

**LOCAL GOVERNMENT INVESTMENT POOL PROGRAM**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDING JUNE 30, 2018**



LOCAL GOVERNMENT INVESTMENT POOL PROGRAM  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDING JUNE 30, 2018

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## **LOCAL GOVERNMENT INVESTMENT POOL PROGRAM MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited)**

This section of the Local Government Investment Pool Program (Program) annual financial report presents an analysis of the Program’s financial performance during the fiscal year that ended on June 30, 2018. This information should be considered in conjunction with the information contained in the financial statements, which follow this section.

### **Program Activities and Highlights**

The Program was established January 1, 1981 pursuant to the Local Government Investment Pool Act, Section 2.2-4600 of the *Code of Virginia*. The Program 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 Program is comprised of two portfolios: the Local Government Investment Pool (LGIP) portfolio is designed to meet participants daily operational cash management needs and the Local Government Investment Pool – Extended Maturity (LGIP – EM) portfolio is designed to meet the longer term investment needs of Virginia’s public funds investors.

The LGIP portfolio is managed in accordance with the requirements of Governmental Accounting Standards Board (GASB) Statement No. 79, “Certain External Investment Pools and Pool Participants.” The LGIP portfolio is in compliance with all of the standards of GASB Statement No. 79 and elects to report its investments for financial reporting at amortized cost. Participants in the LGIP portfolio should also report their investments in the LGIP portfolio at amortized cost. The LGIP portfolio is rated ‘AAAm’ by Standard & Poor’s rating service.

The LGIP – EM portfolio, established in July 2017, offers public entities of the Commonwealth of Virginia the opportunity to participate in a professionally managed, ‘AAAf/S1’ rated by S&P, fluctuating NAV, and diversified portfolio structured to meet the unique requirements of Virginia’s Investment of Public Funds Act. Within the framework of the *Code of Virginia*, the LGIP – EM portfolio is structured to provide an investment vehicle for those Virginia public entities who wish to invest monies not needed for daily liquidity. The LGIP – EM portfolio reports its investments at fair value. Participants in the LGIP – EM portfolio should report their investments in the LGIP – EM portfolio at fair value.

### **Overview of the Financial Statements**

This discussion and analysis is an introduction to the Program’s basic financial statements. This report also contains other supplementary information in addition to the basic financial statements. The Program 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 Program offer financial information about its activities. The Statement of Net Position provides information about the nature and amounts of the Program’s cash, investments and receivables (assets) and their administrative fees (liabilities). The Statement

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

of Changes in Fiduciary Net Position reports the additions to, deductions from, and net changes in net position.

**Financial Analysis**

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

**Local Government Investment Pool Portfolio  
(in millions)**

	2018	2017
Total assets	\$ 5,301	\$ 4,420
Total net position	\$ 5,301	\$ 4,420

Assets in the LGIP portfolio at year-end increased by 19.94% over the previous year. The dollar value of deposits increased by 28.82% and dollar value of withdrawals increased 18.71%. Active accounts numbered 796 at the end of fiscal year 2018.

**Local Government Investment Pool - Extended Maturity Portfolio  
(in millions)**

	2018	2017
Total assets	\$ 140	\$ -
Total net position	\$ 140	\$ -

Since the LGIP – EM portfolio is a new program in fiscal year 2018, there is no comparable data to report from the prior year. Active accounts numbered 19 at the end of fiscal year 2018.

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

	2018	2017
Additions:		
Proceeds from units admitted	\$ 11,876	\$ 9,219
Investment earnings	63	26
Total additions	11,939	9,245
Deductions:		
Disbursements for units withdrawn	11,058	9,314
Total deductions	11,058	9,314
Increase/decrease in net position	881	(69)
Net position, July 1	4,420	4,489
Net position, June 30	\$ 5,301	\$ 4,420

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

**Local Government Investment Pool - Extended Maturity Portfolio  
Changes in Net Position  
(in millions)**

	2018	2017
Additions:		
Proceeds from units admitted	\$ 188	\$ -
Investment earnings	1	-
Total additions	189	-
Deductions:		
Disbursements for units withdrawn	49	-
Total deductions	49	-
Increase/decrease in net position	140	-
Net position, July 1	-	-
Net position, June 30	\$ 140	\$ -

Participation in the Program is voluntary, so participant activity variances from year to year are normal. Factors that could influence a potential participant in the LGIP portfolio would be the availability of funds to invest and the relative attractiveness of the LGIP portfolio's return as compared to other options that may be available to the entity. Factors that could influence a potential participant in the LGIP – EM portfolio would also include the potential participant's knowledge of the duration over which funds could be invested. The structure of the LGIP – EM portfolio is such that it is only open to investor activity on a weekly basis, rather than on a daily basis as in the LGIP portfolio.

Total LGIP portfolio participant balances increased during the past fiscal year as the domestic economy experienced stronger growth. The average yield for fiscal year 2018 increased seventy-two basis points from the average yield for fiscal 2017. The Federal Reserve hiked monetary policy rates three times during fiscal year 2018, pushing money market rates higher. The portfolio yield on the last day of fiscal 2018 was 2.12 percent, net of fees, compared to 1.13 percent on the last day of fiscal 2017.

Total LGIP – EM portfolio participant balances ended fiscal year 2018 at \$140 million, after peaking at \$178 million in April 2018. While LGIP – EM portfolio assets under management showed strong growth during its inaugural year, the tightening Federal Reserve policy rate environment and flattening yield curve dynamics reduced the attractiveness of longer average maturity investment options. The LGIP – EM portfolio yield on the last day of fiscal 2018 was 2.02 percent, net of fees. On a total return basis (including the principal gains and losses of underlying securities in the portfolio), the LGIP – EM portfolio earned 0.98 percent since inception date of July 19, 2017.

# **LOCAL GOVERNMENT INVESTMENT POOL PROGRAM**

Statement of Fiduciary Net Position  
As of June 30, 2018

	<u>LGIP Portfolio</u>	<u>LGIP - EM Portfolio</u>	<u>Total</u>
Assets			
Cash	\$ 2,142,957	\$ -	\$ 2,142,957
Investments in cash equivalents, at amortized cost	2,382,180,593	221,568	2,382,402,161
Investments in securities, at amortized cost	2,910,112,328	-	2,910,112,328
Investments in cash equivalents, at fair value	-	2,157	2,157
Investments in securities, at fair value	-	139,545,390	139,545,390
Interest receivable	6,458,011	673,713	7,131,724
Total assets	<u>5,300,893,889</u>	<u>140,442,828</u>	<u>5,441,336,717</u>
Liabilities			
Administrative fee payable	<u>1,450</u>	<u>15,092</u>	<u>16,542</u>
Total liabilities	<u>1,450</u>	<u>15,092</u>	<u>16,542</u>
Net Position			
Held in trust for pool participants	<u><u>\$ 5,300,892,439</u></u>	<u><u>\$ 140,427,736</u></u>	<u><u>\$ 5,441,320,175</u></u>

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

# **LOCAL GOVERNMENT INVESTMENT POOL PROGRAM**

Statement of Changes in Fiduciary Net Position  
For the year ended June 30, 2018

	<u>LGIP Portfolio</u>	<u>LGIP - EM Portfolio</u>	<u>Total</u>
Additions			
Contributions:			
Proceeds from units admitted	\$11,875,535,966	\$ 187,635,392	\$ 12,063,171,358
Total contributions	<u>11,875,535,966</u>	<u>187,635,392</u>	<u>12,063,171,358</u>
Investment earnings:			
Interest income	58,251,859	1,294,092	59,545,951
Net accrued interest	6,458,011	673,713	7,131,724
Net change in fair value of investments	-	(418,939)	(418,939)
Less LGIP reserve fund	(681,000)	-	(681,000)
Less administrative fee	<u>(866,506)</u>	<u>(89,693)</u>	<u>(956,199)</u>
Net investment earnings	<u>63,162,364</u>	<u>1,459,173</u>	<u>64,621,537</u>
Total additions	<u>11,938,698,330</u>	<u>189,094,565</u>	<u>12,127,792,895</u>
Deductions			
Disbursements for units withdrawn	<u>11,057,481,008</u>	<u>48,666,829</u>	<u>11,106,147,837</u>
Total deductions	<u>11,057,481,008</u>	<u>48,666,829</u>	<u>11,106,147,837</u>
Change in net position	881,217,322	140,427,736	1,021,645,058
Net position - July 1, 2017	<u>4,419,675,117</u>	<u>-</u>	<u>4,419,675,117</u>
Net position - June 30, 2018	<u>\$ 5,300,892,439</u>	<u>\$ 140,427,736</u>	<u>\$ 5,441,320,175</u>

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

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

AS OF JUNE 30, 2018

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Local Government Investment Pool Program (Program) was established January 1, 1981 pursuant to the Local Government Investment Pool Act, Section 2.2-4600 of the *Code of Virginia*. The Program 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 Program is comprised of two portfolios: the Local Government Investment Pool (LGIP) portfolio is designed to meet participants daily operational cash management needs and the Local Government Investment Pool – Extended Maturity (LGIP – EM) portfolio is designed to meet the longer term investment needs of Virginia’s public funds investors. The Program is not registered with the Securities Exchange Commission (SEC) as an investment company.

The LGIP portfolio is managed in accordance with the requirements of Governmental Accounting Standards Board (GASB) Statement No. 79. The LGIP portfolio is in compliance with all of the standards of GASB Statement No. 79 and elects to report its investments for financial reporting at amortized cost. Participants in the LGIP portfolio should also report their investments in the LGIP portfolio at amortized cost.

The LGIP – EM portfolio was opened on July 19, 2017. The LGIP – EM portfolio offers public entities of the Commonwealth of Virginia the opportunity to participate in a professionally managed, ‘AAAf/S1’ rated by S&P, fluctuating NAV, and diversified portfolio structured to meet the unique requirements of Virginia’s Investment of Public Funds Act. Within the framework of the *Code of Virginia*, the LGIP – EM portfolio is structured to provide an investment vehicle for those Virginia public entities who wish to invest monies not needed for daily liquidity. The LGIP – EM portfolio reports its investments at fair value. Participants in the LGIP – EM portfolio should report their investments in the LGIP – EM portfolio at fair value.

**A. Basis of Presentation**

The Treasury Board of Virginia administers the Program. 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.

The total column shown on the financial statements represents a combination of the two funds and does not eliminate the LGIP – EM’s portfolio investment in the LGIP portfolio so that both funds may be shown in their independent entirety.



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**NOTES TO THE FINANCIAL STATEMENTS**

**B. Investment Valuation**

Investments in the LGIP portfolio are stated at amortized cost (\$5,292,292,921). Shares are purchased and redeemed at amortized cost (as shown on the supplementary Schedule of Investments on pages 15 through 17).

In accordance with GASB Statement No. 72, "Fair Value Measurement and Application," the par value of the LGIP portfolio investments is \$5,299,220,443 and the fair value is \$5,293,194,840. Fair value measurements are based on a three-tiered fair value hierarchy. The LGIP portfolio consists of level one and level two investments within the fair value hierarchy. Level one investments are based on quoted prices (unadjusted) for identical assets in active markets that a government can access at the measurement date. Level two inputs are significant other observable inputs and may include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in inactive markets, or model-driven valuations. The LGIP portfolio classifies United States Treasury securities in level one of the fair value hierarchy (\$84,870,650). The remaining investments are classified in level two (\$5,208,324,190).

The LGIP portfolio's market-based net asset value is determined on a weekly basis. If the LGIP portfolio's current market-based net asset value per share should deviate from its amortized cost price per share by an amount exceeding  $\frac{1}{2}$  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 portfolio and its participants.

Investments in the LGIP – EM portfolio are stated at fair value (\$139,547,547), with the exception of its investment in the LGIP portfolio (\$221,568), which is stated at amortized cost. The par value of the LGIP – EM portfolio investments is \$140,537,725. Investment details are shown on the supplementary Schedule of Investments on pages 18 through 19, and are classified as level two investments, in accordance with the GASB Statement No. 72 fair value hierarchy.

Shares are purchased and redeemed at their floating NAV which is determined by market prices. Factors influencing the NAV include interest rates, credit spreads, and other risks, as delineated in the LGIP – EM portfolio Investment Circular (see <https://www.trs.virginia.gov/Cash-Management-Investments/LGIP>). As a result of the expected weighted average one year (+/- three months) maturity, the value of the LGIP – EM portfolio shares will fluctuate with changes in the market value of the portfolio and the redemption of shares may result in a capital gain or loss.

The Program 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.

# LOCAL GOVERNMENT INVESTMENT POOL PROGRAM

## NOTES TO THE FINANCIAL STATEMENTS

### 2. DETAILED NOTES

#### A. Cash, Cash Equivalents, and Investments

At June 30, 2018, the LGIP portfolio had a cash balance of \$2,142,957. This was the result of late wires received, without prior notification, after investments had been settled for the day. When proper notification is received, all funds are invested on the day received.

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the “Act”). Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial institutions may choose between two collateralization methodologies and, depending upon that choice, will pledge collateral that ranges in amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Funds in the LGIP portfolio 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, certificates of deposit, and AAA foreign sovereign governments. 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 portfolio investments permitted in each category and the actual allocation at June 30, 2018 are shown below:

LGIP Portfolio	Maximum <u>Permitted</u>	Actual <u>June 30, 2018</u>
U. S. Treasury/Agency	100%	15%
Repurchase Agreements	50%	17%
Bankers' Acceptances, Negotiable Certificates of Deposit and/or Negotiable Bank Deposit Notes	40%	37%
Commercial Paper	35%	31%
Corporate Notes	25%	0%
Taxable Municipal Obligations	10%	0%
Foreign Sovereign Governments	10%	0%
IRBD (World Bank)	5%	0%

Funds in the LGIP – EM portfolio are invested in accordance with Treasury Board investment guidelines and Standard & Poor’s AAAf/S1 rating criteria. This includes obligations of the United States Government or agencies thereof, repurchase agreements, bankers’ acceptances, commercial paper, corporate notes, bank deposit notes, certificates of deposit, state and local municipal obligations, AAA foreign

## LOCAL GOVERNMENT INVESTMENT POOL PROGRAM

### NOTES TO THE FINANCIAL STATEMENTS

sovereign governments, obligations of the International Bank for Reconstruction Development (IRBD), and shares of the LGIP portfolio.

The LGIP – EM portfolio weighted average expected dollar weighted maturity (WAM) is one year +/-3 months, and the maximum final maturity is five years. The maximum percentage of the LGIP – EM portfolio investments permitted in each category and the actual allocation at June 30, 2018 are shown below:

LGIP - EM Portfolio	Maximum Permitted	Actual June 30, 2018
U. S. Treasury/Agency	100%	42%
Repurchase Agreements	50%	0%
Bankers' Acceptances, Negotiable Certificates of Deposit and/or Negotiable Bank Deposit Notes	45%	31%
Commercial Paper	35%	16%
Corporate Notes	25%	11%
Taxable Municipal Obligations	10%	0%
Foreign Sovereign Governments	10%	0%
IRBD (World Bank)	5%	0%
Virginia Treasury LGIP Portfolio	15%	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 Program WAM is a key measure of the funds tolerance to rising interest rates.

At June 30, the LGIP portfolio's WAM(R) was 45 days and the WAM(F) was 88 days, which should assure minimal asset value fluctuations under most market conditions. The yields on investments held as of June 30, 2018 ranged from 1.60% to 2.58%. The LGIP portfolio's investments at June 30, 2018 are presented below.

LGIP Portfolio Investments As of June 30, 2018 (Dollars in Thousands)						
	Fair Value	Carrying Value	Par Value	Amortized Cost Uncategorized	Interest Rate Ranges	Weighted Average Days to Maturity
U.S. Treasury and Agency Securities	\$ 740,775	\$ 740,557	\$ 741,675	\$ 741,061	1.25 - 2.083	25
Commercial Paper	1,648,986	1,645,477	1,655,200	1,648,896	1.84 - 2.5	62
Negotiable Certificates of Deposit, Deposit Notes and Bankers' Acceptances	1,962,821	1,961,702	1,961,730	1,961,720	1.5 - 2.58	60
Repurchase Agreements	890,004	890,004	890,004	890,004	2.08 - 2.15	2
US Govt Money Market Funds	50,609	50,612	50,612	50,612	1.827 - 1.835	1
Total	<u>\$ 5,293,195</u>	<u>\$ 5,288,352</u>	<u>\$ 5,299,221</u>	<u>\$ 5,292,293</u>		

Portfolio weighted average maturity

45

At June 30, the LGIP EM portfolio's WAM was 302 days and its final maturity is February 16, 2021. The yields on investments held as of June 30, 2018 ranged from

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

1.43% to 2.72%. The LGIP portfolio's investments at June 30, 2018 are presented on the below.

LGIP - EM Portfolio Investments  
As of June 30, 2018  
(Dollars in Thousands)

	Fair Value	Carrying Value	Par Value	Interest Rate Ranges	Weighted Average Days to Maturity
U.S. Treasury and Agency Securities	\$ 58,397	\$ 58,893	\$ 59,040	0.95 - 2.375	581
Corporate Notes	15,280	15,326	15,289	1.125 - 6.5	196
Commercial Paper	21,875	21,781	22,000	1.78 - 2.48	90
Negotiable Certificates of Deposit, Deposit Notes and Bankers' Acceptances	43,993	43,964	43,985	1.5 - 2.46	75
US Govt Money Market Funds	2	2	2	1.827 - 1.827	0
Virginia Treasury LGIP Portfolio	222	222	222	2.122 - 2.122	0
	-	-	-		
Total	<u>\$ 139,769</u>	<u>\$ 140,188</u>	<u>\$ 140,538</u>		

Portfolio weighted average maturity

302

## *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 Program is not exposed to custodial risk because the investments are held by the Program's custodian in the Program's name.

The LGIP portfolio 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 portfolio 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, 2018, 72 percent of the LGIP portfolio was invested in securities within the highest long-term and/or short-term rating categories (AAA, AA+, A-1+, and/or AAAM) by the Standard & Poor's rating scale. The LGIP portfolio's rated debt investments as of June 30, 2018 are presented on the following page using the Standard & Poor's rating scale.

# LOCAL GOVERNMENT INVESTMENT POOL PROGRAM

## NOTES TO THE FINANCIAL STATEMENTS

		(Dollars in thousands)					
LGIP Portfolio	Total Amortized Cost	Credit Quality					
		AAA	AA+	A-1+	A-1	AAAm	
U.S. Treasury and Agency Securities <sup>(1)</sup>	\$ 84,938	\$ -	\$ 84,938	\$ -	\$ -	\$ -	
Agency Unsecured Bonds and Notes	656,123	-	656,123	-	-	-	
Commercial Paper	1,648,896	-	-	1,194,026	454,870	-	
Negotiable Certificates of Deposit, Deposit Notes and Bankers' Acceptances	1,961,720	-	-	911,279	1,050,441	-	
Repurchase Agreements	890,004	200,000	690,004	-	-	-	
US Govt Money Market Funds	50,612	-	-	-	-	50,612	
<b>Total</b>	<b>\$ 5,292,293</b>	<b>\$ 200,000</b>	<b>\$ 1,431,065</b>	<b>\$ 2,105,305</b>	<b>\$ 1,505,311</b>	<b>\$ 50,612</b>	

(1) Obligations of the U. S. Government or obligations explicitly guaranteed by the U. S. Government are not considered to have credit risk.

The LGIP – EM portfolio is rated AAAsf/S1 by Standard & Poor's indicating that the credit quality of the fund's portfolio exposure is extremely strong and that the fund exhibits low volatility of returns comparable to a portfolio of short-duration government securities, typically maturing within one to three years and denominated in the base currency of the fund. In addition to the overall fund rating requirements of Standard & Poor's to achieve and maintain the AAAsf/S1 rating, the LGIP – EM portfolio 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, 2018, 69 percent of the LGIP – EM portfolio was invested in securities within the highest long-term and/or short-term rating categories (AAA, AA+, A-1+, and/or AAAsf) by the Standard & Poor's rating scale. The LGIP – EM portfolio's rated debt investments as of June 30, 2018 are presented below using the Standard & Poor's rating scale.

		(Dollars in thousands)								
LGIP - EM Portfolio	Total Fair Value	Credit Quality								
		AAA	AA+	AA	AA-	A+	A	A-1+	A-1	AAAsf
U.S. Treasury and Agency Securities <sup>(1)</sup>	\$ 58,397	\$ -	\$ 58,397	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Corporate Notes	15,280	4,539	4,170	1,155	2,816	998	1,602	-	-	-
Commercial Paper	21,875	-	-	-	-	-	-	10,559	11,316	-
Negotiable Certificates of Deposit, Deposit Notes and Bankers' Acceptances	43,993	-	-	-	-	-	-	18,225	25,768	-
US Govt Money Market Funds	2	-	-	-	-	-	-	-	-	2
Virginia Treasury LGIP Portfolio	222	-	-	-	-	-	-	-	-	222
<b>Total</b>	<b>\$ 139,769</b>	<b>\$ 4,539</b>	<b>\$ 62,567</b>	<b>\$ 1,155</b>	<b>\$ 2,816</b>	<b>\$ 998</b>	<b>\$ 1,602</b>	<b>\$ 28,784</b>	<b>\$ 37,084</b>	<b>\$ 224</b>

(1) Obligations of the U. S. Government or obligations explicitly guaranteed by the U. S. Government are not considered to have credit risk.

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

### *Concentration of Credit Risk*

The Program's Investment Policies require 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, government sponsored enterprises (GSEs), or AAA foreign sovereign governments.

As of June 30, 2018, more than 4 percent of LGIP portfolio's investments are in Bank of Nova Scotia U.S. Government Tri-Party Repurchase Agreements (13%), Federal Farm Credit Bank (5%), and in the Federal Home Loan Bank (7%).

As of June 30, 2018, more than 4 percent of LGIP – EM portfolio's investments are in the Federal Farm Credit Bank (7%), in the Federal Home Loan Bank (16%), the Federal Home Loan Mortgage Corporation (13%) and the Federal National Mortgage Association (6%).

### **B. Distributions**

The Program 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 Program 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 Program. 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 PROGRAM  
SUPPLEMENTARY INFORMATION**

Selected Participant Share and Ratio Information - LGIP Portfolio

Selected ratios and data for the average number of shares outstanding  
throughout the years ended June 30, 2016, 2017 and 2018

	June 30, 2018	June 30, 2017	June 30, 2016
Investment income	\$ 0.01523	\$ 0.00790	\$ 0.00366
Expenses	0.00036	0.00040	0.00039
Investment income - net	0.01487	0.00750	0.00327
Income distributions	0.01487	0.00750	0.00327
Increase in net value	\$ -	\$ -	\$ -
Net Asset Value:			
Beginning of period	1.00000	1.00000	1.00000
End of period	1.00000	1.00000	1.00000
Ratio of investment income-			
Net to average net assets	1.49%	0.75%	0.33%
Ratio of expenses to average net assets	0.04%	0.04%	0.04%

# LOCAL GOVERNMENT INVESTMENT POOL PROGRAM

## SUPPLEMENTARY INFORMATION

### SCHEDULE OF INVESTMENTS - LGIP PORTFOLIO

As of June 30, 2018

	Yield to Maturity	Carrying Value	Current Amortized Cost	Percentage of Investments at Amortized Cost
United States Treasuries:				
United States Treasury FRN Quarterly USTMMR+17.4 due 7/31/2018	2.08%	49,998,554.95	49,999,935.70	0.01
United States Treasury Note 1.25% due 12/15/2018	1.64%	34,856,445.31	34,938,371.13	0.01
Total United States Treasuries		84,855,000.26	84,938,306.83	0.02
Agency Unsecured Bonds and Notes:				
Federal Farm Credit Bank Floater PRIME-308 due 3/11/2019	1.92%	42,996,130.00	42,998,508.56	0.01
Federal Farm Credit Bank Floater FF-1.5 due 9/20/2019	1.90%	56,955,628.50	56,960,997.26	0.01
Federal Farm Credit Bank 2.04% due 3/13/2020	2.04%	24,995,011.00	24,995,761.74	0.00
Federal Farm Credit Bank Floater USBMMY3M+4.5 due 6/29/2020	2.02%	49,990,050.00	49,990,077.22	0.01
Federal Farm Credit Bank Floater FF-14 due 6/29/2020	2.05%	25,000,000.00	25,000,000.00	0.00
Federal Farm Credit Bank Floater PRIME-307 due 12/18/2019	1.93%	49,995,000.00	49,996,330.58	0.01
Federal Home Loan Bank Floater 1-ML-6.5 due 1/28/2020	2.04%	50,005,658.50	50,004,623.12	0.01
Federal Home Loan Bank Discount Note due 8/1/2018	1.89%	43,902,980.00	43,928,390.00	0.01
Federal Home Loan Bank Discount Note due 8/21/2018	1.91%	49,833,750.00	49,865,416.67	0.01
Federal Home Loan Bank Discount Note due 9/7/2018	1.97%	49,764,111.11	49,817,722.22	0.01
Federal Home Loan Bank Discount Note due 7/16/2018	1.87%	37,596,487.32	37,670,703.96	0.01
Federal Home Loan Bank Discount Note due 7/18/2018	1.87%	49,854,944.44	49,955,965.28	0.01
Federal Home Loan Bank Discount Note due 7/23/2018	1.86%	49,863,819.44	49,943,472.22	0.01
Federal Home Loan Bank Floater 1-ML-10 due 12/21/2018	1.99%	25,000,041.50	25,000,013.31	0.00
Tennessee Valley Authority Discount Note due 7/3/2018	1.85%	49,948,611.11	49,994,861.11	0.01
Total Agency Unsecured Bonds and Notes		655,702,222.92	656,122,843.25	0.12
Repurchase Agreements Collateralized by U.S. Government Obligations:				
Bank of Nova Scotia MBS 2.08% due 7/2/2018	2.08%	490,000,000.00	490,000,000.00	0.09
Bank of Nova Scotia WB 2.15% due 7/2/2018	2.15%	200,000,000.00	200,000,000.00	0.04
Metropolitan Life Insurance Company 2.09% due 7/2/2018	2.09%	200,003,681.25	200,003,681.25	0.04
Total Repurchase Agreements Collateralized by U.S. Government Obligation		890,003,681.25	890,003,681.25	0.17
Negotiable Certificates of Deposit:				
Australia New Zealand Bank NY 2.04% due 8/16/2018	2.04%	25,000,000.00	25,000,000.00	0.00
Australia New Zealand Bank NY 2.35% due 11/19/2018	2.35%	50,000,000.00	50,000,000.00	0.01
Bank of America NA 2.1607% due 7/2/2018	2.16%	45,000,000.00	45,000,000.00	0.01
Bank of America NA 2.43% due 11/7/2018	2.43%	20,000,000.00	20,000,000.00	0.00
Bank of Montreal Chicago 2.35% due 12/19/2018	2.35%	21,000,000.00	21,000,000.00	0.00
Bank of Montreal Chicago 2.27% due 9/12/2018	2.27%	21,000,000.00	21,000,000.00	0.00
Bank of Montreal Chicago 2.32% due 8/1/2018	2.32%	50,000,000.00	50,000,000.00	0.01
Bank of Nova Scotia Houston 2.33% due 9/14/2018	2.33%	23,000,000.00	23,000,000.00	0.00
Bank of Nova Scotia Houston Floater FFE+48 due 9/13/2018	2.39%	50,000,000.00	50,000,000.00	0.01
Canadian Imperial Bank of Commerce NY Floater 1-ML+44 due 12/17/	2.53%	50,000,000.00	50,000,000.00	0.01
Canadian Imperial Bank of Commerce NY 2.43% due 12/13/2018	2.43%	28,000,000.00	28,000,000.00	0.01
Canadian Imperial Bank of Commerce NY Floater 1-ML+19 due 9/21/2/	2.28%	50,000,000.00	50,000,000.00	0.01
Citibank N.A. NY 1.86% due 7/10/2018	2.03%	25,497,487.51	25,498,809.87	0.01
Citibank N.A. NY 1.86% due 7/2/2018	2.00%	19,185,724.51	19,189,919.33	0.00
Citibank N.A. NY 1.86% due 7/2/2018	1.90%	22,748,926.91	22,749,966.47	0.00
Citibank N.A. NY 2.4% due 9/17/2018	2.40%	25,000,000.00	25,000,000.00	0.01
Commonwealth Bank of Australia NY 2.23% due 9/14/2018	2.23%	44,000,000.00	44,000,000.00	0.01
Credit Suisse NY Floater 1-ML+21 due 7/24/2018	2.30%	30,005,820.00	30,002,159.03	0.01
DNB Bank ASA NY 2.21% due 7/10/2018	2.21%	45,000,000.00	45,000,000.00	0.01
DNB Bank ASA NY 2.23% due 7/23/2018	2.23%	25,000,000.00	25,000,000.00	0.00
DNB Bank ASA NY 2.29% due 11/15/2018	2.29%	21,000,000.00	21,000,000.00	0.00
Lloyds Bank PLC NY 2.23% due 9/17/2018	2.23%	39,000,000.00	39,000,000.00	0.01
Mizuho Bank NY 2.28% due 7/12/2018	2.28%	30,000,000.00	30,000,000.00	0.01
MUFG Bank LTD NY 2.25% due 9/25/2018	2.25%	40,000,000.00	40,000,000.00	0.01
National Australia Bank NY 2.18% due 9/24/2018	2.18%	20,000,000.00	20,000,000.00	0.00
National Australia Bank NY 1.64% due 8/13/2018	1.64%	33,000,000.00	33,000,000.00	0.01



# LOCAL GOVERNMENT INVESTMENT POOL PROGRAM

## SUPPLEMENTARY INFORMATION

### SCHEDULE OF INVESTMENTS - LGIP PORTFOLIO (continued)

As of June 30, 2018

	Yield to Maturity	Carrying Value	Current Amortized Cost	Percentage of Investments at Amortized Cost
Nordea Bank AB NY 1.91% due 7/24/2018	2.05%	49,992,858.97	49,995,022.92	0.01
Nordea Bank AB NY 1.79% due 7/2/2018	1.79%	28,000,000.00	28,000,000.00	0.01
Nordea Bank AB NY 2.22% due 9/18/2018	2.22%	15,000,000.00	15,000,000.00	0.00
Cooperatieve Rabobank UA NY Floater 1-ML+23 due 9/10/2018	2.26%	25,000,000.00	25,000,000.00	0.00
Skandinaviska Enskilda Banken NY 2.38% due 12/21/2018	2.38%	25,000,000.00	25,000,000.00	0.00
Skandinaviska Enskilda Banken NY 2.37% due 12/17/2018	2.37%	50,000,000.00	50,000,000.00	0.01
Skandinaviska Enskilda Banken NY 2.27% due 8/15/2018	2.27%	21,000,000.00	21,000,000.00	0.00
State Street Bank 2% due 7/30/2018	2.00%	58,500,000.00	58,500,000.00	0.01
Sumitomo Bank Ny 2.28% due 9/21/2018	2.28%	40,000,000.00	40,000,000.00	0.01
Svenska Handelsbanken NY Floater 1-ML+16 due 9/6/2018	2.17%	50,000,000.00	50,000,000.00	0.01
Svenska Handelsbanken NY Floater 1-ML+17 due 9/20/2018	2.25%	35,000,000.00	35,000,000.00	0.01
Svenska Handelsbanken NY Floater 1-ML+19 due 10/23/2018	2.28%	30,000,000.00	30,000,000.00	0.01
Svenska Handelsbanken NY 1.89% due 7/23/2018	2.04%	17,997,432.16	17,998,177.66	0.00
Swedbank AB NY 2.18% due 8/16/2018	2.18%	27,000,000.00	27,000,000.00	0.01
Swedbank AB NY 2.19% due 9/10/2018	2.19%	25,000,000.00	25,000,000.00	0.00
Swedbank AB NY 2.46% due 3/13/2019	2.46%	27,000,000.00	27,000,000.00	0.01
Swedbank AB NY 2.27% due 10/16/2018	2.27%	28,000,000.00	28,000,000.00	0.01
Swedbank AB NY 2.33% due 10/16/2018	2.33%	24,000,000.00	24,000,000.00	0.00
Toronto Dominion NY Floater 1-ML+23 due 12/6/2018	2.24%	44,000,000.00	44,000,000.00	0.01
Toronto Dominion NY 1.6% due 8/24/2018	2.08%	4,243,007.74	4,246,822.13	0.00
Toronto Dominion NY 2.42% due 12/10/2018	2.42%	25,000,000.00	25,000,000.00	0.01
Toronto Dominion NY 2.22% due 8/8/2018	2.22%	22,000,000.00	22,000,000.00	0.00
Toronto Dominion NY 1.82% due 11/21/2018	1.82%	14,000,000.00	14,000,000.00	0.00
Toronto Dominion NY Floater 1-ML+23 due 12/20/2018	2.31%	22,000,000.00	22,000,000.00	0.00
Toronto Dominion NY 2.27% due 9/25/2018	2.27%	20,000,000.00	20,000,000.00	0.00
Union Bank Switzerland AG Stamford Floater 1ML+22 due 12/5/2018	2.22%	50,000,000.00	50,000,000.00	0.01
Union Bank Switzerland AG Stamford 2.4% due 12/4/2018	2.40%	30,000,000.00	30,000,000.00	0.01
Us Bank Floater 1-ML+18 due 8/27/2018	2.28%	30,000,000.00	30,000,000.00	0.01
Us Bank 2.3% due 10/12/2018	2.30%	40,000,000.00	40,000,000.00	0.01
Us Bank 2.1% due 9/10/2018	2.10%	50,000,000.00	50,000,000.00	0.01
Wells Fargo Bank Floater 1-ML+16 due 7/5/2018	2.16%	23,000,000.00	23,000,000.00	0.00
Wells Fargo Bank 1.73% due 8/28/2018	1.73%	16,000,000.00	16,000,000.00	0.00
Wells Fargo Bank Floater +ML+20 due 9/6/2018	2.21%	35,000,000.00	35,000,000.00	0.01
Wells Fargo Bank Floater 1-ML+37 due 12/14/2018	2.43%	30,000,000.00	30,000,000.00	0.01
Wells Fargo Bank 2.58% due 3/11/2019	2.58%	25,000,000.00	25,000,000.00	0.00
Westpac Banking Corporation NY 1.5% due 7/18/2018	1.60%	12,531,044.43	12,539,365.65	0.00
Westpac Banking Corporation NY Floater 1-ML+16 due 7/18/2018	2.25%	40,000,000.00	40,000,000.00	0.01
 Total Negotiable Certificates of Deposit		 1,961,702,302.23	 1,961,720,243.06	 0.37
 Commercial Paper:				
American Honda Finance Corporation due 9/10/2018	2.16%	34,811,875.00	34,851,590.28	0.01
Apple, Inc due 7/5/2018	1.94%	46,798,422.22	46,989,921.11	0.01
Apple, Inc due 7/9/2018	2.00%	24,877,006.94	24,988,944.44	0.00
Apple, Inc due 8/1/2018	2.02%	28,839,702.50	28,949,805.83	0.01
Apple, Inc due 8/8/2018	1.99%	21,904,410.00	21,954,020.00	0.00
Apple, Inc due 9/7/2018	2.06%	37,846,363.89	37,852,855.56	0.01
BNP Paribas Finance Inc due 7/13/2018	2.26%	29,829,375.00	29,977,500.00	0.01
Chevron Corporation due 7/19/2018	1.93%	21,971,693.33	21,978,770.00	0.00
Chevron Corporation due 7/3/2018	1.84%	64,899,791.67	64,993,372.22	0.01
Chevron Corporation due 9/4/2018	2.02%	49,745,958.33	49,818,541.66	0.01
Coca Cola Corporation due 9/12/2018	2.29%	23,788,133.33	23,889,526.66	0.00
Coca Cola Corporation due 9/24/2018	2.30%	45,672,716.83	45,952,380.83	0.01
Coca Cola Corporation due 9/13/2018	2.09%	19,900,622.22	19,914,488.89	0.00
Exxon Mobil Corporation due 7/6/2018	1.92%	24,969,333.33	24,993,333.33	0.01
Exxon Mobil Corporation due 7/10/2018	1.90%	49,912,916.67	49,976,250.00	0.01
Exxon Mobil Corporation due 8/1/2018	1.91%	74,751,944.45	74,877,291.66	0.01
ING US Funding LLC due 12/17/2018	2.42%	28,649,599.44	28,674,628.05	0.01
ING US Funding LLC due 11/5/2018	2.36%	31,688,000.00	31,735,840.00	0.01
ING US Funding LLC Floater 1-ML+25 due 11/15/2018	2.32%	30,000,000.00	30,000,000.00	0.01

# LOCAL GOVERNMENT INVESTMENT POOL PROGRAM

## SUPPLEMENTARY INFORMATION

### SCHEDULE OF INVESTMENTS - LGIP PORTFOLIO (continued)

As of June 30, 2018

	Yield to Maturity	Carrying Value	Current Amortized Cost	Percentage of Investments at Amortized Cost
JP Morgan Securities LLC due 2/11/2019	2.49%	39,341,222.22	39,387,500.00	0.01
JP Morgan Securities LLC due 3/8/2019	2.53%	24,536,722.22	24,569,444.44	0.00
JP Morgan Securities LLC due 3/15/2019	2.55%	14,719,791.67	14,732,291.67	0.00
JP Morgan Securities LLC due 1/7/2019	2.48%	49,183,277.78	49,356,111.11	0.01
Metropolitan Life Short Term Funding LLC due 7/2/2018	2.23%	14,925,075.00	14,999,075.00	0.00
Metropolitan Life Short Term Funding LLC due 8/13/2018	2.24%	23,878,093.33	23,936,073.33	0.00
Metropolitan Life Short Term Funding LLC due 10/1/2018	2.27%	45,680,000.00	45,735,500.00	0.01
Metropolitan Life Short Term Funding LLC due 8/1/2018	2.11%	14,937,875.00	14,972,875.00	0.00
National Australia Bank Funding DE due 9/4/2018	2.19%	31,825,600.00	31,874,044.44	0.01
National Australia Bank Funding DE due 11/15/2018	2.36%	49,407,791.67	49,556,652.78	0.01
National Securities Clearing Corporation due 11/5/2018	2.27%	42,596,875.00	42,658,687.50	0.01
National Securities Clearing Corporation due 7/12/2018	1.99%	31,774,720.00	31,980,640.00	0.01
Nestle Capital Corporation due 9/26/2018	2.20%	39,781,000.00	39,788,300.00	0.01
Nestle Capital Corporation due 7/9/2018	2.05%	49,742,166.67	49,977,333.33	0.01
Old Line Funding LLC due 7/5/2018	1.93%	29,988,741.67	29,993,566.67	0.01
Old Line Funding LLC due 9/10/2018	2.24%	14,911,729.17	14,934,029.17	0.00
Old Line Funding LLC Floater 1-ML+28 due 9/7/2018	2.30%	43,000,000.00	43,000,000.00	0.01
Pfizer Corporation due 8/22/2018	2.01%	49,750,000.00	49,855,555.56	0.01
Pfizer Corporation due 9/4/2018	2.01%	27,858,444.44	27,898,888.89	0.00
Roche Holdings Inc due 7/6/2018	1.91%	19,983,022.22	19,994,694.44	0.00
Roche Holdings Inc due 9/18/2018	2.10%	19,895,500.00	19,908,272.22	0.00
Roche Holdings Inc due 7/11/2018	1.91%	27,980,687.78	27,985,144.45	0.01
Roche Holdings Inc due 8/20/2018	2.00%	24,925,375.00	24,930,902.78	0.00
Thunder Bay Funding LLC due 9/17/2018	2.50%	31,606,995.56	31,828,746.67	0.01
Thunder Bay Funding LLC Floater 1-ML+20 due 9/24/2018	2.29%	50,000,000.00	50,000,000.00	0.01
Toyota Motor Credit Corporation due 8/13/2018	2.25%	49,720,000.00	49,866,222.22	0.01
Toyota Motor Credit Corporation due 8/23/2018	2.24%	23,864,713.33	23,921,206.66	0.00
Toyota Motor Credit Corporation due 9/19/2018	2.23%	18,893,378.33	18,906,266.66	0.00
Wal-mart Stores Inc due 7/9/2018	1.89%	49,910,750.00	49,979,000.00	0.01
<b>Total Commercial Paper</b>		<b>1,645,477,413.21</b>	<b>1,648,896,085.51</b>	<b>0.31</b>
<b>Money Market Funds:</b>				
Blackrock Liquidity Funds FedFund - Inst. Sh. 1.8354% due 7/2/2018	1.84%	50,027,498.05	50,027,498.05	0.01
Invesco Treasury Portfolio 1.8267% due 7/2/2018	1.83%	584,263.21	584,263.21	0.00
<b>Total Money Market Funds</b>		<b>50,611,761.26</b>	<b>50,611,761.26</b>	<b>0.01</b>
<b>Total Investments</b>		<b>\$ 5,288,352,381.13</b>	<b>\$ 5,292,292,921.16</b>	<b>1.00</b>

# LOCAL GOVERNMENT INVESTMENT POOL PROGRAM

## SUPPLEMENTARY INFORMATION

### SCHEDULE OF INVESTMENTS - LGIP - EM PORTFOLIO

As of June 30, 2018

	Yield to Maturity	Carrying Value	Fair Value	Percentage of Investments at Fair Value
Agency Unsecured Bonds and Notes:				
Federal Farm Credit Bank 1.959% due 1/10/2020	2.02%	\$ 4,993,250.00	\$ 4,957,550.00	0.04
Federal Farm Credit Bank 1.68% due 10/13/2020	1.69%	2,999,037.00	2,936,220.00	0.02
Federal Farm Credit Bank 1.5% due 2/6/2019	1.82%	2,097,527.25	2,096,011.65	0.01
Federal Home Loan Bank 2.1% due 11/20/2019	1.58%	505,530.00	497,025.00	0.00
Federal Home Loan Bank 2.375% due 12/13/2019	1.93%	4,034,280.00	3,992,360.00	0.03
Federal Home Loan Bank 1.625% due 9/11/2020	1.56%	3,005,640.00	2,934,750.00	0.02
Federal Home Loan Bank 1.25% due 1/16/2019	1.71%	5,968,518.00	5,968,740.00	0.04
Federal Home Loan Bank 1.7% due 5/15/2020	1.92%	4,974,000.00	4,914,650.00	0.04
Federal Home Loan Bank 2.25% due 1/29/2021	2.69%	2,967,000.00	2,965,260.00	0.02
Federal Home Loan Bank 1.875% due 3/13/2020	2.39%	1,421,152.25	1,418,856.25	0.01
Federal Home Loan Mortgage Corporation 0.95% due 1/30/2019	1.73%	4,955,000.00	4,962,500.00	0.04
Federal Home Loan Mortgage Corporation 2.25% due 11/24/2020	2.08%	3,001,800.00	2,980,320.00	0.02
Federal Home Loan Mortgage Corporation 1.375% due 8/15/2019	1.43%	4,994,500.00	4,941,450.00	0.04
Federal Home Loan Mortgage Corporation 2.375% due 2/16/2021	2.45%	4,988,700.00	4,961,700.00	0.04
Federal National Mortgage Association 1.5% due 7/30/2020	1.59%	2,992,530.00	2,931,840.00	0.02
Federal National Mortgage Association 1.75% due 3/6/2020	1.57%	3,012,960.00	2,961,210.00	0.02
Federal National Mortgage Association 1.25% due 6/27/2019	1.85%	1,982,020.00	1,976,480.00	0.01
Total Agency Unsecured Bonds and Notes		58,893,444.50	58,396,922.90	0.42
Negotiable Certificates of Deposit:				
Bank of America NA 1-ML+16 due 7/2/2018	2.16%	1,000,000.00	1,000,014.87	0.00
Bank of Montreal Chicago 2.4% due 10/2/2018	2.40%	2,000,000.00	2,001,232.02	0.01
Bank of Nova Scotia Houston 1.66% due 9/21/2018	2.45%	797,174.89	799,532.65	0.00
Bank of Nova Scotia Houston 2.33% due 9/14/2018	2.33%	2,250,000.00	2,252,019.77	0.02
Canadian Imperial Bank Commerce NY 1.76% due 11/30/2018	2.50%	1,305,260.69	1,307,830.36	0.01
Canadian Imperial Bank Commerce NY 1-ML+19 due 8/31/2018	2.28%	1,000,000.00	1,000,675.94	0.01
Canadian Imperial Bank Commerce NY 2% due 9/17/2018	2.00%	999,999.30	1,000,205.74	0.01
DNB Bank ASA NY 2.35% due 10/15/2018	2.35%	2,000,000.00	2,001,119.17	0.01
Lloyds Bank PLC NY 2.23% due 9/17/2018	2.23%	1,000,000.00	1,000,739.96	0.01
National Australia Bank NY 1.64% due 8/13/2018	1.64%	2,000,000.00	1,999,342.42	0.01
Cooperatieve Rabobank UA NY 2.11% due 8/22/2018	2.11%	2,000,000.00	2,000,604.35	0.01
Cooperatieve Rabobank UA NY 1-ML+23 due 9/10/2018	2.26%	1,000,000.00	1,000,736.09	0.01
Skandinaviska Enskilda Banken NY 1-ML+16 due 8/14/2018	2.22%	2,997,570.00	3,001,222.48	0.02
Sumitomo Bank NY 2.28% due 9/21/2018	2.28%	1,000,000.00	1,000,893.07	0.01
Svenska Handelsbanken NY 2.005% due 8/13/2018	2.00%	1,000,025.02	1,000,122.52	0.01
Swedbank AB NY 2.25% due 8/6/2018	2.25%	2,000,000.00	2,000,718.69	0.01
Swedbank AB NY 2.46% due 3/13/2019	2.46%	1,500,000.00	1,501,444.14	0.01
Toronto Dominion NY 1.55% due 8/16/2018	1.56%	1,750,000.00	1,749,166.13	0.01
Toronto Dominion NY 2.1499% due 1/24/2019	2.60%	2,242,971.58	2,247,543.59	0.02
Union Bank Switzerland AG Stamford 2.19% due 9/7/2018	2.19%	3,000,000.00	3,001,643.02	0.02
Us Bank 1-ML+18 due 8/27/2018	2.28%	2,000,000.00	2,001,262.52	0.01
Us Bank 2.3% due 10/12/2018	2.30%	2,400,000.00	2,400,959.75	0.02
Wells Fargo Bank 1-ML+16 due 7/5/2018	2.16%	1,000,000.00	1,000,037.75	0.01
Wells Fargo Bank 1.73% due 8/28/2018	1.73%	1,300,000.00	1,299,618.88	0.01
Wells Fargo Bank 1.55% due 7/10/2018	1.90%	1,098,243.18	1,099,887.34	0.01
Westpac Banking Corporation NY 1.5% due 7/18/2018	1.60%	1,124,119.39	1,124,765.52	0.01
Westpac Banking Corporation NY 2.06% due 11/1/2018	2.19%	2,198,764.79	2,199,184.20	0.02
Total Negotiable Certificates of Deposit		43,964,128.84	43,992,522.94	0.31

# LOCAL GOVERNMENT INVESTMENT POOL PROGRAM

## SUPPLEMENTARY INFORMATION

### SCHEDULE OF INVESTMENTS - LGIP - EM PORTFOLIO (continued)

As of June 30, 2018

	Yield to Maturity	Carrying Value	Fair Value	Percentage of Investments at Amortized Cost
<b>Commercial Paper:</b>				
BNP Paribas Finance Inc due 7/13/2018	2.26%	1,292,606.25	1,299,133.33	0.01
Coca Cola Corporation due 9/24/2018	2.30%	2,768,043.44	2,786,182.78	0.02
ING US Funding LLC due 11/5/2018	2.36%	2,376,600.00	2,380,018.67	0.02
JP Morgan Securities LLC due 9/17/2018	2.39%	1,976,400.00	1,990,943.33	0.01
JP Morgan Securities LLC due 3/8/2019	2.53%	1,472,203.33	1,473,229.17	0.01
Metropolitan Life Short Term Funding AB due 8/6/2018	1.80%	1,783,980.00	1,796,400.00	0.01
National Australia Bank Funding DE due 9/18/2018	1.86%	1,972,346.67	1,990,827.22	0.01
National Securities Clearing Corporation due 11/5/2018	2.27%	1,981,250.00	1,983,348.89	0.02
Old Line Funding LLC due 7/18/2018	2.29%	2,782,798.67	2,797,355.56	0.02
Thunder Bay Funding LLC due 11/19/2018	2.42%	1,386,280.00	1,387,059.33	0.01
Toyota Motor Credit Corporation due 9/19/2018	2.23%	1,988,530.00	1,990,711.11	0.02
<b>Total Commercial Paper</b>		<b>21,781,038.36</b>	<b>21,875,209.39</b>	<b>0.16</b>
<b>Corporate Note</b>				
Apple Inc 1.55% due 2/8/2019	2.02%	1,493,055.00	1,495,798.94	0.01
Bank of America NA 2.05% due 12/7/2018	2.45%	998,020.00	998,340.00	0.01
Commonwealth Bank of Australia NY 2.05% due 3/15/2019	2.61%	2,818,049.00	2,815,794.76	0.02
Exxon Mobil Corporation 6.5% due 12/15/2018	2.00%	1,717,313.00	1,679,320.50	0.01
Exxon Mobil Corporation 1.708% due 3/1/2019	2.27%	994,540.00	994,960.00	0.01
Johnson and Johnson 1.125% due 3/1/2019	2.19%	1,979,460.00	1,981,220.00	0.01
Microsoft Corporation 1.625% due 12/6/2018	2.12%	2,555,227.35	2,558,151.45	0.02
PNC Bank NA 3-ML+40 due 12/7/2018	2.72%	1,602,784.00	1,602,384.00	0.01
Wal-mart Stores Inc. 4.125% due 2/1/2019	2.03%	1,167,268.96	1,154,765.04	0.01
<b>Total Corporate Note</b>		<b>15,325,717.31</b>	<b>15,280,734.69</b>	<b>0.11</b>
<b>Money Market Funds:</b>				
Local Government Investment Pool 2.1221% due 7/2/2018 reported at amortized cost	2.12%	221,567.63	221,567.63	0.00
Invesco Treasury Portfolio 1.8267% due 7/2/2018	1.83%	2,157.03	2,157.03	0.00
<b>Total Money Market Funds</b>		<b>223,724.66</b>	<b>223,724.66</b>	<b>0.00</b>
<b>Total Investments</b>		<b>\$ 140,188,053.67</b>	<b>\$ 139,769,114.58</b>	<b>1.00</b>



Martha S. Mavredes, CPA  
Auditor of Public Accounts

# Commonwealth of Virginia

*Auditor of Public Accounts*

P.O. Box 1295  
Richmond, Virginia 23218

December 14, 2018

The Honorable Ralph S. Northam  
Governor of Virginia

The Honorable Thomas K. Norment, Jr.  
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, 2018, 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 financial position of the Local Government Investment Pool as of June 30, 2018, and the 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*

#### Relationship to the Commonwealth of Virginia

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, 2018, and the changes in its financial position, where applicable, 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.

#### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 1 through 3 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.

#### 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 accompanying supplementary information, including the Selected Participant Share and Ratio Information and Schedule of Investments, is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The 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 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 14, 2018, 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/vks