



JAMES L. McINTIRE
State Treasurer

State of Washington
Office of the Treasurer

To: The Honorable Jay Inslee, Governor
The Honorable Members of the Washington State Legislature and
The Citizens of Washington

I am pleased to report that in Fiscal Year (FY) 2013, the Office of the State Treasurer maintained its strong performance in core functions including investments, cash management and debt issuance to provide the safety, liquidity and capital financing needs for the state.

Debt Management: The state took advantage of historically low interest rates during FY 2013 with three refunding sales. On a present value basis, savings over the life of the refunded bonds total \$160.2 million. Debt service savings in the 2011-13 biennium total \$6.4 million and savings in the 2013-15 biennium total \$11.9 million.

Cash Management and Warrant Processing: Cash Management administered a cash flow of over \$514.6 billion in FY 2013. Over 7.1 million electronic transfers totaling over \$51.4 billion were processed through the automated clearinghouse (ACH). In FY 2013, over 2.2 million warrants representing over \$5 billion were processed with 86 warrant forgery claims filed.

State Treasury and Treasurer's Trust: All accounts in the state treasury and in custody of the treasurer are pooled for investment purposes. The captive nature of these accounts allows the portfolio to be invested in longer maturities, where over time they will achieve a higher yield. The continued low targeted fed funds rate led to a decline in earnings from \$34 to \$30 million. The rate fell from 1.14% to 0.76% with an average balance \$3.9 billion.

Local Government Investment Pool (LGIP) Our pool continues to be a sound investment option for local governments and institutions of higher education. The Fed kept the targeted funds rate at between 0.00% and 0.25% during the fiscal year in an effort to spur economic growth. The FY 2013 average yield of 0.18% was higher than the 0.14% average for FY 2012. The average balance in the LGIP portfolio during the fiscal year was \$9.415 billion.

The combination of higher balances and higher yields resulted in earnings of \$18.6 million, an increase of \$2.2 million over FY 2012. The LGIP serves 545 participants in 755 accounts. The total portfolio at the end of the fiscal year was \$10.633 billion. In FY 2013, the LGIP had a net administrative charge of 0.871 basis points.

Other highlights of 2013:

School Bond Guarantee Program The School Bond Guarantee Program has grown steadily since its launch in early 2000. The program authorizes the state to guarantee payment on school district general obligation debt backed by the full faith and credit of the state. Since 2000, bonds totaling approximately \$15.2 billion have been issued by 216 school districts through the School Bond Guarantee Program.

Guaranteed Education Tuition (GET) Since 1998, Washington residents have been saving for college with GET, our state's 529 prepaid tuition plans. As of the end of FY 2013, 152,079 families have opened GET accounts and 30,484 students have already used their GET accounts to attend colleges and universities nationwide. These accounts are valued at more than \$2.2 billion.

Sincerely,

A handwritten signature in black ink that reads "James L. McIntire". The signature is written in a cursive style with a large initial "J".

James L. McIntire
Washington State Treasurer