	5.014		6.443	02/15/2038	5,000	4,342	5,211
Bear Stearns CMBS	5.546		5.548	09/11/2038	166	167	167
CSFB Mortgage Securities	5.230		5.262	12/15/2040	1,000	1,001	1,051
JP Morgan Chase CMBS	6.022	F	6.058	04/15/2045	61	61	61
Citigroup/Deutsche Bank	4.977		5.019	12/11/2049	402	402	406
Citigroup/Deutsche Bank	5.293		10.315	12/11/2049	1,295	1,243	1,320
Total Corporate Asset Backed Issues	<u>9.6%</u>					43,507	43,565
Total Corporate Issues	51.3%					230,581	232,660
Short Term Issues							
Dreyfus Cash Management Institutional Fund		0.090	**		17,715	17,715	17,715
Total Short Term Issues	<u>3.9%</u>					17,715	17,715
Total Short Term Bond Pool	<u>100.00%</u>					\$ 448,799	\$ 453,518

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>
Short Term Issues							
First Community Bk - Bluefield		0.280 %	0.280 %	07/15/2010	\$ 3,000	\$ 3,000	\$ 3,000
Monongahela Valley Bank		0.280	0.280	07/15/2010	2,500	2,500	2,500
Monongahela Valley Bank		0.290	0.290	07/15/2010	2,500	2,500	2,500
Clear Mountain Bank		0.300	0.300	07/15/2010	2,000	2,000	2,000
WesBanco Bank - Wheeling		0.300	0.300	07/15/2010	5,000	5,000	5,000
Jefferson Security Bank		0.325	0.325	07/15/2010	5,000	5,000	5,000
WesBanco Bank - Wheeling		0.500	0.499	03/10/2011	5,000	5,000	5,000
Jefferson Security Bank		0.475	0.474	03/10/2011	5,000	5,000	5,000
Harrison County Bk - Lost Crk		0.550	0.549	03/10/2011	5,000	5,000	5,000
Main Street Bank - Wheeling		0.740	0.739	03/10/2011	5,000	5,000	5,000
Harrison County Bk - Lost Crk		0.500	0.499	04/14/2011	3,000	3,000	3,000
WesBanco Bank - Wheeling		0.500	0.499	04/14/2011	5,000	5,000	5,000
Huntington Natl Bk - Charleston		0.420	0.420	04/14/2011	2,000	2,000	2,000
Jefferson Security Bank		0.420	0.420	04/14/2011	5,000	5,000	5,000
BB&T - Charleston		0.458	0.457	04/14/2011	2,000	2,000	2,000
BB&T - Charleston		0.459	0.458	04/14/2011	1,000	1,000	1,000
BB&T - Charleston		0.460	0.459	04/14/2011	1,000	1,000	1,000
BB&T - Charleston		0.463	0.462	04/14/2011	1,000	1,000	1,000
Total Short Term Issues	<u>100.0%</u>					60,000	60,000
Total West Virginia Bank Pool	<u>100.0%</u>					\$ 60,000	\$ 60,000

(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, 2010

(Dollars in thousands, except for Share Data)

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	\$ 180,188	\$ 187,726
Total U. S. Treasury Issues	<u>100.0%</u>					<u>180,188</u>	<u>187,726</u>
Total Loss Amortization Pool	<u>100.0%</u>					<u>\$ 180,188</u>	<u>\$ 187,726</u>

STATE 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:							
WVEDA Revolving Loan		3.170 %		12/31/2013	\$ 124,235	\$ 124,235	\$ 124,235
WVEDA Non-Recourse Loan		3.000		06/30/2022	24,920	24,920	24,920
Total Intergovernmental Loans						149,155	149,155
Reserve for uncollectable loans						(17,075)	(17,075)
Loans and Mortgages, net of reserve for uncollectable loans	99.6%					132,080	132,080
<i>Short Term Issues</i>							
Dreyfus Cash Management Treasury Institutional Fund		0.001 **			511	511	511
Total Short Term Issues	<u>0.4%</u>					<u>511</u>	<u>511</u>
Total State Loan Pool	<u>100.0%</u>					<u>\$ 132,591</u>	<u>\$ 132,591</u>

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**West Virginia Board of Treasury Investments
Schedule of Investments in Securities (Continued)**

June 30, 2010

(Dollars in thousands, except for Share Data)

RESERVE 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>							
Reserve Pool Depository Account		0.400 %	0.400 %		\$ 30,137	\$ 30,137	\$ 30,137
Total Short Term Issues	<u>100.0%</u>					<u>30,137</u>	<u>30,137</u>
Total Reserve Pool	<u>100.0%</u>					<u>\$ 30,137</u>	<u>\$ 30,137</u>

MUNICIPAL BOND COMMISSION

<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		2.100 %	2.100 %	10/01/2010	\$ 37	\$ 37	\$ 37
United States Treasury Note		1.500	0.000	10/31/2010	78	78	78
State & Local Government		4.360	4.360	12/01/2010	4	4	4
State & Local Government		2.230	2.230	04/01/2011	2	2	2
United States Treasury Strip - Interest		0.000	0.000	05/15/2011	934	934	933
State & Local Government		4.360	4.360	06/01/2011	49	49	49
State & Local Government		2.370	2.370	10/01/2011	39	39	39
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	930
State & Local Government		4.370	4.370	06/01/2012	49	49	49
State & Local Government		2.690	2.690	10/01/2012	40	40	40
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	915
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	910
United States Treasury Strip - Interest		0.000	0.000	05/15/2015	973	973	889
United States Treasury Bond		7.250	0.001	05/15/2016	980	1,398	1,259
United States Treasury Bond		8.750	0.001	05/15/2017	1,055	1,690	1,485
United States Treasury Bond		9.125	0.001	05/15/2018	1,138	1,956	1,679
Total U. S. Treasury Issues	81.2%					11,273	10,480
<i>Short Term Issues</i>							
United States Treasury Bill		0.000	4.711	07/01/2010	2,603	2,603	2,603
Total Short Term Issues	<u>18.8%</u>					<u>2,603</u>	<u>2,603</u>
Total Municipal Bond Commission Pool	<u>100.0%</u>					<u>\$ 13,876</u>	<u>\$ 13,083</u>

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**West Virginia Board of Treasury Investments
Schedule of Investments in Securities (Continued)**

June 30, 2010

(Dollars in thousands, except for Share Data)

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 Treasury Institutional Fund		0.001 **			\$ 1,393	\$ 1,393	\$ 1,393
Total Short Term Issues	<u>100.0%</u>					<u>1,393</u>	<u>1,393</u>
Total School Fund	<u>100.0%</u>					<u>\$ 1,393</u>	<u>\$ 1,393</u>

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	\$ 1,628	\$ 1,873
Total U. S. Treasury Issues	<u>100.0%</u>					<u>1,628</u>	<u>1,873</u>
Total EDA-AW	<u>100.0%</u>					<u>\$ 1,628</u>	<u>\$ 1,873</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 (UNAUDITED)

JUNE 30, 2010

(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	Reserve Pool
Paid-in capital	\$ 2,820,141	\$ 221,265	\$ 457,605	\$ 60,082	\$ 183,415	\$ 132,918	\$ 30,147
Accumulated undistributed net investment income (loss)	-	-	-	-	-	-	-
Accumulated undistributed net realized loss	-	-	(6,622)	-	(3,227)	-	-
Unrealized net appreciation of investments	-	-	4,709	-	7,538	-	-
Accumulated undistributed securities lending income	14	-	5	-	-	-	-
Net assets at value	<u>\$ 2,820,155</u>	<u>\$ 221,265</u>	<u>\$ 455,697</u>	<u>\$ 60,082</u>	<u>\$ 187,726</u>	<u>\$ 132,918</u>	<u>\$ 30,147</u>
Investment unit data:							
Units outstanding	2,820,141,312	221,264,662	4,496,256	60,081,820	183,415,000	132,917,777	30,147,346
Net asset value, unit price	\$ 1.00	\$ 1.00	\$ 101.35	\$ 1.00	\$ 1.02	\$ 1.00	\$ 1.00

WEST VIRGINIA BOARD OF TREASURY INVESTMENTS
PORTFOLIO STATISTICS (UNAUDITED)

JUNE 30, 2010

	WV Money Market Pool	WV Government Money Market Pool	WV Short Term Bond Pool
Weighted Average Days to Maturity	33	44	N/A
Maximum Weighted Average Investment Maturity Term Per Board Guidelines	60 days	60 days	N/A
Effective Duration	N/A	N/A	530 days
Maximum Effective Duration Per Board Guidelines	N/A	N/A	731 days
Money Market Yield - Monthly	0.20%	0.17%	N/A

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 365-day year, assuming no reinvestment of earnings.

WEST VIRGINIA BOARD OF TREASURY INVESTMENTS

PARTICIPANT NET ASSET VALUES (UNAUDITED)

JUNE 30, 2010

(IN THOUSANDS)

WV Money Market Pool			
State Agencies:		Local Governments:	
WV State Treasurer's Office:		Boone County Commission	14,733
State Participation	\$ 549,112	Fayette County Board of Education	12,261
Banking Services	450,367	Mercer County Board of Education	6,084
Safekeeping	8,235	Fayette County Commission	4,555
Deferred Compensation Matching	2,177	City of Winfield	1,016
Veteran's Lottery	1,528	Mingo County Commission	1,877
Safe Road Bonds	<u>26</u>	Hampshire County Board of Education	1,133
Total WV State Treasurer's Office	1,011,445	Putnam Public Service District	2,490
Higher Education Policy Commission	296,129	Roane County Board of Education	1,339
Public Employees Insurance Agency	278,943	Kanawha County Emergency Ambulance Authority	1,970
Department of Environmental Protection	226,553	Greenbrier County Board of Education	2,764
WV Lottery Commission	224,764	Lewis County Board of Education	1,457
Department of Transportation	148,090	Barbour County Board of Education	1,758
Department of Health and Human Resources	140,989	Braxton County Board of Education	1,879
Department of Revenue	100,095	Lincoln County Board of Education	2,488
West Virginia University	71,223	Cabell County Board of Education	1,231
Regional Jail Authority	34,022	Putnam County Board of Education	1,139
Board of Risk and Insurance Management	28,899	Wyoming County Board of Education	1,023
Division of Natural Resources	26,951	Berkeley County Board of Education	2,405
Department of Administration	21,885	Lincoln County Commission	1,174
WV Economic Development Authority	20,602	Other	<u>9,086</u>
Criminal Justice	18,017	Total Local Governments	73,862
Insurance Commission	17,589	Accumulated undistributed securities lending income	14
Performance and wage bond accounts	15,531	Total net assets	<u>\$2,820,155</u>
Water Development Authority	14,317		
West Virginia State Police	12,690		
School Building Authority	9,218		
WV Jobs Investment Trust	6,369		
WV State Auditor's Office	5,663		
Other	<u>16,295</u>		
Total State Agencies	<u>2,746,279</u>		

WV Government Money Market Pool	
State Agencies:	
Municipal Bond Commission	\$ 148,928
Department of Transportation	20,337
WV Housing Development Fund	9,224
WV Economic Development Authority	6,222
Department of Environmental Protection	5,107
Other	<u>3,474</u>
Total State Agencies	<u>193,292</u>
Local Governments:	
Kanawha County Sheriff	10,496
Braxton County Board of Education	8,783
Jefferson County Board of Education	5,751
Hancock County Commission	1,094
Other	<u>1,849</u>
Total Local Governments	<u>27,973</u>
Total net assets	<u>\$ 221,265</u>

WV Short Term Bond Pool	
State Agencies:	
WV State Treasurer's Office:	
State Participation	\$ 247,224
Banking Services	106,487
Prepaid Tuition Escrow	<u>16,055</u>
Total WV State Treasurer's Office	369,766
WV Board of Treasury Investments	17,245
WV Economic Development Authority	15,208
Department of Transportation	13,131
West Virginia University	12,764
WV Parkways Authority	9,129
Department of Administration	6,327
WV Court of Claims	5,329
Higher Education Policy Commission	3,009
Division of Culture and History	2,134
Other	<u>751</u>
Total State Agencies	454,793
Local Governments	<u>904</u>
Total net assets	<u>\$ 455,697</u>

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.

**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, 2010, and have issued our report thereon dated September 1, 2010. 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 deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

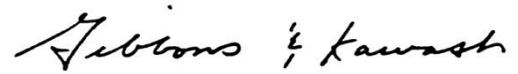
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. 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, the Audit Committee, Board, management and others within the entity, 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 "Gibbons & Kawash".

September 1, 2010