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Steve McCoy
Treasurer

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July 15, 2024

To Whom It May Concern:

GASB Statement 40, Deposit and Investment Risk Disclosures, will require changes to how deposits and investments are reported in the annual financial statements. This Statement is designed to inform financial statement users about deposit and investment risks that could affect a government's ability to provide services and meet its obligations as they become due. Governments will need to report on deposit and investment risks related to credit risk (including custodial credit risk), concentration of credit risk, interest rate risk and foreign currency risk.

In respect to credit risk, Georgia Fund 1 is a AAAf rated investment pool by Fitch Ratings. Therefore, you can report AAA for credit risk. Public funds are not required to disclose custodial credit risk for external investment pools. Therefore, your investment in Georgia Fund 1 is exempt from this requirement.

Concentration of credit risk is defined as investments of more than 5% in any one issuer. External investment pools, such as Georgia Fund 1, are excluded from the requirement of disclosing concentration of credit risk.

Interest rate risk is the risk that changes in interest rates may adversely affect an investment's fair value. Since the price of a bond fluctuates with market interest rates, the risk that an investor faces is that the price of a bond held in a portfolio will decline if market interest rates rise. The portfolio's weighted average maturity (WAM) is a key determinant of the tolerance of a fund's investments to rising interest rates. In general, the longer the WAM, the more susceptible the fund is to rising interest rates.

According to GASB Statement 40, an acceptable method for reporting interest rate risk is WAM. WAM is the method used for reporting purposes for Georgia Fund 1. The WAM is identified for the fund each month on the disclosure statement that is posted on the OST website. This is the number you will use to report interest rate risk.

The primary objective for Georgia Fund 1 since the pool's inception is preservation of principal. The Office of the State Treasurer (OST) continues to operate and report monthly to participants on an amortized cost basis. According to GASB 79, to qualify for the use of amortized cost accounting for financial reporting purposes, an external investment pool must meet all the criteria listed in GASB 79. Georgia Fund 1 is managed as a stable net asset value fund but does not comply with all the requirements listed in GASB 79; therefore, participants should report their investments in Georgia Fund 1 at fair market value. The fair valuation factor for Georgia Fund 1 as of June 30, 2024, was 1.0000 (NAV using market value to shares). Since the factor is 1.00, the value of your investment in Georgia Fund 1 is the number identified as the ending balance on your June 30, 2024 statement.

In conclusion, for your investment in Georgia Fund 1, you will simply need to report the credit rating of the pool, the value of your investment and the WAM of the pool as of June 30, 2024.

The following is an example of the disclosure of your investment in Georgia Fund 1:

June 30, 2024

Georgia Fund 1	AAAf rated	$1,000,000.00	33-day WAM

I hope this letter clarifies the information required for your financial statements. If you have any questions or need any additional information, please do not hesitate to call me at (404) 232-1498 or you can email your questions to jon.perregaux@treasury.ga.gov.

Sincerely,

Jon Perregaux
Senior Portfolio Manager