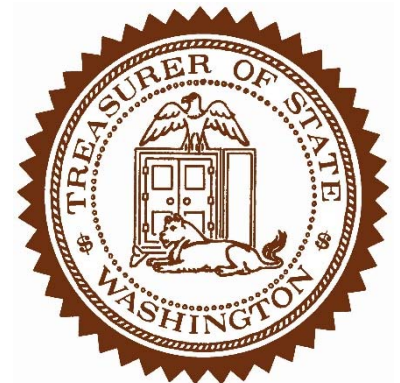


STATE OF WASHINGTON  
OFFICE OF THE STATE TREASURER

LOCAL GOVERNMENT INVESTMENT POOL  
A FIDUCIARY FUND OF THE STATE OF WASHINGTON

ANNUAL COMPREHENSIVE  
FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2022





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STATE OF WASHINGTON  
OFFICE OF THE STATE TREASURER

LOCAL GOVERNMENT INVESTMENT POOL  
A FIDUCIARY FUND OF THE STATE OF WASHINGTON

**ANNUAL COMPREHENSIVE  
FINANCIAL REPORT**

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Report prepared by:

**Office of the State Treasurer**

Mike Pellicciotti, State Treasurer

***Operations Division***

Shad Pruitt, Deputy State Treasurer

Denise Nguyen, Accounting Services Manager

Katie Davis, Investment Accounting Manager

Alexis Lopez, Investment Accountant

Alec Mrochek, 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, 2022

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*Mike Pellicciotti*  
*Washington State Treasurer*

**OFFICE OF THE TREASURER**  
**STATE OF WASHINGTON**  
Mike Pellicciotti



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 2022:

- The average balance in the LGIP portfolio was \$22.1 billion maintained by 614 participants.
- The LGIP had an administrative fee of 0.5 basis points. This is the sixteenth 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 \$31.7 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 3, 2022

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, 2022. 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 \$22.1 billion during the fiscal year, the LGIP produced a net average monthly portfolio yield of .26 percent. The LGIP exceeded its benchmark by 14 basis points, resulting in \$31.7 million in additional interest income for participants.

Fiscal year 2022 was marked by measured adjustments of monetary policy by the Federal Open Market Committee (FOMC) during the second half of the year. The FOMC raised its target for the federal funds rate three times from July 2021 through June 2022 while committing to return inflation to their two percent inflation objective. The targeted federal funds rate range began the fiscal year at 0 to 1/4 percent and ended the period at 1-1/2 to 1-3/4 percent.

During the period, the FOMC remarked that economic activity and employment have continued to strengthen; job gains have been robust, the unemployment rate has declined substantially and stayed low; and household spending and business fixed investment remained strong. Additionally, inflation remained elevated, reflecting supply and demand imbalances related to the pandemic, higher energy prices, and broader price pressures.

Consistent with its statutory mandate, the FOMC seeks to foster maximum employment and price stability. The FOMC anticipates further increases in the target range for the federal funds rate. In assessing the appropriate stance of monetary policy, the FOMC will consider a wide range of information, including public health, labor market conditions, inflation pressures and expectations, and financial and international developments.

During the first quarter of fiscal year 2023, the FOMC raised its target range for the federal funds rate to 3 to 3-1/4 percent to support continued progress toward 2 percent inflation over the longer run. The Committee remains prepared to adjust monetary policy as appropriate if risks emerge that could impede the attainment of their goals.

**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 Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021. This was the twenty-fifth 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 Annual Comprehensive 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 Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

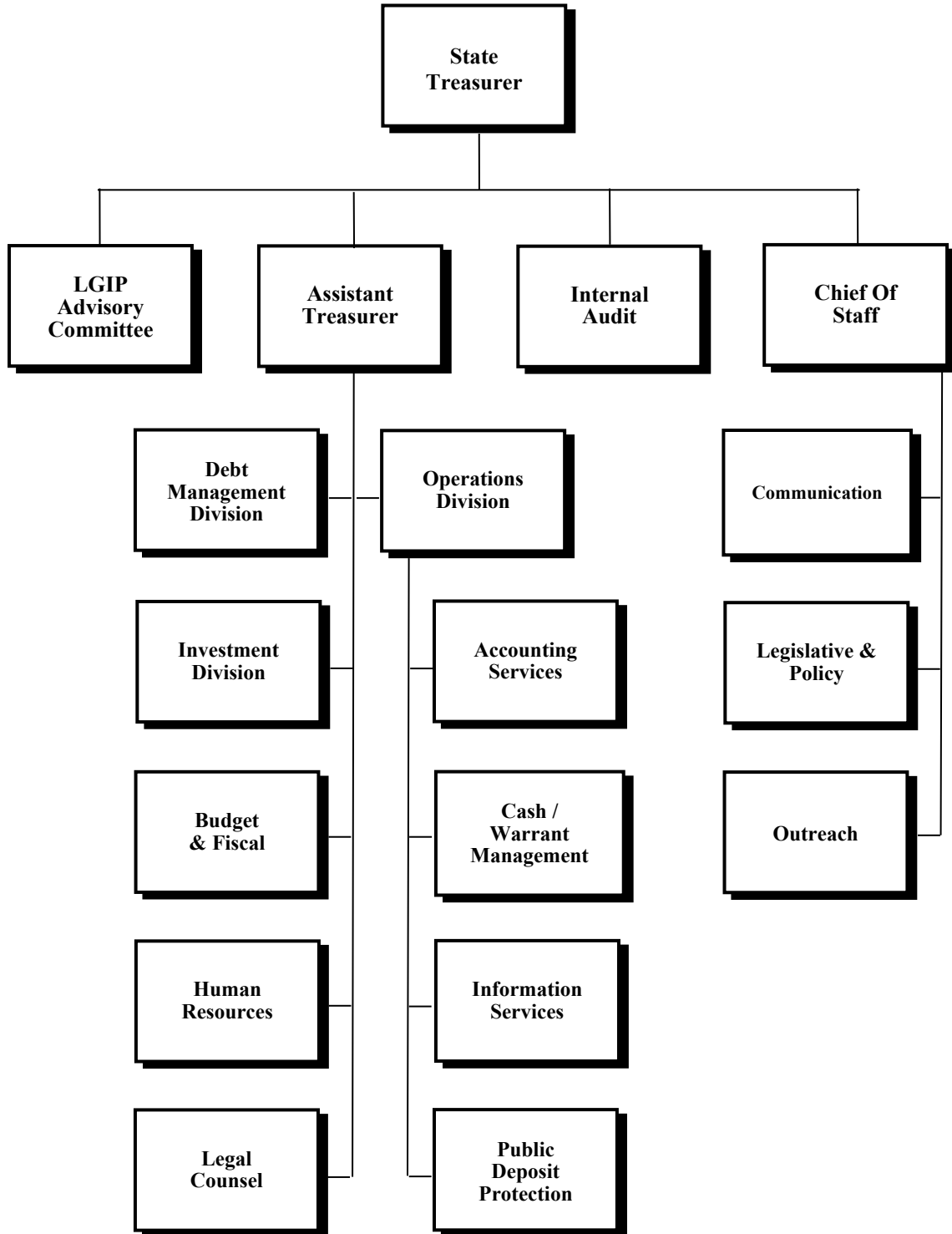
June 30, 2021

*Christopher P. Morrill*

Executive Director/CEO

# ORGANIZATIONAL CHART

Office of the State Treasurer



**ADVISORY COMMITTEE**  
Members

**Melissa Ankeny**  
Accounting Manager  
Clark Public Utilities

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

**Diane Campbell**  
Treasury Manager  
Port of Seattle

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

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

**Josie Koelzer**  
Treasurer  
Franklin County

**Lisa Frazier**  
Treasurer  
Mason County

**Dan Legard**  
Finance Director  
City of Kennewick

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

**Kayla Meise**  
Treasurer  
Adams County

**Scott Goodrich**  
Finance Director  
Port of Vancouver

**Karen Thomas**  
Chief Deputy  
Whatcom County

**Steve Groom**  
Finance Director  
City of Federal Way

**Troy Woo**  
Finance Director  
City of Lacey



**KEY PERSONNEL**  
Office of the State Treasurer

**Mike Pellicciotti**  
Treasurer

**Tammie Nuber**  
Assistant State Treasurer

**Shad Pruitt**  
Deputy State Treasurer

**James Rosenkoetter**  
Deputy State Treasurer

**Denise Nguyen**  
Accounting Services Manager

**Sean Koval**  
Senior Portfolio Manager

**Katie Davis**  
Investment Accounting Manager

**Shawn Reed**  
Portfolio Manager

**Alexis Lopez**  
Investment Accountant

**Amanda Hutson**  
Portfolio Manager

**Alec Mrochek**  
Investment Accountant

**Chris Mattoon**  
Portfolio Administrator

**Staci Ashe**  
LGIP Administrator

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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 Audit of the Financial Statements

#### *Opinions*

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, 2022, and the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements, which collectively comprise the LGIP's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the LGIP, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the LGIP and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *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, 2022, or the changes in their financial position for the year ended in accordance with accounting principles generally accepted in the United State of America. Our opinion is not modified with respect to this matter.

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***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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 Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 LGIP's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***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 is the responsibility of management and, 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***

Management is responsible for the other information included in the annual report. The other information comprises the introductory section, schedule of investments contained in the investment section, investment and statistical sections, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2022 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, contracts, and grant agreements and other matters. 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.



Boise, Idaho  
September 28, 2022

## 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, 2022. 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 \$25.25 billion.
- The LGIP's net position increased by \$1.4 billion over the previous year.
- The LGIP earned \$62.45 million, net of expenses, for pool participants. This was an increase of \$27.67 million from the previous fiscal year.
- Administrative fees were less than one basis point for the sixteenth 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 \$1.4 billion in 2022. 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:

	2022	2021	Variance
Pooled Cash and Investments	\$ 26,630,580,236	\$ 24,545,960,321	\$ 2,084,619,915
Receivables	11,762,553	4,876,799	6,885,754
Total Assets	26,642,342,789	24,550,837,120	2,091,505,669
Liabilities	1,394,637,978	699,984,897	694,653,081
Net Position	\$ 25,247,704,811	\$ 23,850,852,223	\$ 1,396,852,588

### Change in Fiduciary Net Position

Net Investment Income (i.e., Net Investment Earnings plus Miscellaneous income less Administrative Expenses) increased 79.6 percent compared to the previous fiscal year. This rise was primarily due to an increase of 10 basis points in the LGIP's portfolio yield from the previous fiscal year. Investment yields rose as a result of the Federal Reserve increasing its targeted federal funds rate in response to inflation.

Contributions from participants and distributions to participants increased by 1.6 and 0.6 percent, respectively, in comparison to the prior fiscal year. Due to the discretionary nature of the LGIP as an investment option for participants, it is difficult to ascertain the reasons behind the modest changes in contributions and distributions.

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

	2022	2021	Variance
Contributions from Participants	\$ 66,640,254,441	\$ 65,592,280,153	\$ 1,047,974,288
Distributions to Participants	65,305,854,903	64,897,072,585	408,782,318
Net Investment Income	62,453,050	34,781,224	27,671,826
Change in Net Position	\$ 1,396,852,588	\$ 729,988,792	\$ 666,863,796

### 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				
	2018	2019	2020	2021	2022
LGIP	1.40%	2.34%	1.58%	.16%	.26%
iMoneyNet	1.01%	1.95%	1.12%	.02%	.12%
Targeted Federal Funds	1.25% - 2.00%	1.75% - 2.50%	0% - 2.50%	0% - 0.25%	0% - 1.75%

**STATEMENT OF FIDUCIARY NET POSITION**

June 30, 2022

**ASSETS**

## Investments:

U.S. Treasury Securities	\$ 10,095,127,366
U.S. Agency Securities	8,189,183,746
Repurchase Agreements	6,200,000,000
Interest Bearing Bank Deposits	934,526,609
Negotiable Order of Withdrawal (NOW) Accounts	602,527,963
Supranational Securities	549,088,653
Time Certificate of Deposit (TCD) Investment Program	39,625,000
Certificates of Deposit	<u>20,000,000</u>
Total Investments	<u>26,630,079,337</u>

## Other Assets:

Interest Receivable	11,762,553
Cash	<u>500,899</u>
Total Other Assets	<u>12,263,452</u>
Total Assets	<u>26,642,342,789</u>

**LIABILITIES**

Investment Trades Pending Payable	1,394,517,817
Accrued Expenses	<u>120,161</u>
Total Liabilities	<u>1,394,637,978</u>

**NET POSITION**

Held in Trust for Pool Participants	<u>\$ 25,247,704,811</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, 2022

### ADDITIONS

Contributions from Participants	\$ 66,640,254,441
Investment Income:	
Investment Earnings	63,888,071
Less: Investment Expenses	(222,316)
Net Investment Earnings	63,665,755
Miscellaneous	107
Total Additions	66,703,920,303

### DEDUCTIONS

Distributions to Participants	65,305,854,903
Administrative Expenses	1,212,812
Total Deductions	65,307,067,715

Change in Fiduciary Net Position	1,396,852,588
Net Position – Beginning of Year	23,850,852,223
Net Position – End of Year	\$ 25,247,704,811

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, 2022

### 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**

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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 \$1,394,517,817 by July 5, 2022.

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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 \$1,212,812.

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 \$107 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+	\$ 6,200,000,000
U.S. Treasury Securities <sup>[1]</sup>			
U.S. Treasury Bills	Aaa	AA+	9,322,792,348
U.S. Treasury Floating Rate Notes	Aaa	AA+	772,335,018
			<u>10,095,127,366</u>
U.S. Agency Securities			
Federal Home Loan Bank	Aaa	AA+	4,163,355,127
Federal Farm Credit Bank	Aaa	AA+	4,025,828,619
			<u>8,189,183,746</u>
Supranational Securities			
Int'l Bank for Reconstruction and Development	Aaa	AAA	449,119,375
International Finance Corporation	Aaa	AAA	99,969,278
			<u>549,088,653</u>
<b>Total</b>			<b><u>\$ 25,033,399,765</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 23.3 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 37.9 percent of the total portfolio. U.S. Agency securities comprised 30.7 percent of the total portfolio, including Federal Home Loan Bank (15.6 percent), and Federal Farm Credit Bank (15.1 percent). Supranational securities comprised 2.1 percent of the total portfolio, including International Bank for Reconstruction and Development (1.7 percent), and International Finance Corporation (0.4 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 14 days and a WAL of 106 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	\$ 10,095,127,366	\$ 9,720,303,771	\$ 374,823,595
U.S. Agency Securities	8,189,183,746	5,473,303,490	2,715,880,256
Interest Bearing Bank Deposits	934,526,609	934,526,609	---
Repurchase Agreements	6,200,000,000	6,200,000,000	---
Negotiable Order of Withdrawal Accounts	602,527,963	602,527,963	---
Supranational Securities	549,088,653	549,088,653	---
Certificate of Deposit	20,000,000	20,000,000	---
Time Certificates of Deposit Program	39,625,000	39,625,000	---
<b>Total</b>	<b>\$ 26,630,079,337</b>	<b>\$ 23,539,375,486</b>	<b>\$ 3,090,703,851</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	6/30/2022	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	\$ 10,094,686,154	\$ ---	\$ 10,094,686,154	\$ ---
U.S. Agency Securities	8,189,315,303	---	8,189,315,303	---
Supranational Securities	548,876,417	---	548,876,417	---
<b>Total By Fair Value Level</b>	<b>\$ 18,832,877,874</b>	<b>\$ 0</b>	<b>\$ 18,832,877,874</b>	<b>\$ 0</b>
Bank Deposits	1,596,679,572			
Repurchase Agreements	6,200,000,000			
<b>Total By Fair Value</b>	<b>\$ 26,629,557,446</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 \$916,357,432 and securities were received for collateral with a fair value of \$934,975,771.

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 \$6,200,000,000.

#### **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	\$ 601,808,056,695
Investments Sold	\$ 17,491,717,644
Investments Matured	\$ 582,249,429,728
Net Investment Income	\$ 62,453,050
Administrative Expenses	\$ 1,212,812
Average Annualized Monthly Yield	.26 percent
Weighted Average Maturity (WAM)	14 days
Weighted Average Life (WAL)	106 days
Participant Contributions	\$ 66,640,254,441
Participant Distributions	\$ 65,305,854,903

**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 0.079 – 1.011 percent during the fiscal year, reflecting a targeted federal funds rate that ranged from 0.00 – 1.75 percent throughout the period. The general management strategy in effect for much of the fiscal year was to maintain a shorter than neutral weighted average maturity (WAM). During the second half of the year, the WAM was shortened in anticipation of Federal Reserve policy to raise the target range of the federal funds rate in response to inflation.

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>	0.273%	0.794%	1.191%
U.S. Treasury Securities <sup>[2]</sup>	0.188%	0.566%	1.092%
Supranational Securities <sup>[2]</sup>	0.425%	0.830%	1.265%
Repurchase Agreements	0.385%	0.703%	1.166%
Floating / Variable Rate Notes	0.427%	0.678%	1.197%
Bank Deposits	0.383%	0.718%	1.184%
<b>Total Portfolio</b>	<b>0.286%</b>	<b>0.655%</b>	<b>1.144%</b>
Investment Benchmark iMoneyNet	0.23%	0.61%	1.01%

<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, 2022

(expressed in thousands)

Par Value	Description	Date of Maturity	Interest Rate	Yield Percentage	Amortized Cost	Fair Value
<b>U.S. TREASURY SECURITIES (37.9% of Total Portfolio)</b>						
<b>U.S. Treasury Bills</b>						
\$ 150,000	U.S. Treasury Bills	07/05/2022	---	0.5350	\$ 149,991	\$ 149,986
700,000	U.S. Treasury Bills	07/05/2022	---	0.7100	699,945	699,932
500,000	U.S. Treasury Bills	07/05/2022	---	0.8600	499,952	499,952
400,000	U.S. Treasury Bills	07/07/2022	---	0.6700	399,955	399,950
250,000	U.S. Treasury Bills	07/12/2022	---	0.5500	249,958	249,927
1,000,000	U.S. Treasury Bills	07/12/2022	---	0.7550	999,769	999,708
50,000	U.S. Treasury Bills	07/14/2022	---	0.0750	49,999	49,981
300,000	U.S. Treasury Bills	07/14/2022	---	0.7850	299,915	299,885
400,000	U.S. Treasury Bills	07/19/2022	---	0.6650	399,867	399,795
400,000	U.S. Treasury Bills	07/19/2022	---	0.9000	399,820	399,796
200,000	U.S. Treasury Bills	07/21/2022	---	0.8600	199,904	199,887
223,000	U.S. Treasury Bills	07/26/2022	---	0.7100	222,890	222,842
500,000	U.S. Treasury Bills	07/26/2022	---	0.9150	499,682	499,645
400,000	U.S. Treasury Bills	08/02/2022	---	0.8050	399,714	399,592
300,000	U.S. Treasury Bills	08/04/2022	---	0.9100	299,742	299,665
121,580	U.S. Treasury Bills	08/09/2022	---	0.9100	121,460	121,416
100,000	U.S. Treasury Bills	08/11/2022	---	0.0800	99,991	99,853
300,000	U.S. Treasury Bills	08/11/2022	---	0.9000	299,693	299,560
200,000	U.S. Treasury Bills	08/18/2022	---	1.0500	199,720	199,645
200,000	U.S. Treasury Bills	08/23/2022	---	1.0700	199,685	199,565
262,320	U.S. Treasury Bills	08/23/2022	---	1.5000	261,741	261,749
100,000	U.S. Treasury Bills	08/25/2022	---	1.0660	99,837	99,781
200,000	U.S. Treasury Bills	08/25/2022	---	1.0600	199,676	199,562
200,000	U.S. Treasury Bills	08/30/2022	---	1.6300	199,493	199,513
500,000	U.S. Treasury Bills	08/30/2022	---	1.6500	498,717	498,783
129,120	U.S. Treasury Bills	09/01/2022	---	1.1200	128,871	128,781
100,000	U.S. Treasury Bills	09/15/2022	---	0.8200	99,827	99,666
300,000	U.S. Treasury Bills	09/15/2022	---	1.6400	298,961	298,999
100,000	U.S. Treasury Bills	09/22/2022	---	0.8700	99,799	99,625
50,000	U.S. Treasury Bills	10/06/2022	---	0.0900	49,988	49,766
150,000	U.S. Treasury Bills	10/25/2022	---	2.0600	149,004	149,032
400,000	U.S. Treasury Bills	11/01/2022	---	2.1850	397,111	397,132
150,000	U.S. Treasury Bills	12/29/2022	---	2.5000	148,115	148,175
<b>\$ 9,336,020</b>					<b>\$ 9,322,792</b>	<b>\$ 9,321,146</b>
<b>U.S. Treasury Floating Rate Notes</b>						
\$ 50,000	U.S. Treasury Floating Rate Notes	07/31/2022	1.8128	1.8148	\$ 50,000	\$ 50,013
50,000	U.S. Treasury Floating Rate Notes	07/31/2022	1.8128	1.8148	50,000	50,013
50,000	U.S. Treasury Floating Rate Notes	10/31/2022	1.8128	1.8228	49,998	50,050
100,000	U.S. Treasury Floating Rate Notes	01/31/2023	1.8068	1.8068	100,000	100,162
50,000	U.S. Treasury Floating Rate Notes	01/31/2023	1.8068	1.8068	50,000	50,081
97,510	U.S. Treasury Floating Rate Notes	04/30/2023	1.7918	1.7878	97,513	97,706
150,000	U.S. Treasury Floating Rate Notes	10/31/2023	1.7928	1.7928	150,000	150,368
100,000	U.S. Treasury Floating Rate Notes	10/31/2023	1.7928	1.7958	99,996	100,245
125,000	U.S. Treasury Floating Rate Notes	04/30/2024	1.6828	1.7570	124,828	124,903
<b>\$ 772,510</b>					<b>\$ 772,335</b>	<b>\$ 773,541</b>
<b>\$ 10,108,530</b>	<b>TOTAL U.S. TREASURY SECURITIES</b>				<b>\$ 10,095,127</b>	<b>\$ 10,094,687</b>

(continued)

## SCHEDULE OF INVESTMENTS

June 30, 2022

(expressed in thousands)

Par Value	Description	Date of Maturity	Interest Rate	Yield Percentage	Amortized Cost	Fair Value
<b>U.S. AGENCY SECURITIES (30.7% of Total Portfolio)</b>						
<b>U.S. Agency Discount Notes</b>						
\$ 300,000	Federal Home Loan Bank	07/06/2022	---	0.7039	\$ 299,971	\$ 299,942
200,000	Federal Home Loan Bank	07/15/2022	---	0.9412	199,928	199,891
300,000	Federal Home Loan Bank	07/20/2022	---	0.9687	299,849	299,780
50,000	Federal Home Loan Bank	07/20/2022	---	1.4312	49,963	49,963
100,000	Federal Home Loan Bank	08/09/2022	---	1.4225	99,848	99,816
300,000	Federal Home Loan Bank	08/16/2022	---	1.6500	299,368	299,342
50,000	Federal Home Loan Bank	08/24/2022	---	1.2357	49,909	49,871
300,000	Federal Home Loan Bank	08/26/2022	---	1.7486	299,197	299,200
161,000	Federal Home Loan Bank	09/23/2022	---	1.8486	160,309	160,287
<b>\$ 1,761,000</b>					<b>\$ 1,758,342</b>	<b>\$ 1,758,092</b>
<b>U.S. Agency Floating Rate Notes</b>						
\$ 150,000	Federal Farm Credit Bank	07/15/2022	1.7900	1.7900	\$ 150,000	\$ 150,013
35,000	Federal Farm Credit Bank	07/27/2022	1.5700	1.5750	35,000	35,000
100,000	Federal Farm Credit Bank	12/02/2022	1.6500	1.6500	100,000	100,033
70,000	Federal Farm Credit Bank	02/01/2023	1.6250	1.6250	70,000	70,019
100,000	Federal Farm Credit Bank	02/09/2023	1.5800	1.5900	99,994	99,994
200,000	Federal Farm Credit Bank	02/09/2023	1.5800	1.5900	199,988	199,987
50,000	Federal Farm Credit Bank	02/27/2023	1.5900	1.5900	50,000	50,000
150,000	Federal Farm Credit Bank	03/15/2023	1.6200	1.6200	150,000	150,000
100,000	Federal Farm Credit Bank	03/21/2023	1.5900	1.6012	99,992	100,001
50,000	Federal Farm Credit Bank	05/18/2023	1.5900	1.5950	49,998	49,998
225,000	Federal Farm Credit Bank	07/24/2023	1.5925	1.5940	224,996	224,980
50,000	Federal Farm Credit Bank	07/27/2023	1.6000	1.6000	50,000	49,999
62,000	Federal Farm Credit Bank	09/08/2023	1.5950	1.5975	61,998	61,993
100,000	Federal Farm Credit Bank	10/12/2023	1.5950	1.6000	99,993	99,981
100,000	Federal Farm Credit Bank	11/21/2023	1.6400	1.6400	100,000	100,040
50,000	Federal Farm Credit Bank	12/13/2023	1.6600	1.6600	50,000	50,034
50,000	Federal Farm Credit Bank	12/13/2023	1.6600	1.6600	50,000	50,034
100,000	Federal Farm Credit Bank	01/16/2024	1.6100	1.6100	100,000	100,009
100,000	Federal Farm Credit Bank	01/16/2024	1.6100	1.6100	100,000	100,009
150,000	Federal Farm Credit Bank	03/11/2024	1.6200	1.6300	149,974	150,004
150,000	Federal Farm Credit Bank	04/01/2024	1.6300	1.6389	149,976	150,021
75,000	Federal Farm Credit Bank	04/01/2024	1.6300	1.6350	74,993	75,010
50,000	Federal Farm Credit Bank	05/06/2024	1.6250	1.6300	49,995	50,000
100,000	Federal Farm Credit Bank	05/06/2024	1.6250	1.6300	99,991	100,000
100,000	Federal Farm Credit Bank	05/06/2024	1.6250	1.6250	100,000	100,000
150,000	Federal Farm Credit Bank	06/10/2024	1.6150	1.6175	149,993	150,010
100,000	Federal Farm Credit Bank	03/21/2024	1.5800	1.5800	100,000	100,011
150,000	Federal Farm Credit Bank	03/25/2024	1.6000	1.6050	149,987	149,986
100,000	Federal Farm Credit Bank	04/08/2024	1.5950	1.6000	99,991	99,981
100,000	Federal Farm Credit Bank	05/17/2024	1.5950	1.5975	99,995	100,008
65,000	Federal Farm Credit Bank	07/14/2022	1.7000	1.7000	65,000	65,005
140,000	Federal Farm Credit Bank	01/09/2023	1.5250	1.5349	139,993	140,002
100,000	Federal Farm Credit Bank	06/23/2023	1.5250	1.5403	99,985	99,997
50,000	Federal Farm Credit Bank	10/16/2023	1.5550	1.5550	50,000	50,009
100,000	Federal Farm Credit Bank	12/07/2023	1.5375	1.5400	99,996	100,006

(continued)



**SCHEDULE OF INVESTMENTS**

June 30, 2022

(expressed in thousands)

<b>Par Value</b>	<b>Description</b>	<b>Date of Maturity</b>	<b>Interest Rate</b>	<b>Yield Percentage</b>	<b>Amortized Cost</b>	<b>Fair Value</b>
<b>U.S. Agency Floating Rate Notes (continued)</b>						
51,000	Federal Farm Credit Bank	02/09/2024	1.5500	1.5500	51,000	50,998
130,000	Federal Farm Credit Bank	03/08/2024	1.5550	1.5550	130,000	130,004
45,000	Federal Farm Credit Bank	04/12/2024	1.5600	1.5600	45,000	45,005
38,000	Federal Farm Credit Bank	04/25/2024	1.5550	1.5550	38,000	38,000
65,000	Federal Farm Credit Bank	05/09/2024	1.5600	1.5600	65,000	65,006
50,000	Federal Farm Credit Bank	05/24/2024	1.5550	1.5550	50,000	50,006
50,000	Federal Farm Credit Bank	05/24/2024	1.5550	1.5550	50,000	50,006
75,000	Federal Farm Credit Bank	06/03/2024	1.5550	1.5550	75,000	75,008
250,000	Federal Home Loan Bank	07/18/2022	1.5150	1.5150	250,000	250,000
300,000	Federal Home Loan Bank	07/19/2022	1.5100	1.5100	300,000	300,000
300,000	Federal Home Loan Bank	08/02/2022	1.5200	1.5150	300,001	300,005
300,000	Federal Home Loan Bank	09/16/2022	1.5200	1.5200	300,000	300,001
500,000	Federal Home Loan Bank	09/22/2022	1.5200	1.5150	500,006	500,002
200,000	Federal Home Loan Bank	10/21/2022	1.5150	1.5150	200,000	200,001
300,000	Federal Home Loan Bank	10/24/2022	1.5200	1.5150	300,005	300,007
55,000	Federal Home Loan Bank	10/27/2022	1.5200	1.5103	55,002	55,000
200,000	Federal Home Loan Bank	12/16/2022	1.5300	1.5300	200,000	200,000
<b>\$ 6,431,000</b>					<b>\$ 6,430,842</b>	<b>\$ 6,431,223</b>
<b>\$ 8,192,000</b>	<b>TOTAL U.S. AGENCY SECURITIES</b>				<b>\$ 8,189,184</b>	<b>\$ 8,189,315</b>
<b>SUPRANATIONAL SECURITIES 2.1% of Total Portfolio)</b>						
<b>Supranational Discount Notes</b>						
\$ 100,000	International Finance Corporation	07/15/2022	0.7900	0.7917	\$ 99,969	\$ 99,946
300,000	Int'l Bank for Reconstruction & Development	08/08/2022	1.1500	1.1530	299,636	299,460
150,000	Int'l Bank for Reconstruction & Development	09/06/2022	1.8500	1.8835	149,484	149,470
<b>\$ 550,000</b>	<b>TOTAL SUPRANATIONAL SECURITIES</b>				<b>\$ 549,089</b>	<b>\$ 548,876</b>

(continued)

**SCHEDULE OF INVESTMENTS**

June 30, 2022

(expressed in thousands)

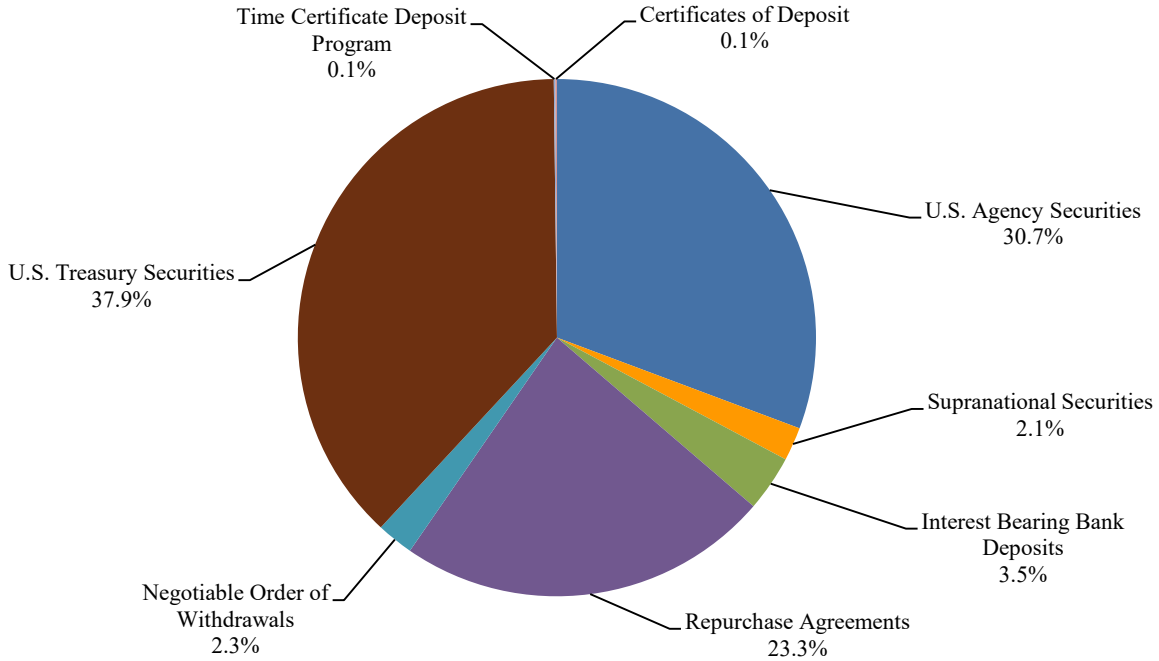
Par Value	Issuer	Date of Maturity	Interest Rate	Yield Percentage	Carrying Amount	Fair Value
<b>REPURCHASE AGREEMENTS (23.3% of Total Portfolio)</b>						
\$ 75,000	Cantor Fitzgerald and Co	07/01/2022	1.4800	1.4800	\$ 75,000	\$ 75,000
200,000	Cantor Fitzgerald and Co	07/01/2022	1.4700	1.4700	200,000	200,000
800,000	Societe Generale	07/01/2022	1.4800	1.4800	800,000	800,000
1,000,000	Jefferies LLC	07/01/2022	1.4900	1.4900	1,000,000	1,000,000
1,500,000	Daiwa Capital Markets America Inc	07/01/2022	1.4800	1.4800	1,500,000	1,500,000
2,625,000	FICC (Northern Trust)	07/01/2022	1.4600	1.4600	2,625,000	2,625,000
<b>\$ 6,200,000</b>	<b>TOTAL REPURCHASE AGREEMENTS</b>				<b>\$ 6,200,000</b>	<b>\$ 6,200,000</b>
<b>CERTIFICATES OF DEPOSIT (0.1% of Total Portfolio)</b>						
\$ 3,000	First Federal Savings & Loan Assn.	07/28/2022	1.2000	1.2000	\$ 3,000	\$ 3,000
7,000	First Federal Savings & Loan Assn.	10/26/2022	1.8500	1.8500	7,000	7,000
10,000	First Federal Savings & Loan Assn.	09/12/2022	0.3500	0.3500	10,000	10,000
<b>\$ 20,000</b>	<b>TOTAL CERTIFICATES OF DEPOSIT</b>				<b>\$ 20,000</b>	<b>\$ 20,000</b>
<b>INTEREST BEARING BANK DEPOSITS (3.5% of Total Portfolio)</b>						
\$ 5	US Bank National Association	---	0.0100	0.0100	\$ 5	\$ 5
14	Heritage Bank	---	1.6000	1.6000	14	14
903	Umpqua Bank	---	1.0000	1.0000	903	903
2,685	Bank of America, N.A.	---	0.2400	0.2400	2,685	2,685
60,245	Cathay Bank	---	1.6000	1.6000	60,245	60,245
97,726	Wells Fargo	---	1.6000	1.6000	97,726	97,726
101,282	Washington Federal, N.A.	---	1.6000	1.6000	101,281	101,281
102,475	JPMorgan Chase Bank N.A.	---	1.5498	1.5498	102,475	102,475
274,748	HomeStreet Bank	---	1.5500	1.5500	274,748	274,748
294,444	KeyBank National Association	---	1.5500	1.5500	294,444	294,444
<b>\$ 934,527</b>	<b>TOTAL INTEREST BEARING BANK DEPOSITS</b>				<b>\$ 934,526</b>	<b>\$ 934,526</b>
<b>NEGOTIABLE ORDER OF WITHDRAWAL (NOW) ACCOUNTS (2.3% of Total Portfolio)</b>						
\$ 201,092	Pacific Premier Bank	---	1.6000	1.6000	\$ 201,092	\$ 201,092
401,436	Columbia State Bank	---	1.6000	1.6000	401,436	401,436
<b>\$ 602,528</b>	<b>TOTAL NOW ACCOUNTS</b>				<b>\$ 602,528</b>	<b>\$ 602,528</b>
<b>TIME CERTIFICATE OF DEPOSIT (TCD) INVESTMENT PROGRAM (0.1% of Total Portfolio)</b>						
\$ 7,500	East West Bank	07/11/2022	0.3700	0.3700	\$ 7,500	\$ 7,500
15,000	First Federal Savings & Loan Assn.	07/11/2022	0.3700	0.3700	15,000	15,000
17,125	Yakima Federal Savings & Loan Assn.	07/11/2022	0.3700	0.3700	17,125	17,125
<b>\$ 39,625</b>	<b>TOTAL TCD INVESTMENT PROGRAM</b>				<b>\$ 39,625</b>	<b>\$ 39,625</b>
<b>\$ 26,647,210</b>	<b>TOTAL INVESTMENTS</b>				<b>\$ 26,630,079</b>	<b>\$ 26,629,557</b>

(concluded)



### DISTRIBUTION BY INVESTMENT TYPE

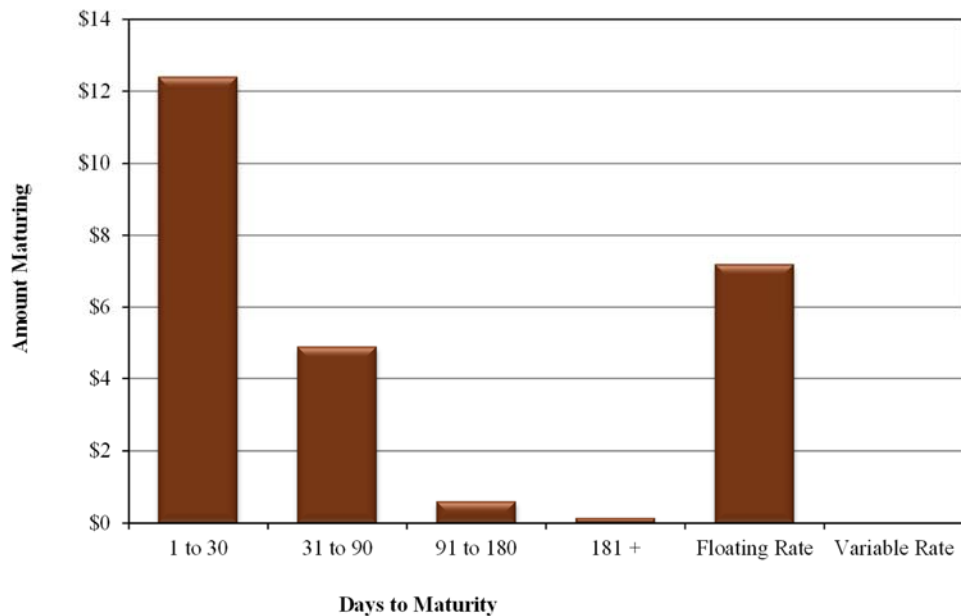
June 30, 2022



### MATURITY ANALYSIS

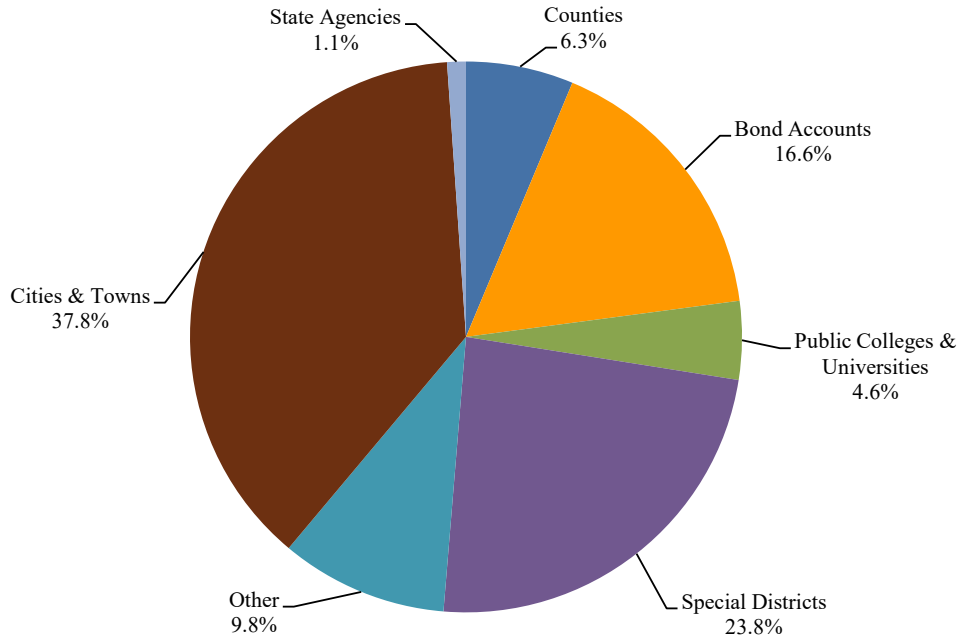
June 30, 2022

(expressed in billions)



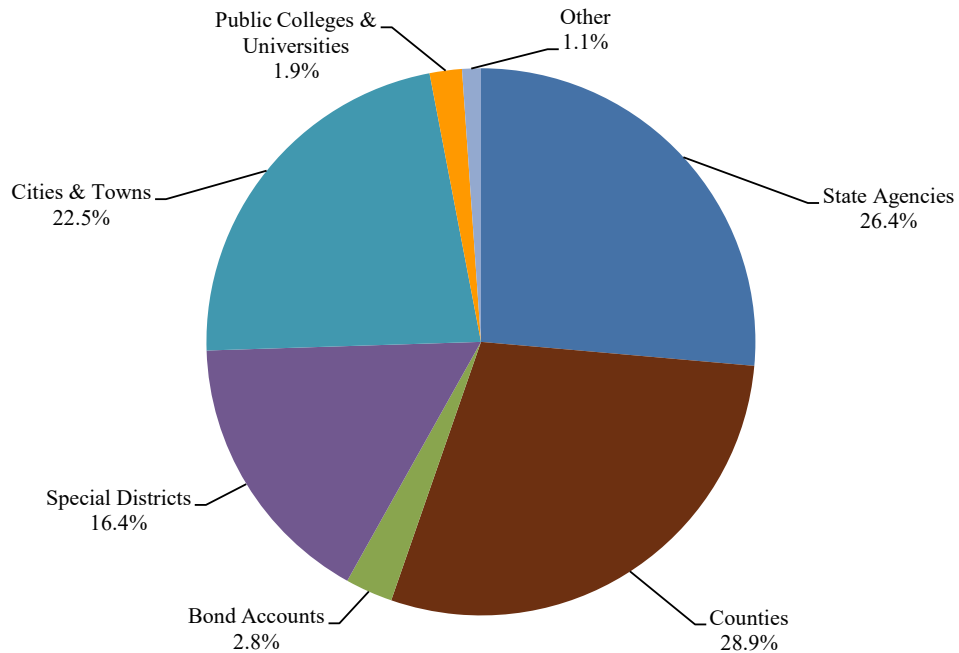
### OWNERSHIP ANALYSIS OF TOTAL ACCOUNTS

June 30, 2022

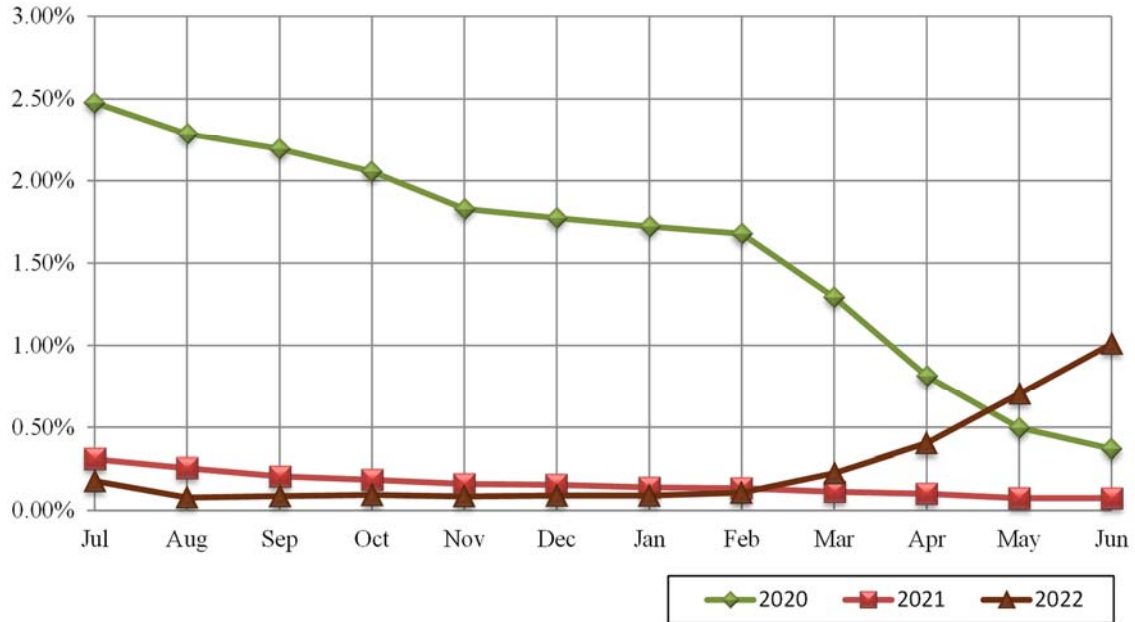


### OWNERSHIP ANALYSIS OF TOTAL BALANCES

June 30, 2022

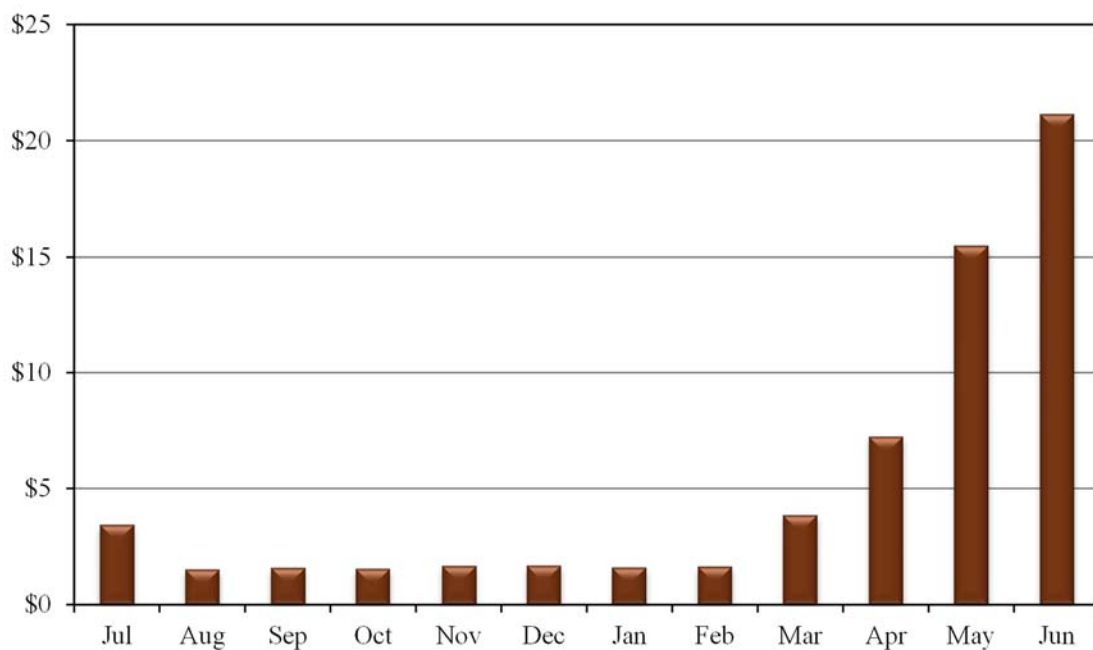


### NET RATE OF RETURN <sup>[1]</sup> Fiscal Years 2020 – 2022

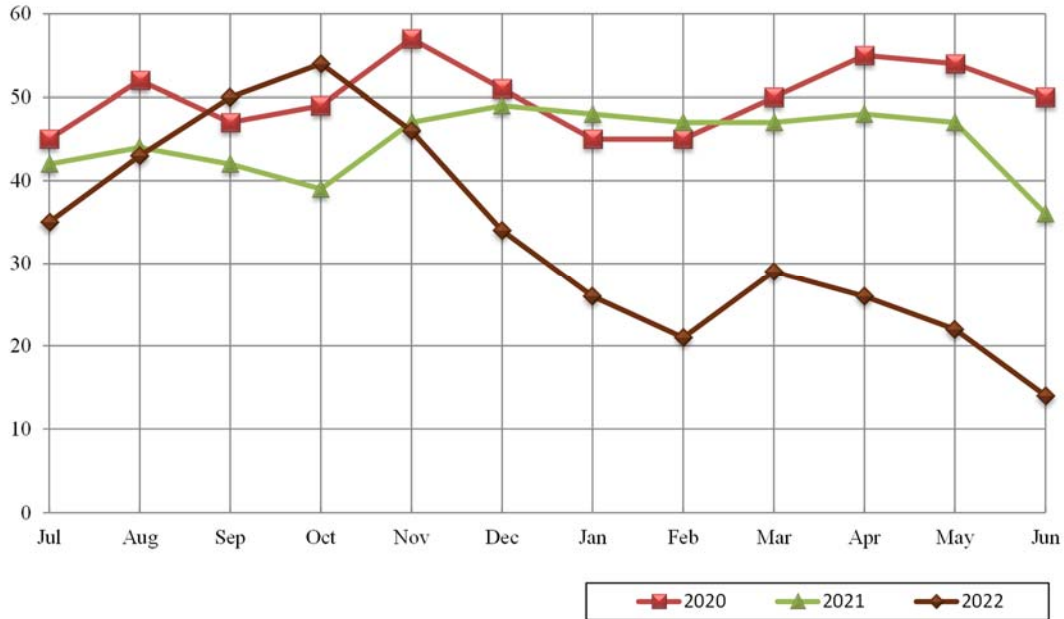


<sup>[1]</sup> Returns are calculated based on a time-weighted methodology

### NET INVESTMENT INCOME Fiscal Year 2022 (expressed in millions)

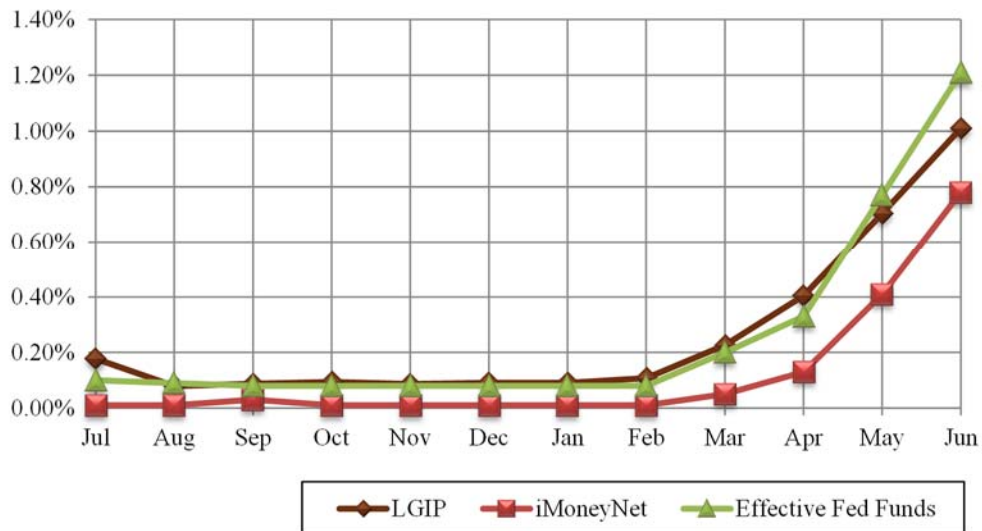


### AVERAGE DAYS TO MATURITY Fiscal Years 2020 – 2022



### LGIP NET EARNINGS RATE Versus

### EFFECTIVE FEDERAL FUNDS and iMoneyNet Fiscal Year 2022



## SCHEDULE OF PARTICIPANTS BY CONCENTRATION

June 30, 2022

Participant Type	Number of Accounts		Ownership Value	
Counties	39	6.3%	\$ 7,306,391,092	28.9%
Cities & Towns	232	37.8%	5,676,181,786	22.5%
Special Districts	146	23.8%	4,132,937,410	16.4%
State Agencies	7	1.1%	6,649,767,503	26.4%
Bond Accounts	102	16.6%	710,003,980	2.8%
Public Colleges & Universities	28	4.6%	490,622,598	1.9%
Other	60	9.8%	281,453,298	1.1%
<b>Total</b>	<b>614</b>	<b>100.0%</b>	<b>\$ 25,247,357,667</b>	<b>100.0%</b>

## SCHEDULE OF ADMINISTRATIVE EXPENSES

For the Fiscal Year Ended June 30, 2022

Category	Amount
Internal Costs <sup>[1]</sup>	\$ 906,681
External Costs <sup>[2]</sup>	<u>306,131</u>
<b>Total</b>	<b>\$ 1,212,812</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**



## 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)

	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022
<b>Assets</b>										
Investments										
Repurchase Agreements	\$ 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	\$ 6,200,000
U.S. Agency Securities	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	7,889,987
U.S. Treasury Securities	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	8,999,807
Supranational Securities	-	-	-	-	334,865	828,094	892,933	524,209	426,241	549,089
Certificates of Deposit	2,000	26,500	26,500	30,000	29,175	130,000	140,000	130,000	70,000	20,000
Interest Bearing Bank Deposits	743,434	856,267	718,175	851,080	845,706	1,361,000	2,508,296	2,030,773	1,558,732	934,526
Negotiable Order of Withdrawal (NOW) Accounts	136,200	101,932	102,102	187,542	293,747	218,654	248,890	671,319	557,783	602,528
Time Certificate of Deposit (TCD) Program	40,715	35,950	37,610	42,320	44,870	47,395	54,250	79,000	42,000	39,625
<b>Total</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>	<b>25,235,562</b>
Due from Brokers										
(Securities Purchased But Not Settled)										
U.S. Treasury Securities	-	-	299,833	-	-	-	-	549,673	699,898	1,095,320
U.S. Agency Securities	-	-	199,948	174,821	-	-	-	-	-	299,197
<b>Total Investments (Trade Date Basis)</b>	<b>10,633,377</b>	<b>11,156,753</b>	<b>11,444,239</b>	<b>12,931,279</b>	<b>14,872,563</b>	<b>17,166,306</b>	<b>17,381,150</b>	<b>23,667,228</b>	<b>24,539,958</b>	<b>26,630,079</b>
<b>Other Assets</b>										
Cash	836	1	41	1	-	11,101	-	115	6,002	501
Interest Receivable	714	582	709	2,503	4,630	10,127	16,388	3,285	4,877	11,763
<b>Total Other Assets</b>	<b>1,550</b>	<b>583</b>	<b>750</b>	<b>2,504</b>	<b>4,630</b>	<b>21,228</b>	<b>16,388</b>	<b>3,400</b>	<b>10,879</b>	<b>12,264</b>
<b>Total Assets</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>26,642,343</b>
<b>Liabilities</b>										
Accrued Expenses	90	84	114	157	252	118	95	92	87	120
Investment Trades Pending Payable	-	-	499,781	174,822	-	-	-	549,673	699,898	1,394,518
<b>Total Liabilities</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>1,394,638</b>
<b>Net Position</b>										
Held in Trust for Pool Participants	\$ 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	\$ 25,247,705

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>ADDITIONS</b>										
Contributions from Participants	\$ 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	\$ 66,640,254
Investment Income:										
Investment Earnings	18,663	12,254	12,597	34,229	84,168	188,407	360,408	268,490	36,175	63,888
Less: Investment Expenses	(84)	(63)	(37)	(365)	(871)	(377)	(222)	(192)	(232)	(222)
Net Investment Earnings	18,579	12,191	12,560	33,864	83,297	188,030	360,186	268,298	35,943	63,666
Miscellaneous	-	-	-	-	3	3	7	-	-	-
Total Additions	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	66,703,920
<b>DEDUCTIONS</b>										
Distributions to Participants	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	65,305,854
Administrative Expenses	820	912	903	925	944	965	1,039	1,200	1,161	1,213
Total Deductions	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	65,307,067
Change In Fiduciary Net Position	1,804,671	522,415	(212,158)	1,813,710	2,118,137	2,310,475	210,027	5,723,420	729,989	1,396,853
Net Position - Beginning 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
Net Position - End of Year	\$ 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	\$ 25,247,705



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

Investment Type	6/30/2022		6/30/2021		6/30/2020		6/30/2019		6/30/2018	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Certificates of Deposit	\$ 20,000	0.1%	\$ 70,000	0.3%	\$ 130,000	0.6%	\$ 140,000	0.8%	\$ 130,000	0.8%
Interest Bearing Bank Deposits	934,526	3.5%	1,558,732	6.3%	2,030,773	8.6%	2,508,296	14.4%	1,361,000	7.9%
Negotiable Order of Withdrawal Accounts	602,528	2.3%	557,783	2.3%	671,319	2.8%	248,890	1.4%	218,654	1.3%
Time Certificate of Deposit Program	39,625	0.1%	42,000	0.2%	79,000	0.3%	54,250	0.3%	47,395	0.3%
Repurchase Agreements	6,200,000	23.3%	1,550,000	6.3%	1,625,000	6.9%	3,950,000	22.7%	5,025,000	29.3%
Supranational Securities	549,089	2.1%	426,241	1.7%	524,209	2.2%	892,933	5.2%	828,094	4.8%
U.S. Agency Securities	8,189,184	30.7%	4,069,183	16.6%	3,599,705	15.2%	6,135,294	35.3%	5,722,558	33.3%
U.S. Treasury Securities	10,095,127	37.9%	16,266,019	66.3%	15,007,222	63.4%	3,451,487	19.9%	3,833,605	22.3%
<b>Total</b>	<b>\$ 26,630,079</b>	<b>100.0%</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>

Investment Type	6/30/2017		6/30/2016		6/30/2015		6/30/2014		6/30/2013	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Certificates of Deposit	\$ 29,175	0.2%	\$ 30,000	0.2%	\$ 26,500	0.2%	\$ 26,500	0.2%	\$ 2,000	0.0%
Interest Bearing Bank Deposits	845,706	5.7%	851,080	6.6%	718,175	6.3%	856,267	7.7%	743,434	7.0%
Negotiable Order of Withdrawal Accounts	293,747	2.0%	187,542	1.5%	102,102	0.9%	101,932	0.9%	136,200	1.3%
Time Certificate of Deposit Program	44,870	0.3%	42,320	0.3%	37,610	0.3%	35,950	0.3%	40,715	0.4%
Repurchase Agreements	4,700,000	31.6%	3,584,529	27.7%	2,968,200	26.0%	1,200,000	10.8%	1,797,874	16.9%
Supranational Securities	334,865	2.3%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
U.S. Agency Securities	6,996,226	47.0%	6,862,273	53.1%	6,742,020	58.9%	8,286,217	74.3%	6,513,556	61.2%
U.S. Treasury Securities	1,627,974	10.9%	1,373,535	10.6%	849,632	7.4%	649,887	5.8%	1,399,598	13.2%
<b>Total</b>	<b>\$ 14,872,563</b>	<b>100.0%</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>

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

Participant Type	6/30/2022		6/30/2021		6/30/2020		6/30/2019		6/30/2018	
	Number of Accounts	Percent	Number of Accounts	Percent	Number of Accounts	Percent	Number of Accounts	Percent	Number of Accounts	Percent
Counties	39	6.3%	39	5.9%	39	6.2%	39	6.1%	39	6.3%
Cities & Towns	232	37.8%	231	34.9%	231	36.7%	228	35.8%	226	36.8%
Special Districts	146	23.8%	151	22.8%	150	23.8%	149	23.4%	143	23.3%
Bond Accounts	102	16.6%	107	16.2%	96	15.2%	105	16.5%	93	15.1%
Public Colleges & Universities	28	4.6%	27	4.1%	27	4.3%	28	4.4%	28	4.6%
State Agencies	7	1.1%	7	1.1%	7	1.1%	6	0.9%	6	1.0%
Other	60	9.8%	99	15.0%	80	12.7%	82	12.9%	79	12.9%
<b>Total</b>	<b>614</b>	<b>100.0%</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>

Participant Type	6/30/2017		6/30/2016		6/30/2015		6/30/2014		6/30/2013	
	Number of Accounts	Percent	Number of Accounts	Percent	Number of Accounts	Percent	Number of Accounts	Percent	Number of Accounts	Percent
Counties	39	6.4%	39	7.5%	39	7.2%	39	7.3%	39	7.2%
Cities & Towns	223	36.7%	223	43.0%	222	41.2%	224	41.6%	226	41.5%
Special Districts	135	22.2%	129	24.9%	132	24.5%	118	21.9%	117	21.5%
Bond Accounts	94	15.5%	89	17.1%	107	19.9%	103	19.2%	109	20.0%
Public Colleges & Universities	28	4.6%	28	5.4%	28	5.2%	28	5.2%	28	5.1%
State Agencies	8	1.3%	7	1.3%	7	1.3%	7	1.3%	7	1.2%
Other	81	13.3%	4	0.8%	4	0.7%	19	3.5%	19	3.5%
<b>Total</b>	<b>608</b>	<b>100.0%</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>

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

Participant Type	6/30/2022		6/30/2021		6/30/2020		6/30/2019		6/30/2018	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Counties	\$ 7,306,391	28.9%	\$ 9,490,339	39.8%	\$ 9,288,693	40.2%	\$ 7,225,174	41.5%	\$ 6,117,099	35.6%
Cities & Towns	5,676,182	22.5%	4,979,597	20.9%	4,589,577	19.8%	3,184,380	18.3%	2,574,651	15.0%
Special Districts	4,132,937	16.4%	4,090,118	17.1%	3,055,177	13.2%	2,754,032	15.8%	2,875,214	16.8%
Bond Accounts	710,004	2.8%	1,128,322	4.7%	822,091	3.6%	695,510	4.0%	650,119	3.8%
Public Colleges & Universities	490,623	1.9%	523,125	2.2%	435,303	1.9%	400,554	2.3%	274,826	1.6%
State Agencies	6,649,768	26.4%	3,478,822	14.6%	4,793,749	20.7%	2,985,099	17.2%	4,472,884	26.0%
Other	281,453	1.1%	160,443	0.7%	136,147	0.6%	152,567	0.9%	210,656	1.2%
<b>Total</b>	<b>\$ 25,247,358</b>	<b>100.0%</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>

Participant Type	6/30/2017		6/30/2016		6/30/2015		6/30/2014		6/30/2013	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Counties	\$ 5,970,693	40.1%	\$ 5,387,999	42.2%	\$ 4,727,507	43.2%	\$ 5,007,406	44.9%	\$ 5,080,565	47.8%
Cities & Towns	2,564,351	17.3%	2,288,670	17.9%	1,872,828	17.1%	1,923,917	17.2%	1,884,112	17.7%
Special Districts	1,988,177	13.4%	1,636,434	12.8%	1,763,317	16.1%	1,377,993	12.4%	1,415,820	13.3%
Bond Accounts	659,434	4.4%	466,375	3.7%	411,968	3.8%	471,949	4.2%	548,846	5.2%
Public Colleges & Universities	287,448	1.9%	247,998	2.0%	337,089	3.1%	316,762	2.8%	311,129	2.9%
State Agencies	3,290,269	22.1%	2,730,759	21.4%	1,821,106	16.6%	2,042,937	18.3%	1,385,092	13.0%
Other	116,515	0.8%	489	0.0%	11,256	0.1%	16,276	0.2%	7,666	0.1%
<b>Total</b>	<b>\$ 14,876,887</b>	<b>100.0%</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>

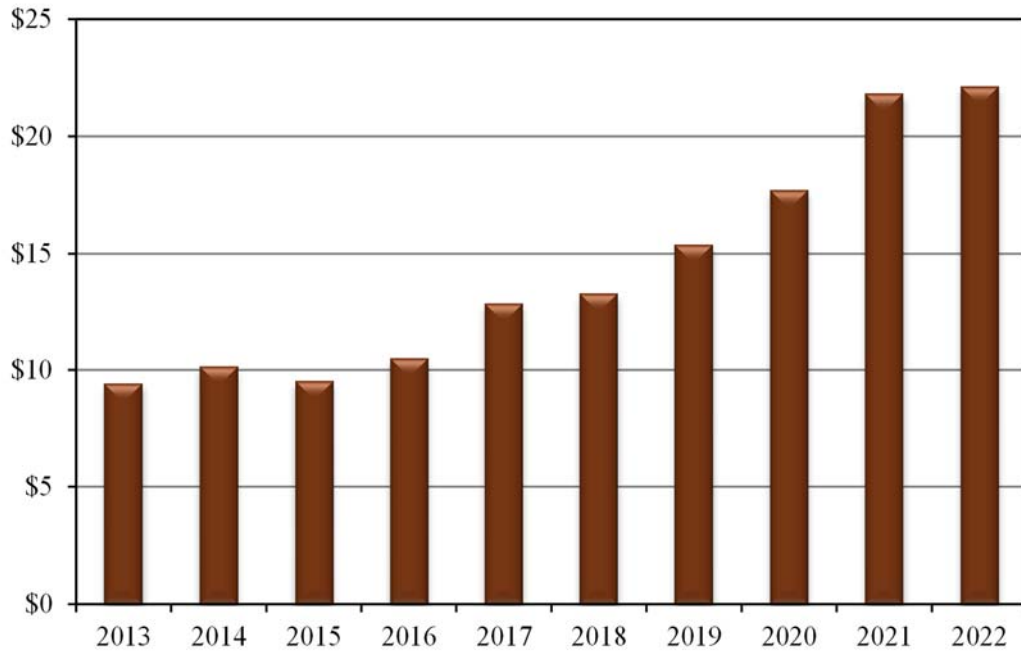
**TABLE 6**  
**FINANCIAL HIGHLIGHTS**  
Last Ten Fiscal Years

	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018
Investments Purchased	\$ 601,808,056,695	\$ 319,315,709,523	\$ 400,197,216,593	\$ 497,326,187,871	\$ 531,151,943,648
Investments Sold	\$ 17,491,717,644	\$ 22,667,692,417	\$ 32,680,961,217	\$ 31,091,567,415	\$ 24,828,304,363
Investments Matured	\$ 582,249,429,728	\$ 295,791,295,346	\$ 361,379,140,000	\$ 466,198,564,977	\$ 504,116,644,019
Net Investment Income	\$ 62,453,050	\$ 34,781,224	\$ 267,099,190	\$ 359,153,943	\$ 187,068,261
Administrative Expenses	\$ 1,212,812	\$ 1,161,381	\$ 1,199,587	\$ 1,038,808	\$ 965,259
Average Annualized Monthly Yield	.26 percent	.16 percent	1.58 percent	2.34 percent	1.40 percent
Weighted Average Maturity (WAM)	14 days	36 days	50 days	43 days	33 days
Weighted Average Life (WAL)	106 days	78 days	107 days	82 days	80 days
Participant Contributions	\$ 66,640,254,441	\$ 65,592,280,153	\$ 62,733,477,779	\$ 57,605,541,228	\$ 49,645,215,689
Participant Distributions	\$ 65,305,854,903	\$ 64,897,072,585	\$ 57,277,156,467	\$ 57,754,668,474	\$ 47,521,808,515

	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013
Investments Purchased	\$ 525,966,439,695	\$ 492,732,198,053	\$ 281,964,025,725	\$ 128,312,368,689	\$ 201,464,352,490
Investments Sold	\$ 21,423,921,000	\$ 15,078,156,178	\$ 18,486,227,699	\$ 30,073,234,697	\$ 21,906,107,830
Investments Matured	\$ 502,632,570,282	\$ 476,177,545,000	\$ 263,095,646,386	\$ 97,721,262,684	\$ 178,250,863,000
Net Investment Income	\$ 82,356,073	\$ 32,938,554	\$ 11,657,277	\$ 11,279,324	\$ 17,758,410
Administrative Expenses	\$ 943,852	\$ 925,006	\$ 903,128	\$ 911,822	\$ 820,200
Average Annualized Monthly Yield	0.63 percent	0.31 percent	0.12 percent	0.11 percent	0.17 percent
Weighted Average Maturity (WAM)	26 days	35 days	36 days	30 days	58 days
Weighted Average Life (WAL)	72 days	100 days	86 days	85 days	98 days
Participant Contributions	\$ 46,570,124,800	\$ 43,302,522,970	\$ 35,255,884,315	\$ 25,735,242,074	\$ 17,487,171,053
Participant Distributions	\$ 44,534,344,752	\$ 41,521,751,691	\$ 35,479,698,455	\$ 25,224,106,673	\$ 15,700,259,153

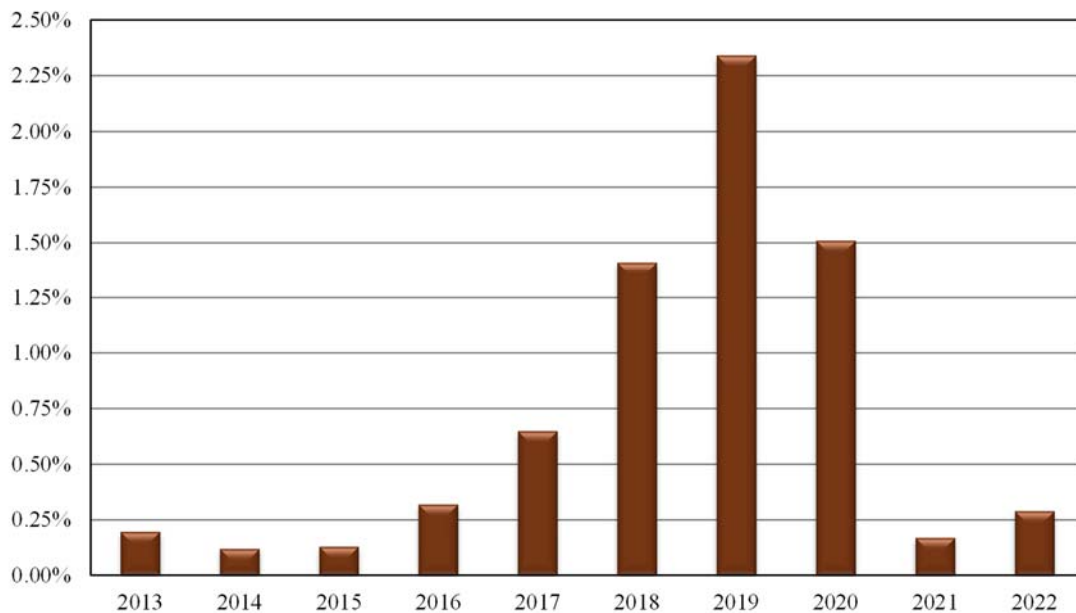
### AVERAGE INVESTED BALANCES

Last Ten Fiscal Years  
(expressed in billions)

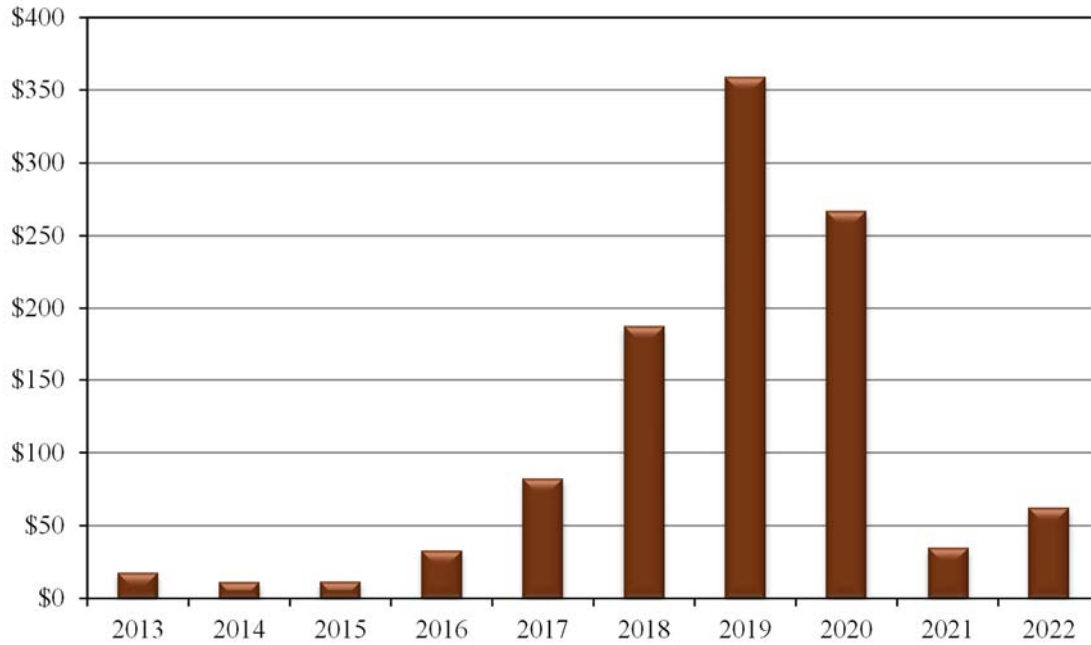


### PORTFOLIO YIELD

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	0.263%	0.673%	1.154%	0.976%	0.711%
iMoneyNet	0.020%	0.474%	0.877%	0.672%	0.472%
<b>Cumulative Return</b>					
LGIP	0.263%	2.032%	5.905%	7.035%	7.341%
iMoneyNet	0.265%	1.428%	4.465%	4.803%	4.825%



State of Washington  
Local Government Investment Pool  
PO Box 40200  
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