

STATE OF WASHINGTON  
OFFICE OF THE STATE TREASURER

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

ANNUAL COMPREHENSIVE  
FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2023





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**ANNUAL COMPREHENSIVE  
FINANCIAL REPORT**

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Report prepared by:

**Office of the State Treasurer**

Mike Pellicciotti, State Treasurer

***Operations Division***

Shad Pruitt, Deputy State Treasurer

Denise Nguyen, Accounting Services Manager

Katie Davis, Investment Accounting Manager

Alexis Lopez, Investment Accountant

Allison Rosales, Investment Accountant

***Investment Division***

James Rosenkoetter, Deputy State Treasurer

Shawn Reed, Portfolio Manager

Staci Ashe, LGIP Administrator

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
For the Fiscal Year Ended June 30, 2023

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*Mike Pellicciotti*  
*Washington State Treasurer*

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



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

During Fiscal Year 2023:

- The average balance in the LGIP portfolio was \$21.9 billion maintained by 631 participants.
- The LGIP had an administrative fee of 0.6 basis points. This is the seventeenth 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 40 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 \$88 million over what the average comparable money market fund would have generated.

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

Sincerely,

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

Mike Pellicciotti  
State Treasurer





# **INTRODUCTORY SECTION**





MIKE PELLICCIOTTI  
State Treasurer

State of Washington  
Office of the Treasurer  
Local Government Investment Pool

---

October 11, 2023

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

I am pleased to submit this Annual Comprehensive Financial Report (ACFR) of the state of Washington Local Government Investment Pool (LGIP) for the fiscal year ended June 30, 2023. 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 the 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 Moss Adams LLP, a firm of licensed certified public accountants. The independent auditor concluded the enclosed financial statements are presented fairly in conformity with GAAP. The independent auditor's report is included in the financial section of this report.

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

### **LGIP Profile**

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

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

### **Investment Policies and Practices**

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

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

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

### **Financial and Economic Information**

The economic condition of the LGIP is based primarily upon investment earnings. Due to the short-term nature of the portfolio, and the types of investments utilized, yields closely follow the targeted federal funds rate. With an average invested balance of \$21.9 billion during the fiscal year, the LGIP produced a net average monthly portfolio yield of 3.86 percent. The LGIP exceeded its benchmark by 40 basis points, resulting in \$88 million in additional interest income for participants.

Fiscal year 2023 was marked by significant tightening of monetary policy by the Federal Open Market Committee (FOMC). The FOMC raised its target for the federal funds rate seven times from July 2022 through June 2023 while committing to return inflation to their two percent inflation objective. The targeted federal funds rate range began the fiscal year at 1-1/2 to 1-3/4 percent and ended the period at 5 to 5-1/4 percent.

During the period, the FOMC remarked that economic activity continued to expand at a modest pace; spending and production saw moderate growth; job gains have been robust; the unemployment rate has remained low; and tighter credit conditions for households and businesses are likely to weigh on economic activity, hiring, and inflation. Additionally, inflation remained elevated.

Consistent with its statutory mandate, the FOMC seeks to foster maximum employment and price stability. The Committee stated that it will continue to assess additional information in determining the extent of additional policy firming to return inflation to two percent over time and considers the cumulative tightening of monetary policy, the lags with which monetary policy affects economic activity and inflation, and economic and financial developments.

During the first quarter of fiscal year 2024, the FOMC raised its target range for the federal funds rate to 5-1/4 to 5-1/2 percent to support continued progress toward 2 percent inflation over the longer run. The Committee continues to monitor incoming information for the economic outlook and remains prepared to adjust monetary policy as appropriate if risks emerge that could impede the attainment of their goals.

**Major Initiatives**

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

**Awards**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the LGIP for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022. This was the twenty-sixth consecutive year the LGIP achieved this prestigious award. To be awarded a Certificate of Achievement, OST had to publish an easily readable and efficiently organized Annual Comprehensive Financial Report that satisfied both generally accepted accounting principles and applicable legal requirements.

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

**Acknowledgments**

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

**Additional Information**

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

Sincerely,



Shad Pruitt  
Deputy State Treasurer



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**State of Washington  
Local Government Investment Pool**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

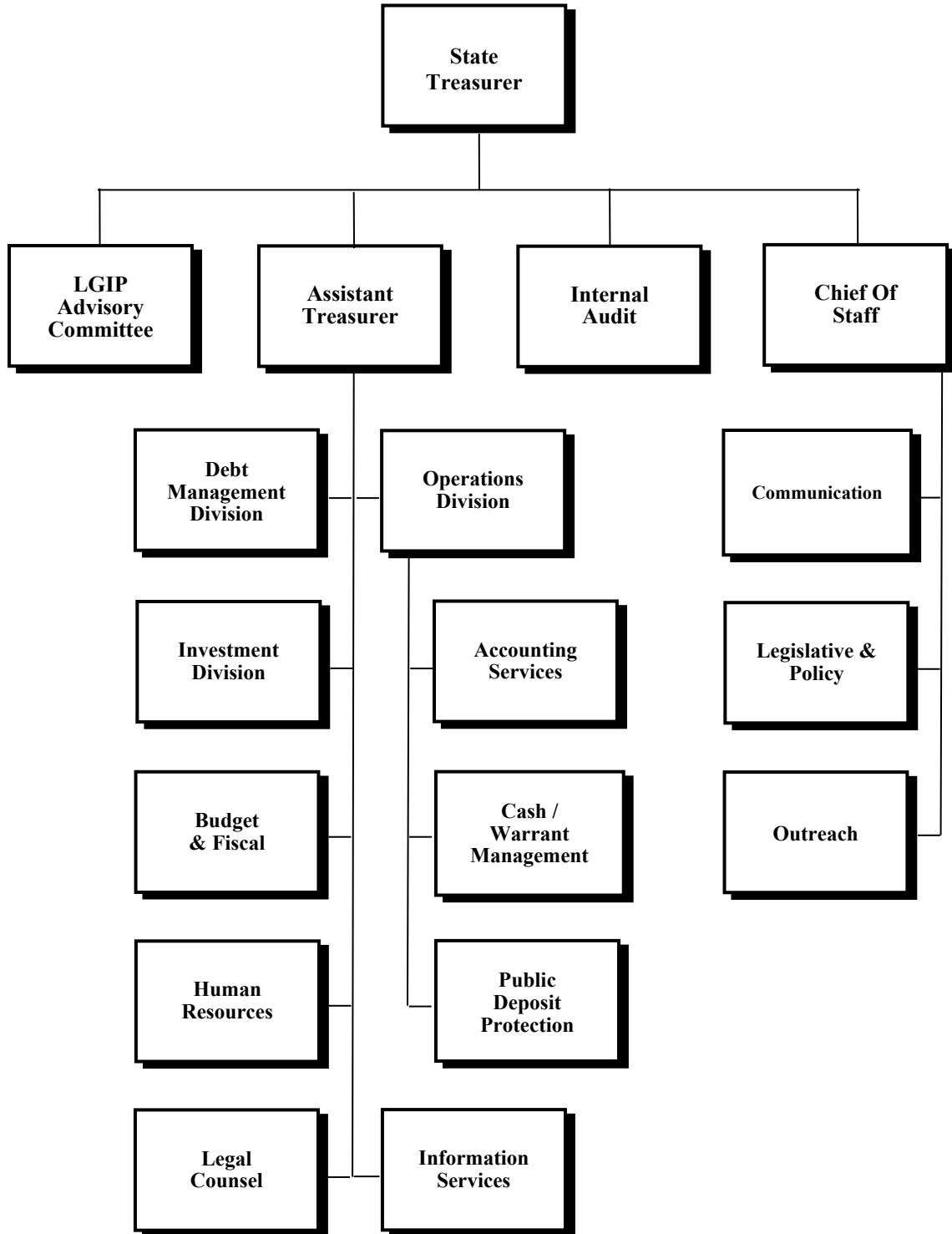
June 30, 2022

*Christopher P. Morrill*

Executive Director/CEO

# ORGANIZATIONAL CHART

Office of the State Treasurer



**ADVISORY COMMITTEE**  
Members

**Melissa Ankeny**  
Accounting Manager  
Clark Public Utilities

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

**Peter Boissonneau**  
Treasurer  
Kitsap County

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

**Diane Campbell**  
Treasury Manager  
Port of Seattle

**Josie Koelzer**  
Treasurer  
Franklin County

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

**Dan Legard**  
Finance Director  
City of Kennewick

**Lisa Frazier**  
Treasurer  
Mason County

**Stacie Prada**  
Treasurer  
Jefferson County

**Scott Goodrich**  
Finance Director  
Port of Vancouver

**Karen Thomas**  
Chief Deputy  
Whatcom County

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

**Troy Woo**  
Finance Director  
City of Lacey



**KEY PERSONNEL**  
Office of the State Treasurer

**Mike Pellicciotti**  
Treasurer

**Tammie Nuber**  
Assistant State Treasurer

**Shad Pruitt**  
Deputy State Treasurer

**James Rosenkoetter**  
Deputy State Treasurer

**Denise Nguyen**  
Accounting Services Manager

**Sean Koval**  
Senior Portfolio Manager

**Katie Davis**  
Investment Accounting Manager

**Shawn Reed**  
Portfolio Manager

**Alexis Lopez**  
Investment Accountant

**Amanda Hutson**  
Portfolio Manager

**Allison Rosales**  
Investment Accountant

**Chris Mattoon**  
Portfolio Administrator

**Staci Ashe**  
LGIP Administrator

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**FINANCIAL  
SECTION**





## **Report of Independent Auditors**

The Office of the State Treasurer and Pool Participants  
State of Washington Local Government Investment Pool

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of the State of Washington Local Government Investment Pool, which comprise the statement of fiduciary net position as of June 30, 2023 and the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements, which collectively comprise the LGIP's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the State of Washington Local Government Investment Pool as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

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

#### ***Emphasis of Matter***

As discussed in Note 1, the financial statements of the State of Washington Local Government Investment Pool, an external investment pool of the State of Washington, are intended to present the financial position and the changes in financial position of only the State of Washington Local Government Investment Pool. They do not purport to, and do not, present fairly the financial position of the Office of the State Treasurer or the State of Washington as of June 30, 2023, or the changes in their financial position for the year ended in accordance with accounting principles generally accepted in the United State of America. Our opinion is not modified with respect to this matter.

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

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of LGIP's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

***Required Supplementary Information***

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

***Other Information***

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2023 on our consideration of the State of Washington Local Government Investment Pool's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of State of Washington Local Government Investment Pool'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 State of Washington Local Government Investment Pool's internal control over financial reporting and compliance.



Seattle, Washington  
October 10, 2023

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The Washington State Treasurer's Office provides the Management's Discussion and Analysis of the Local Government Investment Pool's (LGIP) Annual Comprehensive Financial Report (ACFR) for readers of the financial statements. This overview and analysis of the LGIP's financial activity is for the fiscal year ended June 30, 2023. Please read this analysis in conjunction with the letter of transmittal and the financial statements that follow.

### Financial Highlights

- At fiscal year end, the LGIP reported a net position in the amount of \$23.27 billion.
- The LGIP's net position decreased by \$1.98 billion over the previous year.
- The LGIP earned \$838.53 million, net of expenses, for pool participants. This was an increase of \$776.07 million from the previous fiscal year.
- Administrative fees were less than one basis point for the seventeenth consecutive year.
- The LGIP's average annualized monthly yield was 40 basis points greater than that of its benchmark.

### Overview of the Financial Statements

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

generally accepted accounting principles (GAAP).

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

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

### Financial Analysis

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



### Fiduciary Net Position

The LGIP experienced a decrease in net position of \$1.98 billion in 2023. Total assets and 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:

	2023	2022	Variance
Pooled Cash and Investments	\$ 23,207,078,340	\$ 26,630,580,236	\$ (3,423,501,896)
Receivables	58,939,374	11,762,553	47,176,821
Total Assets	23,266,017,714	26,642,342,789	(3,376,325,075)
Liabilities	163,206	1,394,637,978	(1,394,474,772)
Net Position	\$ 23,265,854,508	\$ 25,247,704,811	\$ (1,981,850,303)

### Change in Fiduciary Net Position

Net Investment Income (i.e., Net Investment Earnings plus Miscellaneous income less Administrative Expenses) increased 1,242.7 percent compared to the previous fiscal year. This rise was primarily due to an increase of 360 basis points in the LGIP's portfolio yield from the previous fiscal year. Investment yields rose as a result of the Federal Reserve increasing its targeted federal funds rate in response to inflation.

Contributions from participants and distributions to participants increased by 7.8 and 14.3 percent, respectively, in comparison to the prior fiscal year. Due to the discretionary nature of the LGIP as an investment option for participants, it is difficult to ascertain the reasons behind the noteworthy changes in contributions and distributions by participants.

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

	2023	2022	Variance
Contributions from Participants	\$ 71,833,441,741	\$ 66,640,254,441	\$ 5,193,187,300
Distributions to Participants	74,653,818,062	65,305,854,903	9,347,963,159
Net Investment Income	838,526,018	62,453,050	776,072,968
Change in Net Position	\$ (1,981,850,303)	\$ 1,396,852,588	\$ (3,378,702,891)

### Average Annualized Monthly Yield

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

The most informative measure of the LGIP's performance is not the change in the yield of the portfolio over time, but rather a comparison of the LGIP yield to the yield of its benchmark, iMoneyNet Government Only / Institutional Only Money Market Funds. This benchmark is comprised of privately managed money market funds similar in portfolio composition and investment guidelines to the LGIP. The LGIP net yield during the fiscal year was 40 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				
	2019	2020	2021	2022	2023
LGIP	2.34%	1.58%	.16%	.26%	3.86%
iMoneyNet	1.95%	1.12%	.02%	.12%	3.46%
Targeted Federal Funds	1.75% - 2.50%	0% - 2.50%	0% - 0.25%	0% - 1.75%	1.5% - 5.25%

**STATEMENT OF FIDUCIARY NET POSITION**

June 30, 2023

**ASSETS**

## Investments:

U.S. Treasury Securities	\$ 9,610,556,232
U.S. Agency Securities	5,683,043,530
Interest Bearing Bank Deposits	3,694,724,796
Repurchase Agreements	3,400,000,000
Supranational Securities	395,300,694
Negotiable Order of Withdrawal (NOW) Accounts	231,339,792
Certificates of Deposit	130,000,000
Time Certificate of Deposit (TCD) Investment Program	<u>60,000,000</u>
Total Investments	<u>23,204,965,044</u>

## Other Assets:

Interest Receivable	58,939,374
Cash	<u>2,113,296</u>
Total Other Assets	<u>61,052,670</u>
Total Assets	<u>23,266,017,714</u>

**LIABILITIES**

Accrued Expenses	<u>163,206</u>
Total Liabilities	<u>163,206</u>

**NET POSITION**

Held in Trust for Pool Participants	<u>\$ 23,265,854,508</u>
-------------------------------------	--------------------------

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

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

For the Fiscal Year Ended June 30, 2023

### ADDITIONS

Contributions from Participants	\$ 71,833,441,741
Investment Income:	
Investment Earnings	840,252,850
Less: Investment Expenses	(436,409)
Net Investment Earnings	839,816,441
Miscellaneous	3,475
Total Additions	72,673,261,657

### DEDUCTIONS

Distributions to Participants	74,653,818,062
Administrative Expenses	1,293,898
Total Deductions	74,655,111,960

Change in Fiduciary Net Position	(1,981,850,303)
Net Position – Beginning of Year	25,247,704,811
Net Position – End of Year	\$ 23,265,854,508

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, 2023

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

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

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

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The LGIP is accounted for using the economic resources measurement focus. With this measurement focus, all assets and liabilities are included on the Statement of Fiduciary Net Position. The Statement of Changes in Fiduciary Net Position 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.

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**D. Other Information**

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**Investment Objectives**

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

**Investment Restrictions**

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

**Valuation**

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

**Administrative Expenses / Fees**

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

expense. Administrative expenses applied to this fiscal year were \$1,293,898.

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 0.00589 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 \$3,475 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+	\$ 3,400,000,000
U.S. Treasury Securities <sup>[1]</sup>			
U.S. Treasury Bills	Aaa	AA+	8,810,659,161
U.S. Treasury Floating Rate Notes	Aaa	AA+	799,897,071
			<u>9,610,556,232</u>
U.S. Agency Securities			
Federal Farm Credit Bank	Aaa	AA+	3,881,915,451
Federal Home Loan Bank	Aaa	AA+	1,801,128,079
			<u>5,683,043,530</u>
Supranational Securities			
Int'l Bank for Reconstruction and Development	Aaa	AAA	395,300,694
			<u>395,300,694</u>
<b>Total</b>			<b><u>\$ 19,088,900,456</u></b>

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

**Custodial Credit Risk**

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

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

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

**Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's

investment in a single issuer. The LGIP mitigates this risk by limiting the purchase of securities of any one issuer, with the exception of U.S. Treasury and U.S. Agency securities, to no more than five percent of the portfolio.

Repurchase agreements comprise 14.6 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 41.4 percent of the total portfolio. U.S. Agency securities comprised 24.5 percent of the total portfolio, including Federal Home Loan Bank (7.8 percent), and Federal Farm Credit Bank (16.7 percent). Supranational securities comprised 1.7 percent of the total portfolio, including International Bank for Reconstruction and Development.

**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 34 days and a WAL of 91 days. The following schedule presents the investments and related maturities as of fiscal year end:

Investment Type	Amortized Cost	Maturity (in Years)	
		Less Than 1	1 - 5
U.S. Treasury Securities	\$ 9,610,556,232	\$ 9,435,565,006	\$ 174,991,226
U.S. Agency Securities	5,683,043,530	4,817,079,393	865,964,137
Interest Bearing Bank Deposits	3,694,724,796	3,694,724,796	---
Repurchase Agreements	3,400,000,000	3,400,000,000	---
Supranational Securities	395,300,694	395,300,694	---
Negotiable Order of Withdrawal Accounts	231,339,792	231,339,792	---
Certificates of Deposit	130,000,000	130,000,000	---
Time Certificates of Deposit Program	60,000,000	60,000,000	---
<b>Total</b>	<b>\$ 23,204,965,044</b>	<b>\$ 22,164,009,681</b>	<b>\$ 1,040,955,363</b>



### Fair Value Hierarchy

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

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

Investments By Fair Value	6/30/2023	Fair Value Measurement Using		
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Treasury Securities	\$ 9,612,287,773	\$ ---	\$ 9,612,287,773	\$ ---
U.S. Agency Securities	5,683,181,519	---	5,683,181,519	---
Supranational Securities	395,541,460	---	395,541,460	---
<b>Total By Fair Value Level</b>	<b>\$ 15,691,010,752</b>	<b>\$ 0</b>	<b>\$ 15,691,010,752</b>	<b>\$ 0</b>
Bank Deposits	4,116,064,588			
Repurchase Agreements	3,400,000,000			
<b>Total By Fair Value</b>	<b>\$ 23,207,075,340</b>			

### Securities Lending

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

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

generally matched to maturities of securities loans.

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

During the fiscal year, the LGIP lent U.S. Agency and U.S. Treasury securities while other securities were received as collateral. At fiscal year end, the fair value of securities on loan was \$831,827,486 and securities were received for collateral with a fair value of \$849,861,243.

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 \$3,400,000,000.

#### **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	\$ 1,220,069,524,172
Investments Sold	\$ 14,769,290,046
Investments Matured	\$ 1,209,040,909,794
Net Investment Income	\$ 838,526,018
Administrative Expenses	\$ 1,293,898
Average Annualized Monthly Yield	3.86 percent
Weighted Average Maturity (WAM)	34 days
Weighted Average Life (WAL)	91 days
Participant Contributions	\$ 71,833,441,741
Participant Distributions	\$ 74,653,818,062

**INVESTMENT  
SECTION**



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## OVERVIEW

### Administration

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

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

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

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

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

### LGIP Performance

The LGIP's net return closely follows the targeted federal funds rate. Accordingly, the monthly net return ranged from 1.613 – 5.20 percent during the fiscal year, reflecting a targeted federal funds rate that ranged from 1.50 – 5.25 percent throughout the period. The general management strategy, which was in effect for all of the fiscal year, was to maintain a shorter than usual weighted average maturity (WAM) due to the anticipated increase in the federal funds rate. This allowed the LGIP to more quickly re-price as the federal funds rate was raised.

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

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

## Investment Risk Profile

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

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

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

## Investment Results

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

Investment Type	Gross Rates of Return <sup>[1]</sup>		
	1 Year	3 Year	5 Year
U.S. Agency Securities <sup>[2]</sup>	3.72%	1.41%	1.68%
U.S. Treasury Securities <sup>[2]</sup>	3.74%	1.35%	1.56%
Supranational Securities <sup>[2]</sup>	3.86%	1.53%	1.75%
Repurchase Agreements	3.75%	1.40%	1.63%
Floating / Variable Rate Notes	3.86%	1.51%	1.65%
Bank Deposits	4.19%	1.60%	1.75%
<b>Total Portfolio</b>	<b>3.84%</b>	<b>1.43%</b>	<b>1.63%</b>
Investment Benchmark iMoneyNet	3.77%	1.38%	1.58%

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

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

**SCHEDULE OF INVESTMENTS**

June 30, 2023

(expressed in thousands)

Par Value	Description	Date of Maturity	Interest Rate	Yield Percentage	Amortized Cost	Fair Value
<b>U.S. TREASURY SECURITIES (41.4% of Total Portfolio)</b>						
<b>U.S. Treasury Bills</b>						
\$ 50,000	U.S. Treasury Bills	07/11/2023	---	5.2161	\$ 49,930	\$ 49,945
300,000	U.S. Treasury Bills	07/13/2023	---	5.1275	299,502	299,583
100,000	U.S. Treasury Bills	07/18/2023	---	4.8433	99,779	99,791
250,000	U.S. Treasury Bills	07/18/2023	---	4.9062	249,439	249,477
181,975	U.S. Treasury Bills	07/20/2023	---	5.2318	181,487	181,545
150,000	U.S. Treasury Bills	07/25/2023	---	4.8852	149,527	149,542
100,000	U.S. Treasury Bills	07/27/2023	---	5.2058	99,635	99,665
100,000	U.S. Treasury Bills	08/03/2023	---	5.2465	99,533	99,560
100,000	U.S. Treasury Bills	08/03/2023	---	5.2329	99,534	99,560
300,000	U.S. Treasury Bills	08/03/2023	---	5.2736	298,592	298,679
150,000	U.S. Treasury Bills	08/08/2023	---	4.9036	149,248	149,230
300,000	U.S. Treasury Bills	08/08/2023	---	4.9062	298,496	298,460
500,000	U.S. Treasury Bills	08/10/2023	---	5.2945	497,144	497,291
250,000	U.S. Treasury Bills	08/15/2023	---	5.1477	248,444	248,463
100,000	U.S. Treasury Bills	08/17/2023	---	5.0303	99,368	99,355
150,000	U.S. Treasury Bills	08/17/2023	---	5.2339	149,005	149,032
150,000	U.S. Treasury Bills	08/17/2023	---	5.2324	149,005	149,032
600,000	U.S. Treasury Bills	08/22/2023	---	5.2318	595,615	595,696
100,000	U.S. Treasury Bills	08/24/2023	---	5.1102	99,263	99,252
100,000	U.S. Treasury Bills	08/24/2023	---	5.3591	99,218	99,252
150,000	U.S. Treasury Bills	08/24/2023	---	5.4093	148,819	148,878
200,000	U.S. Treasury Bills	08/29/2023	---	5.1583	198,364	198,374
100,000	U.S. Treasury Bills	08/29/2023	---	5.1435	99,185	99,187
200,000	U.S. Treasury Bills	08/29/2023	---	5.1489	198,367	198,374
100,000	U.S. Treasury Bills	08/31/2023	---	5.1510	99,163	99,154
200,000	U.S. Treasury Bills	08/31/2023	---	5.4615	198,204	198,308
200,000	U.S. Treasury Bills	09/05/2023	---	5.1583	198,170	198,177
200,000	U.S. Treasury Bills	09/05/2023	---	5.1583	198,170	198,177
400,000	U.S. Treasury Bills	09/05/2023	---	5.1477	396,348	396,354
100,000	U.S. Treasury Bills	09/07/2023	---	5.1831	99,061	99,059
150,000	U.S. Treasury Bills	09/07/2023	---	5.4364	148,505	148,588
100,000	U.S. Treasury Bills	09/07/2023	---	5.3988	99,010	99,059
226,700	U.S. Treasury Bills	09/12/2023	---	5.1688	224,402	224,403
150,000	U.S. Treasury Bills	09/19/2023	---	5.2161	148,318	148,322
150,000	U.S. Treasury Bills	09/19/2023	---	5.2276	148,315	148,322
100,000	U.S. Treasury Bills	09/19/2023	---	5.2739	98,867	98,882
150,000	U.S. Treasury Bills	09/26/2023	---	5.4423	148,093	148,181
150,000	U.S. Treasury Bills	09/28/2023	---	5.3362	148,079	148,130
150,000	U.S. Treasury Bills	10/03/2023	---	5.5108	147,914	148,019
100,000	U.S. Treasury Bills	10/10/2023	---	5.3755	98,542	98,578
100,000	U.S. Treasury Bills	10/10/2023	---	5.3797	98,541	98,578
150,000	U.S. Treasury Bills	10/17/2023	---	5.3276	147,682	147,699
150,000	U.S. Treasury Bills	10/26/2023	---	5.4405	147,450	147,508
100,000	U.S. Treasury Bills	11/02/2023	---	5.1082	98,312	98,237
100,000	U.S. Treasury Bills	11/09/2023	---	5.0975	98,221	98,141
10,000	U.S. Treasury Bills	11/09/2023	---	5.3706	9,812	9,814

(continued)

## SCHEDULE OF INVESTMENTS

June 30, 2023

(expressed in thousands)

Par Value	Description	Date of Maturity	Interest Rate	Yield Percentage	Amortized Cost	Fair Value
<b>U.S. Treasury Bills (continued)</b>						
100,000	U.S. Treasury Bills	11/09/2023	---	5.3716	98,119	98,141
100,000	U.S. Treasury Bills	11/16/2023	---	5.1563	98,104	98,043
100,000	U.S. Treasury Bills	11/16/2023	---	5.1884	98,093	98,043
100,000	U.S. Treasury Bills	11/24/2023	---	5.4120	97,898	97,927
100,000	U.S. Treasury Bills	11/24/2023	---	5.4152	97,897	97,927
75,830	U.S. Treasury Bills	11/24/2023	---	5.3980	74,240	74,258
100,000	U.S. Treasury Bills	11/30/2023	---	5.5109	97,766	97,834
100,000	U.S. Treasury Bills	12/07/2023	---	5.5292	97,662	97,728
100,000	U.S. Treasury Bills	12/07/2023	---	5.4777	97,684	97,728
100,000	U.S. Treasury Bills	12/21/2023	---	5.3919	97,518	97,511
<b>\$ 8,894,505</b>					<b>\$ 8,810,659</b>	<b>\$ 8,812,053</b>
<b>U.S. Treasury Floating Rate Notes</b>						
\$ 50,000	U.S. Treasury Floating Rate Notes	07/31/2023	5.2777	5.3379	\$ 49,997	\$ 50,002
150,000	U.S. Treasury Floating Rate Notes	07/31/2023	5.2777	5.3454	149,992	150,005
50,000	U.S. Treasury Floating Rate Notes	07/31/2023	5.2777	5.3701	49,996	50,002
150,000	U.S. Treasury Floating Rate Notes	10/31/2023	5.2837	5.2837	150,000	150,041
100,000	U.S. Treasury Floating Rate Notes	10/31/2023	5.2837	5.2867	99,999	100,027
125,000	U.S. Treasury Floating Rate Notes	04/30/2024	5.1737	5.2479	124,922	124,943
100,000	U.S. Treasury Floating Rate Notes	10/31/2024	5.3887	5.3887	100,000	100,087
25,000	U.S. Treasury Floating Rate Notes	01/31/2025	5.4487	5.4705	24,991	25,043
50,000	U.S. Treasury Floating Rate Notes	01/31/2025	5.4487	5.4487	50,000	50,085
<b>\$ 800,000</b>					<b>\$ 799,897</b>	<b>\$ 800,235</b>
<b>\$ 9,694,505</b>	<b>TOTAL U.S. TREASURY SECURITIES</b>				<b>\$ 9,610,556</b>	<b>\$ 9,612,288</b>
<b>U.S. AGENCY SECURITIES (24.5% of Total Portfolio)</b>						
<b>U.S. Agency Discount Notes</b>						
\$ 169,000	Federal Home Loan Bank	07/07/2023	---	4.9224	\$ 168,865	\$ 168,909
100,000	Federal Home Loan Bank	09/13/2023	---	5.2071	98,962	99,018
250,000	Federal Home Loan Bank	09/19/2023	---	5.1517	247,233	247,340
150,000	Federal Home Loan Bank	10/03/2023	---	5.1230	148,061	148,107
250,000	Federal Home Loan Bank	10/20/2023	---	5.1113	246,211	246,267
50,000	Federal Home Loan Bank	10/24/2023	---	5.1898	49,201	49,226
150,000	Federal Home Loan Bank	10/25/2023	---	5.1209	147,620	147,658
200,000	Federal Home Loan Bank	10/27/2023	---	5.1369	196,761	196,823
100,000	Federal Home Loan Bank	11/08/2023	---	5.1444	98,214	98,227
<b>\$ 1,419,000</b>					<b>\$ 1,401,128</b>	<b>\$ 1,401,575</b>
<b>U.S. Agency Floating Rate Notes</b>						
\$ 225,000	Federal Farm Credit Bank	07/24/2023	5.0925	5.0940	\$ 225,000	\$ 224,992
50,000	Federal Farm Credit Bank	07/27/2023	5.1000	5.1000	50,000	49,998
62,000	Federal Farm Credit Bank	09/08/2023	5.0950	5.0975	62,000	61,997
100,000	Federal Farm Credit Bank	10/12/2023	5.0950	5.1000	99,998	99,994
100,000	Federal Farm Credit Bank	10/24/2023	5.1300	5.1313	100,000	99,972
100,000	Federal Farm Credit Bank	11/07/2023	5.1300	5.1300	100,000	100,002
100,000	Federal Farm Credit Bank	11/21/2023	5.1400	5.1400	100,000	100,007
50,000	Federal Farm Credit Bank	12/13/2023	5.1600	5.1600	50,000	50,009
50,000	Federal Farm Credit Bank	12/13/2023	5.1600	5.1600	50,000	50,009

(continued)



**SCHEDULE OF INVESTMENTS**

June 30, 2023

(expressed in thousands)

Par Value	Description	Date of Maturity	Interest Rate	Yield Percentage	Amortized Cost	Fair Value
<b>U.S. Agency Floating Rate Notes (continued)</b>						
100,000	Federal Farm Credit Bank	01/16/2024	5.1100	5.1100	100,000	100,001
100,000	Federal Farm Credit Bank	01/16/2024	5.1100	5.1100	100,000	100,001
150,000	Federal Farm Credit Bank	03/11/2024	5.1200	5.1300	149,989	149,975
150,000	Federal Farm Credit Bank	04/01/2024	5.1300	5.1389	149,990	149,985
75,000	Federal Farm Credit Bank	04/01/2024	5.1300	5.1350	74,997	74,992
50,000	Federal Farm Credit Bank	05/06/2024	5.1250	5.1300	49,998	49,988
100,000	Federal Farm Credit Bank	05/06/2024	5.1250	5.1300	99,996	99,976
100,000	Federal Farm Credit Bank	05/06/2024	5.1250	5.1250	100,000	99,976
100,000	Federal Farm Credit Bank	06/07/2024	5.2300	5.2300	100,000	100,065
150,000	Federal Farm Credit Bank	06/10/2024	5.1150	5.1175	149,996	149,939
85,000	Federal Farm Credit Bank	08/08/2024	5.1650	5.1849	84,981	84,995
50,000	Federal Farm Credit Bank	08/26/2024	5.1500	5.1695	49,989	49,987
87,500	Federal Farm Credit Bank	01/09/2025	5.2700	5.2700	87,500	87,597
37,500	Federal Farm Credit Bank	01/09/2025	5.2700	5.2700	37,500	37,541
100,000	Federal Farm Credit Bank	05/23/2025	5.2300	5.2300	100,000	99,941
100,000	Federal Farm Credit Bank	03/21/2024	5.0700	5.0700	100,000	100,003
150,000	Federal Farm Credit Bank	03/25/2024	5.0900	5.0950	149,994	149,992
100,000	Federal Farm Credit Bank	04/08/2024	5.0850	5.0900	99,996	99,955
100,000	Federal Farm Credit Bank	04/25/2024	5.1100	5.1100	100,000	99,989
100,000	Federal Farm Credit Bank	05/17/2024	5.0850	5.0875	99,998	99,960
50,000	Federal Farm Credit Bank	09/16/2024	5.1400	5.1400	50,000	49,957
50,000	Federal Farm Credit Bank	10/16/2023	5.1050	5.1050	50,000	50,004
100,000	Federal Farm Credit Bank	12/07/2023	5.0875	5.0900	99,999	100,000
51,000	Federal Farm Credit Bank	02/09/2024	5.1000	5.1000	51,000	51,012
130,000	Federal Farm Credit Bank	03/08/2024	5.1050	5.1050	130,000	130,033
45,000	Federal Farm Credit Bank	04/12/2024	5.1100	5.1100	45,000	45,012
38,000	Federal Farm Credit Bank	04/25/2024	5.1050	5.1050	38,000	37,968
65,000	Federal Farm Credit Bank	05/09/2024	5.1100	5.1100	65,000	64,954
50,000	Federal Farm Credit Bank	05/24/2024	5.1050	5.1050	50,000	49,954
50,000	Federal Farm Credit Bank	05/24/2024	5.1050	5.1050	50,000	49,953
75,000	Federal Farm Credit Bank	06/03/2024	5.1050	5.1050	75,000	74,974
100,000	Federal Farm Credit Bank	08/14/2024	5.1750	5.1798	99,994	99,972
85,000	Federal Farm Credit Bank	10/07/2024	5.1600	5.1600	85,000	84,950
100,000	Federal Farm Credit Bank	11/07/2024	5.2000	5.2000	100,000	99,979
200,000	Federal Home Loan Bank	07/03/2023	5.1200	5.1200	200,000	200,000
100,000	Federal Home Loan Bank	07/24/2023	5.1100	5.1100	100,000	99,999
100,000	Federal Home Loan Bank	11/08/2024	5.1650	5.1650	100,000	100,039
71,000	Federal Farm Credit Bank	06/02/2025	5.2550	5.2550	71,000	71,008
<b>\$ 4,282,000</b>					<b>\$ 4,281,915</b>	<b>\$ 4,281,606</b>
<b>\$ 5,701,000</b>					<b>\$ 5,683,043</b>	<b>\$ 5,683,181</b>
<b>SUPRANATIONAL SECURITIES 1.7% of Total Portfolio)</b>						
<b>Supranational Discount Notes</b>						
\$ 150,000	Int'l Bank for Reconstruction & Development	09/29/2023	5.0500	5.2190	\$ 148,106	\$ 148,201
250,000	Int'l Bank for Reconstruction & Development	09/19/2023	5.0500	5.2167	247,195	247,340
<b>\$ 400,000</b>					<b>\$ 395,301</b>	<b>\$ 395,541</b>

(continued)

## SCHEDULE OF INVESTMENTS

June 30, 2023

(expressed in thousands)

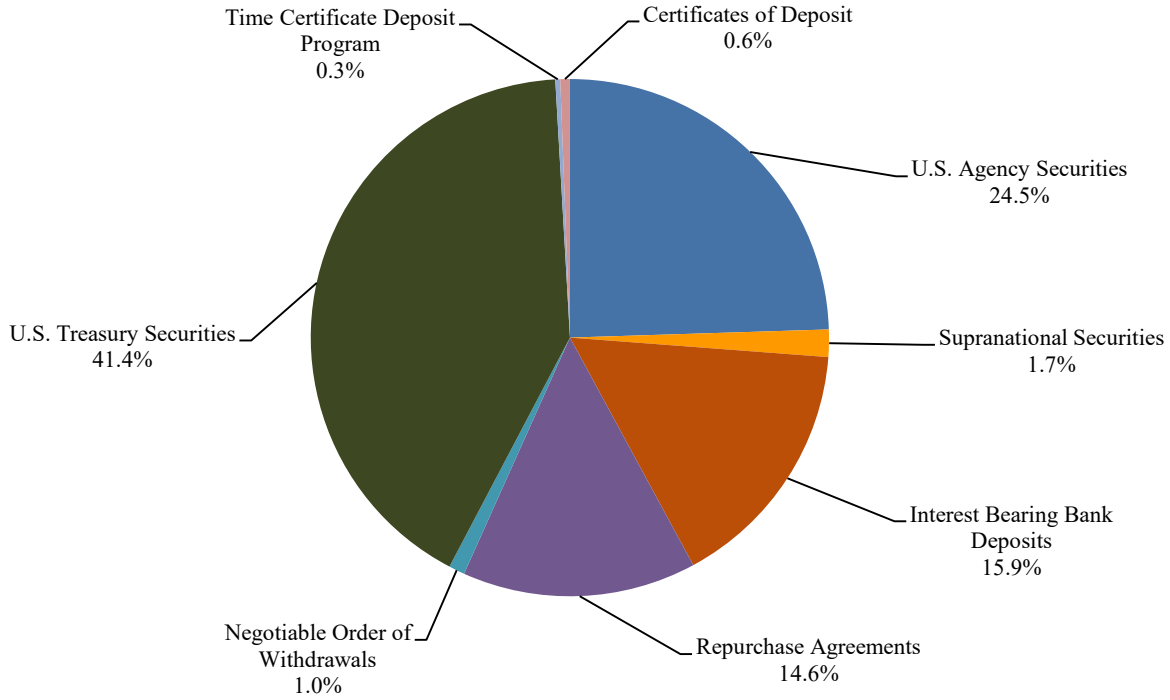
Par Value	Issuer	Date of Maturity	Interest Rate	Yield Percentage	Carrying Amount	Fair Value
<b>REPURCHASE AGREEMENTS (14.6% of Total Portfolio)</b>						
\$ 200,000	Cantor Fitzgerald and Co	07/03/2023	5.0800	5.0800	\$ 200,000	\$ 200,000
500,000	FICC (Northern Trust)	07/03/2023	5.0700	5.0700	500,000	500,000
800,000	Daiwa Capital Markets America Inc.	07/03/2023	5.0800	5.0800	800,000	800,000
800,000	Jefferies LLC	07/03/2023	5.0800	5.0800	800,000	800,000
1,100,000	ASL Capital Markets Inc.	07/03/2023	5.0800	5.0800	1,100,000	1,100,000
<b>\$ 3,400,000</b>	<b>TOTAL REPURCHASE AGREEMENTS</b>				<b>\$ 3,400,000</b>	<b>\$ 3,400,000</b>
<b>CERTIFICATES OF DEPOSIT (0.6% of Total Portfolio)</b>						
\$ 5,000	Liberty Bay Bank	10/30/2023	5.2000	5.2000	\$ 5,000	\$ 5,000
5,000	Liberty Bay Bank	06/05/2024	5.0500	5.0500	5,000	5,000
10,000	First Federal Savings & Loan Assn.	12/11/2023	5.6300	5.6300	10,000	10,000
10,000	First Federal Savings & Loan Assn.	03/11/2024	5.6300	5.6300	10,000	10,000
50,000	North Cascades Bank	12/04/2023	5.6500	5.6500	50,000	50,000
50,000	North Cascades Bank	12/19/2023	5.5500	5.5500	50,000	50,000
<b>\$ 130,000</b>	<b>TOTAL CERTIFICATES OF DEPOSIT</b>				<b>\$ 130,000</b>	<b>\$ 130,000</b>
<b>INTEREST BEARING BANK DEPOSITS (15.9% of Total Portfolio)</b>						
\$ 5	Wells Fargo	---	4.8500	4.8500	\$ 5	\$ 5
62,406	Cathay Bank	---	5.1000	5.1000	62,406	62,406
101,083	Heritage Bank	---	5.1000	5.1000	101,083	101,083
106,118	JP Morgan/Chase	---	5.0497	5.0497	106,118	106,118
228,777	HomeStreet Bank	---	5.2500	5.2500	228,777	228,777
265,327	Bank of America, N.A.	---	5.0500	5.0500	265,327	265,327
462,104	Washington Federal, N.A.	---	5.1300	5.1300	462,104	462,104
603,375	Umpqua Bank	---	5.1000	5.1000	603,375	603,375
790,846	KeyBank National Association	---	5.1000	5.1000	790,846	790,846
1,074,684	U.S. Bank National Association	---	5.2500	5.2500	1,074,684	1,074,684
<b>\$ 3,694,725</b>	<b>TOTAL INTEREST BEARING BANK DEPOSITS</b>				<b>\$ 3,694,725</b>	<b>\$ 3,694,725</b>
<b>NEGOTIABLE ORDER OF WITHDRAWAL (NOW) ACCOUNTS (1.0% of Total Portfolio)</b>						
\$ 51,351	UniBank	---	5.1500	5.1500	\$ 51,351	\$ 51,351
179,989	Pacific Premier Bank	---	5.4000	5.4000	179,989	179,989
<b>\$ 231,340</b>	<b>TOTAL NOW ACCOUNTS</b>				<b>\$ 231,340</b>	<b>\$ 231,340</b>
<b>TIME CERTIFICATE OF DEPOSIT (TCD) INVESTMENT PROGRAM (0.3% of Total Portfolio)</b>						
\$ 10,000	Bank of the West	07/10/2023	4.6700	4.6700	\$ 10,000	\$ 10,000
12,000	Yakima Federal Savings & Loan Assn.	07/10/2023	4.6700	4.6700	12,000	12,000
19,000	First Financial Northwest Bank	07/10/2023	4.6700	4.6700	19,000	19,000
19,000	Numerica Credit Union	07/10/2023	4.6700	4.6700	19,000	19,000
<b>\$ 60,000</b>	<b>TOTAL TCD INVESTMENT PROGRAM</b>				<b>\$ 60,000</b>	<b>\$ 60,000</b>
<b>\$ 23,311,570</b>	<b>TOTAL INVESTMENTS</b>				<b>\$ 23,204,965</b>	<b>\$ 23,207,075</b>

(concluded)



### DISTRIBUTION BY INVESTMENT TYPE

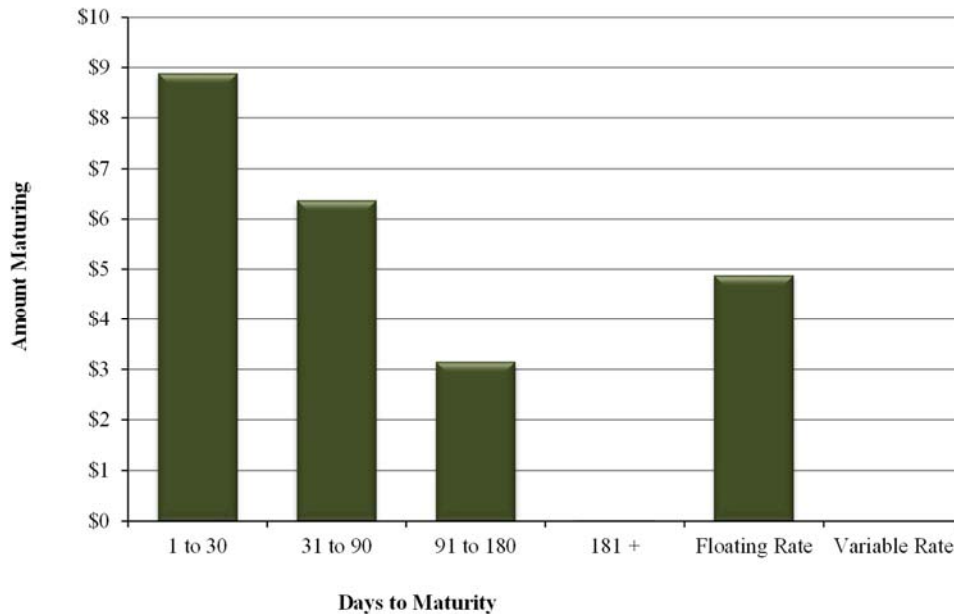
June 30, 2023



### MATURITY ANALYSIS

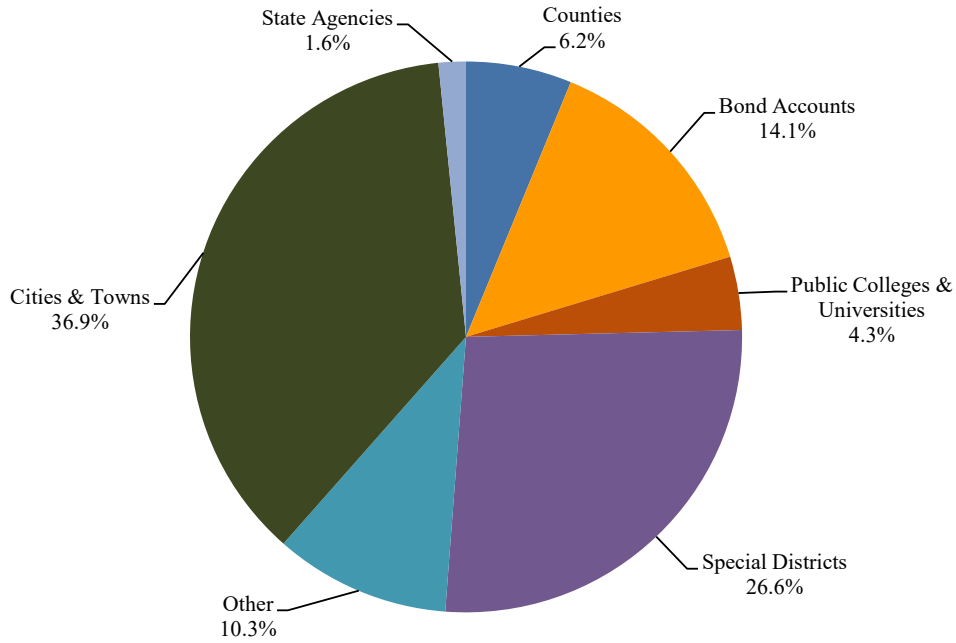
June 30, 2023

(expressed in billions)



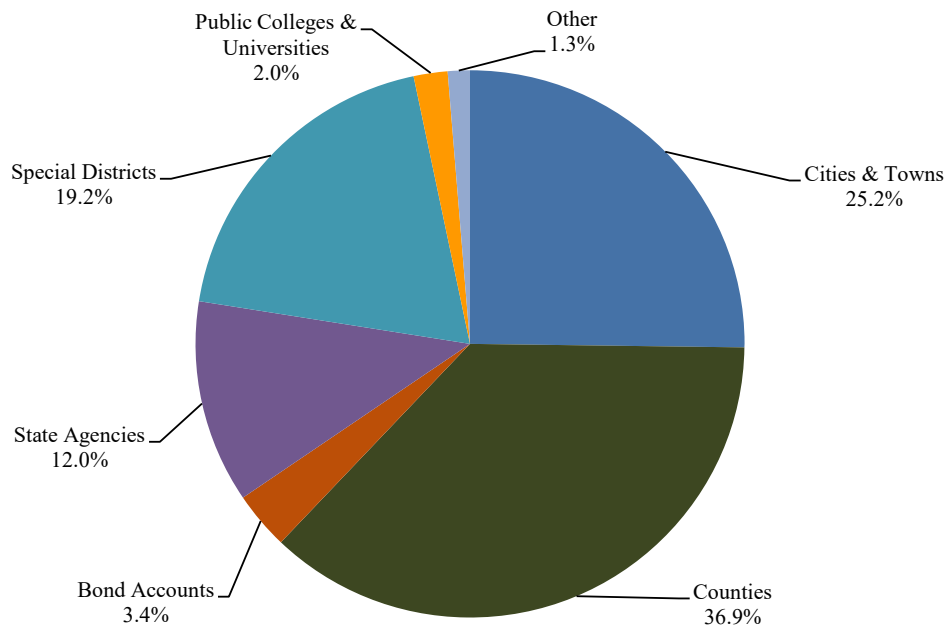
### OWNERSHIP ANALYSIS OF TOTAL ACCOUNTS

June 30, 2023

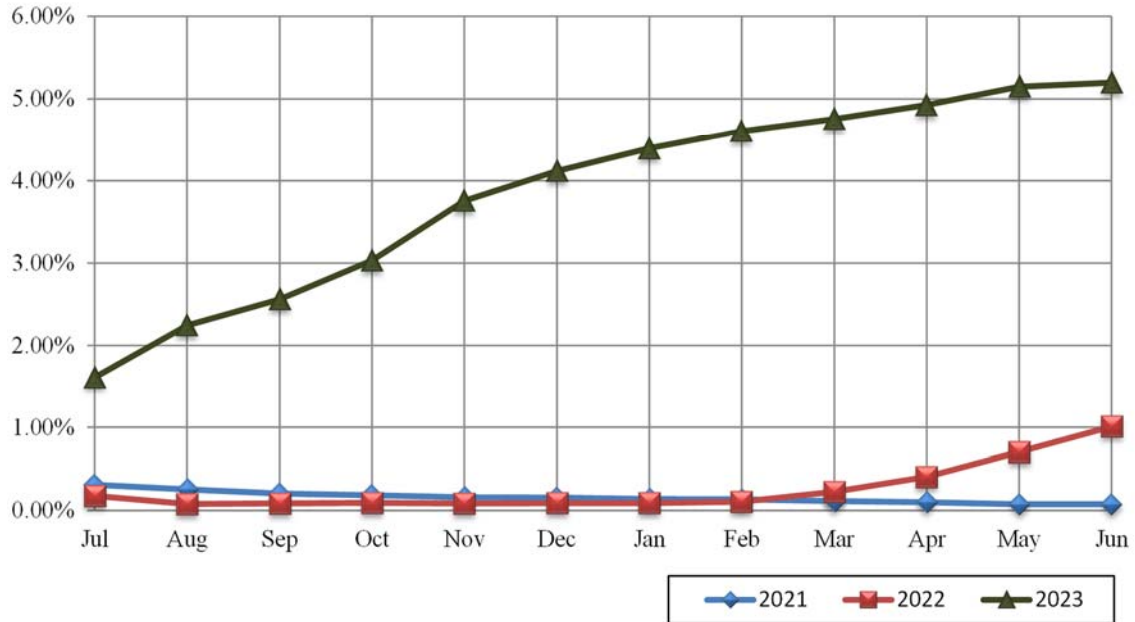


### OWNERSHIP ANALYSIS OF TOTAL BALANCES

June 30, 2023

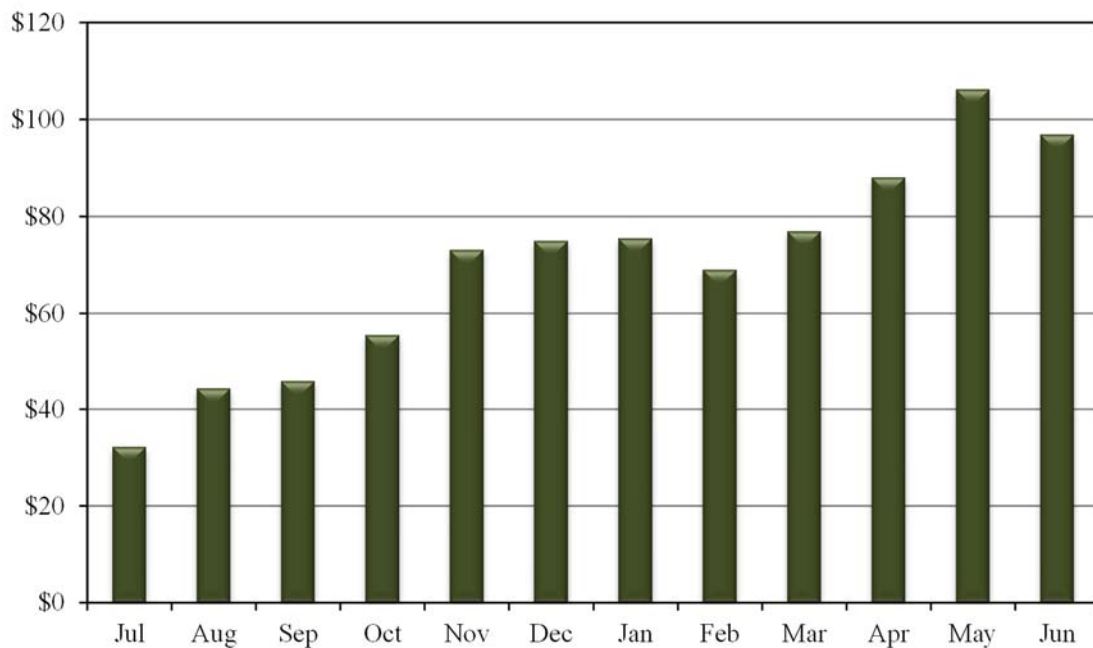


### NET RATE OF RETURN <sup>[1]</sup> Fiscal Years 2021 – 2023

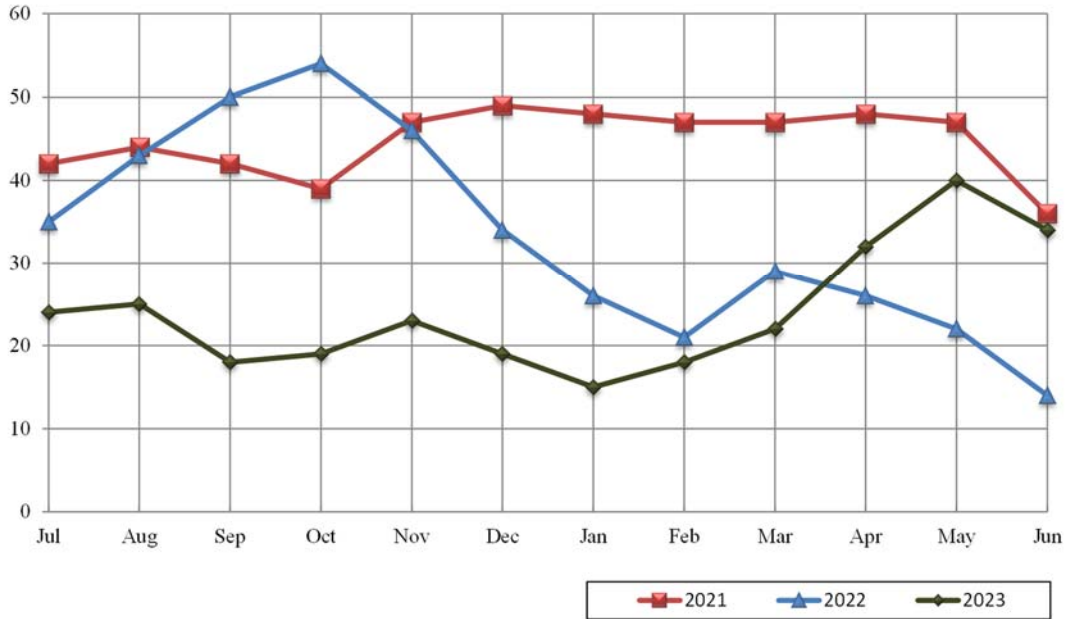


<sup>[1]</sup> Returns are calculated based on a time-weighted methodology

### NET INVESTMENT INCOME Fiscal Year 2023 (expressed in millions)



### AVERAGE DAYS TO MATURITY Fiscal Years 2021 – 2023

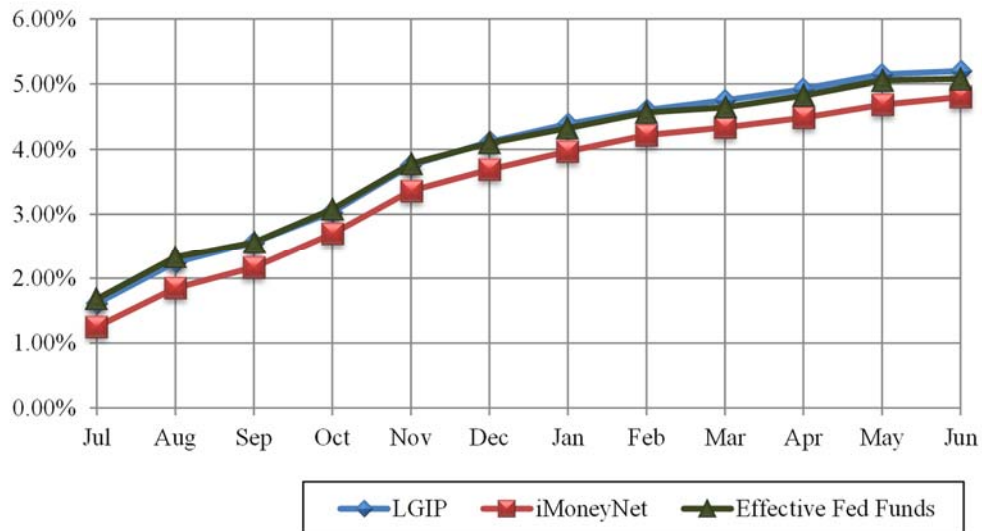


### LGIP NET EARNINGS RATE

Versus

### EFFECTIVE FEDERAL FUNDS and iMoneyNet

Fiscal Year 2023



## SCHEDULE OF PARTICIPANTS BY CONCENTRATION

June 30, 2023

Participant Type	Number of Accounts		Ownership Value	
Counties	39	6.2%	\$ 8,587,774,823	36.9%
Cities & Towns	233	36.9%	5,852,877,707	25.2%
Special Districts	168	26.6%	4,458,873,763	19.2%
State Agencies	10	1.6%	2,786,863,804	12.0%
Bond Accounts	89	14.1%	803,485,314	3.4%
Public Colleges & Universities	27	4.3%	462,378,748	2.0%
Other	65	10.3%	312,957,388	1.3%
<b>Total</b>	<b>631</b>	<b>100.0%</b>	<b>\$ 23,265,211,547</b>	<b>100.0%</b>

## SCHEDULE OF ADMINISTRATIVE EXPENSES

For the Fiscal Year Ended June 30, 2023

Category	Amount
Internal Costs <sup>[1]</sup>	\$ 976,098
External Costs <sup>[2]</sup>	<u>317,800</u>
<b>Total</b>	<b>\$ 1,293,898</b>
<sup>[1]</sup> Includes salaries, benefits and other administrative expenses.	
<sup>[2]</sup> Includes custodian, legal, and other financial services.	



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## INVESTMENT POLICY

### I. PURPOSE

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

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

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

### II. IDENTIFICATION OF FUNDS

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

### III. OBJECTIVES

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

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

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

#### IV. STANDARDS OF CARE

##### 1. Delegation of Authority

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

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

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

##### 2. Prudence

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

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

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

### 3. Ethics and Conflicts of Interest

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

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

## V. CONTROLS

### 1. Custody

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

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

### 2. Authorized Financial Dealers and Institutions

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

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

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

### 3. Competitive Transactions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## VI. ELIGIBLE AND SUITABLE INVESTMENTS

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

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

## VII. INVESTMENT PARAMETERS

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

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

### 1. Liquidity

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

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

## 2. Diversification and Percentage Limitations

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

### a. Government Securities

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

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

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

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

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

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

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

### b. Non-Government Securities

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

Certificates of Deposit	5%
Demand Deposit Accounts	50%

### 3. Investment Maturity

#### a. Maximum Final Maturity

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

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

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

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

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

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

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

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

### 4. Repurchase and Reverse Repurchase Agreements

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

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

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

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

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

## **VIII. PROFESSIONAL SERVICES**

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

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

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

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

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

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

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



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

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

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

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

## **IX. ADVISORY COMMITTEE**

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

## **X. PERFORMANCE BENCHMARK**

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

## **XI. REPORTING REQUIREMENTS**

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

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

Effective Date: December 14, 2018



**STATISTICAL  
SECTION**



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## STATISTICAL NARRATIVE

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

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

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



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

	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018
<b>Assets</b>					
Investments					
Repurchase Agreements	\$ 1,200,000	\$ 2,968,200	\$ 3,584,529	\$ 4,700,000	\$ 5,025,000
U.S. Agency Securities	8,286,217	6,542,072	6,687,452	6,996,226	5,722,558
U.S. Treasury Securities	649,887	549,799	1,373,535	1,627,974	3,833,605
Supranational Securities	-	-	-	334,865	828,094
Certificates of Deposit	26,500	26,500	30,000	29,175	130,000
Interest Bearing Bank Deposits	856,267	718,175	851,080	845,706	1,361,000
Negotiable Order of Withdrawal (NOW) Accounts	101,932	102,102	187,542	293,747	218,654
Time Certificate of Deposit (TCD) Program	35,950	37,610	42,320	44,870	47,395
Total	<u>11,156,753</u>	<u>10,944,458</u>	<u>12,756,458</u>	<u>14,872,563</u>	<u>17,166,306</u>
Due from Brokers (Securities Purchased But Not Settled)					
U.S. Treasury Securities	-	299,833	-	-	-
U.S. Agency Securities	-	199,948	174,821	-	-
Total Investments (Trade Date Basis)	<u>11,156,753</u>	<u>11,444,239</u>	<u>12,931,279</u>	<u>14,872,563</u>	<u>17,166,306</u>
Other Assets					
Cash	1	41	1	-	11,101
Interest Receivable	582	709	2,503	4,630	10,127
Total Other Assets	<u>583</u>	<u>750</u>	<u>2,504</u>	<u>4,630</u>	<u>21,228</u>
Total Assets	<u>11,157,336</u>	<u>11,444,989</u>	<u>12,933,783</u>	<u>14,877,193</u>	<u>17,187,534</u>
<b>Liabilities</b>					
Accrued Expenses	84	114	157	252	118
Investment Trades Pending Payable	-	499,781	174,822	-	-
Total Liabilities	<u>84</u>	<u>499,895</u>	<u>174,979</u>	<u>252</u>	<u>118</u>
<b>Net Position</b>					
Held in Trust for Pool Participants	<u>\$ 11,157,252</u>	<u>\$ 10,945,094</u>	<u>\$ 12,758,804</u>	<u>\$ 14,876,941</u>	<u>\$ 17,187,416</u>
	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023
<b>Assets</b>					
Investments					
Repurchase Agreements	\$ 3,950,000	\$ 1,625,000	\$ 1,550,000	\$ 6,200,000	\$ 3,400,000
U.S. Agency Securities	6,135,294	3,599,705	4,069,183	7,889,987	5,683,043
U.S. Treasury Securities	3,451,487	14,457,549	15,566,121	8,999,807	9,610,556
Supranational Securities	892,933	524,209	426,241	549,089	395,301
Certificates of Deposit	140,000	130,000	70,000	20,000	130,000
Interest Bearing Bank Deposits	2,508,296	2,030,773	1,558,732	934,526	3,694,725
Negotiable Order of Withdrawal (NOW) Accounts	248,890	671,319	557,783	602,528	231,340
Time Certificate of Deposit (TCD) Program	54,250	79,000	42,000	39,625	60,000
Total	<u>17,381,150</u>	<u>23,117,555</u>	<u>23,840,060</u>	<u>25,235,562</u>	<u>23,204,965</u>
Due from Brokers (Securities Purchased But Not Settled)					
U.S. Treasury Securities	-	549,673	699,898	1,095,320	-
U.S. Agency Securities	-	-	-	299,197	-
Total Investments (Trade Date Basis)	<u>17,381,150</u>	<u>23,667,228</u>	<u>24,539,958</u>	<u>26,630,079</u>	<u>23,204,965</u>
Other Assets					
Cash	-	115	6,002	501	2,113
Interest Receivable	16,388	3,285	4,877	11,763	58,940
Total Other Assets	<u>16,388</u>	<u>3,400</u>	<u>10,879</u>	<u>12,264</u>	<u>61,053</u>
Total Assets	<u>17,397,538</u>	<u>23,670,628</u>	<u>24,550,837</u>	<u>26,642,343</u>	<u>23,266,018</u>
<b>Liabilities</b>					
Accrued Expenses	95	92	87	120	163
Investment Trades Pending Payable	-	549,673	699,898	1,394,518	-
Total Liabilities	<u>95</u>	<u>549,765</u>	<u>699,985</u>	<u>1,394,638</u>	<u>163</u>
<b>Net Position</b>					
Held in Trust for Pool Participants	<u>\$ 17,397,443</u>	<u>\$ 23,120,863</u>	<u>\$ 23,850,852</u>	<u>\$ 25,247,705</u>	<u>\$ 23,265,855</u>

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

	2014	2015	2016	2017	2018
<b>ADDITIONS</b>					
Contributions from Participants	\$ 25,735,242	\$ 35,255,884	\$ 43,302,523	\$ 46,570,125	\$ 49,645,216
Investment Income:					
Investment Earnings	12,254	12,597	34,229	84,168	188,407
Less: Investment Expenses	(63)	(37)	(365)	(871)	(377)
Net Investment Earnings	12,191	12,560	33,864	83,297	188,030
Miscellaneous	-	-	-	3	3
Total Additions	25,747,433	35,268,444	43,336,387	46,653,425	49,833,249
<b>DEDUCTIONS</b>					
Distributions to Participants	25,224,106	35,479,699	41,521,752	44,534,344	47,521,809
Administrative Expenses	912	903	925	944	965
Total Deductions	25,225,018	35,480,602	41,522,677	44,535,288	47,522,774
Change In Fiduciary Net Position	522,415	(212,158)	1,813,710	2,118,137	2,310,475
Net Position - Beginning of Year	10,634,837	11,157,252	10,945,094	12,758,804	14,876,941
Net Position - End of Year	<u>\$ 11,157,252</u>	<u>\$ 10,945,094</u>	<u>\$ 12,758,804</u>	<u>\$ 14,876,941</u>	<u>\$ 17,187,416</u>
	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>ADDITIONS</b>					
Contributions from Participants	\$ 57,605,541	\$ 62,733,478	\$ 65,592,280	\$ 66,640,254	\$ 71,833,442
Investment Income:					
Investment Earnings	360,408	268,490	36,175	63,888	840,253
Less: Investment Expenses	(222)	(192)	(232)	(222)	(436)
Net Investment Earnings	360,186	268,298	35,943	63,666	839,817
Miscellaneous	7	-	-	-	3
Total Additions	57,965,734	63,001,776	65,628,223	66,703,920	72,673,262
<b>DEDUCTIONS</b>					
Distributions to Participants	57,754,668	57,277,156	64,897,073	65,305,854	74,653,818
Administrative Expenses	1,039	1,200	1,161	1,213	1,294
Total Deductions	57,755,707	57,278,356	64,898,234	65,307,067	74,655,112
Change In Fiduciary Net Position	210,027	5,723,420	729,989	1,396,853	(1,981,850)
Net Position - Beginning of Year	17,187,416	17,397,443	23,120,863	23,850,852	25,247,705
Net Position - End of Year	<u>\$ 17,397,443</u>	<u>\$ 23,120,863</u>	<u>\$ 23,850,852</u>	<u>\$ 25,247,705</u>	<u>\$ 23,265,855</u>



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

Investment Type	6/30/2023		6/30/2022		6/30/2021		6/30/2020		6/30/2019	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Certificates of Deposit	\$ 130,000	0.6%	\$ 20,000	0.1%	\$ 70,000	0.3%	\$ 130,000	0.6%	\$ 140,000	0.8%
Interest Bearing Bank Deposits	3,694,725	15.9%	934,526	3.5%	1,558,732	6.3%	2,030,773	8.6%	2,508,296	14.4%
Negotiable Order of Withdrawal Accounts	231,340	1.0%	602,528	2.3%	557,783	2.3%	671,319	2.8%	248,890	1.4%
Time Certificate of Deposit Program	60,000	0.3%	39,625	0.1%	42,000	0.2%	79,000	0.3%	54,250	0.3%
Repurchase Agreements	3,400,000	14.6%	6,200,000	23.3%	1,550,000	6.3%	1,625,000	6.9%	3,950,000	22.7%
Supranational Securities	395,301	1.7%	549,089	2.1%	426,241	1.7%	524,209	2.2%	892,933	5.2%
U.S. Agency Securities	5,683,043	24.5%	8,189,184	30.7%	4,069,183	16.6%	3,599,705	15.2%	6,135,294	35.3%
U.S. Treasury Securities	9,610,556	41.4%	10,095,127	37.9%	16,266,019	66.3%	15,007,222	63.4%	3,451,487	19.9%
<b>Total</b>	<b>\$ 23,204,965</b>	<b>100.0%</b>	<b>\$ 26,630,079</b>	<b>100.0%</b>	<b>\$ 24,539,958</b>	<b>100.0%</b>	<b>\$ 23,667,228</b>	<b>100.0%</b>	<b>\$ 17,381,150</b>	<b>100.0%</b>

Investment Type	6/30/2018		6/30/2017		6/30/2016		6/30/2015		6/30/2014	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Certificates of Deposit	\$ 130,000	0.8%	\$ 29,175	0.2%	\$ 30,000	0.2%	\$ 26,500	0.2%	\$ 26,500	0.2%
Interest Bearing Bank Deposits	1,361,000	7.9%	845,706	5.7%	851,080	6.6%	718,175	6.3%	856,267	7.7%
Negotiable Order of Withdrawal Accounts	218,654	1.3%	293,747	2.0%	187,542	1.5%	102,102	0.9%	101,932	0.9%
Time Certificate of Deposit Program	47,395	0.3%	44,870	0.3%	42,320	0.3%	37,610	0.3%	35,950	0.3%
Repurchase Agreements	5,025,000	29.3%	4,700,000	31.6%	3,584,529	27.7%	2,968,200	26.0%	1,200,000	10.8%
Supranational Securities	828,094	4.8%	334,865	2.3%	0	0.0%	0	0.0%	0	0.0%
U.S. Agency Securities	5,722,558	33.3%	6,996,226	47.0%	6,862,273	53.1%	6,742,020	58.9%	8,286,217	74.3%
U.S. Treasury Securities	3,833,605	22.3%	1,627,974	10.9%	1,373,535	10.6%	849,632	7.4%	649,887	5.8%
<b>Total</b>	<b>\$ 17,166,306</b>	<b>100.0%</b>	<b>\$ 14,872,563</b>	<b>100.0%</b>	<b>\$ 12,931,279</b>	<b>100.0%</b>	<b>\$ 11,444,239</b>	<b>100.0%</b>	<b>\$ 11,156,753</b>	<b>100.0%</b>

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

Participant Type	6/30/2023		6/30/2022		6/30/2021		6/30/2020		6/30/2019	
	Number of Accounts	Percent	Number of Accounts	Percent	Number of Accounts	Percent	Number of Accounts	Percent	Number of Accounts	Percent
Counties	39	6.2%	39	6.3%	39	5.9%	39	6.2%	39	6.1%
Cities & Towns	233	36.9%	232	37.8%	231	34.9%	231	36.7%	228	35.8%
Special Districts	168	26.6%	146	23.8%	151	22.8%	150	23.8%	149	23.4%
Bond Accounts	89	14.1%	102	16.6%	107	16.2%	96	15.2%	105	16.5%
Public Colleges & Universities	27	4.3%	28	4.6%	27	4.1%	27	4.3%	28	4.4%
State Agencies	10	1.6%	7	1.1%	7	1.1%	7	1.1%	6	0.9%
Other	65	10.3%	60	9.8%	99	15.0%	80	12.7%	82	12.9%
<b>Total</b>	<b>631</b>	<b>100.0%</b>	<b>614</b>	<b>100.0%</b>	<b>661</b>	<b>100.0%</b>	<b>630</b>	<b>100.0%</b>	<b>637</b>	<b>100.0%</b>

Participant Type	6/30/2018		6/30/2017		6/30/2016		6/30/2015		6/30/2014	
	Number of Accounts	Percent	Number of Accounts	Percent	Number of Accounts	Percent	Number of Accounts	Percent	Number of Accounts	Percent
Counties	39	6.3%	39	6.4%	39	7.5%	39	7.2%	39	7.3%
Cities & Towns	226	36.8%	223	36.7%	223	43.0%	222	41.2%	224	41.6%
Special Districts	143	23.3%	135	22.2%	129	24.9%	132	24.5%	118	21.9%
Bond Accounts	93	15.1%	94	15.5%	89	17.1%	107	19.9%	103	19.2%
Public Colleges & Universities	28	4.6%	28	4.6%	28	5.4%	28	5.2%	28	5.2%
State Agencies	6	1.0%	8	1.3%	7	1.3%	7	1.3%	7	1.3%
Other	79	12.9%	81	13.3%	4	0.8%	4	0.7%	19	3.5%
<b>Total</b>	<b>614</b>	<b>100.0%</b>	<b>608</b>	<b>100.0%</b>	<b>519</b>	<b>100.0%</b>	<b>539</b>	<b>100.0%</b>	<b>538</b>	<b>100.0%</b>

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

Participant Type	6/30/2023		6/30/2022		6/30/2021		6/30/2020		6/30/2019	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Counties	\$ 8,587,775	36.9%	\$ 7,306,391	28.9%	\$ 9,490,339	39.8%	\$ 9,288,693	40.2%	\$ 7,225,174	41.5%
Cities & Towns	5,852,878	25.2%	5,676,182	22.5%	4,979,597	20.9%	4,589,577	19.8%	3,184,380	18.3%
Special Districts	4,458,874	19.2%	4,132,937	16.4%	4,090,118	17.1%	3,055,177	13.2%	2,754,032	15.8%
Bond Accounts	803,485	3.4%	710,004	2.8%	1,128,322	4.7%	822,091	3.6%	695,510	4.0%
Public Colleges & Universities	462,379	2.0%	490,623	1.9%	523,125	2.2%	435,303	1.9%	400,554	2.3%
State Agencies	2,786,864	12.0%	6,649,768	26.4%	3,478,822	14.6%	4,793,749	20.7%	2,985,099	17.2%
Other	312,957	1.3%	281,453	1.1%	160,443	0.7%	136,147	0.6%	152,567	0.9%
<b>Total</b>	<b>\$ 23,265,212</b>	<b>100.0%</b>	<b>\$ 25,247,358</b>	<b>100.0%</b>	<b>\$ 23,850,766</b>	<b>100.0%</b>	<b>\$ 23,120,737</b>	<b>100.0%</b>	<b>\$ 17,397,316</b>	<b>100.0%</b>

Participant Type	6/30/2018		6/30/2017		6/30/2016		6/30/2015		6/30/2014	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Counties	\$ 6,117,099	35.6%	\$ 5,970,693	40.1%	\$ 5,387,999	42.2%	\$ 4,727,507	43.2%	\$ 5,007,406	44.9%
Cities & Towns	2,574,651	15.0%	2,564,351	17.3%	2,288,670	17.9%	1,872,828	17.1%	1,923,917	17.2%
Special Districts	2,875,214	16.8%	1,988,177	13.4%	1,636,434	12.8%	1,763,317	16.1%	1,377,993	12.4%
Bond Accounts	650,119	3.8%	659,434	4.4%	466,375	3.7%	411,968	3.8%	471,949	4.2%
Public Colleges & Universities	274,826	1.6%	287,448	1.9%	247,998	2.0%	337,089	3.1%	316,762	2.8%
State Agencies	4,472,884	26.0%	3,290,269	22.1%	2,730,759	21.4%	1,821,106	16.6%	2,042,937	18.3%
Other	210,656	1.2%	116,515	0.8%	489	0.0%	11,256	0.1%	16,276	0.2%
<b>Total</b>	<b>\$ 17,175,449</b>	<b>100.0%</b>	<b>\$ 14,876,887</b>	<b>100.0%</b>	<b>\$ 12,758,724</b>	<b>100.0%</b>	<b>\$ 10,945,071</b>	<b>100.0%</b>	<b>\$ 11,157,240</b>	<b>100.0%</b>

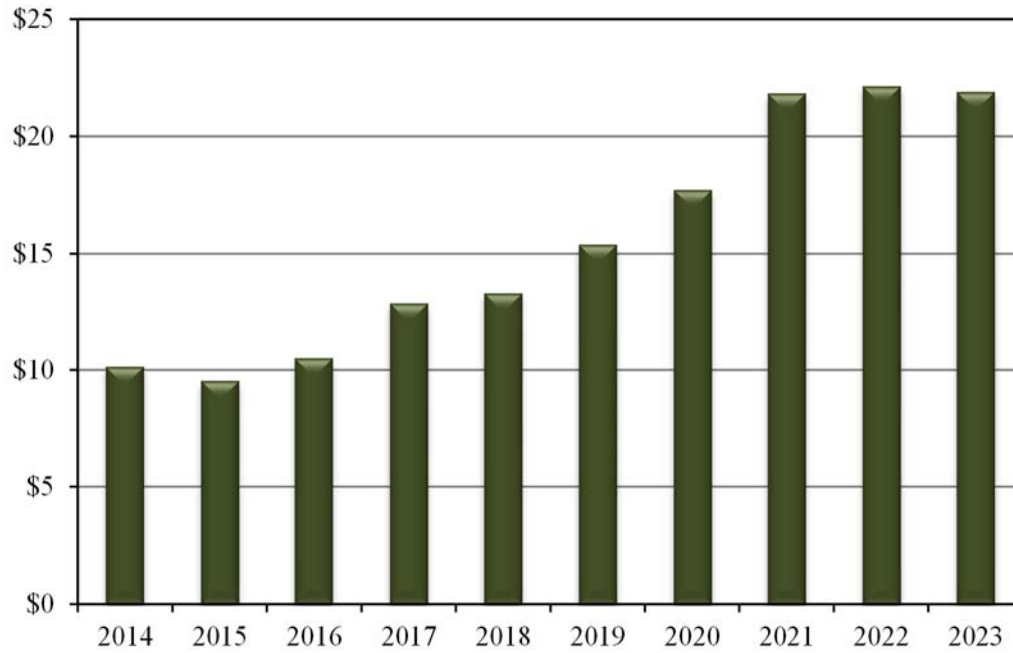
**TABLE 6**  
**FINANCIAL HIGHLIGHTS**  
Last Ten Fiscal Years

	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019
Investments Purchased	\$1,220,069,524,172	\$ 601,808,056,695	\$ 319,315,709,523	\$ 400,197,216,593	\$ 497,326,187,871
Investments Sold	\$ 14,769,290,046	\$ 17,491,717,644	\$ 22,667,692,417	\$ 32,680,961,217	\$ 31,091,567,415
Investments Matured	\$1,209,040,909,794	\$ 582,249,429,728	\$ 295,791,295,346	\$ 361,379,140,000	\$ 466,198,564,977
Net Investment Income	\$ 838,526,018	\$ 62,453,050	\$ 34,781,224	\$ 267,099,190	\$ 359,153,943
Administrative Expenses	\$ 1,293,898	\$ 1,212,812	\$ 1,161,381	\$ 1,199,587	\$ 1,038,808
Average Annualized Monthly Yield	3.86 percent	.26 percent	.16 percent	1.58 percent	2.34 percent
Weighted Average Maturity (WAM)	34 days	14 days	36 days	50 days	43 days
Weighted Average Life (WAL)	91 days	106 days	78 days	107 days	82 days
Participant Contributions	\$ 71,833,441,741	\$ 66,640,254,441	\$ 65,592,280,153	\$ 62,733,477,779	\$ 57,605,541,228
Participant Distributions	\$ 74,653,818,062	\$ 65,305,854,903	\$ 64,897,072,585	\$ 57,277,156,467	\$ 57,754,668,474

	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
Investments Purchased	\$ 531,151,943,648	\$ 525,966,439,695	\$ 492,732,198,053	\$ 281,964,025,725	\$ 128,312,368,689
Investments Sold	\$ 24,828,304,363	\$ 21,423,921,000	\$ 15,078,156,178	\$ 18,486,227,699	\$ 30,073,234,697
Investments Matured	\$ 504,116,644,019	\$ 502,632,570,282	\$ 476,177,545,000	\$ 263,095,646,386	\$ 97,721,262,684
Net Investment Income	\$ 187,068,261	\$ 82,356,073	\$ 32,938,554	\$ 11,657,277	\$ 11,279,324
Administrative Expenses	\$ 965,259	\$ 943,852	\$ 925,006	\$ 903,128	\$ 911,822
Average Annualized Monthly Yield	1.40 percent	0.63 percent	0.31 percent	0.12 percent	0.11 percent
Weighted Average Maturity (WAM)	33 days	26 days	35 days	36 days	30 days
Weighted Average Life (WAL)	80 days	72 days	100 days	86 days	85 days
Participant Contributions	\$ 49,645,215,689	\$ 46,570,124,800	\$ 43,302,522,970	\$ 35,255,884,315	\$ 25,735,242,074
Participant Distributions	\$ 47,521,808,515	\$ 44,534,344,752	\$ 41,521,751,691	\$ 35,479,698,455	\$ 25,224,106,673

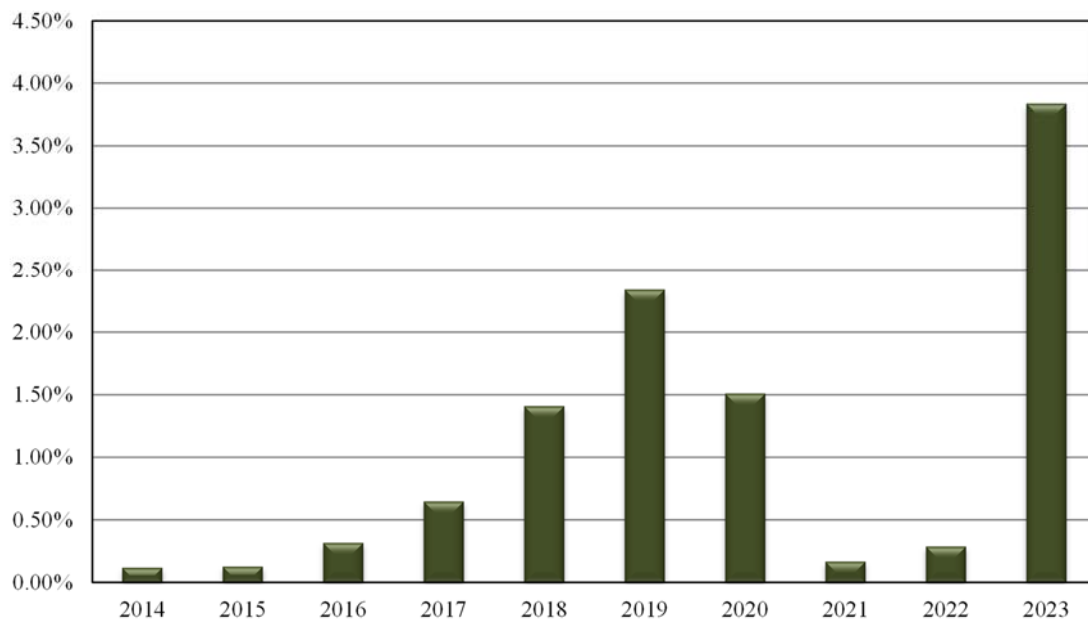
### AVERAGE INVESTED BALANCES

Last Ten Fiscal Years  
(expressed in billions)

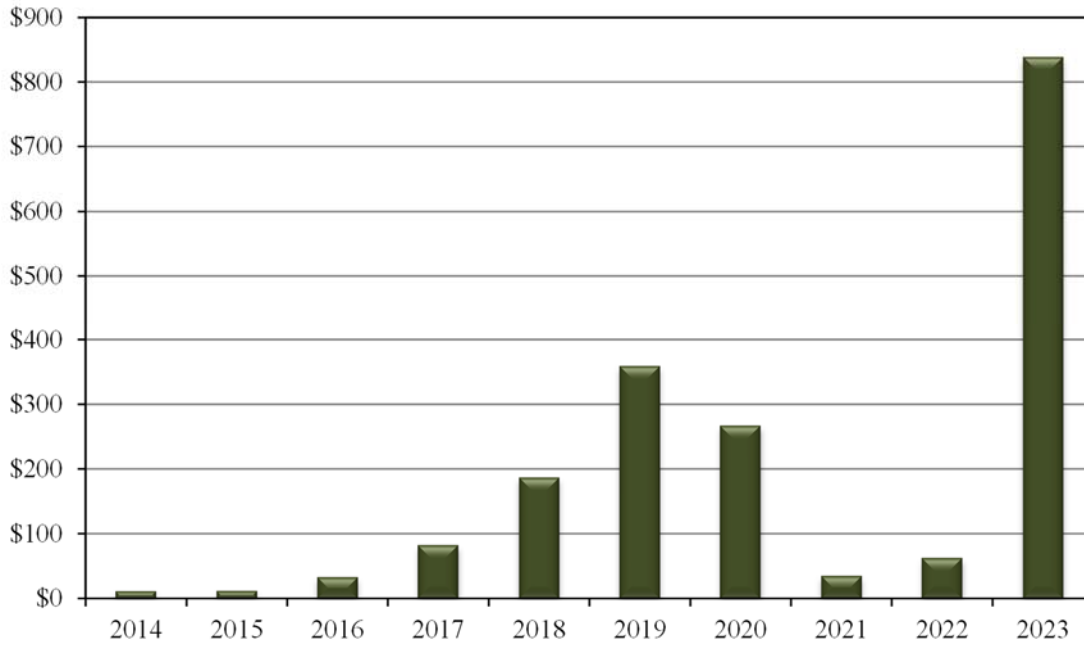


### PORTFOLIO YIELD

Last Ten Fiscal Years



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



**LGIP versus iMoneyNet**

	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs
<b>Compounded Annual Return</b>					
LGIP	3.924%	1.434%	1.652%	1.515%	1.082%
iMoneyNet	3.507%	1.252%	1.371%	1.168%	0.818%
<b>Cumulative Return</b>					
LGIP	3.924%	4.364%	8.537%	11.099%	11.360%
iMoneyNet	3.507%	3.802%	7.046%	8.468%	8.490%



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

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