

**LOCAL GOVERNMENT INVESTMENT POOL**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDING JUNE 30, 2015**



LOCAL GOVERNMENT INVESTMENT POOL  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDING JUNE 30, 2015

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

This section of the Local Government Investment Pool (the LGIP) annual financial report presents an analysis of the Local Government Investment Pool’s financial performance during the fiscal year that ended on June 30, 2015. This information should be considered in conjunction with the information contained in the financial statements, which follow this section.

**LGIP Activities and Highlights**

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

**Overview of the Financial Statements**

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

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

**Financial Analysis**

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

<b>Local Government Investment Pool</b>			
<b>(in millions)</b>			
	2015	2014	
Total assets	\$ 3,567	\$ 3,640	
Total net position	\$ 3,567	\$ 3,640	

Assets at year-end decreased by 2% over the previous year. The dollar value of deposits increased by less than 1% and withdrawals increased 7.6%. Active accounts numbered 803 at the end of fiscal year 2015.

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

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

	2015	2014
Additions:		
Proceeds from units admitted	\$ 7,610	\$ 7,589
Investment earnings	3	3
Total additions	<u>7,613</u>	<u>7,592</u>
Deductions:		
Disbursements for units withdrawn	7,686	7,146
Total deductions	<u>7,686</u>	<u>7,146</u>
Increase/decrease in net position	(73)	446
Net position, July 1	<u>3,640</u>	<u>3,194</u>
Net position, June 30	<u>\$ 3,567</u>	<u>\$ 3,640</u>

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

Participation in the LGIP remained stable throughout fiscal year 2015. Average earning asset yields increased one basis point during the year, driven by slightly higher yields during the second half of the fiscal year. Stronger economic data increased expectations the economy was moving closer to a time when the Federal Reserve would move the federal funds target rate from the zero to 25 basis point level that it has been at since December 2008. Approximately two-thirds of the increase in investment earnings resulted from higher asset yields and one-third from higher average investment balances even though LGIP investment balances year-over-year are lower.

## LOCAL GOVERNMENT INVESTMENT POOL

### Statement of Fiduciary Net Position

As of June 30, 2015

Assets	
Investments in cash equivalents, at value	\$ 1,521,295,419
Investments in securities, at value	2,044,824,251
Interest receivable	<u>992,095</u>
Total assets	<u>3,567,111,765</u>
Liabilities	
Administrative fee payable	<u>37</u>
Total liabilities	<u>37</u>
Net Position	
Held in trust for pool participants	<u><u>\$ 3,567,111,728</u></u>

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

## LOCAL GOVERNMENT INVESTMENT POOL

### Statement of Changes in Fiduciary Net Position For the year ended June 30, 2015

Additions	
Contributions:	
Proceeds from units admitted	\$ 7,610,643,254
Total contributions	<u>7,610,643,254</u>
Investment earnings:	
Interest income	3,299,945
Net accrued interest	992,095
Net change in unrealized appreciation of investments for the year	(181,585)
Less LGIP reserve fund	(406,258)
Less administrative fee	(722,609)
Net investment earnings	<u>2,981,588</u>
Total additions	<u>7,613,624,842</u>
Deductions	
Disbursements for units withdrawn	<u>7,686,124,716</u>
Total deductions	<u>7,686,124,716</u>
Change in net position	(72,499,874)
Net position - July 1, 2014	<u>3,639,611,602</u>
Net position - June 30, 2015	<u><u>\$ 3,567,111,728</u></u>

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

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

AS OF JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

B. Investment Valuation

Investments in the LGIP are stated at market value where available. However, market value does not include market accrued interest (totaling \$468,283) which is included as a portion of interest receivable on the Statement of Fiduciary Net Position. Where market value is unavailable, the investments are reported at cost, which due to their short-term nature, approximates market value.

Shares are purchased and redeemed at amortized cost (carrying value, as shown on the supplementary Schedule of Investment on pages 10 through 12). If the LGIP's current market-based net asset value per share should deviate from its amortized cost price per share by an amount exceeding ½ of 1 percent, the State Treasurer, Chair of the Treasury Board, shall assess the situation and determine what action, if any, is in the best interest of the LGIP and its participants. Market-based net asset value is determined on a weekly basis.

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

C. Income

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

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

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

2. DETAILED NOTES

A. Investments

Funds in the LGIP are invested in accordance with Treasury Board investment guidelines and Standard & Poor’s AAAM rating criteria. This includes obligations of the United States Government or agencies thereof, repurchase agreements, bankers’ acceptances, commercial paper, short-term corporate notes, bank deposit notes and certificates of deposit. The portfolio weighted average maturity to reset (WAM(R)) may not exceed 60 days and the weighted average maturity to final (WAM(F)) may not exceed 90-120 days depending on the structure of the portfolio. The maximum percentage of the LGIP investments permitted in each category and the actual allocation at June 30, 2015 are as follows:

	<u>Maximum Permitted</u>	<u>Actual June 30, 2015</u>
U. S. Treasury/Agency	100%	30%
Bankers' Acceptances, Negotiable Certificates of Deposit and/or Negotiable Bank Deposit Notes	40%	31%
Commercial Paper	35%	29%
Corporate Notes	25%	0%
Repurchase Agreements	50%	10%
Taxable Municipal Obligations	10%	0%

*Interest Rate Risk - Investments*

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair values of an investment. Interest rate risk is measured and monitored through investing in high quality credits and managing the weighted average maturity (WAM) of the portfolio. The portfolio WAM is a key measure of the funds tolerance to rising interest rates. At June 30, the LGIP’s WAM(R) was 50 days and the WAM(F) was 79 days, which should assure minimal asset value fluctuations under most market conditions. The yields on investments held as of June 30, 2015 ranged from 0.01% to 0.37%. The LGIP’s investments at June 30, 2015 are presented on the following page.



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

LGIP Investments  
As of June 30, 2015  
(Dollars in Thousands)

	Carrying Value	Fair Value Uncategorized	Weighted Average Days to Maturity
U.S. Treasury and Agency Securities	1,055,817	1,055,636	72
Corporate Notes	7,019	7,021	226
Commercial Paper	1,018,078	1,018,058	40
Negotiable Certificates of Deposit, Deposit Notes and Bankers' Acceptances	1,127,765	1,127,922	54
Repurchase Agreements	350,000	350,000	1
US Govt Money Market Funds	7,483	7,483	1
Total	\$ 3,566,162	\$ 3,566,120	
Portfolio weighted average maturity			50

*Credit Risk of Debt Securities*

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The LGIP is not exposed to credit risk because LGIP investments are held by the LGIP's custodian in the LGIP's name. The LGIP is rated AAAM by Standard & Poor's. The AAAM rating definition indicates the fund has an extremely strong capacity to maintain principal stability and limit exposure to principal losses due to credit, market, and/or liquidity risks. In addition to the overall fund rating requirements of Standard & Poor's to maintain the AAAM rating, the LGIP Investment Policy and Guidelines require a minimum rating of both P-1 by Moody's Investment Services and A-1 by Standard & Poor's on individual securities purchased. As of June 30, 2015, 72 percent of the LGIP portfolio was invested in securities within the highest long-term and/or short-term (AAA, AA+ and/or A-1+) rating categories by the Standard & Poor's rating scale. The LGIP's rated debt investments as of June 30, 2015 are presented below using the Standard & Poor's rating scale.

(Dollars in thousands)

	Total Fair Value	Credit Quality				
		AAA	AA+	AA	A-1+	A-1
U.S. Treasury and Agency Securities	\$ 168,549	\$ -	\$ 168,549	\$ -	\$ -	\$ -
Agency Unsecured Bonds and Notes	887,087	-	887,087	-	-	-
Corporate Notes	7,021	-	-	7,021	-	-
Commercial Paper	1,018,058	-	-	-	686,139	331,919
Negotiable Certificates of Deposit, Deposit Notes and Bankers' Acceptances	1,127,922	-	-	-	461,809	666,113
Repurchase Agreements	350,000	-	350,000	-	-	-
US Govt Money Market Funds	7,483	7,483	-	-	-	-
Total	\$ 3,566,120	\$ 7,483	\$ 1,405,636	\$ 7,021	\$ 1,147,948	\$ 998,032

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

*Concentration of Credit Risk*

The LGIP Investment Policy requires diversification of assets with not more than 4% of the fund assets invested in the securities of any single issuer. This limitation does not apply to securities of the U.S. Government, agency thereof, or government sponsored enterprises (GSEs). As of June 30, 2015, more than 4 percent of LGIP's investments are in Bank of Nova Scotia U.S. Government Tri-Party Repurchase Agreements (7%), in the Federal Home Loan Bank (21%), in United States Treasury Notes (5%).

**B. Distributions**

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

**C. Risk Management**

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

**LOCAL GOVERNMENT INVESTMENT POOL  
SUPPLEMENTARY INFORMATION**

Selected Participant Share and Ratio Information (Unaudited)

Selected ratios and data for the average number of shares outstanding throughout the years ended June 30, 2013, 2014 and 2015

	June 30, 2015	June 30, 2014	June 30, 2013
Investment income	\$ 0.00152	\$ 0.00142	\$ 0.00204
Expenses	0.00040	0.00040	0.00041
Investment income - net	0.00112	0.00102	0.00163
Income distributions	0.00112	0.00102	0.00163
Increase in net value	\$ -	\$ -	\$ -
Net Asset Value:			
Beginning of period	1.00000	1.00000	1.00000
End of period	1.00000	1.00000	1.00000
Ratio of investment income- Net to average net assets	0.11%	0.10%	0.16%
Ratio of expenses to average net assets	0.04%	0.04%	0.04%

# LOCAL GOVERNMENT INVESTMENT POOL

## SUPPLEMENTARY INFORMATION

### SCHEDULE OF INVESTMENTS

As of June 30, 2015

	Yield at Purchase	Carrying Value	Fair Value	Percentage of Investments at Fair Value
United States Treasuries:				
United States Treasury FRN 3-Month Treasury Bill +4.5 due 01/31/2016	0.06%	24,990,350.00	24,999,750.00	0.01
United States Treasury FRN 3-Month Treasury Bill + 5.3 due 10/31/2016	0.07%	50,000,000.14	49,999,500.00	0.01
United States Treasury Notes 0.08% due 07/31/2015	0.08%	43,283,801.31	43,060,630.00	0.01
United States Treasury Notes 2.125% due 12/31/2015	0.15%	50,546,992.34	50,488,500.00	0.02
<b>Total United States Treasuries</b>		<b>168,821,143.79</b>	<b>168,548,380.00</b>	<b>0.05</b>
Agency Unsecured Bonds and Notes:				
Federal Farm Credit Bank Floater 3-Month Treasury Bill +13 due 10/1/2015	0.14%	24,995,000.00	24,999,750.00	0.01
Federal Farm Credit Bank Floater 3-Month Treasury Bill +8 due 05/06/2016	0.10%	32,988,450.00	32,981,520.00	0.01
Federal Home Loan Bank 0.125% due 08/06/2015	0.20%	24,982,000.00	25,001,000.00	0.01
Federal Home Loan Bank 0.16% due 12/04/2015	0.16%	29,976,133.33	29,983,200.00	0.01
Federal Home Loan Bank 0.25% due 12/15/2015	0.24%	17,251,069.50	17,254,830.00	0.00
Federal Home Loan Bank 1.0% due 03/11/2016	0.29%	15,843,070.45	15,823,061.60	0.00
Federal Home Loan Bank Discount Note due 07/01/2015	0.07%	24,997,156.25	24,997,156.25	0.01
Federal Home Loan Bank Discount Note due 07/06/2015	0.08%	11,242,825.97	11,242,950.91	0.00
Federal Home Loan Bank Discount Note due 07/22/2015	0.08%	49,991,800.00	49,993,691.66	0.01
Federal Home Loan Bank Discount Note due 07/31/2015	0.07%	49,993,875.00	49,995,791.67	0.01
Federal Home Loan Bank Discount Note due 08/12/2015	0.07%	20,997,576.83	20,998,168.33	0.01
Federal Home Loan Bank Discount Note due 08/14/2015	0.09%	8,998,110.00	8,998,650.00	0.00
Federal Home Loan Bank Discount Note due 08/19/2015	0.10%	24,991,111.11	24,993,263.89	0.01
Federal Home Loan Bank Discount Note due 08/21/2015	0.07%	49,994,673.61	49,996,277.78	0.01
Federal Home Loan Bank Discount Note due 08/26/2015	0.09%	24,994,122.92	24,996,239.58	0.01
Federal Home Loan Bank Discount Note due 08/28/2015	0.05%	93,014,231.82	93,015,361.27	0.03
Federal Home Loan Bank Discount Note due 09/01/2015	0.07%	37,994,310.56	37,994,711.67	0.01
Federal Home Loan Bank Discount Note due 09/02/2015	0.14%	24,982,937.50	24,986,093.75	0.01
Federal Home Loan Bank Discount Note due 10/07/2015	0.12%	4,997,466.67	4,997,750.00	0.00
Federal Home Loan Bank Discount Note due 11/04/2015	0.14%	24,982,500.00	24,985,000.00	0.01
Federal Home Loan Bank Discount Note due 11/13/2015	0.18%	9,989,451.39	9,991,913.89	0.00
Federal Home Loan Bank Discount Note due 11/18/2015	0.15%	24,982,277.78	24,985,625.00	0.01
Federal Home Loan Bank Discount Note due 12/2/2015	0.16%	9,992,222.22	9,993,566.67	0.00
Federal Home Loan Bank Discount Note due 12/09/2015	0.17%	49,957,892.36	49,966,347.22	0.01
Federal Home Loan Bank Discount Note due 02/26/2016	0.27%	24,931,750.00	24,946,712.00	0.01
Federal Home Loan Bank Floater 1-ML-5 due 11/20/2015	0.12%	99,974,529.07	100,003,000.00	0.03
Federal Home Loan Mortgage Corporation Discount Note due 10/01/2015	0.08%	29,292,736.04	29,291,026.87	0.01
Federal Home Loan Mortgage Corporation Discount Note due 11/04/2015	0.24%	14,031,973.78	14,038,300.76	0.00
Federal National Mortgage Association Discount Note due 10/01/2015	0.12%	25,634,590.21	25,636,371.46	0.01
<b>Total Agency Unsecured Bonds and Notes</b>		<b>886,995,844.37</b>	<b>887,087,332.23</b>	<b>0.25</b>
Repurchase Agreements Collateralized by U.S. Government Obligations:				
Bank of Montreal 0.10% due 07/01/2015	0.10%	100,000,000.00	100,000,000.00	0.03
Bank of Nova Scotia 0.12% due 07/01/2015	0.12%	250,000,000.00	250,000,000.00	0.07
<b>Total Repurchase Agreements Collateralized by U.S. Government Obligation</b>		<b>350,000,000.00</b>	<b>350,000,000.00</b>	<b>0.10</b>
Negotiable Certificates of Deposit:				
Bank of America 0.30% due 08/12/2015	0.30%	18,000,000.00	18,004,727.57	0.00
Bank of America 0.30% due 08/24/2015	0.30%	19,000,000.00	19,000,000.00	0.00
Bank of America 0.23% due 09/10/2015	0.23%	24,000,000.00	24,007,198.41	0.01
BMO Harris 0.37% due 12/07/2015	0.37%	29,000,000.00	29,000,000.00	0.01
BMO Harris FR 1-ML+14 due 12/16/2015	0.32%	32,000,000.00	32,026,240.23	0.01
Bank of Nova Scotia - Houston FR 1-ML+9 due 12/11/2015	0.28%	60,000,000.00	60,000,000.00	0.02
Bank of Tokyo Mitsubishi NY 0.24% due 07/15/2015	0.24%	22,000,000.00	22,001,466.25	0.01
Canadian Imperial Bank of Commerce NY 0.25% due 09/01/2015	0.25%	12,000,000.00	12,003,567.05	0.00
Canadian Imperial Bank of Commerce NY FR 1-ML+7 due 10/13/2015	0.26%	55,000,000.00	55,017,440.11	0.01
Credit Suisse NY 0.22% due 07/01/2015	0.22%	20,000,000.00	20,000,077.77	0.00
DNB Bank NY 0.30% due 10/09/2015	0.30%	25,000,000.00	25,010,509.22	0.01
DNB Bank NY 0.30% due 10/15/2015	0.30%	25,000,000.00	25,011,133.81	0.01
Lloyds Bank NY PLC 0.12% due 07/07/2015	0.12%	27,000,000.00	27,000,209.99	0.01
Mizuho Bank NY 0.27% due 09/18/2015	0.27%	25,000,000.00	25,010,553.28	0.01

# LOCAL GOVERNMENT INVESTMENT POOL

## SUPPLEMENTARY INFORMATION

### SCHEDULE OF INVESTMENTS

As of June 30, 2015

	Yield at Purchase	Carrying Value	Fair Value	Percentage of Investments at Fair Value
Nordea Bank Finland NY 0.25% due 09/08/2015	0.20%	12,001,496.92	12,003,965.06	0.00
Nordea Bank Finland NY 0.24% due 10/01/2015	0.24%	39,000,000.00	39,009,061.27	0.01
Nordea Bank Finland NY 0.31% due 11/10/2015	0.31%	33,000,000.00	33,004,857.00	0.01
Royal Bank of Canada NY 0.30% due 11/20/2015	0.30%	35,000,000.00	35,000,000.00	0.01
Shinhan Bank NY 0.22% due 07/01/2015	0.22%	20,000,000.00	20,000,077.77	0.00
Skandinaviska Enskilda Bank NY 0.25% due 07/30/2015	0.19%	22,003,186.22	22,003,115.54	0.01
Skandinaviska Enskilda Bank NY 0.24% due 09/10/2015	0.22%	15,000,764.72	15,004,798.48	0.00
Skandinaviska Enskilda Bank NY 0.31% due 10/15/2015	0.31%	22,000,000.00	22,000,000.00	0.01
Standard Chartered Bank NY 0.30% due 07/10/2015	0.24%	20,002,859.68	20,001,221.71	0.01
State Street Bank and Trust FR 1-ML+8 due 12/15/2015	0.27%	50,000,000.00	50,000,000.00	0.01
Sumitomo Mitsui Banking Corporation NY 0.13% due 07/01/2015	0.13%	40,000,000.00	40,000,055.55	0.01
Svenska Handelsbanken NY 0.22% due 08/26/2015	0.22%	12,000,611.97	12,002,659.08	0.00
Svenska Handelsbanken NY 0.25% due 09/08/2015	0.21%	18,752,182.89	18,756,195.41	0.00
Svenska Handelsbanken NY 0.20% due 09/10/2015	0.20%	28,001,160.02	28,007,557.51	0.01
Svenska Handelsbanken NY 0.22% due 09/16/2015	0.22%	29,000,000.00	29,008,794.71	0.01
Swedbank NY 0.18% due 07/15/2015	0.18%	26,000,000.00	26,001,082.97	0.01
Swedbank NY 0.25% due 09/28/2015	0.21%	13,001,586.71	13,001,559.08	0.00
Swedbank NY 0.29% due 10/30/2015	0.29%	45,000,000.00	45,000,020.00	0.01
Toronto Dominion Bank NY FR 1-ML+7 due 07/20/2015	0.26%	45,000,000.00	45,004,418.44	0.01
Toronto Dominion Bank NY 0.215% due 09/15/2015	0.19%	20,001,344.82	20,005,773.03	0.01
Toronto Dominion Bank NY FR 1-ML+11 due 02/23/2016	0.30%	35,000,000.00	35,001,616.52	0.01
Union Bank of Switzerland NY 0.20% due 07/31/2015	0.20%	50,000,000.00	50,005,166.20	0.01
Wells Fargo Bank FR 1-ML+10 due 12/16/2015	0.28%	35,000,000.00	35,000,000.00	0.01
Wells Fargo Bank FR 1-ML+11 due 01/11/2016	0.30%	20,000,000.00	20,000,595.00	0.01
Wells Fargo Bank FR 1-ML+12 due 03/11/2016	0.31%	25,000,000.00	25,000,095.05	0.01
Westpac Bank NY 0.32% due 12/23/2015	0.32%	25,000,000.00	25,000,000.00	0.01
<b>Total Negotiable Certificates of Deposit</b>		<b>1,127,765,193.95</b>	<b>1,127,921,809.07</b>	<b>0.31</b>
<b>Commercial Paper:</b>				
American Honda Corporation due 07/06/2015	0.13%	46,983,536.94	46,983,275.83	0.01
American Honda Corporation due 07/13/2015	0.10%	9,999,111.11	9,998,877.77	0.00
Bank of National de Paris due 07/01/2015	0.11%	40,999,123.06	40,999,123.06	0.01
BMW US Capital due 07/01/2015	0.11%	44,993,125.00	44,993,125.00	0.01
BMW US Capital due 09/08/2015	0.13%	11,996,100.00	11,994,490.00	0.00
Canadian Imperial Bank of Commerce due 07/01/2015	0.03%	44,999,962.50	44,999,962.50	0.01
Coca-Cola Corporation due 07/31/2015	0.21%	14,985,912.50	14,986,412.50	0.01
Coca-Cola Corporation due 09/17/2015	0.25%	12,982,756.94	12,984,165.28	0.00
Coca-Cola Corporation due 10/30/2015	0.22%	35,965,221.67	35,957,961.67	0.01
Coca-Cola Corporation due 11/24/2015	0.24%	24,967,500.00	24,963,444.44	0.01
Exxon Mobil Corporation due 07/01/2015	0.08%	17,999,200.00	17,999,200.00	0.01
Exxon Mobil Corporation due 09/01/2015	0.10%	99,974,791.67	99,958,430.56	0.03
General Electric Capital Corporation due 07/13/2015	0.24%	29,963,600.00	29,964,300.00	0.01
General Electric Capital Corporation due 09/21/2015	0.30%	9,979,833.33	9,982,111.10	0.00
General Electric Capital Corporation due 10/09/2015	0.34%	29,923,500.00	29,931,833.33	0.01
HSBC USA, Inc due 09/25/2015	0.26%	24,983,885.42	24,987,170.14	0.01
ING Barings CP due 07/15/2015	0.24%	44,972,699.85	44,973,924.87	0.01
John Deere Capital Corporation due 07/09/2015	0.12%	39,992,666.67	39,992,222.23	0.01
John Deere Capital Corporation due 07/10/2015	0.12%	9,998,233.33	9,998,108.33	0.00
John Deere Capital Corporation due 07/14/2015	0.12%	11,998,880.00	11,998,663.33	0.00
Johnson and Johnson due 07/23/2015	0.05%	48,843,439.67	48,839,857.71	0.01
Nestle Capital Corporation due 07/01/2015	0.05%	24,999,548.61	24,999,548.61	0.01
Nestle Capital Corporation due 07/14/2015	0.23%	29,949,187.50	29,949,783.33	0.01
Nestle Capital Corporation due 07/15/2015	0.23%	14,974,593.75	14,974,914.58	0.01
Nestle Capital Corporation due 12/01/2015	0.14%	19,985,455.56	19,973,555.56	0.01
Netjets due 07/01/2015	0.05%	32,812,361.97	32,812,361.97	0.01
Old Line Funding Corporaiton due 08/05/2015	0.28%	19,972,000.00	19,974,138.88	0.01
Old Line Funding Corporaiton due 08/17/2015	0.27%	7,989,320.00	7,990,364.44	0.00
Old Line Funding Corporaiton due 09/16/2015	0.23%	39,977,000.00	39,979,566.67	0.01
Toyota Motor Credit Corporation due 07/31/2015	0.29%	19,967,294.44	19,969,294.44	0.01

**LOCAL GOVERNMENT INVESTMENT POOL  
SUPPLEMENTARY INFORMATION**

SCHEDULE OF INVESTMENTS  
As of June 30, 2015

	Yield at Purchase	Carrying Value	Fair Value	Percentage of Investments at Fair Value
Toyota Motor Credit Corporation due 08/17/2015	0.20%	39,966,444.44	39,968,011.11	0.01
Toyota Motor Credit Corporation due 09/10/2015	0.20%	14,992,500.00	14,992,500.00	0.01
Toyota Motor Credit Corporation due 10/30/2015	0.25%	9,989,236.11	9,988,227.78	0.00
US Bank NA Interest Bearing 0.15% due 07/16/2015	0.15%	85,000,000.00	84,999,244.13	0.02
<b>Total Commercial Paper</b>		<b>1,018,078,022.04</b>	<b>1,018,058,171.15</b>	<b>0.29</b>
<b>Corporate Note</b>				
Bershire Hathaway Inc. Corporate Note 0.80% due 02/11/2016	0.37%	7,019,329.80	7,021,490.00	0.00
<b>Total Corporate Note</b>		<b>7,019,329.80</b>	<b>7,021,490.00</b>	<b>0.00</b>
<b>Money Market Funds:</b>				
Blackrock Federal Money Market Fund 0.0197% due 07/01/2015	0.01%	3,000,000.00	3,000,000.00	0.00
Invesco Treasury Portfolio 0.0197% due 07/01/2015	0.20%	4,482,487.73	4,482,487.73	0.00
<b>Total Money Market Funds</b>		<b>7,482,487.73</b>	<b>7,482,487.73</b>	<b>0.00</b>
<b>Total Investments</b>		<b>\$ 3,566,162,021.68</b>	<b>\$ 3,566,119,670.18</b>	<b>1.00</b>



Martha S. Mavredes, CPA  
Auditor of Public Accounts

# Commonwealth of Virginia

*Auditor of Public Accounts*

P.O. Box 1295  
Richmond, Virginia 23218

December 15, 2015

The Honorable Terence R. McAuliffe  
Governor of Virginia

The Honorable Robert D. Orrock, Sr.  
Vice-Chairman, Joint Legislative Audit  
And Review Commission

The Virginia Treasury Board and  
Local Government Investment Pool Participants

## INDEPENDENT AUDITOR'S REPORT

### **Report on Financial Statements**

We have audited the accompanying financial statements of the Local Government Investment Pool as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Local Government Investment Pool's basic financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express 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 of material misstatement.

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

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

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Local Government Investment Pool as of June 30, 2015, and the respective changes in fiduciary net position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

### *Emphasis of Matter*

The basic financial statements of the Local Government Investment Pool are intended to present the financial position, and the changes in financial position of only that portion of the aggregate remaining fund information of the Commonwealth of Virginia that is attributable to the transactions of the Local Government Investment Pool. They do not purport to, and do not, present fairly the Commonwealth of Virginia's overall financial position as of June 30, 2015, and the changes in its financial position, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### *Other Matters*

#### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 1 and 2 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the



basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### Supplementary Information

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

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

#### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated December 15, 2015, on our consideration of the Local Government Investment Pool's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Local Government Investment Pool's internal control over financial reporting and compliance.

AUDITOR OF PUBLIC ACCOUNTS

SAH/alh