

**SOUTH CAROLINA STATE
TREASURER'S OFFICE**

**SOUTH CAROLINA LOCAL GOVERNMENT
INVESTMENT POOL**

COLUMBIA, SOUTH CAROLINA

FINANCIAL STATEMENTS

JUNE 30, 2012

State of South Carolina



Office of the State Auditor

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COLUMBIA, S.C. 29201

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September 28, 2012

The Honorable Curtis M. Loftis, Jr.
State Treasurer
State of South Carolina
Columbia, South Carolina

This report on the audit of the financial statements of the South Carolina Local Government Investment Pool for the fiscal year ended June 30, 2012, was issued by The Hobbs Group, PA, Certified Public Accountants, under contract with the South Carolina Office of the State Auditor.

If you have any questions regarding this report, please let us know.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Richard H. Gilbert Jr.", written in a cursive style.

Richard H. Gilbert, Jr., CPA
Deputy State Auditor

RHGjr/sag

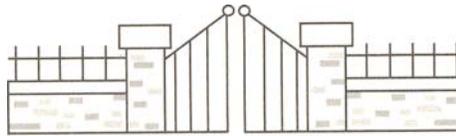
SOUTH CAROLINA STATE TREASURER'S OFFICE
SOUTH CAROLINA LOCAL GOVERNMENT INVESTMENT POOL
JUNE 30, 2012

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INDEPENDENT AUDITORS' REPORT

Mr. Richard H. Gilbert, Jr., CPA
Deputy State Auditor
South Carolina State Treasurer's Office
South Carolina Local Government Investment Pool
Columbia, South Carolina

We have audited the financial statements of the South Carolina State Treasurer's Office South Carolina Local Government Investment Pool ("the Pool"), an investment trust fund of the State of South Carolina, as of and for the year then ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of Pool's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only the Pool and do not purport to, and do not, present fairly the financial position of the State of South Carolina, as of June 30, 2012, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets of the Pool as of June 30, 2012, and its changes in net assets for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have issued our report dated September 25, 2012 on our consideration of the Pool's internal control over financial reporting and 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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 3 through 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Pool's financial statements as a whole. The schedule of net assets in pool participants' accounts is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The Halls Group, P.A.

Columbia, South Carolina
September 25, 2012

Management's Discussion and Analysis

The South Carolina Local Government Investment Pool (the Pool) is an investment option for local governments of the State of South Carolina provided by the State Treasurer's Office as required by statute. The Pool invests in fixed income securities as provided by statute and is managed in a manner to preserve capital and provide needed liquidity while earning a prudent daily variable rate of return. A fixed rate option is also available. The attached financial statements present a financial "snapshot" of the Pool. The Statement of Fiduciary Net Assets presents information on the Pool's assets and liabilities at June 30, 2012 with the difference between the two reported as net assets. The Statement of Changes in Fiduciary Net Assets during the period from July 1, 2011 to June 30, 2012 presents information showing how the Pool's net assets changed during the year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

During the fiscal year, the Federal Reserve continued aggressive stimulus via its low "zero" interest rate policy. Our internal policy to control risk insulated the portfolio from many of the market pitfalls by maintaining a high degree of liquidity and a well diversified profile of credit risk. The Federal Reserve is expected to maintain its policy of low interest rates thru the 2013 fiscal year. Commercial paper and LIBOR rates will remain low as a result.

Financial Analysis

Table 1: Summary Statement of Fiduciary Net Assets

	June 30, 2012	June 30, 2011	Change
Assets			
Cash and Investments	\$ 3,473,133,266	\$ 2,897,412,148	\$ 575,721,118
Account receivable	\$ 33,287	\$ 502,747	\$ (469,460)
Interest receivable	\$ 4,690,480	\$ 6,079,170	\$ (1,388,690)
Total Assets	\$ 3,477,857,033	\$ 2,903,994,065	\$ 573,862,968
Liabilities			
Collateral for loaned securities	\$ -	\$ 73,262,891	\$ (73,262,891)
Due to participants	\$ 28,921	\$ 22,317	\$ 6,604
Total Liabilities	\$ 28,921	\$ 73,285,208	\$ (73,256,287)
Total Net Assets - Restricted	\$ 3,477,828,112	\$ 2,830,708,857	\$ 647,119,255

The Statement of Fiduciary Net Assets shows that the assets of the Pool are the cash and investments made by the State Treasurer as Custodian of the Pool plus accrued income receivable on those investments at June 30, 2012. The market conditions that existed during the year created a limited demand for loaned securities.

The liabilities of the Pool usually consist of collateral held for loaned securities that are due back to the borrowers under securities lending transactions. There were no securities out on loan at June 30, 2012.

The net assets of the Pool are held for the Pool participants and are divided into amounts distributed to participant's accounts and undistributed amounts.

The undistributed portion of net assets is primarily a statutorily permitted reserve for contingencies. The current reserve for contingencies is well below the allowable cap of 1% of fund assets.

Table 2: Summary Statement of Changes in Fiduciary Net Assets

	June 30, 2012	June 30, 2011	Change
Investment Income	\$ 12,437,110	\$ 12,153,534	\$ 283,576
Expenses	\$ (294,471)	\$ (155,044)	\$ (139,427)
Other deposits and participants activity	\$ 634,976,616	\$ 403,919,023	\$ 231,057,593
Changes in Net Assets	\$ 647,119,255	\$ 415,917,513	\$ 231,201,742
Net Assets - Beginning of Year	\$ 2,830,708,857	\$ 2,414,791,344	\$ 415,917,513
Net Assets - End of Year	\$ 3,477,828,112	\$ 2,830,708,857	\$ 647,119,255

During the fiscal year (FY) 2012, the Federal Reserve Bank continued to keep the Federal Funds rate very low between .00 - .25%. The average investment rate earned by the Pool dropped from 0.38% in FY 11 to 0.29% for FY 12. For this fiscal year, the Pool outperformed its benchmark, the 90 day Treasury Bills, which returned .04%. The pool earned \$283,576 more in investment income than the prior fiscal year. During FY 12 there were more deposits to the Pool than withdrawals. During the fiscal year, there was significant increase in deposits due to low interest rate conditions. Participants took advantage of higher rates paid by the pool due to economies of scale. The table below provides the investment rates for the current and prior fiscal years by month.

Table 3: Investment returns rate comparison for last two fiscal years

	<u>FY 11-12</u>	<u>FY 10-11</u>
July	0.24%	0.46%
August	0.24%	0.46%
September	0.29%	0.45%
October	0.31%	0.44%
November	0.32%	0.44%
December	0.34%	0.40%
January	0.30%	0.34%
February	0.32%	0.34%
March	0.30%	0.32%
April	0.30%	0.31%
May	0.28%	0.31%
June	0.29%	0.30%
Average	0.29%	0.38%

While earning this higher rate compared to the benchmark, the funds remain available for withdrawal on a 24 hour notice.

The expenses of the Pool are limited to the actual expenses incurred by the State Treasurer's Office to operate the Pool, which by law must be offered at no cost to the State.

At June 30, 2012 there were 606 participating accounts in the pool as compared to 594 at the previous year end.

Contacting the Pool

Persons needing additional information concerning this report may do so by writing or telephoning Shakun Tahiliani, Senior Assistant State Treasurer, State of South Carolina, P.O. Box 11778, Columbia, South Carolina 29211; telephone (803) 734-2641; facsimile (803) 734-2697; e-mail shakun.tahiliani@sto.sc.gov .

**SOUTH CAROLINA STATE TREASURER'S OFFICE
SOUTH CAROLINA LOCAL GOVERNMENT INVESTMENT POOL**

**STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2012**

ASSETS

	<u>Investment Trust Fund</u>
Cash and cash equivalents	\$ 2,252,459,927
Account receivable	33,287
Accrued interest receivable	4,690,480
Investments, at fair value	1,220,673,339
Total assets	3,477,857,033

LIABILITIES

Due to participants	28,921
Total liabilities	28,921

NET ASSETS

Restricted for pool participants' accounts	3,452,597,565
Restricted for pool participants - undistributed	25,230,547
Total net assets	\$ 3,477,828,112

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

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
YEAR ENDED JUNE 30, 2012**

	<u>Investment Trust Fund</u>
ADDITIONS:	
Investment income	\$ 12,437,110
Securities lending income	24,699
Total revenue	12,461,809
DEDUCTIONS:	
Administrative expenses	294,471
Net increase in net assets resulting from operations	12,167,338
INCOME DISTRIBUTED TO PARTICIPANTS	(9,529,595)
PARTICIPANTS TRANSACTIONS:	
Deposits & Income Reinvested	6,013,315,670
Less withdrawals	(5,368,834,158)
Net increase in net assets resulting from participant transactions	644,481,512
Total increase in net assets	647,119,255
NET ASSETS:	
Beginning of year	2,830,708,857
End of year	\$ 3,477,828,112

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

**SOUTH CAROLINA STATE TREASURER'S OFFICE
SOUTH CAROLINA LOCAL GOVERNMENT INVESTMENT POOL**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Reporting Entity

The South Carolina State Treasurer's Office (Treasurer's Office) is an agency of the State of South Carolina (the State) established by Article III, Section 7 of the Constitution of South Carolina. Pursuant to Section 6-6-10 of the State of South Carolina Code of Laws, the Treasurer's office established, in May 1983, the South Carolina Local Government Investment Pool (the Pool), an investment trust fund, in which public monies in excess of current needs, which are under the custody of any county treasurer or the governing body of any municipality, county, school district, regional council of government or any other political subdivision of the State, may be deposited.

The accompanying financial statements present the financial position and results of operations solely of the Pool and do not include any other agencies or component units of the State or any other funds of the Treasurer's Office. The Pool is a 2a7-like pool, which is not registered with the Securities and Exchange Commission (SEC) as an investment company, but has a policy that it will operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. The Pool is included as an investment trust fund in the State of South Carolina Comprehensive Annual Financial Report. There is no regulatory oversight of the Pool. For purposes of separate fund financial statements, the Pool is treated as an external investment pool.

Basis of Accounting and Measurement Focus

The Pool is reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The Pool applies all applicable Governmental Accounting Standards Board (GASB) pronouncements and has elected to apply only those standards issued by the Financial Accounting Standards Board (FASB) on or before November 30, 1989 unless those pronouncements conflict or contradict GASB pronouncements.

Pool Accounting

The Pool accounts for assets held by a governmental unit in a trustee capacity as an agent for individuals, private organizations, other governmental units, or other funds (the participants). An external investment pool is used when an arrangement exists that commingles the monies of more than one legally separate entity and invests, on the participants' behalf, in an investment portfolio. An external investment pool can be sponsored by an individual government, jointly by more than one government, or by a nongovernmental entity. The Pool, which is an investment trust fund of the State of South Carolina, records participant unit issues and related interest income for which the resources are restricted for participant unit redemptions, distributions, and related interest expense.

Cash and Cash Equivalents

For purposes of the financial statements, the Pool considered all highly liquid investments with an original maturity of three months or less from the date of purchase to be cash equivalents.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

Investments

In accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, investments are carried at fair value. Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties, other than forced liquidation. Fair value for all investments of the Pool is determined annually based upon quoted market prices.

Section 11-9-660 of the State of South Carolina Code of Laws authorizes the Treasurer's Office to invest and reinvest the monies of the Pool in the following types of investments:

- (1) Obligations of the United States, its agencies and instrumentalities;
- (2) Obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, the African Development Bank, and the Asian Development Bank;
- (3) Obligations of a corporation, state, or political subdivision denominated in United States dollars, if the obligations bear an investment grade rating of at least two nationally recognized rating services;
- (4) Certificates of deposit, if the certificates are secured collaterally by securities of the types described in items (1) and (3) of this section and held by a third party as escrow agent or custodian and are of a market value not less than the amount of the certificates of deposit so secured, including interest; except that this collateral is not required to the extent the certificates of deposit are insured by an agency of the federal government;
- (5) Repurchase agreements, if collateralized by securities of the types described in items (1) and (3) of this section and held by a third party as escrow agent or custodian and of a market value not less than the amount of the repurchase agreement so collateralized, including interest; and
- (6) Guaranteed investment contracts issued by a domestic or foreign insurance company or other financial institution, whose long-term unsecured debt rating bears the two highest ratings of at least two nationally recognized rating services.

Accounts Receivable

Accounts receivable is for interest earned for the month of June 2012 and payable on July 1, 2012.

Due to Participants

Income earned but not distributed at June 30, 2012, expected to be distributed within the first quarter of the next fiscal year, is reflected as a liability on the Statement of Fiduciary Net Assets as Due to participants.

Investment Income

Investment income consists of interest revenue, amortization of premium/discount and realized/unrealized gains and losses.

**SOUTH CAROLINA STATE TREASURER'S OFFICE
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

Administrative Expenses

Proviso 76.4 of the State's 2011-2012 Appropriations Act authorized the Treasurer's Office to charge a fee for the operations and management costs associated with the Pool. The Act further authorized the Treasurer's Office to retain and expend the fees to provide the services. The fees assessed may not exceed the costs of the provision of services. There is no legal requirement for the Pool to adopt a budget.

Participant Unit Issues, Redemptions, and Distributions

The Treasurer's Office may sell participation units to all political subdivisions of the State. Funds may be deposited at any time and may be withdrawn upon 24 hours notice. At the option of the participant, such funds can be invested for a fixed period of time for a guaranteed rate of return. Both the conditions, period and rate, are determined at the time of investment. Participant shares in the pool are dollar denominated; therefore, the number of shares sold and redeemed is equal to the dollars withdrawn. Monthly investment income is distributed to participants in the form of additional units in the pool and is calculated on the accrual basis of accounting, including accrued interest and amortization of premium or discount. Unrealized gains and losses on investments are not distributed to participants until realized, however they are recognized in the financial statements in accordance with generally accepted accounting principle requirements for fair value accounting of investments. The Pool does not carry any legally binding guarantees to protect participants against potential loss of investment value.

Interest earnings are accrued daily based on participation units valued at \$1.00 and distributed to the participants at the end of each month. Interest accruals are computed first for those fixed rate participation units, with the balance distributed equitably among the other participant accounts.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 2: DEPOSITS, INVESTMENTS, AND SECURITIES LENDING TRANSACTIONS

All deposits, investments, and securities lending transactions of the Pool are under the control of the Treasurer's Office who, by law, has sole authority for the investment of such funds.

The following schedule reconciles the amounts reported in the Statement of Fiduciary Net Assets to the notes.

	Statements		Notes
Cash and cash equivalents	\$ 2,252,459,927	Deposits	\$ 5,029,747
Investments	1,220,673,339	Investments	3,468,103,519
Totals	\$ 3,473,133,266		\$ 3,473,133,266

**SOUTH CAROLINA STATE TREASURER'S OFFICE
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

Deposits

Deposits include amounts held by banks. Custodial credit risk for deposits is the risk that in the event of a bank failure, the Pool's deposits may not be recovered. As prescribed by statute, the State Treasurer is the Custodian of all deposits and is responsible for securing all deposits held by banks or savings and loan associations. These deposits must be secured by deposit insurance, surety bonds, collateral securities, or letters of credit to protect the State against loss in the event of insolvency or liquidation of the institution or for any other cause. All deposits are required to be and were insured by the Federal Deposit Insurance Corporation up to \$250,000 or were fully collateralized with securities held by the State or its agent in the State Treasurer's name as Custodian.

The Pool does not maintain any deposits denominated in a foreign currency.

Investments

Investments consist of the following as of June 30, 2012

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Maturity Dates</u>	<u>Interest Rates</u>
<u>Government</u>			
U. S. Government Agency	\$ 249,926,050	09/20/12 - 05/01/14	0.20% - 0.38%
Municipal Bonds	37,699,502	12/03/12 - 06/15/13	0.43% - 0.44%
<u>Corporate</u>			
Corporate Bonds	889,968,919	07/01/12 - 02/02/14	0.39% - 7.70%
<u>Short Term Investments</u>			
Commercial Paper	980,385,048	07/02/12 - 05/13/13	0.17% - 0.46%
Repurchase Agreements	<u>1,310,124,000</u>	7/1/12	0.17%
 Total	 <u>\$ 3,468,103,519</u>		

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty, the Pool will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. At June 30, 2012, all of the Pools' investments were insured and registered.

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**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. This risk is managed within the portfolio using effective duration. Effective duration is a measure of the price sensitivity of a bond or a portfolio of bonds to interest rate movements given a 50 basis point change in interest rates. It takes into account that expected cash flows will fluctuate as interest rates change and provides a measure of risk that changes proportionately with market rates. The Pool's investment policy requires that the weighted average maturity and weighted average duration of the actively managed fixed income portfolio should be consistent with SEC Rule 2a-7 guidelines for short term "2a-7 like" funds. The following schedule presents the Pool's interest rate risk.

Investment Type	Fair Value	Effective Duration
<u>U.S. Government</u>		
U.S. Government Agency	\$ 249,926,050	0.75
<u>Corporate</u>		
Corporate Bonds	889,968,919	0.30
Municipal Bonds	37,699,502	0.08
<u>Short Term Investments</u>		
Commercial Paper	980,385,048	0.10
Repurchase Agreements	1,310,124,000	0.00
Total Invested Assets	\$ 3,468,103,519	0.16

**SOUTH CAROLINA STATE TREASURER'S OFFICE
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**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the Pool. The investment policy for credit quality of debt securities states that securities must bear an investment grade rating from at least two of the national rating agencies. Credit quality of cash reserves must carry a rating of A1/P1/F1 or D1 from at least one nationally recognized rating services. In the event that the rating of a security falls below investment grade, that security may continue to be held contingent upon an evaluation of the longer term investment merits of the security. Credit risk ratings are not required for obligations of the U.S. government or those obligations explicitly guaranteed by the U.S. government. As of June 30, 2012, the Pool's rated debt investments were rated by Standard & Poor's and is as follows:

Investment Type	Fair Value	(Dollars in thousands)							
		AAA	AA	A	A-1	A-2 **	SP-1	BBB	NR *
<u>U.S. Government</u>									
U. S. Agency and other Government	\$ 249,926,050	\$ -	\$ 249,926	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>Corporate</u>									
Corporate Bonds	889,968,919	-	188,299	319,229	-	16,026	-	286,407	80,008
Municipal Bonds	37,699,502	17,689	-	-	-	-	20,010	-	-
<u>Short Term Investments</u>									
Commercial Paper	980,385,048	-	-	-	717,289	263,096	-	-	-
Repurchase Agreements	1,310,124,000	-	-	-	1,310,124	-	-	-	-
Total Invested Assets	\$ 3,468,103,519	\$ 17,689	\$ 438,225	\$ 319,229	\$ 2,027,413	\$ 279,122	\$ 20,010	\$ 286,407	\$ 80,008

* Rated Aa2 or AA by Moody's or Fitch

** Rated P1 or F1 by Moody's or Fitch

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Pool's policy for reducing this risk states that "Except for United States Treasury and Agency obligations, the fixed income portfolio shall contain no more than 5% exposure to any single issuer." At June 30, 2012, the Pool had approximately 37.78% of its investments in an overnight repurchase agreement with Bank of America that was fully collateralized by United States Treasury and Agency obligations.

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. At June 30, 2012, the Pool did not have any investments denominated in foreign currencies so this risk does not apply.

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**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

Securities Lending Transactions

Through a custodial agent, the Pool participates in a securities lending program whereby securities are loaned for the purpose of generating additional income. The Pool lends securities from its investment portfolios on a collateralized basis to third parties, primarily financial institutions. The market value of the required collateral must initially meet or exceed 102 % of the market value of the securities loaned, providing a margin against a decline in the market value of the collateral, and requires additional collateral if the collateral value falls below 100 %. At June 30, 2012 there were no securities out on loan. There are no restrictions on the amount of securities that may be loaned. The types of securities available for loan during the year ended June 30, 2012, included U. S. Government securities, U. S. Government Agencies and corporate bonds. The contractual agreement with the Pool's Custodian provides indemnification in the event the borrower fails to return the securities lent or fails to pay the Pool income distribution by the securities' issuers while the securities are on loan. Cash was received as collateral for these loans. The Pool cannot pledge or sell collateral securities without a borrower default. The Pool invests cash collateral received; accordingly, securities purchased with cash collateral appear as an asset. A corresponding liability is recorded as the Pool must return the cash collateral to the borrower upon the expiration of the loan. All securities loaned can be terminated on demand by either the Pool or the borrower. Income in the amount of \$24,699 was generated through securities lending transactions in the year ended June 30, 2012.

NOTE 3: NET ASSETS RESTRICTED FOR POOL PARTICIPANTS

Monies are accumulated to meet administrative expenses related to the management of the Pool and to cover losses resulting from fluctuations in the investment market. The administrative fee is set and reviewed quarterly by the Treasurer's Office and may be increased or decreased, as needed, to maintain this account at an amount of no more than 1% of the net assets held for participant accounts. These accounts are considered held on behalf of the participants but are not considered distributed to their accounts. Other undistributed amounts held on behalf of the participants include the differences between the fair value of the investment and the amortized cost of the investments.

NOTE 4: RELATED PARTY TRANSACTIONS:

The Pool reimbursed the Treasurer's Office \$294,471 for various expenses including banking and investment functions which are administrative expenses in the financial statements.

The Pool provided no services to other state agencies during the fiscal year.

NOTE 5: SUBSEQUENT EVENTS:

Management has evaluated all events subsequent to the statement of net assets date of June 30, 2012 through the date of issuance of these financials, September 25, 2012.

**SOUTH CAROLINA STATE TREASURER'S OFFICE
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**SCHEDULE OF NET ASSETS IN POOL PARTICIPANT'S ACCOUNTS
JUNE 30, 2012**

ACCOUNT #	ACCOUNT NAME	BALANCE
1000	TOWN OF PROSPERITY	\$ 91,602
1001	CITY OF SUMTER	4,249,153
1002	TOWN OF WINNSBORO	709,672
1003	CITY OF MYRTLE BEACH	10,398,462
1004	CITY OF AIKEN	23,611,901
1005	CITY OF NORTH CHARLESTON	59,243,347
1006	CITY OF CAYCE	3,837
1007	TOWN OF PELION	580,624
1008	CITY OF CAYCE	8,840
1009	CITY OF MYRTLE BEACH	412,924
1014	CITY OF NORTH MYRTLE BEACH	650,403
1015	CITY OF NORTH MYRTLE BEACH	49,764
1016	CITY OF NORTH MYRTLE BEACH	893,969
1017	TOWN OF EDGEFIELD	182,900
1019	TOWN OF PELION	225,783
1021	CITY OF GEORGETOWN	9,782,072
1022	CITY OF LAKE CITY	273,923
1024	TOWN OF PINE RIDGE	145,801
1025	CITY OF SIMPSONVILLE	1,009
1026	TOWN OF JACKSON	363,694
1027	CITY OF SENECA	1,218,241
1028	CITY OF SENECA	3,537,045
1029	TOWN OF WINNSBORO	27,960
1031	TOWN OF NORTH	42,774
1032	RICHLAND CO. S/D 2	62,932
1033	GRAND STRAND WATER AND SEWER	4,689
1034	GRAND STRAND WATER AND SEWER	16,867
1035	CITY OF ISLE OF PALMS	1,765,974
1036	CITY OF HANAHAN	2,502,725
1038	CITY OF HANAHAN	1,130,925
1039	AIKEN COUNTY TREASURER	64,903
1040	LOWER SAVANNAH COG	199,858
1041	TOWN OF WINNSBORO	135,942
1042	CITY OF GREENVILLE	59,246,063
1049	CITY OF FLORENCE	25,972,693
1057	UPPER SAVANNAH COG	973,240

**SOUTH CAROLINA STATE TREASURER'S OFFICE
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ACCOUNT #	ACCOUNT NAME	BALANCE
1058	TOWN OF TRENTON	322,935
1059	TOWN OF JOHNSTON	157,744
1060	CITY OF ORANGEBURG	9,662,915
1061	TOWN OF MCCORMICK	319,761
1062	CITY OF BAMBERG	582
1063	CITY OF BAMBERG	2,748,541
1066	AIKEN CO. CONSOLIDATED SCHOOL	11,534,619
1067	AIKEN CO. CONSOLIDATED SCHOOL	23,704,437
1068	AIKEN CO. CONSOLIDATED SCHOOL	23,971
1069	RICHLAND CO. S/D 2	89,712
1071	ANDERSON COUNTY S/D 2	5,843,016
1072	ANDERSON CO S/D 2	9,190
1073	SPARTANBURG CO. S/D 7	13,436,775
1074	SPARTANBURG CO. S/D 6	11,036,066
1080	CITY OF ISLE OF PALMS	1,743,319
1081	CITY OF NEWBERRY	873,788
1082	CITY OF NEWBERRY	409,838
1084	UNION COUNTY SCHOOLS	3,866,966
1085	TOWN OF JOHNSTON	1,777
1086	CITY OF ABBEVILLE	15,078
1087	CITY OF ABBEVILLE	89,424
1088	UPPER SAVANNAH COG	89,989
1089	DARLINGTON COUNTY TREASURER	64,005,355
1090	OCONEE COUNTY SCHOOL DISTRICT	21,593,208
1091	OCONEE COUNTY SCHOOL DISTRICT	1,292,013
1093	CHARLESTON CO S/D	132,509
1094	CITY OF BISHOPVILLE	883,981
1095	CITY OF BISHOPVILLE	1,074,489
1096	GREENVILLE WATER SYSTEM	5,165,822
1097	GREENVILLE WATER SYSTEM	9,154,499
1098	TOWN OF RIDGE SPRING	13,000
1100	CHARLESTON CO S/D	23,517,929
1101	TOWN OF RIDGE SPRING	144,190
1105	CITY OF NORTH AUGUSTA	463,268
1106	CITY OF NORTH AUGUSTA	1,109,741
1109	TOWN OF WALHALLA	144,334

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**SCHEDULE OF NET ASSETS IN POOL PARTICIPANT'S ACCOUNTS
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ACCOUNT #	ACCOUNT NAME	BALANCE
1110	TOWN OF RIDGE SPRING	1,501
1113	CATAWBA REG. PLANNING COUNCIL	921,571
1114	FAIRFIELD COUNTY TREASURER	1,802,269
1115	CITY OF SUMTER	36,741
1125	NEWBERRY COUNTY TREASURER	6,304
1126	NEWBERRY COUNTY TREASURER	1,555,962
1128	CITY OF ROCK HILL	9,682,635
1131	TOWN OF EDGEFIELD	345,277
1132	SPARTANBURG CO. S/D 4	4,229,631
1133	SPARTANBURG CO. S/D 4	413,241
1134	DORCHESTER COUNTY S/D 2	26,388,211
1135	DORCHESTER COUNTY S/D 2	12,595,595
1136	MOUNT PLEASANT WATERWORK & SEW	4,914,212
1137	TOWN OF SUMMERVILLE	5,970,878
1139	CITY OF CHESTER	184,046
1140	CITY OF CHESTER	19,419
1141	CITY OF CHESTER	106,197
1142	CITY OF LANCASTER	5,721,568
1143	CENTRAL MIDLANDS COG	12,727
1150	LEXINGTON CO S/D #5	25,034,098
1152	TOWN OF WOODRUFF	400,557
1154	MOUNT PLEASANT WATER & SEWER	31,427
1155	MOUNT PLEASANT WATER & SEWER	372,030
1157	SPARTANBURG CO. S/D 4	1,698,111
1158	TOWN OF PELION	20,354
1159	TOWN OF PELION	229,890
1160	TOWN OF RICHBURG	271,439
1162	TOWN OF WINNSBORO	960,671
1163	S.C. APPALACHIAN COG	647,065
1164	TOWN OF WINNSBORO	559,126
1165	CITY OF CHARLESTON HOUSING AUTHO	1,106,494
1166	CITY OF CHARLESTON HOUSING AUTHO	500,318
1167	AIKEN COUNTY TREASURER	2,518
1170	LEXINGTON CO S/D #5	2,979,667
1172	TOWN OF LEXINGTON	8,361,228
1173	CHESTERFIELD CO S/D	9,660,353

**SOUTH CAROLINA STATE TREASURER'S OFFICE
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**SCHEDULE OF NET ASSETS IN POOL PARTICIPANT'S ACCOUNTS
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ACCOUNT #	ACCOUNT NAME	BALANCE
1174	CITY OF SUMTER	5,024
1175	TOWN OF WINNSBORO	979,271
1177	SPARTANBURG WATER SYSTEM	5,190
1178	CITY OF CLEMSON	1,025,805
1181	TOWN OF JACKSON	1,203
1182	RICHLAND CO S/D 1	72,361,622
1183	TOWN OF JACKSON	286,104
1186	TOWN OF JACKSON	196,298
1187	CITY OF FOREST ACRES	254,810
1190	UPPER SAVANNAH COG	262,457
1191	TOWN OF SUMMERVILLE	206,475
1192	TOWN OF IRMO	651,251
1193	TOWN OF IRMO	4,263,857
1194	NEWBERRY COUNTY TREASURER	1,030,243
1195	CATAWBA REG. COUNCIL OF GOV'T.	464,450
1197	TOWN OF BLYTHEWOOD	384,113
1199	TOWN OF WINNSBORO	692,039
1200	CITY OF ORANGEBURG	180,285
1204	GREENVILLE COUNTY TREASURER	39,254,214
1205	PARKER SEWER & FIRE SUBDISTRICT	3,238,921
1206	TOWN OF IRMO	16,613
1207	LOWCOUNTRY COG	270,119
1210	CITY OF CHESTER	25,480
1212	FLORENCE SCHOOL DISTRICT 3	292,574
1214	CITY OF CHESTER	95,401
1215	LOWCOUNTRY COG	1,044
1218	YORK COUNTY TREASURER	291,464,452
1220	OCONEE COUNTY SCHOOL DISTRICT	252,144
1222	CITY OF ABBEVILLE	14,836
1223	COMM OF PUB WKS OF CITY OF ISLE	3,195,243
1224	CITY OF UNION	24,773
1227	LEXINGTON COUNTY S/D #4	7,180,853
1228	CITY OF GREENWOOD	2,563,957
1230	UNION COUNTY TREASURER	1,590,593
1235	CLARENDON COUNTY S/D 3	1,213
1236	SPARTANBURG CO. S/D 3	1,277,582

**SOUTH CAROLINA STATE TREASURER'S OFFICE
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**SCHEDULE OF NET ASSETS IN POOL PARTICIPANT'S ACCOUNTS
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ACCOUNT #	ACCOUNT NAME	BALANCE
1238	METROPOLITAN SEWER SUBDISTRICT	924,078
1242	TOWN OF EDGEFIELD	73,190
1243	TOWN OF EDGEFIELD	202,391
1244	TOWN OF EDGEFIELD	266,451
1245	TOWN OF SEABROOK ISLAND	1,764,170
1246	SPARTANBURG SANITARY SEWER DIS	7,438,401
1248	ORANGEBURG CO S/D #4	259,636
1249	CITY OF ABBEVILLE	2,110
1251	CITY OF SPARTANBURG	10,830,513
1253	CITY OF ABBEVILLE	3,444
1254	ST. ANDREWS PUBLIC SRVC	162,731
1256	TOWN OF WINNSBORO	453,071
1257	TOWN OF WINNSBORO	193,619
1258	CHESTER METROPOLITAN DISTRICT	1,287,825
1259	CHESTER SEWER DISTRICT	276,630
1260	KERSHAW COUNTY MEDICAL CENTER	4,980,176
1262	MOUNT PLEASANT WATER & SEWER	4,549
1263	MOUNT PLEASANT WATER & SEWER	1,077
1264	MOUNT PLEASANT WATER & SEWER	260,571
1270	CLARENDON COUNTY TREASURER	1,754,958
1271	CITY OF LANCASTER	1,477,219
1273	LEXINGTON COUNTY S/D #2	12,980,682
1275	LEXINGTON COUNTY TREASURER	60,481,398
1276	LEXINGTON COUNTY S/D #1	51,520,263
1277	COMM OF PUB WKS OF CITY OF ISLE	219,059
1279	GREENVILLE COUNTY SCHOOLS	131,833,854
1280	LEXINGTON COUNTY S/D #3	6,053,752
1289	BERKELEY CHARLESTON DORCHESTER	50,203
1290	BERKELEY CHARLESTON DORCHESTER	121,225
1291	CITY OF GREENWOOD	1,134,919
1292	CITY OF GREENWOOD	13,301
1295	MT. PLEASANT WATER & SEWER COM	4,228
1296	ANDERSON COUNTY	2,849,328
1297	MCCORMICK COMM OF PUBLIC WORKS	332,568
1298	MCCORMICK COMM OF PUBLIC WORKS	32,502
1305	YORK COUNTY TREASURER	3,250,258

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ACCOUNT #	ACCOUNT NAME	BALANCE
1307	BEAUFORT COUNTY TREASURER	40,937,129
1308	LEXINGTON COUNTY TREASURER	1,167,360
1309	LEXINGTON COUNTY TREASURER	3,187,935
1312	LEXINGTON COUNTY TREASURER	15,746,381
1314	CITY OF NORTH AUGUSTA	1,935,604
1315	CITY OF NORTH AUGUSTA	2,841,281
1318	FAIRFIELD COUNTY TREASURER	7,367,487
1323	TOWN OF CLOVER	297,347
1331	TOWN OF SPRINGDALE	135,077
1332	TOWN OF RIDGE SPRING	16,634
1333	NEWBERRY COUNTY TREASURER	2,800,152
1334	NEWBERRY COUNTY TREASURER	8,843,304
1339	SUMTER CO COUNCIL/TREASURER	1,054
1340	CITY OF ISLE OF PALMS	551,950
1341	SEABROOK ISLAND WATER & SEWER	1,894,784
1347	EDGEFIELD COUNTY SCHOOL DISTRICT	5,695,873
1349	ST. PAUL'S FIRE DISTRICT	72,614
1352	CITY OF CAMDEN	4,789,317
1353	TOWN OF CLOVER	204,263
1357	LEXINGTON COUNTY S/D #4	6,220
1359	CITY OF HANAHAN	374,585
1365	CITY OF HANAHAN	990,978
1367	TOWN OF CORDOVA	132,625
1370	TOWN OF TRENTON	15,159
1371	TOWN OF TRENTON	105,651
1372	LANCASTER COUNTY S/D	20,983,953
1374	CLARENDON COUNTY TREASURER	134,005
1377	CITY OF UNION	22,601
1379	CITY OF GEORGETOWN	4,737,070
1380	CITY OF GEORGETOWN	2,277,694
1382	TOWN OF JOHNSTON	16,912
1385	TOWN OF EDISTO BEACH	1,721,156
1386	TOWN OF EDISTO BEACH	564,786
1387	TOWN OF EDISTO BEACH	602,077
1388	TOWN OF EDISTO BEACH	246,910
1389	TOWN OF EDISTO BEACH	781,306

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ACCOUNT #	ACCOUNT NAME	BALANCE
1390	TOWN OF EDISTO BEACH	6,928
1392	CITY OF CLINTON	94,568
1393	EDGEFIELD COUNTY TREASURER	9,721,868
1395	SPARTANBURG CO. S/D 4	460,034
1396	CITY OF YORK	13,608
1397	CITY OF YORK	9,763
1398	CITY OF LANCASTER	356,422
1399	CITY OF LANCASTER	356,422
1401	CITY OF BAMBERG	54,424
1405	TOWN OF PROSPERITY	21,566
1407	DSRF-PIONEER RURAL WATER DISTRIC	108,316
1421	CITY OF ISLE OF PALMS	1,830,014
1422	RICHLAND CO. S/D 2	53,667,492
1426	RICHLAND CO. S/D 2	39,976,789
1428	CITY OF CLINTON	123,223
1429	DSFR-CHESTER SEWER DISTRICT	94,401
1433	WADE HAMPTON	2,840
1437	R.D. ANDERSON APPLIED TECH	8,544
1438	FLORENCE COUNTY TREASURER	146,293
1439	CITY OF LANCASTER	428,502
1440	CITY OF LANCASTER COMMERCIAL GAR	438,903
1441	FLORENCE CO S/D 2	1,466,683
1442	FLORENCE CO S/D 4	1,000,256
1443	FLORENCE CO S/D 5	2,052,053
1445	FLORENCE COUNTY S/D 1	42,150,994
1446	CLARENDON COUNTY TREASURER	379,515
1447	RICHLAND COUNTY TREASURER	120,640,072
1448	TOWN OF ARCADIA LAKES	702,007
1451	TOWN OF EDISTO BEACH	250,341
1452	LAURENS COUNTY TREASURER	18,061,365
1453	CITY OF GEORGETOWN	30,991
1456	CITY OF GREENWOOD	49,233
1457	TOWN OF EDISTO BEACH	503,153
1463	WESTERN PIEDMONT	232,824
1465	CLARENDON COUNTY TREASURER	507,096
1466	SPARTANBURG CO. S/D 4	1,003

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ACCOUNT #	ACCOUNT NAME	BALANCE
1471	YORK COUNTY TREASURER	345,279
1489	DILLON COUNTY BOARD OF EDUCATION	1,584
1493	CITY OF WESTMINSTER	157,809
1499	FORT MILL SCHOOL DISTRICT 4	29,498,481
1500	CHESTER COUNTY TREASURER	2,088,190
1501	CHESTER COUNTY TREASURER COUNTY	703,479
1502	CHESTER COUNTY TREASURER	986,591
1509	DSRF - TOWN OF LATTA	33,307
1510	YORK COUNTY S/D 1	4,770,877
1512	CITY OF GREENWOOD	173,521
1514	GREENVILLE COUNTY SCHOOLS	10,082,063
1515	CHESTER COUNTY TREASURER	4,882,543
1519	ROCK HILL S/D 3 OF YORK CO.	35,419,574
1520	CITY OF NORTH AUGUSTA	651,622
1521	CITY OF NORTH AUGUSTA	3,512,104
1525	DSRF - CITY OF BELTON	26,335
1526	MT. PLEASANT WATERWORKS ESCROW	684,986
1527	CHARLESTON CO. S/D	250,060
1531	GREENWOOD COUNTY TREASURER	425,391
1535	PIONEER RURAL WATER DISTRICT	188,888
1536	PIONEER RURAL WATER DISTRICT	131,479
1538	PIONEER RURAL WATER DISTRICT	1,326
1539	YORK COUNTY TREASURER	9,169,347
1541	TOWN OF PORT ROYAL	900,604
1543	BAMBERG SCHOOL DISTRICT ONE	135,950
1545	LANCASTER CO. NATURAL GAS AUTHOR	2,088,826
1552	CITY OF MAULDIN	1,160,414
1554	TOWN OF SULLIVAN'S ISLAND	202,885
1562	FAIRFIELD COUNTY TREASURER	112,098
1571	DSRF-BELTON-HONEA PATH	26,713
1576	DSRF - TOWN OF JACKSON DSRF	3,892
1580	SPARTANBURG CO. S/D 4	1,017
1581	DSRF - CITY OF TRAVELERS REST	18,274
1595	CHESTER COUNTY SCHOOL DISTRICT	255,480
1596	CITY OF ISLE OF PALMS	829,937
1599	GREENVILLE COUNTY SCHOOLS	4,777,978

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ACCOUNT #	ACCOUNT NAME	BALANCE
1601	GREENVILLE WATER SYSTEM	156,901
1602	LAKE MARION REGIONAL WATER AGENC	25,936
1603	ORANGEBURG SCHOOL DISTRICT 5	20,659,183
1605	CLOVER SCHOOL DISTRICT TWO	16,712,308
1609	GREENVILLE HOSPITAL SYSTEM	69,888,176
1610	GREENVILLE HOSPITAL SYSTEM	421,096
1613	CITY OF MYRTLE BEACH	338,544
1616	RICHLAND COUNTY TREASURER	2,631,320
1617	CITY OF NORTH AUGUSTA	5,695,683
1618	CITY OF NORTH AUGUSTA	271,339
1619	CITY OF NORTH AUGUSTA	489,451
1622	RIVERBANKS PARK COMMISSION	2,394,613
1630	ORANGEBURG CO. S/D THREE	4,157,612
1635	UPPER SAVANNAH COG	1,464,019
1642	ST. ANDREWS PUBLIC SRVC	250,300
1646	GREENVILLE WATER SYSTEM	672,452
1651	YORK COUNTY S/DISTRICT #1	62,208
1652	CITY OF MAULDIN	1,977,009
1654	CHESTER COUNTY SCHOOL DISTRICT	4,360,745
1656	RIVERBANKS ZOO & GARDEN	60,951
1658	JOINT MUNICIPAL WATER & SEWER	6,238,722
1659	JOINT MUNICIPAL WATER & SEWER	1,185
1661	JOINT MUNICIPAL WATER & SEWER	121,641
1662	TOWN OF MCCORMICK	268,149
1663	TOWN OF MCCORMICK	268,149
1664	TOWN OF MCCORMICK	113,483
1665	TOWN OF MCCORMICK	176,466
1671	CITY OF ISLE OF PALMS	638,872
1672	CITY OF GEORGETOWN	1,372,340
1673	TOWN OF BLYTHEWOOD	400,522
1674	TOWN OF BLYTHEWOOD	2,393
1675	TOWN OF BLYTHEWOOD	803,762
1680	CITY OF HANAHAN	943,269
1689	CHESTER CO. NATURAL GAS AUTHORIT	103,516

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ACCOUNT #	ACCOUNT NAME	BALANCE
1699	CITY OF FOUNTAIN INN	513,553
1702	LANCASTER COUNTY	13,561,959
1703	GREENVILLE HOSPITAL SYSTEM	934,854
1708	MUNICIPAL ASSOCIATION OF SC	7,979
1710	MUNICIPAL ASSOCIATION OF SC	16,828
1711	CITY OF BENNETTSVILLE	56,631
1712	CITY OF BENNETTSVILLE	84,002
1714	CITY OF GEORGETOWN	3,168
1715	YORK COUNTY TREASURER	463,991
1716	ST. JOHN'S FIRE DISTRICT	7,565
1718	LEXINGTON MED CENTER OPERATING	11,383,498
1726	CITY OF FOREST ACRES	321,151
1730	CITY OF MYRTLE BEACH	713,728
1731	CITY OF NEW ELLENTON	152,875
1733	TOWN OF LOWRYS	152,638
1736	GREENVILLE WATER SYSTEM	2,989,125
1740	CITY OF ROCK HILL	7,337,234
1741	CITY OF ROCK HILL	2,442,727
1744	TOWN OF LYMAN	676,330
1745	TOWN OF LYMAN	897,197
1754	CITY OF NORTH AUGUSTA	645,384
1755	CITY OF NORTH AUGUSTA	1,186,656
1759	SUMTER CO COUNCIL/TREASURER	1,412,245
1760	CITY OF SUMTER	1,202,829
1762	CITY OF HANAHAN	376,623
1767	CITY OF SPARTANBURG	328,540
1775	ELEVENTH CIRCUIT SOLICITOR	84,372
1779	TOWN OF ROCKVILLE COUNCIL	111,381
1784	CITY OF CONWAY	48,627
1785	GREENVILLE COUNTY SCHOOLS	17,495
1786	GREENVILLE COUNTY SCHOOLS	896,989
1787	GREENVILLE COUNTY SCHOOLS	153,718
1790	NEWBERRY COUNTY TREASURER	30,174
1792	NEWBERRY COUNTY TREASURER	33,632
1793	TOWN OF WINNSBORO	351,957
1794	CITY OF CLINTON	22,337

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ACCOUNT #	ACCOUNT NAME	BALANCE
1798	TOWN OF WINNSBORO	98,743
1800	LAURENS COUNTY WATER SEWER COMM	869,145
1808	CITY OF WALTERBORO	115,376
1809	PIONEER RURAL WATER DISTRICT	95,817
1810	TOWN OF JACKSON	51,683
1812	CITY OF GREENVILLE	342,088
1817	WILLIAMSBURG COUNTY S/D	7,920,257
1819	CHARLESTON COUNTY S/D	1,102
1821	TOWN OF WINNSBORO	4,008
1826	CHESTER COUNTY SCHOOL DISTRICT	30,293
1827	WILLIAMSBURG COUNTY TREASURER	930,426
1828	DORCHESTER COUNTY TREASURER	11,043,642
1830	DORCHESTER COUNTY TREASURER	32,016,338
1831	DORCHESTER COUNTY TREASURER	6,689,753
1832	DORCHESTER COUNTY TREASURER	23,432,585
1833	DORCHESTER COUNTY TREASURER	2,045,836
1835	DORCHESTER COUNTY TREASURER	20,634,444
1837	BCD COUNCIL OF GOVERNMENTS	695,020
1840	YORK COUNTY TREASURER	9,432,651
1842	CITY OF MAULDIN	935,147
1843	CITY OF ABBEVILLE	747,419
1845	DSRF-BIG CREEK WTR & SWR DIST	205,603
1847	DILLON COUNTY BOARD OF EDUCATION	1,701
1849	DILLON COUNTY BOARD OF EDUCATION	1,117
1850	RICHLAND COUNTY TREASURER	1,730,244
1852	DSRF CITY OF TRAVELER'S REST	30,086
1854	DSRF MONCK'S CORNER PUBLIC WKS	407,979
1856	SPARTANBURG WATER SYSTEM	3,654,749
1857	CITY OF NORTH AUGUSTA	916,533
1861	RICHLAND COUNTY TREASURER	672,452
1864	OCONEE COUNTY SCHOOL DISTRICT	11,510,431
1865	CITY OF SUMTER	1,909,358
1867	BCD COUNCIL OF GOVERNMENTS	216,619
1868	TOWN OF FORT LAWN	18,641
1870	CHARLESTON COUNTY S/D	2,578

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ACCOUNT #	ACCOUNT NAME	BALANCE
1871	CITY OF MAULDIN	62,534
1873	CITY OF CLINTON	419,548
1874	TOWN OF WALHALLA	1,287,808
1875	YORK COUNTY TREASURER	5,504,997
1876	YORK COUNTY TREASURER	31,235,214
1880	RICHLAND COUNTY TREASURER	1,487,329
1882	CITY OF NORTH AUGUSTA	1,321,904
1883	NEWBERRY COUNTY TREASURER	479,100
1887	NEWBERRY COUNTY TREASURER	846,226
1888	LEXINGTON CO S/D 3	776,947
1889	CITY OF CAMDEN	1,175
1892	NEWBERRY COUNTY TREASURER	114,260
1893	FLORENCE COUNTY TREASURER	31,668,205
1895	CLARENDON COUNTY S/D 3	1,202
1897	NEWBERRY COUNTY TREASURER	310,698
1898	GREENWOOD COUNTY TREASURER	15,816,044
1900	CITY OF ISLE OF PALMS	200,344
1901	CITY OF ISLE OF PALMS	444,815
1905	CITY OF NORTH AUGUSTA	1,067,004
1907	GREENVILLE WATER SYSTEM	6,102,323
1909	OCONEE COUNTY TREASURER	6,817,343
1911	CITY OF NORTH AUGUSTA	762,744
1912	DSRF MCCORMICK COUNTY	2,537
1915	YORK COUNTY TREASURER	8,240,093
1916	CITY OF NEWBERRY	1,039,997
1917	CITY OF NEWBERRY	843,412
1919	CHARLESTON CO SCHOOL DISTRICT	9,876
1922	DSRF CITY OF DARLINGTON	17,074
1924	LANCASTER COUNTY WATER & SEWER	9,078,737
1925	LANCASTER COUNTY WATER & SEWER	8,156,723
1927	YORK COUNTY TREASURER	19,708,870
1929	NEWBERRY COUNTY TREASURER	131,262
1933	LEXINGTON COUNTY TREASURER	1,023,327
1934	LEXINGTON COUNTY TREASURER	822,243
1936	GREENVILLE HOSPITAL SYSTEM	7,655,545
1939	LOWCOUNTRY COUNCIL OF GOVERNMENT	253,099

**SOUTH CAROLINA STATE TREASURER'S OFFICE
SOUTH CAROLINA LOCAL GOVERNMENT INVESTMENT POOL**

**SCHEDULE OF NET ASSETS IN POOL PARTICIPANT'S ACCOUNTS
JUNE 30, 2012**

ACCOUNT #	ACCOUNT NAME	BALANCE
1941	POWDERSVILLE WATER DISTRICT	10,996
1943	DSRF CITY OF ANDERSON	30,210
1944	DSRF CITY OF ANDERSON	107,782
1947	CITY OF ISLE OF PALMS	253,080
1948	SUMTER COUNTY COUNCIL/TREASURER	24,181,107
1950	CITY OF GREENVILLE	438,360
1951	LEXINGTON COUNTY S/D 2	421,941
1954	DORCHESTER COUNTY S/D 2	3,609,023
1956	CITY OF COLUMBIA	80,290,177
1962	DORCHESTER COUNTY TREASURER	28,232,051
1965	DS-JOINT MUNICIPAL WATER & SEWER	1,210,071
1966	DS-TOWN OF LEXINGTON	2,214,829
1972	DSRF-GREER COMM PUBLIC WORKS	247,740
1973	GREER COMM PUBLIC WORKS	3,025,435
1974	GREER COMM PUBLIC WORKS	4,324,455
1977	DSRF-SOUTHSIDE RURAL COMM WATER	170,522
1978	YORK COUNTY TREASURER	37,005,724
1979	RICHLAND COUNTY TREASURER	1,626,307
1980	DSRF-JAMES ISLAND PSD	50,437
1983	RICHLAND COUNTY TREASURER	2,013,221
1984	DORCHESTER COUNTY TREASURER	5,992,144
1985	LEXINGTON COUNTY TREASURER	12,658
1986	LEXINGTON COUNTY TREASURER	172,304
1987	CHARLESTON CO S/D	148,621
1988	DSRF-TOWN OF PENDLETON	114,058
1989	CALHOUN COUNTY TREASURER	1,004,824
1991	DSRF-PIONEER RURAL WATER DISTRICT	190,873
1992	GREENWOOD COUNTY TREASURER	1,916,192
1993	CHARLESTON CO S/D	533,211
1995	RICHLAND CO. REC COMM 2009B	13,050,762
1996	PIONEER RURAL WATER DISTRICT	68,641
1999	DSRF-GRAND STRAND WSA	849,324
2000	DSRF-GRAND STRAND WSA	658,261
2001	DSRF-GRAND STRAND WSA	234,321
2002	DSRF-GRAND STRAND WSA	105,285
2003	DSRF-CITY OF ABBEVILLE	129,168

**SOUTH CAROLINA STATE TREASURER'S OFFICE
SOUTH CAROLINA LOCAL GOVERNMENT INVESTMENT POOL**

**SCHEDULE OF NET ASSETS IN POOL PARTICIPANT'S ACCOUNTS
JUNE 30, 2012**

ACCOUNT #	ACCOUNT NAME	BALANCE
2004	CITY OF COLUMBIA	7,069,536
2005	CENTRAL CAROLINA TECH. COLLEGE	1,927,329
2006	ANDERSON COUNTY S/D 3	61,005
2007	OLD FORT FIRE DISTRICT	301,337
2008	DORCHESTER COUNTY TREASURER	965,339
2009	ANDERSON COUNTY S/D 4	1,176
2010	ANDERSON COUNTY S/D 5	23,290,277
2011	ANDERSON COUNTY S/D 1	7,771,874
2012	ANDERSON 1 & 2 CAREER & TECH CTR	2,013,185
2013	ANDERSON COUNTY BOARD OF ED.	205,326
2015	CITY OF SUMTER	360,281
2016	NORTH CHARLESTON SEWER DISTRICT	3,767,997
2017	NORTH CHARLESTON SEWER DISTRICT	4,524,276
2018	DS-CITY OF BARNWELL	244,835
2019	CHARLESTON COUNTY S/D	336,512
2023	CITY OF COLUMBIA	9,292,810
2024	CHARLESTON COUNTY S/D	13,002
2025	NEWBERRY COUNTY TREASURER	34,103
2026	TOWN OF RIDGE SPRING	321,693
2027	LEXINGTON COUNTY TREASURER	2,130,965
2029	GREENVILLE WATER SYSTEM	1,537,871
2030	LAURENS COUNTY TREASURER	308,228
2031	ANDERSON S/D #5 **FIXED RATE***	12,888,358
2032	LEXINGTON COUNTY S/D 4	41,658
2034	GREENVILLE COUNTY SCHOOLS	6,633,717
2035	NEWBERRY COUNTY TREASURER	236,914
2037	CITY OF CLINTON	280,695
2038	RICHLAND COUNTY TREASURER	1,118,502
2039	LEXINGTON COUNTY TREASURER	858,493
2040	LEXINGTON COUNTY TREASURER	564,048
2041	LEXINGTON COUNTY TREASURER	199,796
2042	LEXINGTON COUNTY TREASURER	40,852,649
2044	RICHLAND COUNTY TREASURER	473,776
2045	RICHLAND COUNTY TREASURER	8,907,352
2046	RICHLAND COUNTY TREASURER	102,551
2047	CHARLESTON COUNTY S/D	13,657,074

**SOUTH CAROLINA STATE TREASURER'S OFFICE
SOUTH CAROLINA LOCAL GOVERNMENT INVESTMENT POOL**

**SCHEDULE OF NET ASSETS IN POOL PARTICIPANT'S ACCOUNTS
JUNE 30, 2012**

ACCOUNT #	ACCOUNT NAME	BALANCE
2048	CHARLESTON CO. PARK & RECREATION	1,877,217
2049	CHARLESTON CO, PARK & RECREATION	7,255,912
2050	CHARLESTON CO. PARK & RECREATION	475,856
2051	NEWBERRY COUNTY TREASURER	129,871
2052	DSRF-CITY OF UNION	169,677
2053	DSRF-CITY OF UNION	66,050
2054	DSRF-CITY OF UNION	115,601
2055	DSRF-CITY OF UNION	72,895
2056	DSRF-CITY OF UNION	134,801
2057	DSRF-CITY OF UNION	109,188
2058	CHARLESTON COUNTY S/D	78,253
2059	DSRF-GRAND STRAND W&S AUTHORITY	50,660
2061	LEXINGTON COUNTY TREASURER	233,306
2062	DSRF GRAND STRAND W&S AUTHORITY	124,540
2064	LEXINGTON COUNTY TREASURER	901,575
2065	DORCHESTER COUNTY TREASURER	3,956,993
2066	CITY OF CHARLESTON	10,579,822
2067	CITY OF ISLE OF PALMS	215,044
2068	CITY OF SPARTANBURG	2,432,293
2071	CALHOUN COUNTY TREASURER	579,161
2072	CHESTER COUNTY SCHOOL DISTRICT	2,786,121
2073	CITY OF ORANGEBURG	3,513,231
2074	CITY OF ORANGEBURG	1,003,781
2076	NEWBERRY COUNTY TREASURER	5,569,933
2077	NEWBERRY COUNTY TREASURER	274,996
2078	NEWBERRY COUNTY TREASURER	1,674,913
2081	CHARLESTON COUNTY S/D	92,661
2082	DSRF-DARLINGTON COUNTY W&S AUTH.	339,781
2083	CHARLESTON COUNTY S/D	70,854,058
2084	DILLON COUNTY BOARD OF EDUCATION	214,055
2085	OCONEE COUNTY TREASURER	15,796,333
2086	CHARLESTON CO PARKS & RECREATION	1,041
2087	ANDERSON COUNTY S/D 1	3,035,430
2088	DSRF-JAMES ISLAND PSD	46,682
2089	DSFR-JAMES ISLAND PSD	20,698
2091	SUMTER COUNTY SCHOOL DISTRICT	5,673,201

**SOUTH CAROLINA STATE TREASURER'S OFFICE
SOUTH CAROLINA LOCAL GOVERNMENT INVESTMENT POOL**

**SCHEDULE OF NET ASSETS IN POOL PARTICIPANT'S ACCOUNTS
JUNE 30, 2012**

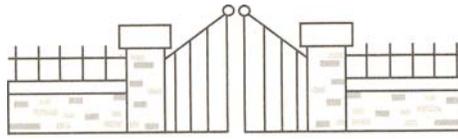
ACCOUNT #	ACCOUNT NAME	BALANCE
2092	SOUTH ISLAND PSD	4,856,097
2093	CITY OF FOUNTAIN INN	501,415
2094	CITY OF FOUNTAIN INN	1,021
2095	CHARLESTON COUNTY TREASURER	110,332,308
2096	RICHLAND-LEXINGTON AIRPORT DIST	8,018,861
2097	NEWBERRY COUNTY TREASURER	3,814
2098	CITY OF SUMTER	703,509
2099	GREENVILLE-SPARTANBURG AIRPORT	12,023,581
2100	LEXINGTON COUNTY TREASURER	1,822,086
2101	CHARLESTON COUNTY S/D	196,806
2102	DSRF-BEAUFORT-JASPER WSA	11,388
2103	DSRF-BEAUFORT-JASPER WSA	134,098
2104	LEXINGTON COUNTY TREASURER	17,489,781
2105	RICHLAND COUNTY TREASURER	6,024,979
2106	BEAUFORT COUNTY TREASURER	2,526,569
2107	CITY OF HANAHAN	1,252,772
2108	LEXINGTON COUNTY TREASURER	306,120
2111	RICHLAND COUNTY TREASURER	34,601,908
2112	LEXINGTON COUNTY TREASURER	75,340,222
2113	LANCASTER COUNTY SCHOOL DISTRICT	1,002,057
2114	NEWBERRY COUNTY TREASURER	9,055,841
2115	CHARLESTON COUNTY S/D	12,027,890
2117	BEAUFORT COUNTY TREASURER	16,462,068
2118	BEAUFORT COUNTY TREASURER	5,821
2119	BEAUFORT COUNTY TREASURER	26,250,007
2120	BEAUFORT COUNTY TREASURER	6,011,057
2121	BEAUFORT COUNTY TREASURER	1,001,843
2122	BEAUFORT COUNTY TREASURER	3,005,528
2123	NORTH CHARLESTON SEWER DISTRICT	16,325,063
2125	JAMES ISLAND CHARTER HIGH SCHOOL	3,004,817
2126	DSRF-CITY OF UNION	174,908
2127	SPARTANBURG COUNTY TREASURER	42,207,700
2128	LUGOFF-ELGIN WATER AUTHORITY	3,004,812
2129	RICHLAND COUNTY TREASURER	1,103
2130	SANTEE LYNCHES REGIONAL COG	261,585
2131	ST. JOHN'S FIRE DISTRICT	7,308,893

**SOUTH CAROLINA STATE TREASURER'S OFFICE
SOUTH CAROLINA LOCAL GOVERNMENT INVESTMENT POOL**

**SCHEDULE OF NET ASSETS IN POOL PARTICIPANT'S ACCOUNTS
JUNE 30, 2012**

ACCOUNT #	ACCOUNT NAME	BALANCE
2132	BEAUFORT COUNTY TREASURER	9,744,660
2133	TOWN OF MOUNT PLEASANT	3,003,231
2134	TOWN OF MOUNT PLEASANT	4,602,566
2135	ANDERSON COUNTY S/D 2	3,783,204
2136	SOUTH ISLAND PSD	8,810,227
2137	GEORGETOWN COUNTY TREASURER	37,241,055
2138	CITY OF CHARLESTON HOUSING AUTH	1,010,601
2139	MOUNT PLEASANT WATER & SEWER	203,134
2140	CITY OF CLINTON	211,214
2141	CITY OF CLINTON	41,019
2142	CITY OF CHARLESTON	43,369,179
2143	CITY OF SPARTANBURG	7,928,472
2144	CITY OF CHARLESTON	7,006,672
2145	CITY OF CHARLESTON	24,161,015
2146	CHARLESTON COUNTY S/D	164,587
2147	NEWBERRY COUNTY WATER & SEWER	75,051
2148	NEWBERRY COUNTY WATER & SEWER	152,104
2149	NEWBERRY COUNTY WATER & SEWER	245,168
2150	NEWBERRY COUNTY WATER & SEWER	226,513
2151	SPARTANBURG CO S/D 4	462,482
2152	CALHOUN COUNTY TREASURER	236,670
2153	DORCHESTER COUNTY TREASURER	121,963
2154	LANCASTER WATER & SEWER DIST	55,037
2155	CITY OF CHARLESTON	2,407,421
2156	CHARLESTON COUNTY S/D	16,640
2157	CHARLESTON COUNTY S/D	22,674,843
2159	SANTEE LYNCHES RCOG	382,815
2160	RICHLAND COUNTY TREASURER	10,994,163
2161	OCONEE COUNTY TREASURER	1,678,355
2163	CITY OF SUMTER	1,500,035
		<u>\$ 3,452,597,565</u>

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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

Mr. Richard H. Gilbert, Jr., CPA
Deputy State Auditor
South Carolina State Treasurer's Office
South Carolina Local Government Investment Pool
Columbia, South Carolina

We have audited the financial statements of the South Carolina State Treasurer's Office South Carolina Local Government Investment Pool ("the Pool"), an investment trust fund of the State of the South Carolina, as of and for the year ended June 30, 2012 and have issued our report thereon dated September 25, 2012. 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.

Internal Control over Financial Reporting

Management of the Pool is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Pool's internal control over financial reporting as a basis for designing our auditing procedures 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 Pool's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Pool's internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Pool's financial statements are free of 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 determination of financial statement amounts. 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*.

This report is intended solely for the information and use of the State Auditor, Pool participants, and management of the Pool and is not intended to be and should not be used by anyone other than these specified parties.

The Halls Group, P.A.

Columbia, South Carolina
September 25, 2012