

STATE OF WASHINGTON
OFFICE OF THE STATE TREASURER

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

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2020





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FINANCIAL REPORT**

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Report prepared by:

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

Operations Division

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

Investment Division

James Rosenkoetter, Deputy State Treasurer
Shawn Reed, Portfolio Manager
Staci Ashe, LGIP Administrator

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2020

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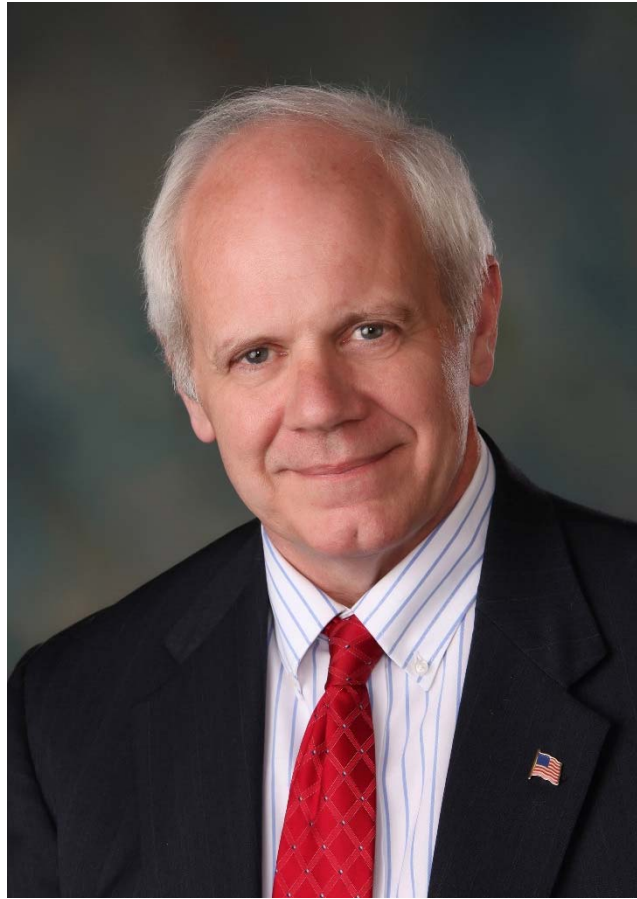
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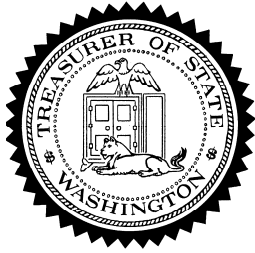
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Duane A. Davidson
Washington State Treasurer



DUANE A. DAVIDSON
State Treasurer

Washington Office of the State Treasurer

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

During Fiscal Year 2020:

- The average balance in the LGIP portfolio was \$17.7 billion maintained by 630 participants.
- The LGIP had an administrative fee of 0.7 basis points. This is the fourteenth 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 46 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 \$69.8 million over what the average comparable money market fund would have generated.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Duane A. Davidson".

Duane A. Davidson
State Treasurer



**INTRODUCTORY
SECTION**





DUANE A. DAVIDSON
State Treasurer

State of Washington
Office of the Treasurer
Local Government Investment Pool

October 7, 2020

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

I am pleased to submit this Comprehensive Annual Financial Report (CAFR) of the state of Washington Local Government Investment Pool (LGIP) for the fiscal year ended June 30, 2020. This report has been prepared by the Office of the State Treasurer (OST) pursuant to Revised Code of Washington (RCW) 43.250.080. It includes only activity of the LGIP and does not include data or information related to other state agencies or funds.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with OST management. A framework of internal controls has been established by management for this purpose, as well as to ensure information reported in the investment section is reliable. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free from any material misstatements.

To the best of our knowledge, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and changes in net position of the LGIP in conformity with generally accepted accounting principles (GAAP). All disclosures necessary to enable the reader to gain an understanding of the LGIP's financial activities have been included. Data presented in the investment section is prepared on a basis consistent with other sections of the report.

The LGIP's financial statements have been audited by Eide Bailly LLP, a firm of licensed certified public accountants. The independent auditor concluded the enclosed financial statements are presented fairly in conformity with GAAP. The independent auditor's report is included in the financial section of this report.

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

LGIP Profile

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

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

Investment Policies and Practices

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

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

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

Financial and Economic Information

The economic condition of the LGIP is based primarily upon investment earnings. Due to the short-term nature of the portfolio, and the types of investments utilized, yields closely follow the targeted federal funds rate. With an average invested balance of \$17.7 billion during the fiscal year, the LGIP produced a net average monthly portfolio yield of 1.58 percent. The LGIP exceeded its benchmark by 46 basis points, resulting in \$69.8 million in additional interest income for participants.

Fiscal year 2020 was marked by easing of monetary policy by the Federal Open Market Committee (FOMC). The FOMC lowered its target for the federal funds rate five times from July 2019 through June 2020 stating that the labor market remained strong through February until the coronavirus outbreak and measures taken to protect public health induced a sharp decline in the economy and a surge in job losses. The targeted federal funds rate range began the fiscal year at 2-1/4 to 2-1/2 percent and ended the period at 0 to 1/4 percent.

Prior to the pandemic, the FOMC remarked that economic activity rose at a moderate rate; job gains had been solid; the unemployment rate stayed low; and household spending grew moderately while business fixed investment remained weak. Subsequently, the ongoing public health crisis has weighed heavily on economic activity, employment, and inflation in the near term.

Consistent with its statutory mandate, the FOMC seeks to foster maximum employment and price stability. The Committee continues to monitor incoming information related to the economic outlook, public health, and inflation pressures. The Committee expects to maintain the current target range until it is confident that the economy has weathered recent events and is on track to achieve its mandate.

During the first quarter of fiscal year 2021, the FOMC kept its target range for the federal funds rate at 0 to 1/4 percent to foster maximum employment and price stability. In determining the timing and size of future adjustments, the Committee will assess realized and expected economic conditions relative to its objectives.

Major Initiatives

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 CAFR for the fiscal year ended June 30, 2019. This was the twenty-third consecutive year the LGIP achieved this prestigious award. To be awarded a Certificate of Achievement, OST had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgments

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

Additional Information

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

Sincerely,



Shad Pruitt
Deputy State Treasurer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**State of Washington
Local Government Investment
Pool**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

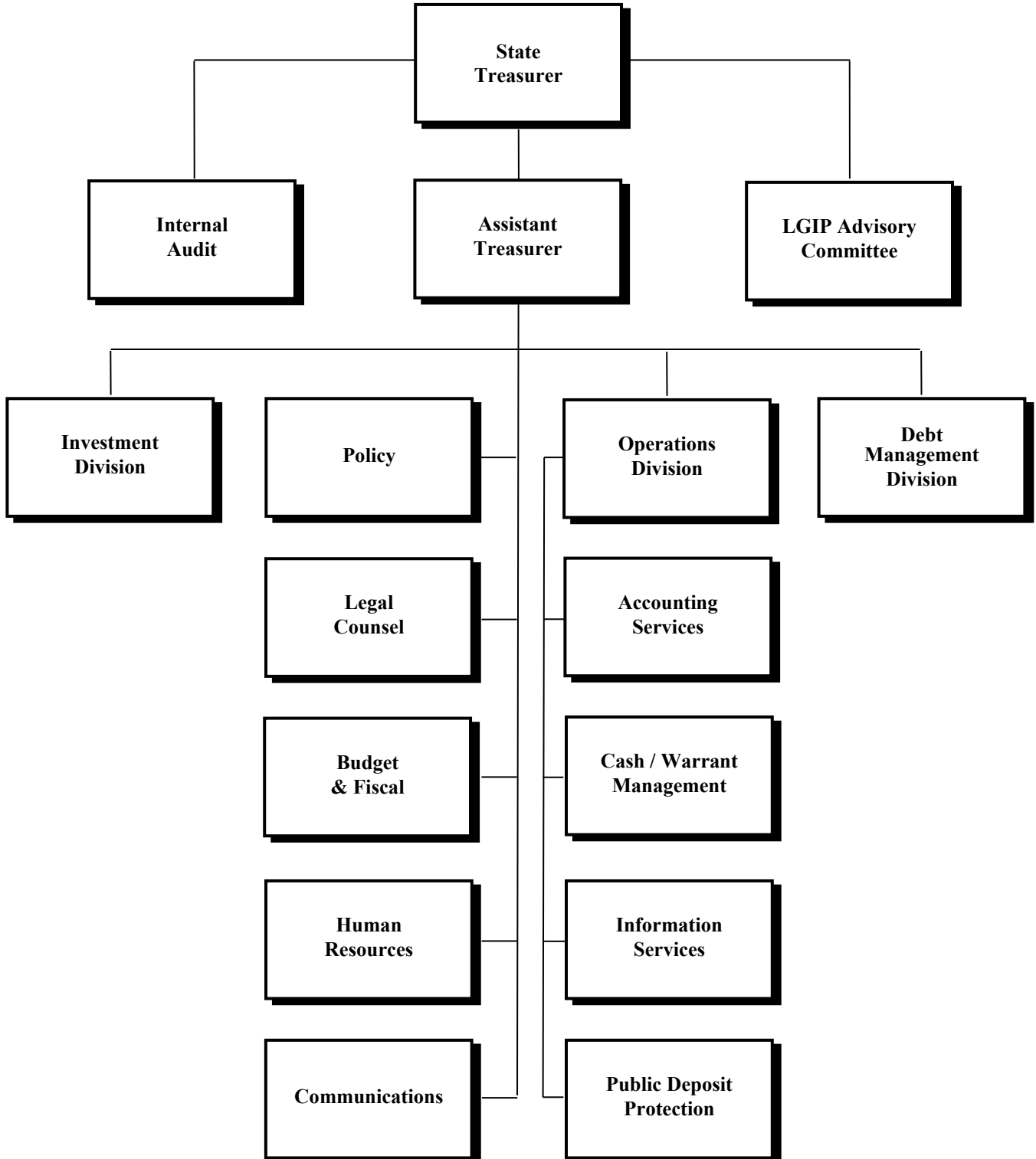
June 30, 2019

Christopher P. Morrill

Executive Director/CEO

ORGANIZATIONAL CHART

Office of the State Treasurer



ADVISORY COMMITTEE
Members

Melissa Ankeny
Accounting Manager
Clark Public Utilities

Dan Legard
Finance Director
City of Kennewick

Kipp Drummond
Treasurer
Kennewick Irrigation District

Kayla Meise
Treasurer
Adams County

Lisa Frazier
Treasurer
Mason County

David Morrison
Finance Director
Port of Tacoma

Pam Frost
Finance Director
Snohomish County Housing Authority

Michael Olson
Finance Director
City of Kirkland

Toni Habegger
Assistant VP & CFO
Eastern Washington University

Karen Thomas
Chief Deputy
Whatcom County

Mark Horaski
Finance Director
Valley Regional Fire Authority

Rick Tollackson
Investment Officer
Yakima County

Josie Koelzer
Treasurer
Franklin County

Troy Woo
Finance Director
City of Lacey

KEY PERSONNEL
Office of the State Treasurer

Duane A. Davidson
Treasurer

Erhiza Rivera
Assistant State Treasurer

Shad Pruitt
Deputy State Treasurer

James Rosenkoetter
Deputy State Treasurer

Denise Nguyen
Accounting Services Manager

Sean Koval
Senior Portfolio Manager

Cindy Shave
Investment Accounting Manager

Shawn Reed
Portfolio Manager

Katie Davis
Investment Accountant

Amanda Hutson
Portfolio Manager

Dixie Layman
Investment Accountant

Chris Mattoon
Portfolio Administrator

Staci Ashe
LGIP Administrator

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**FINANCIAL
SECTION**





Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the State of Washington Local Government Investment Pool (the LGIP), which comprise the statement of net position as of June 30, 2020, and the related statement of changes in net position for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the LGIP, as of June 30, 2020, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements of the State of Washington Local Government Investment Pool, an external investment pool of the State of Washington, are intended to present the financial position and the changes in financial position of only the State of Washington Local Government Investment Pool. They do not purport to, and do not, present fairly the financial position of the Office of the State Treasurer or the State of Washington as of June 30, 2020, or the changes in their financial position for the year ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters*Required Supplementary Information*

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated October 7, 2020, on our consideration of the LGIP's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contract and grant agreements and other matters. That report will be issued separately under its own cover. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of LGIP's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the LGIP's internal control over financial reporting and compliance.

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

Boise, Idaho
October 7, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Washington State Treasurer's Office provides the Management's Discussion and Analysis of the Local Government Investment Pool's (LGIP) Comprehensive Annual Financial Report (CAFR) for readers of the financial statements. This overview and analysis of the LGIP's financial activity is for the fiscal year ended June 30, 2020. 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 \$23.1 billion.
- The LGIP's net position increased by \$5.7 billion over the previous year.
- The LGIP earned \$267.1 million, net of expenses, for pool participants. This was a decrease of \$92.1 million from the previous fiscal year.
- Administrative fees were less than one basis point for the fourteenth consecutive year.
- The LGIP's average annualized monthly yield was 46 basis points greater than that of its benchmark.

Overview of the Financial Statements

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

reported on a trade date basis in accordance with generally accepted accounting principles (GAAP).

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

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

Financial Analysis

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

Net Position

The LGIP experienced an increase in net position of \$5.7 billion in 2020. Total assets and liabilities were higher compared to last fiscal year. The LGIP's net position total is a function of several parameters, some of which are independent of the LGIP's performance.

The resulting change in net position can best be explained simply by changes in deposits and withdrawals of the participants in the fund. Since the LGIP is a 100 percent voluntary investment option for eligible governments, participants may use the LGIP at their discretion. The percentage of total funds that individual participants have available for investment in the LGIP changes over time and can vary from near zero to 100 percent.

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

	2020	2019	Variance
Pooled Cash and Investments	\$ 23,667,343,857	\$ 17,381,150,108	\$ 6,286,193,749
Receivables	3,285,473	16,387,672	(13,102,199)
Total Assets	23,670,629,330	17,397,537,780	6,273,091,550
Liabilities	549,765,899	94,851	549,671,048
Net Position	\$ 23,120,863,431	\$ 17,397,442,929	\$ 5,723,420,502

Change in Net Position

Net Investment Income (i.e., Total Investment Income plus Miscellaneous income less Administrative Expenses) decreased 25.6 percent compared to the previous fiscal year. This decline was primarily due to a decrease of 83 basis points in the LGIP's portfolio yield from the previous fiscal year.

Contributions from participants increased by 8.9 percent, while distributions to participants decreased by 0.8 percent, in comparison to the prior fiscal year. Due to the discretionary nature of the LGIP as an investment option, it is difficult to ascertain the reasons behind the changes in contributions and distributions, as discussed above.

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

	2020	2019	Variance
Contributions from Participants	\$ 62,733,477,779	\$ 57,605,541,228	\$ 5,127,936,551
Distributions to Participants	57,277,156,467	57,754,668,474	(477,512,007)
Net Investment Income	267,099,190	359,153,943	(92,054,753)
Change in Net Position	\$ 5,723,420,502	\$ 210,026,697	\$ 5,513,393,805

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 46 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				
	2016	2017	2018	2019	2020
LGIP	0.31%	0.63%	1.40%	2.34%	1.58%
iMoneyNet	0.05%	0.27%	1.01%	1.95%	1.12%
Targeted Federal Funds	0% - 0.50%	0.50% - 1.25%	1.25% - 2.00%	1.75% - 2.50%	0% - 2.50%

STATEMENT OF NET POSITION

June 30, 2020

ASSETS

Investments:

U.S. Treasury Securities	\$ 15,007,222,245
U.S. Agency Securities	3,599,704,990
Interest Bearing Bank Deposits	2,030,773,137
Repurchase Agreements	1,625,000,000
Negotiable Order of Withdrawal (NOW) Accounts	671,319,355
Supranational Securities	524,208,820
Certificates of Deposit	130,000,000
Time Certificate of Deposit (TCD) Investment Program	79,000,000
	<hr/>
Total Investments	23,667,228,547

Other Assets:

Interest Receivable	3,285,473
Cash	115,310
	<hr/>
Total Other Assets	3,400,783
	<hr/>
Total Assets	23,670,629,330

LIABILITIES

Investment Trades Pending Payable	549,673,441
Accrued Expenses	92,458
	<hr/>
Total Liabilities	549,765,899

NET POSITION

Held in Trust for Pool Participants	\$ 23,120,863,431
	<hr/>

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

STATEMENT OF CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2020

ADDITIONS

Contributions from Participants	\$ 62,733,477,779
Investment Income:	
Investment Earnings	268,490,019
Less: Investment Expenses	<u>(191,816)</u>
Total Investment Income	268,298,203
Miscellaneous	<u>574</u>
Total Additions	63,001,776,556

DEDUCTIONS

Distributions to Participants	57,277,156,467
Administrative Expenses	<u>1,199,587</u>
Total Deductions	<u>57,278,356,054</u>

Change in Net Position	5,723,420,502
Net Position – Beginning of Year	<u>17,397,442,929</u>
Net Position – End of Year	<u><u>\$ 23,120,863,431</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

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

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

B. Financial Statements

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

C. Measurement Focus and Basis of Accounting

The LGIP is accounted for using the economic resources measurement focus. With this measurement focus, all assets and liabilities are included on the Statement of Net Position. The operating statement presents additions and deductions in total net position. Net position is held in trust for pool participants.

The LGIP is reported using the accrual basis of accounting. Earnings on investments are recognized as revenue when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Security transactions are reported on a trade date basis in accordance with GAAP. Pending purchases, at fiscal year end, settled at a total cost of \$549,673,441 by July 2, 2020.

D. Other Information

Investment Objectives

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

Investment Restrictions

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

Valuation

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

Administrative Expenses / Fees

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

expense. Administrative expenses applied to this fiscal year were \$1,199,587.

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 0.00667 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 \$574 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+	\$ 1,625,000,000
U.S. Treasury Securities ^[1]			
U.S. Treasury Bills	Aaa	AA+	14,657,255,829
U.S. Treasury Floating Rate Notes	Aaa	AA+	349,966,416
			<u>15,007,222,245</u>
U.S. Agency Securities			
Federal Farm Credit Bank	Aaa	AA+	2,143,015,042
Federal Home Loan Bank	Aaa	AA+	1,206,689,948
Federal National Mortgage Association	Aaa	AA+	250,000,000
			<u>3,599,704,990</u>
Supranational Securities			
International Finance Corporation	Aaa	AAA	324,478,070
Int'l Bank for Reconstruction and Development	Aaa	AAA	99,882,417
Inter-American Development Bank	Aaa	AAA	99,848,333
			<u>524,208,820</u>
Total			<u><u>\$ 20,756,136,055</u></u>

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

Custodial Credit Risk

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

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

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

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The LGIP mitigates

this risk by limiting the purchase of securities of any one issuer, with the exception of U.S. Treasury and U.S. Agency securities, to no more than five percent of the portfolio.

Repurchase agreements comprise 6.9 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 63.4 percent of the total portfolio. U.S. Agency securities comprised 15.2 percent of the total portfolio, including Federal Home Loan Bank (5.1 percent), Federal Farm Credit Bank (9.0 percent), and Federal National Mortgage Association (1.1 percent). Supranational securities comprised 2.2 percent of the total portfolio, including International Bank for Reconstruction and Development (0.4 percent), Inter-American Development Bank (0.4 percent), and International Finance Corporation (1.4 percent).

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt instruments will adversely affect the fair value of an investment. To mitigate the effect of interest rate risk, the portfolio is invested in high quality, highly liquid obligations with limited maximum and average maturities. The LGIP's policy establishes WAM and WAL limits not to exceed 60 and 120 days, respectively. As of June 30, the LGIP had a WAM of 50 days and a WAL of 107 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	\$ 15,007,222,245	\$ 14,907,222,245	\$ 100,000,000
U.S. Agency Securities	3,599,704,990	1,570,684,382	2,029,020,608
Interest Bearing Bank Deposits	2,030,773,137	2,030,773,137	---
Repurchase Agreements	1,625,000,000	1,625,000,000	---
Negotiable Order of Withdrawal Accounts	671,319,355	671,319,355	---
Supranational Securities	524,208,820	524,208,820	---
Certificate of Deposit	130,000,000	130,000,000	---
Time Certificates of Deposit Program	79,000,000	79,000,000	---
Total	\$ 23,667,228,547	\$ 21,538,207,939	\$ 2,129,020,608

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	6/30/2020	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	\$ 15,010,871,277	\$ ---	\$ 15,010,871,277	\$ ---
U.S. Agency Securities	3,600,924,001	---	3,600,924,001	---
Supranational Securities	524,756,777	---	524,756,777	---
Total By Fair Value Level	\$ 19,136,552,055	\$ 0	\$ 19,136,552,055	\$ 0
Bank Deposits	2,911,092,492			
Repurchase Agreements	1,625,000,000			
Total By Fair Value	\$ 23,672,644,547			

Securities Lending

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

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

generally matched to maturities of securities loans.

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

During the fiscal year, the LGIP lent U.S. Agency and U.S. Treasury securities while other securities were received as collateral. At fiscal year end, the fair value of securities on loan was \$1,008,094,815 and securities were received for collateral with a fair value of \$1,028,526,425.

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 \$1,625,000,000.

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	\$ 400,197,216,593
Investments Sold	\$ 32,680,961,217
Investments Matured	\$ 361,379,140,000
Net Investment Income	\$ 267,099,190
Administrative Expenses	\$ 1,199,587
Average Annualized Monthly Yield	1.58 percent
Weighted Average Maturity (WAM)	50 days
Weighted Average Life (WAL)	107 days
Participant Contributions	\$ 62,733,477,779
Participant Distributions	\$ 57,277,156,467

**INVESTMENT
SECTION**



OVERVIEW

Administration

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

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

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

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

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

LGIP Performance

The LGIP's net return closely follows the targeted federal funds rate. Accordingly, the monthly net return ranged from 0.37 – 2.48 percent during the fiscal year, reflecting a targeted federal funds rate that ranged from 0.00 – 2.50 percent throughout the period. The general management strategy in effect for much of the fiscal year was to maintain a slightly longer than neutral weighted average maturity (WAM). During the second half of the year, the WAM was extended as a result of the Federal Reserve policy to lower the target range for the federal funds rate in response to coronavirus.

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

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

Investment Risk Profile

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

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

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

Investment Results

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

Investment Type	Gross Rates of Return ^[1]		
	1 Year	3 Year	5 Year
U.S. Agency Securities ^[2]	1.88%	1.82%	1.26%
U.S. Treasury Securities ^[2]	1.38%	1.71%	1.25%
Supranational Securities ^[2]	1.77%	---	---
Repurchase Agreements	1.65%	1.79%	1.25%
Floating / Variable Rate Notes	1.37%	1.77%	1.30%
Bank Deposits	1.54%	1.77%	1.26%
Total Portfolio	1.51%	1.76%	1.25%
Investment Benchmark iMoneyNet	1.46%	1.70%	1.19%

^[1] 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.

^[2] Excludes Floating / Variable Rate Notes

SCHEDULE OF INVESTMENTS

June 30, 2020

(expressed in thousands)

Par Value	Description	Date of Maturity	Interest Rate	Yield Percentage	Amortized Cost	Fair Value
U.S. TREASURY SECURITIES (63.4% of Total Portfolio)						
U.S. Treasury Bills						
\$ 100,000	U.S. Treasury Bills	07/02/2020	---	1.5883	\$ 99,996	\$ 100,000
100,000	U.S. Treasury Bills	07/02/2020	---	1.5986	99,996	100,000
100,000	U.S. Treasury Bills	07/02/2020	---	1.5811	99,996	100,000
100,000	U.S. Treasury Bills	07/02/2020	---	1.5862	99,996	100,000
100,000	U.S. Treasury Bills	07/07/2020	---	0.1166	99,998	99,998
100,000	U.S. Treasury Bills	07/07/2020	---	0.1166	99,998	99,998
100,000	U.S. Treasury Bills	07/09/2020	---	1.5697	99,966	99,997
150,000	U.S. Treasury Bills	07/09/2020	---	0.1271	149,996	149,996
150,000	U.S. Treasury Bills	07/09/2020	---	0.1217	149,996	149,996
100,000	U.S. Treasury Bills	07/14/2020	---	0.1115	99,996	99,996
250,000	U.S. Treasury Bills	07/16/2020	---	0.2849	249,971	249,987
200,000	U.S. Treasury Bills	07/21/2020	---	0.1065	199,988	199,987
150,000	U.S. Treasury Bills	07/23/2020	---	0.9234	149,917	149,989
150,000	U.S. Treasury Bills	07/23/2020	---	0.9131	149,918	149,989
300,000	U.S. Treasury Bills	07/23/2020	---	0.1271	299,977	299,978
100,000	U.S. Treasury Bills	07/23/2020	---	0.1322	99,992	99,992
100,000	U.S. Treasury Bills	07/23/2020	---	0.1068	99,994	99,992
150,000	U.S. Treasury Bills	07/28/2020	---	0.1623	149,982	149,985
100,000	U.S. Treasury Bills	07/28/2020	---	0.1633	99,988	99,990
150,000	U.S. Treasury Bills	07/28/2020	---	0.1593	149,982	149,985
400,000	U.S. Treasury Bills	07/28/2020	---	0.1369	399,959	399,960
100,000	U.S. Treasury Bills	07/30/2020	---	1.5702	99,877	99,989
100,000	U.S. Treasury Bills	07/30/2020	---	1.5501	99,878	99,989
150,000	U.S. Treasury Bills	07/30/2020	---	0.1302	149,985	149,984
150,000	U.S. Treasury Bills	07/30/2020	---	0.1220	149,985	149,984
500,000	U.S. Treasury Bills	08/04/2020	---	0.1065	499,950	499,936
400,000	U.S. Treasury Bills	08/04/2020	---	0.1470	399,945	399,949
139,260	U.S. Treasury Bills	08/06/2020	---	1.5573	139,048	139,243
10,740	U.S. Treasury Bills	08/06/2020	---	1.5573	10,724	10,739
100,000	U.S. Treasury Bills	08/06/2020	---	1.5604	99,848	99,988
100,000	U.S. Treasury Bills	08/06/2020	---	0.1831	99,982	99,988
134,040	U.S. Treasury Bills	08/06/2020	---	0.1119	134,025	134,024
100,000	U.S. Treasury Bills	08/11/2020	---	0.1602	99,982	99,985
100,000	U.S. Treasury Bills	08/13/2020	---	0.1780	99,979	99,984
100,000	U.S. Treasury Bills	08/13/2020	---	0.1281	99,985	99,984
100,000	U.S. Treasury Bills	08/13/2020	---	0.1271	99,985	99,984
100,000	U.S. Treasury Bills	08/13/2020	---	0.1271	99,985	99,984
138,260	U.S. Treasury Bills	08/18/2020	---	0.1166	138,239	138,235
100,000	U.S. Treasury Bills	08/20/2020	---	1.5490	99,790	99,982
100,000	U.S. Treasury Bills	08/20/2020	---	0.1322	99,982	99,982
100,000	U.S. Treasury Bills	08/20/2020	---	0.1297	99,982	99,982
100,000	U.S. Treasury Bills	08/20/2020	---	0.1246	99,983	99,982
150,000	U.S. Treasury Bills	08/25/2020	---	0.1318	149,970	149,968
100,000	U.S. Treasury Bills	08/25/2020	---	0.1349	99,980	99,979
102,585	U.S. Treasury Bills	08/27/2020	---	1.4747	102,351	102,562
100,000	U.S. Treasury Bills	08/27/2020	---	1.2840	99,801	99,978

(continued)

SCHEDULE OF INVESTMENTS

June 30, 2020

(expressed in thousands)

	Par Value	Description	Date of Maturity	Interest Rate	Yield Percentage	Amortized Cost	Fair Value
U.S. Treasury Bills (continued)							
\$	150,000	U.S. Treasury Bills	08/27/2020	---	1.2799	\$ 149,703	\$ 149,967
	100,000	U.S. Treasury Bills	08/27/2020	---	0.1353	99,979	99,978
	100,000	U.S. Treasury Bills	08/27/2020	---	0.1373	99,979	99,978
	150,000	U.S. Treasury Bills	09/03/2020	---	1.2754	149,667	149,962
	100,000	U.S. Treasury Bills	09/03/2020	---	1.0293	99,820	99,975
	200,000	U.S. Treasury Bills	09/03/2020	---	0.1319	199,954	199,949
	150,000	U.S. Treasury Bills	09/03/2020	---	0.1521	149,960	149,962
	150,000	U.S. Treasury Bills	09/08/2020	---	0.1522	149,957	149,963
	200,000	U.S. Treasury Bills	09/08/2020	---	0.1420	199,946	199,950
	50,000	U.S. Treasury Bills	09/10/2020	---	1.7854	49,829	49,987
	150,000	U.S. Treasury Bills	09/10/2020	---	0.1471	149,957	149,960
	150,000	U.S. Treasury Bills	09/10/2020	---	0.1729	149,950	149,960
	100,000	U.S. Treasury Bills	09/15/2020	---	0.1583	99,967	99,970
	150,000	U.S. Treasury Bills	09/15/2020	---	0.1674	149,948	149,956
	150,000	U.S. Treasury Bills	09/15/2020	---	0.1674	149,948	149,956
	200,000	U.S. Treasury Bills	09/17/2020	---	0.1420	199,939	199,937
	150,000	U.S. Treasury Bills	09/17/2020	---	0.1800	149,942	149,953
	150,000	U.S. Treasury Bills	09/22/2020	---	0.1623	149,945	149,954
	150,000	U.S. Treasury Bills	09/22/2020	---	0.1238	149,958	149,954
	150,000	U.S. Treasury Bills	09/22/2020	---	0.1268	149,957	149,954
	150,000	U.S. Treasury Bills	09/22/2020	---	0.1268	149,957	149,954
	100,000	U.S. Treasury Bills	09/22/2020	---	0.1334	99,970	99,969
	100,000	U.S. Treasury Bills	09/22/2020	---	0.1724	99,961	99,969
	150,000	U.S. Treasury Bills	09/24/2020	---	0.1725	149,940	149,949
	150,000	U.S. Treasury Bills	09/24/2020	---	0.1674	149,942	149,949
	100,000	U.S. Treasury Bills	09/24/2020	---	0.1572	99,963	99,966
	50,000	U.S. Treasury Bills	09/24/2020	---	0.1572	49,982	49,983
	100,000	U.S. Treasury Bills	10/01/2020	---	0.1674	99,958	99,960
	150,000	U.S. Treasury Bills	10/01/2020	---	0.1491	149,944	149,941
	150,000	U.S. Treasury Bills	10/06/2020	---	0.1724	149,931	149,945
	100,000	U.S. Treasury Bills	10/08/2020	---	0.1628	99,956	99,957
	150,000	U.S. Treasury Bills	10/08/2020	---	0.1877	149,924	149,936
	150,000	U.S. Treasury Bills	10/15/2020	---	0.2945	149,872	149,930
	150,000	U.S. Treasury Bills	10/15/2020	---	0.1826	149,920	149,930
	250,000	U.S. Treasury Bills	10/22/2020	---	0.1471	249,886	249,874
	100,000	U.S. Treasury Bills	10/22/2020	---	0.1471	99,954	99,950
	150,000	U.S. Treasury Bills	10/22/2020	---	0.1349	149,937	149,925
	50,000	U.S. Treasury Bills	10/22/2020	---	0.1623	49,975	49,975
	200,000	U.S. Treasury Bills	10/27/2020	---	0.1522	199,902	199,908
	115,005	U.S. Treasury Bills	10/29/2020	---	0.1522	114,947	114,945
	200,000	U.S. Treasury Bills	10/29/2020	---	0.1572	199,897	199,895
	150,000	U.S. Treasury Bills	11/03/2020	---	0.1725	149,911	149,909
	50,000	U.S. Treasury Bills	11/05/2020	---	1.6102	49,724	49,972
	50,000	U.S. Treasury Bills	11/05/2020	---	1.6050	49,725	49,972
	50,000	U.S. Treasury Bills	11/05/2020	---	1.6102	49,724	49,972
	150,000	U.S. Treasury Bills	11/05/2020	---	0.1323	149,931	149,915
	100,000	U.S. Treasury Bills	11/05/2020	---	0.1282	99,956	99,944

(continued)

SCHEDULE OF INVESTMENTS

June 30, 2020

(expressed in thousands)

Par Value	Description	Date of Maturity	Interest Rate	Yield Percentage	Amortized Cost	Fair Value
U.S. Treasury Bills (continued)						
\$ 150,000	U.S. Treasury Bills	11/10/2020	---	0.1826	\$ 149,901	\$ 149,904
100,000	U.S. Treasury Bills	11/12/2020	---	0.1522	99,944	99,941
100,000	U.S. Treasury Bills	11/12/2020	---	0.1481	99,946	99,941
150,000	U.S. Treasury Bills	11/17/2020	---	0.1928	149,890	149,899
100,000	U.S. Treasury Bills	11/19/2020	---	0.1593	99,938	99,936
100,000	U.S. Treasury Bills	11/19/2020	---	0.1603	99,938	99,936
150,000	U.S. Treasury Bills	11/24/2020	---	0.1877	149,887	149,909
100,000	U.S. Treasury Bills	11/27/2020	---	0.1649	99,933	99,932
100,000	U.S. Treasury Bills	11/27/2020	---	0.1624	99,934	99,932
150,000	U.S. Treasury Bills	12/03/2020	---	0.1730	149,890	149,900
150,000	U.S. Treasury Bills	12/10/2020	---	0.1877	149,875	149,892
100,000	U.S. Treasury Bills	12/17/2020	---	0.1908	99,912	99,929
150,000	U.S. Treasury Bills	12/24/2020	---	0.1756	149,873	149,879
100,000	U.S. Treasury Bills	12/24/2020	---	0.1624	99,922	99,919
25,000	U.S. Treasury Bills	12/31/2020	---	1.5878	24,804	24,978
100,000	U.S. Treasury Bills	12/31/2020	---	0.1709	99,915	99,911
100,000	U.S. Treasury Bills	12/31/2020	---	0.1679	99,917	99,911
\$ 14,664,890					\$ 14,657,256	\$ 14,660,567
U.S. Treasury Floating Rate Notes						
\$ 50,000	U.S. Treasury Floating Rate Notes	01/31/2021	0.2651	0.2956	\$ 49,991	\$ 50,027
50,000	U.S. Treasury Floating Rate Notes	01/31/2021	0.2651	0.2957	49,991	50,027
50,000	U.S. Treasury Floating Rate Notes	01/31/2021	0.2651	0.3191	49,984	50,027
50,000	U.S. Treasury Floating Rate Notes	04/30/2021	0.2891	0.2863	50,001	50,046
50,000	U.S. Treasury Floating Rate Notes	04/30/2021	0.2891	0.2903	49,999	50,046
100,000	U.S. Treasury Floating Rate Notes	01/31/2022	0.3041	0.3041	100,000	100,131
\$ 350,000					\$ 349,966	\$ 350,304
\$ 15,014,890	TOTAL U.S. TREASURY SECURITIES				\$ 15,007,222	\$ 15,010,871
U.S. AGENCY SECURITIES (15.2% of Total Portfolio)						
U.S. Agency Discount Notes						
\$ 150,000	Federal Home Loan Bank	08/28/2020	---	1.3510	\$ 149,681	\$ 149,964
100,000	Federal Home Loan Bank	09/09/2020	---	0.4483	99,914	99,973
150,000	Federal Home Loan Bank	10/01/2020	---	0.5215	149,801	149,943
150,000	Federal Home Loan Bank	12/17/2020	---	0.5303	149,634	149,873
150,000	Federal Home Loan Bank	12/18/2020	---	0.4894	149,660	149,872
\$ 700,000					\$ 698,690	\$ 699,625
U.S. Agency Floating Rate Notes						
\$ 50,000	Federal Farm Credit Bank	07/20/2020	0.3000	0.3147	\$ 50,000	\$ 50,004
23,000	Federal Farm Credit Bank	07/20/2020	0.3000	0.3201	23,000	23,002
50,000	Federal Farm Credit Bank	08/27/2020	0.3200	0.3298	49,999	50,013
50,000	Federal Farm Credit Bank	03/18/2021	0.2500	0.2502	50,000	50,004
50,000	Federal Farm Credit Bank	10/29/2021	0.2900	0.2900	50,000	49,991
50,000	Federal Farm Credit Bank	11/08/2021	0.3100	0.3100	50,000	49,918
30,000	Federal Farm Credit Bank	11/08/2021	0.3100	0.3100	30,000	29,951

(continued)

SCHEDULE OF INVESTMENTS

June 30, 2020

(expressed in thousands)

Par Value	Description	Date of Maturity	Interest Rate	Yield Percentage	Amortized Cost	Fair Value
U.S. Agency Floating Rate Notes (continued)						
\$ 40,000	Federal Farm Credit Bank	11/08/2021	0.3100	0.3100	\$ 40,000	\$ 39,934
150,000	Federal Farm Credit Bank	12/13/2021	0.2900	0.2998	149,978	149,945
300,000	Federal Farm Credit Bank	02/03/2022	0.1950	0.1988	299,981	299,976
150,000	Federal Farm Credit Bank	02/07/2022	0.3800	0.3899	149,976	150,049
50,000	Federal Farm Credit Bank	03/09/2022	0.2000	0.3795	49,846	49,851
110,300	Federal Farm Credit Bank	03/14/2022	0.4500	0.4101	110,376	110,413
150,000	Federal Farm Credit Bank	05/27/2022	0.2800	0.2800	150,000	149,900
50,000	Federal Farm Credit Bank	08/13/2020	0.1900	0.1949	50,000	50,000
50,000	Federal Farm Credit Bank	08/17/2020	0.2100	0.2100	50,000	50,002
50,000	Federal Farm Credit Bank	09/04/2020	0.2050	0.2050	50,000	50,003
50,000	Federal Farm Credit Bank	10/23/2020	0.2100	0.2100	50,000	50,000
50,000	Federal Farm Credit Bank	02/09/2021	0.2000	0.2049	49,998	49,963
50,000	Federal Farm Credit Bank	03/08/2021	0.2050	0.2050	50,000	50,017
50,000	Federal Farm Credit Bank	01/03/2022	0.2800	0.2800	50,000	50,054
15,000	Federal Farm Credit Bank	03/18/2021	0.2000	0.2000	15,000	14,999
150,000	Federal National Mortgage Association	07/06/2021	0.3100	0.3100	150,000	150,161
50,000	Federal Farm Credit Bank	10/15/2021	0.2700	0.2700	50,000	50,016
45,000	Federal Farm Credit Bank	10/28/2021	0.2900	0.2900	45,000	45,025
47,000	Federal Farm Credit Bank	11/18/2021	0.2700	0.2700	47,000	47,012
100,000	Federal National Mortgage Association	01/20/2022	0.4400	0.4400	100,000	100,323
33,000	Federal Farm Credit Bank	02/11/2022	0.2100	0.2100	33,000	32,970
100,000	Federal Home Loan Bank	10/02/2020	0.1500	0.1500	100,000	99,991
34,000	Federal Home Loan Bank	10/07/2020	0.2000	0.2000	34,000	34,001
100,000	Federal Home Loan Bank	12/15/2020	0.2000	0.2000	100,000	99,998
100,000	Federal Home Loan Bank	07/14/2021	0.3500	0.3500	100,000	100,122
44,000	Federal Home Loan Bank	02/10/2022	0.1950	0.1950	44,000	43,942
130,000	Federal Home Loan Bank	02/28/2022	0.2000	0.2000	130,000	129,828
\$ 2,551,300					\$ 2,551,154	\$ 2,551,378
U.S. Agency Variable Rate Notes						
\$ 50,000	Federal Farm Credit Bank	08/19/2020	0.2039	0.2374	\$ 49,998	\$ 49,999
50,000	Federal Farm Credit Bank	12/28/2020	0.2486	0.2486	50,000	50,039
50,000	Federal Farm Credit Bank	03/01/2021	0.2176	0.2176	50,000	50,016
100,000	Federal Farm Credit Bank	12/13/2021	0.3001	0.3933	99,863	99,897
100,000	Federal Farm Credit Bank	01/03/2022	0.4151	0.4151	100,000	99,970
\$ 350,000					\$ 349,861	\$ 349,921
\$ 3,601,300	TOTAL U.S. AGENCY SECURITIES				\$ 3,599,705	\$ 3,600,924
SUPRANATIONAL SECURITIES 2.2% of Total Portfolio)						
Supranational Discount Notes						
\$ 100,000	International Finance Corporation	09/10/2020	---	0.5301	\$ 99,898	\$ 99,973
75,000	International Finance Corporation	09/21/2020	---	0.6018	74,898	74,976
100,000	Int'l Bank for Reconstruction & Development	09/22/2020	---	0.5199	99,882	99,968
100,000	Inter-American Development Bank	09/23/2020	---	0.6522	99,848	99,967
150,000	International Finance Corporation	12/17/2020	---	0.4587	149,683	149,873
\$ 525,000	TOTAL SUPRANATIONAL SECURITIES				\$ 524,209	\$ 524,757

(continued)

SCHEDULE OF INVESTMENTS

June 30, 2020

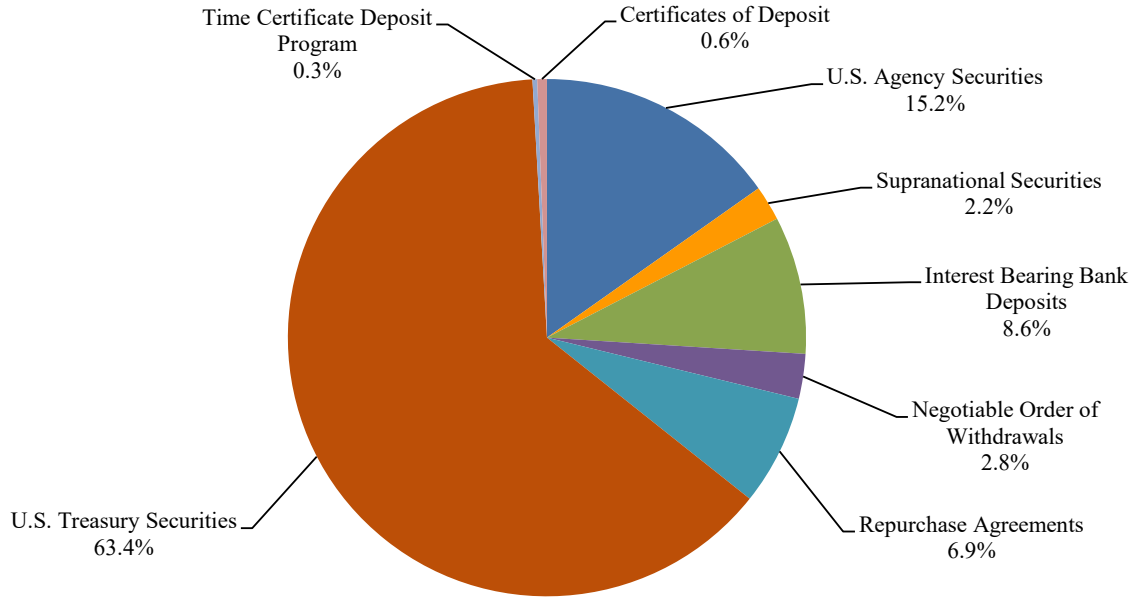
(expressed in thousands)

Par Value	Issuer	Date of Maturity	Interest Rate	Yield Percentage	Carrying Amount	Fair Value
REPURCHASE AGREEMENTS (6.9% of Total Portfolio)						
\$ 750,000	Jefferies LLC	07/01/2020	0.1000	0.1000	\$ 750,000	\$ 750,000
600,000	Daiwa Capital Markets America Inc.	07/01/2020	0.1000	0.1000	600,000	600,000
200,000	Cantor Fitzgerald and Co.	07/01/2020	0.0900	0.0900	200,000	200,000
75,000	Societe Generale	07/01/2020	0.1000	0.1000	75,000	75,000
\$ 1,625,000	TOTAL REPURCHASE AGREEMENTS				\$ 1,625,000	\$ 1,625,000
CERTIFICATES OF DEPOSIT (0.6% of Total Portfolio)						
\$ 40,000	Cathay Bank	07/27/2020	1.8400	1.8400	\$ 40,000	\$ 40,000
35,000	Cathay Bank	10/26/2020	1.1000	1.1000	35,000	35,000
45,000	East West Bank	03/17/2021	0.8500	0.8500	45,000	45,000
10,000	First Federal Savings & Loan Assn.	07/06/2020	1.7200	1.7200	10,000	10,000
\$ 130,000	TOTAL CERTIFICATES OF DEPOSIT				\$ 130,000	\$ 130,000
INTEREST BEARING BANK DEPOSITS (8.6% of Total Portfolio)						
\$ 5	US Bank National Association	---	0.0500	0.0500	\$ 5	\$ 5
742,454	KeyBank National Association	---	0.2500	0.2500	742,454	742,454
95,622	Heritage Bank	---	0.2500	0.2500	95,622	95,622
98,239	Wells Fargo	---	0.2500	0.2500	98,239	98,239
67,790	Umpqua Bank	---	0.2500	0.2500	67,790	67,790
102,061	JPMorgan Chase Bank, N.A.	---	0.2000	0.2000	102,061	102,061
210,326	Washington Federal, N.A.	---	0.2500	0.2500	210,326	210,326
465,670	Bank of America, N.A.	---	0.2500	0.2500	465,670	465,670
248,606	HomeStreet Bank	---	0.4500	0.4500	248,606	248,606
\$ 2,030,773	TOTAL INTEREST BEARING BANK DEPOSITS				\$ 2,030,773	\$ 2,030,773
NEGOTIABLE ORDER OF WITHDRAWAL (NOW) ACCOUNTS (2.8% of Total Portfolio)						
145,315	Opus Bank	---	1.1000	1.1000	\$ 145,315	\$ 145,315
126,256	East West Bank	---	0.2500	0.2500	126,256	126,256
399,748	Columbia State Bank	---	0.2500	0.2500	399,748	399,748
\$ 671,319	TOTAL NOW ACCOUNTS				\$ 671,319	\$ 671,319
TIME CERTIFICATE OF DEPOSIT (TCD) INVESTMENT PROGRAM (0.3% of Total Portfolio)						
\$ 15,000	Bank of the West	07/10/2020	1.7200	1.7200	\$ 15,000	\$ 15,000
9,750	Cathay Bank	07/10/2020	1.7200	1.7200	9,750	9,750
7,500	East West Bank	07/10/2020	1.7200	1.7200	7,500	7,500
15,000	First Federal Savings & Loan Assn.	07/10/2020	1.7200	1.7200	15,000	15,000
5,000	First Financial Northwest Bank	07/10/2020	1.7200	1.7200	5,000	5,000
2,000	Numerica Credit Union	07/10/2020	1.7200	1.7200	2,000	2,000
9,750	RiverBank	07/10/2020	1.7200	1.7200	9,750	9,750
15,000	Yakima Federal Savings & Loan Assn.	07/10/2020	1.7200	1.7200	15,000	15,000
\$ 79,000	TOTAL TCD INVESTMENT PROGRAM				\$ 79,000	\$ 79,000
\$ 23,677,282	TOTAL INVESTMENTS				\$ 23,667,228	\$ 23,672,644

(concluded)

DISTRIBUTION BY INVESTMENT TYPE

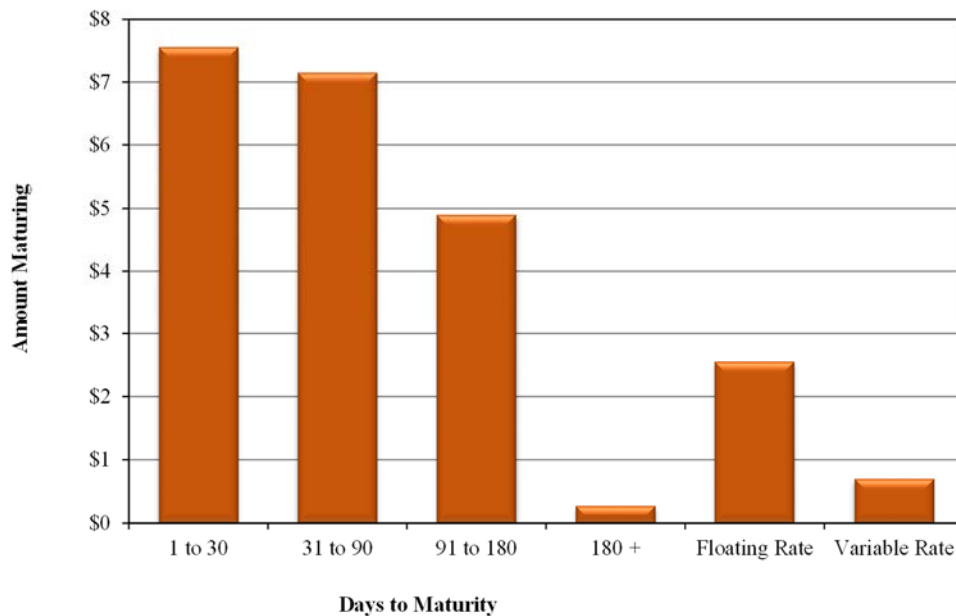
June 30, 2020



MATURITY ANALYSIS

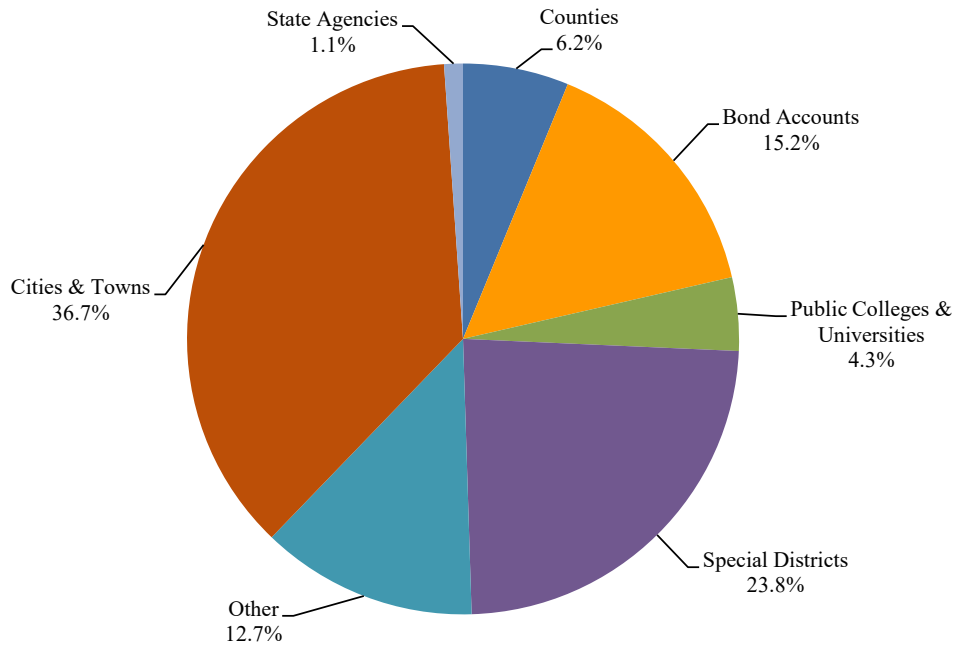
June 30, 2020

(expressed in billions)



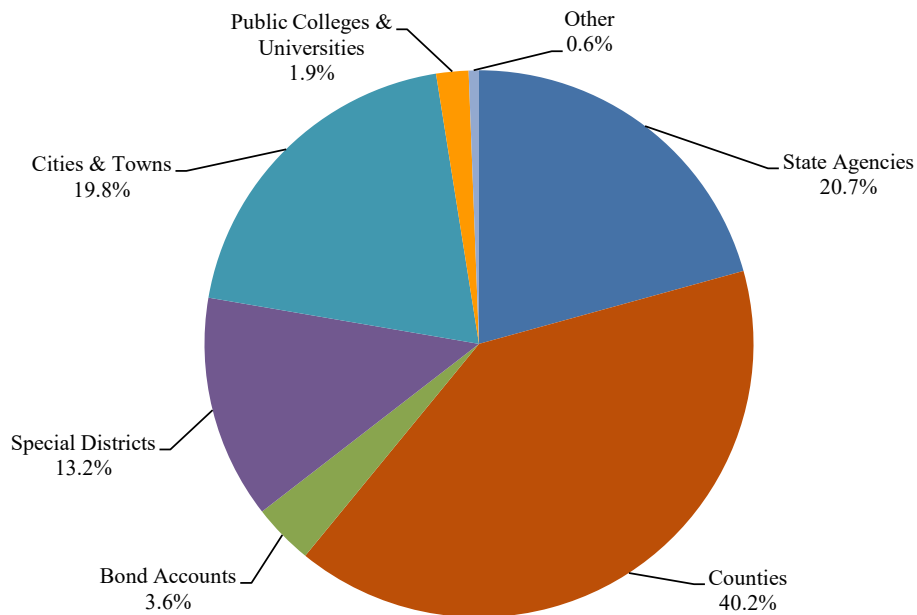
OWNERSHIP ANALYSIS OF TOTAL ACCOUNTS

June 30, 2020

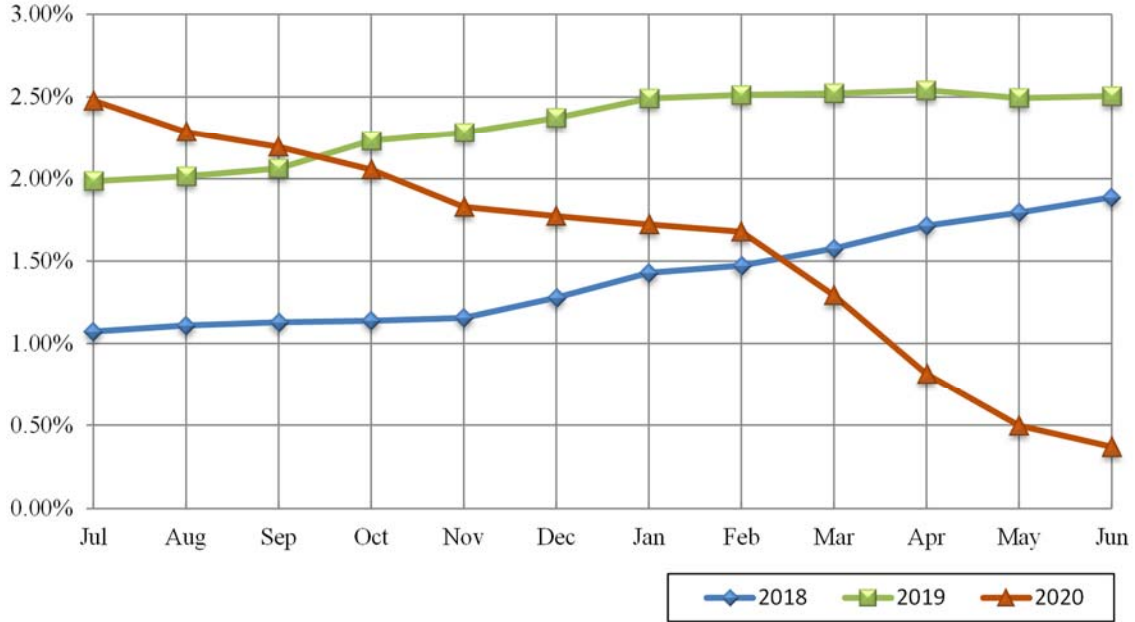


OWNERSHIP ANALYSIS OF TOTAL BALANCES

June 30, 2020

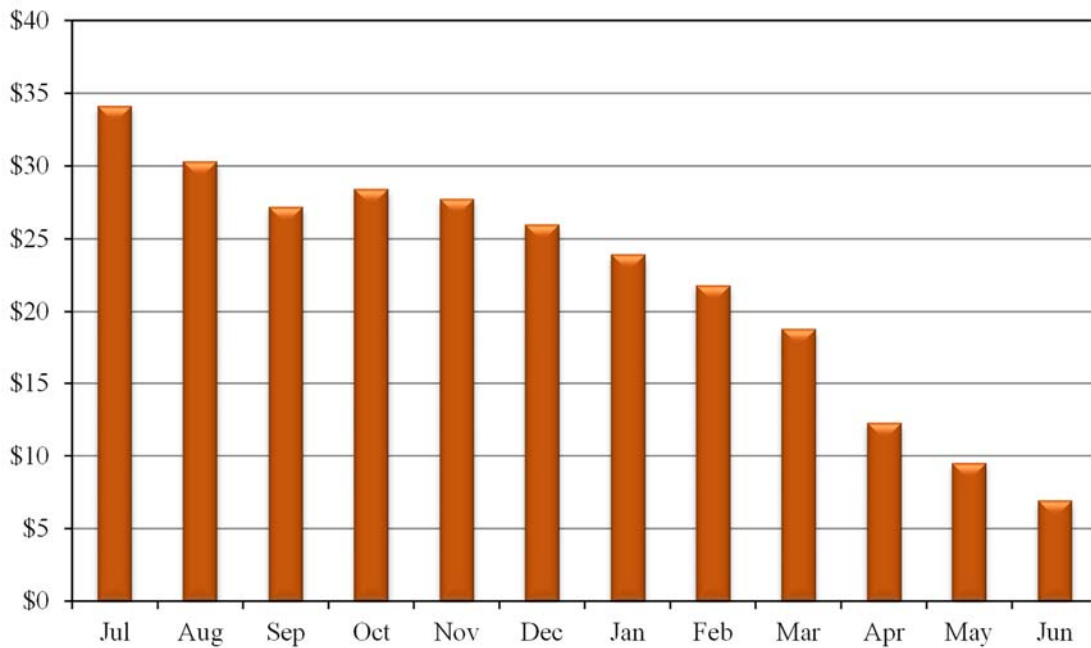


NET RATE OF RETURN ^[1] Fiscal Years 2018 – 2020

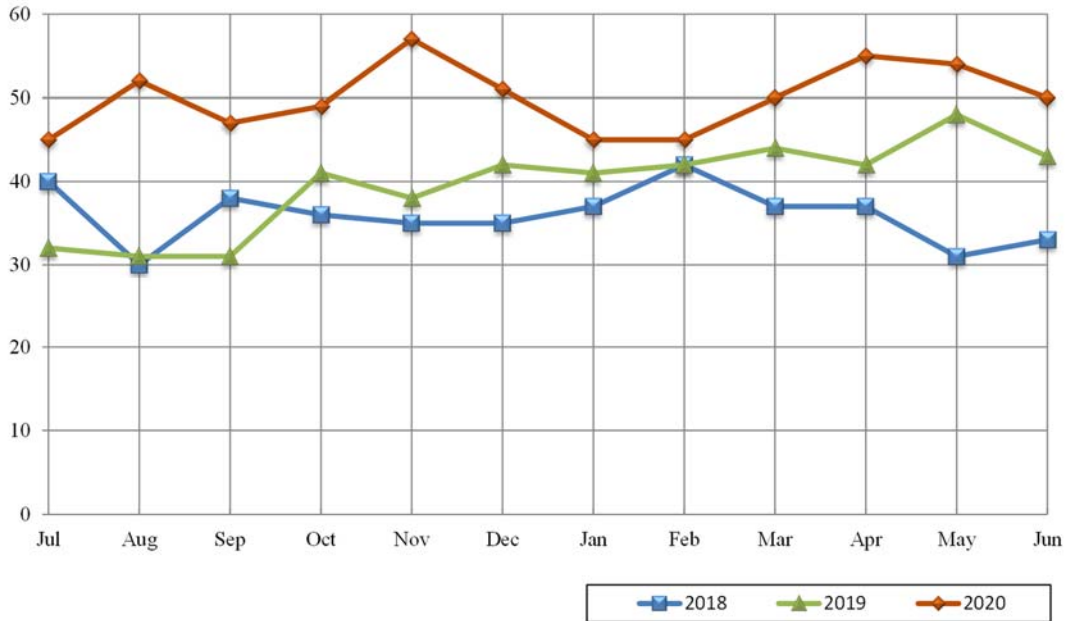


^[1] Returns are calculated based on a time-weighted methodology

NET INVESTMENT INCOME Fiscal Year 2020 (expressed in millions)

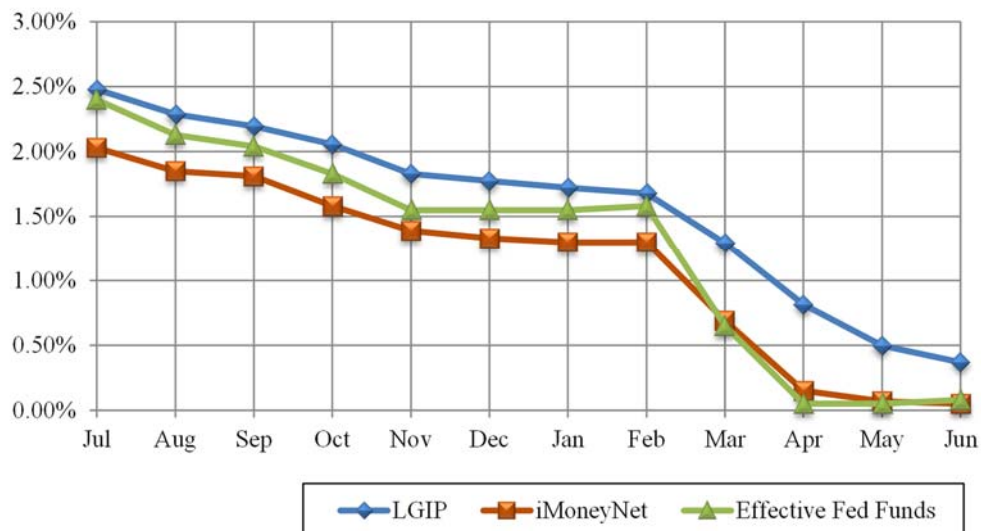


AVERAGE DAYS TO MATURITY Fiscal Years 2018 – 2020



LGIP NET EARNINGS RATE Versus

EFFECTIVE FEDERAL FUNDS and iMoneyNet Fiscal Year 2020



SCHEDULE OF PARTICIPANTS BY CONCENTRATION

June 30, 2020

Participant Type	Number of Accounts		Ownership Value	
Counties	39	6.2%	\$ 9,288,693,326	40.2%
State Agencies	7	1.1%	4,793,748,918	20.7%
Cities & Towns	231	36.7%	4,589,576,707	19.8%
Special Districts	150	23.8%	3,055,176,945	13.2%
Bond Accounts	96	15.2%	822,091,233	3.6%
Public Colleges & Universities	27	4.3%	435,302,865	1.9%
Other	80	12.7%	136,146,703	0.6%
Total	630	100.0%	\$ 23,120,736,697	100.0%

SCHEDULE OF ADMINISTRATIVE EXPENSES

For the Fiscal Year Ended June 30, 2020

Category	Amount
Internal Costs ^[1]	\$ 951,226
External Costs ^[2]	<u>248,361</u>
Total	\$ 1,199,587
^[1] Includes salaries, benefits and other administrative expenses.	
^[2] Includes custodian, legal, and other financial services.	

INVESTMENT POLICY

I. PURPOSE

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

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

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

II. IDENTIFICATION OF FUNDS

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

III. OBJECTIVES

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

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

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

IV. STANDARDS OF CARE

1. Delegation of Authority

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

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

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

2. Prudence

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

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

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

3. Ethics and Conflicts of Interest

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

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

V. CONTROLS

1. Custody

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

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

2. Authorized Financial Dealers and Institutions

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

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

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

3. Competitive Transactions

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

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

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

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

4. Share Price Calculation

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

5. Internal Controls

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

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

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

6. External Controls

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

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

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

VI. ELIGIBLE AND SUITABLE INVESTMENTS

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

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

VII. INVESTMENT PARAMETERS

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

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

1. Liquidity

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

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

2. Diversification and Percentage Limitations

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

a. Government Securities

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

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

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

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

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

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

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

b. Non-Government Securities

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

Certificates of Deposit	5%
Demand Deposit Accounts	50%

3. Investment Maturity

a. Maximum Final Maturity

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

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

b. Weighted Average Maturity (WAM)

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

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

c. Weighted Average Life (WAL)

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

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

4. Repurchase and Reverse Repurchase Agreements

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

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

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

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

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

VIII. PROFESSIONAL SERVICES

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

1. Appointment of Master Custodian

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

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

2. Appointment of Securities Lending Agent

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

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

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

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

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

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

IX. ADVISORY COMMITTEE

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

X. PERFORMANCE BENCHMARK

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

XI. REPORTING REQUIREMENTS

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

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



Approved by Duane A. Davidson, State Treasurer

12/14/18

Date

Effective Date: December 14, 2018



**STATISTICAL
SECTION**



STATISTICAL NARRATIVE

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

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

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



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

	6/30/2011	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020
Assets										
Investments										
Repurchase Agreements	\$ 250,000	\$ 3,168,500	\$ 1,797,874	\$ 1,200,000	\$ 2,968,200	\$ 3,584,529	\$ 4,700,000	\$ 5,025,000	\$ 3,950,000	\$ 1,625,000
U.S. Agency Securities	6,565,888	3,324,955	6,513,556	8,286,217	6,542,072	6,687,452	6,996,226	5,722,558	6,135,294	3,599,705
U.S. Treasury Securities	1,900,331	1,649,151	1,399,598	649,887	549,799	1,373,535	1,627,974	3,833,605	3,451,487	14,457,549
Supranational Securities	-	-	-	-	-	-	334,865	828,094	892,933	524,209
Certificates of Deposit	39,000	40,000	2,000	26,500	26,500	30,000	29,175	130,000	140,000	130,000
Interest Bearing Bank Deposits	444,200	363,253	743,434	856,267	718,175	851,080	845,706	1,361,000	2,508,296	2,030,773
Negotiable Order of Withdrawal (NOW) Accounts	115,404	235,788	136,200	101,932	102,102	187,542	293,747	218,654	248,890	671,319
Time Certificate of Deposit (TCD) Program	70,365	47,840	40,715	35,950	37,610	42,320	44,870	47,395	54,250	79,000
Total	9,385,188	8,829,487	10,633,377	11,156,753	10,944,458	12,756,458	14,872,563	17,166,306	17,381,150	23,117,555
Securities Lending Investments										
Repurchase Agreements	-	441,000	-	-	-	-	-	-	-	-
Total Investments (Settlement Date Basis)	9,385,188	9,270,487	10,633,377	11,156,753	10,944,458	12,756,458	14,872,563	17,166,306	17,381,150	23,117,555
Due from Brokers										
(Securities Purchased But Not Settled)										
U.S. Treasury Securities	-	-	-	-	299,833	-	-	-	-	549,673
U.S. Agency Securities	-	49,989	-	-	199,948	174,821	-	-	-	-
Total Investments (Trade Date Basis)	9,385,188	9,320,476	10,633,377	11,156,753	11,444,239	12,931,279	14,872,563	17,166,306	17,381,150	23,667,228
Other Assets										
Cash	-	-	836	1	41	1	-	11,101	-	115
Interest Receivable	1,988	1,078	714	582	709	2,503	4,630	10,127	16,388	3,285
Total Other Assets	1,988	1,078	1,550	583	750	2,504	4,630	21,228	16,388	3,400
Total Assets	9,387,176	9,321,554	10,634,927	11,157,336	11,444,989	12,933,783	14,877,193	17,187,534	17,397,538	23,670,628
Liabilities										
Cash Drawn in Excess of Bank Balance	-	274	-	-	-	-	-	-	-	-
Accrued Expenses	108	125	90	84	114	157	252	118	95	92
Obligations Under Securities Lending Agreements	-	441,000	-	-	-	-	-	-	-	-
Investment Trades Pending Payable	-	49,989	-	-	499,781	174,822	-	-	-	549,673
Total Liabilities	108	491,388	90	84	499,895	174,979	252	118	95	549,765
Net Position										
Held in Trust for Pool Participants	\$ 9,387,068	\$ 8,830,166	\$ 10,634,837	\$ 11,157,252	\$ 10,945,094	\$ 12,758,804	\$ 14,876,941	\$ 17,187,416	\$ 17,397,443	\$ 23,120,863

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
ADDITIONS										
Contributions from Participants	\$ 17,578,161	\$ 16,479,607	\$ 17,487,171	\$ 25,735,242	\$ 35,255,884	\$ 43,302,523	\$ 46,570,125	\$ 49,645,216	\$ 57,605,541	\$ 62,733,478
Investment Income:										
Investment Earnings	23,439	16,522	18,663	12,254	12,597	34,229	84,168	188,407	360,408	268,490
Less: Expenses	-	(157)	(84)	(63)	(37)	(365)	(871)	(377)	(222)	(192)
Total Investment Income	23,439	16,365	18,579	12,191	12,560	33,864	83,297	188,030	360,186	268,298
Miscellaneous	-	-	-	-	-	-	3	3	7	-
Total Additions	17,601,600	16,495,972	17,505,750	25,747,433	35,268,444	43,336,387	46,653,425	49,833,249	57,965,734	63,001,776
DEDUCTIONS										
Distributions to Participants	17,212,633	17,052,244	15,700,259	25,224,106	35,479,699	41,521,752	44,534,344	47,521,809	57,754,668	57,277,156
Administrative Expenses	724	630	820	912	903	925	944	965	1,039	1,200
Total Deductions	17,213,357	17,052,874	15,701,079	25,225,018	35,480,602	41,522,677	44,535,288	47,522,774	57,755,707	57,278,356
Change In Net Position	388,243	(556,902)	1,804,671	522,415	(212,158)	1,813,710	2,118,137	2,310,475	210,027	5,723,420
Net Position - Beginning of Year	8,998,825	9,387,068	8,830,166	10,634,837	11,157,252	10,945,094	12,758,804	14,876,941	17,187,416	17,397,443
Net Position - End of Year	\$ 9,387,068	\$ 8,830,166	\$ 10,634,837	\$ 11,157,252	\$ 10,945,094	\$ 12,758,804	\$ 14,876,941	\$ 17,187,416	\$ 17,397,443	\$ 23,120,863

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

Investment Type	6/30/2020		6/30/2019		6/30/2018		6/30/2017		6/30/2016	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Certificates of Deposit	\$ 130,000	0.6%	\$ 140,000	0.8%	\$ 130,000	0.8%	\$ 29,175	0.2%	\$ 30,000	0.2%
Interest Bearing Bank Deposits	2,030,773	8.6%	2,508,296	14.4%	1,361,000	7.9%	845,706	5.7%	851,080	6.6%
Negotiable Order of Withdrawal Accounts	671,319	2.8%	248,890	1.4%	218,654	1.3%	293,747	2.0%	187,542	1.5%
Time Certificate of Deposit Program	79,000	0.3%	54,250	0.3%	47,395	0.3%	44,870	0.3%	42,320	0.3%
Repurchase Agreements	1,625,000	6.9%	3,950,000	22.7%	5,025,000	29.3%	4,700,000	31.6%	3,584,529	27.7%
Supranational Securities	524,209	2.2%	892,933	5.2%	828,094	4.8%	334,865	2.3%	0	0.0%
US Agency Securities	3,599,705	15.2%	6,135,294	35.3%	5,722,558	33.3%	6,996,226	47.0%	6,862,273	53.1%
US Treasury Securities	15,007,222	63.4%	3,451,487	19.9%	3,833,605	22.3%	1,627,974	10.9%	1,373,535	10.6%
Securities Lending Investments	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	\$ 23,667,228	100.0%	\$ 17,381,150	100.0%	\$ 17,166,306	100.0%	\$ 14,872,563	100.0%	\$ 12,931,279	100.0%

Investment Type	6/30/2015		6/30/2014		6/30/2013		6/30/2012		6/30/2011	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Certificates of Deposit	\$ 26,500	0.2%	\$ 26,500	0.2%	\$ 2,000	0.0%	\$ 40,000	0.4%	\$ 39,000	0.4%
Interest Bearing Bank Deposits	718,175	6.3%	856,267	7.7%	743,434	7.0%	363,253	3.9%	444,200	4.7%
Negotiable Order of Withdrawal Accounts	102,102	0.9%	101,932	0.9%	136,200	1.3%	235,788	2.6%	115,404	1.2%
Time Certificate of Deposit Program	37,610	0.3%	35,950	0.3%	40,715	0.4%	47,840	0.5%	70,365	0.8%
Repurchase Agreements	2,968,200	26.0%	1,200,000	10.8%	1,797,874	16.9%	3,168,500	34.0%	250,000	2.7%
Supranational Securities	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
US Agency Securities	6,742,020	58.9%	8,286,217	74.3%	6,513,556	61.2%	3,374,944	36.2%	6,565,888	70.0%
US Treasury Securities	849,632	7.4%	649,887	5.8%	1,399,598	13.2%	1,649,151	17.7%	1,900,331	20.2%
Securities Lending Investments	0	0.0%	0	0.0%	0	0.0%	441,000	4.7%	0	0.0%
Total	\$ 11,444,239	100.0%	\$ 11,156,753	100.0%	\$ 10,633,377	100.0%	\$ 9,320,476	100.0%	\$ 9,385,188	100.0%

TABLE 4
OWNERSHIP ANALYSIS OF TOTAL ACCOUNTS
Last Ten Fiscal Years

Participant Type	6/30/2020		6/30/2019		6/30/2018		6/30/2017		6/30/2016	
	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	6.1%	39	6.3%	39	6.4%	39	7.5%
Cities & Towns	231	36.7%	228	35.8%	226	36.8%	223	36.7%	223	43.0%
Special Districts	150	23.8%	149	23.4%	143	23.3%	135	22.2%	129	24.9%
Bond Accounts	96	15.2%	105	16.5%	93	15.1%	94	15.5%	89	17.1%
Public Colleges & Universities	27	4.3%	28	4.4%	28	4.6%	28	4.6%	28	5.4%
State Agencies	7	1.1%	6	0.9%	6	1.0%	8	1.3%	7	1.3%
Other	80	12.7%	82	12.9%	79	12.9%	81	13.3%	4	0.8%
Total	630	100.0%	637	100.0%	614	100.0%	608	100.0%	519	100.0%

Participant Type	6/30/2015		6/30/2014		6/30/2013		6/30/2012		6/30/2011	
	Number of Accounts	Percent	Number of Accounts	Percent	Number of Accounts	Percent	Number of Accounts	Percent	Number of Accounts	Percent
Counties	39	7.2%	39	7.3%	39	7.2%	39	7.4%	39	7.3%
Cities & Towns	222	41.2%	224	41.6%	226	41.5%	226	42.6%	228	42.9%
Special Districts	132	24.5%	118	21.9%	117	21.5%	116	21.9%	121	22.8%
Bond Accounts	107	19.9%	103	19.2%	109	20.0%	109	20.6%	111	20.9%
Public Colleges & Universities	28	5.2%	28	5.2%	28	5.1%	28	5.3%	29	5.5%
State Agencies	7	1.3%	7	1.3%	7	1.2%	6	1.1%	0	0.0%
Other	4	0.7%	19	3.5%	19	3.5%	6	1.1%	3	0.6%
Total	539	100.0%	538	100.0%	545	100.0%	530	100.0%	531	100.0%

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

Participant Type	6/30/2020		6/30/2019		6/30/2018		6/30/2017		6/30/2016	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Counties	\$ 9,288,693	40.2%	\$ 7,225,174	41.5%	\$ 6,117,099	35.6%	\$ 5,970,693	40.1%	\$ 5,387,999	42.2%
Cities & Towns	4,589,577	19.8%	3,184,380	18.3%	2,574,651	15.0%	2,564,351	17.3%	2,288,670	17.9%
Special Districts	3,055,177	13.2%	2,754,032	15.8%	2,875,214	16.8%	1,988,177	13.4%	1,636,434	12.8%
Bond Accounts	822,091	3.6%	695,510	4.0%	650,119	3.8%	659,434	4.4%	466,375	3.7%
Public Colleges & Universities	435,303	1.9%	400,554	2.3%	274,826	1.6%	287,448	1.9%	247,998	2.0%
State Agencies	4,793,749	20.7%	2,985,099	17.2%	4,472,884	26.0%	3,290,269	22.1%	2,730,759	21.4%
Other	136,147	0.6%	152,567	0.9%	210,656	1.2%	116,515	0.8%	489	0.0%
Total	\$ 23,120,737	100.0%	\$ 17,397,316	100.0%	\$ 17,175,449	100.0%	\$ 14,876,887	100.0%	\$ 12,758,724	100.0%

Participant Type	6/30/2015		6/30/2014		6/30/2013		6/30/2012		6/30/2011	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Counties	\$ 4,727,507	43.2%	\$ 5,007,406	44.9%	\$ 5,080,565	47.8%	\$ 4,487,652	50.8%	\$ 4,991,508	53.2%
Cities & Towns	1,872,828	17.1%	1,923,917	17.2%	1,884,112	17.7%	1,869,098	21.2%	2,048,715	21.8%
Special Districts	1,763,317	16.1%	1,377,993	12.4%	1,415,820	13.3%	1,329,718	15.1%	1,431,314	15.2%
Bond Accounts	411,968	3.8%	471,949	4.2%	548,846	5.2%	473,644	5.4%	586,876	6.3%
Public Colleges & Universities	337,089	3.1%	316,762	2.8%	311,129	2.9%	306,887	3.5%	306,936	3.3%
State Agencies	1,821,106	16.6%	2,042,937	18.3%	1,385,092	13.0%	357,340	4.0%	4,252	0.0%
Other	11,256	0.1%	16,276	0.2%	7,666	0.1%	3,238	0.0%	15,050	0.2%
Total	\$ 10,945,071	100.0%	\$ 11,157,240	100.0%	\$ 10,633,230	100.0%	\$ 8,827,577	100.0%	\$ 9,384,651	100.0%

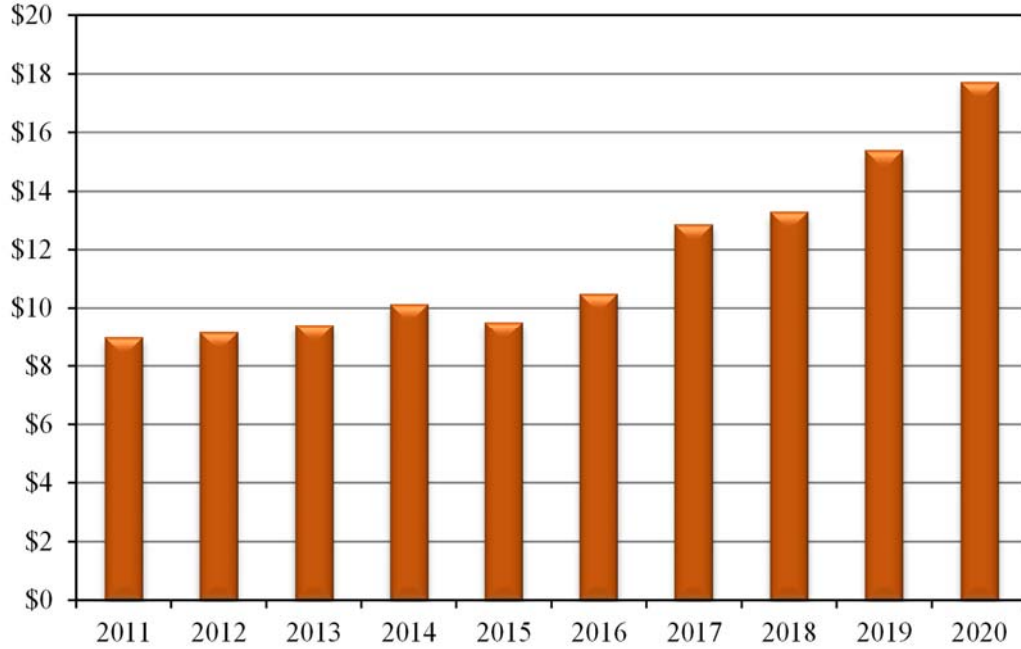
TABLE 6
FINANCIAL HIGHLIGHTS
Last Ten Fiscal Years

	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016
Investments Purchased	\$ 400,197,216,593	\$ 497,326,187,871	\$ 531,151,943,648	\$ 525,966,439,695	\$ 492,732,198,053
Investments Sold	\$ 32,680,961,217	\$ 31,091,567,415	\$ 24,828,304,363	\$ 21,423,921,000	\$ 15,078,156,178
Investments Matured	\$ 361,379,140,000	\$ 466,198,564,977	\$ 504,116,644,019	\$ 502,632,570,282	\$ 476,177,545,000
Net Investment Income	\$ 267,099,190	\$ 359,153,943	\$ 187,068,261	\$ 82,356,073	\$ 32,938,554
Administrative Expenses	\$ 1,199,587	\$ 1,038,808	\$ 965,259	\$ 943,852	\$ 925,006
Average Annualized Monthly Yield	1.58 percent	2.34 percent	1.40 percent	0.63 percent	0.31 percent
Weighted Average Maturity (WAM)	50 days	43 days	33 days	26 days	35 days
Weighted Average Life (WAL)	107 days	82 days	80 days	72 days	100 days
Participant Contributions	\$ 62,733,477,779	\$ 57,605,541,228	\$ 49,645,215,689	\$ 46,570,124,800	\$ 43,302,522,970
Participant Distributions	\$ 57,277,156,467	\$ 57,754,668,474	\$ 47,521,808,515	\$ 44,534,344,752	\$ 41,521,751,691

	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011
Investments Purchased	\$ 281,964,025,725	\$ 128,312,368,689	\$ 201,464,352,490	\$ 206,758,563,256	\$ 137,272,425,884
Investments Sold	\$ 18,486,227,699	\$ 30,073,234,697	\$ 21,906,107,830	\$ 24,076,256,763	\$ 22,703,805,943
Investments Matured	\$ 263,095,646,386	\$ 97,721,262,684	\$ 178,250,863,000	\$ 182,749,495,000	\$ 114,186,405,000
Net Investment Income	\$ 11,657,277	\$ 11,279,324	\$ 17,758,410	\$ 15,735,355	\$ 22,715,240
Administrative Expenses	\$ 903,128	\$ 911,822	\$ 820,200	\$ 629,629	\$ 723,837
Average Annualized Monthly Yield	0.12 percent	0.11 percent	0.17 percent	0.14 percent	0.23 percent
Weighted Average Maturity (WAM)	36 days	30 days	58 days	40 days	57 days
Weighted Average Life (WAL)	86 days	85 days	98 days	112 days	109 days
Participant Contributions	\$ 35,255,884,315	\$ 25,735,242,074	\$ 17,487,171,053	\$ 16,479,606,797	\$ 17,578,161,095
Participant Distributions	\$ 35,479,698,455	\$ 25,224,106,673	\$ 15,700,259,153	\$ 17,052,244,276	\$ 17,212,632,984

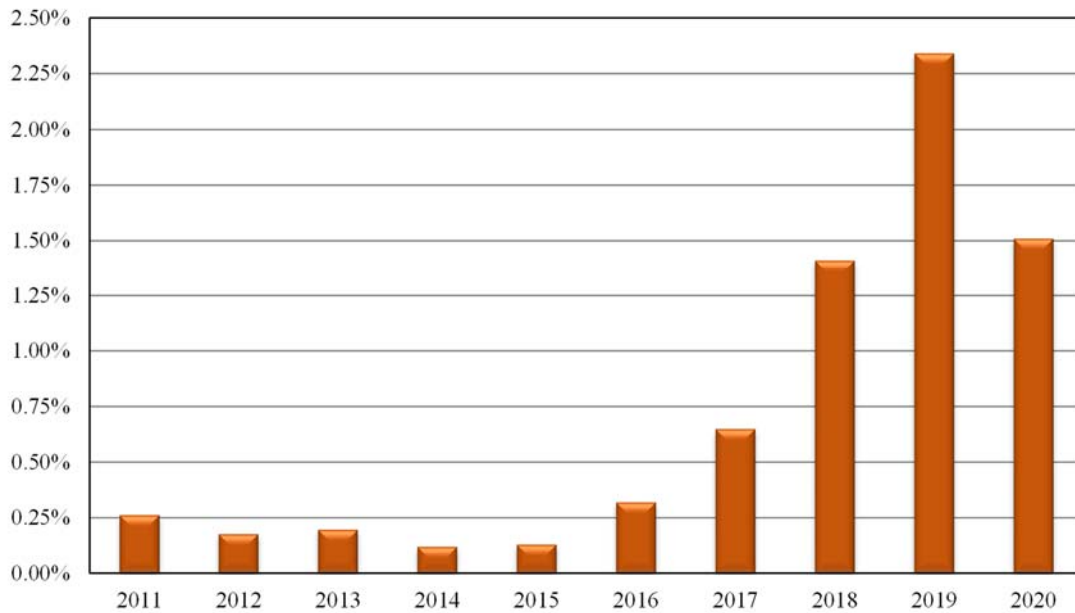
AVERAGE INVESTED BALANCES

Last Ten Fiscal Years
(expressed in billions)

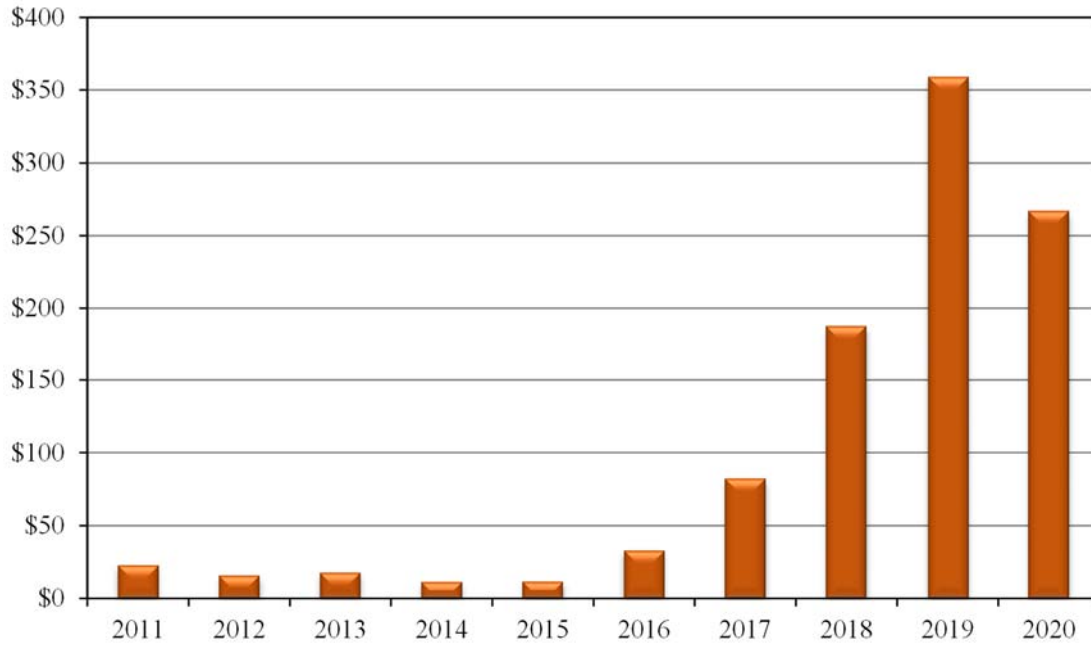


PORTFOLIO YIELD

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
Compounded Annual Return					
LGIP	1.601%	1.787%	1.258%	0.931%	0.707%
iMoneyNet	1.140%	1.370%	0.883%	0.633%	0.446%
Cumulative Return					
LGIP	1.601%	5.458%	6.453%	6.703%	7.300%
iMoneyNet	1.140%	4.168%	4.494%	4.516%	4.555%



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

