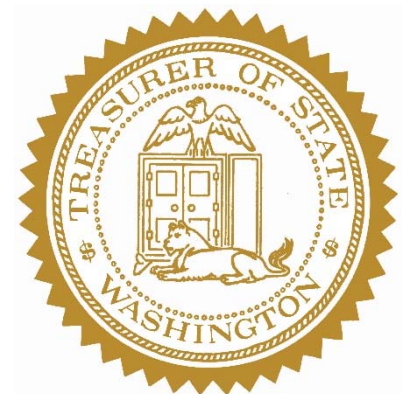


STATE OF WASHINGTON  
OFFICE OF THE STATE TREASURER

LOCAL GOVERNMENT INVESTMENT POOL  
AN INVESTMENT POOL OF THE STATE OF WASHINGTON

ANNUAL COMPREHENSIVE  
FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2021





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STATE OF WASHINGTON  
OFFICE OF THE STATE TREASURER

LOCAL GOVERNMENT INVESTMENT POOL  
AN INVESTMENT POOL OF THE STATE OF WASHINGTON

**ANNUAL COMPREHENSIVE  
FINANCIAL REPORT**

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Report prepared by:

**Office of the State Treasurer**

Mike Pellicciotti, State Treasurer

***Operations Division***

Shad Pruitt, Deputy State Treasurer

Denise Nguyen, Accounting Services Manager

Cindy Shave, Investment Accounting Manager

Katie Davis, Investment Accountant

Alexis Lopez, Investment Accountant

***Investment Division***

James Rosenkoetter, Deputy State Treasurer

Shawn Reed, Portfolio Manager

Staci Ashe, LGIP Administrator

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
For the Fiscal Year Ended June 30, 2021

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*Mike Pellicciotti*  
*Washington State Treasurer*



The Local Government Investment Pool (LGIP) is an optional investment tool available to eligible governmental entities in the state of Washington. The LGIP, operated by the Office of the State Treasurer, was created by the Legislature in 1986 to enable governments to earn a competitive rate of return while maintaining the safety and liquidity of their excess funds.

During Fiscal Year 2021:

- The average balance in the LGIP portfolio was \$21.8 billion maintained by 661 participants.
- The LGIP had an administrative fee of 0.5 basis points. This is the fifteenth year in a row that the LGIP has charged less than one basis point.

The LGIP has grown significantly, both in participation and portfolio size, since its inception in 1986. The Treasury Management System (TMS) continues to be a valuable resource for participants. TMS and the automation it provides, helps keep LGIP administrative costs at a minimum.

I am proud to report the LGIP net rate of return during the fiscal year outperformed its benchmark by 14 basis points. The benchmark is the iMoneyNet Government Only/Institutional Only Money Market Funds, which is comprised of privately managed money market funds similar to the LGIP. During the fiscal year, LGIP participants earned \$30.5 million over what the average comparable money market fund would have generated.

On behalf of the staff at the Office of the State Treasurer, I want to thank you for your continued confidence in the LGIP. If you have questions or suggestions on how to improve our services, please call me at (360) 902-9001.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Pellicciotti", is written over a light blue horizontal line.

Mike Pellicciotti  
State Treasurer





# **INTRODUCTORY SECTION**





MIKE PELLICCIOTTI  
State Treasurer

State of Washington  
Office of the Treasurer  
Local Government Investment Pool

---

October 1, 2021

The Honorable Jay Inslee, Governor  
The Honorable Pat McCarthy, State Auditor  
Members of the Joint Legislative Audit and Review Committee  
Participants in the Local Government Investment Pool

I am pleased to submit this Annual Comprehensive Financial Report (ACFR) of the state of Washington Local Government Investment Pool (LGIP) for the fiscal year ended June 30, 2021. This report has been prepared by the Office of the State Treasurer (OST) pursuant to Revised Code of Washington (RCW) 43.250.080. It includes only activity of the LGIP and does not include data or information related to other state agencies or funds.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with OST management. A framework of internal controls has been established by management for this purpose, as well as to ensure information reported in the investment section is reliable. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free from any material misstatements.

To the best of our knowledge, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and changes in net position of the LGIP in conformity with generally accepted accounting principles (GAAP). All disclosures necessary to enable the reader to gain an understanding of the LGIP's financial activities have been included. Data presented in the investment section is prepared on a basis consistent with other sections of the report.

The LGIP's financial statements have been audited by Eide Bailly LLP, a firm of licensed certified public accountants. The independent auditor concluded the enclosed financial statements are presented fairly in conformity with GAAP. The independent auditor's report is included in the financial section of this report.

Management's Discussion and Analysis (MD&A), immediately following the independent auditor's report, provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A complements this letter and should be read in conjunction with it.

### **LGIP Profile**

The LGIP, created by the Washington State Legislature in 1986, is managed and operated by OST on behalf of participants. In 1995, the State Treasurer established the LGIP Advisory Committee to provide advice on the pool's operation. The advisory committee includes 14 members selected from active pool participants. Eight members are appointed by participant associations, and six are appointed by the State Treasurer.

The LGIP operates in a fiduciary capacity as an investment pool within the framework of state laws and regulations. The LGIP serves as an investment vehicle for governmental entities. Eligible entities may invest temporary cash surpluses to take advantage of the volume and management expertise of the state's investment program to earn a competitive rate of return while maintaining security and liquidity.

### **Investment Policies and Practices**

The LGIP is considered extremely low risk. The portfolio is made up of high-quality, highly liquid securities, with relatively short average maturities to reduce the pool's price sensitivity to market interest rate fluctuations and credit risk. The LGIP also has a strong degree of asset diversification to minimize risk and maintain adequate rates of return.

The investment activity is guided by an investment policy, approved by the State Treasurer and follows the standard of the prudent investor. The objectives of the investment practices, in priority order, are safety, liquidity and return on investment. OST invests cash in excess of the daily liquidity requirements of LGIP participants. Investments authorized by statute include: U.S. Treasury and Agency securities, banker's acceptances, repurchase agreements, reverse repurchase agreements, commercial paper, and deposits with qualified public depositories.

The LGIP is managed diligently by professional treasury personnel to protect against losses from market and credit changes. However, the pool is not insured or guaranteed by any government. Therefore, the maintenance of principal is not fully assured.

### **Financial and Economic Information**

The economic condition of the LGIP is based primarily upon investment earnings. Due to the short-term nature of the portfolio, and the types of investments utilized, yields closely follow the targeted federal funds rate. With an average invested balance of \$21.8 billion during the fiscal year, the LGIP produced a net average monthly portfolio yield of .16 percent. The LGIP exceeded its benchmark by 14 basis points, resulting in \$30.5 million in additional interest income for participants.

Fiscal year 2021 was marked by sustained monetary policy by the Federal Open Market Committee (FOMC). The FOMC did not change its target for the federal funds rate from July 2020 through June 2021 stating that the COVID-19 pandemic has caused tremendous human and economic hardship across the United States. The targeted federal funds rate range began and ended the fiscal year at 0 to 1/4 percent.

Amid progress on vaccinations, the FOMC stated that indicators of economic activity and employment have strengthened. And, the sectors most adversely affected by the pandemic remain weak but have shown improvement. The FOMC also mentioned that inflation has risen, largely reflecting transitory factors. And, the Committee noted that overall financial conditions remain accommodative, reflecting strong policy measures to support the economy and the flow of credit to U.S. households and businesses.

Consistent with its statutory mandate, the FOMC seeks to foster maximum employment and price stability. The Committee continues to monitor incoming information related to the economic outlook, public health, and inflation pressures. The Committee expects to maintain the current target range until labor market conditions have levels consistent with its mandate.

During the first quarter of fiscal year 2022, the FOMC kept its target range for the federal funds rate at 0 to 1/4 percent to foster maximum employment and price stability. In determining the timing and size of future adjustments, the Committee will assess realized and expected economic conditions relative to its objectives.

**Major Initiatives**

Currently, there are no major initiatives involving investments or administration of the LGIP.

**Awards**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the LGIP for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2020. This was the twenty-fourth consecutive year the LGIP achieved this prestigious award. To be awarded a Certificate of Achievement, OST had to publish an easily readable and efficiently organized Comprehensive Annual Financial Report that satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. OST believes this ACFR continues to meet the Certificate of Achievement Program's requirements and will submit it to the GFOA to determine its eligibility for another certificate.

**Acknowledgments**

The preparation of this report was accomplished with the professionalism and dedicated services of personnel in OST's Accounting Services section and Investment Division. This ACFR reflects the State Treasurer's commitment to pool participants and citizens of the state of Washington to operate the LGIP in a responsible manner and to maintain financial statements in conformance with the highest standards of financial accountability.

**Additional Information**

A section of the State Treasurer's website is dedicated to the LGIP, and features information related to performance measures, historical rates, and portfolio holdings. This ACFR, plus additional information for participants and interested parties, may be accessed on the internet at: <http://tre.wa.gov/>.

Sincerely,



Shad Pruitt  
Deputy State Treasurer



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**State of Washington  
Local Government Investment  
Pool**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

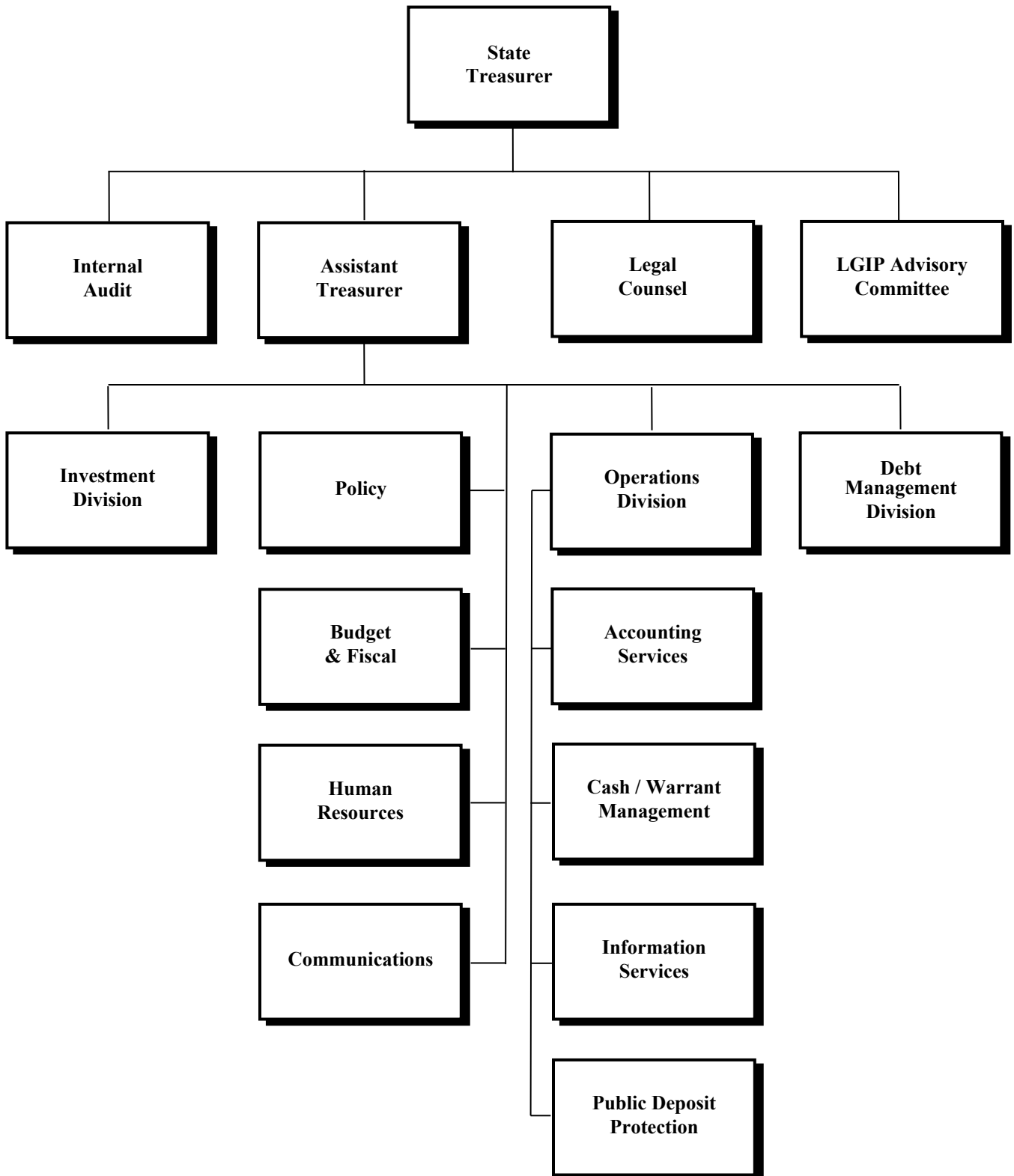
June 30, 2020

*Christopher P. Morrill*

Executive Director/CEO

# ORGANIZATIONAL CHART

Office of the State Treasurer



**ADVISORY COMMITTEE**  
Members

**Melissa Ankeny**  
Accounting Manager  
Clark Public Utilities

**Mark Horaski**  
Finance Director  
Valley Regional Fire Authority

**Diane Campbell**  
Treasury Manager  
Port of Seattle

**Josie Koelzer**  
Treasurer  
Franklin County

**Jennifer Ferrer-Santa Innes**  
Finance Director  
City of Yakima

**Dan Legard**  
Finance Director  
City of Kennewick

**Lisa Frazier**  
Treasurer  
Mason County

**Kayla Meise**  
Treasurer  
Adams County

**Pam Frost**  
Finance Director  
Snohomish County Housing Authority

**Michael Olson**  
Finance Director  
City of Kirkland

**Scott Goodrich**  
Finance Director  
Port of Vancouver

**Karen Thomas**  
Chief Deputy  
Whatcom County

**Toni Habegger**  
Assistant VP & CFO  
Eastern Washington University

**Troy Woo**  
Finance Director  
City of Lacey



**KEY PERSONNEL**  
Office of the State Treasurer

**Mike Pellicciotti**  
Treasurer

**Shad Pruitt**  
Deputy State Treasurer

**James Rosenkoetter**  
Deputy State Treasurer

**Denise Nguyen**  
Accounting Services Manager

**Sean Koval**  
Senior Portfolio Manager

**Cindy Shave**  
Investment Accounting Manager

**Shawn Reed**  
Portfolio Manager

**Katie Davis**  
Investment Accountant

**Amanda Hutson**  
Portfolio Manager

**Alexis Lopez**  
Investment Accountant

**Chris Mattoon**  
Portfolio Administrator

**Staci Ashe**  
LGIP Administrator

General Information

Legislative Building, Room 230  
PO Box 40200  
Olympia, Washington 98504-0200  
Telephone: (360) 902-9000  
Facsimile: (360) 902-9037  
<http://www.tre.wa.gov/>



**FINANCIAL  
SECTION**





## Independent Auditor's Report

To the Office of the State Treasurer and Pool Participants  
State of Washington Local Government Investment Pool  
Olympia, Washington

### Report on the Financial Statements

We have audited the accompanying financial statements of the State of Washington Local Government Investment Pool (the LGIP), which comprise the statement of fiduciary net position as of June 30, 2021, and the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the LGIP, as of June 30, 2021, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 1, the financial statements of the State of Washington Local Government Investment Pool, an external investment pool of the State of Washington, are intended to present the financial position and the changes in financial position of only the State of Washington Local Government Investment Pool. They do not purport to, and do not, present fairly the financial position of the Office of the State Treasurer or the State of Washington as of June 30, 2021, or the changes in their financial position for the year ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

**Other Matters***Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 14 through 16 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.

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The introductory section, schedule of investments contained in the investment section, investment and statistical sections are presented for purposes of additional analysis and is not a required part of the financial statements.

The schedule of investments is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of investments is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The introductory, investment (except for the schedule of investments described above), and statistical sections as listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated September 24, 2021, on our consideration of the LGIP's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contract and grant agreements and other matters. That report will be issued separately under its own cover. The purpose of that report is solely 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 effectiveness of LGIP's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the LGIP's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Eric Sully LLP".

Boise, Idaho  
September 24, 2021

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The Washington State Treasurer's Office provides the Management's Discussion and Analysis of the Local Government Investment Pool's (LGIP) Annual Comprehensive Financial Report (ACFR) for readers of the financial statements. This overview and analysis of the LGIP's financial activity is for the fiscal year ended June 30, 2021. Please read this analysis in conjunction with the letter of transmittal and the financial statements that follow.

### Financial Highlights

- At fiscal year end, the LGIP reported a net position in the amount of \$23.85 billion.
- The LGIP's net position increased by \$730 million over the previous year.
- The LGIP earned \$34.8 million, net of expenses, for pool participants. This was a decrease of \$232.3 million from the previous fiscal year.
- Administrative fees were less than one basis point for the fifteenth consecutive year.
- The LGIP's average annualized monthly yield was 14 basis points greater than that of its benchmark.

### Overview of the Financial Statements

The LGIP manages a portfolio of securities that meet the maturity, quality, diversification and liquidity requirements set forth by the Governmental Accounting Standards Board (GASB) for external investment pools that elect to measure, for financial reporting purposes, investments at amortized cost. The funds are limited to high quality obligations with regulated maximum and average maturities to minimize both market and credit risk. Investments are reported on a trade date basis in accordance with

generally accepted accounting principles (GAAP).

This report consists of the Statement of Fiduciary Net Position, Statement of Changes in Fiduciary Net Position, Notes to the Financial Statements, and the Schedule of Investments. This ACFR also contains supplementary and statistical information to aid the reader in further understanding the financial position of the LGIP and the results of its operation for the fiscal year. The following is a description of the basic financial statements:

- ***Statement of Fiduciary Net Position*** – The Statement of Fiduciary Net Position presents all of the LGIP's assets and liabilities, with the difference between the two reported as net position. It also provides information on the types of investments held by the LGIP.
- ***Statement of Changes in Fiduciary Net Position*** – The Statement of Changes in Fiduciary Net Position presents information on how the net position changed during the fiscal year. Additions consist of the contributions from participants and investment income. Deductions consist of distributions to participants and administrative expenses.
- ***Notes to the Financial Statements*** – The Notes to the Financial Statements serve to describe the LGIP as a reporting entity and to further clarify its financial activity as reported in the financial statements.

### Financial Analysis

To gain an understanding of the financial position of the LGIP, the reader should examine the financial statements as a whole, rather than in isolation from one another. This will provide a more comprehensive picture of the activity.



### Fiduciary Net Position

The LGIP experienced an increase in net position of \$730 million in 2021. Total assets and liabilities were higher compared to last fiscal year. The LGIP's net position total is a function of several parameters, some of which are independent of the LGIP's performance.

The resulting change in net position can best be explained simply by changes in deposits and withdrawals of the participants in the fund. Since the LGIP is a 100 percent voluntary investment option for eligible governments, participants may use the LGIP at their discretion. The percentage of total funds that individual participants have available for investment in the LGIP changes over time and can vary from near zero to 100 percent.

A summary of the LGIP's net position is presented below:

	2021	2020	Variance
Pooled Cash and Investments	\$ 24,545,960,321	\$ 23,667,343,857	\$ 878,616,464
Receivables	4,876,799	3,285,473	1,591,326
Total Assets	24,550,837,120	23,670,629,330	880,207,790
Liabilities	699,984,897	549,765,899	150,218,998
Net Position	\$ 23,850,852,223	\$ 23,120,863,431	\$ 729,988,792

### Change in Fiduciary Net Position

Net Investment Income (i.e., Net Investment Earnings plus Miscellaneous income less Administrative Expenses) decreased 86.9 percent compared to the previous fiscal year. This decline was primarily due to a decrease of 142 basis points in the LGIP's portfolio yield from the previous fiscal year.

Contributions from participants and distributions to participants increased by 4.6 and 13.3 percent, respectively, in comparison to the prior fiscal year. Due to the discretionary nature of the LGIP as an investment option, it is difficult to ascertain the reasons behind the changes in contributions and distributions, as discussed above.

A summary of the changes in the LGIP's net position is presented below:

	2021	2020	Variance
Contributions from Participants	\$ 65,592,280,153	\$ 62,733,477,779	\$ 2,858,802,374
Distributions to Participants	64,897,072,585	57,277,156,467	7,619,916,118
Net Investment Income	34,781,224	267,099,190	(232,317,966)
Change in Net Position	\$ 729,988,792	\$ 5,723,420,502	\$ (4,993,431,710)

### Average Annualized Monthly Yield

The average annualized monthly yield represents the annualized percent return of LGIP investments based on the average invested balance for the month. The average annualized monthly yields have shown a significant variation over the last few years. Those changes can be explained by the average level of the targeted Federal Funds rate during that time period. The targeted Federal Funds rate, which is the interest rate that banks charge each other for the use of funds, is set by the Federal Open Market Committee (FOMC) in an attempt to balance the competing forces of inflation and economic growth. Due to the short-term nature of the portfolio, and the types of investments utilized, LGIP yields will closely follow the targeted Federal Funds rate.

The most informative measure of the LGIP's performance is not the change in the yield of the portfolio over time, but rather a comparison of the LGIP yield to the yield of its benchmark, iMoneyNet Government Only / Institutional Only Money Market Funds. This benchmark is comprised of privately managed money market funds similar in portfolio composition and investment guidelines to the LGIP. The LGIP net yield during the fiscal year was 14 basis points higher than that of the benchmark. The LGIP continues to be a sound investment option for eligible governments, obtaining a competitive yield while preserving principal and liquidity.

The following table shows an average of the annualized monthly portfolio yields for each of the last five fiscal years.

	Average Annualized Monthly Yields				
	2017	2018	2019	2020	2021
LGIP	0.63%	1.40%	2.34%	1.58%	.16%
iMoneyNet	0.27%	1.01%	1.95%	1.12%	.02%
Targeted Federal Funds	0.50% - 1.25%	1.25% - 2.00%	1.75% - 2.50%	0% - 2.50%	0% - 0.25%

**STATEMENT OF FIDUCIARY NET POSITION**

June 30, 2021

**ASSETS**

## Investments:

U.S. Treasury Securities	\$ 16,266,018,432
U.S. Agency Securities	4,069,183,031
Interest Bearing Bank Deposits	1,558,732,169
Repurchase Agreements	1,550,000,000
Negotiable Order of Withdrawal (NOW) Accounts	557,783,488
Supranational Securities	426,240,705
Certificates of Deposit	70,000,000
Time Certificate of Deposit (TCD) Investment Program	42,000,000
Total Investments	<u>24,539,957,825</u>

## Other Assets:

Cash	6,002,496
Interest Receivable	4,876,799
Total Other Assets	<u>10,879,295</u>
Total Assets	<u>24,550,837,120</u>

**LIABILITIES**

Investment Trades Pending Payable	699,897,548
Accrued Expenses	87,349
Total Liabilities	<u>699,984,897</u>

**NET POSITION**

Held in Trust for Pool Participants	<u>\$ 23,850,852,223</u>
-------------------------------------	--------------------------

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

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

For the Fiscal Year Ended June 30, 2021

### ADDITIONS

Contributions from Participants	\$ 65,592,280,153
Investment Income:	
Investment Earnings	36,174,891
Less: Investment Expenses	(232,425)
Net Investment Earnings	35,942,466
Miscellaneous	139
Total Additions	65,628,222,758

### DEDUCTIONS

Distributions to Participants	64,897,072,585
Administrative Expenses	1,161,381
Total Deductions	64,898,233,966

Change in Fiduciary Net Position	729,988,792
Net Position – Beginning of Year	23,120,863,431
Net Position – End of Year	\$ 23,850,852,223

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

## NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2021

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Local Government Investment Pool (LGIP) have been prepared in conformity with generally accepted accounting principles (GAAP). The Office of Financial Management (OFM) is the primary authority for the state's accounting and reporting requirements. OFM has adopted the pronouncements of the Governmental Accounting Standards Board (GASB) which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles nationally. The more significant accounting policies follow:

#### **A. Reporting Entity**

---

The LGIP was created by Chapter 294, Laws of 1986 and began operations in July 1986. The LGIP is a short-term investment pool of the state of Washington, available to eligible governmental entities as defined by Revised Code of Washington (RCW) 43.250.020. Participation is voluntary.

The LGIP is managed and operated by the Office of the State Treasurer (OST). The State Treasurer is responsible for establishing the investment policy for the pool and reviews the policy annually. Any proposed changes are reviewed by the LGIP Advisory Committee. The terms of the policy are designed to ensure the safety and liquidity of the funds deposited in the LGIP. The State Treasurer and designated investment officers adhere to all restrictions on the investment of funds established by law and policy.

The LGIP portfolio is invested in a manner that meets the maturity, quality, diversification and liquidity requirements set forth by GASB for external investment pools that elect to measure, for financial reporting purposes, investments at amortized cost. The funds are limited to high

quality obligations with regulated maximum and average maturities, the effect of which is to minimize both market and credit risk. The LGIP does not have any legally binding guarantees of share value.

The LGIP is reported as a fiduciary fund in the state of Washington's Annual Comprehensive Financial Report. However, the accompanying financial statements present only the LGIP and are not intended to present fairly the financial position of the state of Washington and the results of its operations in conformity with GAAP.

#### **B. Financial Statements**

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The LGIP presents two basic financial statements: the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position. These statements report information on all fiduciary activities.

#### **C. Measurement Focus and Basis of Accounting**

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The LGIP is accounted for using the economic resources measurement focus. With this measurement focus, all assets and liabilities are included on the Statement of Fiduciary Net Position. The operating statement presents additions and deductions in total net position. Net position is held in trust for pool participants.

The LGIP is reported using the accrual basis of accounting. Earnings on investments are recognized as revenue when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Security transactions are reported on a trade date basis in accordance with GAAP. Pending purchases, at fiscal year end, settled at a total cost of \$699,897,548 by July 6, 2021.

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**D. Other Information**

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**Investment Objectives**

The objectives of the LGIP investment policy, in priority order, are safety, liquidity and return on investment. Investments are undertaken in a manner that seeks to ensure preservation of capital in the overall portfolio. The investment portfolio is liquid to enable the State Treasurer to meet all cash requirements that might be reasonably anticipated. The LGIP is structured with the objective of attaining a market rate of return throughout the budgetary and economic cycles, commensurate with the investment risk parameters and cash flow characteristics of the pool.

**Investment Restrictions**

To provide for safety and liquidity of funds, the LGIP policy is to invest in only those high-quality, short-term instruments authorized by statute. Investments are restricted to fixed rate securities that mature in 397 days or less, except for securities utilized in repurchase agreements and U.S. government and supranational floating or variable rate securities which may have a maximum maturity of 762 days, provided they have reset dates within one year and that on any reset date can reasonably be expected to have a fair value that approximates their amortized cost. The portfolio's weighted average maturity (WAM) will not exceed 60 days, and a weighted average life (WAL) will not exceed 120 days. The State Treasurer has the sole responsibility to set investment strategy for the LGIP.

**Valuation**

Investments are stated at amortized cost which approximates fair value. For bank deposits and repurchase agreements, the cost-based measure equals their carrying amount. Monthly, the fair value net asset value per share is calculated and compared to the amortized cost net asset value per share to verify that the LGIP's shadow price does not deviate by more than one half of 1 percent from the amortized cost of the portfolio.

**Administrative Expenses / Fees**

OST oversees the operations of the LGIP and provides portfolio management and record keeping services. The costs for these services, including professional, custodial, and other operating costs, are accrued and charged as an

expense. Administrative expenses applied to this fiscal year were \$1,161,381.

To recover costs associated with the pool's operation, each participant is assessed a fee in accordance with Washington Administrative Code (WAC) 210-10-100. This administrative fee is based on an estimate of the annual administrative expenses. Estimates are reviewed periodically and the fee is adjusted as necessary. The fee for the fiscal year was 0.00544 percent of each participant's average daily balance of funds in the LGIP.

**Income Distribution**

On a daily basis, the total earnings, less the administrative fee, are allocated to a participant's account based on their pro rata share of the total deposits in the LGIP on that day. The net daily earnings are credited to the accounts at the end of the month.

**Participant Transactions**

The LGIP transacts with its participants at a stable net asset value per share of \$1.00, the same method used for reporting. Participants may contribute and withdraw funds on a daily basis. Participants must inform OST of any contribution or withdrawal over one million dollars no later than 9 a.m. on the same day the transaction is made, except for funds transmitted by automated clearing house (ACH). Contributions or withdrawals for one million dollars or less can be requested at any time prior to 10 a.m. on the day of the transaction, other than those by ACH. However, participants may complete transactions greater than one million dollars when notification is made between 9 a.m. and 10 a.m., at the sole discretion of OST. ACH transactions require notification no later than 2 p.m. on the prior business day. All participants are required to file documentation containing the names and titles of the officials authorized to contribute or withdraw funds. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals.

**Penalties**

Overdraft penalties result from a participant's failure to transmit funds after notifying the State Treasurer of an intended transfer. Charges, reported as Miscellaneous income, assessed to participants responsible for overdrafts totaled \$139 for the fiscal year.

**Custodian**

Northern Trust provided securities lending services for the LGIP and served as securities custodian, maintaining custody of all investments other than deposits with qualified public depositories.

**Risk Management**

The state of Washington operates a self-insurance liability program pursuant to RCW 4.92.130. The state manages its tort claims as an insurance business activity rather than a general governmental activity. The state's policy is

generally not to purchase commercial insurance for the risk of losses to which it is exposed. Instead, the state's management believes it is more economical to manage its risks internally and set aside assets for claims settlement in an Internal Service Fund. A limited amount of commercial insurance is purchased for liabilities arising from employee bonds, and to limit the exposure to catastrophic losses. Otherwise, the self-insurance liability program services all claims against the state for injuries and property damage to third parties. The OST participates in the self-insurance liability program.

**NOTE 2 – INVESTMENTS AND DEPOSITS****Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The LGIP investment policy limits the types of securities available for investment to obligations of the U.S. government or its

agencies, obligations of supranational institutions, obligations of government-sponsored corporations, and deposits with qualified public depositories.

The credit ratings of investments are as follows:

Investment Type	Ratings		Amortized Cost
	Moody's	S&P	
Repurchase Agreements	Aaa	AA+	\$ 1,550,000,000
U.S. Treasury Securities <sup>[1]</sup>			
U.S. Treasury Bills	Aaa	AA+	15,218,188,583
U.S. Treasury Floating Rate Notes	Aaa	AA+	1,047,829,849
			<u>16,266,018,432</u>
U.S. Agency Securities			
Federal Farm Credit Bank	Aaa	AA+	2,130,198,406
Federal Home Loan Bank	Aaa	AA+	1,688,984,625
Federal National Mortgage Association	Aaa	AA+	250,000,000
			<u>4,069,183,031</u>
Supranational Securities			
Int'l Bank for Reconstruction and Development	Aaa	AAA	401,213,922
Inter-American Development Bank	Aaa	AAA	25,026,783
			<u>426,240,705</u>
<b>Total</b>			<b><u>\$ 22,311,442,168</u></b>

<sup>[1]</sup> U.S. Treasury issues are explicitly guaranteed by the United States government and are not subject to credit risk.

### Custodial Credit Risk

Custodial credit risk is the risk that, in the event a depository institution or counterparty fails, the LGIP will not be able to recover the value of its deposits, investments or collateral securities that are in the possession of an outside party.

Investments held as deposits in financial institutions are insured by the Federal Deposit Insurance Corporation and / or collateralized. Collateral protection is administered by the Washington Public Deposit Protection Commission (PDPC). The PDPC, created by the Legislature per Chapter 39.58 of the RCW, constitutes a multiple financial institution collateral pool comprised of securities pledged to secure uninsured public deposits. Pledged securities are held by the PDPC's agent in the name of the collateral pool.

The LGIP investment policy requires that securities purchased be held by the master custodian, acting as an independent third party, in its safekeeping or trust department. Securities utilized in repurchase agreements are subject to additional restrictions designed to limit the LGIP's exposure to risk and insure the safety of the investment. All securities utilized in repurchase agreements were rated Aaa by Moody's and AA+ by Standard & Poor's. The fair value, plus accrued income, of securities utilized in repurchase agreements must be at least 102 percent of the value of the repurchase agreement, plus accrued income.

### Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The LGIP mitigates

this risk by limiting the purchase of securities of any one issuer, with the exception of U.S. Treasury and U.S. Agency securities, to no more than five percent of the portfolio.

Repurchase agreements comprise 6.3 percent of the total portfolio. The LGIP limits the securities utilized in repurchase agreements to U.S. Treasury and U.S. Agency securities. The LGIP requires delivery of all such securities and that the securities are priced daily.

At fiscal year end, U.S. Treasury securities comprised 66.3 percent of the total portfolio. U.S. Agency securities comprised 16.6 percent of the total portfolio, including Federal Home Loan Bank (6.9 percent), Federal Farm Credit Bank (8.7 percent), and Federal National Mortgage Association (1.0 percent). Supranational securities comprised 1.7 percent of the total portfolio, including International Bank for Reconstruction and Development (1.6 percent), and Inter-American Development Bank (0.1 percent).

### Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt instruments will adversely affect the fair value of an investment. To mitigate the effect of interest rate risk, the portfolio is invested in high quality, highly liquid obligations with limited maximum and average maturities. The LGIP's policy establishes WAM and WAL limits not to exceed 60 and 120 days, respectively. As of June 30, the LGIP had a WAM of 36 days and a WAL of 78 days. The following schedule presents the investments and related maturities as of fiscal year end.

Investment Type	Amortized Cost	Maturity (in Years)	
		Less Than 1	1 - 5
U.S. Treasury Securities	\$ 16,266,018,432	\$ 15,868,510,143	\$ 397,508,289
U.S. Agency Securities	4,069,183,031	3,634,187,797	434,995,234
Interest Bearing Bank Deposits	1,558,732,169	1,558,732,169	---
Repurchase Agreements	1,550,000,000	1,550,000,000	---
Negotiable Order of Withdrawal Accounts	557,783,488	557,783,488	---
Supranational Securities	426,240,705	426,240,705	---
Certificate of Deposit	70,000,000	70,000,000	---
Time Certificates of Deposit Program	42,000,000	42,000,000	---
<b>Total</b>	<b>\$ 24,539,957,825</b>	<b>\$ 23,707,454,302</b>	<b>\$ 832,503,523</b>



### Fair Value Hierarchy

Securities classified as Level 1 in the fair value hierarchy are valued using prices quoted in active markets for identical securities, Level 2 securities are valued using observable inputs, and Level 3 securities are valued using unobservable inputs. U.S. Agency, U.S. Treasury and Supranational Securities classified in Level 2 are valued using

quoted prices for similar securities and interest rates. The level of fair value measurement is based on the lowest level of significant input for the security type in its entirety. There are no Level 1 or Level 3 security classifications to report. Repurchase agreements and bank deposits are valued using a cost based measure to determine fair value.

Investments By Fair Value	6/30/2021	Fair Value Measurement Using		
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Treasury Securities	\$ 16,266,045,341	\$ 0	\$ 16,266,045,341	\$ 0
U.S. Agency Securities	4,071,962,873	0	4,071,962,873	0
Supranational Securities	426,216,099	0	426,216,099	0
<b>Total By Fair Value Level</b>	<b>\$ 20,764,224,313</b>	<b>\$ 0</b>	<b>\$ 20,764,224,313</b>	<b>\$ 0</b>
Bank Deposits	2,228,515,657			
Repurchase Agreements	1,550,000,000			
<b>Total By Fair Value</b>	<b>\$ 24,542,739,970</b>			

### Securities Lending

State statutes permit the LGIP to lend its securities to broker-dealers and other entities in exchange for collateral with a simultaneous agreement to return the collateral for the same securities in the future. The LGIP has contracted with Northern Trust as a lending agent to lend securities and Northern Trust receives a share of income earned from this activity. The lending agent lends securities and receives collateral, which can be in the form of cash or other securities. The collateral, which must be valued at 102 percent of the fair value of the loaned securities, is priced daily and, if necessary, action is taken to maintain the collateralization level at 102 percent. Cash collateral received from the lending of non-coupon bearing securities shall not be valued at less than 102 percent of fair value, not to exceed par.

The cash is invested by the lending agent in accordance with investment guidelines approved by the LGIP. The securities held as collateral and the securities underlying the cash collateral are held by the LGIP's custodian. One option available to the lending agent is to invest cash collateral with the LGIP. Maturities of investments made with cash collateral are

generally matched to maturities of securities loans.

Securities lent (the underlying securities) are reported as assets in the Statement of Fiduciary Net Position. Cash received as collateral on securities lending transactions and investments made with that cash are reported as assets. Liabilities resulting from cash transactions are reported in the Statement of Fiduciary Net Position. Securities received as collateral are reported as assets only if the borrower defaults. Securities lending transactions collateralized by securities that the LGIP does not have the ability to pledge or sell unless the borrower defaults are not reported as assets and liabilities.

During the fiscal year, the LGIP lent U.S. Agency and U.S. Treasury securities while other securities were received as collateral. At fiscal year end, the fair value of securities on loan was \$888,426,172 and securities were received for collateral with a fair value of \$906,353,170.

The LGIP investment policy requires that any securities on loan be made available by the lending agent for next day liquidity at the option of the LGIP. During the fiscal year, the LGIP had no credit risk exposure to borrowers because the

amounts owed to the borrowers exceeded the amounts borrowers owed the LGIP. Also, contracts require the lending agent to indemnify the LGIP if borrowers fail to return securities and collateral is inadequate to replace the securities lent, or if the borrower fails to pay the LGIP for income distribution by the securities' issuers while the securities are on loan.

The LGIP cannot pledge or sell collateral securities received unless the borrower defaults. The LGIP investment policy limits the amount of reverse repurchase agreements and securities lending to 30 percent of the total portfolio. There were no violations of legal or contractual provisions and no losses resulting from a default of a borrower or lending agent during the fiscal year.

#### **Repurchase Agreements**

The fair value, plus accrued income, of securities utilized in repurchase agreements must be 102 percent of the value of the repurchase agreement, plus accrued income, per investment policy.

The securities utilized in repurchase agreements are limited to government securities, priced daily

and held by the LGIP's custodian in the state's name. At fiscal year end, repurchase agreements totaled \$1,550,000,000.

#### **Reverse Repurchase Agreements**

State law also permits the LGIP to enter into reverse repurchase agreements, which are, by contract, sales of securities with a simultaneous agreement to repurchase them in the future at the same price plus a contract rate of interest.

The fair value of the securities pledged as collateral by the LGIP underlying the reverse repurchase agreements normally exceeds the cash received, providing the dealers a margin against a decline in the value of the securities. If the dealers default on their obligations to resell these securities to the LGIP or to provide equal value in securities or cash, the LGIP would suffer an economic loss equal to the difference between the fair value plus accrued interest of the underlying securities and the agreement obligation, including accrued interest. During the fiscal year, the LGIP did not enter into any reverse repurchase agreements.

### **NOTE 3 – SUMMARY OF ACTIVITY**

A summary of LGIP activity for the fiscal year, including reporting required by RCW 43.250.080, is as follows:

Investments Purchased	\$ 319,315,709,523
Investments Sold	\$ 22,667,692,417
Investments Matured	\$ 295,791,295,346
Net Investment Income	\$ 34,781,224
Administrative Expenses	\$ 1,161,381
Average Annualized Monthly Yield	.16 percent
Weighted Average Maturity (WAM)	36 days
Weighted Average Life (WAL)	78 days
Participant Contributions	\$ 65,592,280,153
Participant Distributions	\$ 64,897,072,585

**INVESTMENT  
SECTION**



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## OVERVIEW

### Administration

The LGIP was created by the Washington State Legislature in 1986 to provide a mechanism whereby eligible governmental entities, at their option, invest temporary cash surpluses and take advantage of the volume and expertise of the state's investment program to earn a competitive rate of return while maintaining the security and liquidity of the funds they manage.

The LGIP is managed and operated solely by the Office of the State Treasurer (OST). In 1995, the Local Government Investment Pool Advisory Committee was created by the State Treasurer to provide advice on the pool's operation.

The reports on investment activities are prepared by OST staff. The basis of presentation for data reported in the investment section is a time-weighted rate of return methodology.

Eligible investments for the LGIP portfolio are defined by state statute. Investment activity is guided by an investment policy, approved by the State Treasurer, and follows the standard of the prudent investor. The portfolio is invested in a manner that meets the maturity, quality, diversification and liquidity requirements set forth by the GASB for external investment pools who wish to measure all of its investments at amortized cost.

Participants are offered 100% liquidity on a daily basis, provided notification is made within specified times. Net earnings are allocated to each LGIP account on a daily basis and credited to the account at month end. On a daily basis, the total earnings, less the administrative fee, are allocated to the participants based on their pro rata share of the total deposits in the LGIP on that day. The administrative fee is based on an estimate of the annual administrative expenses. Estimates are reviewed periodically and the fee is adjusted as necessary.

### LGIP Performance

The LGIP's net return closely follows the targeted federal funds rate. Accordingly, the monthly net return ranged from 0.075 – 0.311 percent during the fiscal year, reflecting a targeted federal funds rate that ranged from 0.00 – 0.25 percent throughout the period. The general management strategy in effect for much of the fiscal year was to maintain a slightly longer than neutral weighted average maturity (WAM) in an attempt to lag the decline in money market rates, while still ensuring adequate liquidity to participants.

Monthly statements are produced and distributed to participants, along with an enclosure containing various statistical information, such as historical yields and portfolio holdings by security type. For internal monitoring purposes, monthly reports are prepared which summarize the pool's activity and performance during the previous month.

The performance benchmark for the LGIP is the average net return of a group of Government Only / Institutional Only Funds provided by iMoneyNet. This group of money market funds, which have similar investment parameters, provides an excellent benchmark for monitoring the pool's performance. Both the net and gross returns of the benchmark are monitored and compared to the net and gross returns of the pool. The net return provides an appropriate measure for what pool participants would receive if their funds were invested in the average benchmark fund. The gross return is used internally by the State Treasurer to monitor the performance of the portfolio managers.

## Investment Risk Profile

The LGIP is considered extremely low risk. Portfolio holdings are limited to high quality obligations with limited maximum and average maturities, the effect of which is to minimize both market and credit risk. High-quality, highly liquid securities, with relatively short average maturities reduce the pool's price sensitivity to market interest rate fluctuations. The LGIP also has a strong degree of asset diversification to minimize risk and maintain adequate rates of return.

The investment activity is guided by an investment policy, which sets forth the parameters within which the portfolio managers may operate. The policy, approved by the State Treasurer, is reviewed annually and updated as necessary. Compliance with the policy is monitored by the investment accounting staff within OST's operations division, which is separate and distinct from the investment division.

While the pool is managed diligently by professional and dedicated personnel to protect against losses from market and credit changes, the pool is not insured or guaranteed by any government. Therefore, the maintenance of principal is not fully assured.

## Investment Results

The following schedule of investment results presents the annualized gross rate of return for each major category of investments and for the portfolio as a whole versus the benchmark indices.

Investment Type	Gross Rates of Return <sup>[1]</sup>		
	1 Year	3 Year	5 Year
U.S. Agency Securities <sup>[2]</sup>	0.224%	1.463%	1.254%
U.S. Treasury Securities <sup>[2]</sup>	0.135%	1.295%	1.183%
Supranational Securities <sup>[2]</sup>	0.296%	---	---
Repurchase Agreements	0.071%	1.336%	1.205%
Floating / Variable Rate Notes	0.240%	1.326%	1.275%
Bank Deposits	0.226%	1.385%	1.234%
<b>Total Portfolio</b>	<b>0.165%</b>	<b>1.339%</b>	<b>1.216%</b>
Investment Benchmark iMoneyNet	0.14%	1.30%	1.16%

<sup>[1]</sup> Returns presented are gross of all fees and expenses. Returns are calculated using a time-weighted methodology based upon the total earnings and average invested balances for the periods reported.

<sup>[2]</sup> Excludes Floating / Variable Rate Notes

**SCHEDULE OF INVESTMENTS**

June 30, 2021

(expressed in thousands)

Par Value	Description	Date of Maturity	Interest Rate	Yield Percentage	Amortized Cost	Fair Value
<b>U.S. TREASURY SECURITIES (66.3% of Total Portfolio)</b>						
<b>U.S. Treasury Bills</b>						
\$ 250,000	U.S. Treasury Bills	07/01/2021	---	0.1000	\$ 250,000	\$ 250,000
200,000	U.S. Treasury Bills	07/01/2021	---	0.0200	200,000	200,000
300,000	U.S. Treasury Bills	07/01/2021	---	0.0220	300,000	300,000
150,000	U.S. Treasury Bills	07/06/2021	---	0.0800	149,998	149,999
150,000	U.S. Treasury Bills	07/06/2021	---	0.0600	149,999	149,999
300,000	U.S. Treasury Bills	07/08/2021	---	0.0900	299,995	299,998
175,150	U.S. Treasury Bills	07/08/2021	---	0.0200	175,149	175,149
100,000	U.S. Treasury Bills	07/13/2021	---	0.0475	99,998	99,999
200,000	U.S. Treasury Bills	07/13/2021	---	0.0500	199,997	199,997
101,000	U.S. Treasury Bills	07/15/2021	---	0.0900	100,996	100,998
100,000	U.S. Treasury Bills	07/15/2021	---	0.0180	99,999	99,998
350,000	U.S. Treasury Bills	07/15/2021	---	0.0200	349,997	349,994
150,000	U.S. Treasury Bills	07/20/2021	---	0.0550	149,996	149,996
100,000	U.S. Treasury Bills	07/20/2021	---	0.0100	99,999	99,997
162,270	U.S. Treasury Bills	07/20/2021	---	0.0050	162,270	162,266
125,000	U.S. Treasury Bills	07/22/2021	---	0.0950	124,993	124,997
500,000	U.S. Treasury Bills	07/22/2021	---	0.0250	499,993	499,986
200,000	U.S. Treasury Bills	07/27/2021	---	0.0451	199,993	199,993
100,000	U.S. Treasury Bills	07/29/2021	---	0.0850	99,993	99,996
100,000	U.S. Treasury Bills	07/29/2021	---	0.0850	99,993	99,996
400,000	U.S. Treasury Bills	07/29/2021	---	0.0200	399,994	399,985
250,000	U.S. Treasury Bills	08/03/2021	---	0.0300	249,993	249,989
100,000	U.S. Treasury Bills	08/05/2021	---	0.0700	99,993	99,995
100,000	U.S. Treasury Bills	08/05/2021	---	0.0560	99,995	99,995
600,000	U.S. Treasury Bills	08/05/2021	---	0.0150	599,991	599,973
200,000	U.S. Treasury Bills	08/05/2021	---	0.0375	199,993	199,991
250,000	U.S. Treasury Bills	08/10/2021	---	0.0250	249,993	249,987
100,000	U.S. Treasury Bills	08/12/2021	---	0.0455	99,995	99,993
100,000	U.S. Treasury Bills	08/12/2021	---	0.0150	99,998	99,993
400,000	U.S. Treasury Bills	08/12/2021	---	0.0150	399,993	399,973
200,000	U.S. Treasury Bills	08/12/2021	---	0.0500	199,988	199,987
300,000	U.S. Treasury Bills	08/17/2021	---	0.0250	299,990	299,982
100,000	U.S. Treasury Bills	08/19/2021	---	0.0600	99,992	99,994
100,000	U.S. Treasury Bills	08/19/2021	---	0.0110	99,999	99,994
100,000	U.S. Treasury Bills	08/19/2021	---	0.0110	99,999	99,994
500,000	U.S. Treasury Bills	08/19/2021	---	0.0150	499,990	499,969
500,000	U.S. Treasury Bills	08/24/2021	---	0.0250	499,981	499,966
200,000	U.S. Treasury Bills	08/26/2021	---	0.0450	199,986	199,986
200,000	U.S. Treasury Bills	08/26/2021	---	0.0150	199,995	199,986
300,000	U.S. Treasury Bills	09/02/2021	---	0.0600	299,969	299,972
100,000	U.S. Treasury Bills	09/02/2021	---	0.0175	99,997	99,991
500,000	U.S. Treasury Bills	09/02/2021	---	0.0200	499,982	499,954
400,000	U.S. Treasury Bills	09/07/2021	---	0.0250	399,981	399,964
300,000	U.S. Treasury Bills	09/09/2021	---	0.0600	299,965	299,972
100,000	U.S. Treasury Bills	09/09/2021	---	0.0060	99,999	99,991
400,000	U.S. Treasury Bills	09/09/2021	---	0.0250	399,981	399,963

(continued)

## SCHEDULE OF INVESTMENTS

June 30, 2021

(expressed in thousands)

Par Value	Description	Date of Maturity	Interest Rate	Yield Percentage	Amortized Cost	Fair Value
<b>U.S. Treasury Bills (continued)</b>						
\$ 700,000	U.S. Treasury Bills	09/14/2021	---	0.0200	\$ 699,971	\$ 699,934
200,000	U.S. Treasury Bills	09/14/2021	---	0.0180	199,993	199,981
200,000	U.S. Treasury Bills	09/14/2021	---	0.0170	199,993	199,981
100,000	U.S. Treasury Bills	09/16/2021	---	0.0550	99,988	99,990
154,850	U.S. Treasury Bills	09/16/2021	---	0.0250	154,842	154,835
600,000	U.S. Treasury Bills	09/21/2021	---	0.0150	599,980	599,935
100,000	U.S. Treasury Bills	09/23/2021	---	0.0400	99,991	99,988
300,000	U.S. Treasury Bills	09/23/2021	---	0.0450	299,969	299,965
100,000	U.S. Treasury Bills	09/28/2021	---	0.0200	99,995	99,990
100,000	U.S. Treasury Bills	09/30/2021	---	0.0480	99,988	99,987
200,000	U.S. Treasury Bills	10/05/2021	---	0.0300	199,984	199,976
48,870	U.S. Treasury Bills	10/07/2021	---	0.0350	48,865	48,863
150,000	U.S. Treasury Bills	10/12/2021	---	0.0300	149,987	149,981
100,000	U.S. Treasury Bills	10/14/2021	---	0.0400	99,988	99,986
250,000	U.S. Treasury Bills	10/14/2021	---	0.0400	249,971	249,966
300,000	U.S. Treasury Bills	10/19/2021	---	0.0350	299,968	299,950
64,950	U.S. Treasury Bills	10/21/2021	---	0.0400	64,942	64,941
43,310	U.S. Treasury Bills	10/28/2021	---	0.0350	43,305	43,302
56,690	U.S. Treasury Bills	10/28/2021	---	0.0350	56,683	56,680
300,000	U.S. Treasury Bills	11/02/2021	---	0.0500	299,950	299,952
100,000	U.S. Treasury Bills	11/04/2021	---	0.0350	99,988	99,981
36,840	U.S. Treasury Bills	11/12/2021	---	0.0350	36,835	36,834
100,000	U.S. Treasury Bills	11/18/2021	---	0.0300	99,988	99,981
100,000	U.S. Treasury Bills	12/09/2021	---	0.0400	99,982	99,977
100,000	U.S. Treasury Bills	12/16/2021	---	0.0400	99,982	99,977
100,000	U.S. Treasury Bills	12/30/2021	---	0.0575	99,971	99,973
<b>\$ 15,218,930</b>					<b>\$ 15,218,189</b>	<b>\$ 15,217,803</b>
<b>U.S. Treasury Floating Rate Notes</b>						
\$ 100,000	U.S. Treasury Floating Rate Notes	01/31/2022	0.2040	0.2040	\$ 100,000	\$ 100,091
50,000	U.S. Treasury Floating Rate Notes	01/31/2022	0.2040	0.1032	50,030	50,045
50,000	U.S. Treasury Floating Rate Notes	01/31/2022	0.2040	0.1002	50,031	50,045
50,000	U.S. Treasury Floating Rate Notes	01/31/2022	0.2040	0.0751	50,038	50,045
50,000	U.S. Treasury Floating Rate Notes	01/31/2022	0.2040	0.0801	50,037	50,045
50,000	U.S. Treasury Floating Rate Notes	01/31/2022	0.2040	0.0701	50,040	50,045
50,000	U.S. Treasury Floating Rate Notes	04/30/2022	0.1640	0.1161	50,020	50,046
50,000	U.S. Treasury Floating Rate Notes	04/30/2022	0.1640	0.1031	50,026	50,046
100,000	U.S. Treasury Floating Rate Notes	04/30/2022	0.1640	0.1061	100,049	100,093
50,000	U.S. Treasury Floating Rate Notes	04/30/2022	0.1640	0.1051	50,025	50,046
50,000	U.S. Treasury Floating Rate Notes	04/30/2022	0.1640	0.1011	50,026	50,046
50,000	U.S. Treasury Floating Rate Notes	07/31/2022	0.1050	0.1070	49,999	50,028
50,000	U.S. Treasury Floating Rate Notes	07/31/2022	0.1050	0.1070	49,999	50,028
50,000	U.S. Treasury Floating Rate Notes	10/31/2022	0.1050	0.1150	49,993	50,028
100,000	U.S. Treasury Floating Rate Notes	01/31/2023	0.0990	0.0990	100,000	100,035
50,000	U.S. Treasury Floating Rate Notes	01/31/2023	0.0990	0.0990	50,000	50,018
97,510	U.S. Treasury Floating Rate Notes	04/30/2023	0.0840	0.0800	97,517	97,513
<b>\$ 1,047,510</b>					<b>\$ 1,047,830</b>	<b>\$ 1,048,243</b>
<b>\$ 16,266,440</b>	<b>TOTAL U.S. TREASURY SECURITIES</b>				<b>\$ 16,266,019</b>	<b>\$ 16,266,046</b>

(continued)



## SCHEDULE OF INVESTMENTS

June 30, 2021

(expressed in thousands)

Par Value	Description	Date of Maturity	Interest Rate	Yield Percentage	Amortized Cost	Fair Value
<b>U.S. AGENCY SECURITIES (16.6% of Total Portfolio)</b>						
<b>U.S. Agency Discount Notes</b>						
\$ 100,000	Federal Home Loan Bank	07/21/2021	---	0.0254	\$ 99,999	\$ 99,998
200,000	Federal Home Loan Bank	07/21/2021	---	0.0254	199,997	199,997
400,000	Federal Home Loan Bank	07/23/2021	---	0.0190	399,996	399,993
400,000	Federal Home Loan Bank	08/04/2021	---	0.0150	399,994	399,985
100,000	Federal Home Loan Bank	08/20/2021	---	0.0061	99,999	99,994
<b>\$ 1,200,000</b>					<b>\$ 1,199,985</b>	<b>\$ 1,199,967</b>
<b>U.S. Agency Floating Rate Notes</b>						
\$ 50,000	Federal Farm Credit Bank	10/29/2021	0.2900	0.2900	\$ 50,000	\$ 50,040
50,000	Federal Farm Credit Bank	11/08/2021	0.3100	0.3100	50,000	50,048
30,000	Federal Farm Credit Bank	11/08/2021	0.3100	0.3100	30,000	30,029
40,000	Federal Farm Credit Bank	11/08/2021	0.3100	0.3100	40,000	40,038
150,000	Federal Farm Credit Bank	12/13/2021	0.2900	0.2998	149,993	150,164
300,000	Federal Farm Credit Bank	02/03/2022	0.1950	0.1988	299,993	300,245
150,000	Federal Farm Credit Bank	02/07/2022	0.3800	0.3899	149,991	150,294
50,000	Federal Farm Credit Bank	03/09/2022	0.2000	0.3795	49,938	50,048
110,300	Federal Farm Credit Bank	03/14/2022	0.4500	0.4101	110,331	110,603
150,000	Federal Farm Credit Bank	05/27/2022	0.2800	0.2800	150,000	150,285
150,000	Federal Farm Credit Bank	07/15/2022	0.2900	0.2900	150,000	150,333
100,000	Federal Farm Credit Bank	12/02/2022	0.1500	0.1500	100,000	100,083
70,000	Federal Farm Credit Bank	02/01/2023	0.1250	0.1250	70,000	70,030
50,000	Federal Farm Credit Bank	05/18/2023	0.0900	0.0950	49,995	49,976
50,000	Federal Farm Credit Bank	01/03/2022	0.3000	0.3000	50,000	50,051
150,000	Federal National Mortgage Association	07/06/2021	0.2800	0.2800	150,000	150,004
50,000	Federal Farm Credit Bank	10/15/2021	0.2400	0.2400	50,000	50,026
150,000	Federal Farm Credit Bank	10/15/2021	0.1050	0.1050	150,000	150,022
45,000	Federal Farm Credit Bank	10/28/2021	0.2600	0.2600	45,000	45,025
47,000	Federal Farm Credit Bank	11/18/2021	0.2400	0.2400	47,000	47,026
100,000	Federal National Mortgage Association	01/20/2022	0.4100	0.4100	100,000	100,201
33,000	Federal Farm Credit Bank	02/11/2022	0.1800	0.1800	33,000	33,017
40,000	Federal National Mortgage Association	03/10/2022	0.1300	0.1300	40,000	40,009
65,000	Federal Farm Credit Bank	07/14/2022	0.2400	0.2400	65,000	65,109
100,000	Federal Home Loan Bank	07/14/2021	0.3200	0.3200	100,000	100,009
44,000	Federal Home Loan Bank	02/10/2022	0.1650	0.1650	44,000	44,022
130,000	Federal Home Loan Bank	02/28/2022	0.1700	0.1700	130,000	130,073
50,000	Federal Home Loan Bank	05/13/2022	0.1050	0.1050	50,000	50,008
<b>2,504,300</b>					<b>2,504,241</b>	<b>2,506,818</b>
<b>U.S. Agency Coupon</b>						
\$ 165,000	Federal Home Loan Bank	08/03/2021	0.0200	0.0204	\$ 165,000	\$ 164,987
<b>\$ 165,000</b>					<b>\$ 165,000</b>	<b>\$ 164,987</b>
<b>U.S. Agency Variable Rate Notes</b>						
\$ 100,000	Federal Farm Credit Bank	12/13/2021	0.2000	0.2932	\$ 99,957	\$ 100,064
100,000	Federal Farm Credit Bank	01/03/2022	0.3100	0.3100	100,000	100,127
<b>\$ 200,000</b>					<b>\$ 199,957</b>	<b>\$ 200,191</b>
<b>\$ 4,069,300</b>	<b>TOTAL U.S. AGENCY SECURITIES</b>				<b>\$ 4,069,183</b>	<b>\$ 4,071,963</b>

(continued)

**SCHEDULE OF INVESTMENTS**

June 30, 2021

(expressed in thousands)

Par Value	Description	Date of Maturity	Interest Rate	Yield Percentage	Amortized Cost	Fair Value
<b>Supranational Securities 1.7% of Total Portfolio)</b>						
<b>Supranational Coupons</b>						
\$ 100,000	Int'l Bank for Reconstruction & Development	07/23/2021	2.7500	0.0930	\$ 100,159	\$ 100,154
25,000	Inter-American Development Bank	07/23/2021	1.8750	0.0890	25,027	25,028
100,000	Int'l Bank for Reconstruction & Development	07/23/2021	2.7500	0.1004	100,160	100,155
100,000	Int'l Bank for Reconstruction & Development	02/10/2022	1.6260	0.1524	100,897	100,883
<b>\$ 325,000</b>					<b>\$ 326,243</b>	<b>\$ 326,220</b>
<b>Supranational Discount Notes</b>						
\$ 100,000	Int'l Bank for Reconstruction & Development	08/04/2021	0.0200	0.0203	\$ 99,998	\$ 99,996
<b>\$ 100,000</b>					<b>\$ 99,998</b>	<b>\$ 99,996</b>
<b>\$ 425,000</b>	<b>TOTAL SUPRANATIONAL SECURITIES</b>				<b>\$ 426,241</b>	<b>\$ 426,216</b>

(continued)

**SCHEDULE OF INVESTMENTS**

June 30, 2021

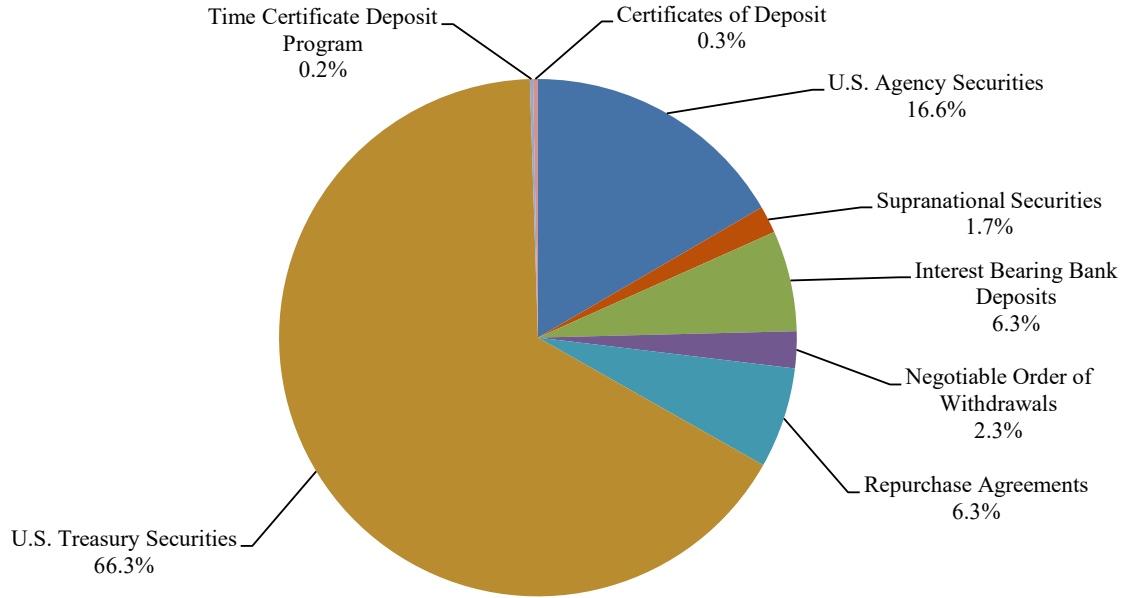
(expressed in thousands)

Par Value	Issuer	Date of Maturity	Interest Rate	Yield Percentage	Carrying Amount	Fair Value
<b>REPURCHASE AGREEMENTS (6.3% of Total Portfolio)</b>						
\$ 300,000	Jefferies and Company, Inc.	07/01/2021	0.0300	0.0300	\$ 300,000	\$ 300,000
600,000	Daiwa Capital Markets	07/01/2021	0.0200	0.0200	600,000	600,000
50,000	Cantor Fitzgerald	07/01/2021	0.0100	0.0100	50,000	50,000
400,000	JP Morgan/Chase	07/01/2021	0.0200	0.0200	400,000	400,000
200,000	Daiwa Capital Markets	07/01/2021	0.0100	0.0100	200,000	200,000
<b>\$ 1,550,000</b>	<b>TOTAL REPURCHASE AGREEMENTS</b>				<b>\$ 1,550,000</b>	<b>\$ 1,550,000</b>
<b>CERTIFICATES OF DEPOSIT (0.3%) of Total Portfolio)</b>						
\$ 25,000	Cathay Bank	07/26/2021	0.1800	0.1800	\$ 25,000	\$ 25,000
45,000	East West Bank	09/13/2021	0.2100	0.2100	45,000	45,000
<b>\$ 70,000</b>	<b>TOTAL CERTIFICATES OF DEPOSIT</b>				<b>\$ 70,000</b>	<b>\$ 70,000</b>
<b>INTEREST BEARING BANK DEPOSITS (6.3% of Total Portfolio)</b>						
\$ 5	US Bank National Association	---	0.0100	0.0100	\$ 5	\$ 5
453,078	KeyBank National Association	---	0.1000	0.1000	453,078	453,078
14	Heritage Bank	---	0.1000	0.1000	14	14
68,704	Wells Fargo	---	0.2000	0.2000	68,704	68,704
7,894	Umpqua Bank	---	0.1300	0.1300	7,894	7,894
102,252	JPMorgan Chase Bank, N.A.	---	0.1497	0.1497	102,252	102,252
210,771	Washington Federal, N.A.	---	0.1700	0.1700	210,771	210,771
466,796	Bank of America, N.A.	---	0.2400	0.2400	466,796	466,796
249,218	HomeStreet Bank	---	0.1500	0.1500	249,218	249,218
<b>\$ 1,558,732</b>	<b>TOTAL INTEREST BEARING BANK DEPOSITS</b>				<b>\$ 1,558,732</b>	<b>\$ 1,558,732</b>
<b>NEGOTIABLE ORDER OF WITHDRAWAL (NOW) ACCOUNTS (2.3% of Total Portfolio)</b>						
\$ 145,728	Pacific Premier Bank	---	0.1300	0.1300	\$ 145,728	\$ 145,728
11,488	East West Bank	---	0.1300	0.1300	11,488	11,488
400,567	Columbia State Bank	---	0.1300	0.1300	400,567	400,567
<b>\$ 557,783</b>	<b>TOTAL NOW ACCOUNTS</b>				<b>\$ 557,783</b>	<b>\$ 557,783</b>
<b>TIME CERTIFICATE OF DEPOSIT (TCD) INVESTMENT PROGRAM (0.2% of Total Portfolio)</b>						
\$ 7,500	East West Bank	07/12/2021	0.2400	0.2400	\$ 7,500	\$ 7,500
15,000	First Federal Savings & Loan Assn.	07/12/2021	0.2400	0.2400	15,000	15,000
2,000	RiverBank	07/12/2021	0.2400	0.2400	2,000	2,000
15,500	Yakima Federal Savings & Loan Assn.	07/12/2021	0.2400	0.2400	15,500	15,500
2,000	Numerica Credit Union	07/12/2021	0.2400	0.2400	2,000	2,000
<b>\$ 42,000</b>	<b>TOTAL TCD INVESTMENT PROGRAM</b>				<b>\$ 42,000</b>	<b>\$ 42,000</b>
<b>\$ 24,539,255</b>	<b>TOTAL INVESTMENTS</b>				<b>\$ 24,539,958</b>	<b>\$ 24,542,740</b>

(concluded)

### DISTRIBUTION BY INVESTMENT TYPE

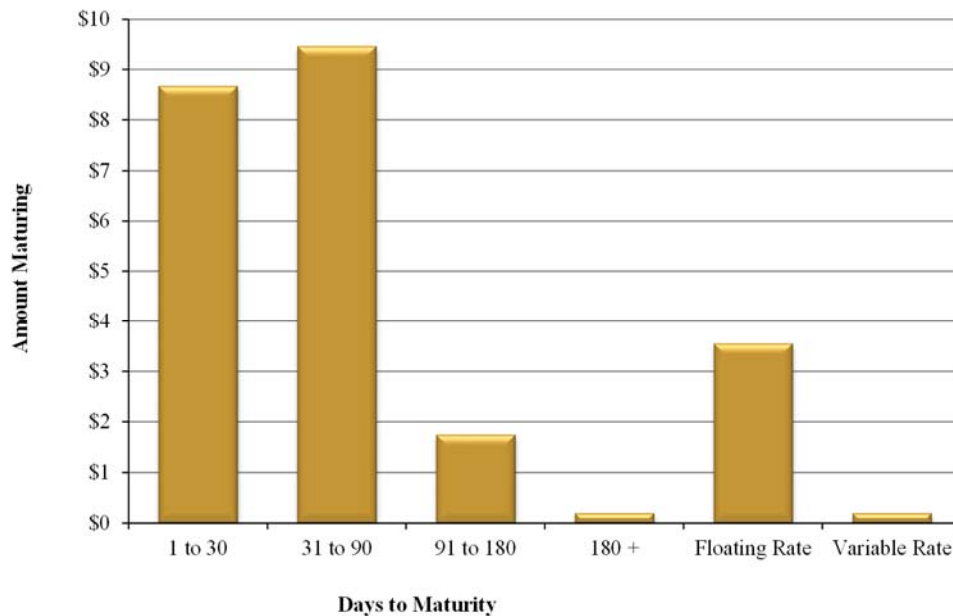
June 30, 2021



### MATURITY ANALYSIS

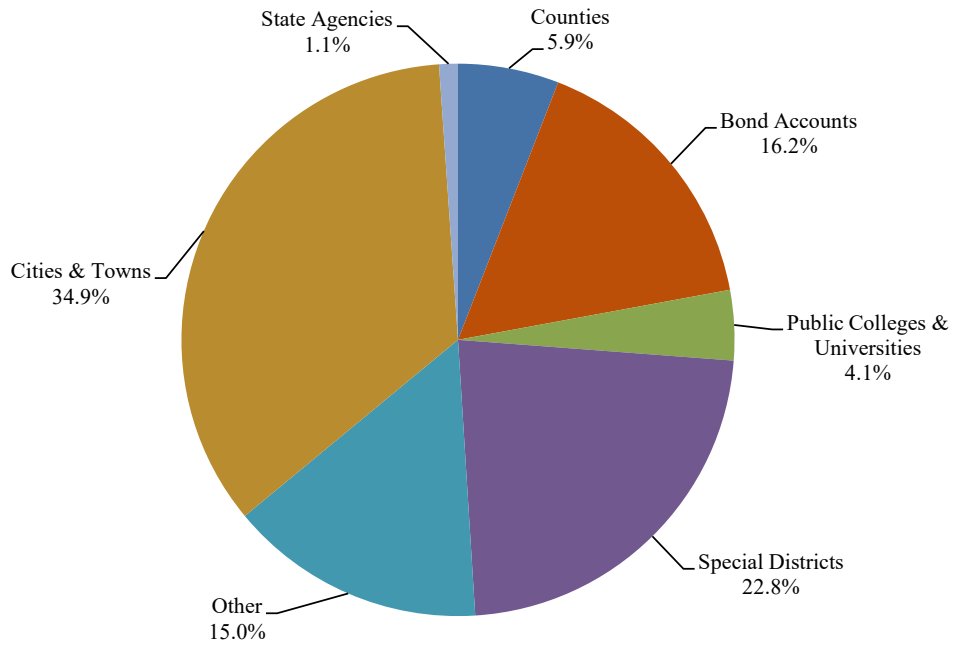
June 30, 2021

(expressed in billions)



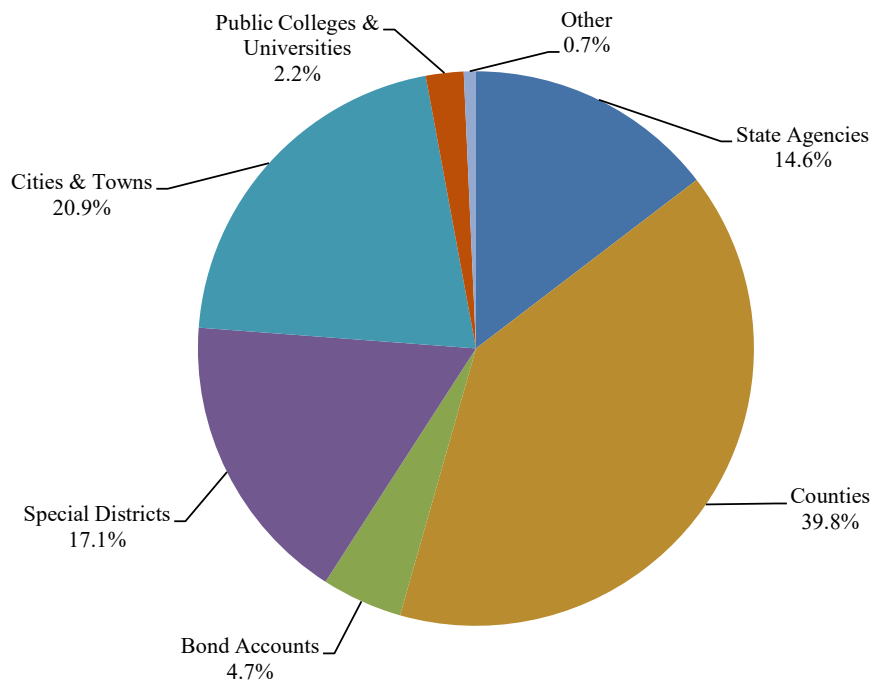
### OWNERSHIP ANALYSIS OF TOTAL ACCOUNTS

June 30, 2021

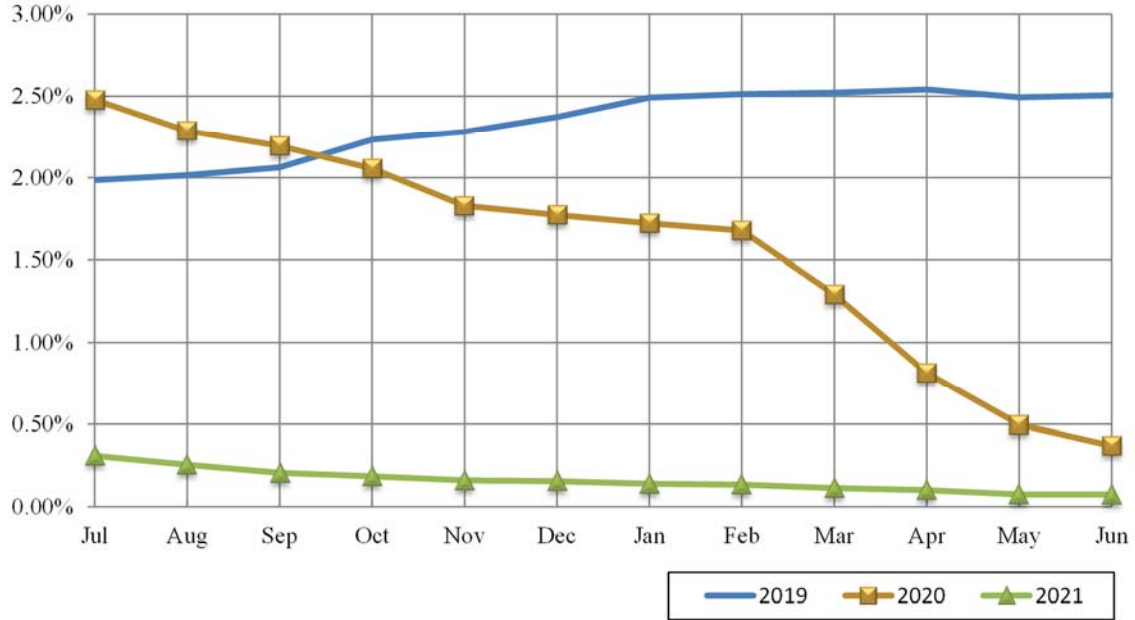


### OWNERSHIP ANALYSIS OF TOTAL BALANCES

June 30, 2021

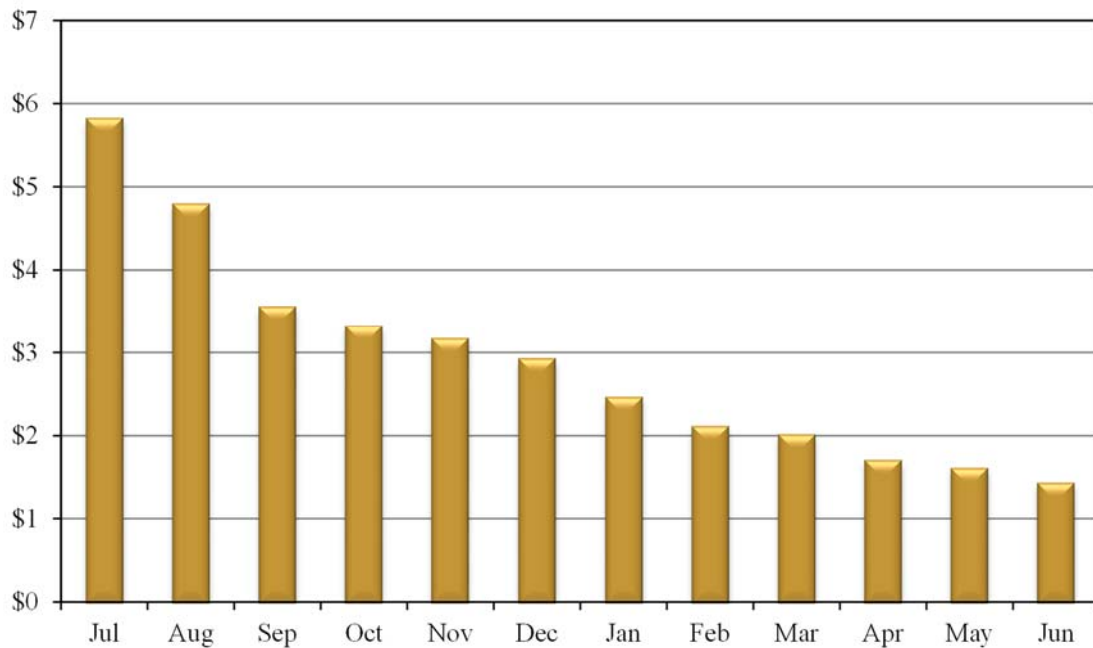


### NET RATE OF RETURN <sup>[1]</sup> Fiscal Years 2019 – 2021

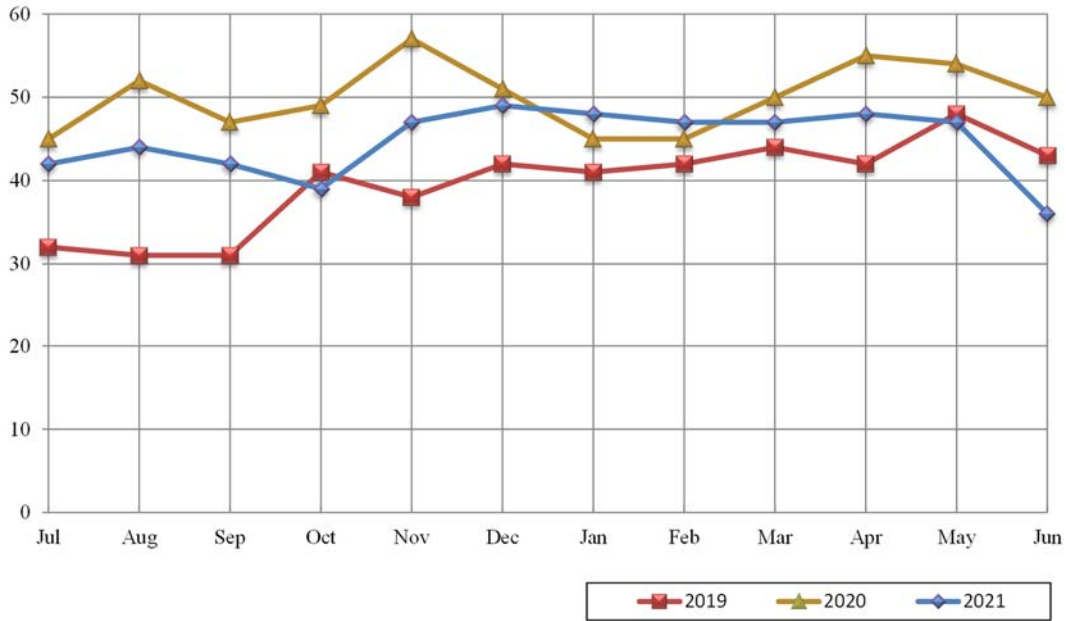


<sup>[1]</sup> Returns are calculated based on a time-weighted methodology

### NET INVESTMENT INCOME Fiscal Year 2021 (expressed in millions)

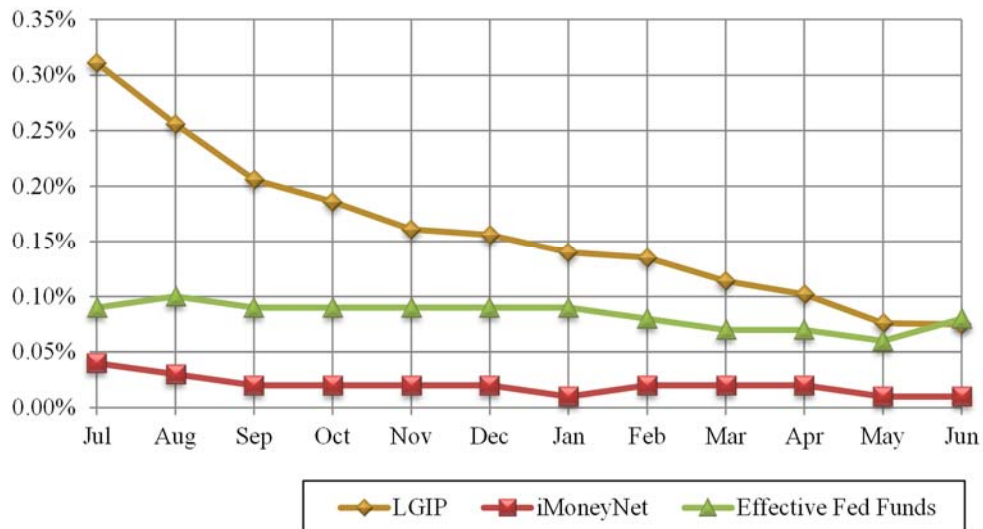


### AVERAGE DAYS TO MATURITY Fiscal Years 2019 – 2021



### LGIP NET EARNINGS RATE Versus

### EFFECTIVE FEDERAL FUNDS and iMoneyNet Fiscal Year 2021



## SCHEDULE OF PARTICIPANTS BY CONCENTRATION

June 30, 2021

Participant Type	Number of Accounts		Ownership Value	
Counties	39	5.9%	\$ 9,490,338,644	39.8%
Cities & Towns	231	34.9%	4,979,596,730	20.9%
Special Districts	151	22.8%	4,090,118,154	17.1%
State Agencies	7	1.1%	3,478,821,610	14.6%
Bond Accounts	107	16.2%	1,128,321,743	4.7%
Public Colleges & Universities	27	4.1%	523,125,278	2.2%
Other	99	15.0%	160,443,454	0.7%
<b>Total</b>	<b>661</b>	<b>100.0%</b>	<b>\$ 23,850,765,613</b>	<b>100.0%</b>

## SCHEDULE OF ADMINISTRATIVE EXPENSES

For the Fiscal Year Ended June 30, 2021

Category	Amount
Internal Costs <sup>[1]</sup>	\$ 863,900
External Costs <sup>[2]</sup>	<u>297,481</u>
<b>Total</b>	<b>\$ 1,161,381</b>
<sup>[1]</sup> Includes salaries, benefits and other administrative expenses.	
<sup>[2]</sup> Includes custodian, legal, and other financial services.	



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## INVESTMENT POLICY

### I. PURPOSE

The goal of this investment policy is to clearly prescribe the State Treasurer's Office duties pertaining to the investment of the Local Government Investment Pool (LGIP) funds. This policy:

- Sets out guidelines for the prudent management of LGIP funds.
- Describes realistic parameters and goals for safely investing those LGIP funds.
- Establishes expectations for generally acceptable returns at a suitable level of risk that matches the nature of the LGIP funds invested.
- Provides the framework within which the Treasurer's Office investment activity will operate by setting out objectives, guidelines and structure that includes details on the universe of permitted investments and any restrictions on their use.

The State Treasurer reserves the right to amend this policy as deemed necessary.

### II. IDENTIFICATION OF FUNDS

This policy applies to all public funds on deposit with the Local Government Investment Pool (LGIP) as defined by RCW 43.250.020.

### III. OBJECTIVES

The LGIP will transact with its participants at a stable net asset value per share, e.g., all contributions and will be transacted at \$1.00 net asset value per share. The LGIP portfolio will be managed to meet the portfolio maturity, quality, diversification and liquidity requirements set forth in GASB 79 for external investment pools who wish to measure, for financial reporting purposes, all of its investments at amortized cost. The objectives of the State Treasurer's Office investment practices for the LGIP, in priority order, will be: safety, liquidity, and return on investment.

1. **Safety:** Safety of principal is the primary objective of the State Treasurer. Investments shall be undertaken in a manner that seeks to ensure preservation of capital in the overall portfolio. To obtain this objective the OST portfolio manager will do the following:
  - Limit the purchase of investments to securities that have a maximum final maturity of 397 days, with the exceptions listed in Section VII of this policy
  - Maintain a Weighted Average Maturity (WAM) of 60 days or shorter, as described in Section VII.3
  - Maintain a Weighted Average Life (WAL) of 120 days, as described in Section VII.3
  - Limit the purchase of investments in securities other than those issued by the U.S. government or its agencies
  - Prepare regular reports of portfolio activity

2. **Liquidity:** The investment portfolio will remain liquid to enable the State Treasurer to meet all cash requirements that might reasonably be anticipated. Therefore, the investments shall be managed to maintain a balance to meet daily obligations. Specifically:
  - OST will have an understanding of historical cash flow patterns to manage expectations.
  - OST will hold securities that can be converted to liquid cash to be incorporated in liquidity structure.
3. **Return on Investment:** The LGIP will be structured with the objective of attaining a market rate of return throughout budgetary and economic cycles, commensurate with the investment risk parameters and the cash flow characteristics of the pool.

#### IV. STANDARDS OF CARE

##### 1. Delegation of Authority

The State Treasurer is an executive officer of the state, as established by the Constitution of the State of Washington (Article III, Section 1), and “will perform such duties as will be prescribed by law” (Article III, Section 19).

As prescribed by the Revised Code of Washington (RCW), “The legislature finds and declares that the public interest is found in providing maximum prudent investment of surplus funds, thereby reducing the need for additional taxation. The legislature also recognizes that not all political subdivisions are able to maximize the return on their temporary surplus funds. The legislature therefore provides in this chapter a mechanism whereby eligible governmental entities may, at their option, utilize the resources of the state treasurer’s office to maximize the potential surplus funds while ensuring the safety of those funds” (RCW 43.250.010).

To “ensure effective cash management of public funds,” (RCW 43.08.015) the State Treasurer may designate investment officers who will have the authority to perform the duties of the state treasurer, and will maintain a current list (available upon request) of those individuals so authorized.

##### 2. Prudence

The State Treasurer’s Office authorized investment officers will perform their duties in a manner consistent with the standard of a “prudent person,” as defined by RCW 43.250.040:

“In investing and reinvesting moneys in the public funds investment account and in acquiring, retaining, managing, and disposing of investments of the investment pool, there shall be exercised the judgment and care under the circumstances then prevailing which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not in regard to speculation but in regard to the permanent disposition of the funds considering the probable income as well as the probable safety of the capital.”

Authorized investment officers acting in accordance with this policy and exercising due diligence shall be relieved of personal responsibility for credit and market risks encountered in the performance of their investment duties. Due diligence requires timely reporting of material deviation from expectations and such other actions to control adverse developments as may be possible in consideration of the particular circumstances and within other provisions of this policy.

### **3. Ethics and Conflicts of Interest**

The State Treasurer, assistant treasurer, and authorized investment officers will adhere to standards of conduct as stipulated by the following:

- Public Disclosure Act, Chapter 42.56 RCW
- Ethics in Public Service Act, Chapter 42.52 RCW and Section 292-110-010 Washington Administrative Code
- Standards of Conduct for Executive Branch Employees, Executive Order 93-02

## **V. CONTROLS**

### **1. Custody**

Safekeeping and Custody: Prudent treasury management dictates that all purchased securities be bought on a delivery versus payment (DVP) basis and be held in safekeeping by an independent third-party financial institution. Deposits will only be made pursuant to Chapter 39.58 RCW.

The State Treasurer's Office shall designate all safekeeping arrangements and an agreement of the terms executed in writing. The third-party custodian shall be required to provide a statement to the State Treasurer's Office listing at a minimum each specific security, description, maturity date, fair value, par value, purchase date, and cusip number.

### **2. Authorized Financial Dealers and Institutions**

The State Treasurer's Office will maintain a list of broker/dealers and financial institutions authorized to provide investment services to the state. Authorized broker/dealers and financial institutions will be limited to those that meet one or more of the following:

- Financial institutions that are
  - Approved by the Washington Public Deposit Protection Commission (Chapter 39.58 RCW)
  - The custody provider to the state pursuant to RCW 39.58.080
- Primary dealers recognized by the Federal Reserve Bank of New York
- Non-primary dealers qualified under U.S. Securities and Exchange Commission Rule 15C3-1, the Uniform Net Capital Rule, and a certified member of the Financial Industry Regulatory Authority (FINRA)

Each authorized dealer or institution will make available annual reports, including audited financial statements, and other information as determined by the State Treasurer's Office.

### **3. Competitive Transactions**

It is the policy of the State Treasurer's Office to transact securities purchases or sales through appropriately competitive processes.

Electronic trading is the preferred option for the purchase and sale of investment instruments.

Offers or bids for securities may be received from approved broker/dealers by the following means:

- a. By phone
- b. By e-mail or other electronic communication
- c. Through electronic trading platform
- d. From inventory listings supplied by approved broker/dealers

#### **4. Share Price Calculation**

The current price per share, for purposes of distribution, redemption and repurchase, will be computed by use of the Amortized Cost Method. It is the intent to manage the portfolio to maintain a stable net asset value at \$1.00. However, maintenance of a stable net asset value at \$1.00 is not guaranteed.

#### **5. Internal Controls**

The State Treasurer's Office will maintain internal controls to protect against the loss of public funds arising from negligence, theft or misuse. These controls will include, but not be limited to:

- Use of third party custody and safekeeping
- Execution of all securities transactions on a DVP basis
- Clear delegation of investment authority
- Separation of transaction authority from record keeping
- Use of objective criteria in selecting financial institutions and dealers authorized to provide investment services to the state
- Use of objective criteria in awarding investment purchases and sales to authorized financial institutions and dealers

Daily compliance reports, as well as monthly performance reports, will be provided to the treasurer and assistant treasurer.

#### **6. External Controls**

As prescribed by RCW 43.09.050, the state auditor will "audit the accounts" and "inspect the books" of the State Treasurer to determine the compliance of investment activities with state statutes and this policy. In addition, the LGIP will contract for an outside independent audit of LGIP financial statements.

The LGIP operates with a constant Net Asset Value (NAV) of \$1.00. In accordance with GASB 79 the "shadow" NAV will be calculated at least monthly using fair values provided by the master custodian or by an independent pricing service under contract with the State Treasurer's Office. Stress testing of the NAV under different interest rate and redemption scenarios will be done monthly. The "shadow" NAV calculations and results of stress testing will be reported monthly to the LGIP Advisory Committee.

This policy will be reviewed/revised at least annually. The State Treasurer will formally approve any changes to this policy after consultation with the LGIP Advisory Committee.

## VI. ELIGIBLE AND SUITABLE INVESTMENTS

Eligible investments are only those securities and deposits authorized by statute. (Chapter 39.58 RCW and 43.84.080) Eligible investments are limited to:

- Obligations of the U.S. government
- Obligations of U.S. government agencies, or of corporations wholly owned by the U.S. government
- Obligations of supranational institutions provided that, at the time of investment, the institution has the United States government as its largest shareholder
- Obligations of government-sponsored corporations which are, or may become, eligible as collateral for advances to member banks as determined by the board of governors of the Federal Reserve
- Certificates of deposit or demand deposits with financial institutions made in accordance with the provisions of Chapter 39.58 RCW

## VII. INVESTMENT PARAMETERS

To provide for the safety and liquidity of LGIP funds, the investment portfolio will be subject to the restrictions listed below. These represent minimum investment restrictions under this formal investment policy and there may be separate guidelines containing additional, more restrictive limitations for certain investment instruments. All restrictions are based on a settlement date basis. The investments of cash collateral and securities accepted as collateral by a securities lending agent are subject to the restrictions and limits of sections VI and VII of this policy.

Maximum percentages for a particular issuer, investment type or liquidity constraints may on occasion be exceeded, e.g., due to fluctuations in fund balances. Securities need not be liquidated to realign the portfolio; however, consideration will be given to this matter when future purchases are made.

### 1. Liquidity

The fund will be structured to maintain a degree of liquidity sufficient to meet reasonably foreseeable redemption requests and reduce the likelihood that the fund will have to meet redemptions by selling portfolio securities into a declining market.

- 10% will be maintained in “daily liquid assets” that include: (i) cash, (ii) direct obligations of the US Government, (iii) demand deposits, (iv) overnight repurchase agreements and (v) securities that mature the following business day.
- 30% of the portfolio will be maintained in “weekly liquid assets” that include: (i) cash, (ii) direct obligations of the US Government, (iii) Government Agency discount notes that have a remaining maturity of 60 days or less and (iv) securities that will mature, or have a demand feature exercisable and payable within 5 business days.
- The fund will not acquire an illiquid investment if, after acquisition, the amount of illiquid investments in the portfolio would exceed 5 percent of its total assets. Certificates of deposit and repurchase agreements with final maturities beyond 5 business days, that are not subject to a demand feature that is exercisable and payable within 5 business days, are both considered to be illiquid investments.

## 2. Diversification and Percentage Limitations

Cash raised as a result of securities lending or reverse repurchase agreement transactions will not increase the dollar amount of the following limitations.

### a. Government Securities

Investments in government securities will not exceed the following percentages of the total daily portfolio balance at amortized cost:

Floating and Variable Rate Notes (aggregate total)	30%
Other Structured Notes	10%

For the purposes of this policy the following definitions shall apply:

Floating Rate Note: Securities which at all times can reasonably be expected to have a fair value that approximates their amortized cost. This would include those who reset based on indices such as Fed Funds or the prime lending rate. Floating Rate Notes that reset based on any other index must be approved by either the state treasurer or the assistant state treasurer prior to purchase.

Variable Rate Notes: Securities which on any reset date can reasonably be expected to have a fair value that approximates their amortized cost. This would include those who reset based on indices such as LIBOR or US Treasury Bills. Variable Rate Notes that reset based on any other index must be approved by either the state treasurer or the assistant state treasurer prior to purchase.

Other Structured Notes: All other debt securities whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend on one or more indices and which may have embedded forwards or options.

- Structured notes whose cash flows can no longer fluctuate will not count against the 10% limitation.

### b. Non-Government Securities

Investments in non-government securities will not exceed the following percentages of the total daily portfolio balance at amortized cost:

Certificates of Deposit	5%
Demand Deposit Accounts	50%

### 3. Investment Maturity

#### a. Maximum Final Maturity

The maximum final maturity of any security will not exceed 397 days, with the following exceptions:

- The maximum maturity of the variable rate and floating rate securities meeting the requirements listed above will not exceed 762 days.
- Securities utilized in repurchase agreements.

#### b. Weighted Average Maturity (WAM)

The weighted average maturity (WAM) of the portfolio will not exceed 60 days. For the purposes of calculating the WAM:

- A variable rate security meeting the requirements listed above will be deemed to have a maturity equal to the period remaining to the next reset date, provided that on any reset date such security can be reasonably expected to have a fair value that approximates its amortized cost.
- A floating rate security meeting the requirements listed above will be deemed to have a remaining maturity of one day, provided that at any time prior to maturity such security can reasonably be expected to have a fair value that approximates its amortized cost.

#### c. Weighted Average Life (WAL)

The weighted average life (WAL) of the portfolio shall not exceed 120 days. For the purpose of calculating the WAL:

- A variable rate security will be calculated using its final maturity.
- A floating rate security will be calculated using its final maturity.

### 4. Repurchase and Reverse Repurchase Agreements

Repurchase and reverse repurchase agreements will be subject to the following additional restrictions:

- Transactions will be conducted only with primary dealers, the state's bank of record, or master custodial bank, and under the terms of a written master repurchase agreement.
- Repurchase agreements with any single primary dealer or financial institution will not exceed 20% of the portfolio.
- The maximum term of repurchase agreements will be 180 days.
- The share of the portfolio allocated to repurchase agreements with maturities beyond 5 business days will not exceed 5% of the total portfolio. Repurchase agreements with final maturities beyond 5 business days that are subject to a demand feature that is exercisable and payable within 5 business days are not included in this limitation.
- The maximum term of reverse repurchase agreements will be 90 days and must be matched to anticipated cash flows adequate to liquidate the transaction.
- The maximum portion of the portfolio allocated to reverse repurchase agreements or engaged in a securities lending program will not exceed 30% of the total portfolio.

Securities utilized in repurchase agreements will be subject to the following additional restrictions:

- Purchased securities utilized in repurchase agreements will be limited to government securities.
- Securities utilized in a repurchase agreement with a maturity date longer than seven days will be priced at least weekly.
- All substitutions will be approved by the OST before the existing purchased security is released to the broker/dealer.
- The fair value, plus accrued income, of securities utilized in repurchase agreements will be 102% of the value of the repurchase agreement, plus accrued income.

Additional operating guidelines will provide details relating to the frequency of security pricing, substitutions, and margin calls.

## **VIII. PROFESSIONAL SERVICES**

The State Treasurer's Office may contract for professional services as necessary for the efficient management of investments.

### **1. Appointment of Master Custodian**

The State Treasurer's Office may select one or more firms to provide the state with master custodial services. Master custodial services will include, but not be limited to:

- Executing transactions involving all securities held in custody, including on-line security clearing, settlement of securities on a delivery-versus-payment basis (DVP), and settlement of physically-held securities
- Providing regular reports on the activity and fair value of the securities in custody
- Providing for the safekeeping of all documents and financial instruments physically held in custody

### **2. Appointment of Securities Lending Agent**

The State Treasurer's Office may select one or more firms to provide securities lending management services. Securities lending services will include, but not be limited to:

- Ensuring all loans of coupon-bearing securities are supported by collateral valued at not less than 102% of fair value of the securities, including accrued income
- Ensuring all loans of non coupon-bearing securities supported by cash collateral, shall not be valued at less than 102% of fair value, but not to exceed par
- Ensuring all loans of non coupon-bearing securities supported by non-cash collateral, shall not be valued at less than 102% of fair value
- Ensuring the average maturity of securities on loan and of the securities purchased are for 14 days or less
- Ensuring that the investment of cash collateral be only in securities and deposits authorized in statute, and be in compliance with the investment guidelines found in the contract for securities lending services
- Providing next day liquidity for all securities on loan
- Providing monthly accounting, performance, compliance, and management reports



The services of a master custodian and securities lending agent will be obtained through an evaluation of competitive proposals submitted in response to a regularly issued request for proposals.

Securities purchased by the office are to be held by the master custodian, acting as an independent third party, in its safekeeping or trust department.

Collateral is to be similarly held or held by an independent third party with whom the office has a current master repurchase agreement.

All securities transactions are to be conducted on a DVP basis only, and a trade confirm/safekeeping receipt is to be provided to the Treasurer's Office.

## **IX. ADVISORY COMMITTEE**

The State Treasurer created the LGIP Advisory Committee to provide advice on the operation of the pool. Of the committee members, all of whom are active LGIP participants, some members are appointed by participant associations, and some members are appointed by the State Treasurer. The LGIP Advisory Committee will meet quarterly or at the discretion of the State Treasurer.

## **X. PERFORMANCE BENCHMARK**

A performance benchmark provides an appropriate comparison of risk and return based on an investment fund's policy criteria. The iMoneyNet, Govt Only Institutional Index is an index that is comprised of 2a7 government only portfolios and conforms to the LGIP investment objectives. Therefore, this index will be used as a comparison for risk and return results.

## **XI. REPORTING REQUIREMENTS**

The State Treasurer's Office will prepare regular reports summarizing characteristics and holdings in the fund.

In accordance with Washington Administrative Code 210-10-090, each pool participant will be provided a monthly statement of account. In accordance with RCW 43.250.080, the State Treasurer's Office will submit an annual summary of LGIP activity to the governor, the state auditor, and the Joint Legislative Audit and Review Committee.

Effective Date: December 14, 2018



**STATISTICAL  
SECTION**



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## STATISTICAL NARRATIVE

This section presents detailed information on the Investment Pool with historical perspective as a context for understanding the information in the Financial and Investment Sections of this report.

The following tables and charts contain ten-year trend information to help the reader assess changes over time.

- ***Table 1 – Fiduciary Net Position***  
This table allows the reader to evaluate the movements of increases and decreases in assets, liabilities, and net position.
- ***Table 2 – Changes in Fiduciary Net Position***  
This table allows the reader to evaluate movements in the Additions, Deductions, and Changes in Net Position.
- ***Table 3 – Distribution By Investment Type***  
This table presents the historical amounts and percentages of various investments in the portfolio to help the reader assess changes in investment types.
- ***Table 4 – Ownership Analysis of Total Accounts***  
This table presents the historical number and percentages of accounts held by various classes of participants to help the reader assess changes in ownership.
- ***Table 5 – Ownership Analysis of Total Balances***  
This table presents the historical amounts and percentages of balances held by various classes of participants to help the reader assess changes in ownership.
- ***Table 6 – Financial Highlights***  
This table presents historical data and related financial highlights to help the reader assess investment activity.
- ***Average Invested Balances***  
This chart presents the average balances invested by participants to help the reader assess the size of the portfolio.
- ***Portfolio Yield***  
This chart presents the annual yields to help the reader assess the percentage return of the portfolio.
- ***Net Investment Income***  
This chart presents the amount of net earnings to help the reader assess the dollar value return of the portfolio.
- ***LGIP versus iMoneyNet***  
This chart presents the LGIP's Compounded Annual Return and Cumulative Return compared to its benchmark to help the reader assess performance.



**TABLE 1**  
**FIDUCIARY NET POSITION**  
Last Ten Fiscal Years  
(expressed in thousands)

	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021
<b>Assets</b>										
Investments										
Repurchase Agreements	\$3,168,500	\$ 1,797,874	\$ 1,200,000	\$ 2,968,200	\$ 3,584,529	\$ 4,700,000	\$ 5,025,000	\$ 3,950,000	\$ 1,625,000	\$ 1,550,000
U.S. Agency Securities	3,324,955	6,513,556	8,286,217	6,542,072	6,687,452	6,996,226	5,722,558	6,135,294	3,599,705	4,069,183
U.S. Treasury Securities	1,649,151	1,399,598	649,887	549,799	1,373,535	1,627,974	3,833,605	3,451,487	14,457,549	15,566,121
Supranational Securities	-	-	-	-	-	334,865	828,094	892,933	524,209	426,241
Certificates of Deposit	40,000	2,000	26,500	26,500	30,000	29,175	130,000	140,000	130,000	70,000
Interest Bearing Bank Deposits	363,253	743,434	856,267	718,175	851,080	845,706	1,361,000	2,508,296	2,030,773	1,558,732
Negotiable Order of Withdrawal (NOW) Accounts	235,788	136,200	101,932	102,102	187,542	293,747	218,654	248,890	671,319	557,783
Time Certificate of Deposit (TCD) Program	47,840	40,715	35,950	37,610	42,320	44,870	47,395	54,250	79,000	42,000
<b>Total</b>	<b>8,829,487</b>	<b>10,633,377</b>	<b>11,156,753</b>	<b>10,944,458</b>	<b>12,756,458</b>	<b>14,872,563</b>	<b>17,166,306</b>	<b>17,381,150</b>	<b>23,117,555</b>	<b>23,840,060</b>
Securities Lending Investments										
Repurchase Agreements	441,000	-	-	-	-	-	-	-	-	-
Total Investments (Settlement Date Basis)	9,270,487	10,633,377	11,156,753	10,944,458	12,756,458	14,872,563	17,166,306	17,381,150	23,117,555	23,840,060
Due from Brokers										
(Securities Purchased But Not Settled)										
U.S. Treasury Securities	49,989	-	-	299,833	174,821	-	-	-	549,673	699,898
U.S. Agency Securities	-	-	-	199,948	-	-	-	-	-	-
Total Investments (Trade Date Basis)	9,320,476	10,633,377	11,156,753	11,444,239	12,931,279	14,872,563	17,166,306	17,381,150	23,667,228	24,539,958
Other Assets										
Cash	-	836	1	41	1	-	11,101	-	115	6,002
Interest Receivable	1,078	714	582	709	2,503	4,630	10,127	16,388	3,285	4,877
Total Other Assets	1,078	1,550	583	750	2,504	4,630	21,228	16,388	3,400	10,879
<b>Total Assets</b>	<b>9,321,554</b>	<b>10,634,927</b>	<b>11,157,336</b>	<b>11,444,989</b>	<b>12,933,783</b>	<b>14,877,193</b>	<b>17,187,534</b>	<b>17,397,538</b>	<b>23,670,628</b>	<b>24,550,837</b>
<b>Liabilities</b>										
Cash Drawn in Excess of Bank Balance	274	-	-	-	-	-	-	-	-	-
Accrued Expenses	125	90	84	114	157	252	118	95	92	87
Obligations Under Securities Lending Agreements	441,000	-	-	-	-	-	-	-	-	-
Investment Trades Pending Payable	49,989	-	-	499,781	174,822	-	-	-	549,673	699,898
<b>Total Liabilities</b>	<b>491,388</b>	<b>90</b>	<b>84</b>	<b>499,895</b>	<b>174,979</b>	<b>252</b>	<b>118</b>	<b>95</b>	<b>549,765</b>	<b>699,985</b>
<b>Net Position</b>										
Held in Trust for Pool Participants	\$8,830,166	\$ 10,634,837	\$ 11,157,252	\$ 10,945,094	\$ 12,758,804	\$ 14,876,941	\$ 17,187,416	\$ 17,397,443	\$ 23,120,863	\$ 23,850,852

**TABLE 2**  
**CHANGES IN FIDUCIARY NET POSITION**  
Last Ten Fiscal Years  
(expressed in thousands)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>ADDITIONS</b>										
Contributions from Participants	\$ 16,479,607	\$ 17,487,171	\$ 25,735,242	\$ 35,255,884	\$ 43,302,523	\$ 46,570,125	\$ 49,645,216	\$ 57,605,541	\$ 62,733,478	\$ 65,592,280
Investment Income:										
Investment Earnings	16,522	18,663	12,254	12,597	34,229	84,168	188,407	360,408	268,490	36,175
Less: Expenses	(157)	(84)	(63)	(37)	(365)	(871)	(377)	(222)	(192)	(232)
Net Investment Earnings	16,365	18,579	12,191	12,560	33,864	83,297	188,030	360,186	268,298	35,943
Miscellaneous	-	-	-	-	-	3	3	7	-	-
Total Additions	16,495,972	17,505,750	25,747,433	35,268,444	43,336,387	46,653,425	49,833,249	57,965,734	63,001,776	65,628,223
<b>DEDUCTIONS</b>										
Distributions to Participants	17,052,244	15,700,259	25,224,106	35,479,699	41,521,752	44,534,344	47,521,809	57,754,668	57,277,156	64,897,073
Administrative Expenses	630	820	912	903	925	944	965	1,039	1,200	1,161
Total Deductions	17,052,874	15,701,079	25,225,018	35,480,602	41,522,677	44,535,288	47,522,774	57,755,707	57,278,356	64,898,234
Change In Fiduciary Net Position	(556,902)	1,804,671	522,415	(212,158)	1,813,710	2,118,137	2,310,475	210,027	5,723,420	729,989
Net Position - Beginning of Year	9,387,068	8,830,166	10,634,837	11,157,252	10,945,094	12,758,804	14,876,941	17,187,416	17,397,443	23,120,863
Net Position - End of Year	\$ 8,830,166	\$ 10,634,837	\$ 11,157,252	\$ 10,945,094	\$ 12,758,804	\$ 14,876,941	\$ 17,187,416	\$ 17,397,443	\$ 23,120,863	\$ 23,850,852



**TABLE 3**  
**DISTRIBUTION BY INVESTMENT TYPE**  
 Last Ten Fiscal Years  
 (expressed in thousands, except percentages)

Investment Type	6/30/2021		6/30/2020		6/30/2019		6/30/2018		6/30/2017	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Certificates of Deposit	\$ 70,000	0.3%	\$ 130,000	0.6%	\$ 140,000	0.8%	\$ 130,000	0.8%	\$ 29,175	0.2%
Interest Bearing Bank Deposits	1,558,732	6.3%	2,030,773	8.6%	2,508,296	14.4%	1,361,000	7.9%	845,706	5.7%
Negotiable Order of Withdrawal Accounts	557,783	2.3%	671,319	2.8%	248,890	1.4%	218,654	1.3%	293,747	2.0%
Time Certificate of Deposit Program	42,000	0.2%	79,000	0.3%	54,250	0.3%	47,395	0.3%	44,870	0.3%
Repurchase Agreements	1,550,000	6.3%	1,625,000	6.9%	3,950,000	22.7%	5,025,000	29.3%	4,700,000	31.6%
Supranational Securities	426,241	1.7%	524,209	2.2%	892,933	5.2%	828,094	4.8%	334,865	2.3%
US Agency Securities	4,069,183	16.6%	3,599,705	15.2%	6,135,294	35.3%	5,722,558	33.3%	6,996,226	47.0%
US Treasury Securities	16,266,019	66.3%	15,007,222	63.4%	3,451,487	19.9%	3,833,605	22.3%	1,627,974	10.9%
Securities Lending Investments	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>\$ 24,539,958</b>	<b>100.0%</b>	<b>\$ 23,667,228</b>	<b>100.0%</b>	<b>\$ 17,381,150</b>	<b>100.0%</b>	<b>\$ 17,166,306</b>	<b>100.0%</b>	<b>\$ 14,872,563</b>	<b>100.0%</b>

Investment Type	6/30/2016		6/30/2015		6/30/2014		6/30/2013		6/30/2012	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Certificates of Deposit	\$ 30,000	0.2%	\$ 26,500	0.2%	\$ 26,500	0.2%	\$ 2,000	0.0%	\$ 40,000	0.4%
Interest Bearing Bank Deposits	851,080	6.6%	718,175	6.3%	856,267	7.7%	743,434	7.0%	363,253	3.9%
Negotiable Order of Withdrawal Accounts	187,542	1.5%	102,102	0.9%	101,932	0.9%	136,200	1.3%	235,788	2.6%
Time Certificate of Deposit Program	42,320	0.3%	37,610	0.3%	35,950	0.3%	40,715	0.4%	47,840	0.5%
Repurchase Agreements	3,584,529	27.7%	2,968,200	26.0%	1,200,000	10.8%	1,797,874	16.9%	3,168,500	34.0%
Supranational Securities	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
US Agency Securities	6,862,273	53.1%	6,742,020	58.9%	8,286,217	74.3%	6,513,556	61.2%	3,374,944	36.2%
US Treasury Securities	1,373,535	10.6%	849,632	7.4%	649,887	5.8%	1,399,598	13.2%	1,649,151	17.7%
Securities Lending Investments	0	0.0%	0	0.0%	0	0.0%	0	0.0%	441,000	4.7%
<b>Total</b>	<b>\$ 12,931,279</b>	<b>100.0%</b>	<b>\$ 11,444,239</b>	<b>100.0%</b>	<b>\$ 11,156,753</b>	<b>100.0%</b>	<b>\$ 10,633,377</b>	<b>100.0%</b>	<b>\$ 9,320,476</b>	<b>100.0%</b>

**TABLE 4**  
**OWNERSHIP ANALYSIS OF TOTAL ACCOUNTS**  
 Last Ten Fiscal Years

Participant Type	6/30/2021		6/30/2020		6/30/2019		6/30/2018		6/30/2017	
	Number of Accounts	Percent	Number of Accounts	Percent	Number of Accounts	Percent	Number of Accounts	Percent	Number of Accounts	Percent
Counties	39	5.9%	39	6.2%	39	6.1%	39	6.3%	39	6.4%
Cities & Towns	231	34.9%	231	36.7%	228	35.8%	226	36.8%	223	36.7%
Special Districts	151	22.8%	150	23.8%	149	23.4%	143	23.3%	135	22.2%
Bond Accounts	107	16.2%	96	15.2%	105	16.5%	93	15.1%	94	15.5%
Public Colleges & Universities	27	4.1%	27	4.3%	28	4.4%	28	4.6%	28	4.6%
State Agencies	7	1.1%	7	1.1%	6	0.9%	6	1.0%	8	1.3%
Other	99	15.0%	80	12.7%	82	12.9%	79	12.9%	81	13.3%
<b>Total</b>	<b>661</b>	<b>100.0%</b>	<b>630</b>	<b>100.0%</b>	<b>637</b>	<b>100.0%</b>	<b>614</b>	<b>100.0%</b>	<b>608</b>	<b>100.0%</b>

Participant Type	6/30/2016		6/30/2015		6/30/2014		6/30/2013		6/30/2012	
	Number of Accounts	Percent	Number of Accounts	Percent	Number of Accounts	Percent	Number of Accounts	Percent	Number of Accounts	Percent
Counties	39	7.5%	39	7.2%	39	7.3%	39	7.2%	39	7.4%
Cities & Towns	223	43.0%	222	41.2%	224	41.6%	226	41.5%	226	42.6%
Special Districts	129	24.9%	132	24.5%	118	21.9%	117	21.5%	116	21.9%
Bond Accounts	89	17.1%	107	19.9%	103	19.2%	109	20.0%	109	20.6%
Public Colleges & Universities	28	5.4%	28	5.2%	28	5.2%	28	5.1%	28	5.3%
State Agencies	7	1.3%	7	1.3%	7	1.3%	7	1.2%	6	1.1%
Other	4	0.8%	4	0.7%	19	3.5%	19	3.5%	6	1.1%
<b>Total</b>	<b>519</b>	<b>100.0%</b>	<b>539</b>	<b>100.0%</b>	<b>538</b>	<b>100.0%</b>	<b>545</b>	<b>100.0%</b>	<b>530</b>	<b>100.0%</b>

**TABLE 5**  
**OWNERSHIP ANALYSIS OF TOTAL BALANCES**  
 Last Ten Fiscal Years  
 (expressed in thousands, except percentages)

Participant Type	6/30/2021		6/30/2020		6/30/2019		6/30/2018		6/30/2017	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Counties	\$ 9,490,339	39.8%	\$ 9,288,693	40.2%	\$ 7,225,174	41.5%	\$ 6,117,099	35.6%	\$ 5,970,693	40.1%
Cities & Towns	4,979,597	20.9%	4,589,577	19.8%	3,184,380	18.3%	2,574,651	15.0%	2,564,351	17.3%
Special Districts	4,090,118	17.1%	3,055,177	13.2%	2,754,032	15.8%	2,875,214	16.8%	1,988,177	13.4%
Bond Accounts	1,128,322	4.7%	822,091	3.6%	695,510	4.0%	650,119	3.8%	659,434	4.4%
Public Colleges & Universities	523,125	2.2%	435,303	1.9%	400,554	2.3%	274,826	1.6%	287,448	1.9%
State Agencies	3,478,822	14.6%	4,793,749	20.7%	2,985,099	17.2%	4,472,884	26.0%	3,290,269	22.1%
Other	160,443	0.7%	136,147	0.6%	152,567	0.9%	210,656	1.2%	116,515	0.8%
<b>Total</b>	<b>\$ 23,850,766</b>	<b>100.0%</b>	<b>\$ 23,120,737</b>	<b>100.0%</b>	<b>\$ 17,397,316</b>	<b>100.0%</b>	<b>\$ 17,175,449</b>	<b>100.0%</b>	<b>\$ 14,876,887</b>	<b>100.0%</b>

Participant Type	6/30/2016		6/30/2015		6/30/2014		6/30/2013		6/30/2012	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Counties	\$ 5,387,999	42.2%	\$ 4,727,507	43.2%	\$ 5,007,406	44.9%	\$ 5,080,565	47.8%	\$ 4,487,652	50.8%
Cities & Towns	2,288,670	17.9%	1,872,828	17.1%	1,923,917	17.2%	1,884,112	17.7%	1,869,098	21.2%
Special Districts	1,636,434	12.8%	1,763,317	16.1%	1,377,993	12.4%	1,415,820	13.3%	1,329,718	15.1%
Bond Accounts	466,375	3.7%	411,968	3.8%	471,949	4.2%	548,846	5.2%	473,644	5.4%
Public Colleges & Universities	247,998	2.0%	337,089	3.1%	316,762	2.8%	311,129	2.9%	306,887	3.5%
State Agencies	2,730,759	21.4%	1,821,106	16.6%	2,042,937	18.3%	1,385,092	13.0%	357,340	4.0%
Other	489	0.0%	11,256	0.1%	16,276	0.2%	7,666	0.1%	3,238	0.0%
<b>Total</b>	<b>\$ 12,758,724</b>	<b>100.0%</b>	<b>\$ 10,945,071</b>	<b>100.0%</b>	<b>\$ 11,157,240</b>	<b>100.0%</b>	<b>\$ 10,633,230</b>	<b>100.0%</b>	<b>\$ 8,827,577</b>	<b>100.0%</b>

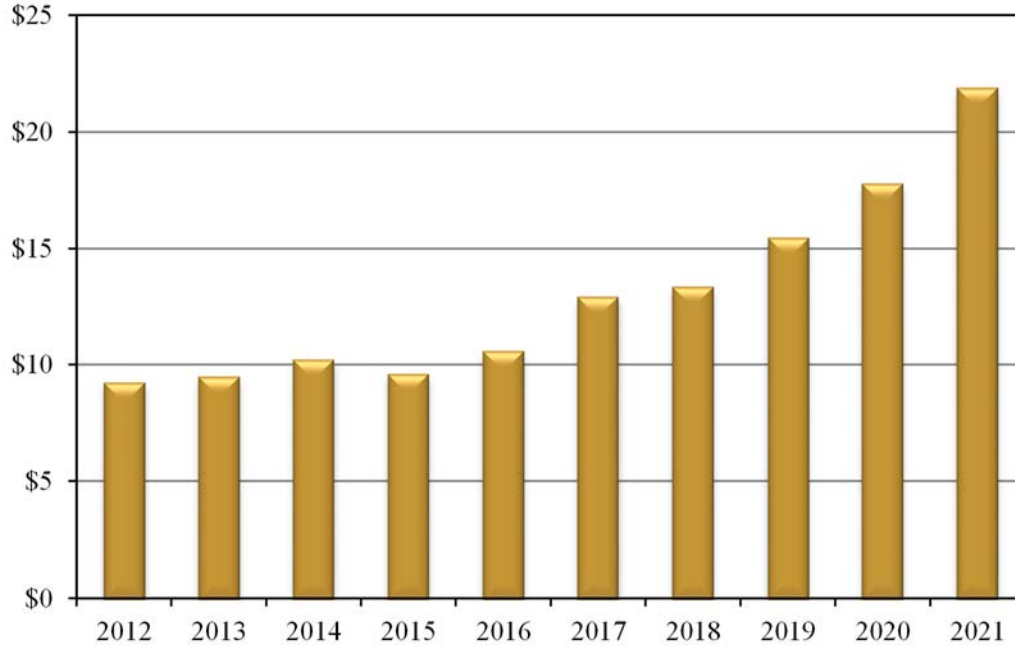
**TABLE 6**  
**FINANCIAL HIGHLIGHTS**  
Last Ten Fiscal Years

	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017
Investments Purchased	\$ 319,315,709,523	\$ 400,197,216,593	\$ 497,326,187,871	\$ 531,151,943,648	\$ 525,966,439,695
Investments Sold	\$ 22,667,692,417	\$ 32,680,961,217	\$ 31,091,567,415	\$ 24,828,304,363	\$ 21,423,921,000
Investments Matured	\$ 295,791,295,346	\$ 361,379,140,000	\$ 466,198,564,977	\$ 504,116,644,019	\$ 502,632,570,282
Net Investment Income	\$ 34,781,224	\$ 267,099,190	\$ 359,153,943	\$ 187,068,261	\$ 82,356,073
Administrative Expenses	\$ 1,161,381	\$ 1,199,587	\$ 1,038,808	\$ 965,259	\$ 943,852
Average Annualized Monthly Yield	.16 percent	1.58 percent	2.34 percent	1.40 percent	0.63 percent
Weighted Average Maturity (WAM)	36 days	50 days	43 days	33 days	26 days
Weighted Average Life (WAL)	78 days	107 days	82 days	80 days	72 days
Participant Contributions	\$ 65,592,280,153	\$ 62,733,477,779	\$ 57,605,541,228	\$ 49,645,215,689	\$ 46,570,124,800
Participant Distributions	\$ 64,897,072,585	\$ 57,277,156,467	\$ 57,754,668,474	\$ 47,521,808,515	\$ 44,534,344,752

	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012
Investments Purchased	\$ 492,732,198,053	\$ 281,964,025,725	\$ 128,312,368,689	\$ 201,464,352,490	\$ 206,758,563,256
Investments Sold	\$ 15,078,156,178	\$ 18,486,227,699	\$ 30,073,234,697	\$ 21,906,107,830	\$ 24,076,256,763
Investments Matured	\$ 476,177,545,000	\$ 263,095,646,386	\$ 97,721,262,684	\$ 178,250,863,000	\$ 182,749,495,000
Net Investment Income	\$ 32,938,554	\$ 11,657,277	\$ 11,279,324	\$ 17,758,410	\$ 15,735,355
Administrative Expenses	\$ 925,006	\$ 903,128	\$ 911,822	\$ 820,200	\$ 629,629
Average Annualized Monthly Yield	0.31 percent	0.12 percent	0.11 percent	0.17 percent	0.14 percent
Weighted Average Maturity (WAM)	35 days	36 days	30 days	58 days	40 days
Weighted Average Life (WAL)	100 days	86 days	85 days	98 days	112 days
Participant Contributions	\$ 43,302,522,970	\$ 35,255,884,315	\$ 25,735,242,074	\$ 17,487,171,053	\$ 16,479,606,797
Participant Distributions	\$ 41,521,751,691	\$ 35,479,698,455	\$ 25,224,106,673	\$ 15,700,259,153	\$ 17,052,244,276

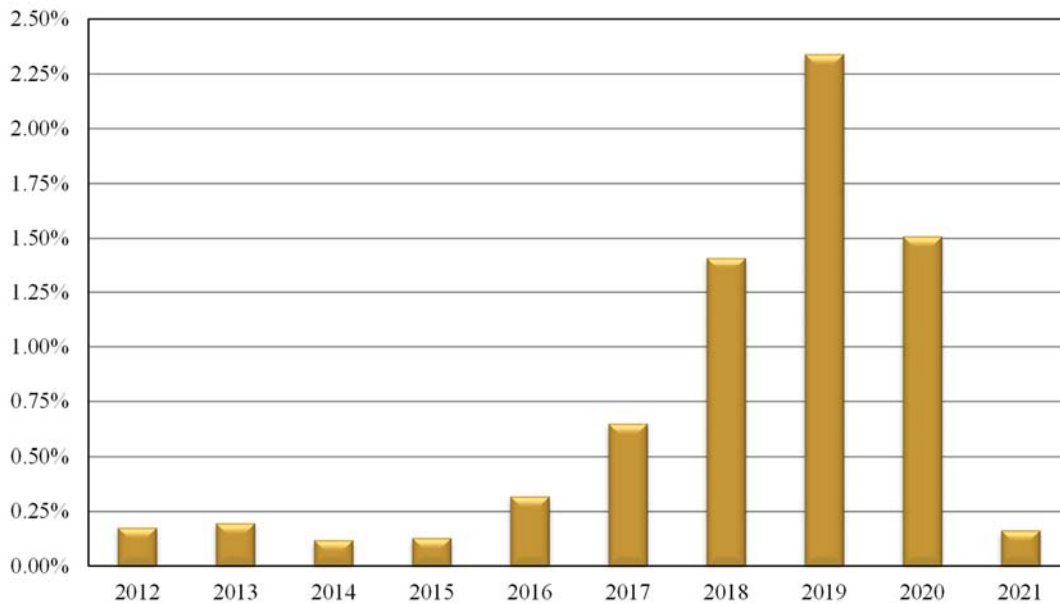
### AVERAGE INVESTED BALANCES

Last Ten Fiscal Years  
(expressed in billions)

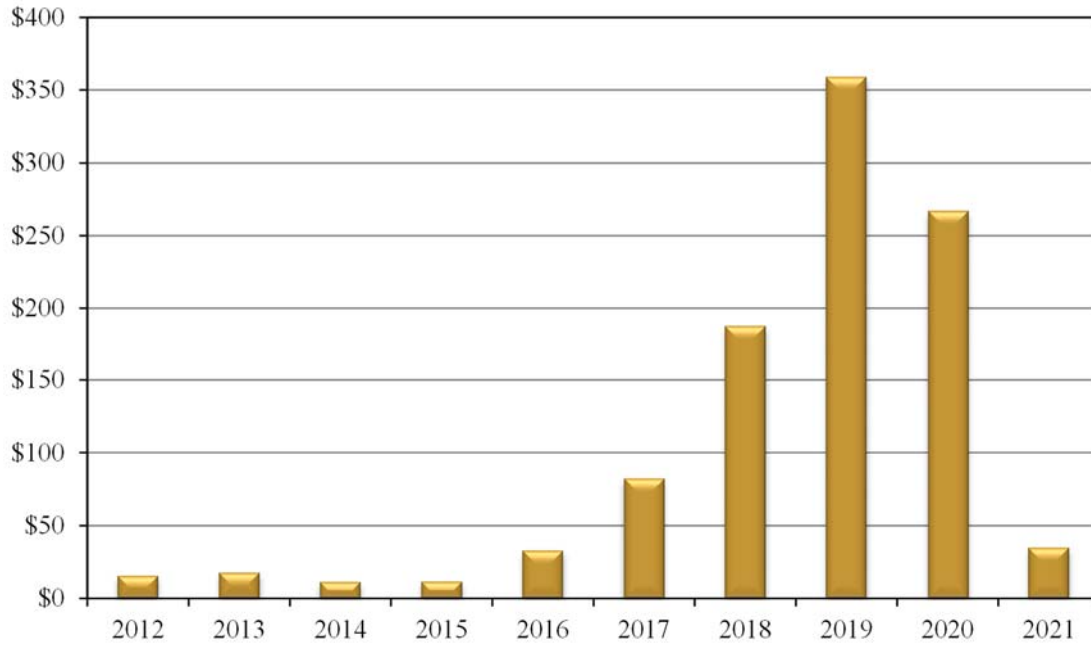


### PORTFOLIO YIELD

Last Ten Fiscal Years



**NET INVESTMENT INCOME**  
Last Ten Fiscal Years  
(expressed in millions)



**LGIP versus iMoneyNet**

	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs
<b>Compounded Annual Return</b>					
LGIP	0.160%	1.369%	1.229%	0.938%	0.699%
iMoneyNet	0.020%	1.038%	0.877%	0.634%	0.447%
<b>Cumulative Return</b>					
LGIP	0.160%	4.164%	6.296%	6.754%	7.212%
iMoneyNet	0.020%	3.145%	4.464%	4.526%	4.558%



State of Washington  
Local Government Investment Pool  
PO Box 40200  
Olympia WA 98504-0200

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