

STATE OF WASHINGTON
OFFICE OF THE STATE TREASURER

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

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2019





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FINANCIAL REPORT**

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Report prepared by:

Office of the State Treasurer
Duane A. Davidson, State Treasurer

Operations Division

Shad Pruitt, Deputy State Treasurer
Denise Nguyen, Accounting Services Manager
Cindy Shave, Investment Accounting Manager
Katie Davis, Investment Accountant
Dixie Layman, Investment Accountant

Investment Division

Doug Extine, Deputy State Treasurer
Shawn Reed, Portfolio Manager
Staci Ashe, LGIP Administrator

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2019

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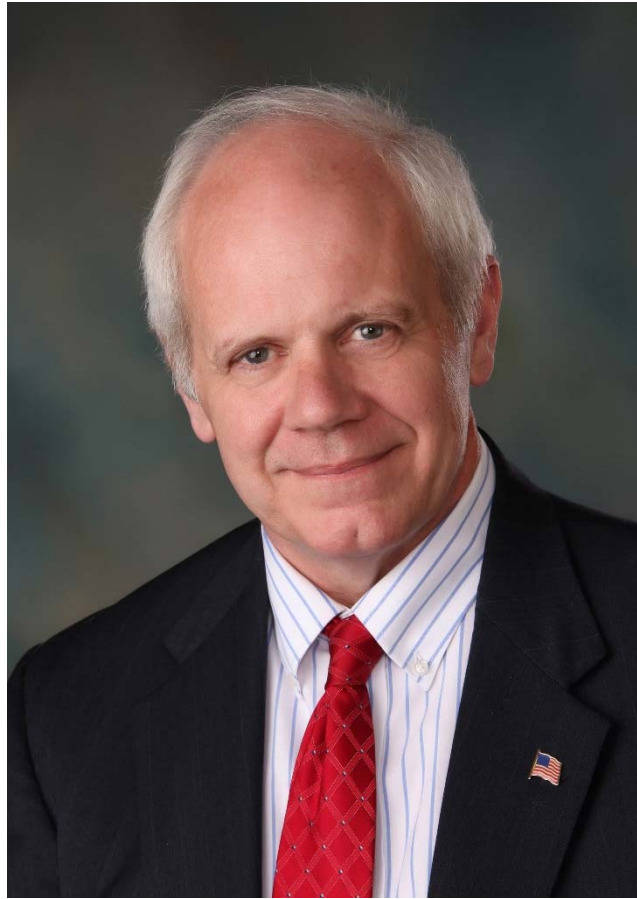
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Duane A. Davidson
Washington State Treasurer



DUANE A. DAVIDSON
State Treasurer

Washington Office of the State Treasurer

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

During Fiscal Year 2019:

- The average balance in the LGIP portfolio was \$15.4 billion maintained by 637 participants.
- The LGIP had an administrative fee of 0.7 basis points. This is the thirteenth 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 39 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 \$59 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 "Duane A. Davidson".

Duane A. Davidson
State Treasurer



INTRODUCTORY SECTION





DUANE A. DAVIDSON
State Treasurer

State of Washington
Office of the Treasurer
Local Government Investment Pool

September 26, 2019

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 Comprehensive Annual Financial Report (CAFR) of the state of Washington Local Government Investment Pool (LGIP) for the fiscal year ended June 30, 2019. 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 \$15.4 billion during the fiscal year, the LGIP produced an average monthly portfolio yield of 2.34 percent. The LGIP exceeded its benchmark by 39 basis points, resulting in \$59 million in additional interest income for participants.

Fiscal year 2019 was marked by gradual adjustments of monetary policy by the Federal Open Market Committee (FOMC). The FOMC raised its target for the federal funds rate two times from July 2018 through June 2019 stating that the labor market has continued to strengthen and remains strong, while expecting inflation to run near their two percent objective. The targeted federal funds rate range began the fiscal year at 1-3/4 to 2 percent and ended the period at 2-1/4 to 2-1/2 percent.

During the period, the FOMC remarked that economic activity has been rising; job gains have been solid; the unemployment rate has stayed low; and household spending grew strongly while business fixed investment has moderated from its rapid pace. Additionally, overall inflation remains near two percent on a 12-month basis.

Consistent with its statutory mandate, the FOMC seeks to foster maximum employment and price stability. Further increases in the target range for the federal funds rate are anticipated to be congruent with sustained expansion of economic activity. The stance of monetary policy remains accommodative, thereby supporting strong labor market conditions and a sustained return to two percent inflation.

During the first quarter of fiscal year 2020, the FOMC lowered its target range for the federal funds rate to 1.75 to 2 percent to foster maximum employment and price stability. In determining the timing and size of future adjustments, the Committee will assess realized and expected economic conditions relative to its objectives.

Major Initiatives

OST continues to explore the feasibility of offering a longer-term investment fund option to LGIP participants, similar to an intermediate bond fund, to complement the current money market fund option. OST expects to begin operation when market conditions, such as the interest rate environment, are conducive.

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 CAFR for the fiscal year ended June 30, 2018. This was the twenty-second 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 CAFR 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 CAFR 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 CAFR 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 CAFR, plus additional information for participants and interested parties, may be accessed on the internet at: <http://tre.wa.gov/>.

Sincerely,



Shad Pruitt
Deputy State Treasurer



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**State of Washington
Local Government Investment
Pool**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

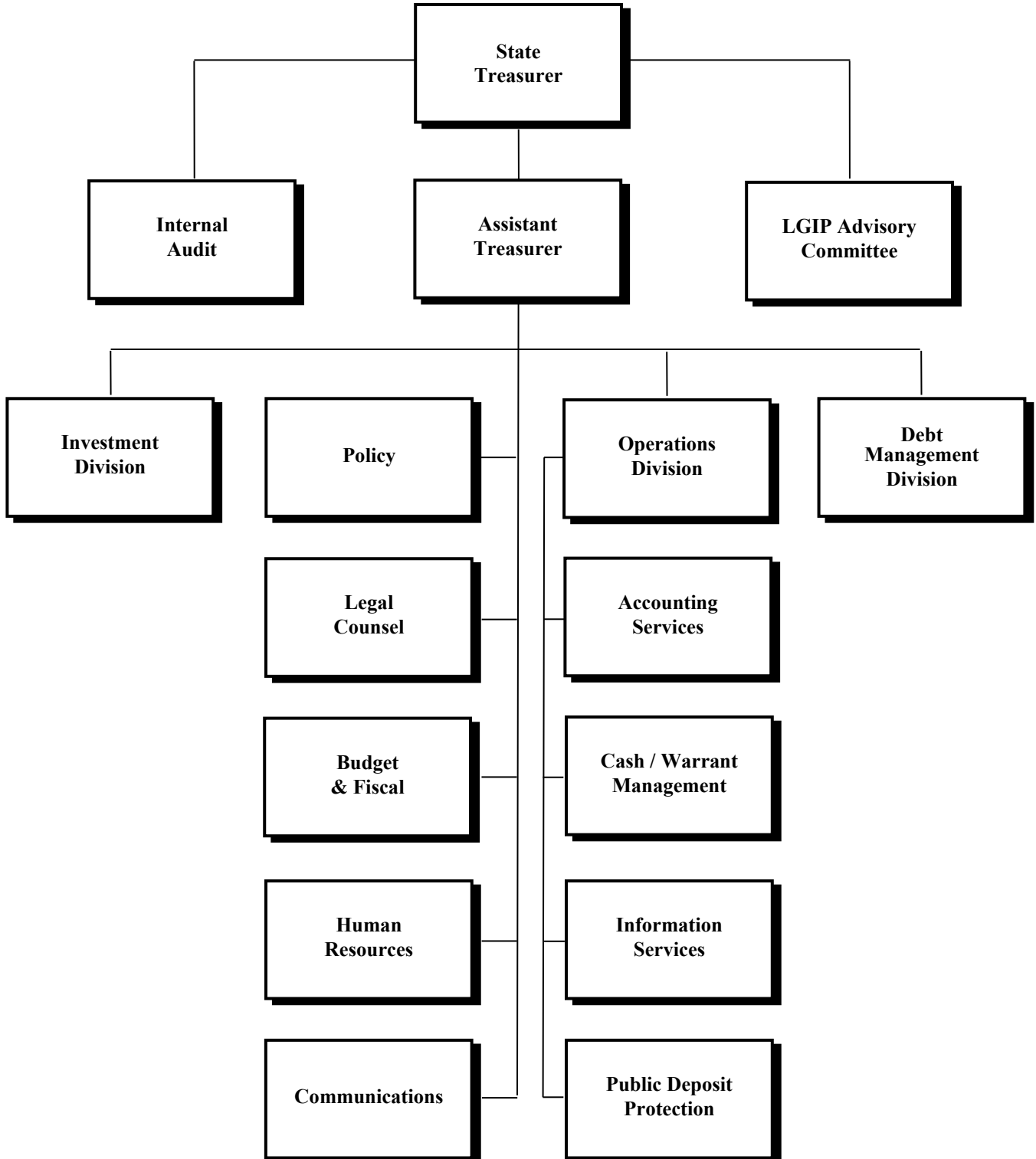
June 30, 2018

Christopher P. Morrill

Executive Director/CEO

ORGANIZATIONAL CHART

Office of the State Treasurer



ADVISORY COMMITTEE
Members

Melissa Ankeny
Accounting Manager
Clark Public Utilities

Kayla Meise
Treasurer
Adams County

Lisa Frazier
Treasurer
Mason County

David Morrison
Finance Director
Port of Tacoma

Toni Habegger
Assistant VP & CFO
Eastern Washington University

Michael Olson
Finance Director
City of Kirkland

Jessica Jaeger
Treasurer
Sound Transit

Jill Stanton
Finance Director
King County Housing Authority

Josie Koelzer
Treasurer
Franklin County

Karen Thomas
Chief Deputy
Whatcom County

Dan Legard
Finance Director
City of Kennewick

Rick Tollackson
Investment Officer
Yakima County

Carrie Lewellen
Treasurer
City of Vancouver

Troy Woo
Finance Director
City of Lacey

KEY PERSONNEL
Office of the State Treasurer

Duane A. Davidson
Treasurer

Erhiza Rivera
Assistant State Treasurer

Shad Pruitt
Deputy State Treasurer

Doug Extine
Deputy State Treasurer

Denise Nguyen
Accounting Services Manager

James Rosenkoetter
Senior Portfolio Manager

Cindy Shave
Investment Accounting Manager

Shawn Reed
Portfolio Manager

Katie Davis
Investment Accountant

Amanda Scott
Portfolio Manager

Dixie Layman
Investment Accountant

Chris Mattoon
Portfolio Administrator

Staci Ashe
LGIP Administrator

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



FINANCIAL SECTION





Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the State of Washington Local Government Investment Pool (the LGIP), which comprise the statement of net position as of June 30, 2019, and the related statement of changes in net position for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the LGIP, as of June 30, 2019, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements of the State of Washington Local Government Investment Pool, an external investment pool of the State of Washington, are intended to present the financial position and the changes in financial position of only the State of Washington Local Government Investment Pool. They do not purport to, and do not, present fairly the financial position of the Office of the State Treasurer or the State of Washington as of June 30, 2019, or the changes in their financial position for the year ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 14 through 16 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated September 26, 2019, on our consideration of the LGIP's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contract and grant agreements and other matters. That report will be issued separately under its own cover. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of LGIP's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the LGIP's internal control over financial reporting and compliance.

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

Boise, Idaho
September 26, 2019

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) Comprehensive Annual Financial Report (CAFR) for readers of the financial statements. This overview and analysis of the LGIP's financial activity is for the fiscal year ended June 30, 2019. 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 \$17.4 billion.
- The LGIP's net position increased by \$210 million over the previous year.
- The LGIP earned \$359.2 million, net of expenses, for pool participants. This was an increase of \$172.1 million from the previous fiscal year.
- Administrative fees were less than one basis point for the thirteenth consecutive year.
- The LGIP's average annualized monthly yield was 39 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 Net Position, Statement of Changes in Net Position, Notes to the Financial Statements, and the Schedule of Investments. This CAFR 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 Net Position** – The Statement of 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 Net Position** – The Statement of Changes in 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.

Net Position

The LGIP experienced an increase in net position of \$210 million in 2019. Total assets were higher while liabilities were lower 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:

	2019	2018	Variance
Pooled Cash and Investments	\$ 17,381,150,108	\$ 17,177,407,570	\$ 203,742,538
Receivables	16,387,672	10,127,193	6,260,479
Total Assets	17,397,537,780	17,187,534,763	210,003,017
Liabilities	94,851	118,531	(23,680)
Net Position	\$ 17,397,442,929	\$ 17,187,416,232	\$ 210,026,697

Change in Net Position

Net Investment Income (i.e., Total Investment Income plus Miscellaneous income less Administrative Expenses) increased 92.0 percent compared to the previous fiscal year. This rise was primarily due to an increase of 94 basis points in the LGIP's portfolio yield from the previous fiscal year.

Contributions from participants and distributions to participants increased by 16.0 and 21.5 percent, respectively, in comparison to the prior fiscal year. Due to the discretionary nature of the LGIP as an investment option, it is difficult to ascertain the reasons behind the changes in contributions and distributions, as discussed above.

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

	2019	2018	Variance
Contributions from Participants	\$ 57,605,541,228	\$ 49,645,215,689	\$ 7,960,325,539
Distributions to Participants	57,754,668,474	47,521,808,515	10,232,859,959
Net Investment Income	359,153,943	187,068,261	172,085,682
Change in Net Position	\$ 210,026,697	\$ 2,310,475,435	\$ (2,100,448,738)

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 steady increase 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 FOMC has increased the targeted Federal Funds rate by 2.25% since 2015.

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 39 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				
	2015	2016	2017	2018	2019
LGIP	0.12%	0.31%	0.63%	1.40%	2.34%
iMoneyNet	0.01%	0.05%	0.27%	1.01%	1.95%
Targeted Federal Funds	0% - 0.25%	0% - 0.50%	0.50% - 1.25%	1.25% - 2.00%	1.75% - 2.50%

STATEMENT OF NET POSITION

June 30, 2019

ASSETS

Investments:

U.S. Agency Securities	\$ 6,135,294,224
Repurchase Agreements	3,950,000,000
U.S. Treasury Securities	3,451,487,040
Interest Bearing Bank Deposits	2,508,295,562
Supranational Securities	892,932,553
Negotiable Order of Withdrawal (NOW) Accounts	248,890,468
Certificates of Deposit	140,000,000
Time Certificate of Deposit (TCD) Investment Program	<u>54,250,000</u>
Total Investments	<u>17,381,149,847</u>

Other Assets:

Interest Receivable	16,387,672
Cash	<u>261</u>
Total Other Assets	<u>16,387,933</u>
Total Assets	<u>17,397,537,780</u>

LIABILITIES

Accrued Expenses	<u>94,851</u>
Total Liabilities	<u>94,851</u>

NET POSITION

Held in Trust for Pool Participants	<u>\$ 17,397,442,929</u>
-------------------------------------	--------------------------

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

STATEMENT OF CHANGES IN NET POSITION

For the Fiscal Year Ended June 30, 2019

ADDITIONS

Contributions from Participants	\$ 57,605,541,228
Investment Income:	
Investment Earnings	360,408,311
Less: Investment Expenses	<u>(222,828)</u>
Total Investment Income	360,185,483
Miscellaneous	<u>7,268</u>
Total Additions	57,965,733,979

DEDUCTIONS

Distributions to Participants	57,754,668,474
Administrative Expenses	<u>1,038,808</u>
Total Deductions	<u>57,755,707,282</u>

Change in Net Position	210,026,697
Net Position – Beginning of Year	<u>17,187,416,232</u>
Net Position – End of Year	<u>\$ 17,397,442,929</u>

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, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

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

The LGIP is reported as a fiduciary fund in the state of Washington's Comprehensive Annual 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

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

C. Measurement Focus and Basis of Accounting

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 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. At fiscal year end, there were no pending trades.

D. Other Information

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 \$1,038,808.

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 0.00652 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 \$7,268 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+	\$ 3,950,000,000
U.S. Treasury Securities ^[1]			
U.S. Treasury Bills	Aaa	AA+	3,151,960,180
U.S. Treasury Floating Rate Notes	Aaa	AA+	199,909,792
U.S. Treasury Notes	Aaa	AA+	99,617,068
			<u>3,451,487,040</u>
U.S. Agency Securities			
Federal Home Loan Bank	Aaa	AA+	4,253,397,472
Federal Farm Credit Bank	Aaa	AA+	1,831,896,752
Federal National Mortgage Association	Aaa	AA+	50,000,000
			<u>6,135,294,224</u>
Supranational Securities			
Int'l Bank for Reconstruction and Development	Aaa	AAA	643,720,486
Inter-American Development Bank	Aaa	AAA	149,328,706
International Finance Corporation	Aaa	AAA	99,883,361
			<u>892,932,553</u>
Total			<u>\$ 14,429,713,817</u>

^[1] 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 22.7 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 19.9 percent of the total portfolio. U.S. Agency securities comprised 35.3 percent of the total portfolio, including Federal Home Loan Bank (24.5 percent), Federal Farm Credit Bank (10.5 percent), and Federal National Mortgage Association (0.3 percent). Supranational securities comprised 5.2 percent of the total portfolio, including International Bank for Reconstruction and Development (3.7 percent), Inter-American Development Bank (0.9 percent), and International Finance Corporation (0.6 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 43 days and a WAL of 82 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. Agency Securities	\$ 6,135,294,224	\$ 5,547,338,889	\$ 587,955,335
Repurchase Agreements	3,950,000,000	3,950,000,000	
U.S. Treasury Securities	3,451,487,040	3,251,577,248	199,909,792
Interest Bearing Bank Deposits	2,508,295,562	2,508,295,562	
Supranational Securities	892,932,553	892,932,553	
Negotiable Order of Withdrawal Accounts	248,890,468	248,890,468	
Certificate of Deposit	140,000,000	140,000,000	
Time Certificates of Deposit Program	54,250,000	54,250,000	
Total	\$ 17,381,149,847	\$ 16,593,284,720	\$ 787,865,127

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	6/30/2019	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. Agency Securities	\$ 6,136,566,306	\$ ---	\$ 6,136,566,306	\$ ---
U.S. Treasury Securities	3,454,148,200	---	3,454,148,200	---
Supranational Securities	893,995,700	---	893,995,700	---
Total By Fair Value Level	\$ 10,484,710,206	\$ 0	\$ 10,484,710,206	\$ 0
Repurchase Agreements	3,950,000,000			
Bank Deposits	2,951,436,030			
Total By Fair Value	\$ 17,386,146,236			

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 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 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 \$705,467,304 and securities were received for collateral with a fair value of \$719,606,087.

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 \$3,950,000,000.

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	\$ 497,326,187,871
Investments Sold	\$ 31,091,567,415
Investments Matured	\$ 466,198,564,977
Net Investment Income	\$ 359,153,943
Administrative Expenses	\$ 1,038,808
Average Annualized Monthly Yield	2.34 percent
Weighted Average Maturity (WAM)	43 days
Weighted Average Life (WAL)	82 days
Participant Contributions	\$ 57,605,541,228
Participant Distributions	\$ 57,754,668,474

**INVESTMENT
SECTION**



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 1.99 – 2.54 percent during the fiscal year, reflecting a targeted federal funds rate that ranged from 1.75 – 2.50 percent throughout the period. The general management strategy in effect for the first half of the fiscal year was to maintain a slightly shorter than neutral weighted average maturity (WAM). During the second half of the year, the WAM was extended as expectations changed from a fed that would be continuing to increase the targeted federal funds rate to a fed that would start lowering that rate.

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 ^[1]		
	1 Year	3 Year	5 Year
U.S. Agency Securities ^[2]	2.28%	1.39%	0.90%
U.S. Treasury Securities ^[2]	2.37%	1.47%	1.03%
Supranational Securities ^[2]	2.38%	---	---
Repurchase Agreements	2.29%	1.43%	0.94%
Floating / Variable Rate Notes	2.37%	1.59%	1.06%
Bank Deposits	2.38%	1.47%	0.99%
Total Portfolio	2.34%	1.47%	0.97%
Investment Benchmark iMoneyNet	2.29%	1.41%	0.90%

^[1] Returns are calculated based on a time-weighted methodology gross of all fees and expenses

^[2] Excludes Floating / Variable Rate Notes

SCHEDULE OF INVESTMENTS

June 30, 2019

(expressed in thousands)

Par Value	Description	Date of Maturity	Interest Rate	Yield Percentage	Amortized Cost	Fair Value
U.S. AGENCY SECURITIES (35.3% of Total Portfolio)						
U.S. Agency Discount Notes						
\$ 42,000	Federal Home Loan Bank	07/26/2019	---	2.4564	\$ 41,930	\$ 41,936
100,000	Federal Home Loan Bank	07/26/2019	---	2.4564	99,833	99,847
100,000	Federal Home Loan Bank	07/26/2019	---	2.4564	99,833	99,847
200,000	Federal Home Loan Bank	07/26/2019	---	2.4564	199,665	199,693
200,000	Federal Home Loan Bank	07/26/2019	---	2.4564	199,665	199,693
100,000	Federal Home Loan Bank	07/31/2019	---	2.4626	99,799	99,817
100,000	Federal Home Loan Bank	07/31/2019	---	2.4626	99,799	99,817
99,000	Federal Home Loan Bank	07/31/2019	---	2.4626	98,801	98,819
100,000	Federal Home Loan Bank	08/02/2019	---	2.4584	99,786	99,804
100,000	Federal Home Loan Bank	08/02/2019	---	2.4584	99,786	99,804
100,000	Federal Home Loan Bank	08/02/2019	---	2.4584	99,786	99,804
100,000	Federal Home Loan Bank	08/02/2019	---	2.4584	99,786	99,804
100,000	Federal Home Loan Bank	08/02/2019	---	2.4584	99,786	99,804
100,000	Federal Home Loan Bank	08/02/2019	---	2.4584	99,786	99,804
100,000	Federal Home Loan Bank	08/05/2019	---	2.4591	99,765	99,784
2,000	Federal Home Loan Bank	08/07/2019	---	2.4451	1,995	1,995
2,000	Federal Home Loan Bank	08/07/2019	---	2.4451	1,995	1,995
200,000	Federal Home Loan Bank	08/07/2019	---	2.4451	199,507	199,546
300,000	Federal Home Loan Bank	08/14/2019	---	2.4256	299,128	299,190
200,000	Federal Home Loan Bank	08/16/2019	---	2.4195	199,394	199,435
200,000	Federal Home Loan Bank	08/16/2019	---	2.4195	199,394	199,435
100,000	Federal Home Loan Bank	08/21/2019	---	2.4143	99,665	99,687
100,000	Federal Home Loan Bank	08/21/2019	---	2.3812	99,665	99,687
200,000	Federal Home Loan Bank	08/21/2019	---	2.4143	199,329	199,374
100,000	Federal Home Loan Bank	08/23/2019	---	2.3948	99,654	99,675
100,000	Federal Home Loan Bank	08/23/2019	---	2.3948	99,654	99,675
100,000	Federal Home Loan Bank	08/28/2019	---	2.3917	99,622	99,644
100,000	Federal Home Loan Bank	08/28/2019	---	2.3917	99,622	99,644
100,000	Federal Home Loan Bank	08/28/2019	---	2.3917	99,622	99,644
200,000	Federal Home Loan Bank	09/11/2019	---	2.2821	199,092	199,136
100,000	Federal Home Loan Bank	09/11/2019	---	2.2821	99,546	99,568
50,000	Federal Home Loan Bank	09/25/2019	---	2.2061	49,742	49,742
24,000	Federal Home Loan Bank	11/15/2019	---	2.4352	23,783	23,808
24,000	Federal Home Loan Bank	11/15/2019	---	2.4352	23,783	23,808
24,000	Federal Home Loan Bank	11/15/2019	---	2.4352	23,783	23,808
50,000	Federal Home Loan Bank	11/20/2019	---	2.3916	49,534	49,586
50,000	Federal Home Loan Bank	11/20/2019	---	2.4248	49,534	49,586
50,000	Federal Home Loan Bank	11/27/2019	---	2.4009	49,516	49,566
50,000	Federal Home Loan Bank	11/27/2019	---	2.4009	49,516	49,566
50,000	Federal Home Loan Bank	11/27/2019	---	2.4009	49,516	49,566
\$ 4,117,000					\$ 4,103,397	\$ 4,104,443

(continued)

SCHEDULE OF INVESTMENTS

June 30, 2019

(expressed in thousands)

Par Value	Description	Date of Maturity	Interest Rate	Yield Percentage	Amortized Cost	Fair Value
U.S. Agency Floating Rate Notes						
\$ 50,000	Federal Farm Credit Bank	07/17/2019	2.4200	2.4299	\$ 50,000	\$ 49,998
50,000	Federal Farm Credit Bank	08/16/2019	2.4200	2.4200	50,000	50,001
50,000	Federal Farm Credit Bank	09/13/2019	2.4200	2.4249	50,000	49,998
50,000	Federal Farm Credit Bank	10/23/2019	2.4200	2.4200	50,000	49,991
50,000	Federal Farm Credit Bank	10/29/2019	2.5700	2.5798	49,998	50,032
50,000	Federal Farm Credit Bank	11/15/2019	2.4200	2.4200	50,000	49,989
50,000	Federal Farm Credit Bank	12/11/2019	2.5900	2.5998	49,998	50,047
50,000	Federal Farm Credit Bank	12/18/2019	2.4300	2.4349	49,999	49,985
50,000	Federal Farm Credit Bank	12/26/2019	2.4350	2.4794	49,989	49,986
50,000	Federal Farm Credit Bank	01/09/2020	2.4500	2.4549	49,999	49,986
50,000	Federal Farm Credit Bank	02/10/2020	2.5800	2.5898	49,997	50,021
50,000	Federal Farm Credit Bank	03/13/2020	2.5400	2.5498	49,997	50,006
50,000	Federal Farm Credit Bank	05/07/2020	2.6200	2.6229	49,999	50,038
50,000	Federal Farm Credit Bank	07/20/2020	2.5500	2.5647	49,992	50,045
23,000	Federal Farm Credit Bank	07/20/2020	2.5500	2.5701	22,995	23,020
50,000	Federal Farm Credit Bank	08/27/2020	2.5700	2.5798	49,994	50,051
33,000	Federal Farm Credit Bank	10/28/2019	2.4150	2.4150	32,999	32,994
50,000	Federal Farm Credit Bank	01/03/2020	2.4050	2.4099	49,999	49,994
32,000	Federal Farm Credit Bank	02/18/2020	2.5200	2.5298	31,998	32,006
27,000	Federal Farm Credit Bank	02/18/2020	2.5200	2.5298	26,998	27,005
50,000	Federal Farm Credit Bank	03/23/2020	2.5400	2.5449	49,998	50,017
50,000	Federal Farm Credit Bank	06/29/2020	2.5400	2.5400	50,000	50,043
50,000	Federal Farm Credit Bank	08/13/2020	2.5100	2.5149	49,997	50,014
50,000	Federal Farm Credit Bank	08/17/2020	2.5300	2.5300	50,000	50,025
50,000	Federal Farm Credit Bank	09/04/2020	2.5250	2.5250	50,000	50,021
50,000	Federal Farm Credit Bank	10/23/2020	2.5300	2.5300	50,000	50,022
50,000	Federal Farm Credit Bank	02/09/2021	2.5200	2.5249	49,996	50,006
50,000	Federal Farm Credit Bank	03/08/2021	2.5250	2.5250	50,000	50,007
50,000	Federal National Mortgage Association	10/30/2019	2.5700	2.5700	50,000	50,011
50,000	Federal Home Loan Bank	06/10/2020	2.6100	2.6100	50,000	50,028
15,000	Federal Farm Credit Bank	03/18/2021	2.6200	2.6200	15,000	14,996
\$ 1,430,000					\$ 1,429,942	\$ 1,430,383
U.S. Agency Variable Rate Notes						
100,000	Federal Home Loan Bank	08/09/2019	2.3520	2.3520	100,000	99,995
50,000	Federal Farm Credit Bank	12/04/2019	2.3705	2.3731	49,999	49,991
50,000	Federal Farm Credit Bank	02/10/2020	2.3716	2.3799	49,997	49,987
50,000	Federal Farm Credit Bank	02/25/2020	2.3594	2.3753	49,995	49,984
50,000	Federal Farm Credit Bank	04/27/2020	2.3391	2.3391	50,000	49,965
50,000	Federal Farm Credit Bank	05/14/2020	2.3561	2.3561	50,000	49,970
50,000	Federal Farm Credit Bank	05/29/2020	2.3524	2.3809	49,987	49,964
50,000	Federal Farm Credit Bank	08/19/2020	2.4003	2.4338	49,981	49,979
50,000	Federal Farm Credit Bank	12/28/2020	2.4674	2.4674	50,000	49,996
50,000	Federal Farm Credit Bank	03/01/2021	2.4850	2.4850	50,000	49,971
25,000	Federal Farm Credit Bank	04/23/2020	2.3415	2.3514	24,998	24,970
27,000	Federal Farm Credit Bank	04/23/2020	2.3415	2.3514	26,998	26,968
\$ 602,000					\$ 601,955	\$ 601,740
\$ 6,149,000	TOTAL U.S. AGENCY SECURITIES				\$ 6,135,294	\$ 6,136,566

(continued)

SCHEDULE OF INVESTMENTS

June 30, 2019

(expressed in thousands)

Par Value	Description	Date of Maturity	Interest Rate	Yield Percentage	Amortized Cost	Fair Value
U.S. TREASURY SECURITIES (19.9% of Total Portfolio)						
U.S. Treasury Bills						
\$ 50,000	U.S. Treasury Bills	08/15/2019	---	2.4470	\$ 49,847	\$ 49,869
50,000	U.S. Treasury Bills	08/15/2019	---	2.4360	49,848	49,869
100,000	U.S. Treasury Bills	08/15/2019	---	2.3780	99,703	99,738
50,000	U.S. Treasury Bills	08/22/2019	---	2.4530	49,823	49,848
50,000	U.S. Treasury Bills	08/22/2019	---	2.4500	49,823	49,848
50,000	U.S. Treasury Bills	08/22/2019	---	2.4480	49,823	49,848
100,000	U.S. Treasury Bills	08/22/2019	---	2.3330	99,663	99,697
100,000	U.S. Treasury Bills	08/22/2019	---	2.3330	99,663	99,697
50,000	U.S. Treasury Bills	08/29/2019	---	2.4630	49,798	49,828
50,000	U.S. Treasury Bills	08/29/2019	---	2.4600	49,798	49,828
100,000	U.S. Treasury Bills	08/29/2019	---	2.3180	99,620	99,656
100,000	U.S. Treasury Bills	08/29/2019	---	2.3180	99,620	99,656
50,000	U.S. Treasury Bills	09/05/2019	---	2.4561	49,775	49,808
50,000	U.S. Treasury Bills	09/05/2019	---	2.4550	49,775	49,808
50,000	U.S. Treasury Bills	09/12/2019	---	2.4560	49,751	49,791
50,000	U.S. Treasury Bills	09/12/2019	---	2.4550	49,751	49,791
100,000	U.S. Treasury Bills	09/19/2019	---	2.4550	99,454	99,538
50,000	U.S. Treasury Bills	09/19/2019	---	2.4550	49,727	49,769
50,000	U.S. Treasury Bills	09/19/2019	---	2.4520	49,728	49,769
50,000	U.S. Treasury Bills	09/26/2019	---	2.4120	49,709	49,749
50,000	U.S. Treasury Bills	09/26/2019	---	2.4020	49,710	49,749
50,000	U.S. Treasury Bills	10/03/2019	---	2.3850	49,689	49,727
50,000	U.S. Treasury Bills	10/03/2019	---	2.3770	49,690	49,727
50,000	U.S. Treasury Bills	10/03/2019	---	2.3770	49,690	49,727
25,000	U.S. Treasury Bills	10/10/2019	---	2.5830	24,819	24,853
50,000	U.S. Treasury Bills	10/10/2019	---	2.3930	49,664	49,706
50,000	U.S. Treasury Bills	10/10/2019	---	2.3950	49,664	49,706
100,000	U.S. Treasury Bills	10/10/2019	---	2.3940	99,328	99,412
50,000	U.S. Treasury Bills	10/17/2019	---	2.3930	49,641	49,693
50,000	U.S. Treasury Bills	10/17/2019	---	2.3900	49,641	49,693
50,000	U.S. Treasury Bills	10/24/2019	---	2.4020	49,616	49,682
50,000	U.S. Treasury Bills	10/24/2019	---	2.4030	49,616	49,682
50,000	U.S. Treasury Bills	10/31/2019	---	2.3930	49,595	49,657
50,000	U.S. Treasury Bills	10/31/2019	---	2.3930	49,595	49,657
50,000	U.S. Treasury Bills	10/31/2019	---	2.3900	49,595	49,657
50,000	U.S. Treasury Bills	11/07/2019	---	2.6450	49,526	49,630
50,000	U.S. Treasury Bills	11/07/2019	---	2.3850	49,573	49,630
50,000	U.S. Treasury Bills	11/07/2019	---	2.3850	49,573	49,630
50,000	U.S. Treasury Bills	11/14/2019	---	2.3580	49,555	49,612
50,000	U.S. Treasury Bills	11/21/2019	---	2.3330	49,537	49,591
100,000	U.S. Treasury Bills	11/21/2019	---	2.3380	99,071	99,182
50,000	U.S. Treasury Bills	11/29/2019	---	2.3110	49,515	49,567
50,000	U.S. Treasury Bills	11/29/2019	---	2.3125	49,515	49,567
50,000	U.S. Treasury Bills	12/05/2019	---	2.2550	49,508	49,561
100,000	U.S. Treasury Bills	12/05/2019	---	2.2350	99,025	99,122

(continued)

SCHEDULE OF INVESTMENTS

June 30, 2019

(expressed in thousands)

Par Value	Description	Date of Maturity	Interest Rate	Yield Percentage	Amortized Cost	Fair Value
U.S. Treasury Bills (continued)						
\$ 50,000	U.S. Treasury Bills	12/19/2019	---	2.1210	\$ 49,496	\$ 49,515
50,000	U.S. Treasury Bills	12/19/2019	---	2.1210	49,496	49,515
50,000	U.S. Treasury Bills	12/19/2019	---	2.1210	49,496	49,515
50,000	U.S. Treasury Bills	12/26/2019	---	2.0300	49,498	49,494
50,000	U.S. Treasury Bills	12/26/2019	---	2.0300	49,498	49,494
50,000	U.S. Treasury Bills	12/26/2019	---	2.0230	49,500	49,494
50,000	U.S. Treasury Bills	01/30/2020	---	2.5270	49,252	49,437
50,000	U.S. Treasury Bills	06/18/2020	---	1.9975	49,021	49,081
50,000	U.S. Treasury Bills	06/18/2020	---	1.9850	49,027	49,081
50,000	U.S. Treasury Bills	06/18/2020	---	1.9860	49,026	49,081
\$ 3,175,000					\$ 3,151,960	\$ 3,154,532
U.S. Treasury Notes						
\$ 50,000	U.S. Treasury Notes	10/31/2019	1.5000	2.7052	\$ 49,802	\$ 49,897
50,000	U.S. Treasury Notes	10/31/2019	1.5000	2.6283	49,815	49,896
\$ 100,000					\$ 99,617	\$ 99,793
U.S. Treasury Floating Rate Notes						
\$ 50,000	U.S. Treasury Floating Rate Notes	01/31/2021	2.2110	2.2416	\$ 49,976	\$ 49,955
50,000	U.S. Treasury Floating Rate Notes	01/31/2021	2.2110	2.2417	49,975	49,954
50,000	U.S. Treasury Floating Rate Notes	01/31/2021	2.2110	2.2651	49,956	49,954
50,000	U.S. Treasury Floating Rate Notes	04/30/2021	2.2350	2.2323	50,003	49,960
\$ 200,000					\$ 199,910	\$ 199,823
\$ 3,475,000	TOTAL U.S. TREASURY SECURITIES				\$ 3,451,487	\$ 3,454,148
Supranational Securities 5.2% of Total Portfolio)						
Supranational Coupons						
\$ 50,000	Int'l Bank for Reconstruction & Development	07/26/2019	1.2500	2.6522	49,952	49,957
50,000	Int'l Bank for Reconstruction & Development	07/26/2019	1.2500	2.5600	49,955	49,958
50,000	Int'l Bank for Reconstruction & Development	08/15/2019	0.8760	2.7800	49,885	49,906
50,000	Inter-American Development Bank	10/15/2019	1.2500	2.8944	49,766	49,849
50,000	Int'l Bank for Reconstruction & Development	07/19/2019	2.4703	2.4922	49,999	49,998
\$ 250,000					\$ 249,557	\$ 249,668
Supranational Discount Notes						
\$ 100,000	International Finance Corporation	07/18/2019	2.4700	2.5261	\$ 99,883	\$ 99,896
50,000	Inter-American Development Bank	08/05/2019	2.4500	2.5050	49,881	49,892
50,000	Inter-American Development Bank	10/02/2019	2.4600	2.5256	49,682	49,725
100,000	Int'l Bank for Reconstruction & Development	01/10/2020	2.3400	2.4020	98,746	98,906
100,000	Int'l Bank for Reconstruction & Development	01/10/2020	2.3400	2.4020	98,746	98,906
100,000	Int'l Bank for Reconstruction & Development	01/31/2020	2.4000	2.4716	98,573	98,787
50,000	Int'l Bank for Reconstruction & Development	06/01/2020	2.2800	2.3588	48,936	49,109
50,000	Int'l Bank for Reconstruction & Development	06/01/2020	2.2800	2.3588	48,936	49,109
\$ 600,000					\$ 593,383	\$ 594,330
Supranational Variable Rate Notes						
\$ 25,000	Int'l Bank for Reconstruction & Development	08/21/2019	2.3342	2.4228	\$ 24,997	\$ 24,997
25,000	Int'l Bank for Reconstruction & Development	08/23/2019	2.3462	2.4451	24,996	25,001
\$ 50,000					\$ 49,993	\$ 49,998
\$ 900,000	TOTAL SUPRANATIONAL SECURITIES				\$ 892,933	\$ 893,996

(continued)

SCHEDULE OF INVESTMENTS

June 30, 2019

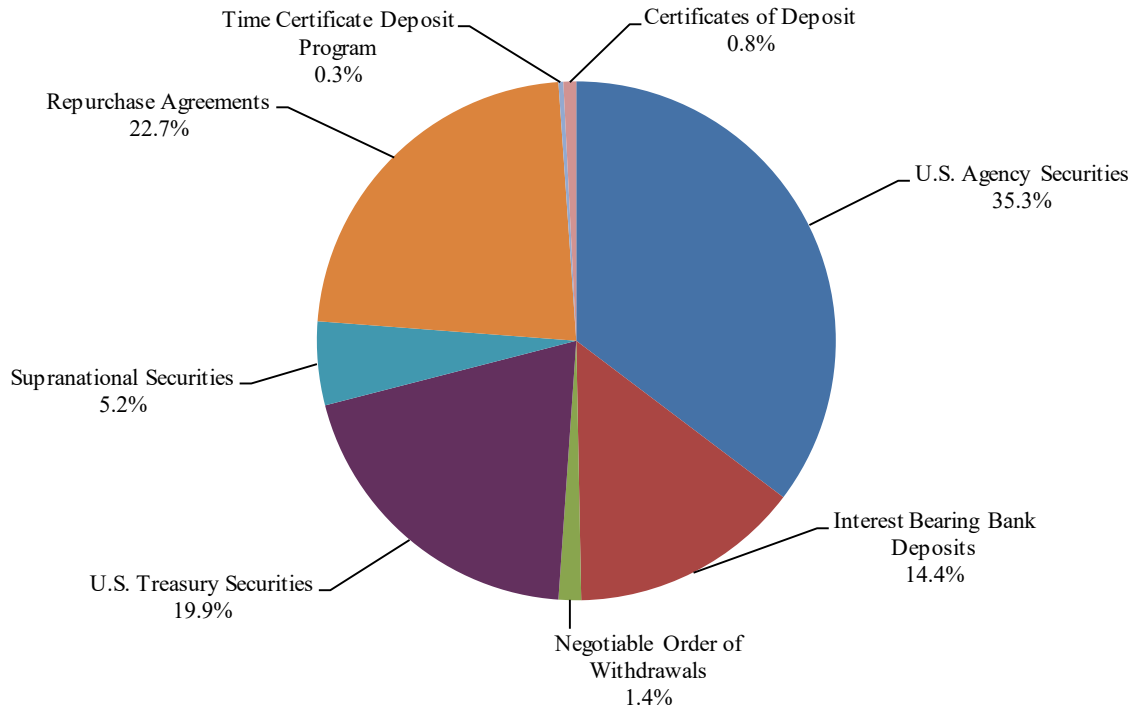
(expressed in thousands)

Par Value	Issuer	Date of Maturity	Interest Rate	Yield Percentage	Carrying Amount	Fair Value
REPURCHASE AGREEMENTS (22.7% of Total Portfolio)						
\$ 400,000	Cantor Fitzgerald	07/01/2019	2.5000	2.5000	\$ 400,000	\$ 400,000
750,000	Jefferies and Company, Inc.	07/01/2019	2.4200	2.4200	750,000	750,000
50,000	Cantor Fitzgerald	07/01/2019	2.4200	2.4200	50,000	50,000
250,000	Societe Generale	07/01/2019	2.5100	2.5100	250,000	250,000
250,000	Scotia Capital	07/01/2019	2.5000	2.5000	250,000	250,000
300,000	Jefferies and Company, Inc.	07/01/2019	2.5300	2.5300	300,000	300,000
300,000	Cantor Fitzgerald	07/01/2019	2.5500	2.5500	300,000	300,000
700,000	Cantor Fitzgerald	07/02/2019	2.5500	2.5500	700,000	700,000
100,000	Amherst Pierpont	07/02/2019	2.5300	2.5300	100,000	100,000
150,000	Amherst Pierpont	07/02/2019	2.5300	2.5300	150,000	150,000
300,000	Jefferies and Company, Inc.	07/03/2019	2.5200	2.5200	300,000	300,000
400,000	Daiwa Capital Markets	07/15/2019	2.4000	2.4000	400,000	400,000
\$ 3,950,000	TOTAL REPURCHASE AGREEMENTS				\$ 3,950,000	\$ 3,950,000
CERTIFICATES OF DEPOSIT (0.8% of Total Portfolio)						
\$ 40,000	Cathay Bank	07/29/2019	2.6700	2.6700	\$ 40,000	\$ 40,000
25,000	UniBank	07/29/2019	2.5500	2.5500	25,000	25,000
5,000	Liberty Bay Bank	09/23/2019	2.7300	2.7300	5,000	5,000
25,000	Cathay Bank	10/28/2019	2.6100	2.6100	25,000	25,000
45,000	EastWest Bank	03/17/2020	2.7500	2.7500	45,000	45,000
\$ 140,000	TOTAL CERTIFICATES OF DEPOSIT				\$ 140,000	\$ 140,000
INTEREST BEARING BANK DEPOSITS (14.4% of Total Portfolio)						
\$ 5	US Bank	---	2.0000	2.0000	\$ 5	\$ 5
634,068	Key Bank	---	2.5000	2.5000	634,068	634,068
94,062	Heritage Bank	---	2.5000	2.5000	94,062	94,062
694,703	Wells Fargo	---	2.5000	2.5000	694,703	694,703
165,428	Umpqua Bank	---	2.5000	2.5000	165,428	165,428
458,082	Bank of America	---	2.5000	2.5000	458,082	458,082
100,411	JP Morgan/Chase	---	2.5000	2.5000	100,411	100,411
206,895	Washington Federal	---	2.5000	2.5000	206,895	206,895
154,642	Homestreet Bank	---	2.5700	2.5700	154,642	154,642
\$ 2,508,296	TOTAL INTEREST BEARING BANK DEPOSITS				\$ 2,508,296	\$ 2,508,296
NEGOTIABLE ORDER OF WITHDRAWAL (NOW) ACCOUNTS (1.4% of Total Portfolio)						
\$ 127,660	Opus Bank	---	2.5000	2.5000	\$ 127,660	\$ 127,660
121,230	EastWest Bank	---	2.5000	2.5000	121,230	121,230
\$ 248,890	TOTAL NOW ACCOUNTS				\$ 248,890	\$ 248,890
TIME CERTIFICATE OF DEPOSIT (TCD) INVESTMENT PROGRAM (0.3% of Total Portfolio)						
\$ 9,750	Cathay Bank	07/10/2019	2.6900	2.6900	\$ 9,750	\$ 9,750
7,500	EastWest Bank	07/10/2019	2.6900	2.6900	7,500	7,500
15,250	First Federal Savings & Loan Assn.	07/10/2019	2.6900	2.6900	15,250	15,250
5,000	First Financial Northwest Bank	07/10/2019	2.6900	2.6900	5,000	5,000
2,000	Numerica Credit Union	07/10/2019	2.6900	2.6900	2,000	2,000
9,750	RiverBank	07/10/2019	2.6900	2.6900	9,750	9,750
5,000	Yakima Federal Savings & Loan Assn.	07/10/2019	2.6900	2.6900	5,000	5,000
\$ 54,250	TOTAL TCD INVESTMENT PROGRAM				\$ 54,250	\$ 54,250
\$ 17,425,436	TOTAL INVESTMENTS				\$ 17,381,150	\$ 17,386,146

(concluded)

DISTRIBUTION BY INVESTMENT TYPE

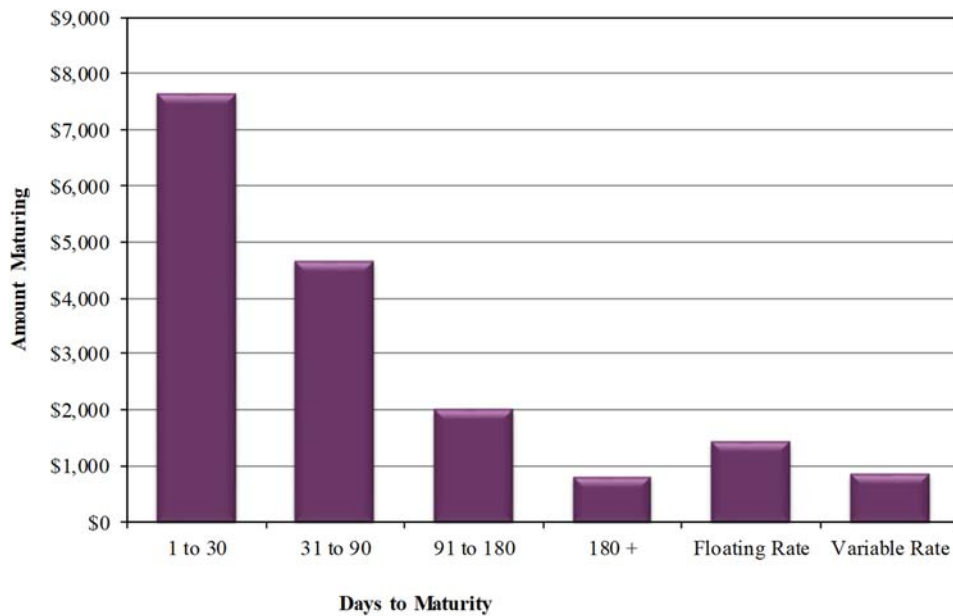
June 30, 2019



MATURITY ANALYSIS

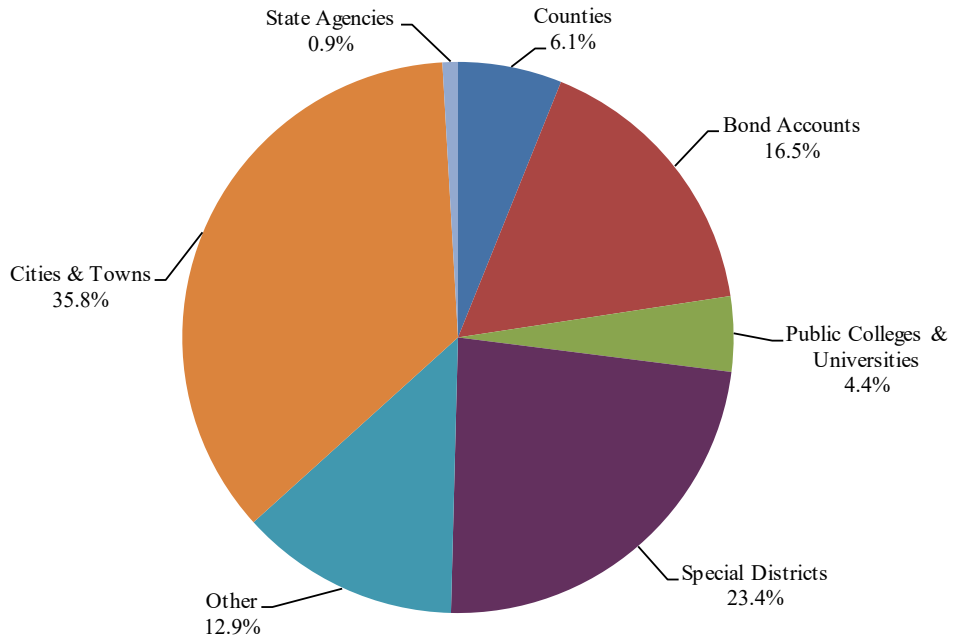
June 30, 2019

(expressed in millions)



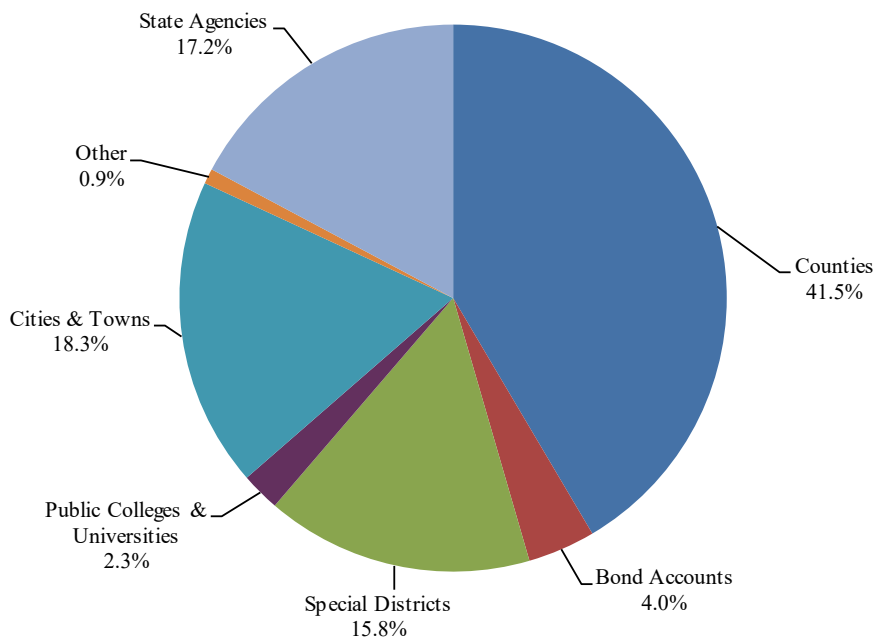
OWNERSHIP ANALYSIS OF TOTAL ACCOUNTS

June 30, 2019

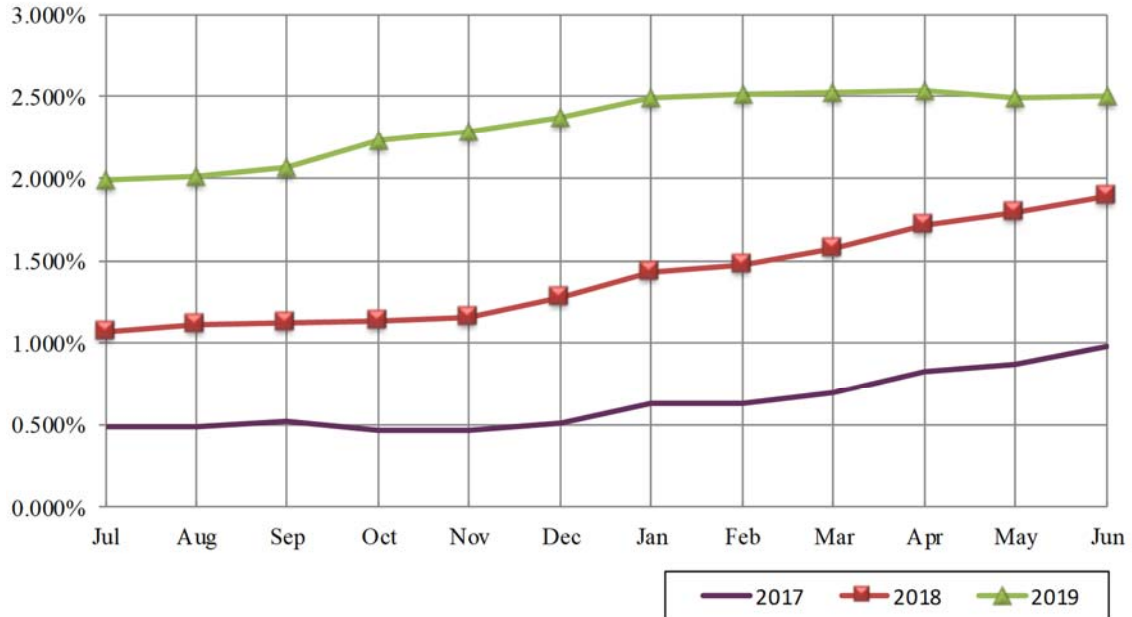


OWNERSHIP ANALYSIS OF TOTAL BALANCES

June 30, 2019

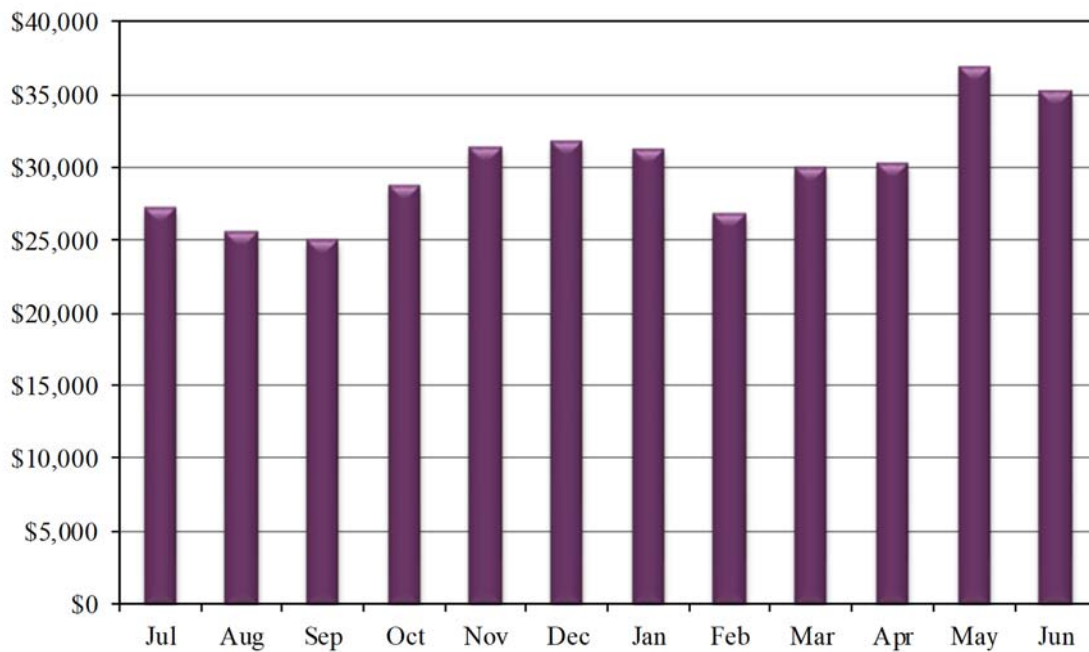


NET RATE OF RETURN ^[1] Fiscal Years 2017 – 2019

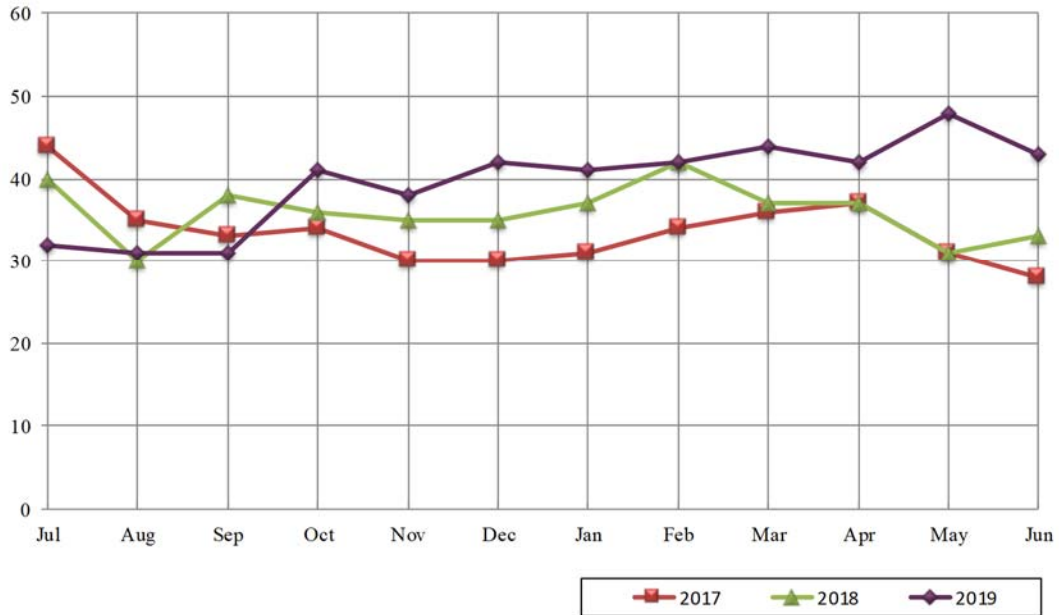


^[1] Returns are calculated based on a time-weighted methodology

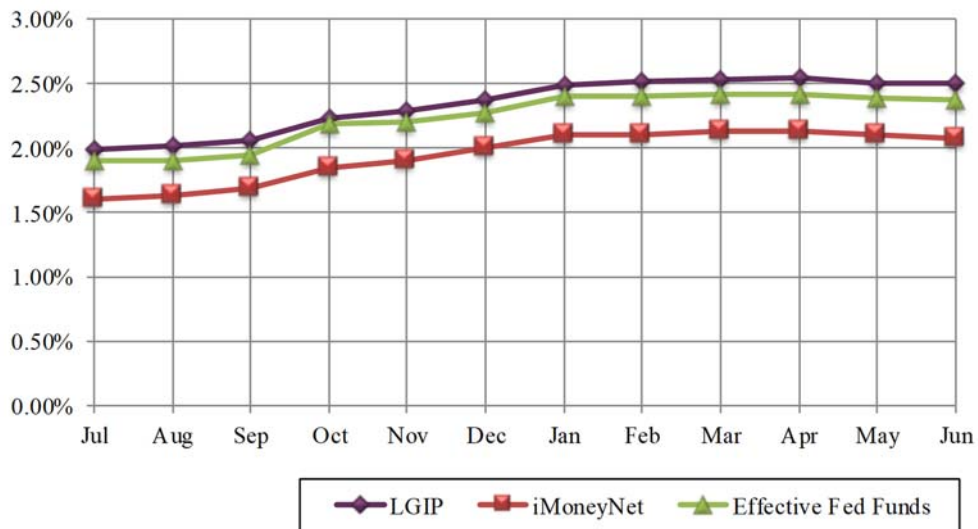
NET INVESTMENT INCOME Fiscal Year 2019 (expressed in thousands)



AVERAGE DAYS TO MATURITY Fiscal Years 2017 – 2019



LGIP NET EARNINGS RATE Versus EFFECTIVE FEDERAL FUNDS and iMoneyNet Fiscal Year 2019



SCHEDULE OF PARTICIPANTS BY CONCENTRATION

June 30, 2019

Participant Type	Number of Accounts		Ownership Value	
Counties	39	6.1%	\$ 7,225,174,105	41.5%
State Agencies	6	0.9%	2,985,099,228	17.2%
Special Districts	149	23.4%	2,754,032,094	15.8%
Cities & Towns	228	35.8%	3,184,379,550	18.3%
Bond Accounts	105	16.5%	695,509,993	4.0%
Public Colleges & Universities	28	4.4%	400,554,093	2.3%
Other	82	12.9%	152,566,628	0.9%
Total	637	100.0%	\$ 17,397,315,691	100.0%

SCHEDULE OF ADMINISTRATIVE EXPENSES

For the Fiscal Year Ended June 30, 2019

Category	Amount
Internal Costs ^[1]	\$ 772,637
External Costs ^[2]	<u>266,171</u>
Total	\$ 1,038,808
^[1] Includes salaries, benefits and other administrative expenses. ^[2] Includes custodian, legal, and other financial services.	

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.



Approved by Duane A. Davidson, State Treasurer

12/14/18

Date

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 – 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 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
NET POSITION
Last Ten Fiscal Years
(expressed in thousands)

	6/30/2010	6/30/2011	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019
Assets										
Investments										
Repurchase Agreements	\$2,600,000	\$ 250,000	\$3,168,500	\$ 1,797,874	\$ 1,200,000	\$ 2,968,200	\$ 3,584,529	\$ 4,700,000	\$ 5,025,000	\$ 3,950,000
U.S. Agency Securities	5,082,699	6,565,888	3,324,955	6,513,556	8,286,217	6,542,072	6,687,452	6,996,226	5,722,558	6,135,294
U.S. Treasury Securities	449,640	1,900,331	1,649,151	1,399,598	649,887	549,799	1,373,535	1,627,974	3,833,605	3,451,487
Supranational Securities	-	-	-	-	-	-	-	334,865	828,094	892,933
Certificates of Deposit	38,000	39,000	40,000	2,000	26,500	26,500	30,000	29,175	130,000	140,000
Interest Bearing Bank Deposits	728,893	444,200	363,253	743,434	856,267	718,175	851,080	845,706	1,361,000	2,508,296
Negotiable Order of Withdrawal (NOW) Account	97,435	115,404	235,788	136,200	101,932	102,102	187,542	293,747	218,654	248,890
Time Certificate of Deposit (TCD) Program	-	70,365	47,840	40,715	35,950	37,610	42,320	44,870	47,395	54,250
Total	8,996,667	9,385,188	8,829,487	10,633,377	11,156,753	10,944,458	12,756,458	14,872,563	17,166,306	17,381,150
Securities Lending Investments										
Repurchase Agreements	-	-	441,000	-	-	-	-	-	-	-
Total Investments (Settlement Date Basis)	8,996,667	9,385,188	9,270,487	10,633,377	11,156,753	10,944,458	12,756,458	14,872,563	17,166,306	17,381,150
Due from Brokers										
(Securities Purchased But Not Settled)	-	-	-	-	-	299,833	-	-	-	-
U.S. Treasury Securities	-	-	49,989	-	-	199,948	174,821	-	-	-
U.S. Agency Securities	-	-	-	-	-	-	-	-	-	-
Total Investments (Trade Date Basis)	8,996,667	9,385,188	9,320,476	10,633,377	11,156,753	11,444,239	12,931,279	14,872,563	17,166,306	17,381,150
Other Assets										
Cash	673	-	-	836	1	41	1	-	11,101	-
Interest Receivable	1,542	1,988	1,078	714	582	709	2,503	4,630	10,127	16,388
Total Other Assets	2,215	1,988	1,078	1,550	583	750	2,504	4,630	21,228	16,388
Total Assets	8,998,882	9,387,176	9,321,554	10,634,927	11,157,336	11,444,989	12,933,783	14,877,193	17,187,534	17,397,538
Liabilities										
Cash Drawn in Excess of Bank Balance	-	-	274	-	-	-	-	-	-	-
Accrued Expenses	57	108	125	90	84	114	157	252	118	95
Obligations Under Securities Lending Agreements	-	-	441,000	-	-	-	-	-	-	-
Investment Trades Pending Payable	-	-	49,989	-	-	499,781	174,822	-	-	-
Total Liabilities	57	108	491,388	90	84	499,895	174,979	252	118	95
Net Position										
Held in Trust for Pool Participants	\$8,998,825	\$9,387,068	\$8,830,166	\$10,634,837	\$11,157,252	\$10,945,094	\$12,758,804	\$14,876,941	\$17,187,416	\$17,397,443

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
ADDITIONS										
Contributions from Participants	\$ 18,527,197	\$ 17,578,161	\$ 16,479,607	\$ 17,487,171	\$ 25,735,242	\$ 35,255,884	\$ 43,302,523	\$ 46,570,125	\$ 49,645,216	\$ 57,605,541
Investment Income:										
Investment Earnings	34,539	23,439	16,522	18,663	12,254	12,597	34,229	84,168	188,407	360,408
Less: Expenses	(52)	-	(157)	(84)	(63)	(37)	(365)	(871)	(377)	(222)
Total Investment Income	34,487	23,439	16,365	18,579	12,191	12,560	33,864	83,297	188,030	360,186
Miscellaneous	-	-	-	-	-	-	-	3	3	7
Total Additions	18,561,684	17,601,600	16,495,972	17,505,750	25,747,433	35,268,444	43,336,387	46,653,425	49,833,249	57,965,734
DEDUCTIONS										
Distributions to Participants	18,054,132	17,212,633	17,052,244	15,700,259	25,224,106	35,479,699	41,521,752	44,534,344	47,521,809	57,754,668
Administrative Expenses	606	724	630	820	912	903	925	944	965	1,039
Total Deductions	18,054,738	17,213,357	17,052,874	15,701,079	25,225,018	35,480,602	41,522,677	44,535,288	47,522,774	57,755,707
Change In Net Position	506,946	388,243	(556,902)	1,804,671	522,415	(212,158)	1,813,710	2,118,137	2,310,475	210,027
Net Position - Beginning of Year	8,491,879	8,998,825	9,387,068	8,830,166	10,634,837	11,157,252	10,945,094	12,758,804	14,876,941	17,187,416
Net Position - End of Year	\$ 8,998,825	\$ 9,387,068	\$ 8,830,166	\$ 10,634,837	\$ 11,157,252	\$ 10,945,094	\$ 12,758,804	\$ 14,876,941	\$ 17,187,416	\$ 17,397,443

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

Investment Type	6/30/2019		6/30/2018		6/30/2017		6/30/2016		6/30/2015	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Certificates of Deposit	\$ 140,000	0.8%	\$ 130,000	0.8%	\$ 29,175	0.2%	\$ 30,000	0.2%	\$ 26,500	0.2%
Interest Bearing Bank Deposits	2,508,296	14.4%	1,361,000	7.9%	845,706	5.7%	851,080	6.6%	718,175	6.3%
Negotiable Order of Withdrawal Accounts	248,890	1.4%	218,654	1.3%	293,747	2.0%	187,542	1.5%	102,102	0.9%
Time Certificate of Deposit Program	54,250	0.3%	47,395	0.3%	44,870	0.3%	42,320	0.3%	37,610	0.3%
Repurchase Agreements	3,950,000	22.7%	5,025,000	29.3%	4,700,000	31.6%	3,584,529	27.7%	2,968,200	26.0%
Supranational Securities	892,933	5.2%	828,094	4.8%	334,865	2.3%	0	0.0%	0	0.0%
US Agency Securities	6,135,294	35.3%	5,722,558	33.3%	6,996,226	47.0%	6,862,273	53.1%	6,742,020	58.9%
US Treasury Securities	3,451,487	19.9%	3,833,605	22.3%	1,627,974	10.9%	1,373,535	10.6%	849,632	7.4%
Securities Lending Investments	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	\$ 17,381,150	100.0%	\$ 17,166,306	100.0%	\$ 14,872,563	100.0%	\$ 12,931,279	100.0%	\$ 11,444,239	100.0%

Investment Type	6/30/2014		6/30/2013		6/30/2012		6/30/2011		6/30/2010	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Certificates of Deposit	\$ 26,500	0.2%	\$ 2,000	0.0%	\$ 40,000	0.4%	\$ 39,000	0.4%	\$ 38,000	0.4%
Interest Bearing Bank Deposits	856,267	7.7%	743,434	7.0%	363,253	3.9%	444,200	4.7%	728,893	8.1%
Negotiable Order of Withdrawal Accounts	101,932	0.9%	136,200	1.3%	235,788	2.6%	115,404	1.2%	97,435	1.1%
Time Certificate of Deposit Program	35,950	0.3%	40,715	0.4%	47,840	0.5%	70,365	0.8%	0	0.0%
Repurchase Agreements	1,200,000	10.8%	1,797,874	16.9%	3,168,500	34.0%	250,000	2.7%	2,600,000	28.9%
Supranational Securities	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
US Agency Securities	8,286,217	74.3%	6,513,556	61.2%	3,374,944	36.2%	6,565,888	70.0%	5,082,699	56.5%
US Treasury Securities	649,887	5.8%	1,399,598	13.2%	1,649,151	17.7%	1,900,331	20.2%	449,640	5.0%
Securities Lending Investments	0	0.0%	0	0.0%	441,000	4.7%	0	0.0%	0	0.0%
Total	\$ 11,156,753	100.0%	\$ 10,633,377	100.0%	\$ 9,320,476	100.0%	\$ 9,385,188	100.0%	\$ 8,996,667	100.0%

TABLE 4
OWNERSHIP ANALYSIS OF TOTAL ACCOUNTS
 Last Ten Fiscal Years

Participant Type	6/30/2019		6/30/2018		6/30/2017		6/30/2016		6/30/2015	
	Number of Accounts	Percent	Number of Accounts	Percent	Number of Accounts	Percent	Number of Accounts	Percent	Number of Accounts	Percent
Counties	39	6.1%	39	6.3%	39	6.4%	39	7.5%	39	7.2%
Cities & Towns	228	35.8%	226	36.8%	223	36.7%	223	43.0%	222	41.2%
Special Districts	149	23.4%	143	23.3%	135	22.2%	129	24.9%	132	24.5%
Bond Accounts	105	16.5%	93	15.1%	94	15.5%	89	17.1%	107	19.9%
Public Colleges & Universities	28	4.4%	28	4.6%	28	4.6%	28	5.4%	28	5.2%
State Agencies	6	0.9%	6	1.0%	8	1.3%	7	1.3%	7	1.3%
Other	82	12.9%	79	12.9%	81	13.3%	4	0.8%	4	0.7%
Total	637	100.0%	614	100.0%	608	100.0%	519	100.0%	539	100.0%

Participant Type	6/30/2014		6/30/2013		6/30/2012		6/30/2011		6/30/2010	
	Number of Accounts	Percent	Number of Accounts	Percent	Number of Accounts	Percent	Number of Accounts	Percent	Number of Accounts	Percent
Counties	39	7.3%	39	7.2%	39	7.4%	39	7.3%	39	7.5%
Cities & Towns	224	41.6%	226	41.5%	226	42.6%	228	42.9%	227	43.6%
Special Districts	118	21.9%	117	21.5%	116	21.9%	121	22.8%	123	23.7%
Bond Accounts	103	19.2%	109	20.0%	109	20.6%	111	20.9%	102	19.6%
Public Colleges & Universities	28	5.2%	28	5.1%	28	5.3%	29	5.5%	29	5.6%
State Agencies	7	1.3%	7	1.2%	6	1.1%	0	0.0%	0	0.0%
Other	19	3.5%	19	3.5%	6	1.1%	3	0.6%	0	0.0%
Total	538	100.0%	545	100.0%	530	100.0%	531	100.0%	520	100.0%

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

Participant Type	6/30/2019		6/30/2018		6/30/2017		6/30/2016		6/30/2015	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Counties	\$ 7,225,174	41.5%	\$ 6,117,099	35.6%	\$ 5,970,693	40.1%	\$ 5,387,999	42.2%	\$ 4,727,507	43.2%
Cities & Towns	3,184,380	18.3%	2,574,651	15.0%	2,564,351	17.3%	2,288,670	17.9%	1,872,828	17.1%
Special Districts	2,754,032	15.8%	2,875,214	16.8%	1,988,177	13.4%	1,636,434	12.8%	1,763,317	16.1%
Bond Accounts	695,510	4.0%	650,119	3.8%	659,434	4.4%	466,375	3.7%	411,968	3.8%
Public Colleges & Universities	400,554	2.3%	274,826	1.6%	287,448	1.9%	247,998	2.0%	337,089	3.1%
State Agencies	2,985,099	17.2%	4,472,884	26.0%	3,290,269	22.1%	2,730,759	21.4%	1,821,106	16.6%
Other	152,567	0.9%	210,656	1.2%	116,515	0.8%	489	0.0%	11,256	0.1%
Total	\$ 17,397,316	100.0%	\$ 17,175,449	100.0%	\$ 14,876,887	100.0%	\$ 12,758,724	100.0%	\$ 10,945,071	100.0%

Participant Type	6/30/2014		6/30/2013		6/30/2012		6/30/2011		6/30/2010	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Counties	\$ 5,007,406	44.9%	\$ 5,080,565	47.8%	\$ 4,487,652	50.8%	\$ 4,991,508	53.2%	\$ 4,486,720	49.9%
Cities & Towns	1,923,917	17.2%	1,884,112	17.7%	1,869,098	21.2%	2,048,715	21.8%	2,081,657	23.1%
Special Districts	1,377,993	12.4%	1,415,820	13.3%	1,329,718	15.1%	1,431,314	15.2%	1,420,901	15.8%
Bond Accounts	471,949	4.2%	548,846	5.2%	473,644	5.4%	586,876	6.3%	647,402	7.2%
Public Colleges & Universities	316,762	2.8%	311,129	2.9%	306,887	3.5%	306,936	3.3%	359,692	4.0%
State Agencies	2,042,937	18.3%	1,385,092	13.0%	357,340	4.0%	4,252	0.0%	0	0.0%
Other	16,276	0.2%	7,666	0.1%	3,238	0.0%	15,050	0.2%	0	0.0%
Total	\$ 11,157,240	100.0%	\$ 10,633,230	100.0%	\$ 8,827,577	100.0%	\$ 9,384,651	100.0%	\$ 8,996,372	100.0%

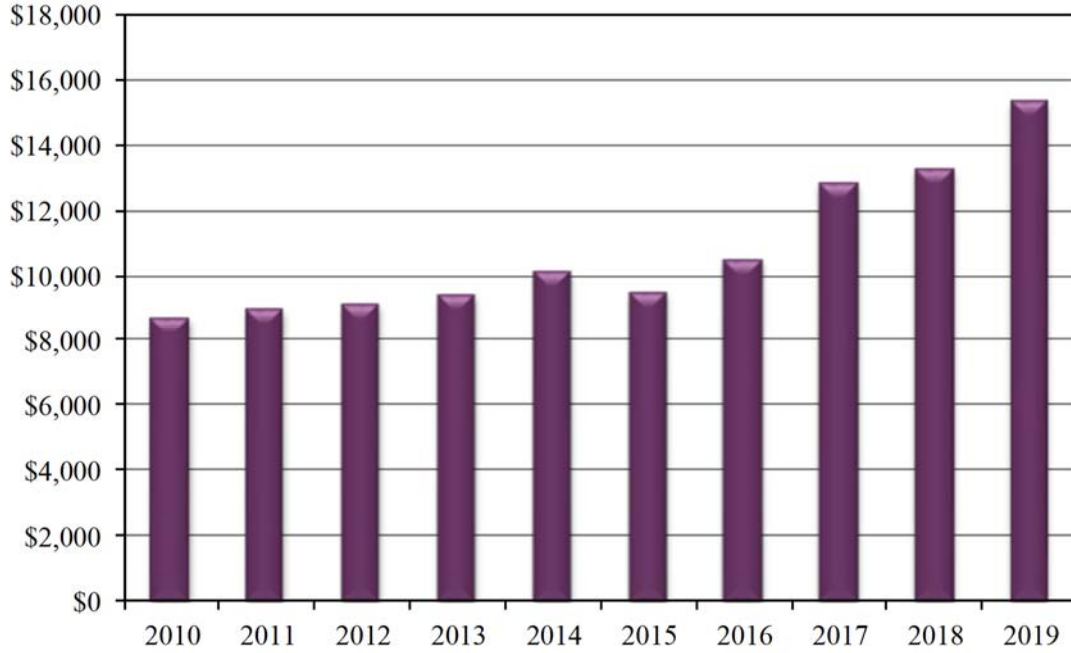
TABLE 6
FINANCIAL HIGHLIGHTS
Last Ten Fiscal Years

	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
Investments Purchased	\$ 497,326,187,871	\$ 531,151,943,648	\$ 525,966,439,695	\$ 492,732,198,053	\$ 281,964,025,725
Investments Sold	\$ 31,091,567,415	\$ 24,828,304,363	\$ 21,423,921,000	\$ 15,078,156,178	\$ 18,486,227,699
Investments Matured	\$ 466,198,564,977	\$ 504,116,644,019	\$ 502,632,570,282	\$ 476,177,545,000	\$ 263,095,646,386
Net Investment Income	\$ 359,153,943	\$ 187,068,261	\$ 82,356,073	\$ 32,938,554	\$ 11,657,277
Administrative Expenses	\$ 1,038,808	\$ 965,259	\$ 943,852	\$ 925,006	\$ 903,128
Average Annualized Monthly Yield	2.34 percent	1.40 percent	0.63 percent	0.31 percent	0.12 percent
Weighted Average Maturity (WAM)	43 days	33 days	26 days	35 days	36 days
Weighted Average Life (WAL)	82 days	80 days	72 days	100 days	86 days
Participant Contributions	\$ 57,605,541,228	\$ 49,645,215,689	\$ 46,570,124,800	\$ 43,302,522,970	\$ 35,255,884,315
Participant Distributions	\$ 57,754,668,474	\$ 47,521,808,515	\$ 44,534,344,752	\$ 41,521,751,691	\$ 35,479,698,455

	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010
Investments Purchased	\$ 128,312,368,689	\$ 201,464,352,490	\$ 206,758,563,256	\$ 137,272,425,884	\$ 98,282,836,482
Investments Sold	\$ 30,073,234,697	\$ 21,906,107,830	\$ 24,076,256,763	\$ 22,703,805,943	\$ 31,707,421,974
Investments Matured	\$ 97,721,262,684	\$ 178,250,863,000	\$ 182,749,495,000	\$ 114,186,405,000	\$ 66,070,485,600
Net Investment Income	\$ 11,279,324	\$ 17,758,410	\$ 15,735,355	\$ 22,715,240	\$ 33,881,350
Administrative Expenses	\$ 911,822	\$ 820,200	\$ 629,629	\$ 723,837	\$ 605,857
Average Annualized Monthly Yield	0.11 percent	0.17 percent	0.14 percent	0.23 percent	0.36 percent
Weighted Average Maturity (WAM)	30 days	58 days	40 days	57 days	49 days
Weighted Average Life (WAL)	85 days	98 days	112 days	109 days	Not Available
Participant Contributions	\$ 25,735,242,074	\$ 17,487,171,053	\$ 16,479,606,797	\$ 17,578,161,095	\$ 18,527,197,621
Participant Distributions	\$ 25,224,106,673	\$ 15,700,259,153	\$ 17,052,244,276	\$ 17,212,632,984	\$ 18,054,132,368

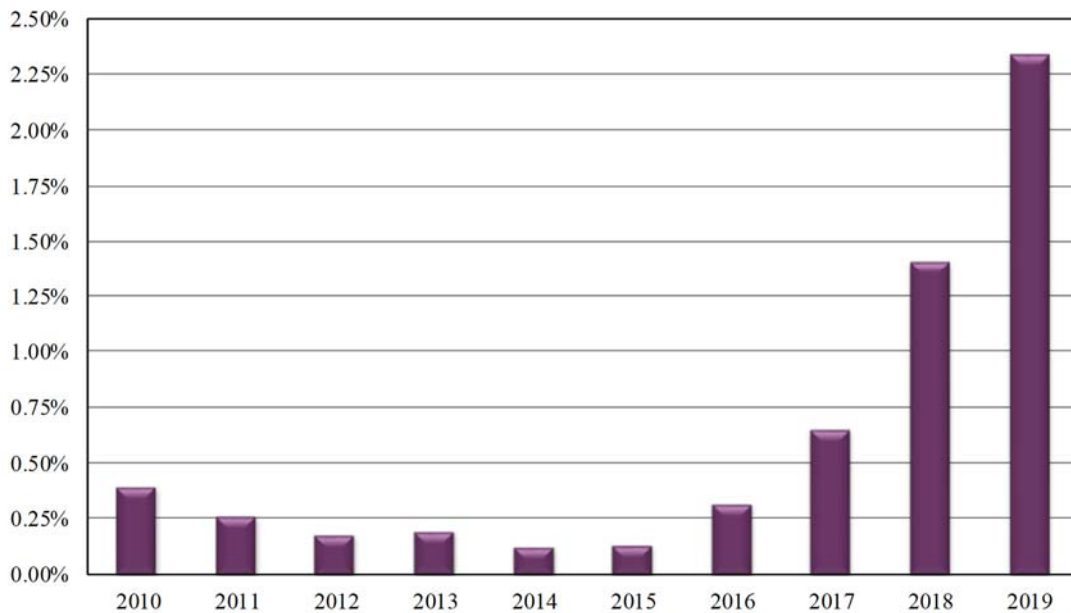
AVERAGE INVESTED BALANCES

Last Ten Fiscal Years
(expressed in millions)

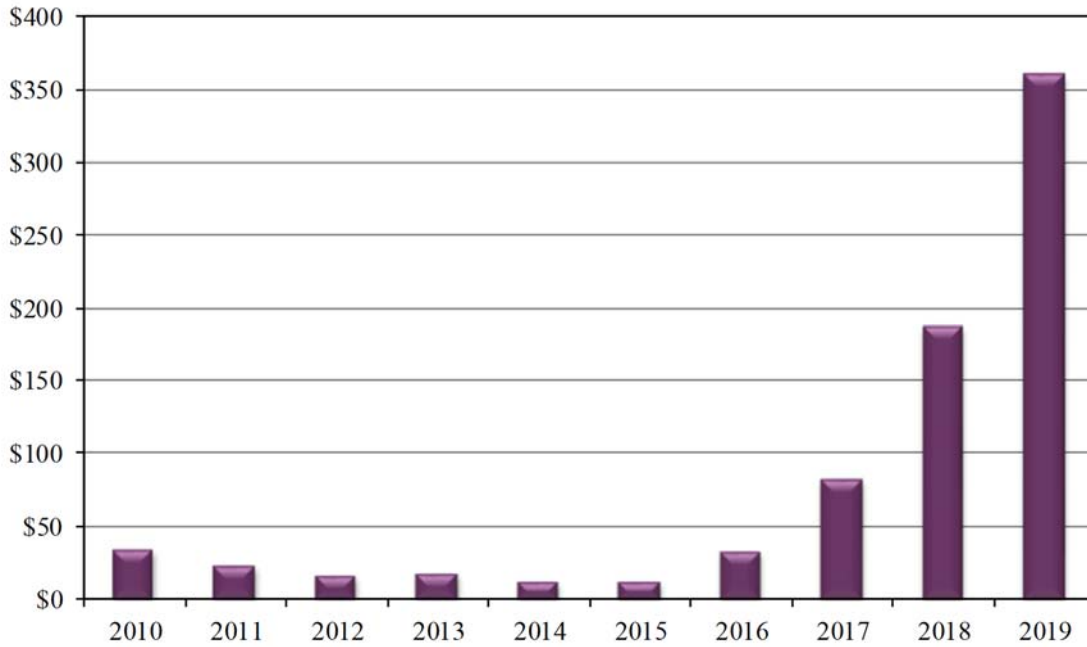


PORTFOLIO YIELD

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
Compounded Annual Return					
LGIP	2.358%	1.463%	0.962%	0.727%	0.585%
iMoneyNet	1.962%	1.077%	0.657%	0.472%	0.335%
Cumulative Return					
LGIP	2.358%	4.453%	4.903%	5.203%	6.010%
iMoneyNet	1.962%	3.266%	3.327%	3.348%	3.404%



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

