

Annual Report
June 30, 2005

Cash
Allocation
Account

NextGen College Investing Plan®



Maine State Treasurer



Cash Allocation Account

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Management's Discussion and Analysis

June 30, 2005 (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, 2005.

Financial Highlights

The assets held for individuals and organizations participating in the Account exceeded its liabilities at the close of the fiscal year by \$141,707,368.

The Account had contributions of \$62,594,917 and withdrawals of \$20,069,598, providing for \$42,525,319 of net contributions during the fiscal year ended June 30, 2005.

Overview of the Financial Statements

This annual report consists of several parts including management's discussion and analysis (this section), the basic financial statements and other financial information. 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 a contribution to the Account is completed; 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 the Finance Authority of Maine ("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, 2005 and June 30, 2004 is presented below:

As of June 30	2005	2004
Total Assets	\$ 141,836,983	\$ 99,214,206
Total Liabilities	<u>129,615</u>	<u>14,346</u>
Total Net Assets	<u>\$ 141,707,368</u>	<u>\$ 99,199,860</u>

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

Investments comprise \$141,352,349 of total assets. Other assets include cash and receivables from interest and contributions. Liabilities consist of payables for management fees, withdrawals and other liabilities in the total amount of \$129,615.

As illustrated by the table above, the Account's net assets increased by \$42,507,508 in fiscal year 2005. This increase is primarily attributable to \$42,525,319 of net contributions to the Account in fiscal year 2005.

The Federal Reserve has raised the Fed Funds rate by 25 basis points at every Federal Open Market Committee meeting during 2005 to date. Interest rates in the short end of the yield curve have risen substantially, as the Fed Funds increased from 1.75% on September 20, 2004 to 4% as of November 1, 2005. In this environment, the Account has purchased shorter term commercial paper and certificates of deposits in terms of average life (45-60 days most of the time), although during periods of yield spikes, we have taken advantage of the steepness in the short end of the yield curve by buying longer commercial paper and certificates of deposit. Ideally in this environment the Account could purchase more floating rate notes, but tight credit spreads have taken away all of the value of these securities, leaving only the credit risk. Therefore, the Account has not added substantially to floating rate note positions during the past year. Higher short-term interest rates in 2005 have increased the Account's yield recently. However, the Account has adopted a more conservative stance with respect to the weighted average maturity of the Account's investments as protection from undue interest rate risk.

Changes in net assets: The following represents the changes in net assets for the years ended June 30, 2005 and June 30, 2004.

As of June 30	2005	2004
Additions		
Contributions:		
Participants	\$ 62,594,917	\$ 44,432,932
Total contributions	<u>62,594,917</u>	<u>44,432,932</u>
Investment income		
Net decrease in fair value of investments	(17,811)	(65,854)
Interest, amortization of premium and accretion of discount	<u>3,054,326</u>	<u>1,063,990</u>
Total investment income	<u>3,036,515</u>	<u>998,136</u>
Total additions	<u>65,631,432</u>	<u>45,431,068</u>
Deductions		
Account withdrawals	20,069,598	9,146,274
Management fees	866,394	641,599
Investment income distributions	<u>2,187,932</u>	<u>422,391</u>
Total deductions	<u>23,123,924</u>	<u>10,210,264</u>
Change in net assets held for Participants	42,507,508	35,220,804
Net assets at beginning of year	<u>99,199,860</u>	<u>63,979,056</u>
Net assets at end of year	<u>\$ 141,707,368</u>	<u>\$ 99,199,860</u>

Cash Allocation Account

Independent Auditors' Report

To the Management of the Finance Authority of Maine 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, 2005, and for the year then ended. 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. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness or the Program's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements 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, 2005, 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, 2005, and the changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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. Such 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 when considered in relation to the basic financial statements taken as a whole.

DELOITTE & TOUCHE LLP
Princeton, New Jersey

December 12, 2005

Cash Allocation Account

Financial Statements

Cash Allocation Account

Statement of Fiduciary Net Assets as of June 30, 2005

Assets:

Current Assets:

Investments at fair value (Cost – \$141,412,414)		\$141,352,349
Cash		491
Receivables:		
Interest	\$ 314,028	
Contributions	170,115	484,143
Total assets		<u>141,836,983</u>

Liabilities:

Current Liabilities:

Management fees payable		56,964
Withdrawals		3,490
Other liabilities		<u>69,161</u>
Total liabilities		<u>129,615</u>

Total net assets

\$141,707,368

Units outstanding		<u>141,767,433</u>
Net asset value per unit		<u>\$ 1.00</u>

See Notes to Financial Statements.

Cash Allocation Account

Statement of Changes in Fiduciary Net Assets
For the Year Ended June 30, 2005

Additions

Contributions:

Participants.....	\$ 62,594,917
Total contributions.....	<u>62,594,917</u>

Investment income:

Net decrease in fair value of investments.....	(17,811)
Interest, amortization of premium and accretion of discount.....	<u>3,054,326</u>
Total investment income.....	<u>3,036,515</u>

Total additions..... 65,631,432

Deductions

Account withdrawals.....	20,069,598
Management fees.....	866,394
Investment income distributions.....	<u>2,187,932</u>

Total deductions..... 23,123,924

Change in net assets held for Participants..... 42,507,508

Net assets at beginning of year..... 99,199,860

Net assets at end of year..... \$141,707,368

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 commenced operations on September 5, 2001 and is being 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. 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 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 September 20, 2004 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 for the Account.

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

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

2. Significant Accounting Policies:

Basis of Accounting

The accompanying financial statements have been prepared in accordance with generally accepted principles and standards of the Governmental Accounting Standards Board ("GASB"). The Program Fund (as defined in the Program Description dated September 20, 2004, as amended June 7, 2005, and further amended July 18, 2005), including the Account, is a private purpose trust fund under GASB 34, a type of 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. Under the GASB standard, a fiduciary fund is used to account for assets held in a trustee or agency capacity for others, and therefore, cannot be used to support a government's own programs other than the Program related to the trust 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 U.S. generally accepted accounting principles. 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. The Account's revenues are mainly derived from investment income and its expenses consist primarily of investment expenses and administrative costs associated with the Program.

Pursuant to 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 U.S. generally accepted accounting principles 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 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.

As of June 30, 2005, accrued management fees payable were \$56,964.

4. Beneficial Interest:

The number of units sold, reinvested and redeemed during the year corresponds to the amounts included in the Statement of Changes in Fiduciary Net Assets. The value of units issued in reinvestment of dividends, distributions and payments is recorded at \$1.00 per unit. For the year ended June 30, 2005, the total value of units reinvested was \$2,127,433. Amounts reinvested are included with Participant Contributions as presented in the Statement of Changes in Fiduciary Net Assets.

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. In March 2003, GASB published Statement No. 40, an amendment of Statement No. 3. The new statement requires state and local governments to disclose information covering four principal areas: a) custodial credit risk; b) investment credit risk, including credit quality information issued by rating agencies; c) concentration of credit risk, and d) interest rate disclosures that include investment maturity information.

(a) Custodial Credit Risk for Investments – Is the risk that, in the event of the failure of counterparty to a transaction, the Account will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. All the Account’s investments are held in either the name of the Account or the Account’s Agent’s name, thereby mitigating this risk.

(b) Investment Credit Risk – Is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The assets of the Cash Allocation Account are invested in a portfolio of high-quality, short-term (not more than 762 days) money-market securities consisting 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 invests in certificates of deposit issued by Maine financial institutions (“Maine CD’s”) in accordance with instructions from FAME and the Treasurer. All Maine Certificates of Deposit are FDIC insured or fully collateralized. Credit quality ratings, as determined by nationally recognized statistical rating organizations (“NRSRO”) for the Account’s investments, are disclosed in the Account’s “Schedule of Investments as of June 30, 2005” located in the Other Financial Information section.

(c) Concentration of Credit Risk – Is the risk of loss attributed to the magnitude of the Account’s investments in a single issuer. The Account intends to invest no more than a maximum of 10 percent (10%) of its assets in Maine CDs even though it has no prescribed limit on such investments. Other formalized policies limiting the Account’s exposure to concentration of credit risk have not been established. As of June 30, 2005, none of the Account’s investments exceed 5% of its net assets.

(d) Interest Rate Risk – Is the risk that changes in interest rates will adversely affect the fair value of an investment. The Account does invest in money-market securities which are subject to interest rate risk: their value will generally increase when interest rates decline and decrease when interest rates increase. Prices of longer-term securities generally change more in response to interest rate changes than the prices of shorter-term securities. Thus, the Account may lose money if short-term or long-term interest rates rise sharply or otherwise change in a manner not anticipated by the Account’s management. Interest rate risk is lessened by the Account’s practice of investing in high quality, short-term securities (not more than 762 days) and Certificates of Deposit with a term of one year or less. The interest rates associated with each of the Account’s investments are disclosed in the Account’s “Schedule of Investments as of June 30, 2005” located in the Other Financial Information section.

The following represents a calculation of the net increase in the fair value of investments during the year ended June 30, 2005:

Fair value at end of year	\$ 141,352,349
Less cost of investments purchased during year	(1,020,432,480)
Plus cost of investments redeemed during year	978,078,402
Less fair value at beginning of year	<u>(99,016,082)</u>
Change in fair value of investments during year	<u>\$ (17,811)</u>

* * * * *

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, 2005

(in Thousands)

S&P Ratings*	Moody's Ratings*	Issue	Face Amount	Interest Rate**	Maturity Date	Value
Maine Certificates of Deposit – 7.9%						
NR‡	NR‡	Auburn Savings and Loan	\$ 97	2.79 %	12/16/2005	\$ 97
NR‡	NR‡	Bangor Savings Bank	98	2.32	9/02/2005	98
			500	2.83	12/16/2005	498
NR‡	NR‡	Biddeford Saving Bank	97	3.23	3/10/2006	97
NR‡	NR‡	Border Trust Co.	97	3.40	6/07/2006	96
NR‡	NR‡	Camden National Bank	98	3.23	3/10/2006	97
NR‡	NR‡	Damariscotta Bank & Trust	96	3.54	6/07/2006	96
NR‡	NR‡	First National Bank	97	3.25	3/10/2006	97
			1,500	3.50	3/10/2006	1,497
NR‡	NR‡	Gorham Savings Bank	500	2.96	12/16/2005	498
			97	3.39	6/07/2006	97
NR‡	NR‡	Kennebec Federal Savings	97	3.15	12/16/2005	97
NR‡	NR‡	Kennebec Savings Bank	99	2.25	9/02/2005	98
NR‡	NR‡	Kennebunk Savings Bank	98	3.36	6/07/2006	97
NR‡	NR‡	Machias Savings Bank	96	3.36	6/07/2006	96
NR‡	NR‡	Mechanics Savings Bank	800	2.469	9/02/2005	799
			97	2.79	12/16/2005	97
			450	3.49	3/10/2006	449
NR‡	NR‡	Merrill Merchants Bank	97	3.36	6/07/2006	97
NR‡	NR‡	Northeast Bank	5,200	2.54	9/02/2005	5,191
			96	3.445	6/07/2006	96
NR‡	NR‡	People's Heritage	500	2.79	12/16/2005	498
			98	3.23	3/10/2006	97
NR‡	NR‡	River Green Bank	96	3.445	6/07/2006	96
NR‡	NR‡	United Kingfield Bank	97	2.79	12/16/2005	97
Total Maine Certificates of Deposit (Cost – \$11,198)						11,173
Certificates of Deposit – Euro – 0.7%						
AA	Aa1	Barclays Bank	1,000	3.805	6/20/2006	1,000
Total Certificates of Deposit – Euro (Cost – \$1,000)						1,000
Certificates of Deposit – Yankee – 3.2%						
AA-	Aa2	Banco Bilbao Vizcaya	500	3.00	12/21/2005	499
A+	Aa3	Canadian Imperial Bank of Commerce	1,000	3.28†	7/14/2006	1,000
AA	Aa2	HBOS Treasury Service	1,500	3.15	1/18/2006	1,495
A+	Aa3	Nordea North America	500	3.035	12/30/2005	498
A+	Aa3	Toronto Dominion Bank	1,000	3.36	11/09/2005	999
Total Certificates of Deposit – Yankee (Cost – \$4,500)						4,491

Cash Allocation Account

Schedule of Investments as of June 30, 2005 (continued)

(in Thousands)

S&P Ratings*	Moody's Ratings*	Issue	Face Amount	Interest Rate**	Maturity Date	Value
Commercial Paper – 76.2%						
A-1	P-1	Amsterdam Funding Corporation	\$3,086	3.09 %	7/11/2005	\$ 3,083
			4,000	3.10	7/13/2005	3,996
A-1+	P-1	Barton Capital Corp.	4,762	3.16	7/14/2005	4,756
A-1	P-1	Blue Ridge Asset Funding Corporation	4,300	3.10	7/20/2005	4,293
A-1+	P-1	CC USA Air	3,000	3.39	12/01/2005	2,955
A-1	P-1	Chariot Funding LLC	2,500	3.05	7/15/2005	2,497
A-1	P-1	Clipper Receivables Company LLC	3,003	3.07	7/06/2005	3,002
			1,000	3.11	7/20/2005	998
A-1	P-1	Compass Securitization LLC	3,100	3.18	8/10/2005	3,089
A-1	P-1	DNB Nor Bank ASA	3,000	3.40	9/14/2005	2,979
A-1+	P-1	Edison Asset Securitization, LLC	2,426	3.07	7/06/2005	2,425
A-1	P-1	Falcon Asset Securitization	4,043	3.15	7/12/2005	4,039
			1,586	3.19	7/19/2005	1,583
A-1	P-1	Goldman Sachs Group, Inc.	4,000	3.27	7/25/2005	3,991
A-1	P-1	Greyhawk Funding LLC	3,201	3.18	8/15/2005	3,188
A-1+	P-1	Grampion Funding Limited	3,173	3.22	7/26/2005	3,166
			2,800	3.11	7/28/2005	2,793
A-1+	P-1	HBOS Treasury Services PLC	1,700	3.40	9/22/2005	1,687
A-1	P-1	Jupiter Securitization Corporation	3,000	3.05	7/01/2005	3,000
			3,650	3.09	7/11/2005	3,647
A-1+	P-1	KFW International Finance Corp.	500	2.78	8/26/2005	497
A-1	P-1	Morgan Stanley	340	3.517†	2/21/2006	340
A-1+	P-1	Newport Funding Corp.	3,000	3.07	7/21/2005	2,995
A-1	P-1	Nordea North America, Inc.	1,000	2.98	8/22/2005	995
			3,160	3.35	9/06/2005	3,140
A-1	P-1	Preferred Receivables Funding Corp.	3,831	3.08	7/08/2005	3,829
A-1	P-1	Santander Central Hispano Finance (Delaware), Inc.	1,000	3.20	9/09/2005	993
A-1+	P-1	Sigma Finance, Inc.	2,700	3.12	7/22/2005	2,695
			2,358	3.12	7/28/2005	2,352
			1,000	2.96	8/18/2005	996
A-1+	P-1	Solitaire Funding, LLC	2,605	3.25	7/21/2005	2,600
A-1	P-1	Svenska Handelsbanken, Inc.	6,013	3.05	7/05/2005	6,011
A-1	P-1	Swedbank (Foreningss)	5,000	3.20	8/18/2005	4,978
A-1	P-1	Thunder Bay Funding LLC	1,287	3.05	7/01/2005	1,287
A-1+	P-1	UBS Finance (Delaware), Inc.	1,162	3.03	7/01/2005	1,162
A-1	P-1	Verizon Network Funding Corp.	3,223	3.25	8/04/2005	3,213
A-1+	P-1	Windmill Funding Corp.	4,000	3.10	7/27/2005	3,991
A-1+	P-1	Yorktown Capital LLC	4,714	3.07	7/07/2005	4,712
Total Commercial Paper (Cost – \$107,960)						107,953

Cash Allocation Account

Schedule of Investments as of June 30, 2005 (concluded)

(in Thousands)

S&P Ratings*	Moody's Ratings*	Issue	Face Amount	Interest Rate**	Maturity Date	Value
Master Notes – 0.9%						
AAA	Aaa	Beta Finance Inc.	\$1,300	3.045 %	1/05/2006	\$ 1,300
Total Master Notes (Cost – \$1,299)						1,300
Medium-Term Notes – 3.3%						
A+	Aa3	Goldman Sachs Group, Inc.	1,500	3.21†	7/14/2006	1,500
A	A1	HSBC Finance Corporation	1,000	3.29†	7/21/2006	1,000
AA	Aa2	Metlife Global Funding, Inc.	520	3.14†	7/06/2006	520
A	A2	Northern Rock PLC	1,000	3.41†	7/07/2006	1,000
AAA	Aaa	Pfizer Inc.	700	3.15†	11/04/2005	700
Total Medium-Term Notes (Cost – \$4,720)						4,720
Promissory Notes – 0.7%						
NR‡	NR‡	Goldman Sachs Group	1,000	2.75	1/13/2006	1,000
Total Promissory Notes (Cost – \$1,000)						1,000
U.S. Corporate Notes – 1.3%						
AA-	Aa1	Citigroup Inc.	450	6.75	12/01/2005	455
A+	Aa3	National City Cleveland	1,500	2.50	4/17/2006	1,484
Total U.S. Corporate Notes (Cost – \$1,942)						1,939
U.S. Government Agency Obligations – Non-Discount – 5.5%						
AAA	Aaa	Fannie Mae	500	2.11	8/26/2005	499
			500	2.07	10/21/2005	498
			1,000	2.25	2/28/2006	991
			500	3.00	9/20/2006	495
AAA	Aaa	Federal Home Loan Banks	500	1.50	8/26/2005	499
			2,000	3.115†	5/10/2006	1,999
			2,000	3.21†	6/01/2006	1,999
			300	3.45	1/10/2007	298
AAA	Aaa	Federal Home Loan Mortgage Association	500	2.29	10/28/2005	498
Total U.S. Government Obligations – Non-Discount (Cost – \$7,793)						7,776
Total Investments (Cost – \$141,412) – 99.7%						141,352
Other Assets Less Liabilities – 0.3%						355
Net Assets – 100.0%						\$ 141,707

* Ratings of issues shown are unaudited.

** 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. 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, 2005.

† Variable rate security.

‡ Not Rated.

Cash Allocation Account

Schedule of Operations for the Year Ended June 30, 2005

Investment Income:

Interest, amortization of premium and accretion of discount.....	\$ 3,054,326
Total income	<u>3,054,326</u>

Expenses:

Management fees	<u>866,394</u>
Total expenses.....	<u>866,394</u>
Net investment income	<u>2,187,932</u>

Net Unrealized Loss:

Net decrease in fair value of investments.....	<u>(17,811)</u>
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Net Increase in Net Assets Resulting from Operations	<u>\$ 2,170,121</u>
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Cash Allocation Account

Financial Highlights for the Year Ended June 30, 2005

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

**For the
Year Ended
June 30, 2005**

Per Unit Operating Performance:

Net asset value, beginning of year	\$ 1.00
Net investment income0160
Net decrease in fair value of investments.....	(.0001)
Total from investment operations	<u>.0159</u>
Less dividends from net investment income to Participants.....	<u>(.0161)</u>
Net asset value, end of year	<u>\$ 1.00</u>

Total Investment Return:

Based on net asset value per unit	<u>1.61%</u>
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Ratios to Average Net Assets:

Expenses.....	<u>.64%</u>
Net investment income	<u>1.61%</u>

Supplemental Data:

Net assets, end of year (in thousands)	<u>\$ 141,707</u>
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Program Management provided by Merrill Lynch, Pierce, Fenner & Smith Incorporated.

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Printed in the U.S.A.

NextGen Cash - 6/05

June 30, 2005