



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) 2015, 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 entered the financial market four times during fiscal year 2015 on behalf of the State Finance Committee. Issuance included \$853.7 million various purpose general obligation and motor vehicle fuel tax general obligation bonds. An additional \$2.6 billion general obligation refunding bonds were sold to refinance outstanding debt, providing debt service savings on a present value basis in excess of \$274.6 million. The state issued \$93.3 million through the Certificates of Participation (COP) Program for state agencies and on behalf of local governments.

Cash Management and Warrant Processing: Cash Management administered a cash flow of over \$220 billion in FY 2015. Over 8 million electronic transfers totaling over \$61.1 billion were processed through the automated clearinghouse (ACH). In FY 2015, over 1.9 million warrants representing over \$4.1 billion were processed with 50 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. Even with the continued low targeted fed funds rate the earnings increased from \$21 to 32 million. The rate increased from 0.48% to 0.72% with an average balance of \$4.4 billion.

Local Government Investment Pool (LGIP): Our pool continues to be a sound investment option for local governments and institutions of higher

education. FY 2015 was a challenging one for short-term investors as the Fed kept the targeted funds rate at between 0.00% and 0.25% for the sixth consecutive year in an effort to spur economic growth. The FY 2015 average yield of 0.12% was higher than the 0.11% average for FY 2014. The average balance in the LGIP portfolio during the fiscal year was \$9.520 billion.

The combination of lower balances but slightly higher yields resulted in earnings of \$11.7 million, an increase of \$0.4 million from FY 2014. The LGIP serves 539 participants in 769 accounts. The total portfolio at the end of the fiscal year was \$11.444 billion. In FY 2015, the LGIP had an administrative charge of 0.95 basis points.

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 \$18.4 billion have been issued by 217 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 plan. As of the end of FY 2015, 162,540 families have opened GET accounts and 40,955 students have already used their GET accounts to attend colleges and universities nationwide. These accounts are valued at more than \$2.6 billion.

Sincerely,

A handwritten signature in black ink, appearing to read "James L. McIntire".

James L. McIntire
Washington State Treasurer