



Office of the State Treasurer

Local Government Investment Pool Trust



LGIP Trust Financial Statements
June 30, 2020

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Local Government Investment Pool Trust

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SECTION I
FINANCIAL

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DEPARTMENT OF AUDITS AND ACCOUNTS

270 Washington Street, S.W., Suite 4-101

Atlanta, Georgia 30334-8400

GREG S. GRIFFIN
STATE AUDITOR
(404) 656-2174

Independent Auditor's Report

The Honorable Brian P. Kemp, Governor of Georgia
Members of the General Assembly of the State of Georgia
Members of the State Depository Board
and
Mr. Steven N. McCoy, State Treasurer

Report on the Financial Statements

We have audited the accompanying financial statements of the Local Government Investment Pool Trust of the Office of the State Treasurer of the State of Georgia (Trust), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Trust'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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

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

Emphasis of Matter

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis 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 the audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Trust's basic financial statements. The combining LGIP Trust financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining LGIP Trust financial statements 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 combining LGIP Trust financial statements 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 October 21, 2020 on our consideration of the Trust'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 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 Trust's internal control over financial reporting and compliance.

A copy of this report has been filed as a permanent record in the office of the State Auditor and made available to the press of the State, as provided for by Official Code of Georgia Annotated section 50-6-24.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Greg S. Griffin".

Greg S. Griffin
State Auditor

October 21, 2020

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Local Government Investment Pool Trust

Management's Discussion and Analysis

(Unaudited)

The Office of the State Treasurer (OST) for the State of Georgia provides the Management's Discussion and Analysis of the Local Government Investment Pool (LGIP) Trust's Financial Statements. The LGIP Trust consists of four pools: Georgia Fund 1 (GF1), Georgia Fund 1 Plus (GF1 Plus), Georgia Extended Asset Pool (GEAP), and Georgia Extended Asset Pool Plus (GEAP Plus); and, the LGIP Trust Reserve. This overview and analysis of the LGIP Trust's financial activity is for the fiscal year (FY) ended June 30, 2020.

Financial Highlights

GF1

- At fiscal year-end, GF1 reported a net position in the amount of \$21.2 billion.
- GF1's net position increased by \$6.7 billion over the previous fiscal year.
- Net yield paid to participants ranged from 25 basis points (bp) to 239 bp for FY20.

GF1 Plus

- At fiscal year-end, GF1 Plus reported a net position in the amount of \$5.8 billion.
- The net position for GF1 Plus increased by \$3 billion over the previous fiscal year.
- Net yield paid to participants ranged from 35 bp to 250 bp for FY20.

GEAP

- At fiscal year-end, GEAP reported a net position in the amount of \$125 million.
- The net yield earned by participants for FY20 was 1.75% – 1.85%

GEAP Plus

- At fiscal year-end, GEAP Plus reported a net position in the amount of \$1.5 billion.
- The net yield earned by participants for FY20 was 1.41% - 2.47%. (See Note 1 to the Financial Statements.)

Overview of the Financial Statements

The financial statements report the aggregate activities of GF1, GF1 Plus, GEAP, GEAP Plus, and the LGIP Trust Reserve. GF1 is managed by OST to maintain a stable NAV of \$1.00 and is rated AA+ by Standard & Poor's (S&P). The primary objective since the pool's inception is preservation of principal. OST continues to operate and report monthly to participants on an amortized cost basis. Per the Governmental Accounting Standards Board (GASB), in order to qualify for the use of amortized cost accounting for financial reporting purposes, an investment pool must meet all the criteria listed in GASB Statement No. 79 (Certain External Investment Pools and Pool Participants). GF1 is managed as a stable NAV pool but does not comply with all the requirements listed in GASB No. 79. Therefore, the investments of GF1 are reported at fair market value at fiscal year-end.

GF1 Plus is primarily managed by the OST's investment staff with a portion of the pool invested by a subadvisor. GF1 Plus is managed to maintain a stable \$1.00 NAV and accrues investment income on a daily basis. GF1 Plus distributes income to participants on a monthly basis and reinvests at \$1.00 based on the amortized cost of the investments in the pool. Per GASB No. 79, in order to qualify for the use of amortized cost accounting for financial reporting purposes, an investment pool must meet all the criteria listed in GASB No. 79. GF1 Plus is managed as a stable NAV pool, but does not comply with all the requirements listed in GASB No. 79. Therefore, the investments of GF1 Plus are reported at fair market value at fiscal year-end.

GEAP Plus was established on July 1, 2018, and GEAP was established on July 1, 2019. Both pools are comprised of a series of individual Target Maturity Portfolios (TMPs). GEAP and GEAP Plus investments

Local Government Investment Pool Trust

Management's Discussion and Analysis

(Unaudited)

are invested by a subadvisor. As of June 30, 2020, TMP maturities ranged from one month to 3.5 years. Each TMP is managed to provide principal and income at maturity consistent with maintaining preservation of principal if held to maturity. The participant account values and yields are determined by using the amortized cost valuation method. Securities are initially valued at cost. Thereafter, discounts are accreted, and premiums are amortized to maturity, regardless of the impact of changes in interest rates on the market value of securities. All earned interest is reinvested within each respective TMP and paid at maturity.

The LGIP Trust's Financial Statements consist of the Statement of Net Position, Statement of Changes in Net Position, and Notes to the Financial Statements. The following is a description of the basic financial statements:

- *Statement of Net Position* – The Statement of Net Position presents the assets and liabilities of the LGIP Trust. The difference between the assets and liabilities is reported as net position. The Statement of Net Position provides a breakdown of pool participants.
- *Statement of Changes in Net Position* – The Statement of Changes in Net Position presents information on how the net position changed during the fiscal year. Additions consist of contributions from participants and net investment income. Deductions consist of distributions to participants and operating expenses.
- *Notes to the Financial Statements* – The Notes to the Financial Statements describe the LGIP Trust as a reporting entity and further clarify financial activity as reported in the Financial Statements.

Net Position

GF1

GF1 experienced an increase in net position of \$6.7 billion in FY20. Total assets were higher compared to the previous fiscal year. Deposits increased by 10%, and withdrawals decreased by 1% in comparison to FY19. GF1's net position is a function of several parameters some of which are independent of the pool's performance. The resulting change in net position is primarily from changes in deposits and withdrawals of the participants in the pool, including deposits by OST of federal Coronavirus Aid, Relief, and Economic Security (CARES) Act funds in the amount of \$3.5 billion received by the State of Georgia in April 2020. OST has discretion to transact deposits and withdrawals from certain state accounts including the State General Fund account in order to optimize earnings and liquidity. GF1 is a voluntary investment option for state and local government entities.

Summaries of the net position as of June 30 for GF1 are presented below (amounts in thousands):

	2020	2019	Variance
Cash and Cash Equivalents	\$ 13,195,730	\$ 9,427,343	\$ 3,768,387
Investments in Securities	8,015,576	5,031,835	2,983,741
Accrued Interest and Other Receivables	306	7,727	(7,421)
Net Position	\$ 21,211,612	\$ 14,466,905	\$ 6,744,707

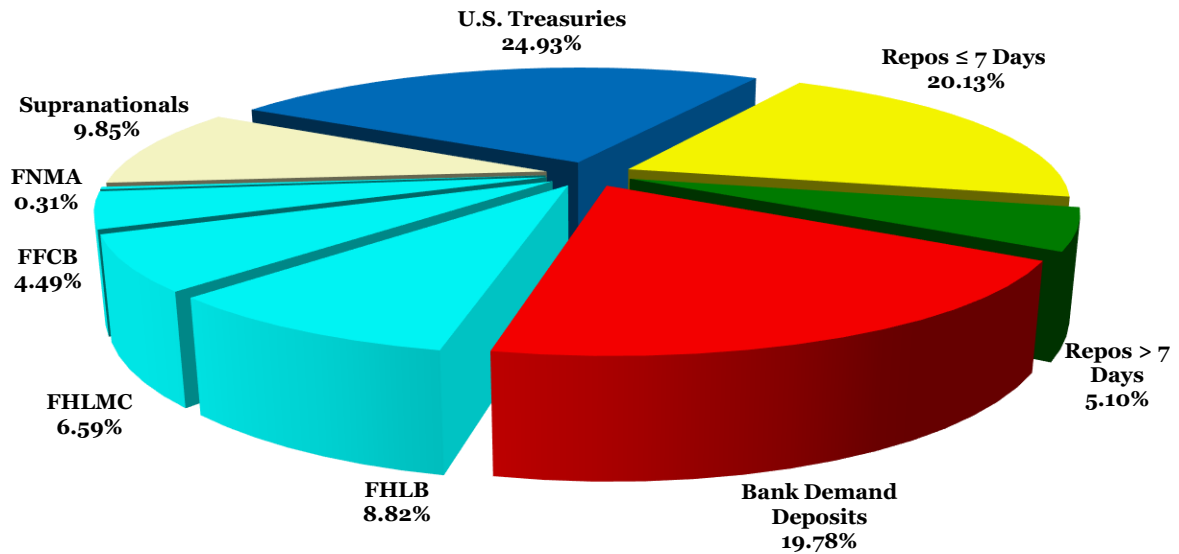
Local Government Investment Pool Trust

Management's Discussion and Analysis

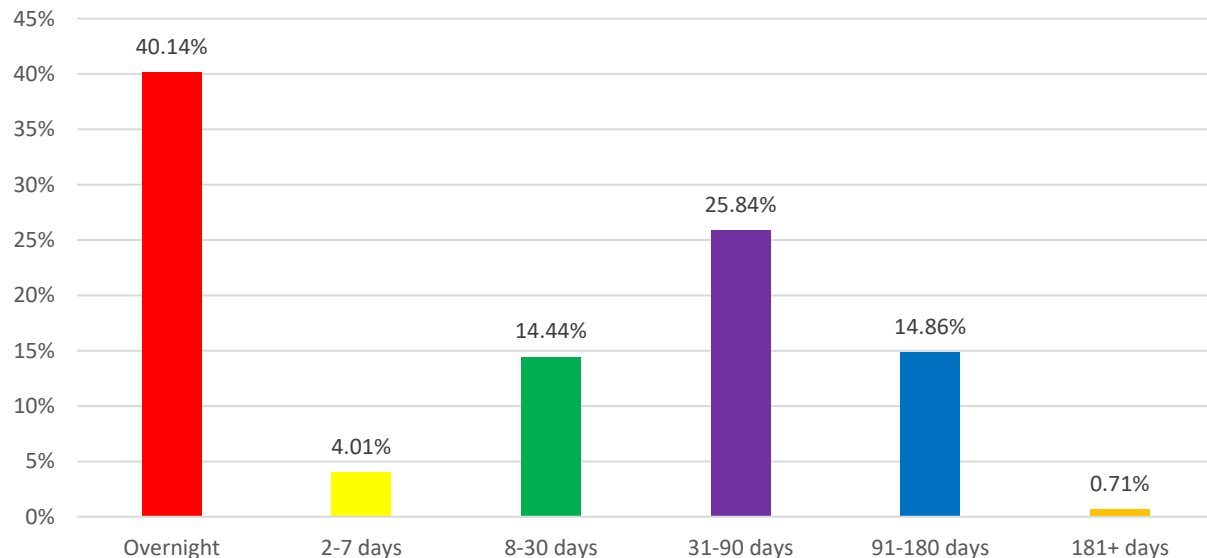
(Unaudited)

Below are charts reflecting the assets of GF1, the maturity distribution of holdings, and participant information at June 30, 2020. Historical information can be found on the website at www.ost.ga.gov.

GF1 Asset Detail

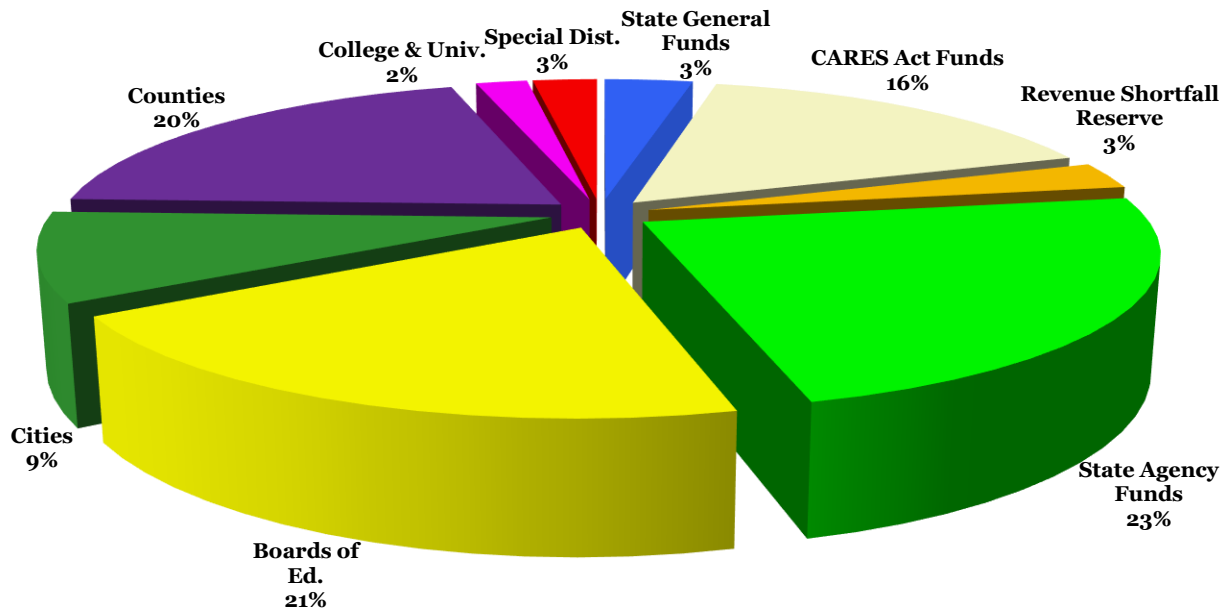


GF1 Maturity Distribution



Local Government Investment Pool Trust Management's Discussion and Analysis (Unaudited)

GF1 Participant Distribution



GF1 Plus

GF1 Plus was established as an additional LGIP investment option in FY17 for the state, state agencies, and eligible municipalities looking to benefit from higher yields available by adding credit exposure. GF1 Plus experienced an increase in net position of \$3 billion in FY20. Total assets were higher compared to last fiscal year. Deposits increased by 131%, and withdrawals increased by 141% in comparison to FY19. The net position of GF1 Plus is a function of several parameters some of which are independent of the pool's performance. The resulting change in net position is primarily from a change in the investment strategy to pool investments of certain state agency accounts into GF1 Plus as well as changes in deposits and withdrawals of the participants in the pool.

Summaries of the net position as of June 30 for GF1 Plus are presented below (amounts in thousands):

	2020	2019	Variance
Cash and Cash Equivalents	\$ 3,590,561	\$ 1,234,393	\$ 2,356,168
Investments in Securities	2,180,644	1,590,144	590,500
Accrued Interest and Other Receivables	2,005	4,007	(2,002)
Less: Accrued Expenses and Other Payables	378	22,255	(21,877)
Net Position	\$ 5,772,832	\$ 2,806,289	\$ 2,966,543

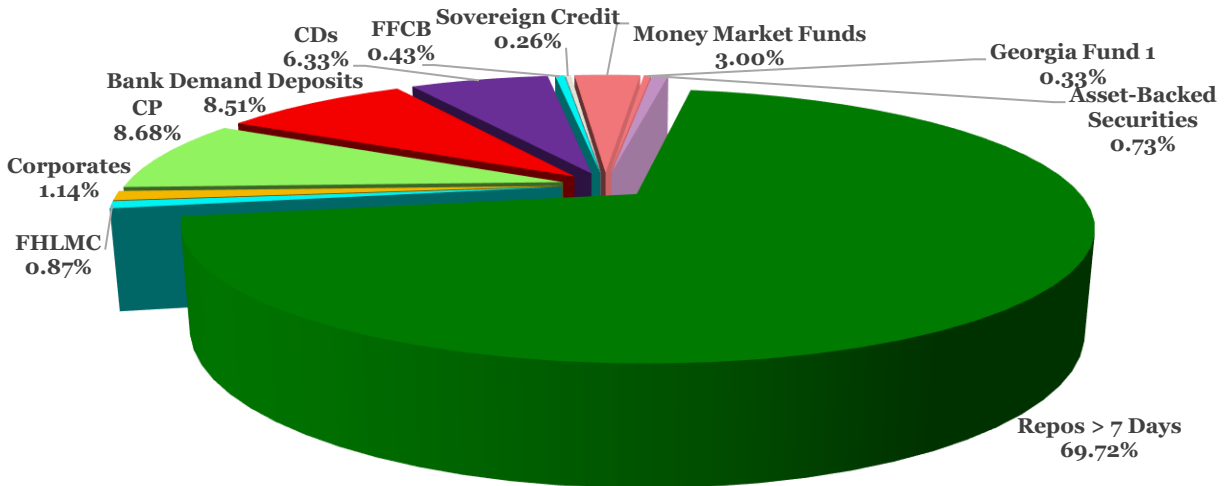
Local Government Investment Pool Trust

Management's Discussion and Analysis

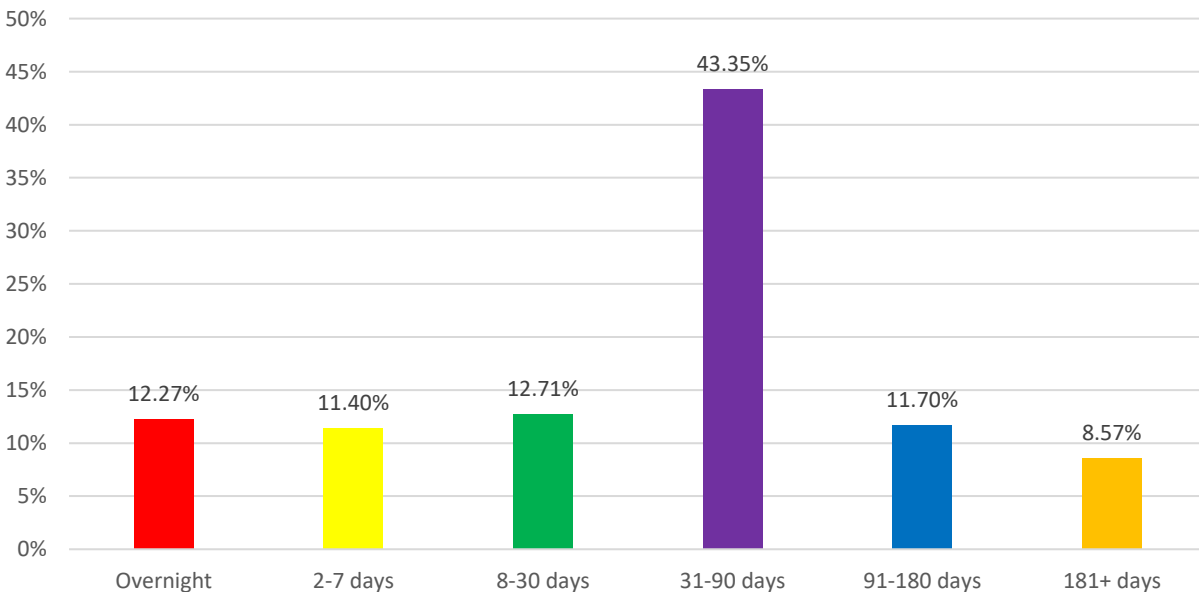
(Unaudited)

Below are charts reflecting the assets of GF1 Plus, the maturity distribution of holdings, and participant information at June 30, 2020. Historical information can be found on the website at www.ost.ga.gov.

GF1 Plus Asset Detail

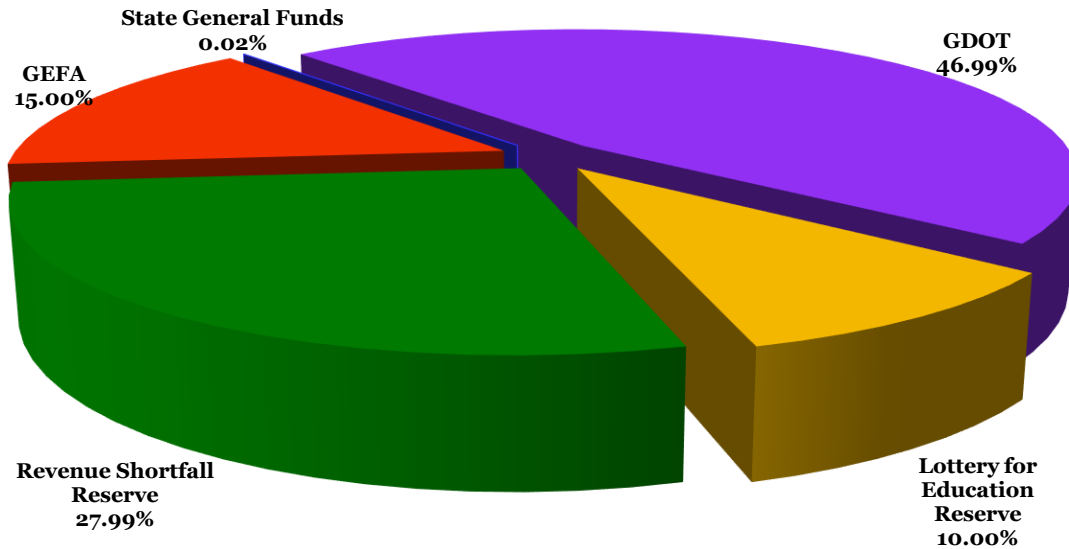


GF1 Plus Maturity Distribution



Local Government Investment Pool Trust Management's Discussion and Analysis (Unaudited)

GF1 Plus Participant Distribution



GEAP

GEAP is a series of TMPs with maturities up to five years. The participant account value and yield are determined by using the amortized cost valuation method. This involves initially valuing a security at cost and thereafter accreting to maturity any discount or amortizing to maturity any premium, regardless of the impact of changes in interest rates affecting the market value of the underlying investments. GEAP is managed by a subadvisor overseen by OST.

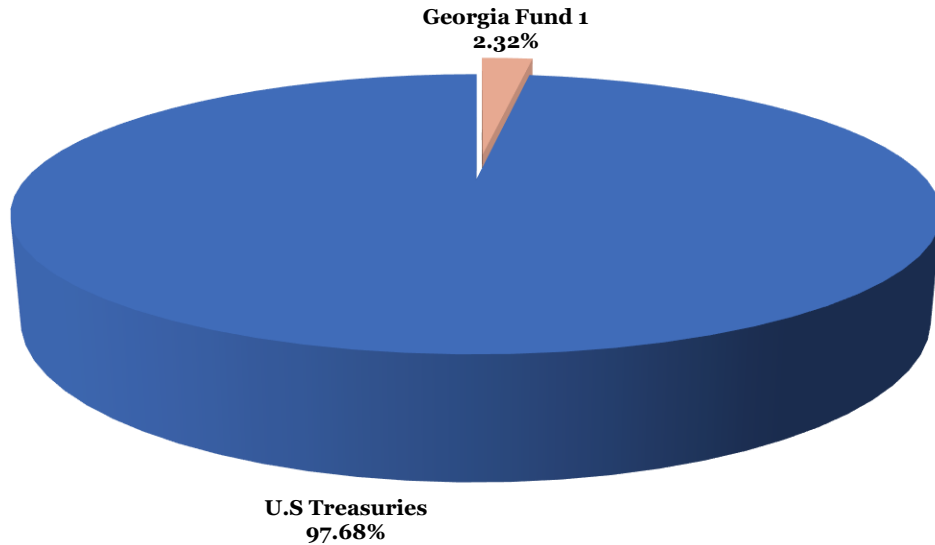
A summary of the net position as of June 30 for GEAP is presented below (amounts in thousands):

	2020	2019	Variance
Cash and Cash Equivalents	\$ 43,386	n/a	n/a
Investments in Securities	81,240	n/a	n/a
Accrued Interest and Other Receivables	4	n/a	n/a
Less: Accrued Expenses and Other Payables	15	n/a	n/a
Net Position	\$ 124,615	n/a	n/a

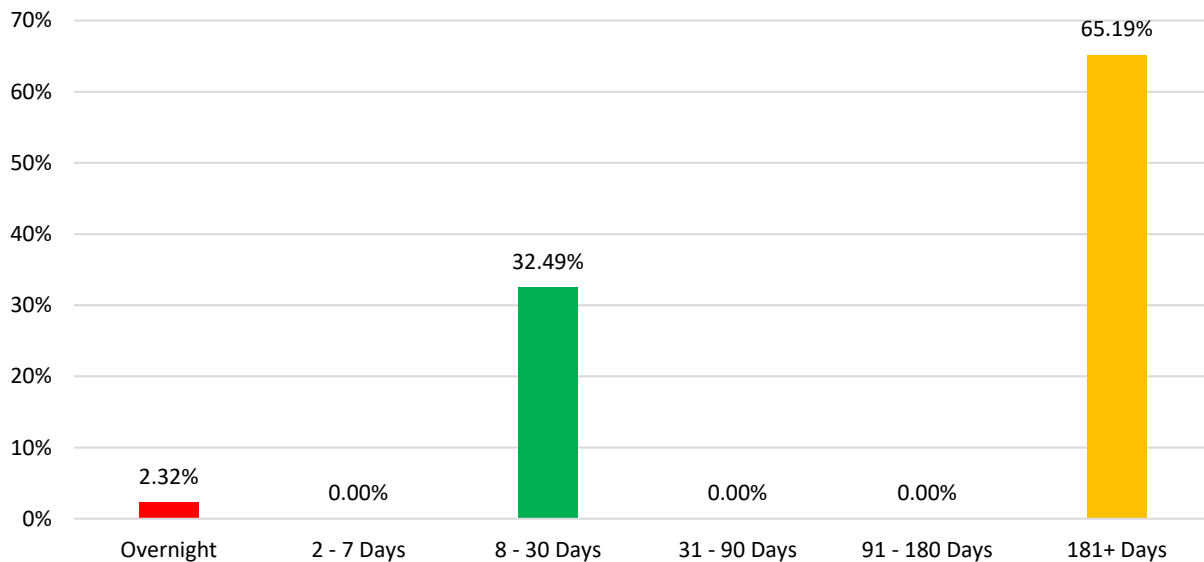
Local Government Investment Pool Trust Management's Discussion and Analysis (Unaudited)

Below are charts reflecting the assets of GEAP, the maturity distribution of holdings, and participant information at June 30, 2020. Historical information can be found on the website at www.ost.ga.gov.

GEAP Asset Detail

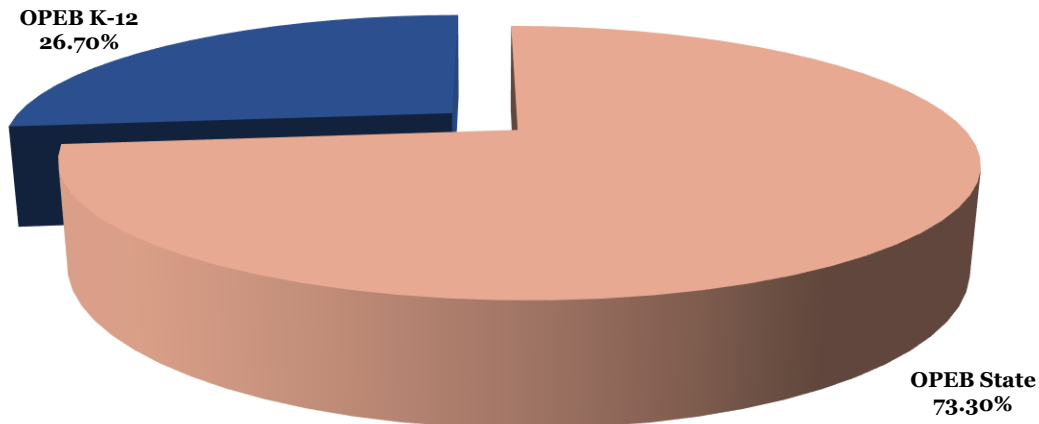


GEAP Maturity Distribution



Local Government Investment Pool Trust Management's Discussion and Analysis (Unaudited)

GEAP Participant Distribution



GEAP Plus

GEAP Plus is a series of TMPs with maturities up to five years. The participant account value and yield are determined by using the amortized cost valuation method. This involves initially valuing a security at cost and thereafter accreting to maturity any discount or amortizing to maturity any premium, regardless of the impact of changes in interest rates affecting the market value of the underlying investments. The reduction was due to reallocation of funds into equities in accordance with the OPEB Trust Investment Policy. GEAP Plus is managed by a subadvisor overseen by OST.

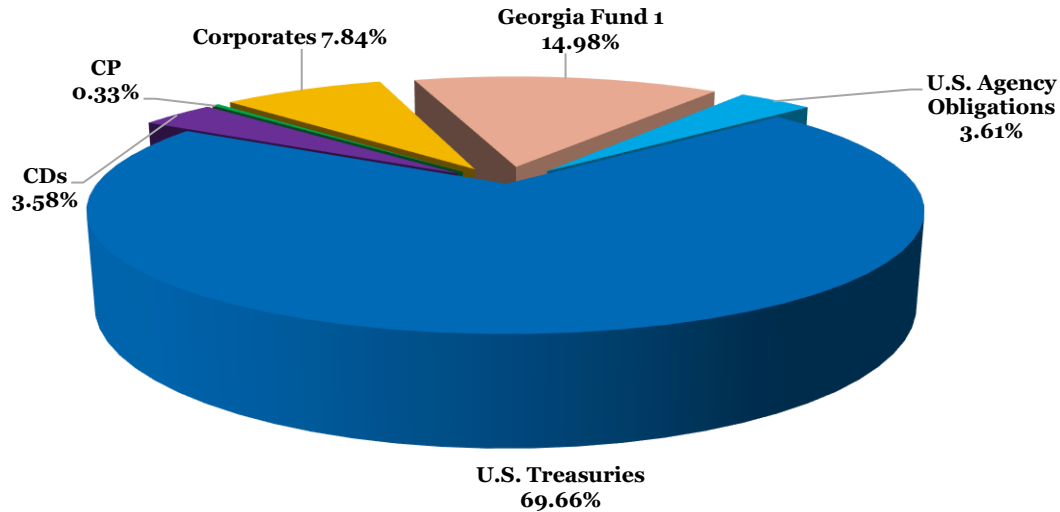
Summaries of the net position as of June 30 for GEAP Plus are presented below (amounts in thousands):

	2020	2019	Variance
Cash and Cash Equivalents	\$ 604,975	\$ 83,886	\$ 521,089
Investments in Securities	894,544	1,645,681	(751,137)
Accrued Interest and Other Receivables	4,890	187,082	(182,192)
Less: Accrued Expenses and Other Payables	182	236	(54)
Net Position	\$ 1,504,227	\$ 1,916,413	\$ (412,186)

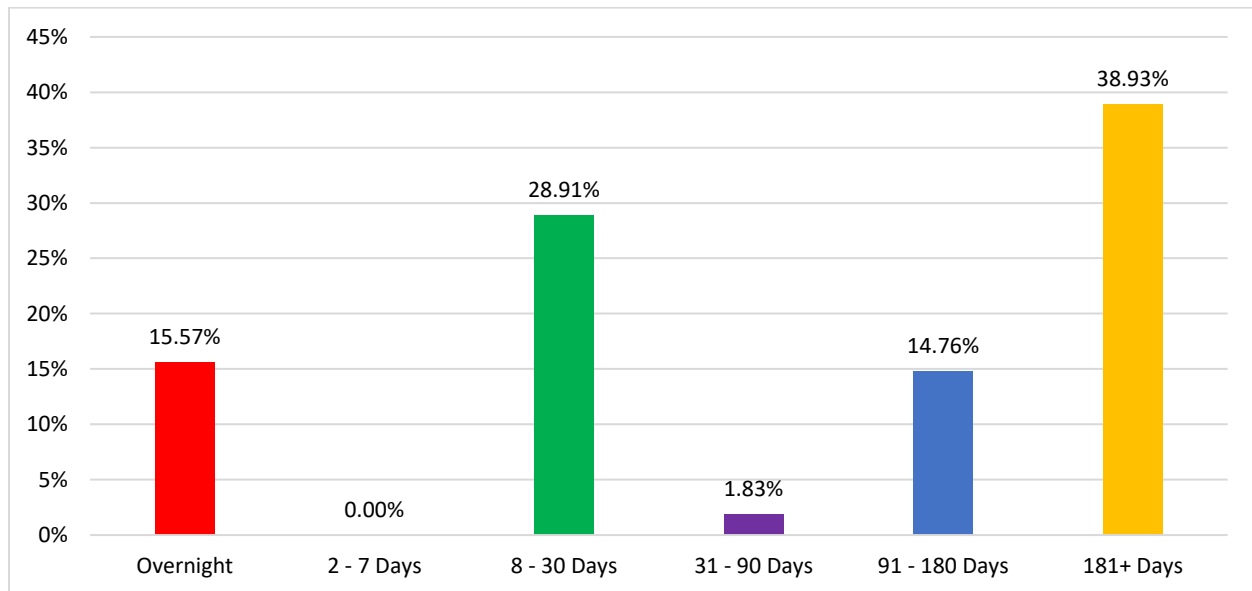
Local Government Investment Pool Trust Management's Discussion and Analysis (Unaudited)

Below are charts reflecting the assets of GEAP Plus, the maturity distribution of holdings, and participant information at June 30, 2020. Historical information can be found on the website at www.ost.ga.gov.

GEAP Plus Asset Detail

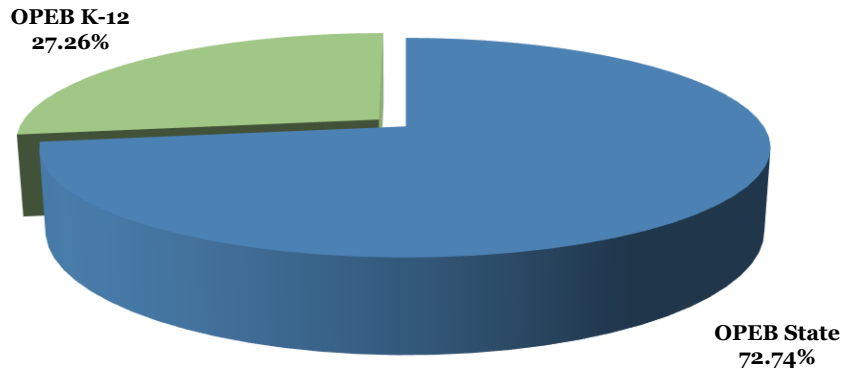


GEAP Plus Maturity Distribution



Local Government Investment Pool Trust Management's Discussion and Analysis (Unaudited)

GEAP Plus Participant Distribution



LGIP Trust Reserve

The LGIP Trust Reserve retains all unexpended administrative fees and interest earned on the reserve balance. According to O.C.G.A § 36-83-8(l), “payments of amounts for administrative expenses shall be deemed contractually obligated funds held in trust for the benefit of the local government investment pool and shall not lapse” and will be held in trust for the benefit of the LGIP. The LGIP Trust Reserve is to be maintained for the benefit of all LGIP participants, whether pooled participants or separately managed accounts, and may be utilized at the discretion of the State Treasurer for the benefit of the LGIP.

As of June 30, 2020, the LGIP Trust Reserve’s net position was \$30.3 million reflecting an increase in net position of \$6.4 million in FY20. The LGIP Trust Reserve’s net position is primarily a function of the administrative fees collected from the four pools in the LGIP Trust less operating expenses related to management of the pools. During FY20, OST assessed an administrative fee of 5 basis points on the average daily balances of participant accounts for GF1 and the daily fund balance for GF1 Plus, GEAP, and GEAP Plus.

Change in Net Position

GF1

Net investment income (i.e. total investment income plus miscellaneous income less administrative expenses) decreased 30% compared to FY19. This decrease was primarily due to a decrease in GF1’s portfolio yield from FY19. Deposits increased by 10%, and withdrawals decreased by 1% in comparison to FY19.

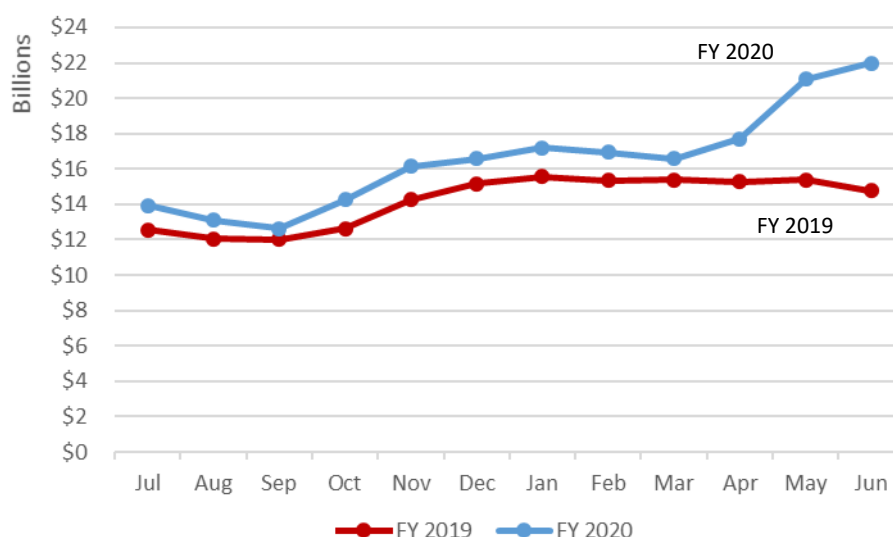
The Fed Funds target started FY20 at a range of 2.25%-2.50% and ended the fiscal year at a range of 0.00%-.25%. The Fed lowered interest rates five times in FY20. These moves in the Fed Funds target led to lower yields for GF1 as well as lower overall investment income and distribution of earnings to participants. GF1 distributes income to participants monthly, based on their average daily balance. Distributions include interest income based on stated rates (both received and accrued), amortization of discounts and premiums on a straight-line basis, realized investment gains and losses calculated on an amortized cost basis, and are net of investment expenses and administrative fees.

Local Government Investment Pool Trust Management's Discussion and Analysis (Unaudited)

Summaries of the changes in the net position as of June 30 for GF1 are presented below (amounts in thousands):

	2020	2019	Variance
Net Investment Income	\$ 229,186	\$ 325,521	\$ (96,335)
Pool Participant Deposits and Reinvestment of Distributions	69,036,497	62,917,147	6,119,350
Less: Distribution of Earnings	229,099	325,022	(95,923)
Less: Pool Participant Withdrawals	62,291,877	62,922,500	(630,623)
Change in Net Position	\$ 6,744,707	\$ (4,854)	\$ 6,749,561

GF1 Average Monthly Balances



GF1 Plus

Net investment income (i.e. total investment income plus miscellaneous income less administrative expenses) decreased 16% compared to FY19. This decrease was primarily due to a decrease in the GF1 Plus portfolio yield from FY19.

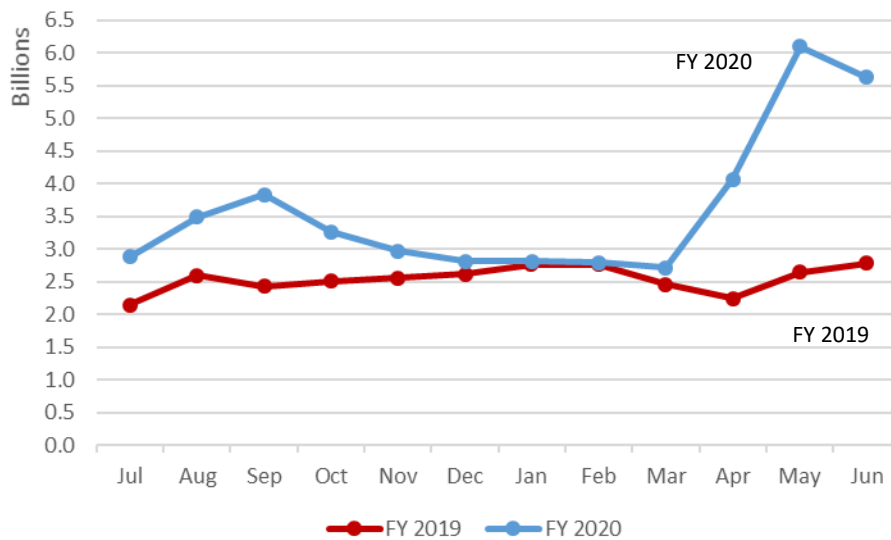
Deposits increased by 131% and withdrawals increased by 141% in comparison to FY19. The increase in deposits resulted primarily from a change in the investment strategy to pool investments of certain state agency accounts into GF1 Plus. The increase in withdrawals resulted primarily from transfers to GF1 in order to maintain sufficient liquidity to fund state operations.

Local Government Investment Pool Trust Management's Discussion and Analysis (Unaudited)

Summaries of the changes in the net position as of June 30 for GF1 Plus are presented below (amounts in thousands):

	2020	2019	Variance
Net Investment Income	\$ 53,870	\$ 63,928	\$ (10,058)
Pool Participant Deposits and Reinvestment of Distributions	6,116,665	2,644,161	3,472,504
Less: Distribution of Earnings	53,325	62,777	(9,452)
Less: Operating Expense	547	239	308
Less: Pool Participant Withdrawals	3,150,120	1,305,000	1,845,120
Change in Net Position	\$ 2,966,543	\$ 1,340,073	\$ 1,626,470

GF1 Plus Average Monthly Balances



GEAP

GEAP was established in July of FY20 as an investment for the OPEB Trust. GEAP was initially funded with approximately \$163 million of OPEB Trust funds. Earned interest was retained in each TMP. In accordance with the OPEB Trust Investment Policy, funds from each TMP as they matured were partly distributed for reinvestment in equity investments managed by the Division of Investment Services of the Teachers Retirement System of Georgia with the remainder principal and interest reinvested in additional TMPs.

Local Government Investment Pool Trust Management's Discussion and Analysis (Unaudited)

A summary of the changes in the net position as of June 30 for GEAP is presented below (amounts in thousands):

	2020	2019	Variance
Net Investment Income	\$ 2,688	n/a	n/a
Pool Participant Deposits and Reinvestment of Distributions	165,825	n/a	n/a
Less: Distribution of Earnings	2,631	n/a	n/a
Less: Operating Expense	58	n/a	n/a
Less: Pool Participant Withdrawals	41,209	n/a	n/a
Change in Net Position	\$ 124,615	n/a	n/a

GEAP Plus

GEAP Plus was established in July of FY19 as an investment for the OPEB Trust. GEAP Plus was initially funded with approximately \$1.6 billion of OPEB Trust funds and received another contribution of OPEB funds in January 2019 of approximately \$558 million. Earned interest was retained in each TMP. In accordance with the OPEB Trust Investment Policy, funds from each TMP as they matured were partly distributed for reinvestment in equity investments managed by the Division of Investment Services of the Teachers Retirement System of Georgia with the remainder principal and interest reinvested in GEAP and GEAP Plus TMPs.

Summaries of the changes in the net position as of June 30 for GEAP Plus are presented below (amounts in thousands):

	2020	2019	Variance
Net Investment Income	\$ 34,289	\$ 42,329	\$ (8,040)
Pool Participant Deposits and Reinvestment of Distributions	406,657	3,083,361	(2,676,704)
Less: Distribution of Earnings	33,670	41,639	(7,969)
Less: Operating Expense	617	684	(67)
Less: Pool Participant Withdrawals	818,845	1,166,954	(348,109)
Change in Net Position	\$ (412,186)	\$ 1,916,413	\$ (2,328,599)

LGIP Trust Reserve

The LGIP Trust Reserve retains all unexpended administrative fees and interest earned on the reserve balance. The LGIP Trust Reserve grew \$6.4 million from \$23.9 million in FY19 to \$30.3 million in FY20. This resulted in a 27% increase in net position of the LGIP Trust Reserve for FY20. Interest income on the LGIP Trust Reserve decreased by 8% due to decrease in the yield on its investments. Administrative fees from the pools in the Trust increased by 17% compared to FY19.

Local Government Investment Pool Trust

Management's Discussion and Analysis

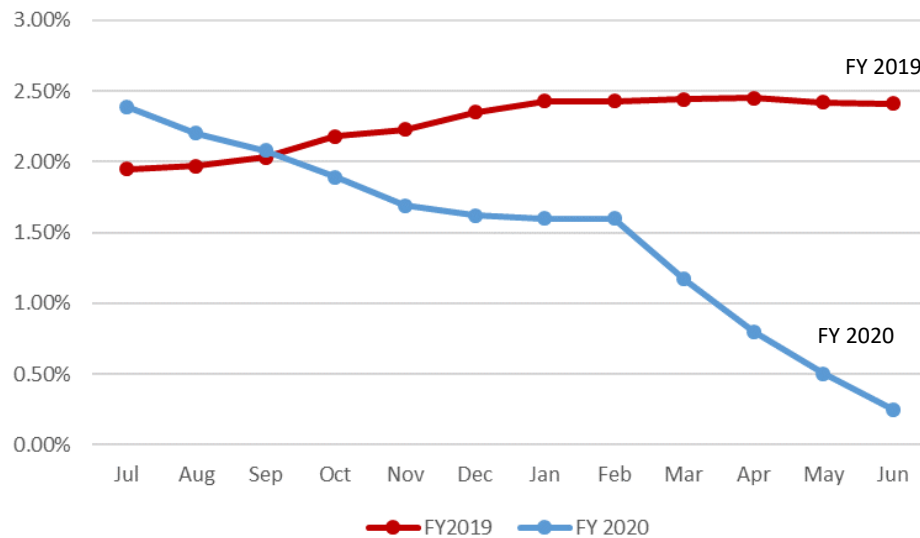
(Unaudited)

Monthly Yield

GF1

The annualized monthly net yield distributed to participants represents the annualized percent return of GF1 investments based on net investment income distributed to participants' average daily balances in the pool. GF1's yield is closely tied to the Fed Funds target which is a rate to which other money market rates are anchored. GF1 invests in high quality investments that are permitted by the OST Investment Policy, as approved by the State Depository Board. These maturities are typically 397 days or less.

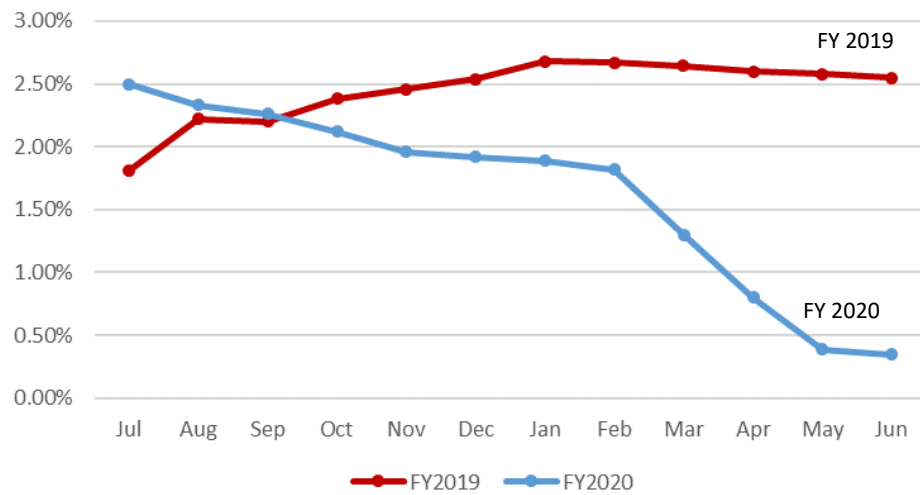
GF1 Monthly Net Yields



GF1 Plus

The monthly net yield represents the annualized percent return of GF1 Plus investments. GF1 Plus performance is measured against the net yield for GF1.

GF1 Plus Monthly Net Yields



Local Government Investment Pool Trust

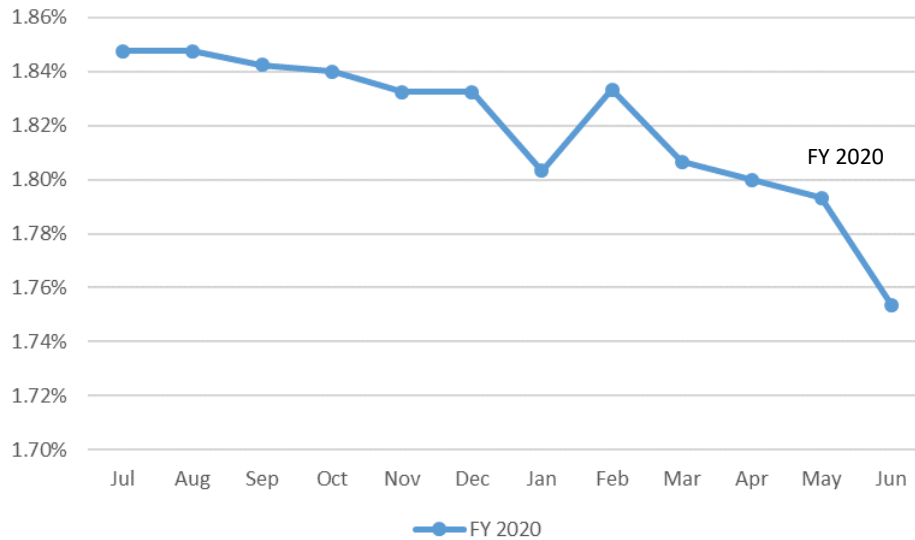
Management's Discussion and Analysis

(Unaudited)

GEAP

The monthly net yield represents the annualized percent return of GEAP investments. GEAP TMPs are invested in obligations of the U.S. Treasury, obligations of U.S. Government Sponsored Entities. Each TMP seeks to achieve a return for a given holding period that outperforms the return of a similar maturity U.S. Treasury.

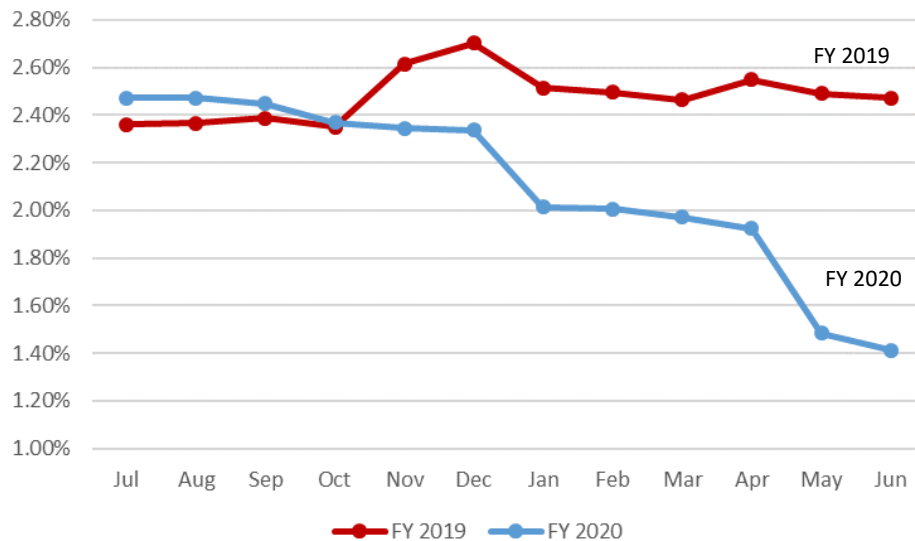
GEAP Monthly Net Yields



GEAP Plus

The monthly net yield represents the annualized percent return of GEAP Plus investments. GEAP Plus TMPs are invested in obligations of the U.S. Treasury, obligations of U.S. Government Sponsored Entities, and up to 35% in high quality credit instruments. Each TMP seeks to achieve a return for a given holding period that outperforms the return of a similar maturity U.S. Treasury.

GEAP Plus Monthly Net Yields



Local Government Investment Pool Trust

Management's Discussion and Analysis

(Unaudited)

FY21 Outlook

At its July 29, 2020 meeting, the Federal Open Market Committee (FOMC) decided to maintain the federal funds rate at .00% - .25%. The FOMC expects to maintain this target range until it is confident that the economy has weathered recent events and is on track to achieve its maximum employment and price stability goals. Based upon this, we expect the historically low and flat yield curve environment to persist through FY 2021.

Given this outlook, OST expects to reduce balances in GEAP and GEAP Plus as TMPs mature and reinvest assets in GF1 Plus. This should enable OST to generate a market rate of return, preserve liquidity, and position it to reinvest assets for longer duration at such time that yields improve.

In managing GF1, OST expects to experience low to near-zero rates on short-term, high quality investments and a flat yield curve. Emphasis will be placed upon preservation of capital and liquidity. Our portfolio strategy will accommodate for uncertainty of Federal stimulus and local government deposits.

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BASIC FINANCIAL STATEMENTS

Local Government Investment Pool Trust
Statement of Net Position
As of June 30, 2020

(amounts in thousands)

Assets

Cash and Cash Equivalents	\$ 17,217,508
Investments in Securities	11,172,004
Accrued Interest and Other Receivables	7,205
TOTAL ASSETS	28,396,717

Liabilities

Accrued Expenses and Other Payables	309
TOTAL LIABILITIES	309
TOTAL NET POSITION	\$ 28,396,408

Net Position Consists of

Net Position Held in Trust for Internal Pool Participants	\$ 17,310,360
Net Position Held in Trust for External Pool Participants	11,055,133
Restricted Reserve Funds	30,297
Unrealized Fair Market Value Adjustment	618
TOTAL NET POSITION	\$ 28,396,408

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

Local Government Investment Pool Trust
Statement of Changes in Net Position
For the Fiscal Year Ended June 30, 2020

(amounts in thousands)

Additions

Interest Income	\$ 217,221
Net Increase (Decrease) in Fair Value of Investments	112,943
Net Investment Income	330,164
Pool Participant Deposits and Reinvestment of Distributions	72,999,133
TOTAL ADDITIONS	\$ 73,329,297

Deductions

Distribution of Earnings	\$ 318,725
Operating Expenses	4,992
Pool Participant Withdrawals	63,743,822
TOTAL DEDUCTIONS	\$ 64,067,539

Change in Net Position	9,261,758
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Net Position

Beginning of Year	19,134,650
End of Year	\$ 28,396,408

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

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Local Government Investment Pool Trust
Notes to the Financial Statements
Year Ended June 30, 2020

(1) Significant Accounting Policies

Reporting Entity

Georgia Fund 1 (“GF1”), Georgia Fund 1 Plus (“GF1 Plus”), Georgia Extended Asset Pool (“GEAP”), and Georgia Extended Asset Pool Plus (“GEAP Plus”) are investment pools of the Local Government Investment Pool Trust (the “LGIP Trust” or “Trust”) and are investment pools for the State of Georgia (the “State”) and local governments, including state agencies, colleges and universities, counties, school districts, special districts, or any department, agency, or board of a political subdivision. The State Depository Board (“Board”) prescribes cash management policies and procedures for the State and provides oversight for the pools. The Board meets regularly and is comprised of the Governor, the State Chief Financial Officer, the State Accounting Officer, the Commissioner of Transportation, the Commissioner of Banking and Finance, the State Revenue Commissioner, and the State Treasurer. The pools are managed by the Office of the State Treasurer (“OST”). The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as issued by the Governmental Accounting Standards Board (“GASB”) which require management to make certain estimates and assumptions at the date of the financial statements. Actual results could differ from those estimates. Subsequent events, if any, through the date the financial statements were issued have been evaluated in the preparation of the financial statements. All applicable pronouncements required by GASB are presented in the financial statements. The pools in the Trust are not registered with the SEC.

GF1 is managed as a stable Net Asset Value (“NAV”) pool. Investments are restricted to those enumerated in O.C.G.A. §50-5A-7, § 50-17-2, and § 50-17-63. The primary objectives of the pool are safety of capital, liquidity, investment income, and diversification. GF1 participant deposits are not guaranteed or insured by any bank, the Federal Deposit Insurance Corporation (“FDIC”), the State, or any other government agency. It is possible to lose money investing in GF1.

OST operates GF1 and provides monthly statements of balances and interest income to participants on an amortized cost basis. While GF1 transacts at \$1.00 based on the amortized cost of the investments in the pool, GF1 participants should report their investments in GF1 at their respective fiscal year end at fair market value. The fair market valuation factor for GF1 at June 30, 2020, was \$1.00.

GF1 Plus is managed as a stable NAV pool. It was established as an alternative to GF1 to provide higher yields by increasing credit exposure. The credit portion of the pool is managed by a subadvisor. GF1 Plus participant deposits are not guaranteed or insured by any bank, the FDIC, the State, or any other government agency. It is possible to lose money investing in GF1 Plus.

Similar to GF1, GF1 Plus transacts at \$1.00 based on the amortized cost of the investments in the pool. Participants should report their investments in GF1 Plus at fair value. The current fair market valuation factor for GF1 Plus at June 30, 2020, was \$1.00.

GEAP and GEAP Plus are series of Target Maturity Portfolios (“TMPs”) with maturities up to five years. The participant account value and yield are determined by using the amortized cost valuation method. This involves initially valuing a security at cost and thereafter accreting to maturity any discount or amortizing to maturity any premium, regardless of the impact of changes in interest rates in the market value of the underlying investments. GEAP and GEAP Plus are managed by a subadvisor overseen by OST.

The accompanying financial statements present the financial position of only GF1, GF1 Plus, GEAP, GEAP Plus, and the LGIP Trust Reserve. These do not include any other agencies or component units of the State or any other funds of OST. In the State’s Comprehensive Annual Financial Report, the Trust is not reported as a separate fund. Instead, the State’s portion of the Trust is reported on the balance sheet as “Pooled

Local Government Investment Pool Trust
Notes to the Financial Statements
Year Ended June 30, 2020

(1) Significant Accounting Policies (Continued)

Investments in State Treasury.” The portion of the Trust belonging to external participating institutions is reported as the Investment Trust Fund.

Changes in Financial Accounting and Reporting

In FY20, the Trust has adopted the provisions of GASB Statement No. 95 (Postponement of the Effective Dates of Certain Authoritative Guidance).

Basis of Accounting

The accompanying statements are prepared based on the flow of economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized in the accounting period in which they are earned and realized. Expenses are recognized in the period incurred.

Cash and Cash Equivalents

Cash includes bank deposits, which are reported at carrying value. Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near the maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, investments with original maturities of three months or less meet this definition.

Investments

All pools generally value investments as follows:

- All investments except repurchase agreements, non-negotiable certificates of deposit (“CD”), direct-issued commercial paper, and other such nonparticipating investments are priced at fair value.
- Per GASB 31, repurchase agreements, non-negotiable CD’s, direct-issued commercial paper, and other such nonparticipating investments are carried at cost because they are nonparticipating contracts that do not capture interest rate changes in their value.

Security transactions are accounted for on a trade date basis which means that the purchases and sales of securities are recorded on the day the trade takes place with a corresponding payable or receivable.

Investment Income, Gains, and Losses, Expenses, and Distributions

GF1 is managed to maintain a stable \$1.00 NAV. For purposes of calculating earnings to each participant, all investments are valued at amortized cost. The pool distributes income to participants monthly, based on their average daily balance. Distributions include interest income based on stated rates (both received and accrued), amortization of discounts and premiums on a straight-line basis, realized investment gains and losses calculated on an amortized cost basis, and are net of investment expenses and administrative fees. Unrealized gains (losses) are reported in the equity section of the Statement of Net Position as “Unrealized Fair Market Value Adjustment.” Changes in the fair value of marketable securities are recognized at the end of the fiscal year.

GF1 Plus is managed to maintain a stable \$1.00 NAV and accrues investment income on a daily basis. GF1 Plus distributes income to participants on a monthly basis and reinvests at \$1.00 based on the amortized cost of the investments in the pool. GEAP and GEAP Plus are comprised of series of individual TMPs. Each TMP is managed to provide principal and income upon maturity consistent with maintaining preservation of principal if held to maturity. The participant account values and yields are determined by using the amortized cost valuation method. Securities are initially valued at cost. Thereafter any discounts

Local Government Investment Pool Trust
Notes to the Financial Statements
Year Ended June 30, 2020

(1) Significant Accounting Policies (Continued)

are accreted and any premiums are amortized to maturity, regardless of the impact of changes in interest rates on the market value of securities. All earned interest is reinvested within the respective TMP and paid at maturity.

Administrative Fees and LGIP Trust Reserve

According to O.C.G.A. § 36-83-8(l), “payments of amounts for administrative expenses shall be deemed contractually obligated funds held in trust for the benefit of the local government investment pool and shall not lapse” and will be held in trust (the “LGIP Trust Reserve”) for the benefit of the LGIP. The LGIP Trust Reserve shall retain all unexpended administrative fees and interest earned on the reserve balance. During FY20, OST assessed an administrative fee of 5 basis points on the average daily balances of GF1 participant accounts. For GF1 Plus, GEAP, and GEAP Plus, OST assessed an administrative fee of 5 basis points on the daily fund balance. The total fees assessed were \$9.7 million, of which \$8.3 million were GF1 fees, \$1.3 million were GF1 Plus fees, \$14 thousand were GEAP fees, and \$149 thousand were GEAP Plus fees.

The LGIP Trust Reserve may be utilized at the discretion of the State Treasurer in the interest of the LGIP. According to the Trust Policy, administrative fees collected from LGIP participants are to be used to fund expenses related to carrying out the investment functions and operations of the OST. The total LGIP Trust expenses paid from the administrative fees collected were \$3.8 million resulting in a net increase in the LGIP Trust Reserve of \$6.4 million from administrative fees and interest, leaving a balance of \$30.3 million in the LGIP Trust Reserve.

Investments in Georgia Fund 1

GF1 Plus, GEAP, GEAP Plus, and the LGIP Trust Reserve invested a portion of their assets in GF1. This portion appears in the Statement of Net Position for GF1 Plus, GEAP, GEAP Plus, and the LGIP Trust Reserve under the “Cash and Cash Equivalent” account.

(2) Subsequent Event

For FY20, the Trust did not have any subsequent events.

(3) Investment Disclosures

Interest Rate Risk

Interest rate risk is the risk associated with changes in interest rates that could adversely affect the fair value of an investment. GF1 and GF1 Plus use the weighted average maturity (“WAM”) method to analyze interest rate risk. WAM expresses the average time until maturity for the investments in a portfolio weighted to reflect the dollar size of the individual investments within the portfolio. WAM is an acceptable method for reporting interest rate risk according to GASB 40. OST seeks to match investment terms to the cash requirements of the pool.

Local Government Investment Pool Trust
Notes to the Financial Statements
Year Ended June 30, 2020

(3) Investment Disclosures (Continued)

GF1

At June 30, 2020, GF1's WAM was as follows:

Investment Type	Carrying Value (amounts in thousands)	WAM (Days)
Bank Deposits Held for Investment Purposes	\$ 4,194,730	1
Repurchase Agreements	5,351,003	9
Supranational Obligations	2,089,638	44
U.S. Agency Obligations	4,287,426	78
U.S. Treasury Obligations	5,288,509	69
Total	\$ 21,211,306	
GF1 WAM (Days)		40

GF1 Plus

At June 30, 2020, The WAM for GF1 Plus was as follows:

Investment Type	Carrying Value (amounts in thousands)	WAM (Days)
Asset-Backed Securities	\$ 42,193	782
Bank Deposits Held for Investment Purposes	491,300	1
Commercial Paper	501,047	81
Corporates	65,756	92
Money Market Mutual Fund	173,000	1
Negotiable Certificate of Deposit	364,972	95
Repurchase Agreements	4,024,053	56
Sovereign Credit	15,000	1,371
U.S. Agency Obligations	74,992	200
Total	\$ 5,752,313	
GF1 Plus WAM (Days)		66

Local Government Investment Pool Trust
Notes to the Financial Statements
Year Ended June 30, 2020

(3) Investment Disclosures (Continued)

GEAP

GEAP uses the duration method, an acceptable method for reporting interest rate risk per GASB 40, to analyze interest rate risk. Duration is the approximate percentage change in value for a 100 basis point change in rates. GEAP is a series of TMPs with an intent to hold securities to maturity. The individual TMPs are not actively managed to respond to interest rate changes. At June 30, 2020, the duration for GEAP was as follows:

Investment Type	Carrying Value (amounts in thousands)	Duration
U.S. Treasury Obligations	\$ 121,739	0.52
GEAP Duration		0.52

GEAP Plus

GEAP Plus uses the duration method to analyze interest rate risk. GEAP Plus is a series of TMPs with an intent to hold securities to maturity. The individual TMPs are not actively managed to respond to interest rate changes. At June 30, 2020, the duration for GEAP Plus was as follows:

Investment Type	Carrying Value (amounts in thousands)	Duration
Certificate of Deposit	\$ 41,700	0.72
Commercial Paper	4,997	0.04
Corporates	117,436	0.39
Negotiable Certificate of Deposit	12,000	0.08
U.S. Agency Obligations	54,161	1.01
U.S. Treasury Obligations	1,044,736	0.52
Total	\$ 1,275,030	
GEAP Plus Duration		0.53

LGIP Trust Reserve

At June 30, 2020, the LGIP Trust Reserve's WAM was as follows:

Investment Type	Carrying Value (amounts in thousands)	WAM (Days)
Bank Deposits Held for Investment Purposes	\$ 29,124	1
LGIP Trust Reserve WAM (Days)		1

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the holder of the investment. For internally managed portfolios, OST utilizes a counterparty risk assessment model to assess the credit risk of counterparties that have been approved to serve as repurchase agreement counterparties or depositories. OST has assigned credit limits to each counterparty based upon the counterparty risk assessment model which incorporates market indicators, default probabilities, issuer research and issuer ratings to determine maximum credit exposure per institution, term of investment for respective counterparties, and collateralization requirements in accordance with the OST Investment

Local Government Investment Pool Trust

Notes to the Financial Statements

Year Ended June 30, 2020

(3) Investment Disclosures (Continued)

Policy. OST's subadvisor utilizes its own credit research in the management of credit risk for the portfolios it invests.

The nationally recognized statistical rating organizations ("NRSROs") rate the long-term senior debt (with original maturity longer than 1 year) of the government-sponsored enterprises ("GSEs") with split ratings equivalent to AAA and AA+ ratings. In the credit risk disclosure tables, the rating for the long-term senior debt of the GSEs is listed as AA. The short-term rating of the GSEs is equivalent to an A-1+ rating. The issuing GSEs are rated but specific bonds are not always individually rated.

GF1

At June 30, 2020, the pool's securities and underlying collateral for repurchase agreements were rated as follows (amounts in thousands):

Credit Risk Investments	Long-Term Ratings				Carrying Value
	AAA	AA	A	BBB	
Repurchase Agreements	\$ 14,140	\$ 3,328,546	\$ 108,555	\$ 274,307	\$ 3,725,548
Supranational Obligations	2,089,638	-	-	-	2,089,638
U.S. Agency Obligations	-	4,287,426	-	-	4,287,426
Total Credit Risk Investments	\$ 2,103,778	\$ 7,615,972	\$ 108,555	\$ 274,307	\$ 10,102,612
U.S. Treasury Obligations					5,288,509
Repurchase Agreements Backed by:					
U.S. Agency Obligations Explicitly Guaranteed					619,809
U.S. Treasury Obligations					1,005,646
Total Securities					\$ 17,016,576

GF1 Plus

At June 30, 2020, the pool's securities and underlying collateral for repurchase agreements were rated as follows (amounts in thousands):

Credit Risk Investments	Long-Term Ratings				Short-Term		Carrying Value
	AAA	AA	A	BBB	A-1+	A-1	
Asset-Backed Securities	\$ 42,193	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42,193
Commercial Paper	-	-	-	-	177,366	323,681	501,047
Corporates	-	16,243	49,513	-	-	-	65,756
Money Market Mutual Fund	173,000	-	-	-	-	-	173,000
Negotiable Certificate of Deposit	-	-	-	-	103,900	261,072	364,972
Repurchase Agreements	601,425	241,468	1,112,893	1,554,398	-	215,605	3,725,789
Sovereign Credit	-	-	15,000	-	-	-	15,000
U.S. Agency Obligations	-	74,992	-	-	-	-	74,992
Total Credit Risk Investments	\$ 816,618	\$ 332,703	\$ 1,177,406	\$ 1,554,398	\$ 281,266	\$ 800,358	\$ 4,962,749
Repurchase Agreements Backed by:							
U.S. Agency Obligations Explicitly Guaranteed							228,141
U.S. Treasury Obligations							70,123
Total Securities							\$ 5,261,013

GEAP

At June 30, 2020, the pool did not have any investments that carried credit risk.

Local Government Investment Pool Trust
Notes to the Financial Statements
Year Ended June 30, 2020

(3) Investment Disclosures (Continued)

GEAP Plus

At June 30, 2020, the pool's securities were rated as follows (amounts in thousands):

Credit Risk Investments	Long-Term Ratings			Short-Term		Carrying Value
	AAA	AA	A	A-1+	A-1	
Commercial Paper	\$ -	\$ -	\$ -	\$ 1,499	\$ 3,498	\$ 4,997
Corporates	2,382	51,954	63,100	-	-	117,436
Negotiable Certificate of Deposit	-	-	-	10,000	2,000	12,000
U.S. Agency Obligations	-	54,161	-	-	-	54,161
Total Credit Risk Investments	<u>\$ 2,382</u>	<u>\$ 106,115</u>	<u>\$ 63,100</u>	<u>\$ 11,499</u>	<u>\$ 5,498</u>	<u>\$ 188,594</u>
U.S. Treasury Obligations						1,044,736
Total Securities						<u>\$ 1,233,330</u>

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Trust's deposits may not be fully recovered. The OST Investment Policy specifies safety of capital, liquidity, investment return and diversification as its objectives. In carrying out these objectives, OST maintains balances in accounts in banks approved for investment by the Board.

As of June 30, 2020, bank deposits of the Trust were as follows (amounts in thousands):

	Insured or Collateralized	Uninsured and Uncollateralized	Total Bank Balance
Georgia Fund 1	\$ 4,194,730	\$ -	\$ 4,194,730
Georgia Fund 1 Plus	491,300	-	491,300
GEAP Plus	41,700	-	41,700
LGIP Trust Reserve	29,124	-	29,124
Total	<u>\$ 4,756,854</u>	<u>\$ -</u>	<u>\$ 4,756,854</u>

Concentration of Credit Risk

Concentration of credit risk is the risk associated with losses that may occur due to lack of diversification. Concentration of credit risk is mitigated by limiting the percentage of total investments with any one issuer. OST limits concentration of credit risk by establishing maximum issuer exposure limits based on criteria established using OST's counterparty risk assessment model.

GASB 40 requires the disclosure of the concentration of credit risk in any issuer that represents 5% or more of total investments. As of June 30, 2020, the concentration of credit risk for the pools in the Trust is as follows:

- Approximately 35.4% of GF1 was invested in U.S. agency obligations not explicitly guaranteed by the U.S. Government or in repurchase agreements collateralized with U.S. agency obligations not explicitly guaranteed by the U.S. and 9.8% was invested in supranational obligations.

Local Government Investment Pool Trust
Notes to the Financial Statements
Year Ended June 30, 2020

(3) Investment Disclosures (Continued)

Fair Value Measurements

In accordance with GASB 72, some investments in the pools are measured using inputs divided into three fair value hierarchies:

- Level 1 – Unadjusted quoted prices for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 – Inputs, other than quoted prices included within Level 1, that are observable for an asset or liability, either directly or indirectly. Matrix pricing is used for the securities classified in Level 2 of the fair value hierarchy in the Trust.
- Level 3 – Unobservable inputs for an asset or liability.

GF1

At June 30, 2020, GF1 has the following investments reported at fair value (amount in thousands):

Investment Type	1	2	3	Fair Value
Supranational Obligations	\$ -	\$ 2,089,638	\$ -	\$ 2,089,638
U.S. Agency Obligations	-	4,287,426	-	4,287,426
U.S. Treasury Obligations	5,288,509	-	-	5,288,509
Total	\$ 5,288,509	\$ 6,377,064	\$ -	\$ 11,665,573

GF1 Plus

At June 30, 2020, GF1 Plus has the following investments reported at fair value (amount in thousands):

Investment Type	1	2	3	Fair Value
Asset-Backed Securities	\$ -	\$ 42,193	\$ -	\$ 42,193
Commercial Paper	-	501,047	-	501,047
Corporates	-	65,756	-	65,756
Money Market Mutual Fund	173,000	-	-	173,000
Negotiable Certificate of Deposit	-	364,972	-	364,972
Sovereign Credit	-	-	15,000	15,000
U.S. Agency Obligations	-	74,992	-	74,992
Total	\$ 173,000	\$ 1,048,960	\$ 15,000	\$ 1,236,960

GEAP

At June 30, 2020, GEAP has the following investments reported at fair value (amount in thousands):

Investment Type	1	2	3	Fair Value
U.S. Treasury Obligations	\$ 121,739	\$ -	\$ -	\$ 121,739

GEAP Plus

At June 30, 2020, GEAP Plus has the following investments reported at fair value (amount in thousands):

Investment Type	1	2	3	Fair Value
Commercial Paper	\$ -	\$ 4,997	\$ -	\$ 4,997
Corporates	-	117,436	-	117,436
Negotiable Certificate of Deposit	-	12,000	-	12,000
U.S. Agency Obligations	-	54,161	-	54,161
U.S. Treasury Obligations	1,044,736	-	-	1,044,736
Total	\$ 1,044,736	\$ 188,594	\$ -	\$ 1,233,330

Local Government Investment Pool Trust
Notes to the Financial Statements
Year Ended June 30, 2020

(3) Investment Disclosures (Continued)

The remaining investments in the Trust are exempt from GASB 72's disclosure requirement because they are not reported at fair value and are instead valued using cost-based measures.

(4) Equity of Internal and External Participants

Per GASB 31, "The external portion of an external investment pool is the portion that belongs to legally separate entities that are not part of the sponsoring government's financial reporting entity. The internal portion of each external investment pool is the portion that belongs to the primary government and its component units." The following table describes the equity of internal and external participants in the pool's net position, and shows that net position is composed of participants' account balances and the unrealized fair market value adjustment (amounts in thousands):

	Georgia Fund 1	Georgia Fund 1 Plus	GEAP	GEAP Plus	Trust Reserve	Eliminations	Total
Internal Participants	\$ 10,154,955	\$ 5,772,832	\$ 124,616	\$ 1,504,225	\$ -	\$ (246,268)	\$ 17,310,360
External Participants	11,055,133	-	-	-	-	-	11,055,133
Restricted Reserve Funds	907	-	-	-	30,297	(907)	30,297
Unrealized Fair Market Value Adjustment	617	-	(1)	2	-	-	618
Total Net Position	<u>\$ 21,211,612</u>	<u>\$ 5,772,832</u>	<u>\$ 124,615</u>	<u>\$ 1,504,227</u>	<u>\$ 30,297</u>	<u>\$ (247,175)</u>	<u>\$ 28,396,408</u>

(5) Involuntary Participation

GASB 31 requires the disclosure of any involuntary participation in the Trust. The Statement defines involuntary participants as "those that are required by legal provisions to invest in the external investment pool." O.C.G.A. § 50-5A-7 requires certain internal funds to be invested by the State Treasurer but does not require the funds to be invested in the Trust. External participants are voluntary participants of the pools.

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SUPPLEMENTARY INFORMATION

Local Government Investment Pool Trust

Supplementary Information

Combining Statement of Net Position

As of June 30, 2020

(amounts in thousands)

	Georgia Fund 1	Georgia Fund 1 Plus	GEAP	GEAP Plus	Trust Reserve	Eliminations	Total
Assets							
Cash and Cash Equivalents	\$ 13,195,730	\$ 3,590,561	\$ 43,386	\$ 604,975	\$ 30,031	\$ (247,175)	\$ 17,217,508
Investments in Securities	8,015,576	2,180,644	81,240	894,544	-	-	11,172,004
Accrued Interest and Other Receivables	306	2,005	4	4,890	266	(266)	7,205
TOTAL ASSETS	21,211,612	5,773,210	124,630	1,504,409	30,297	(247,441)	28,396,717
Liabilities							
Accrued Expenses and Other Payables	-	378	15	182	-	(266)	309
TOTAL LIABILITIES	-	378	15	182	-	(266)	309
TOTAL NET POSITION	\$ 21,211,612	\$ 5,772,832	\$ 124,615	\$ 1,504,227	\$ 30,297	\$ (247,175)	\$ 28,396,408
Net Position Consists of							
Net Position Held in Trust for Internal Pool Participants	\$ 10,154,955	\$ 5,772,832	\$ 124,616	\$ 1,504,225	\$ -	\$ (246,268)	\$ 17,310,360
Net Position Held in Trust for External Pool Participants	11,055,133	-	-	-	-	-	11,055,133
Restricted Reserve Funds ⁽¹⁾	907	-	-	-	30,297	(907)	30,297
Unrealized Fair Market Value Adjustment	617	-	(1)	2	-	-	618
TOTAL NET POSITION	\$ 21,211,612	\$ 5,772,832	\$ 124,615	\$ 1,504,227	\$ 30,297	\$ (247,175)	\$ 28,396,408

(1) See Note 1 to the Financial Statements subsection *Administrative Fees and LGIP Trust Reserve* for more information on the Reserve Funds.

Local Government Investment Pool Trust

Supplementary Information

Combining Statement of Changes in Net Position

For the Fiscal Year Ended June 30, 2020

(amounts in thousands)

	Georgia Fund 1	Georgia Fund 1 Plus	GEAP	GEAP Plus	Trust Reserve	Eliminations	Total
Additions							
Interest Income	\$ 134,241	\$ 50,881	\$ 2,703	\$ 28,970	\$ 426	\$ -	\$ 217,221
Net Increase (Decrease) in Fair Value of Investments	103,229	4,247	(1)	5,468	-	-	112,943
Less: Administrative Fees	(8,284)	(1,258)	(14)	(149)	9,705	-	-
Net Investment Income	229,186	53,870	2,688	34,289	10,131	-	330,164
Pool Participant Deposits and Reinvestment of Distributions	69,036,497	6,116,665	165,825	406,657	-	(2,726,511)	72,999,133
TOTAL ADDITIONS	\$ 69,265,683	\$ 6,170,535	\$ 168,513	\$ 440,946	\$ 10,131	\$ (2,726,511)	\$ 73,329,297
Deductions							
Distribution of Earnings	\$ 229,099	\$ 53,325	\$ 2,631	\$ 33,670	\$ -	\$ -	\$ 318,725
Operating Expenses	-	547	58	617	3,770	-	4,992
Pool Participant Withdrawals	62,291,877	3,150,120	41,209	818,845	-	(2,558,229)	63,743,822
TOTAL DEDUCTIONS	\$ 62,520,976	\$ 3,203,992	\$ 43,898	\$ 853,132	\$ 3,770	\$ (2,558,229)	\$ 64,067,539
Change in Net Position	6,744,707	2,966,543	124,615	(412,186)	6,361	(168,282)	9,261,758
Net Position							
Beginning of Year	14,466,905	2,806,289	-	1,916,413	23,936	(78,893)	19,134,650
End of Year	<u>\$ 21,211,612</u>	<u>\$ 5,772,832</u>	<u>\$ 124,615</u>	<u>\$ 1,504,227</u>	<u>\$ 30,297</u>	<u>\$ (247,175)</u>	<u>\$ 28,396,408</u>

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SECTION II
INTERNAL CONTROL AND COMPLIANCE

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DEPARTMENT OF AUDITS AND ACCOUNTS

270 Washington Street, S.W., Suite 4-101
Atlanta, Georgia 30334-8400

Greg S. Griffin
STATE AUDITOR
14041656-2174

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Independent Auditor's Report

The Honorable Brian P. Kemp, Governor of Georgia
Members of the General Assembly of the State of Georgia
Members of the State Depository Board
and
Mr. Steven N. McCoy, State Treasurer

We have audited, in accordance with the 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, the financial statements of the Local Government Investment Pool Trust of the Office of the State Treasurer of the State of Georgia (together the Trust), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Trust's basic financial statements, and have issued our report thereon dated October 21, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Trust's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. Accordingly, we do not express an opinion on the effectiveness of the Trust's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Trust's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Trust's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Trust's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

A handwritten signature in blue ink that reads "Greg S. Griffin". The signature is stylized with a large, looped "G" and a trailing flourish.

Greg S. Griffin
State Auditor

October 21, 2020