

LOCAL GOVERNMENT INVESTMENT POOL

FINANCIAL STATEMENTS

FOR THE YEAR ENDING JUNE 30, 2014



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FINANCIAL STATEMENTS
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LOCAL GOVERNMENT INVESTMENT POOL MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

This section of the Local Government Investment Pool (the LGIP) annual financial report presents an analysis of the Local Government Investment Pool's financial performance during the fiscal year that ended on June 30, 2014. This information should be considered in conjunction with the information contained in the financial statements, which follow this section.

LGIP Activities and Highlights

The Local Government Investment Pool was established January 1, 1981 pursuant to the Local Government Investment Pool Act, Section 2.2-4600 of the *Code of Virginia*. The LGIP enables governmental entities to maximize their return on investments by providing for a State administered fund where monies can be commingled for investment purposes in order to realize the economies of large-scale investing and professional funds management. The LGIP is not registered with the Securities Exchange Commission (SEC) as an investment company, but maintains a policy to operate in conformity with the SEC's Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. The LGIP is rated 'AAAm' by Standard & Poor's rating service.

Overview of the Financial Statements

This discussion and analysis is an introduction to the LGIP's basic financial statements. This report also contains other supplementary information in addition to the basic financial statements. The LGIP is not required to present government-wide financial statements since all of its activity is reported in a fiduciary fund, which would not change in measurement focus (economic resources) or basis of accounting (accrual) for government-wide statements.

The financial statements of the LGIP offer financial information about its activities. The Statement of Net Position provides information about the nature and amounts of the LGIP's cash, investments and receivables (assets) and their administrative fees (liabilities). The Statement of Changes in Fiduciary Net Position reports the additions to, deductions from, and net increases in net position.

Financial Analysis

The primary purpose of the LGIP is to provide a fund that would allow governmental entities to increase their return on investments with minimal credit risk. Summary financial information follows.

Local Government Investment Pool (in millions)

	2014	2013
Total assets	\$ 3,640	\$ 3,194
Total net position	\$ 3,640	\$ 3,194

Assets at year-end increased by 14% over the previous year. The dollar value of deposits increased 12.5% and withdrawals increased 7.1%. Active accounts numbered 833 at the end of fiscal year 2014.

**LOCAL GOVERNMENT INVESTMENT POOL
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**

**Local Government Investment Pool Changes in Net Position
(in millions)**

	2014	2013
Additions:		
Proceeds from units admitted	\$ 7,589	\$ 6,745
Investment earnings	3	5
Total additions	<u>7,592</u>	<u>6,750</u>
Deductions:		
Disbursements for units withdrawn	<u>7,146</u>	<u>6,671</u>
Total deductions	<u>7,146</u>	<u>6,671</u>
Increase/decrease in net position	446	79
Net position, July 1	<u>3,194</u>	<u>3,115</u>
Net position, June 30	<u><u>\$ 3,640</u></u>	<u><u>\$ 3,194</u></u>

Participation in the LGIP is voluntary, so participant activity variances from year to year are normal. Factors that could influence a potential participant would be the availability of funds to invest and the relative attractiveness of the LGIP's return as compared to other options that may be available to the entity.

The extraordinary low interest rate environment continued in fiscal year 2014 for the seventh consecutive year. The Federal Reserve reiterated their commitment to keep rates low for a "considerable time" thus continuing their commitment to the lower bound of the zero to 25 basis point federal funds target in place since December 2008. Rates on money market securities moved lower throughout the year as a result of stable Federal Reserve policy along with increased demand and decreased supply of short term securities. The low yield environment contributed to reduced investment earnings during the period.

LOCAL GOVERNMENT INVESTMENT POOL

Statement of Fiduciary Net Position As of June 30, 2014

Assets

Investments in cash equivalents, at value	\$ 1,686,775,281
Investments in securities, at value	1,952,447,077
Interest receivable	<u>689,176</u>
Total assets	<u>3,639,911,534</u>

Liabilities

Administrative fee payable	<u>299,932</u>
Total liabilities	<u>299,932</u>

Net Position

Held in trust for pool participants	<u><u>\$ 3,639,611,602</u></u>
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The accompanying notes to the financial statements are an integral part of this statement.

LOCAL GOVERNMENT INVESTMENT POOL

Statement of Changes in Fiduciary Net Position For the year ended June 30, 2014

Additions

Contributions:

Proceeds from units admitted	\$ 7,589,093,015
Total contributions	<u>7,589,093,015</u>

Investment earnings:

Interest income	3,095,946
Net accrued interest	689,176
Net change in unrealized appreciation of investments for the year	(52,698)
Less administrative fee	<u>(1,059,851)</u>
Net investment earnings	<u>2,672,573</u>
Total additions	<u>7,591,765,588</u>

Deductions

Disbursements for units withdrawn	<u>7,146,211,314</u>
Total deductions	<u>7,146,211,314</u>
Change in net position	445,554,274
Net position - July 1, 2013	<u>3,194,057,328</u>
Net position - June 30, 2014	<u><u>\$ 3,639,611,602</u></u>

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

**LOCAL GOVERNMENT INVESTMENT POOL
NOTES TO THE FINANCIAL STATEMENTS**

AS OF JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Local Government Investment Pool (the LGIP) was established January 1, 1981 pursuant to the Local Government Investment Pool Act, Section 2.2-4600 of the *Code of Virginia*. The LGIP enables governmental entities to maximize their return on investments by providing for a State administered fund where monies can be commingled for investment purposes in order to realize the economies of large-scale investing and professional funds management. The LGIP is not registered with the Securities Exchange Commission (SEC) as an investment company, but maintains a policy to operate in conformity with the SEC's Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended.

A. Basis of Presentation

The Treasury Board of Virginia administers the LGIP. The accompanying financial statements are reported using the economic resources measurement focus and the accrual basis of accounting under which revenues are recognized when they are earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Earnings and expenses accrue daily, but are credited or charged to participants' accounts on a monthly basis.

B. Investment Valuation

Investments in the LGIP are stated at market value where available. However, market value does not include market accrued interest (totaling \$252,450) which is included as a portion of interest receivable on the Statement of Fiduciary Net Position. Where market value is unavailable, the investments are reported at cost, which due to their short-term nature, approximates market value.

Shares are purchased and redeemed at amortized cost (carrying value, as shown on the supplementary Schedule of Investment on pages 10 and 11). If the LGIP's current market-based net asset value per share should deviate from its amortized cost price per share by an amount exceeding ½ of 1 percent, the State Treasurer, Chair of the Treasury Board, shall assess the situation and determine what action, if any, is in the best interest of the LGIP and its participants. Market-based net asset value is determined on a weekly basis.

The LGIP has not provided or obtained any legally binding guarantees during the fiscal year to support the value of shares.

C. Income

Interest income is recorded as interest that has been earned on securities during the fiscal year. The net change in unrealized appreciation reflects the change in portfolio

LOCAL GOVERNMENT INVESTMENT POOL **NOTES TO THE FINANCIAL STATEMENTS**

investment values, including the reversal of previously recorded unrealized appreciation or depreciation, when gains or losses are realized.

2. DETAILED NOTES

A. Investments

Funds in the LGIP are invested in accordance with Treasury Board investment guidelines and Standard & Poor's AAAM rating criteria. This includes obligations of the United States Government or agencies thereof, repurchase agreements, bankers' acceptances, commercial paper, short-term corporate notes, bank deposit notes and certificates of deposit. The portfolio weighted average maturity to reset (WAM(R)) may not exceed 60 days and the weighted average maturity to final (WAM(F)) may not exceed 90-120 days depending on the structure of the portfolio. The maximum percentage of the LGIP investments permitted in each category and the actual allocation at June 30, 2014 are as follows:

	<u>Maximum Permitted</u>	<u>Actual June 30, 2014</u>
U. S. Treasury/Agency	100%	33%
Bankers' Acceptances, Negotiable Certificates of Deposit and/or Negotiable Bank Deposit Notes	40%	34%
Commercial Paper	35%	26%
Corporate Notes	25%	0%
Repurchase Agreements	50%	7%
Taxable Municipal Obligations	10%	0%

Interest Rate Risk - Investments

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair values of an investment. Interest rate risk is measured and monitored through investing in high quality credits and managing the weighted average maturity (WAM) of the portfolio. The portfolio WAM is a key measure of the funds tolerance to rising interest rates. At June 30, the LGIP's WAM(R) was 53 days and the WAM(F) was 79 days, which should assure minimal asset value fluctuations under most market conditions. The yields on investments held as of June 30, 2014 ranged from 0.01% to 0.29%. The LGIP's investments at June 30, 2014 are presented on the following page.

LOCAL GOVERNMENT INVESTMENT POOL

NOTES TO THE FINANCIAL STATEMENTS

LGIP Investments
As of June 30, 2014
(Dollars in Thousands)

	Carrying Value	Fair Value Uncategorized	Weighted Average Days to Maturity
U.S. Treasury and Agency Securities	1,137,312	1,137,304	39
Commercial Paper	933,826	933,751	58
Negotiable Certificates of Deposit, Deposit Notes and Bankers' Acceptances	1,249,014	1,249,236	75
Repurchase Agreements	250,000	250,000	1
US Govt Money Market Funds	68,931	68,931	1
Total	<u>\$ 3,639,083</u>	<u>\$ 3,639,222</u>	

Portfolio weighted average maturity 53

Credit Risk of Debt Securities

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The LGIP is not exposed to credit risk because LGIP investments are held by the LGIP's custodian in the LGIP's name. The LGIP is rated AAAM by Standard & Poor's. The AAAM rating definition indicates the fund has an extremely strong capacity to maintain principal stability and limit exposure to principal losses due to credit, market, and/or liquidity risks. In addition to the overall fund rating requirements of Standard & Poor's to maintain the AAAM rating, the LGIP Investment Policy and Guidelines require a minimum rating of both P-1 by Moody's Investment Services and A-1 by Standard & Poor's on individual securities purchased. As of June 30, 2014, 72 percent of the LGIP portfolio was invested in securities within the highest long-term and/or short-term (AAA, AA+ and/or A-1+) rating categories by the Standard & Poor's rating scale. The LGIP's rated debt investments as of June 30, 2014 are presented below using the Standard & Poor's rating scale.

	Total Fair Value	Credit Quality			
		AAA	AA+	A-1+	A-1
U.S Treasury and Agency Securities	\$ 165,037	\$ -	\$ 165,037	\$ -	\$ -
Agency Unsecured Bonds and Notes	972,267	49,997	922,270	-	-
Corporate Notes	-	-	-	-	-
Commercial Paper	933,751	-	71,885	523,318	338,548
Negotiable Certificates of Deposit, Deposit Notes and Bankers' Acceptances	1,249,236	-	-	579,093	670,143
Repurchase Agreements	250,000	-	250,000	-	
USGovt Money Market Funds	68,931	68,931	-	-	
Total	<u>\$ 3,639,222</u>	<u>\$ 118,928</u>	<u>\$ 1,409,192</u>	<u>\$ 1,102,411</u>	<u>\$ 1,008,691</u>

LOCAL GOVERNMENT INVESTMENT POOL

NOTES TO THE FINANCIAL STATEMENTS

Concentration of Credit Risk

The LGIP Investment Policy requires diversification of assets with not more than 4% of the fund assets invested in the securities of any single issuer. This limitation does not apply to securities of the U.S. Government, agency thereof, or government sponsored enterprises (GSEs). As of June 30, 2014, more than 4 percent of LGIP's investments are in Bank of Nova Scotia U.S. Government Tri-Party Repurchase Agreements (7%), in the Federal Home Loan Bank (23%), in United States Treasury Notes (5%).

B. Distributions

The LGIP distributes investment income net of expenses to participants on a monthly basis. The dividend distribution is automatically reinvested into additional shares.

C. Risk Management

The LGIP is exposed to various risks of loss related to torts; theft or, damage to, and destruction of assets; errors and omissions; non-performance of duty; injuries to employees; and natural disasters. The Department of Treasury participates in insurance plans maintained by the Commonwealth of Virginia on behalf of the LGIP. The risk management insurance plans are administered by the Department of Treasury, Division of Risk Management. Risk management insurance includes property, general liability, medical malpractice, faithful performance of duty bond, automobile, and air and watercraft plans. The Department of Treasury pays premiums to this Department for its insurance coverage. Information relating to the Commonwealth's insurance plans is available at the statewide level in the Commonwealth of Virginia's Comprehensive Annual Financial Report.

LOCAL GOVERNMENT INVESTMENT POOL
SUPPLEMENTARY INFORMATION

Selected Participant Share and Ratio Information

Selected ratios and data for the average number of shares outstanding throughout the years ended June 30, 2012, 2013 and 2014

	June 30, 2014	June 30, 2013	June 30, 2012
	<u> </u>	<u> </u>	<u> </u>
Investment income	\$ 0.00142	\$ 0.00204	\$ 0.00193
Expenses	0.00040	0.00041	0.00043
	<u> </u>	<u> </u>	<u> </u>
Investment income - net	0.00102	0.00163	0.00150
Income distributions	0.00102	0.00163	0.00150
	<u> </u>	<u> </u>	<u> </u>
Increase in net value	\$ -	\$ -	\$ -
	<u> </u>	<u> </u>	<u> </u>
Net Asset Value:			
Beginning of period	1.00000	1.00000	1.00000
	<u> </u>	<u> </u>	<u> </u>
End of period	1.00000	1.00000	1.00000
	<u> </u>	<u> </u>	<u> </u>
Ratio of investment income-			
Net to average net assets	0.10%	0.16%	0.15%
Ratio of expenses to average net assets	0.04%	0.04%	0.04%

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SUPPLEMENTARY INFORMATION

SCHEDULE OF INVESTMENTS

As of June 30, 2014

	Yield to Maturity	Carrying Value	Fair Value	Percentage of Investments at Fair Value
United States Treasuries:				
United States Treasury Bills 0.02% due 08/07/2014	0.02%	\$ 49,998,944.44	\$ 49,999,472.22	0.01
United States Treasury Floater 0.07% due 01/31/2016	0.07%	24,990,350.00	24,999,500.00	0.01
United States Treasury Notes 0.125% due 07/31/2014	0.08%	15,003,515.63	15,000,000.00	0.01
United States Treasury Notes 0.25% due 10/31/2014	0.07%	75,058,319.56	75,038,250.00	0.02
Total United States Treasuries		165,051,129.63	165,037,222.22	0.05
Agency Unsecured Bonds and Notes:				
Federal Farm Credit Bank Floater 3 Month T-Bills 0.155% due 10/01/2015	0.16%	24,995,000.00	25,009,250.00	0.01
Federal Home Loan Bank 0.17% due 08/08/2014	0.17%	24,999,500.00	25,002,250.00	0.01
Federal Home Loan Bank 0.125% due 10/09/2014	0.18%	9,269,806.00	9,275,834.75	0.00
Federal Home Loan Bank Discount Note due 07/02/2014	0.06%	24,998,916.67	24,998,958.34	0.01
Federal Home Loan Bank Discount Note due 07/11/2014	0.05%	74,993,833.33	74,994,111.11	0.02
Federal Home Loan Bank Discount Note due 07/16/2014	0.05%	49,996,562.50	49,997,000.00	0.01
Federal Home Loan Bank Discount Note due 07/18/2014	0.06%	75,025,550.57	75,026,867.14	0.02
Federal Home Loan Bank Discount Note due 07/29/2014	0.05%	49,995,625.00	49,995,625.00	0.01
Federal Home Loan Bank Discount Note due 08/01/2014	0.06%	107,030,622.65	107,032,217.74	0.03
Federal Home Loan Bank Discount Note due 08/20/2014	0.08%	30,491,061.06	30,493,017.82	0.01
Federal Home Loan Bank Discount Note due 08/27/2014	0.06%	52,004,972.37	52,007,312.82	0.01
Federal Home Loan Bank Discount Note due 08/29/2014	0.07%	90,410,681.38	90,415,792.85	0.03
Federal Home Loan Bank Discount Note due 10/31/2014	0.08%	20,092,671.88	20,094,363.63	0.01
Federal Home Loan Bank Discount Note due 12/03/2014	0.09%	12,090,825.94	12,091,728.10	0.00
Federal Home Loan Bank Floater 0.08325% due 08/22/2014	0.08%	49,994,300.00	49,999,500.00	0.01
Federal Home Loan Bank Floater 0.092% due 08/12/2014	0.09%	49,997,500.00	50,000,500.00	0.01
Federal Home Loan Bank Floater 0.107% due 02/19/2015	0.11%	25,000,000.00	24,997,750.00	0.01
Federal Home Loan Bank Floater 0.103% due 11/20/2015	0.12%	99,974,529.07	99,965,000.00	0.03
Federal Home Loan Mortgage Corporation 0.1509% due 12/05/2014	0.15%	25,000,000.00	25,005,500.00	0.01
Federal Home Loan Mortgage Corporation Discount Note due 08/01/2014	0.05%	9,799,006.39	9,799,134.33	0.00
Federal National Mortgage Association 0.875% due 08/28/2014	0.16%	10,604,714.05	10,567,982.65	0.00
Federal National Mortgage Association Discount Note due 08/01/2014	0.05%	5,499,457.64	5,499,835.00	0.00
World Bank Discount Note due 08/12/2014	0.06%	49,995,583.33	49,997,083.33	0.01
Total Agency Unsecured Bonds and Notes		972,260,719.83	972,266,614.61	0.26
Repurchase Agreements Collateralized by U.S. Government Obligations:				
Bank of Nova Scotia 0.10% due 07/01/2014	0.10%	250,000,000.00	250,000,000.00	0.07
Total Repurchase Agreements Collateralized by U.S. Government Obligation		250,000,000.00	250,000,000.00	0.07
Negotiable Certificates of Deposit:				
Australia New Zealand NY YCD 0.185% due 07/10/2014	0.16%	59,005,250.51	59,002,047.71	0.02
Bank of America CD 0.17% due 08/20/2014	0.17%	15,000,000.00	15,002,337.05	0.00
Bank of America CD 0.23% due 11/12/2014	0.23%	35,000,000.00	35,013,113.27	0.01
Bank of Montreal-Chicago YCD 0.15% due 07/16/2014	0.15%	35,000,000.00	35,001,399.69	0.01
Bank of Montreal-Chicago YCD 0.17% due 08/29/2014	0.17%	15,000,000.00	15,002,749.45	0.00
Bank of Montreal-Chicago YCD 0.17% due 09/05/2014	0.16%	13,000,255.88	13,002,660.91	0.00
Bank of Tokyo Mitsubishi NY YCD 0.12% due 07/01/2014	0.12%	21,000,000.00	21,000,035.00	0.01
Branch Banking & Trust CD 0.12% due 08/29/2014	0.12%	50,000,000.00	50,004,999.50	0.01
Bank of National De Paris NY YCD 0.29% due 08/19/2014	0.29%	35,000,000.00	35,011,176.55	0.01
Bank of Nova Scotia YCD 0.19% due 12/12/2014	0.19%	57,000,000.00	57,015,666.53	0.02
Canadian Imperial Bank of Commerce YCD 0.141% due 07/02/2014	0.14%	59,000,000.00	59,000,265.48	0.02

LOCAL GOVERNMENT INVESTMENT POOL

SUPPLEMENTARY INFORMATION

SCHEDULE OF INVESTMENTS

As of June 30, 2014

	Yield to Maturity	Carrying Value	Fair Value	Percentage of Investments at Fair Value
Canadian Imperial Bank of Commerce YCD 0.16% due 12/01/2014	0.16%	25,000,000.00	25,003,206.36	0.01
Citi Group CD 0.22% due 11/17/2014	0.22%	17,000,000.00	17,005,944.58	0.00
Credit Suisse NY YCD 0.27% due 10/09/2014	0.27%	50,000,000.00	50,019,628.86	0.01
Dominion National Bank NY YCD 0.07% due 07/01/2014	0.07%	50,000,000.00	50,000,013.88	0.01
HSBC USA CD 0.21% due 10/15/2014	0.21%	35,000,000.00	35,008,313.01	0.01
HSBC USA CD 0.21% due 10/03/2014	0.18%	16,001,796.02	16,003,373.93	0.00
National Australia Bank YCD 0.13% due 10/31/2014	0.13%	65,000,000.00	64,999,995.21	0.02
Nordea Bank Finland NY YCD 0.205% due 09/18/2014	0.17%	27,002,591.43	27,008,696.71	0.01
Nordea Bank Finland NY YCD 0.205% due 10/10/2014	0.22%	14,999,262.75	15,003,183.78	0.00
Nordea Bank Finland NY YCD 0.195% due 11/12/2014	0.20%	22,000,000.00	22,005,357.04	0.01
Nordea Bank Finland NY YCD 0.21% due 11/21/2014	0.21%	16,000,000.00	16,005,115.40	0.00
Skandinaviska Enskilda Bank NY YCD 0.23% due 09/16/2014	0.23%	15,000,000.00	15,005,523.35	0.00
Skandinaviska Enskilda Bank NY YCD 0.23% due 11/14/2014	0.23%	32,000,000.00	32,012,167.21	0.01
Standard Chartered Bank NY YCD 0.20% due 10/17/2014	0.20%	20,000,000.00	20,004,236.65	0.01
Standard Chartered Bank NY YCD 0.20% due 10/20/2014	0.20%	40,000,000.00	40,008,706.69	0.01
State Street Bank and Trust CD 0.15% due 09/10/2014	0.15%	50,000,000.00	50,008,998.47	0.01
Sumitomo Mitsui Banking Corporation YCD 0.21 due 09/17/2014	0.21%	25,000,000.00	25,008,227.83	0.01
Svenska Handelsbanken NY YCD 0.215% due 07/07/2014	0.17%	19,002,654.64	19,000,572.41	0.01
Svenska Handelsbanken NY YCD 0.175% due 08/29/2014	0.18%	5,000,000.00	5,000,958.07	0.00
Svenska Handelsbanken NY YCD 0.175% due 09/08/2014	0.17%	40,000,643.24	40,008,942.18	0.01
Svenska Handelsbanken NY YCD 0.16% due 09/10/2014	0.16%	22,000,000.00	22,000,000.00	0.01
Swedbank NY YCD 0.22% due 08/15/2014	0.20%	15,000,000.00	15,002,682.46	0.00
Swedbank NY YCD 0.22% due 11/12/2014	0.20%	55,000,000.00	55,014,427.64	0.02
Swedbank NY YCD 0.22% due 11/28/2014	0.22%	10,000,000.00	10,003,771.68	0.00
Toronto Dominion Bank NY YCD 0.11% due 07/01/2014	0.11%	15,000,000.00	15,000,020.83	0.00
Toronto Dominion Bank NY YCD 0.12% due 07/14/2014	0.12%	18,000,000.00	18,000,419.95	0.01
Toronto Dominion Bank NY YCD 0.185% due 07/30/2014	0.16%	16,001,619.20	16,001,665.95	0.00
Toronto Dominion Bank NY YCD 0.21325% due 11/24/2014	0.21%	25,000,000.00	25,008,494.42	0.01
Toronto Dominion Bank NY YCD 0.17% due 11/28/2014	0.17%	10,000,000.00	10,001,675.86	0.00
United Bank of Switzerland YCD 0.22% due 12/08/2014	0.22%	25,000,000.00	25,010,054.88	0.01
Wells Fargo Bank CD 0.21% due 08/15/2014	0.21%	20,000,000.00	20,003,831.87	0.01
Wells Fargo Bank CD 0.21% due 09/08/2014	0.21%	40,000,000.00	40,011,662.26	0.01
Total Negotiable Certificates of Deposit		1,249,014,073.67	1,249,236,320.56	0.34
Commercial Paper:				
American Honda Corporation CP 0.07% due 07/10/2014	0.07%	39,997,744.44	39,997,144.44	0.01
American Honda Corporation CP 0.09% due 07/15/2014	0.09%	18,998,717.50	18,998,421.94	0.01
Bank of National de Paris CP 0.10% due 07/01/2014	0.07%	36,998,819.16	36,998,819.16	0.01
BMW US Capital CP 0.08% due 07/14/2014	0.08%	19,998,533.33	19,998,172.22	0.01
BMW US Capital CP 0.07% due 07/17/2014	0.08%	54,996,023.61	54,994,868.05	0.01
Chevron Corporation CP 0.06% due 07/01/2014	0.07%	51,594,110.67	51,594,110.67	0.01
Chevron Corporation CP 0.07% due 08/01/2014	0.07%	33,995,240.00	33,993,483.33	0.01
Coca-Cola Corporation CP 0.15% due 07/15/2014	0.15%	19,988,500.00	19,988,655.56	0.01
Coca-Cola Corporation CP 0.14% due 10/31/2014	0.14%	49,971,416.67	49,956,166.67	0.01
Export Development Canada CP 0.14% due 08/29/2014	0.14%	24,982,888.89	24,983,298.61	0.01
Exxon Mobil Corporation CP 0.07% due 07/07/2014	0.07%	24,998,736.11	24,998,486.11	0.01
General Electric Capital Corporation CP 0.02% due 08/01/2014	0.20%	16,975,822.22	16,976,846.94	0.00
General Electric Capital Corporation CP 0.02% due 12/31/2014	0.19%	71,925,366.66	71,884,700.00	0.02
HSBC USA, Inc CP 0.21% due 12/10/2014	0.21%	7,699,537.05	7,698,843.43	0.00
ING Barings CP 0.23% due 08/01/2014	0.23%	24,980,993.00	24,983,145.79	0.01
J P Morgan Chase & Co. CP 0.25% due 07/16/2014	0.25%	24,969,618.06	24,970,868.06	0.01
J P Morgan Chase & Co. CP 0.25% due 07/22/2014	0.25%	24,968,750.00	24,970,500.00	0.01
J P Morgan Chase & Co. CP 0.23% due 08/26/2014	0.23%	14,982,654.17	14,984,987.51	0.00
John Deere Capital Corporation CP 0.09% due 07/17/2014	0.09%	29,997,825.00	29,997,291.67	0.01
Nestle Capital Corporation CP 0.09% due 07/01/2014	0.09%	49,988,500.00	49,988,500.00	0.01
Rabobank Nederland NY CP 0.20% due 11/14/2014	0.20%	49,949,444.44	49,943,777.78	0.01
Roche Holdings CP 0.06% due 07/14/2014	0.06%	19,998,500.00	19,997,994.44	0.01
State Street Corporation CP 0.18% due 12/01/2014	0.18%	14,986,575.00	14,983,387.50	0.00
Toronto Dominion Holdings USA CP 0.11% due 07/14/2014	0.11%	16,998,597.50	16,998,474.72	0.00

LOCAL GOVERNMENT INVESTMENT POOL

SUPPLEMENTARY INFORMATION

SCHEDULE OF INVESTMENTS

As of June 30, 2014

	Yield to Maturity	Carrying Value	Fair Value	Percentage of Investments at Fair Value
Toyota Motor Credit Corporation CP 0.19% due 07/01/2014	0.19%	22,983,005.56	22,983,005.56	0.01
Toyota Motor Credit Corporation CP 0.20% due 09/15/2014	0.20%	9,989,722.22	9,990,355.55	0.00
Toyota Motor Credit Corporation CP 0.22% due 10/31/2014	0.22%	11,981,886.67	11,981,480.01	0.00
Toyota Motor Credit Corporation CP 0.20% due 11/18/2014	0.20%	23,975,600.00	23,972,800.00	0.01
Toyota Motor Credit Corporation CP 0.20% due 12/31/2014	0.20%	19,979,555.56	19,969,388.89	0.01
United Bank of Switzerland CP 0.21% due 11/10/2014	0.21%	24,973,020.83	24,971,187.50	0.01
US Bank NA CP 0.15% due 08/06/2014	0.15%	75,000,000.00	75,001,540.46	0.02
Total Commercial Paper		933,825,704.32	933,750,702.57	0.26
Money Market Funds:				
J P Morgan US Govt Money Market Fund Capital Share 0.01% due 7/1/2014	0.01%	68,931,497.51	68,931,497.51	0.02
Total Money Market Funds		68,931,497.51	68,931,497.51	0.02
Total Investments		\$ 3,639,083,124.96	\$ 3,639,222,357.47	1.00



Martha S. Mavredes, CPA
Auditor of Public Accounts

Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

December 15, 2014

The Honorable Terence R. McAuliffe
Governor of Virginia

The Honorable John C. Watkins
Chairman, Joint Legislative Audit
And Review Commission

The Virginia Treasury Board and
Local Government Investment Pool Participants

INDEPENDENT AUDITOR'S REPORT

Report on Financial Statements

We have audited the accompanying financial statements of the Local Government Investment Pool as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Local Government Investment Pool's basic financial statements as listed in the table of contents.

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 opinions 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 of 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 financial statement presentation.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective fiduciary net position of the Local Government Investment Pool as of June 30, 2014, and the respective changes in fiduciary net position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The basic financial statements of the Local Government Investment Pool are intended to present the financial position and the changes in financial position of only that portion of the aggregate remaining fund information of the Commonwealth of Virginia that is attributable to the transactions of the Local Government Investment Pool. They do not purport to, and do not, present fairly the Commonwealth of Virginia's overall financial position as of June 30, 2014, and the changes in its financial position for the year then ended in conformity 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 1 and 2 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 the 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Local Government Investment Pool's basic financial statements. The Schedule of Selected Participant Share and Ratio Information and the Schedule of Investments are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The Schedule of Selected Participant Share and Ratio Information and the Schedule of Investments are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 Selected Participant Share and Ratio Information and the Schedule of Investments are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 15, 2014, on our consideration of the Local Government Investment Pool's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is 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 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 Local Government Investment Pool's internal control over financial reporting and compliance.



AUDITOR OF PUBLIC ACCOUNTS

SAH/alh