

Annual Report
June 30, 2003

Cash
Allocation
Account

NextGen College Investing Plan[®]



Maine State Treasurer
Dale McCormick



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Cash Allocation Account

TABLE OF CONTENTS

Management's Discussion and Analysis, June 30, 2003 (unaudited)	2
Independent Auditors' Report	4
Financial Statements	
Statement of Fiduciary Net Assets as of June 30, 2003	6
Statement of Changes in Fiduciary Net Assets for the year ended June 30, 2003	7
Notes to Financial Statements	8
Other Financial Information	11
Schedule of Investments as of June 30, 2003	12
Schedule of Operations for the year ended June 30, 2003	15
Financial Highlights for the year ended June 30, 2003	16

Management's Discussion and Analysis

June 30, 2003 (unaudited)

As management of the NextGen College Investing Plan's Cash Allocation Account (the "Account"), we offer readers of the financial statements this discussion and analysis of the Account's financial performance for the fiscal year ended June 30, 2003.

Financial Highlights

The assets held for individuals and organizations participating in the Account exceeded its liabilities at the close of the fiscal year by \$63,979,056.

The Account had contributions of \$21,209,167 and withdrawals of \$10,713,952, providing for \$10,495,215 of net contributions during the fiscal year ended June 30, 2003.

Overview of the Financial Statements

In June of 1999, the Governmental Accounting Standards Board ("GASB") released Statement No. 34 (the "Statement"), *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. The statement established new financial reporting standards for governmental entities. These new standards require financial statements that are different in form as compared to prior years' financial statements. The Finance Authority of Maine ("FAME") has adopted these new standards in fiscal year ended June 30, 2003.

This annual report consists of several parts including management's discussion and analysis (this section) and the basic financial statements. The basic financial statements are composed of a Statement of Fiduciary Net Assets, a Statement of Changes in Fiduciary Net Assets, and notes that explain some of the information in the financial statements and provide more detailed data.

The Statement of Fiduciary Net Assets presents information on the Account's assets and liabilities, with the difference between the two reported as net assets. This statement is prepared using the accrual basis of accounting, whereby revenues and assets are recognized when enrollment in the Account is finalized; withdrawals and refunds are recognized when payable; and expenses and liabilities are recognized when goods and services are provided, regardless of when cash is received or paid.

The Statement of Changes in Fiduciary Net Assets presents information showing how the net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flow. Thus, revenues and expenses are reported in this statement for some items that will result in cash flow in future fiscal years.

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

As an exclusively managed account for the NextGen College Investing Plan (the "Program"), the Account's assets do not represent discretionary assets of FAME to finance its operations. The Account's assets can only be used for the benefit of Participants and designated beneficiaries of the Program.

Financial Analysis

To begin the financial analysis, a summary of the Account's assets and liabilities as of June 30, 2003 and 2002 is presented below:

As of June 30	2003	2002
Total Assets	\$ 65,019,715	\$ 53,526,134
Total Liabilities	<u>1,040,659</u>	<u>67,256</u>
Total Net Assets	<u>\$ 63,979,056</u>	<u>\$ 53,458,878</u>

The condensed financial information above represents a snapshot of the overall financial condition of the Account.

Investments comprise \$64,851,400 of total assets. Other assets include cash and receivables from interest and contributions. Liabilities consist of payables for management fees, withdrawals and securities purchased and accrued expenses and other liabilities in the total amount of \$1,040,659.

As illustrated by the table above, the Account's net assets increased by \$10,520,178 in fiscal year 2003. This increase is primarily attributable \$10,495,215 of net contributions to the Account in fiscal year 2003.

During fiscal year 2002, the Account commenced operations and \$30,843,479 was invested in the Account and recorded as contributions as a result of a transfer of Program assets from the Merrill Lynch Retirement Reserves Money Fund of the Merrill Lynch Retirement and Series Trust (the previous short-term investment vehicle of the Program) to the Account. There were no similar bulk contributions of assets in fiscal year 2003, and overall contributions by Program Participants were lower in 2003 compared to fiscal year 2002.

Although overall withdrawals from the Account increased in fiscal year 2003, contributions to the Account exceeded withdrawal activity and resulted in net contributions to the Account of \$10,495,215.

With economic conditions generally weak in fiscal year 2003, the Federal Reserve was willing to keep interest rates low, which resulted in lower yielding Account investments as compared to fiscal year 2002. In this environment, the Account maintained an average investment maturity in a slightly longer range than the average for the money market industry.

Changes in net assets: The following represents the changes in net assets for the years ended June 30, 2003 and 2002.

As of June 30	2003	2002
Additions		
Contributions		
Participants	\$ 21,209,167	\$ 57,064,884
Total contributions	<u>21,209,167</u>	<u>57,064,884</u>
Investment income		
Net increase (decrease) in fair value of investments	24,963	(1,362)
Net realized gain on sale of underlying investments	1,132	54
Interest and amortization of premium and discount	<u>911,924</u>	<u>710,371</u>
Total investment income	<u>938,019</u>	<u>709,063</u>
Total additions	<u>22,147,186</u>	<u>57,773,947</u>
Deductions		
Withdrawals	10,713,952	3,604,644
Management fees	403,609	236,392
Investment income distributions	508,315	473,979
Capital gain distributions	<u>1,132</u>	<u>54</u>
Total deductions	<u>11,627,008</u>	<u>4,315,069</u>
Change in net assets held for participants	<u>10,520,178</u>	<u>53,458,878</u>
Net assets at beginning of year	<u>53,458,878</u>	<u>-</u>
Net assets at end of year	<u>\$ 63,979,056</u>	<u>\$ 53,458,878</u>

Cash Allocation Account

Independent Auditors' Report

To the Management of FAME and Maine Advisory Committee on College Savings:

We have audited the accompanying financial statements of the Cash Allocation Account of the NextGen College Investing Plan® (the "Program"), a Program of the State of Maine, as of June 30, 2003, and for the year ended June 30, 2003. These financial statements are the responsibility of the Program'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 our 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.

As discussed in Note 1, the financial statements present only the Cash Allocation Account and do not purport to, and do not, present fairly the financial position of the NextGen College Investing Plan, as of June 30, 2003, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Cash Allocation Account of the NextGen College Investing Plan as of June 30, 2003, and the changes in financial position thereof for the year ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 6 to the financial statements, effective July 1, 2002 the Program adopted Governmental Accounting Standards Board ("GASB") Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended by GASB Statement No. 37.

Management's discussion and analysis on pages 2 and 3 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of the Program's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the Cash Allocation Account of the NextGen College Investing Plan financial statements taken as a whole. The accompanying Other Financial Information on pages 12 through 16 is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Other Financial Information is the responsibility of the Program's management. Other Financial Information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements, and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

DELOITTE & TOUCHE LLP

Princeton, New Jersey

November 26, 2003

Cash Allocation Account

Financial Statements

Cash Allocation Account

Statement of Fiduciary Net Assets as of June 30, 2003

Assets:

Current Assets:

Investments at fair value (Cost - \$64,827,799).....		\$ 64,851,400
Cash.....		297
Receivables:		
Interest	\$ 87,160	
Contributions.....	80,858	168,018
Total assets		<u>65,019,715</u>

Liabilities:

Current Liabilities:

Payables:

Securities purchased.....	1,000,000	
Management fees.....	35,213	
Withdrawals.....	<u>1,573</u>	1,036,786
Accrued expenses and other liabilities.....		<u>3,873</u>
Total liabilities.....		<u>1,040,659</u>

Total net assets \$ 63,979,056

Units outstanding 63,955,455
Net asset value per unit \$1.00

See Notes to Financial Statements.

Cash Allocation Account

Statement of Changes in Fiduciary Net Assets
For the Year Ended June 30, 2003

Additions

Contributions:

Participants.....	\$ 21,209,167
Total contributions.....	<u>21,209,167</u>

Investment income:

Net increase in fair value of investments	24,963
Net realized gain on sale of investments	1,132
Interest and amortization and accretion of premium and discount	<u>911,924</u>
Total investment income	<u>938,019</u>

Total additions 22,147,186

Deductions

Account withdrawals	10,713,952
Management fees	403,609
Investment income distributions	508,315
Capital gain distributions.....	<u>1,132</u>

Total deductions 11,627,008

Change in net assets held for participants..... 10,520,178

Net assets at beginning of year 53,458,878

Net assets at end of year \$ 63,979,056

See Notes to Financial Statements.

Cash Allocation Account

Notes to Financial Statements

1. Organization and Operations:

The Cash Allocation Account (the "Account"), is a separate account that was established as part of the Investment Fund by the Finance Authority of Maine ("FAME"), the NextGen College Investing Plan's (the "Program") Program Administrator. The Account is managed exclusively for the Program and its Portfolios. These financial statements present only the financial position and change in financial position of the Account.

The Account will be invested primarily in securities similar to those in the Merrill Lynch Retirement Reserves Money Fund of the Merrill Lynch Retirement Series Trust. More specifically, the securities will be high quality, short-term (not more than 762 days) and will consist primarily of direct U.S. Government obligations, U.S. Government agency securities, obligations of domestic and foreign banks, U.S. dollar denominated commercial paper, and other short-term debt securities issued by U.S. and foreign entities repurchase agreements. In addition, the Account will be invested in certificates of deposit issued by Maine financial institutions ("Maine CDs") in accordance with instructions from FAME and the Maine State Treasurer (the "Treasurer"). Merrill Lynch Investment Managers, L.P. ("MLIM") is responsible for the selection and management of the money market securities other than Maine CDs. The Treasurer will select the financial institutions from which any Maine CDs are purchased and is responsible for ensuring that any Maine CDs are either insured by the Federal Deposit Insurance Corporation or by the National Credit Union Administration Share Insurance Fund, or are fully collateralized. The Treasurer will also determine the percentage of the assets of the Account that are invested in Maine CDs. Currently, it is anticipated that a maximum of 10% of the assets in the Account will be invested in Maine CDs. The Account is not a registered mutual fund.

FAME and the Treasurer have selected Merrill Lynch to act as the Program Manager (the "Program Manager") pursuant to a Program Management Agreement (the "Management Agreement"), dated May 27, 1999, as amended and restated through December 1, 2001 and further amended by letter dated July 8, 2003 among FAME, the Treasurer, Merrill Lynch and Financial Data Services, Inc. ("FDS"), an affiliate of Merrill Lynch which serves as Portfolio Servicing Agent for the Account. The Management Agreement provides that Merrill Lynch and FDS are responsible for providing certain administrative, recordkeeping and investment services and marketing for the Account.

The Account entered into an agreement with State Street Corporation ("State Street"), pursuant to which State Street provides certain accounting services to the Account.

The Account commenced operations on September 5, 2001.

The assets of the Account are included in the assets of the NextGen College Investing Plan.

2. Significant Accounting Policies:

Basis of Accounting

As a Governmental Accounting Standards Board ("GASB") Statement No. 34 fiduciary fund, the Account's financial statements are presented on the flow of 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. Pursuant to GASB Statement No. 34, the Account is "a private-purpose trust fund", which is a type of fiduciary fund. Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support a government's own programs. A private-purpose trust fund is a fiduciary fund used to report all trust arrangements, other than pension (and other employee benefit) trust funds and investment trust funds, under which principal and income benefit individuals, private organizations, or other governments. Revenues mainly are derived from investment income. Expenses consist primarily of investment expenses and administrative costs associated with the Program.

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

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

- (a) *Valuation of investments* - Portfolio securities with remaining maturities of greater than sixty days, for which market quotations are readily available, are valued at market value. As securities transition from sixty-one to sixty days to maturity, the difference between the valuation existing on the sixty-first day before maturity and maturity value is amortized on a straight-line basis to maturity. Securities maturing sixty days or less from their date of acquisition are valued at amortized cost, which approximates market value. For the purpose of valuation, the maturity of a variable rate security is deemed to be the next coupon date on which the interest rate is to be adjusted. Other investments for which market value quotations are not available are valued at fair value as determined in good faith by or under the direction of MLIM.
- (b) *Security transactions and investment income* - Security transactions are recorded on the dates the transactions are entered into (the trade dates). Realized gains and losses on security transactions are determined on the identified cost basis. Interest income (including amortization of premium and discount) is recognized on the accrual basis.
- (c) *Dividends and distributions* - The Account declares dividends daily and reinvests daily such dividends (net of non-resident alien tax and backup withholding tax withheld) in additional units at net asset value. Dividends and distributions are declared from the total of net investment income and net realized gain or loss on investments.

3. Cash Allocation Account Agreement:

The Program Manager has entered into an investment advisory agreement with MLIM. The general partner of MLIM is Princeton Services, Inc. (“PSI”), an indirect, wholly-owned subsidiary of Merrill Lynch & Co., Inc. (“ML & Co.”), which is the limited partner. MLIM is responsible for the management of the Account’s portfolio and provides the necessary personnel, facilities, equipment and certain other services necessary to the operations of the Account. For such services, the Account pays a monthly fee based upon the average daily value of the Account’s net assets at an annual rate that is the lesser of: 1) the expense ratio (as determined based upon the most recent prior annual expense ratio statement) of Class II shares of Merrill Lynch Retirement Reserves Money Fund, or 2) 0.70% of the average daily value of net assets in the Account. There will be no additional expenses accrued at the Account level. All remaining expenses will be paid by MLIM.

4. Beneficial Interest:

The number of units sold, reinvested and redeemed during the period corresponds to the amounts included in the Statement of Changes in Fiduciary Net Assets, value of units issued in reinvestment of dividends and distributions and payments in accordance with trust agreements are recorded at \$1.00 per unit.

5. Investments:

MLIM invests and manages the Account’s investments except for the portion of the Account invested in Maine CDs. Investments are reported at fair value and are accounted for by the Account accordingly, with changes in the fair value included in investment earnings. The Account’s investments are not subject to classification by credit risk under GASB Statement No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements*.

The following represents a calculation of the net increase in the fair value of investments during the year ended June 30, 2003:

Fair value at end of period	\$ 64,851,400
Less cost of investments purchased during period	(392,183,590)
Plus cost of investments redeemed during period	380,806,116
Less fair value at beginning of period	<u>(53,448,963)</u>
Change in fair value of investments during period	<u>\$ 24,963</u>

6. Adoption of GASB Statement No. 34:

During the year ended June 30, 2003, the Account adopted GASB Statement No. 34 (as amended by Statement No. 37), *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments* and GASB Statement No. 38, *Certain Financial Statement Disclosures*. These statements require changes to the basic financial statements for state and local governmental entities and related disclosures from those reported previously. There is no affect on the net assets, and results of operations are unchanged from the prior year.

* * * * *

OTHER FINANCIAL INFORMATION

The following information is presented for the purpose of additional analysis and is not a required part of the basic financial statements of the Cash Allocation Account. It shows financial information of the Cash Allocation Account, which is included in the NextGen College Investing Plan.

Cash Allocation Account

Schedule of Investments as of June 30, 2003

(in Thousands)

Issue	Face Amount	Interest Rate*	Maturity Date	Value
Maine Certificates of Deposit - 6.3%				
Auburn Savings and Loan	\$ 97	1.98 %	12/18/2003	\$ 97
Bangor Savings Bank	98	2.23	9/04/2003	98
	250	1.63	12/18/2003	251
Biddeford Savings Bank	97	1.65	3/10/2004	98
Border Trust Company	97	1.29	6/07/2004	97
Camden National Bank	98	1.59	3/10/2004	98
Damariscotta Bank & Trust	98	1.77	3/10/2004	98
First Federal Savings & Loan	98	1.70	3/10/2004	98
First National Bank	250	1.59	12/18/2003	251
First National Bank of Bar Harbor	97	1.54	6/07/2004	98
First National Bank of Damariscotta	250	1.74	12/18/2003	251
	97	1.59	3/10/2004	98
Franklin Savings Bank	98	1.64	3/10/2004	99
Gardiner Savings Institute	98	1.60	12/18/2003	99
Gorham Savings Bank	200	1.59	3/10/2004	201
	97	1.34	6/07/2004	97
Katahdin Trust Company	99	1.59	12/18/2003	99
Kennebec Federal Savings	97	1.85	12/18/2003	97
Kennebunk Savings Bank	98	1.24	6/09/2004	98
Machias Savings Bank	98	1.59	3/10/2004	98
Mechanics Savings Bank	347	2.47	12/18/2003	349
Merrill Merchants Bank	200	1.65	12/18/2003	200
	97	1.24	6/07/2004	97
Northeast Bank	97	1.78	3/10/2004	98
Norway Savings Bank	98	1.60	3/10/2004	99
Ocean National Bank	97	1.55	12/18/2003	97
People's Heritage	200	1.53	12/18/2003	200
	98	1.80	3/10/2004	98
Skowhegan Savings Bank	97	1.53	12/18/2003	97
Union Trust Company	98	1.64	12/18/2003	99
United Kingfield Bank	97	1.49	12/18/2003	97
Total Maine Certificates of Deposit (Cost - \$4,038)				4,052
Certificates of Deposit - Yankee - 11.9%				
Canadian Imperial Bank of Commerce	2,000	1.49†	3/22/2004	2,000
	1,000	1.20	7/15/2004	1,000
Credit Agricole Indosuez	1,000	1.04†	2/17/2004	1,000
Deutsche Bank AG	1,500	1.05	10/20/2003	1,500
Merita Bank PLC	1,500	1.235	9/09/2003	1,500
Landesbank NRW	600	1.02	9/22/2003	600
Total Certificates of Deposit - Yankee (Cost - \$7,600)				7,600

Cash Allocation Account (continued)

Schedule of Investments as of June 30, 2003

(in Thousands)

Issue	Face Amount	Interest Rate*	Maturity Date	Value
Commercial Paper - 43.5%				
American Honda Finance Corp.	\$ 150	1.12 %	7/08/2003	\$ 150
Barton Capital Corporation	1,007	1.00	7/09/2003	1,007
Beta Finance Inc.	555	1.24	7/21/2003	555
Bills Securitization Limited	1,000	1.25	7/16/2003	999
CBA (Delaware) Finance Inc.	1,900	1.25	7/07/2003	1,900
	600	1.26	7/08/2003	600
	700	1.12	7/14/2003	700
Clipper Receivables Corp.	602	1.26	7/15/2003	602
	1,000	1.10	9/10/2003	998
Delaware Funding Corp.	500	1.25	7/07/2003	500
	498	1.02	7/10/2003	498
	250	1.20	7/11/2003	250
Dorada Finance Inc.	1,758	1.27	7/01/2003	1,758
Edison Asset Securitization, LLC	683	0.94	8/18/2003	682
Eureka Securitization Inc.	1,420	1.18	7/11/2003	1,419
GE Financial Assurance Holdings, Inc.	331	1.05	7/24/2003	331
Goldman Sachs Group, Inc. †	1,200	1.29	10/09/2003	1,196
HBOS Treasury Services PLC	700	1.05	7/24/2003	699
	200	1.05	7/28/2003	200
	400	0.99	8/27/2003	399
ING (U.S.) Funding, LLC	400	1.24	7/10/2003	400
Jupiter Securitization	930	1.06	7/30/2003	929
Mont Blanc Capital Corp.	1,339	1.00	7/31/2003	1,338
Newport Funding Corporation	2,000	1.00	7/22/2003	1,999
Old Line Funding Corp.	681	1.07	7/09/2003	681
PB Finance (Delaware) Inc.	2,000	1.26	7/09/2003	1,999
	755	1.152	8/15/2003	754
Park Avenue Receivables Corp.	664	1.04	8/18/2003	663
Sheffield Receivables Corp.	855	1.20	7/08/2003	855
Southern Company Funding Corp.	855	1.20	7/18/2003	854
Spintab AB	1,000	1.24	7/21/2003	999
UBS Finance (Delaware) Inc.	500	1.12	7/07/2003	500
	233	1.00	7/08/2003	233
	200	0.99	8/04/2003	200
Total Commercial Paper (Cost - \$27,851)				27,847

Cash Allocation Account (concluded)

Schedule of Investments as of June 30, 2003

(in Thousands)

Issue	Face Amount	Interest Rate*	Maturity Date	Value
Corporate Notes - 3.0%				
National City Bank of Ohio	\$ 950	1.31 %	11/14/2003	\$ 950
U.S. Bank, National Association	1,000	1.05	1/29/2004	1,000
Total Corporate Notes (Cost - \$1,950)				1,950
Medium-Term Notes - 11.8%				
American Honda Finance Corp.	550	1.48	12/05/2003	551
Bank of America Corporation	900	1.34	8/18/2003	900
Bank of Nova Scotia	500	1.28	9/04/2003	500
Deutsche Bank AG	210	1.23†	12/12/2003	210
General Electric Capital Corp.	1,500	1.37†	11/03/2003	1,501
	550	1.43†	4/22/2004	551
	500	1.39†	5/07/2004	501
Morgan Stanley	500	1.529	7/07/2003	500
	1,000	1.54	8/07/2003	1,000
	60	1.694†	4/05/2004	60
	250	1.579†	4/22/2004	250
Sigma Finance, Inc.	1,000	1.14†	6/15/2004	1,000
Total Medium-Term Notes (Cost - \$7,523)				7,524
U.S. Government Agency Obligations-Non-Discount - 24.8%				
Fannie Mae	2,000	0.885†	5/27/2004	1,999
	1,000	1.18	7/27/2004	1,000
	550	2.46	8/19/2004	551
	3,000	1.186†	10/29/2004	3,000
	300	2.07	2/11/2005	302
Federal Farm Credit Bank†	1,500	1.02	11/04/2004	1,500
	2,000	1.23	5/02/2005	1,999
	4,000	1.23	6/13/2005	3,999
Freddie Mac	500	3.75	4/15/2004	510
	500	3.25	11/15/2004	514
	500	2.00	4/22/2005	504
Total U.S. Government Agency Obligations-Non-Discount (Cost - \$15,866)				15,878
Total Investments (Cost - \$64,828) - 101.3%				64,851
Liabilities in Excess of Other Assets - (1.3)%				(872)
Net Assets - 100.0%				\$ 63,979

* Commercial Paper and certain U.S. Government Agency Obligations are traded on a discount basis; the interest rates shown reflect the discount rates paid at the time of purchase by the Account. Other securities bear interest at the rates shown, payable at fixed dates or upon maturity. Interest rates on variable rate securities are adjusted periodically based upon appropriate indexes; the interest rates shown are the rates in effect at June 30, 2003.

† Variable rate note.

Cash Allocation Account

Schedule of Operations for the Year Ended June 30, 2003

Investment Income:

Interest and amortization and accretion of premium and discount	\$ 911,924
Total income	<u>911,924</u>

Expenses:

Management fees	<u>403,609</u>
Total expenses	<u>403,609</u>
Net investment income	<u>508,315</u>

Net Realized & Unrealized Gain on Investments

Net increase in fair value of investments	24,963
Net realized gain on sale of investments	<u>1,132</u>

Increase in Net Assets Resulting from Operations	\$ <u>534,410</u>
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Cash Allocation Account

Financial Highlights for the Year Ended June 30, 2003

The following per unit data and ratios have been derived from information provided in the financial statements and other financial information.

Increase (Decrease) in Net Asset Value:

Per Unit Operating Performance:

Net asset value, beginning of year	\$	1.00
Net investment income0089
Net realized gain and increase in fair value of investments0004
Total from investment operations		<u>.0093</u>

Less dividends and distributions:

Net investment income.....		(.0089)
Net realized capital gains on investments.....		- *
Total dividends and distributions		<u>(.0089)</u>
Net asset value, end of year	\$	<u>1.00</u>

Total Investment Return:

Based on net asset value per unit		<u>.89%</u>
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Ratios to Average Net Assets:

Expenses.....		<u>.70%</u>
Net investment income and realized gain on investments.....		<u>.88%</u>

Supplemental Data:

Net assets, end of year (in thousands)	\$	<u>63,979</u>
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* Amount is less than \$ (.0001) per unit.

NextGen College Investing Plan® is a registered trademark of the Finance Authority of Maine.

NextGen® is a registered trademark of the Finance Authority of Maine.

(c) 2003 Finance Authority of Maine.

Program Management provided by Merrill Lynch, Pierce, Fenner & Smith Incorporated.

Member, Securities Investor Protection Corporation (SIPC).

Printed in the U.S.A.

NextGen Cash - 6/03

June 30, 2003