



Office of the State Treasurer

Local Government Investment Pool Trust



LGIP Trust Financial Statements

June 30, 2021

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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, 2021, 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 Trust'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 Trust'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, 2021, 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, 2021, 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, 2021 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 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 black ink, appearing to read "Greg S. Griffin". The signature is fluid and cursive, with a horizontal line extending from the end.

Greg S. Griffin
State Auditor

October 21, 2021

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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, 2021.

Financial Highlights

GF1

- At fiscal year-end, GF1 reported a net position in the amount of \$23.4 billion.
- GF1's net position increased by \$2.2 billion over the previous fiscal year.
- Net yield paid to participants ranged from 4 basis points (bp) to 20 bp for FY21.

GF1 Plus

- At fiscal year-end, GF1 Plus reported a net position in the amount of \$7.9 billion.
- The net position for GF1 Plus increased by \$2.1 billion over the previous fiscal year.
- Net yield paid to participants ranged from 16 bp to 33 bp for FY21.

GEAP

- At fiscal year-end, GEAP reported a net position in the amount of \$42.2 million.
- The net yield earned by participants for FY21 was 1.62% – 1.71%

GEAP Plus

- At fiscal year-end, GEAP Plus reported a net position in the amount of \$191.4 million.
- The net yield earned by participants for FY21 was 0.83% - 1.76%. (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 in FY21 was rated AA+ by Standard and Poor's and AA+/S1 by Fitch Ratings. Beginning July 2021, OST opted to retain only the Fitch rating for GF1. 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. 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 are invested by a subadvisor. As of June 30, 2021, TMP maturities ranged from one month to 2.5 years.

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

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 \$2.2 billion in FY21. Total assets were higher compared to the previous fiscal year. The change in net position in FY21 versus FY20 resulted primarily from changes in deposits and withdrawals of the participants in the pool. Aggregate deposits decreased by 1%, and withdrawals increased by 6% in comparison to FY20. GF1's net position is a function of several parameters some of which are independent of the pool's performance. The State of Georgia experienced significant revenue growth in FY21 resulting in increased balances in State Funds. To offset the increase in State Funds and reduce pressure on the portfolio, OST transferred federal stimulus funds into a separately managed portfolio. Also, boards of education and local government accounts grew significantly in FY21. 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):

	2021	2020	Variance
Cash and Cash Equivalents	\$ 9,850,909	\$ 13,195,730	\$ (3,344,821)
Investments in Securities	13,516,754	8,015,576	5,501,178
Accrued Interest and Other Receivables	2,838	306	2,532
Net Position	<u><u>\$ 23,370,501</u></u>	<u><u>\$ 21,211,612</u></u>	<u><u>\$ 2,158,889</u></u>

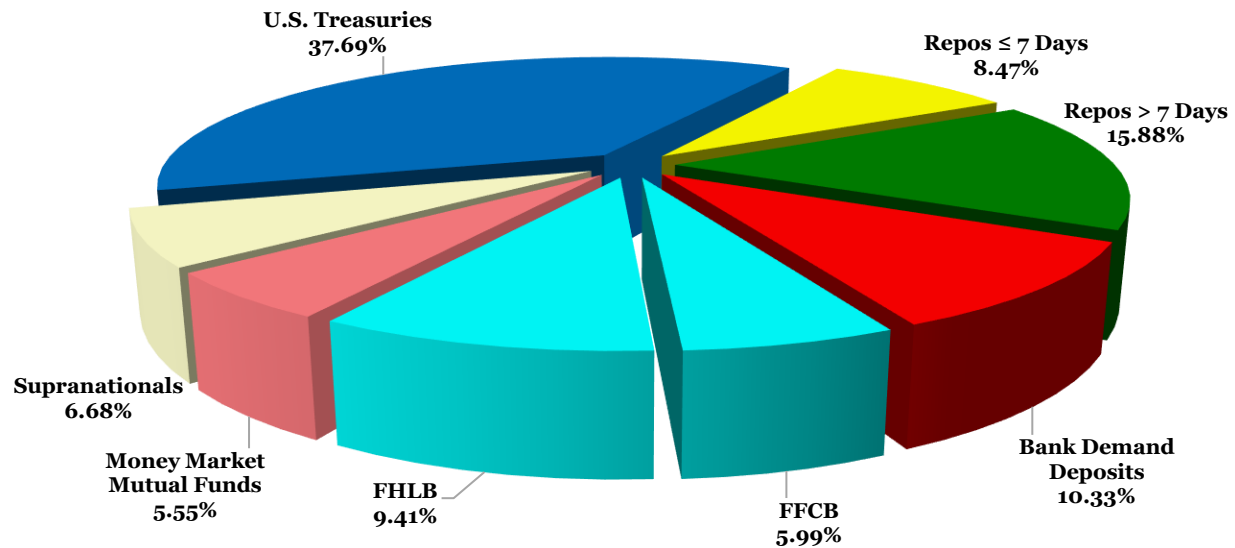
Local Government Investment Pool Trust

Management's Discussion and Analysis

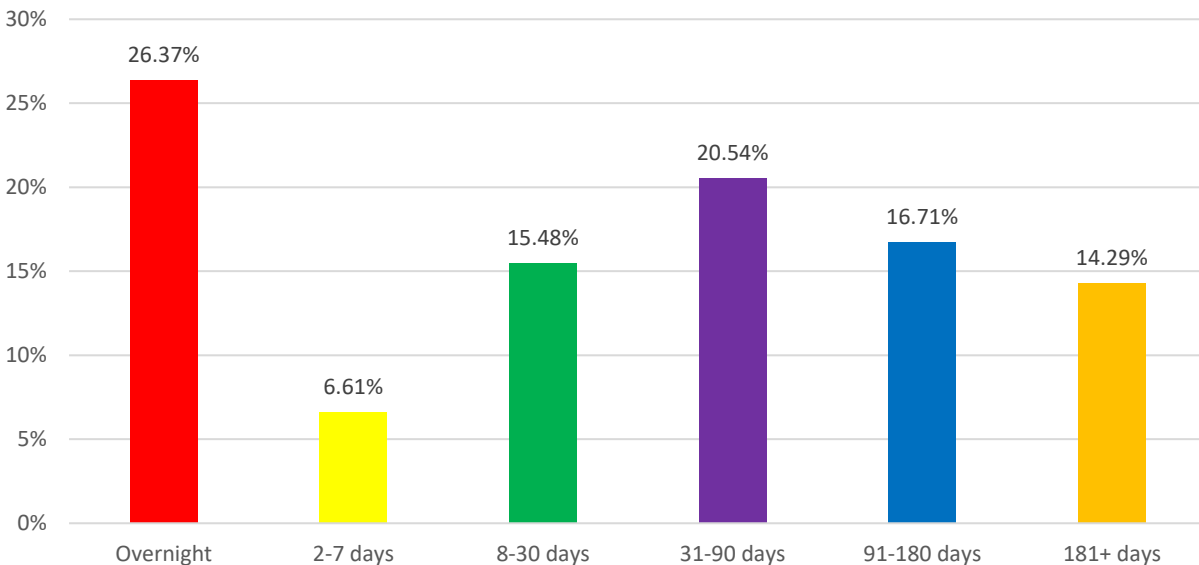
(Unaudited)

Below are charts reflecting the assets of GF1, the maturity distribution of holdings, and participant information at June 30, 2021. Historical information can be found on the website at www.ost.ga.gov.

GF1 Asset Detail

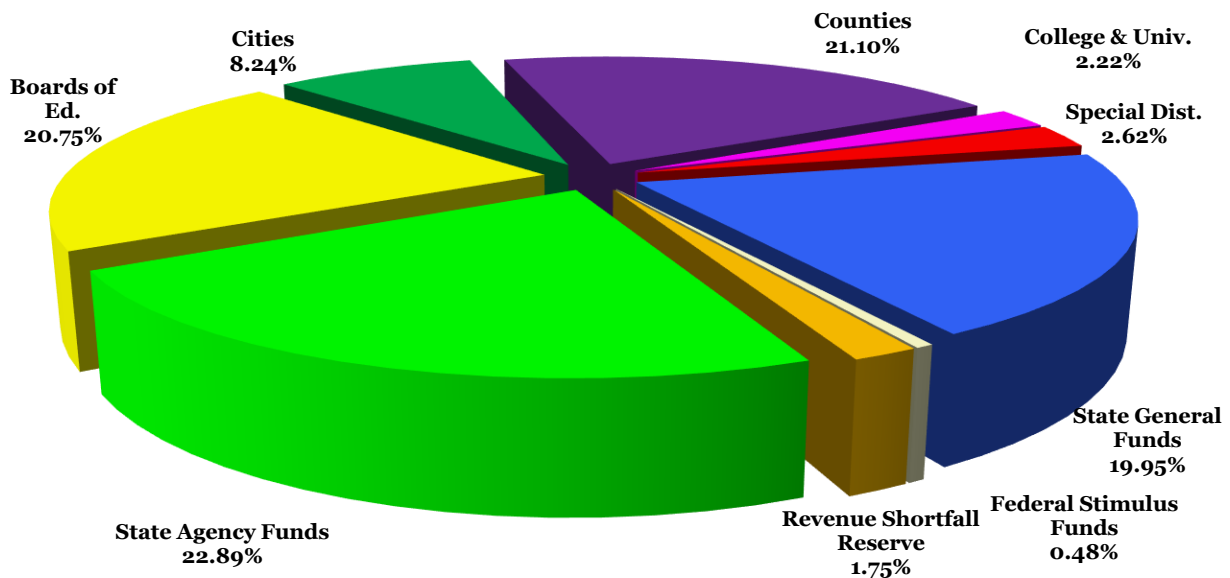


GF1 Maturity Distribution



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

GF1 Participant Distribution



GF1 Plus

GF1 Plus was established as an LGIP investment option in FY17 for the state, state agencies, and eligible municipalities looking to benefit from higher yields available by adding credit exposure. The net position of GF1 Plus is a function of several parameters some of which are independent of the pool's performance. In FY21, GF1 Plus experienced an increase in net position of \$2.1 billion. Total assets were higher compared to last fiscal year. The FY21 net position increased as a result of deposits to the State General Fund, Revenue Shortfall Reserve, OPEB (K-12), and OPEB (State) accounts. However, deposits decreased by 66% in comparison to FY20 when OST consolidated multiple state agency accounts into GF1 Plus. There were no withdrawals in FY21.

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

	2021	2020	Variance
Cash and Cash Equivalents	\$ 3,519,867	\$ 3,590,561	\$ (70,694)
Investments in Securities	4,334,537	2,180,644	2,153,893
Accrued Interest and Other Receivables	2,397	2,005	392
Less: Accrued Expenses and Other Payables	466	378	88
Net Position	\$ 7,856,335	\$ 5,772,832	\$ 2,083,503

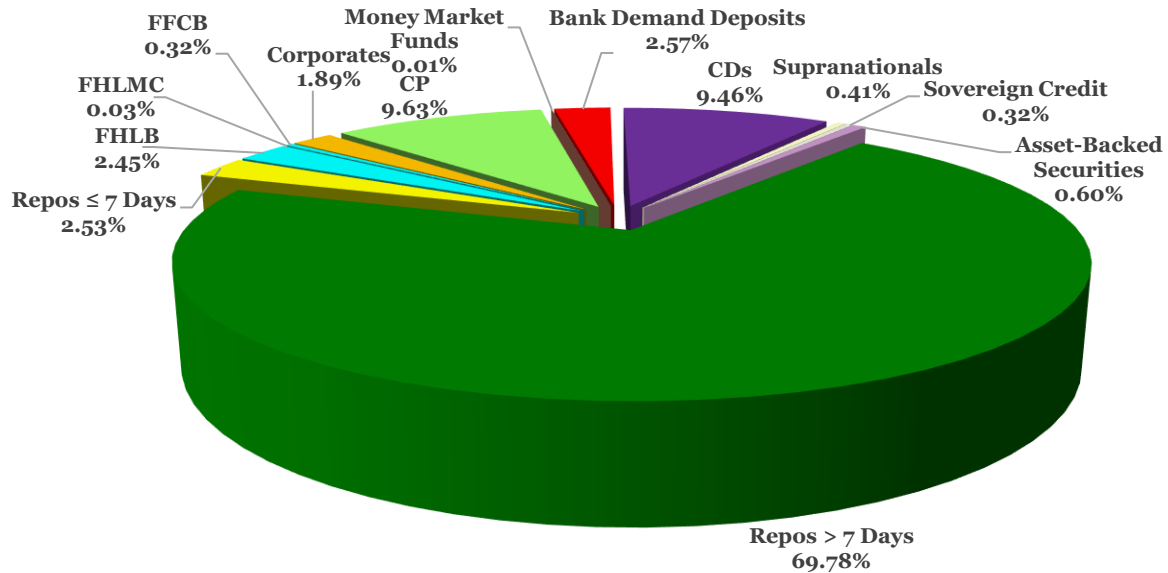
Local Government Investment Pool Trust

Management's Discussion and Analysis

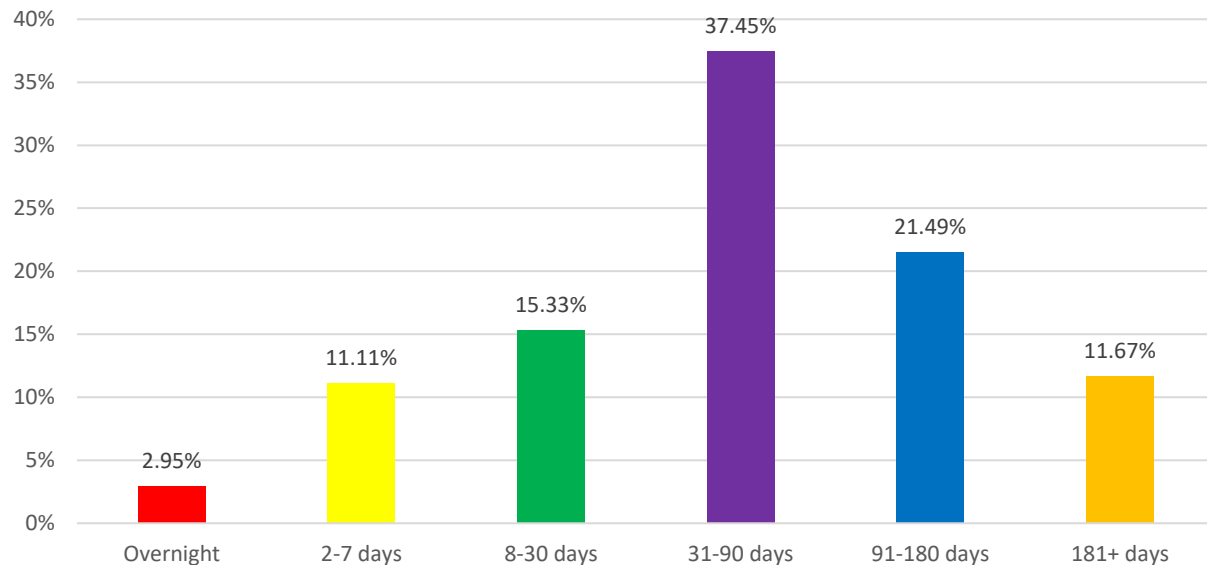
(Unaudited)

Below are charts reflecting the assets of GF1 Plus, the maturity distribution of holdings, and participant information at June 30, 2021. Historical information can be found on the website at www.ost.ga.gov.

GF1 Plus Asset Detail

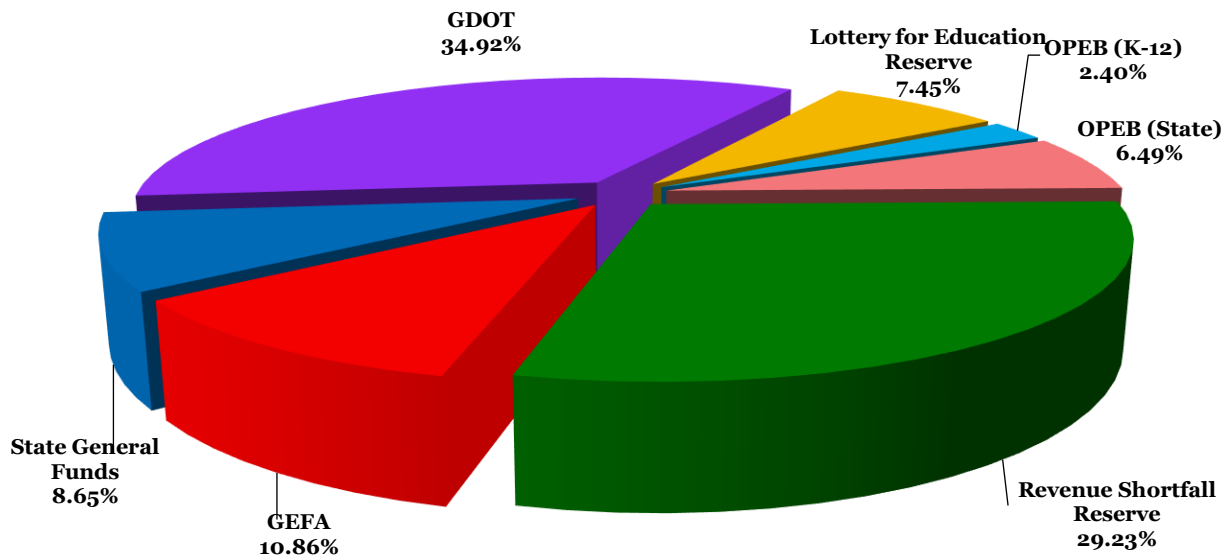


GF1 Plus Maturity Distribution



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. The reduction in Net Position in FY21 over FY20 was due to reallocation of funds into equities in accordance with the OPEB Trust Investment Policy; as well as investment of maturing TMPs into GF1 Plus. GEAP is managed by a subadvisor overseen by OST.

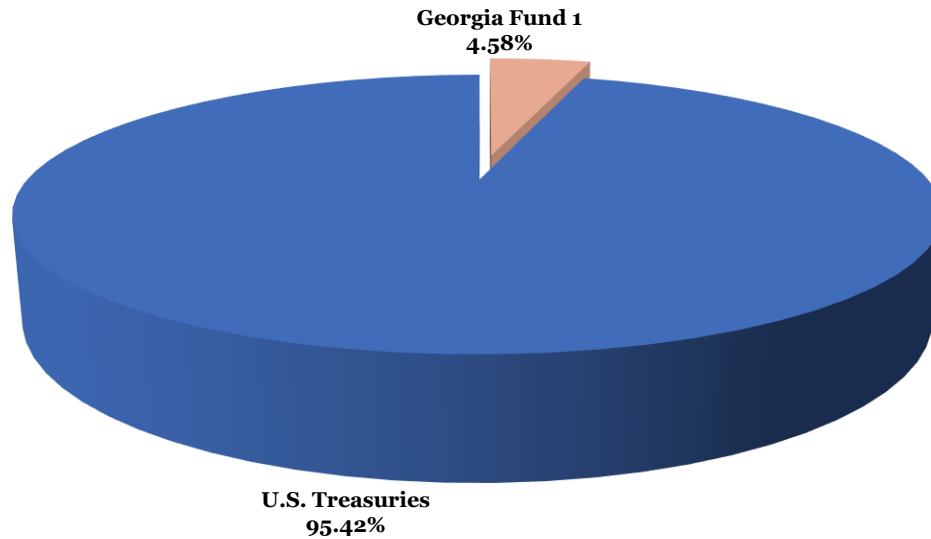
Summaries of the net position as of June 30 for GEAP is presented below (amounts in thousands):

	2021	2020	Variance
Cash and Cash Equivalents	\$ 1,929	\$ 43,386	\$ (41,457)
Investments in Securities	40,161	81,240	(41,079)
Accrued Interest and Other Receivables	121	4	117
Less: Accrued Expenses and Other Payables	5	15	(10)
Net Position	\$ 42,206	\$ 124,615	\$ (82,409)

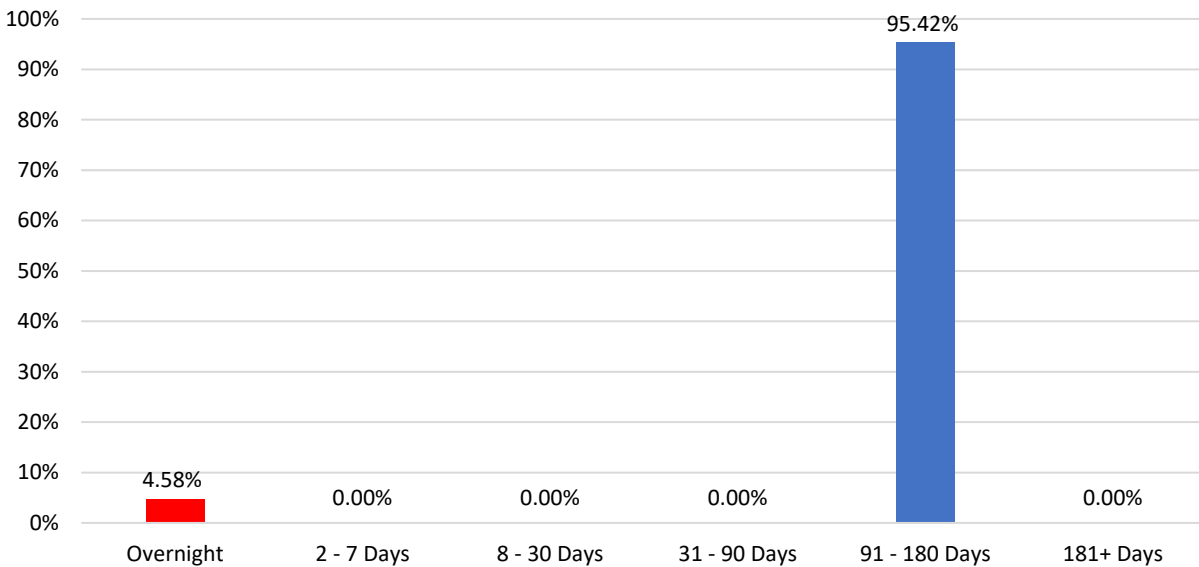
Local Government Investment Pool Trust Management's Discussion and Analysis (Unaudited)

Below are charts reflecting the assets of GEAP, the maturity distribution of holdings, and participant information at June 30, 2021. Historical information can be found on the website at www.ost.ga.gov.

GEAP Asset Detail

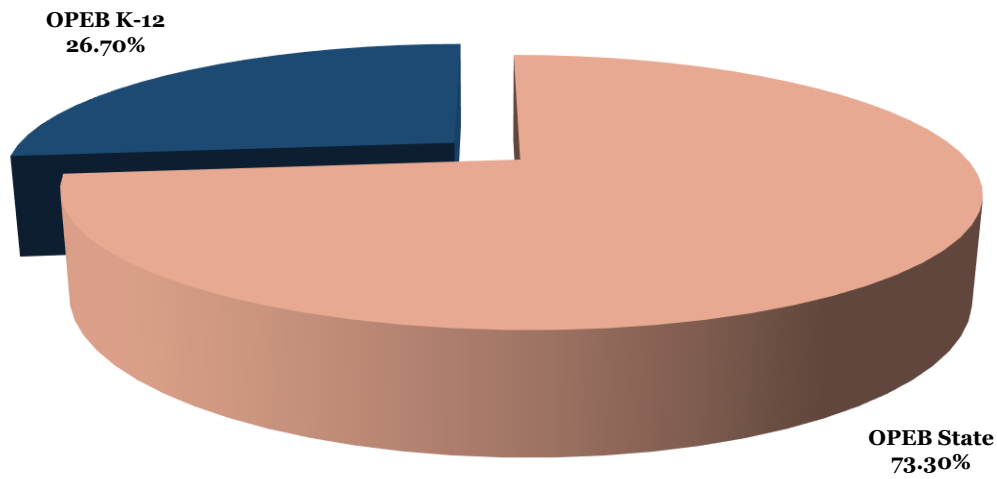


GEAP Maturity Distribution



**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 in Net Position in FY21 over FY20 was due to reallocation of funds into equities in accordance with the OPEB Trust Investment Policy; as well as investment of maturing TMPs into GF1 Plus. GEAP Plus is managed by a subadvisor overseen by OST.

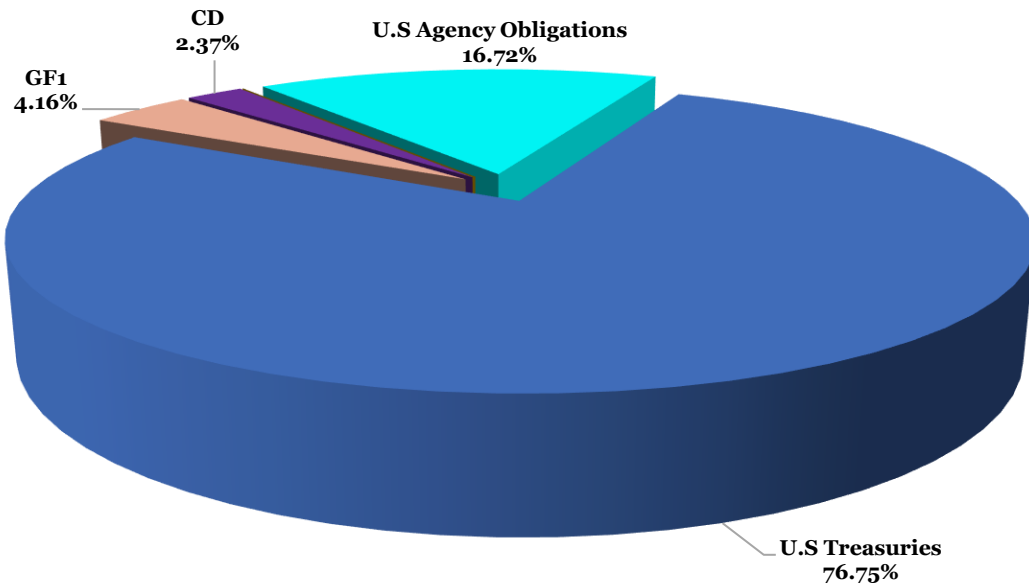
Summaries of the net position as of June 30 for GEAP Plus are presented below (amounts in thousands):

	<u>2021</u>	<u>2020</u>	<u>Variance</u>
Cash and Cash Equivalents	\$ 7,905	\$ 604,975	\$ (597,070)
Investments in Securities	182,121	894,544	(712,423)
Accrued Interest and Other Receivables	1,440	4,890	(3,450)
Less: Accrued Expenses and Other Payables	24	182	(158)
Net Position	<u>\$ 191,442</u>	<u>\$ 1,504,227</u>	<u>\$ (1,312,785)</u>

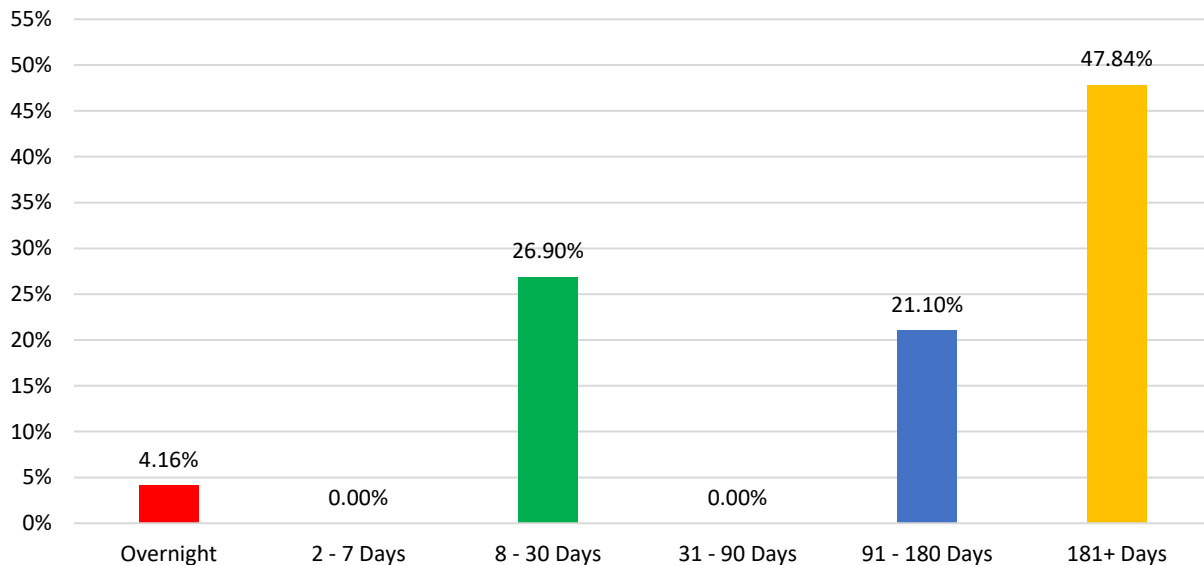
Local Government Investment Pool Trust Management's Discussion and Analysis (Unaudited)

Below are charts reflecting the assets of GEAP Plus, the maturity distribution of holdings, and participant information at June 30, 2021. Historical information can be found on the website at www.ost.ga.gov.

GEAP Plus Asset Detail

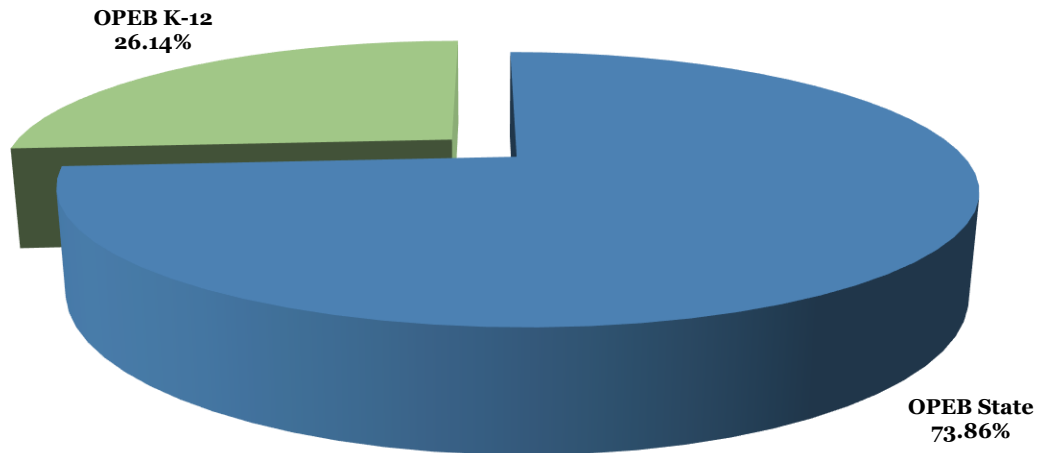


GEAP Plus Maturity Distribution



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, 2021, the LGIP Trust Reserve’s net position was \$36 million reflecting an increase in net position of \$5.7 million in FY21. 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 FY21, the State Treasurer 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. However, a portion of the GF1 administrative fee was waived from March 2021 through June 2021. Such administrative fee waivers are directed by the State Treasurer as provided for in the LGIP Trust Policy.

Change in Net Position

GF1

Net investment income (i.e., total investment income plus miscellaneous income less administrative expenses) decreased 92% compared to FY20. This decrease was primarily due to a decrease in GF1’s portfolio yield from FY20. Aggregate deposits decreased by 1%, and withdrawals increased by 6% in comparison to FY20. Approximately \$2 billion in federal stimulus funds was transferred from GF1 to a separately managed portfolio during May and June of 2021, and OST transferred approximately \$1.4 billion of State General Funds to GF1 Plus in FY21.

The Federal Open Market Committee (FOMC) maintained Fed Funds in the 0.00% - 0.25% range during FY21. Historically low rates coupled with a large quantity of cash in the market created an extreme amount of downward pressure on yields. As a result, GF1 experienced lower yields during FY21 and lower investment income and distributions of earnings to participants. GF1 distributes income to participants

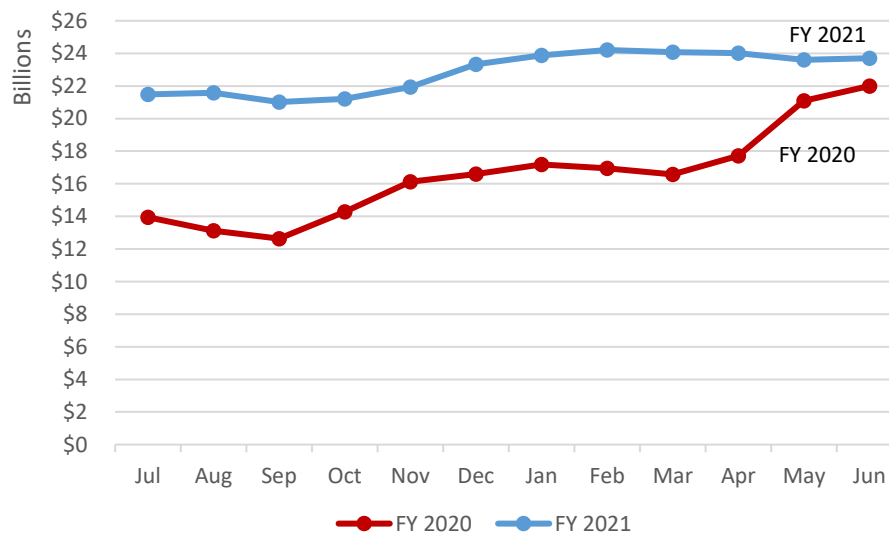
Local Government Investment Pool Trust Management's Discussion and Analysis (Unaudited)

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.

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

	2021	2020	Variance
Net Investment Income	\$ 17,606	\$ 229,186	\$ (211,580)
Pool Participant Deposits and Reinvestment of Distributions	68,060,048	69,036,497	(976,449)
Less: Distribution of Earnings	17,986	229,099	(211,113)
Less: Pool Participant Withdrawals	65,900,779	62,291,877	3,608,902
Change in Net Position	\$ 2,158,889	\$ 6,744,707	\$ (4,585,818)

GF1 Average Monthly Balances



GF1 Plus

Net investment income (i.e., total investment income plus miscellaneous income less administrative expenses) decreased 69% compared to FY20. This decrease was primarily due to a decrease in the GF1 Plus portfolio yield from FY20. The lower portfolio yield resulted from a low and flat yield curve in both short-term treasury and credit markets that persisted through all of FY21.

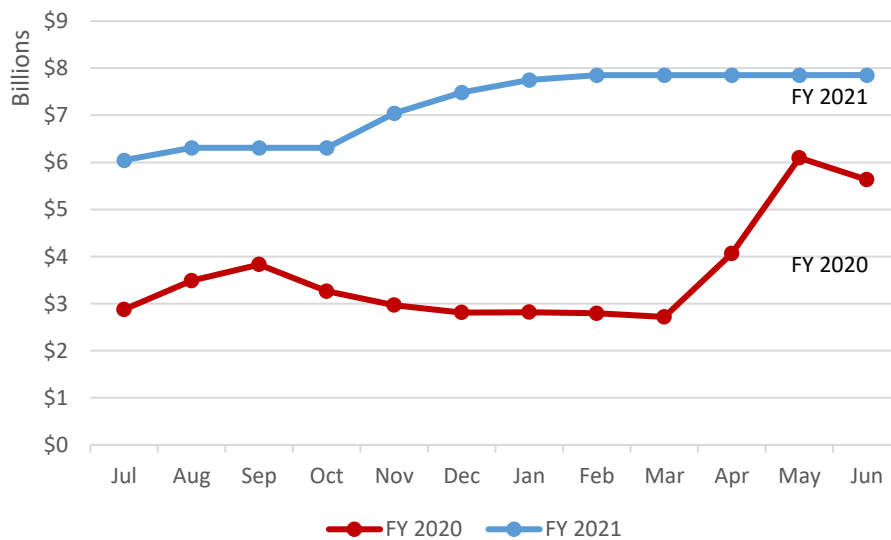
Deposits decreased by 66% in comparison to FY20 when OST consolidated multiple state agency accounts into GF1 Plus. Also, there were no withdrawals in FY21.

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):

	2021	2020	Variance
Net Investment Income	\$ 16,694	\$ 53,870	\$ (37,176)
Pool Participant Deposits and Reinvestment of Distributions	2,083,504	6,116,665	(4,033,161)
Less: Distribution of Earnings	16,095	53,325	(37,230)
Less: Operating Expense	600	547	53
Less: Pool Participant Withdrawals	-	3,150,120	(3,150,120)
Change in Net Position	\$ 2,083,503	\$ 2,966,543	\$ (883,040)

GF1 Plus Average Monthly Balances



GEAP

GEAP was established in July of FY20 as an investment for the LGIP Trust, including OPEB Trust funds. GEAP TMPs were initially funded with approximately \$163 million of OPEB Trust funds. No additional TMP funds were received for investment into TMPs in FY21. Earned interest was retained in each TMP. The decline in Net Investment Income resulted mostly from a reduction in GEAP TMP balances as maturing GEAP TMPs were reinvested into GF1 Plus during FY21. In accordance with the OPEB Trust Investment Policy, OPEB Trust funds from maturing TMPs were partly distributed for reinvestment in equity investments managed by the Division of Investment Services of the Teachers Retirement System of Georgia. The remainder of OPEB Trust principal and interest was reinvested in GF1 Plus.

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):

	2021	2020	Variance
Net Investment Income	\$ 1,093	\$ 2,688	\$ (1,595)
Pool Participant Deposits and Reinvestment of Distributions	1,066	165,825	(164,759)
Less: Distribution of Earnings	1,067	2,631	(1,564)
Less: Operating Expense	26	58	(32)
Less: Pool Participant Withdrawals	83,475	41,209	42,266
Change in Net Position	\$ (82,409)	\$ 124,615	\$ (207,024)

GEAP Plus

GEAP Plus was established in July of FY19 as an investment for the LGIP Trust, including OPEB Trust funds. No additional TMP funds were received in FY21. Earned interest was retained in each TMP. The decline in Net Investment Income resulted mostly from a reduction in GEAP Plus TMP balances as maturing GEAP Plus TMPs were reinvested in GF1 Plus during FY21. In accordance with the OPEB Trust Investment Policy, OPEB Trust funds from maturing TMPs were partly distributed for reinvestment in equity investments managed by the Division of Investment Services of the Teachers Retirement System of Georgia. The remainder of OPEB Trust principal and interest was reinvested in GF1 Plus.

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

	2021	2020	Variance
Net Investment Income	\$ 10,533	\$ 34,289	\$ (23,756)
Pool Participant Deposits and Reinvestment of Distributions	10,303	406,657	(396,354)
Less: Distribution of Earnings	10,307	33,670	(23,363)
Less: Operating Expense	228	617	(389)
Less: Pool Participant Withdrawals	1,323,086	818,845	504,241
Change in Net Position	\$ (1,312,785)	\$ (412,186)	\$ (900,599)

LGIP Trust Reserve

The LGIP Trust Reserve retains all unexpended administrative fees and interest earned on the reserve balance. The LGIP Trust Reserve grew \$5.7 million from \$30.3 million in FY20 to \$36 million in FY21. This resulted in a 19% increase in net position of the LGIP Trust Reserve for FY21. Interest income on the LGIP Trust Reserve decreased by 91% due to decrease in the yield on its investments. Administrative fees from the pools in the Trust increased by 34% compared to FY20.

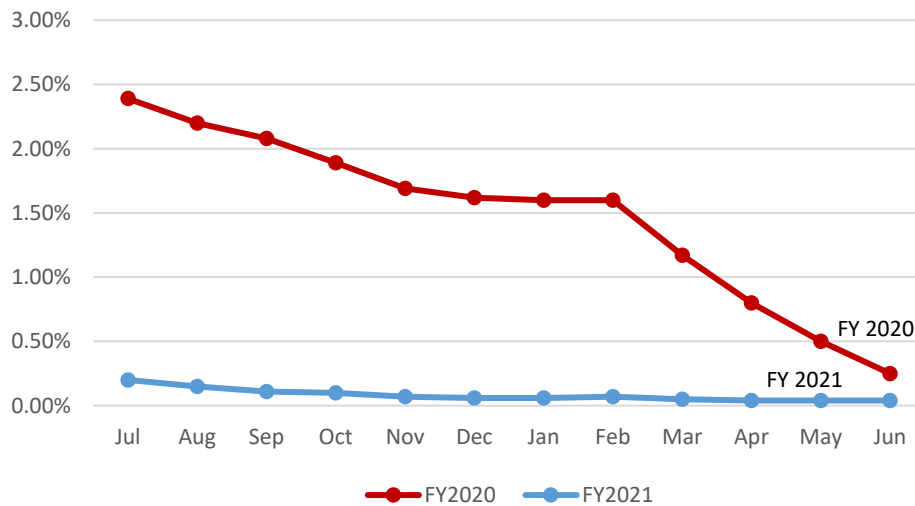
Local Government Investment Pool Trust Management's Discussion and Analysis (Unaudited)

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.

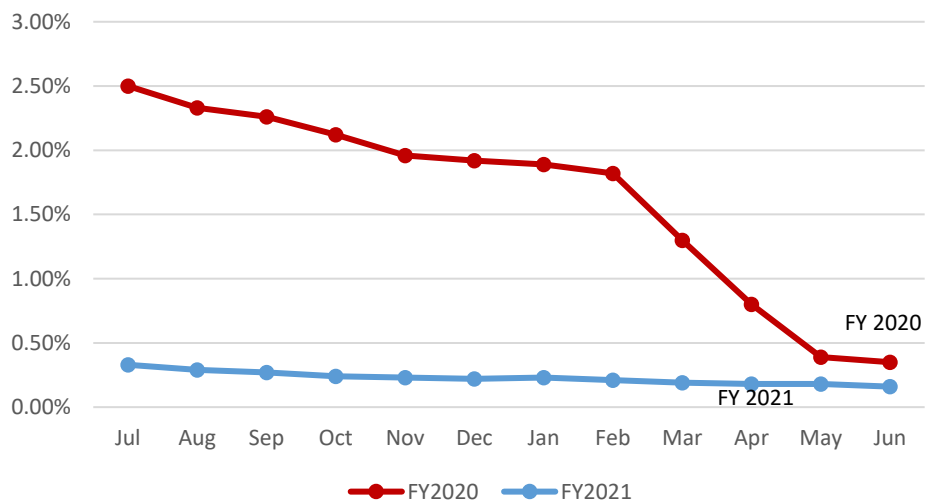
GF1 Monthly Net Yields



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

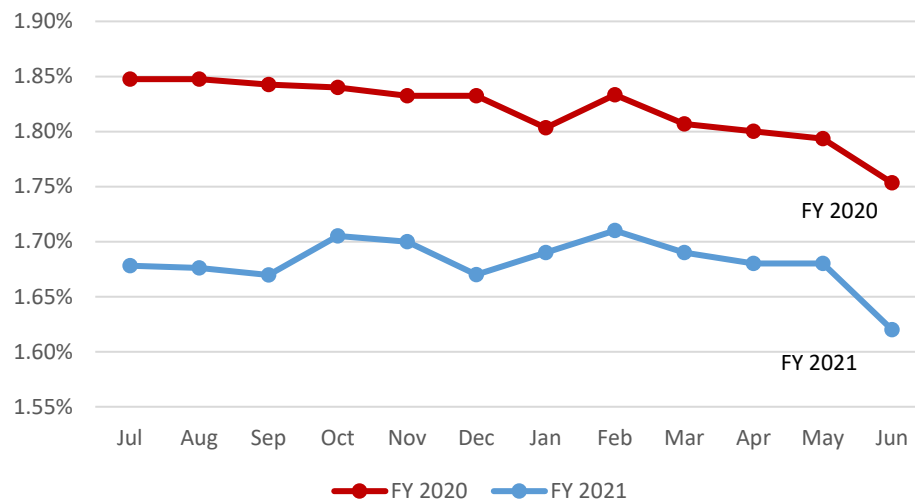
Management's Discussion and Analysis

(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.

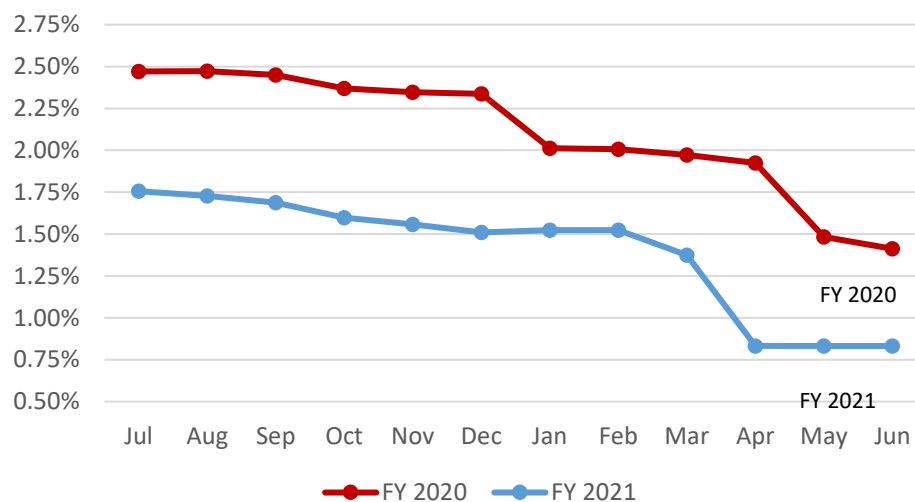
GEAP Monthly Net Yields



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)

FY22 Outlook

At its July 28, 2021, 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 current low interest rate environment to persist through FY22.

In managing GF1, OST expects to experience low to near-zero rates on short-term, high quality investments given the 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.

In managing GF1 Plus, GEAP, and GEAP Plus, OST expects to experience similarly low rates in government and high-quality credit investments. The expected flat yield curve will diminish the otherwise normal yield pick-up in longer duration securities. While emphasis will be placed upon preservation of capital and appropriate liquidity, OST and its subadvisor will seek to select attractively-priced eligible investments.

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BASIC FINANCIAL STATEMENTS

Local Government Investment Pool Trust
Statement of Net Position
As of June 30, 2021

(amounts in thousands)

Assets

Cash and Cash Equivalents	\$ 13,405,492
Investments in Securities	18,073,573
Accrued Interest and Other Receivables	6,796
TOTAL ASSETS	31,485,861

Liabilities

Accrued Expenses and Other Payables	194
TOTAL LIABILITIES	194
TOTAL NET POSITION	\$ 31,485,667

Net Position Consists of

Net Position Held in Trust for Internal Pool Participants	\$ 19,146,859
Net Position Held in Trust for External Pool Participants	12,302,540
Restricted Reserve Funds	36,030
Unrealized Fair Market Value Adjustment	238
TOTAL NET POSITION	\$ 31,485,667

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, 2021

(amounts in thousands)

Additions

Interest Income	\$ 50,846
Net Increase (Decrease) in Fair Value of Investments	8,118
Net Investment Income	58,964
Pool Participant Deposits and Reinvestment of Distributions	68,867,866
TOTAL ADDITIONS	\$ 68,926,830

Deductions

Distribution of Earnings	\$ 45,455
Operating Expenses	8,159
Pool Participant Withdrawals	65,783,957
TOTAL DEDUCTIONS	\$ 65,837,571

Change in Net Position	3,089,259
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Net Position

Beginning of Year	28,396,408
End of Year	\$ 31,485,667

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, 2021

(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, 2021, 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, 2021, 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 Annual Comprehensive 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, 2021

(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 FY21, the Trust did not implement any new GASB Statements.

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

Local Government Investment Pool Trust
Notes to the Financial Statements
Year Ended June 30, 2021

(1) Significant Accounting Policies (Continued)

method. Securities are initially valued at cost. Thereafter any discounts 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 FY21, OST assessed an administrative fee of 5 basis points on the average daily balances of GF1 participant accounts. Due to historically low rates during FY21, the State Treasurer waived a portion of the GF1 administrative fee. The waiver ranged from 1.5 to 2.1 basis points from March 2021 through June 2021. 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 \$13 million, of which \$9.9 million were GF1 fees, \$3 million were GF1 Plus fees, \$6 thousand were GEAP fees, and \$60 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 \$7.3 million resulting in a net increase in the LGIP Trust Reserve of \$5.7 million from administrative fees and interest, leaving a balance of \$36 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 FY21, 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.

OST makes the following assumptions when calculating the WAM. For securities with interest rate resets, the WAM was calculated to the reset date and not the final maturity date. For callable securities, the securities are calculated to either the call date or the final maturity date depending on OST’s expectation that these securities will be called. The WAM for securities likely to be called is calculated to the call date, whereas the WAM for securities not likely to be called is calculated to the final maturity date.

Local Government Investment Pool Trust
Notes to the Financial Statements
Year Ended June 30, 2021

(3) Investment Disclosures (Continued)

GF1

At June 30, 2021, GF1's WAM was as follows:

Investment Type	Carrying Value (amounts in thousands)	WAM (Days)
Bank Deposits Held for Investment Purposes	\$ 2,413,930	1
Money Market Mutual Funds	1,297,051	1
Repurchase Agreements	5,690,004	9
Supranational Obligations	1,560,032	73
U.S. Agency Obligations	3,598,772	26
U.S. Treasury Obligations	8,807,874	64
Total	\$ 23,367,663	
GF1 WAM (Days)		35

GF1 Plus

At June 30, 2021, The WAM for GF1 Plus was as follows:

Investment Type	Carrying Value (amounts in thousands)	WAM (Days)
Asset-Backed Securities	\$ 47,047	216
Bank Deposits Held for Investment Purposes	201,497	1
Commercial Paper	756,489	111
Corporates	148,768	73
Negotiable Certificate of Deposit	743,388	99
Repurchase Agreements	5,680,100	6
Sovereign Credit	25,000	884
Supranational Obligations	32,238	69
U.S. Agency Obligations	219,432	373
Total	\$ 7,853,959	
GF1 Plus WAM (Days)		40

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, 2021, the duration for GEAP was as follows:

Investment Type	Carrying Value (amounts in thousands)	Duration
U.S. Treasury Obligations	\$ 40,161	0.29
GEAP Duration		0.29

Local Government Investment Pool Trust
Notes to the Financial Statements
Year Ended June 30, 2021

(3) Investment Disclosures (Continued)

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, 2021, the duration for GEAP Plus was as follows:

Investment Type	Carrying Value (amounts in thousands)	Duration
Certificate of Deposit	\$ 4,500	0.29
U.S. Agency Obligations	31,779	0.29
U.S. Treasury Obligations	145,842	0.90
Total	\$ 182,121	
GEAP Plus Duration		0.78

LGIP Trust Reserve

At June 30, 2021, the LGIP Trust Reserve's WAM was as follows:

Investment Type	Carrying Value (amounts in thousands)	WAM (Days)
Bank Deposits Held for Investment Purposes	\$ 35,162	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 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.

Local Government Investment Pool Trust
Notes to the Financial Statements
Year Ended June 30, 2021

(3) Investment Disclosures (Continued)

GF1

At June 30, 2021, the pool's securities and underlying collateral for repurchase agreements were rated as follows (amounts in thousands):

Credit Risk Investments	AAA	Long-Term Ratings			Short-Term	Carrying Value
		AA	A	BBB	A-1	
Money Market Mutual Funds	\$ 1,297,051	\$ -	\$ -	\$ -	\$ -	\$ 1,297,051
Repurchase Agreements	43,055	1,924,599	462,887	506,210	509	2,937,260
Supranational Obligations	1,560,032	-	-	-	-	1,560,032
U.S. Agency Obligations	-	3,598,772	-	-	-	3,598,772
Total Credit Risk Investments	\$ 2,900,138	\$ 5,523,371	\$ 462,887	\$ 506,210	\$ 509	\$ 9,393,115
U.S. Treasury Obligations						8,807,874
Repurchase Agreements Backed by:						
U.S. Agency Obligations Explicitly Guaranteed						1,056,974
U.S. Treasury Obligations						1,695,770
Total Securities						\$ 20,953,733

GF1 Plus

At June 30, 2021, the pool's securities and underlying collateral for repurchase agreements were rated as follows (amounts in thousands):

Credit Risk Investments	AAA	Long-Term Ratings			Short-Term			Carrying Value
		AA	A	BBB	A-1+	A-1	A-2	
Asset-Backed Securities	\$ 47,047	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 47,047
Commercial Paper	-	-	-	-	72,065	684,424	-	756,489
Corporates	-	16,533	107,925	24,310	-	-	-	148,768
Negotiable Certificate of Deposit	-	-	-	-	169,750	543,638	30,000	743,388
Repurchase Agreements	188,746	1,153,501	1,245,256	2,627,183	-	7	-	5,214,693
Sovereign Credit	-	-	25,000	-	-	-	-	25,000
Supranational Obligations	32,238	-	-	-	-	-	-	32,238
U.S. Agency Obligations	-	219,432	-	-	-	-	-	219,432
Total Credit Risk Investments	\$ 268,031	\$ 1,389,466	\$ 1,378,181	\$ 2,651,493	\$ 241,815	\$ 1,228,069	\$ 30,000	\$ 7,187,055
Repurchase Agreements Backed by:								
U.S. Agency Obligations Explicitly Guaranteed								162,899
U.S. Treasury Obligations								302,508
Total Securities								\$ 7,652,462

GEAP

At June 30, 2021, the pool did not have any investments that carried credit risk.

GEAP Plus

At June 30, 2021, the pool's securities were rated as follows (amounts in thousands):

Credit Risk Investments	Long-Term Ratings	
	AA	Carrying Value
U.S. Agency Obligations	\$ 31,779	\$ 31,779
Total Credit Risk Investments	\$ 31,779	\$ 31,779
U.S. Treasury Obligations		145,842
Total Securities		\$ 177,621

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

Local Government Investment Pool Trust
Notes to the Financial Statements
Year Ended June 30, 2021

(3) Investment Disclosures (Continued)

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, 2021, bank deposits of the Trust were as follows (amounts in thousands):

	Insured or Collateralized	Uninsured and Uncollateralized	Total Bank Balance
Georgia Fund 1	\$ 2,413,930	\$ -	\$ 2,413,930
Georgia Fund 1 Plus	201,497	-	201,497
GEAP Plus	4,500	-	4,500
LGIP Trust Reserve	35,162	-	35,162
Total	\$ 2,655,089	\$ -	\$ 2,655,089

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, 2021, the concentration of credit risk for the pools in the Trust is as follows:

- Approximately 22.63% 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 6.68% was invested in supranational obligations.
- Approximately 15% of GF1 Plus 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.
- Approximately 17.45% of GEAP Plus was invested in U.S. agency obligations not explicitly guaranteed by the U.S. Government.

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.

Local Government Investment Pool Trust
Notes to the Financial Statements
Year Ended June 30, 2021

(3) Investment Disclosures (Continued)

GF1

At June 30, 2021, GF1 has the following investments reported at fair value (amount in thousands):

Investment Type	1	2	3	Fair Value
Money Market Mutual Funds	\$ 1,297,051	\$ -	\$ -	\$ 1,297,051
Supranational Obligations	-	1,560,032	-	1,560,032
U.S. Agency Obligations	-	3,598,772	-	3,598,772
U.S. Treasury Obligations	8,807,874	-	-	8,807,874
Total	\$ 10,104,925	\$ 5,158,804	\$ -	\$ 15,263,729

GF1 Plus

At June 30, 2021, GF1 Plus has the following investments reported at fair value (amount in thousands):

Investment Type	1	2	3	Fair Value
Asset-Backed Securities	\$ -	\$ 47,047	\$ -	\$ 47,047
Commercial Paper	-	756,489	-	756,489
Corporates	-	148,768	-	148,768
Negotiable Certificate of Deposit	-	743,388	-	743,388
Sovereign Credit	-	-	25,000	25,000
Supranational Obligations	-	32,238	-	32,238
U.S. Agency Obligations	-	219,432	-	219,432
Total	\$ -	\$ 1,947,362	\$ 25,000	\$ 1,972,362

GEAP

At June 30, 2021, GEAP has the following investments reported at fair value (amount in thousands):

Investment Type	1	2	3	Fair Value
U.S. Treasury Obligations	\$ 40,161	\$ -	\$ -	\$ 40,161

GEAP Plus

At June 30, 2021, GEAP Plus has the following investments reported at fair value (amount in thousands):

Investment Type	1	2	3	Fair Value
U.S. Agency Obligations	\$ -	\$ 31,779	\$ -	\$ 31,779
U.S. Treasury Obligations	145,842	-	-	145,842
Total	\$ 145,842	\$ 31,779	\$ -	\$ 177,621

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

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

(4) Equity of Internal and External Participants (Continued)

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	\$ 11,067,156	\$ 7,856,335	\$ 42,206	\$ 191,442	\$ -	\$ (10,280)	\$ 19,146,859
External Participants	12,302,540	-	-	-	-	-	12,302,540
Restricted Reserve Funds	567	-	-	-	36,030	(567)	36,030
Unrealized Fair Market Value Adjustment	238	-	-	-	-	-	238
Total Net Position	<u>\$ 23,370,501</u>	<u>\$ 7,856,335</u>	<u>\$ 42,206</u>	<u>\$ 191,442</u>	<u>\$ 36,030</u>	<u>\$ (10,847)</u>	<u>\$ 31,485,667</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, 2021

(amounts in thousands)

	Georgia Fund 1	Georgia Fund 1 Plus	GEAP	GEAP Plus	Trust Reserve	Eliminations	Total
Assets							
Cash and Cash Equivalents	\$ 9,850,909	\$ 3,519,867	\$ 1,929	\$ 7,905	\$ 35,729	\$ (10,847)	\$ 13,405,492
Investments in Securities	13,516,754	4,334,537	40,161	182,121	-	-	18,073,573
Accrued Interest and Other Receivables	2,838	2,397	121	1,440	301	(301)	6,796
TOTAL ASSETS	23,370,501	7,856,801	42,211	191,466	36,030	(11,148)	31,485,861
Liabilities							
Accrued Expenses and Other Payables	-	466	5	24	-	(301)	194
TOTAL LIABILITIES	-	466	5	24	-	(301)	194
TOTAL NET POSITION	\$ 23,370,501	\$ 7,856,335	\$ 42,206	\$ 191,442	\$ 36,030	\$ (10,847)	\$ 31,485,667
Net Position Consists of							
Net Position Held in Trust for Internal Pool Participants	\$ 11,067,156	\$ 7,856,335	\$ 42,206	\$ 191,442	\$ -	\$ (10,280)	\$ 19,146,859
Net Position Held in Trust for External Pool Participants	12,302,540	-	-	-	-	-	12,302,540
Restricted Reserve Funds ⁽¹⁾	567	-	-	-	36,030	(567)	36,030
Unrealized Fair Market Value Adjustment	238	-	-	-	-	-	238
TOTAL NET POSITION	\$ 23,370,501	\$ 7,856,335	\$ 42,206	\$ 191,442	\$ 36,030	\$ (10,847)	\$ 31,485,667

(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, 2021

(amounts in thousands)

	Georgia Fund 1	Georgia Fund 1 Plus	GEAP	GEAP Plus	Trust Reserve	Eliminations	Total
Additions							
Interest Income	\$ 15,711	\$ 22,974	\$ 1,115	\$ 11,006	\$ 40	\$ -	\$ 50,846
Net Increase (Decrease) in Fair Value of Investments	11,827	(3,280)	(16)	(413)	-	-	8,118
Less: Administrative Fees	(9,932)	(3,000)	(6)	(60)	12,998	-	-
Net Investment Income	17,606	16,694	1,093	10,533	13,038	-	58,964
Pool Participant Deposits and Reinvestment of Distributions	68,060,048	2,083,504	1,066	10,303	-	(1,287,055)	68,867,866
TOTAL ADDITIONS	<u>\$ 68,077,654</u>	<u>\$ 2,100,198</u>	<u>\$ 2,159</u>	<u>\$ 20,836</u>	<u>\$ 13,038</u>	<u>\$ (1,287,055)</u>	<u>\$ 68,926,830</u>
Deductions							
Distribution of Earnings	\$ 17,986	\$ 16,095	\$ 1,067	\$ 10,307	\$ -	\$ -	\$ 45,455
Operating Expenses	-	600	26	228	7,305	-	8,159
Pool Participant Withdrawals	65,900,779	-	83,475	1,323,086	-	(1,523,383)	65,783,957
TOTAL DEDUCTIONS	<u>\$ 65,918,765</u>	<u>\$ 16,695</u>	<u>\$ 84,568</u>	<u>\$ 1,333,621</u>	<u>\$ 7,305</u>	<u>\$ (1,523,383)</u>	<u>\$ 65,837,571</u>
Change in Net Position	2,158,889	2,083,503	(82,409)	(1,312,785)	5,733	236,328	3,089,259
Net Position							
Beginning of Year	21,211,612	5,772,832	124,615	1,504,227	30,297	(247,175)	28,396,408
End of Year	<u>\$ 23,370,501</u>	<u>\$ 7,856,335</u>	<u>\$ 42,206</u>	<u>\$ 191,442</u>	<u>\$ 36,030</u>	<u>\$ (10,847)</u>	<u>\$ 31,485,667</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
(404) 656-2174

INDEPENDENT AUDITOR'S 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*

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 (Trust), as of and for the year ended June 30, 2021, 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, 2021.

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 opinion 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 Trust'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 black ink, appearing to read "Greg S. Griffin". The signature is fluid and cursive, with the first and last names being more prominent.

Greg S. Griffin
State Auditor

October 21, 2021