

**SOUTH CAROLINA STATE  
TREASURER'S OFFICE**

**SOUTH CAROLINA LOCAL GOVERNMENT  
INVESTMENT POOL**

**COLUMBIA, SOUTH CAROLINA**

**FINANCIAL STATEMENTS**

**JUNE 30, 2016**

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

**JUNE 30, 2016**

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**South Carolina  
Office of the State Auditor**

**George L. Kennedy, III, CPA  
State Auditor**

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September 21, 2016

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, 2016, 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,

Signature Redacted

George L. Kennedy, III, CPA  
State Auditor

GLKIII/cwc

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## INDEPENDENT AUDITORS' REPORT

Mr. George L. Kennedy, III, CPA  
State Auditor  
Office of the State Auditor  
Columbia, South Carolina

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the South Carolina Local Government Investment Pool (the "Pool"), an investment trust fund of the State of South Carolina as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Pool's basic financial statements as listed in the table of contents.

### MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Pool's 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.

### AUDITORS' RESPONSIBILITY

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## OPINION

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of the Pool, as of June 30, 2016, 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

As discussed in Note 1, the financial statements present only the South Carolina Local Government Investment Pool, an investment trust fund of the State of South Carolina and do not purport to, and do not, present fairly the financial position of the South Carolina State Treasurer's Office, or the State of South Carolina, as of June 30, 2016, and the changes in its financial position, or where applicable, their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

## OTHER MATTERS

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during 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.

### Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Pool's basic financial statements. The schedule of net position in pool participants' accounts (the "*Schedule*") is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule is the responsibility of management and was derived from and relates 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 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

#### OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2016 on our consideration of the 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 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 Pool's internal control over financial reporting and compliance.

Columbia, South Carolina  
September 21, 2016

*The Hall Group, P.A.*

## 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 Position presents information on the Pool's assets and liabilities at June 30, 2016 with the difference between the two reported as net position. The Statement of Changes in Fiduciary Net Position during the period from July 1, 2015 to June 30, 2016 presents information showing how the Pool's net position changed during the year. All changes in net position 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 well diversified profile of credit risk. The Federal Reserve is expected to maintain its policy of low interest rates thru the 2017 fiscal year. Commercial paper and LIBOR rates will remain low as a result.

### Financial Analysis

**Table 1: Summary Statement of Fiduciary Net Position**

	June 30, 2016	June 30, 2015	Change
<b>Assets</b>			
Cash and cash equivalents	\$ 3,868,519,192	\$ 2,577,677,806	\$ 1,290,841,386
Accounts receivable	-	2,002	(2,002)
Invested securities lending collateral	1,900,080	80,007	1,820,073
Interest receivable	2,086,431	2,115,029	(28,598)
Investments, at fair value	996,192,055	1,785,208,373	(789,016,318)
<b>Total Assets</b>	<b>\$ 4,868,697,758</b>	<b>\$ 4,365,083,217</b>	<b>\$ 503,614,541</b>
<b>Liabilities</b>			
Account payable	\$ -	\$ 24,494,511	\$ (24,494,511)
Collateral for loaned securities	1,900,080	82,400	1,817,680
Due to participants	11,387,207	-	11,387,207
<b>Total Liabilities</b>	<b>\$ 13,287,287</b>	<b>\$ 24,576,911</b>	<b>\$ (11,289,624)</b>
<b>Total Net Position - Restricted</b>	<b>\$ 4,855,410,471</b>	<b>\$ 4,340,506,306</b>	<b>\$ 514,904,165</b>

The Statement of Fiduciary Net Position 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, 2016. 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 and amounts due to participants. There was \$1,900,080 and \$82,400 in securities out on loan at June 30, 2016 and 2015, respectively. Market conditions drive the securities lending activity of the Pool. Additionally, the Pool held cash in the amount of \$11,387,207 that had yet to be distributed to participants. As of June 30, 2015, there was \$24,494,511 due as accounts payable to settle outstanding investment transactions. There was not a similar investment transaction being settled at June 30, 2016.

The Net Position of the Pool is held for the Pool participants and is divided into amounts distributed to participants' accounts and undistributed amounts. Net position of \$4,822,193,832 has been distributed to participant accounts while \$33,216,639 is undistributed. The undistributed portion of net position 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 Position**

	June 30, 2016		June 30, 2015		Change
Investment Income	\$	28,399,023	\$	10,611,791	\$ 17,787,232
Expenses		(586,481)		(480,605)	(105,876)
Deposits, withdrawals and other participant activity		487,091,623		201,091,867	285,999,756
Changes in Net Position		514,904,165		211,223,053	303,681,112
Net Position - Beginning of Year		4,340,506,306		4,129,283,253	211,223,053
Net Position - End of Year	\$	4,855,410,471	\$	4,340,506,306	\$ 514,904,165

The significant increase in both investment income and net participant activity is due to increased participation in the Pool by various municipalities and local governments. The number of accounts in the Pool increased substantially and drove up both investment income and participant activity balances for the year ended June 30, 2016. At June 30, 2016 there were 621 participating accounts in the pool as compared to 617 at the previous year end.

During the fiscal year (FY) 2016, the Federal Reserve Bank continued to keep the Federal Funds rate very low between 0.13% and 0.38%. The average investment rate earned by the Pool increased from 0.23% in FY 15 to 0.50% for FY 16. For this fiscal year, the Pool outperformed its benchmark, the 90-day Treasury Bills, which returned 0.19%. The pool earned \$17,793,313 more in investment income than the prior fiscal year. During FY 16 there were more deposits to the Pool than withdrawals. There was also a 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: LGIP Participant distribution rate comparison for last two fiscal years**

	<u>FY 15-16</u>	<u>FY 14-15</u>
July	0.28%	0.14%
August	0.30%	0.17%
September	0.35%	0.18%
October	0.40%	0.21%
November	0.39%	0.22%
December	0.49%	0.25%
January	0.57%	0.26%
February	0.63%	0.26%
March	0.70%	0.25%
April	0.67%	0.28%
May	0.69%	0.27%
June	0.70%	0.29%
<b>Average</b>	<b>0.50%</b>	<b>0.23%</b>

These 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. These costs are paid by interest earnings generated by the pool rather than State appropriations.

#### **Contacting the Pool**

Persons needing additional information concerning this report may do so by writing or telephoning the South Carolina State Treasurer's Office, P.O. Box 11778, Columbia, South Carolina 29211; telephone (803) 734-2641; facsimile (803) 734-2697.

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

**STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2016**

**ASSETS**

	<u>Investment Trust Fund</u>
Cash and cash equivalents	\$ 3,868,519,192
Invested securities lending collateral	1,900,080
Accrued interest receivable	2,086,431
Investments, at fair value	<u>996,192,055</u>
 Total assets	 <u>4,868,697,758</u>

**LIABILITIES**

Collateral for loaned securities	1,900,080
Due to participants	<u>11,387,207</u>
 Total liabilities	 <u>13,287,287</u>

**NET POSITION**

Restricted for pool participants' accounts	4,822,193,832
Restricted for pool participants - undistributed	<u>33,216,639</u>
 Total net position	 <u>\$ 4,855,410,471</u>

The notes to financial statements are an integral part of these financial statements.

**SOUTH CAROLINA STATE TREASURER'S OFFICE  
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**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
YEAR ENDED JUNE 30, 2016**

	<u>Investment Trust Fund</u>
<b>ADDITIONS:</b>	
Investment income	\$ 28,375,611
Securities lending income	<u>23,412</u>
Total revenue	28,399,023
<b>DEDUCTIONS:</b>	
Administrative expenses	<u>586,481</u>
Net increase in net position resulting from operations	<u>27,812,542</u>
<b>INCOME DISTRIBUTED TO PARTICIPANTS</b>	(23,935,292)
<b>PARTICIPANT TRANSACTIONS:</b>	
Deposits & income reinvested	9,165,694,884
Less withdrawals	<u>(8,654,667,969)</u>
Net increase in net position resulting from participant transactions	<u>511,026,915</u>
Total increase in net position	514,904,165
<b>NET POSITION:</b>	
Beginning of year	<u>4,340,506,306</u>
End of year	<u>\$ 4,855,410,471</u>

The notes to financial statements are an integral part of these financial statements.

**SOUTH CAROLINA STATE TREASURER'S OFFICE  
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**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**Reporting Entity**

The South Carolina State Treasurer's Office (the "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 Local Government Investment Pool is not registered with the SEC. It is similar to a money market fund in that it is offered at a stable price and is guided by risk control principles such as significant overnight Repurchase Agreements for liquidity; attention to credit quality, portfolio diversification and maintenance of a short average maturity of fixed and floating rate investments. The Pool is included as an investment trust fund in the State's 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.

**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, records participant unit issues and related interest income for which the resources are restricted for participant unit redemptions, distributions, and related interest expense. The Pool is open to local government entities.

**Cash and Cash Equivalents**

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

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

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

**Investments**

In accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools and as amended by GASB Statement No. 72, Fair Value Measurement and Application, investments are carried at fair value. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income. 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 on a recurring basis based upon quoted market prices. See Note 2 for further information on fair value measurements.

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.

**Accrued Interest Receivable**

Accrued interest receivable includes interest earned for the month of June 2016 and payable on July 1, 2016.

**Due to Participants**

Due to participants represent amounts settled in cash on June 30, 2016 for investment transactions but had not been credited to participant accounts as of year-end.

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

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

**Investment Income**

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

**Administrative Expenses**

Proviso 98.4 of the State's 2015-2016 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.

**Implementation of New Accounting Standards**

The Pool implemented the provisions of GASB Statement No. 72, Fair Value Measurement and Application, for the year ended June 30, 2016. The objective of this Statement is to improve financial reporting by clarifying the definition of fair value for financial reporting purposes, establishing general principles for measuring fair value, providing additional fair value application guidance, and enhancing disclosures about fair value measurements. The Pool previously reported its investments at fair value on a recurring basis, so the primary effect of the implementation of this Statement was additional disclosure, which can be found in Note 2.

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

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**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 Position to the notes.

Statements		Notes	
Cash and cash equivalents	\$ 3,868,519,192	Deposits	\$ 11,392,700
Investments	996,192,055	Investments	4,853,318,547
Totals	<u>\$ 4,864,711,247</u>		<u>\$ 4,864,711,247</u>

**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.

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

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 2: DEPOSITS, INVESTMENTS, AND SECURITIES LENDING TRANSACTIONS (Continued)**

**Investments**

Investments consist of the following as of June 30, 2016:

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Maturity Dates</u>	<u>Interest Rates</u>
<b><u>Consolidated Obligations</u></b>			
Federal Home Loan Bank	\$ 318,222,044	9/12/2016 - 6/29/18	0.5% - 1.625%
Federal Farm Credit Bank	151,513,891	8/16/16 - 5/18/18	0.55% - 1.04%
<b><u>Corporate</u></b>			
Corporate Bonds	469,489,028	9/1/2016 - 7/1/2018	0.75% - 1.792%
Sovereign Bonds	5,000,000	11/1/2017	1.40%
<b><u>Certificates of Deposit</u></b>	20,001,800	7/13/2016	0.788%
<b><u>Short Term Investments</u></b>			
Commercial Paper	3,531,535,784	7/11/2016 - 4/3/2017	0.50% - 1.20%
Repurchase Agreements	357,556,000	7/1/2016	0.37%
<b>Total</b>	<b>\$ 4,853,318,547</b>		

*Fair Value of Investments*

The Pool measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1:* Quoted prices for identical investments in active markets;
- Level 2:* Observable inputs other than quoted market prices; and,
- Level 3:* Unobservable inputs.

At June 30, 2016, the Pool had the following recurring fair value measurements.



**SOUTH CAROLINA STATE TREASURER'S OFFICE  
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**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 2: DEPOSITS, INVESTMENTS, AND SECURITIES LENDING TRANSACTIONS (Continued)**

**Investments (Continued)**

*Fair Value of Investments (Continued)*

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>
<u>Consolidated Obligations</u>				
Federal Home Loan Bank	\$ 318,222,044	\$ -	\$ 318,222,044	\$ -
Federal Farm Credit Bank	151,513,891	-	151,513,891	-
<u>Corporate</u>				
Corporate Bonds	469,489,028	-	469,489,028	-
Sovereign Bonds	5,000,000	-	5,000,000	-
<u>Certificates of Deposit</u>	20,001,800	-	20,001,800	-
<u>Short Term Investments</u>				
Commercial Paper	3,531,535,784	-	3,531,535,784	-
Repurchase Agreements	357,556,000	-	357,556,000	-
Total	\$ 4,853,318,547	\$ -	\$ 4,853,318,547	\$ -

Debt and equity securities classified in Level 2 are valued using observable inputs other than quoted market prices. Level 2 inputs are based primarily on prices from several third-party vendors. At the time of acquisition, each security is automatically assigned a primary pricing source, based on its characteristics. The price received from a primary source is used in portfolio valuation reports, unless a tolerance check, or price challenge results in the use of a price from a secondary vendor.

*Custodial Credit Risk*

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, 2016, all of the Pools' investments were insured and registered.

*Interest Rate Risk*

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 the liquidity requirements of the pool. The following schedule presents the Pool's interest rate risk.

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

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 2: DEPOSITS, INVESTMENTS, AND SECURITIES LENDING TRANSACTIONS (Continued)**

**Investments (Continued)**

*Interest Rate Risk (Continued)*

<u>Investment Type</u>	<u>Fair Value</u>	<u>Effective Duration</u>
<b><u>Consolidated Obligations</u></b>		
Federal Home Loan Bank	\$ 318,222,044	0.57
Federal Farm Credit Bank	151,513,891	0.97
<b><u>Corporate</u></b>		
Corporate Bonds	469,489,028	0.89
Sovereign Bonds	5,000,000	0.00
<b><u>Certificates of Deposit</u></b>	20,001,800	0.53
<b><u>Short Term Investments</u></b>		
Commercial Paper	3,531,535,784	0.06
Repurchase Agreements	357,556,000	0.00
	<u>\$ 4,853,318,547</u>	

*Credit Risk*

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, 2016, the Pool's rated debt investments were rated by Standard & Poor's and are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>AA+</u>	<u>AA</u>	<u>AA-</u>	<u>A+</u>
<b><u>Consolidated Obligations</u></b>					
Federal Home Loan Bank	\$ 318,222,044	\$ 318,222,044	\$ -	\$ -	\$ -
Federal Farm Credit Bank	\$ 151,513,891	151,513,891	-	-	-
<b><u>Corporate</u></b>					
Corporate Bonds	\$ 469,489,028	33,230,020	76,100,963	98,169,672	20,019,500
Sovereign Bonds	\$ 5,000,000	-	-	-	-
<b><u>Certificates of Deposit</u></b>	\$ 20,001,800	-	-	20,001,800	-
<b><u>Short Term Investments</u></b>					
Commercial Paper	\$ 3,531,535,784	-	-	-	-
Repurchase Agreements	\$ 357,556,000	-	-	-	-
	<u>\$ 4,853,318,547</u>	<u>\$ 502,965,955</u>	<u>\$ 76,100,963</u>	<u>\$ 118,171,472</u>	<u>\$ 20,019,500</u>

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

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**Note 2: DEPOSITS, INVESTMENTS, AND SECURITIES LENDING TRANSACTIONS (Continued)**

*Credit Risk (Continued)*

<b>Investment Type</b>	<b>A</b>	<b>A-</b>	<b>A1</b>	<b>A2</b>	<b>BBB+ - BBB-</b>	<b>NR</b>
<b><u>Consolidated Obligations</u></b>						
Federal Home Loan Bank	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Farm Credit Bank	-	-	-	-	-	-
<b><u>Corporate</u></b>						
Corporate Bonds	70,342,124	55,048,746	-	-	116,578,003	-
Sovereign Bonds	-	-	-	-	-	5,000,000
<b><u>Certificates of Deposit</u></b>	-	-	-	-	-	-
<b><u>Short Term Investments</u></b>						
Commercial Paper	1,350,270	30,615,023	1,130,093,622	2,082,528,248	-	286,948,621
Repurchase Agreements	-	-	-	-	-	357,556,000
	<u>\$ 71,692,394</u>	<u>\$ 85,663,769</u>	<u>\$ 1,130,093,622</u>	<u>\$ 2,082,528,248</u>	<u>\$ 116,578,003</u>	<u>\$ 649,504,621</u>

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, 2016, the Pool had approximately 7.37% 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*

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. At June 30, 2016, the Pool did not have any investments denominated in foreign currencies.

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

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**Note 2: DEPOSITS, INVESTMENTS, AND SECURITIES LENDING TRANSACTIONS (Continued)**

**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, 2016 there was \$1,847,868 of 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, 2016, 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 are recorded 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 \$23,412 was generated through securities lending transactions in the year ended June 30, 2016.

**NOTE 3: NET POSITION 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 position 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 \$586,481 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 position date of June 30, 2016 through the date of issuance of these financials, September 21, 2016.

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

SCHEDULE OF NET POSITION IN POOL PARTICIPANT'S ACCOUNTS  
JUNE 30, 2016

<u>Account No.</u>	<u>Account Name</u>	<u>Balance</u>
1000	Town Of Prosperity	\$ 33,801.32
1001	City Of Sumter	5,406,699.53
1002	Town Of Winnsboro	489,539.66
1003	City Of Myrtle Beach	10,523,375.55
1004	City Of Aiken	33,451,453.50
1005	City Of North Charleston	51,752,916.17
1007	Town Of Pelion	476,336.78
1009	City Of Myrtle Beach	417,884.11
1017	Town Of Edgefield	286,438.79
1019	Town Of Pelion	16,805.91
1021	City Of Georgetown	7,887,585.65
1022	City Of Lake City	277,213.10
1024	Town Of Pine Ridge	147,553.26
1025	City Of Simpsonville	1,022.72
1026	Town Of Jackson	287,631.70
1027	City Of Seneca	1,358.59
1028	City Of Seneca	9,198.30
1029	Town Of Winnsboro	28,296.22
1031	Town Of North	43,288.30
1032	Richland Co. S/D 2	63,687.96
1033	Grand Strand Water And Sewer	4,745.61
1034	Grand Strand Water And Sewer	17,069.21
1035	City Of Isle Of Palms	1,615,147.21
1036	City Of Hanahan	4,399,088.04
1038	City Of Hanahan	674,559.80
1039	Aiken County Treasurer College	65,681.99
1040	Lower Savannah Cog	202,259.01
1041	Town Of Winnsboro	137,575.02
1042	City Of Greenville	38,212,438.69
1049	City Of Florence	47,247,450.17
1057	Upper Savannah Cog	474,846.64
1058	Town Of Trenton	356,567.08
1059	Town Of Johnston	312,693.01
1060	City Of Orangeburg	12,023,671.18
1061	Town Of McCormick	333,621.27
1062	City Of Bamberg	1,008.57
1063	City Of Bamberg	1,770,383.14
1066	Aiken Co. Consolidated School	36,073,616.77
1067	Aiken Co. Consolidated School	18,257,142.82
1068	Aiken Co. Consolidated School	24,258.21
1069	Richland Co. S/D 2	90,790.14
1071	Anderson County S/D 2	5,727,175.30
1073	Spartanburg Co. S/D	3,486,144.12
1074	Spartanburg Co. S/D	1,083,459.14
1080	City Of Isle Of Palms	3,114,401.66
1081	City Of Newberry	598,688.59
1082	City Of Newberry	79,034.66
1084	Union County Schools	3,540,434.03
1086	City Of Abbeville	4,544.89
1087	City Of Abbeville	376,368.92
1088	Upper Savannah Cog	50,789.76
1089	Darlington County Treasurer	60,050,250.80
1090	Oconee County School District	14,724,431.48
1091	Oconee County School District	1,278,384.86
1093	Charleston Co School District	134,101.06
1094	City Of Bishopville	894,600.33
1095	City Of Bishopville	1,087,396.64
1096	Greenville Water System	23,767,267.25
1098	Town Of Ridge Spring	81,583.07

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

SCHEDULE OF NET POSITION IN POOL PARTICIPANT'S ACCOUNTS  
JUNE 30, 2016

1100	Charleston Co School District	25,776,545.13
1101	Town Of Ridge Spring	257,289.12
1105	City Of North Augusta	64,499.96
1106	City Of North Augusta	1,123,072.32
1109	Town Of Walhalla	146,068.36
1110	Town Of Ridge Spring	1,520.36
1113	Catawba Reg. Planning Council	660,323.33
1114	Fairfield County Treasurer	1,823,918.84
1115	City Of Sumter	2,053,034.33
1126	Newberry County Treasurer	2,040,681.43
1128	City Of Rock Hill	8,537,623.24
1131	Town Of Edgefield	349,424.84
1132	Spartanburg Co. S/D	5,960,723.87
1133	Spartanburg Co. S/D	7,998.00
1134	Dorchester County S/D 2	38,567,073.67
1135	Dorchester County S/D 2	10,289,309.07
1136	Mount Pleasant Waterwork & Sewer	11,150,467.08
1137	Town Of Summerville	6,042,604.13
1139	City Of Chester	186,256.26
1140	City Of Chester	19,880.46
1141	City Of Chester	114,031.96
1142	City Of Lancaster	5,129,453.58
1143	Central Midlands Cog	12,879.14
1150	Lexington Co S/D 5	21,097,575.41
1152	City Of Woodruff	1,982.41
1154	Mount Pleasant Water & Sewer	495,716.82
1155	Mount Pleasant Water & Sewer	7,772,818.67
1157	Spartanburg Co. S/D	3,112,725.03
1159	Town Of Pelion	106,599.86
1160	Town Of Richburg	367,319.97
1162	Town Of Winnsboro	613,305.53
1163	S.C. Appalachian Cog	654,836.98
1164	Town Of Winnsboro	234,084.90
1165	City Of Charleston Housing Authority	718,270.32
1166	City Of Charleston Housing Authority	465,973.10
1167	Aiken County Treasurer	2,548.07
1170	Lexington Co S/D 5	5,505,020.16
1172	Town Of Lexington	7,226,002.24
1173	Chesterfield Co S/D	7,271,851.89
1174	City Of Sumter	5,084.40
1175	Town Of Winnsboro	686,676.49
1177	Spartanburg Water System	5,252.28
1178	City Of Clemson	1,038,127.20
1181	Town Of Jackson	1,424.77
1182	Richland Co S/D 1	48,983,029.02
1183	Town Of Jackson	291,214.04
1186	Town Of Jackson	64,757.99
1187	City Of Forest Acres	257,871.13
1190	Upper Savannah Cog	188,361.79
1191	Town Of Summerville	208,955.63
1192	Town Of Irmo	1,326,812.37
1193	Town Of Irmo	3,064,549.00
1195	Catawba Reg. Council Of Gov't.	1,994,389.69
1197	Town Of Blythewood	211,218.06
1199	Town Of Winnsboro	1,882,330.40
1200	City Of Orangeburg	182,450.53
1204	Greenville County Treasurer	69,598,983.89
1205	Parker Sewer & Fire Subdistrict	7,019,807.66
1206	Town Of Irmo	6,738.99
1207	Lowcountry Cog	22,518.27

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

SCHEDULE OF NET POSITION IN POOL PARTICIPANT'S ACCOUNTS  
JUNE 30, 2016

1210	City Of Chester	25,785.59
1212	Florence Co S/D 3	409,789.05
1214	City Of Chester	78,159.22
1218	York County Treasurer	333,438,388.23
1220	Oconee County School District	241,511.22
1222	City Of Abbeville	7,004.81
1223	Comm Of Pub Wks Of City Of Isle	3,866,036.14
1224	City Of Union	25,069.78
1227	Lexington County S/D #4	11,025,732.68
1228	City Of Greenwood	2,512,426.45
1230	Union County Treasurer	1,609,700.35
1235	Clarendon County S/D 3	1,229.05
1236	Spartanburg Co. S/D	1,292,929.01
1238	Metropolitan Sewer Subdistrict	935,178.99
1242	Town Of Edgefield	74,069.02
1243	Town Of Edgefield	204,822.64
1244	Town Of Edgefield	269,651.95
1245	Town Of Seabrook Island	3,639,456.90
1246	Spartanburg Sanitary Sewer Dist	2,994,173.50
1248	Orangeburg Co S/D #4	262,847.10
1249	City Of Abbeville	1,936.63
1251	City Of Spartanburg	17,199,779.36
1253	City Of Abbeville	778,993.90
1254	St. Andrews Public Srvc	6,290,144.85
1256	Town Of Winnsboro	458,513.89
1257	Town Of Winnsboro	195,944.90
1258	Chester Metropolitan District	1,303,294.34
1259	Chester Sewer District	279,953.12
1260	The Health Services District Of	118,333.14
1262	Mount Pleasant Water & Sewer	4,604.24
1263	Mount Pleasant Water & Sewer	1,246.52
1264	Mount Pleasant Water & Sewer	263,701.43
1270	Clarendon County Treasurer	4,562,736.73
1271	City Of Lancaster	265,142.90
1273	Lexington County S/D #2	10,595,168.01
1275	Lexington County Treasurer	114,598,739.33
1276	Lexington County S/D #1	54,678,082.31
1277	Comm Of Pub Wks Of City Of Isle	221,690.42
1279	Greenville County Schools	170,468,616.90
1280	Lexington County S/D #3	10,283,646.35
1289	Berkeley Charleston Dorchester	50,806.12
1290	Bcd Council Of Governments	118,279.13
1291	City Of Greenwood	744,097.53
1292	City Of Greenwood	85,639.84
1295	Mt. Pleasant Water & Sewer Com	4,278.94
1296	Anderson County	1,973,254.20
1297	Mccormick Comm Of Public Works	336,562.25
1298	Mccormick Comm Of Public Works	32,893.36
1305	York County Treasurer	18,368,735.33
1307	Beaufort County Treasurer	74,614,859.77
1308	Lexington County Treasurer	6,612,915.55
1309	Lexington County Treasurer	5,827,772.40
1312	Lexington County Treasurer	19,698,077.65
1314	City Of North Augusta	950,045.63
1315	City Of North Augusta	274,309.51
1318	Fairfield County Treasurer	10,063,660.28
1323	Town Of Clover	300,919.79
1331	Town Of Springdale	136,700.59
1332	Town Of Ridge Spring	16,833.22
1333	Newberry County Treasurer	11,252,604.78

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

SCHEDULE OF NET POSITION IN POOL PARTICIPANT'S ACCOUNTS  
JUNE 30, 2016

1334	Newberry County Treasurer	16,195,830.29
1339	Sumter Co Council/Treasurer	1,067.82
1340	City Of Isle Of Palms	1,145,044.18
1341	Seabrook Island Water & Sewer	2,977,593.05
1347	Edgefield County School District	2,836,101.60
1352	City Of Camden	5,116,098.81
1353	Town Of Clover	152,528.83
1357	Lexington County S/D #4	6,294.64
1359	City Of Hanahan	2,226,768.88
1365	City Of Hanahan	2,173,178.74
1367	Town Of Cordova	110,779.05
1370	Town Of Trenton	5,382.51
1371	Town Of Trenton	41,230.99
1372	Lancaster County S/D	24,366,103.14
1374	Clarendon County Treasurer	233,626.89
1377	City Of Union	6,056,509.80
1379	City Of Georgetown	4,793,974.50
1380	City Of Georgetown	2,305,054.53
1382	Town Of Johnston	17,115.03
1385	Town Of Edisto Beach	2,497,194.70
1386	Town Of Edisto Beach	1,277,380.82
1387	Town Of Edisto Beach	624,376.36
1388	Town Of Edisto Beach	149,037.82
1389	Town Of Edisto Beach	1,858,514.93
1390	Town Of Edisto Beach	2,041.36
1392	City Of Clinton	947,858.41
1393	Edgefield County Treasurer	9,533,346.02
1395	Spartanburg Co. S/D	369,571.66
1396	City Of York	13,771.56
1397	City Of York	9,880.64
1398	City Of Lancaster	123,541.10
1399	City Of Lancaster	411,237.12
1401	City Of Bamberg	2,448.35
1405	Town Of Prosperity	8,301.10
1407	Dsrf-Pioneer Rural Water Distric	109,616.72
1421	City Of Isle Of Palms	2,235,384.24
1422	Richland Co. S/D 2	22,269,866.57
1426	Richland Co. S/D 2	45,450,279.50
1428	City Of Clinton	12,764.41
1429	Dsrf-Chester Sewer District	95,535.09
1433	Wade Hampton	2,873.50
1437	R.D. Anderson Applied Tech	6,131.38
1438	Florence County Treasurer	148,050.03
1439	City Of Lancaster	265,437.09
1440	City Of Lancaster	256,799.19
1441	Florence Co S/D 2	3,070,803.17
1442	Florence Co S/D 4	1,015,132.22
1443	Florence Co S/D 5	1,761,511.81
1445	Florence Co S/D 1	33,854,695.58
1446	Clarendon County Treasurer	384,073.81
1447	Richland County Treasurer	135,832,026.91
1448	Town Of Arcadia Lakes	710,439.82
1451	Town Of Edisto Beach	354,158.67
1452	Laurens County Treasurer	21,585,547.93
1453	City Of Georgetown	31,363.93
1456	City Of Greenwood	70,146.85
1457	Town Of Edisto Beach	810,763.22
1463	Western Piedmont	403,961.73
1465	Clarendon County Treasurer	415,175.61
1466	Spartanburg Co. S/D	1,028.92



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

SCHEDULE OF NET POSITION IN POOL PARTICIPANT'S ACCOUNTS  
JUNE 30, 2016

1471	York County Treasurer	349,427.10
1489	Dillon County Board Of Education	1,897.74
1493	City Of Westminster	159,704.59
1499	Fort Mill School District 4	37,680,417.82
1500	Chester County Treasurer	1,248,376.19
1501	Chester County Treasurer	711,929.02
1502	Chester County Treasurer	3,395,703.89
1510	York County S/D 1	8,705,263.90
1512	City Of Greenwood	153,468.33
1514	Greenville County Schools	10,196,622.15
1515	Chester County Treasurer	4,421,151.61
1519	Rock Hill S/D 3 Of York Co.	31,500,174.45
1520	City Of North Augusta	154,033.66
1521	City Of North Augusta	1,032,266.72
1526	Mt. Pleasant Waterworks Escrow	693,214.23
1527	Charleston Co School District	253,064.03
1535	Pioneer Rural Water District	718,498.99
1536	Pioneer Rural Water District	133,057.62
1538	Pioneer Rural Water District	1,342.94
1539	York County Treasurer	34,642,748.72
1541	Town Of Port Royal	105,100.47
1543	Bamberg School District One	137,583.31
1545	Lancaster Co Natural Gas Auth	4,118,680.72
1552	City Of Mauldin	715,189.75
1554	Town Of Sullivan'S Island	114,131.33
1562	Fairfield County Treasurer	111,918.84
1580	Spartanburg Co. S/D	581,225.31
1581	Dsrf-City Of Traveler'S Rest	18,493.50
1595	Chester County School District	1,258,345.81
1596	City Of Isle Of Palms	1,383,944.98
1599	Greenville County Schools	4,835,374.19
1603	Orangeburg School District 5	15,764,381.29
1605	Clover School District Two	15,978,813.53
1609	Greenville Health System	29,245,474.05
1610	Greenville Health System	2,963,243.81
1613	City Of Myrtle Beach	342,610.62
1616	Richland County Treasurer	1,422,342.04
1617	City Of North Augusta	5,764,103.32
1618	City Of North Augusta	274,598.74
1619	City Of North Augusta	495,330.68
1622	Riverbanks Park Commission	1,344,033.44
1630	Orangeburg Co. S/D Three	4,091,043.94
1635	Upper Savannah Cog	219,073.56
1642	St. Andrews Public Srvc	1,261,439.01
1651	York County S/District #1	62,955.45
1652	City Of Mauldin	1,668,749.33
1654	Chester County School District	8,375,791.25
1658	Joint Municipal Water & Sewer	11,349,870.08
1659	Joint Municipal Water & Sewer	1,199.65
1662	Town Of McCormick	281,389.41
1663	Town Of McCormick	281,389.41
1664	Town Of McCormick	124,864.94
1665	Town Of McCormick	188,605.07
1671	City Of Isle Of Palms	289,891.11
1672	City Of Georgetown	1,388,825.01
1673	Town Of Blythewood	203,176.81
1675	Town Of Blythewood	257,696.92
1680	City Of Hanahan	985,150.71
1689	Chester Co. Natural Gas Authorit	104,760.14
1699	City Of Fountain Inn	15,524.90

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

SCHEDULE OF NET POSITION IN POOL PARTICIPANT'S ACCOUNTS  
JUNE 30, 2016

1702	Lancaster County	23,771,498.05
1703	Greenville Health System	1,069,005.23
1714	City Of Georgetown	3,205.59
1715	York County Treasurer	469,565.19
1716	St. John'S Fire District	10,844.31
1718	Lexington Med Center Operating	11,520,244.62
1726	City Of Forest Acres	881,407.14
1730	City Of Myrtle Beach	722,302.52
1731	City Of New Ellenton	150,244.62
1733	Town Of Lowrys	154,471.29
1740	City Of Rock Hill	3,692,323.93
1741	City Of Rock Hill	1,438,930.70
1744	Town Of Lyman	356,953.16
1745	Town Of Lyman	1,311,444.91
1754	City Of North Augusta	653,135.97
1755	City Of North Augusta	495,218.31
1760	City Of Sumter	2,731,089.60
1762	City Of Hanahan	464,465.20
1775	Eleventh Circuit Solicitor	85,386.10
1779	Town Of Rockville Council	172,393.58
1784	City Of Conway	3,839.43
1792	Newberry County Treasurer	2,565,523.85
1793	Town Of Winnsboro	348,871.34
1794	City Of Clinton	22,604.85
1798	Town Of Winnsboro	99,929.12
1800	Laurens County Water Sewer Comm	1,270,199.88
1808	City Of Walterboro	116,761.19
1809	Pioneer Rural Water District	151,380.55
1810	Town Of Jackson	52,304.04
1817	Williamsburg County S/D	7,226,871.20
1827	Williamsburg County Treasurer	288,619.28
1828	Dorchester County Treasurer	4,064,823.62
1830	Dorchester County Treasurer	32,250,725.33
1831	Dorchester County Treasurer	7,390,740.38
1832	Dorchester County Treasurer	32,759,322.17
1833	Dorchester County Treasurer	3,967,647.99
1835	Dorchester County Treasurer	6,615,170.05
1840	York County Treasurer	9,545,962.56
1842	City Of Mauldin	1,737,552.60
1843	City Of Abbeville	600,967.81
1845	Dsrf-Big Creek Wtr & Swr Dist	208,073.22
1847	Dillon County Board Of Education	1,643.47
1849	Dillon County Board Of Education	1,258.13
1850	Richland County Treasurer	246,682.51
1852	Dsrf-City Of Traveler'S Rest	30,447.91
1854	Dsrf-Moncks Corner Public Wks	412,880.29
1856	Spartanburg Sanitary Sewer Dist	2,257,191.28
1857	City Of North Augusta	847,344.83
1861	Richland County Treasurer	680,530.71
1864	Oconee County School District	7,846,338.39
1867	Bcd Council Of Governments	219,220.99
1868	Town Of Fort Lawn	19,556.06
1871	City Of Mauldin	63,285.09
1873	City Of Clinton	998,723.87
1874	Town Of Walhalla	1,303,277.57
1875	York County Treasurer	3,875,061.11
1876	York County Treasurer	39,196,072.97
1880	Richland County Treasurer	754,818.31
1882	City Of North Augusta	1,337,783.52
1883	Newberry County Treasurer	484,854.62

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

SCHEDULE OF NET POSITION IN POOL PARTICIPANT'S ACCOUNTS  
JUNE 30, 2016

1887	Newberry County Treasurer	1,255.71
1888	Lexington Co S/D 3	676,460.24
1889	City Of Camden	1,103,334.92
1892	Newberry County Treasurer	145,347.60
1893	Florence County Treasurer	25,133,388.79
1895	Clarendon County S/D 3	1,217.94
1897	Newberry County Treasurer	314,430.75
1898	Greenwood County Treasurer	21,238,398.20
1900	City Of Isle Of Palms	222,948.39
1905	City Of North Augusta	175,002.70
1907	Greenville Water System	8,864,175.41
1909	Oconee County Treasurer	8,600,067.29
1911	City Of North Augusta	771,905.65
1912	Dsrf-McCormick County	2,567.15
1915	York County Treasurer	73,843,854.28
1916	City Of Newberry	1,063,720.95
1917	City Of Newberry	853,543.28
1924	Lancaster Water & Sewer District	9,187,797.78
1925	Lancaster Water & Sewer District	11,108,277.75
1927	York County Treasurer	7,991,883.04
1929	Newberry County Treasurer	158,773.39
1936	Greenville Health System	8,361,403.42
1939	Lowcountry Council Of Government	256,139.88
1941	Powdersville Water District	1,421.33
1943	Dsrf-City Of Anderson	30,572.90
1944	Dsrf-City Of Anderson	109,076.48
1947	City Of Isle Of Palms	326,520.06
1948	Sumter County Council/Treasurer	2,280,706.35
1954	Dorchester County S/D 2	13,015,602.61
1956	City Of Columbia	138,760,340.57
1966	Ds-Town Of Lexington	1,287,195.42
1973	Greer Comm Public Works	3,061,777.64
1977	Dsrf-Southside Rural Comm Water	172,569.74
1983	Richland County Treasurer	936,425.44
1988	Dsrf-Town Of Pendleton	115,428.23
1989	Calhoun County Treasurer	1,767,390.66
1991	Dsrf-Pioneer Rural Water Distric	193,166.22
1992	Greenwood County Treasurer	2,056,109.45
1995	Richland Co. Rec Comm 2009B	29,987.82
1996	Pioneer Rural Water District	69,465.19
2003	Dsrf-City Of Abbeville	130,718.89
2004	City Of Columbia	7,154,459.70
2005	Central Carolina Tech. College	8,107,868.16
2006	Anderson County S/D 3	5,355.80
2007	Old Fort Fire District	1,636,050.66
2009	Anderson County S/D 4	16,302.87
2010	Anderson County S/D 5	33,690,158.36
2011	Anderson County S/D 1	13,036,870.18
2012	Anderson 1 & 2 Career & Tech Ctr	895,301.95
2013	Anderson County Board Of Ed.	72,545.26
2015	City Of Sumter	211,590.86
2016	North Charleston Sewer District	5,267,370.10
2017	North Charleston Sewer District	13,768,536.46
2018	Ds-City Of Barnwell	247,776.52
2023	City Of Columbia	9,404,442.33
2025	Newberry County Treasurer	64,605.59
2026	Town Of Ridge Spring	325,557.64
2029	Greenville Water System	2,174,278.60
2035	Newberry County Treasurer	131,633.00
2037	City Of Clinton	1,094,486.71

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

SCHEDULE OF NET POSITION IN POOL PARTICIPANT'S ACCOUNTS  
JUNE 30, 2016

2038	Richland County Treasurer	67,955.10
2045	Richland County Treasurer	1,923,171.10
2050	Charleston Co. Park & Recreation	161,676.57
2051	Newberry County Treasurer	111,127.97
2052	Dsrf-City Of Union	141,483.64
2057	Dsrf-City Of Union	110,499.96
2065	Dorchester County Treasurer	2,273,223.55
2066	City Of Charleston	121,107.06
2067	City Of Isle Of Palms	168,321.43
2071	Calhoun County Treasurer	3,402,950.65
2073	City Of Orangeburg	1,594,350.28
2074	City Of Orangeburg	1,520,686.08
2081	Charleston Co School District	46,221.38
2082	Dsrf-Darlington County W&S Auth.	343,862.23
2083	Charleston Co School District	49,519,426.87
2084	Dillon County Board Of Education	7,807.26
2085	Oconee County Treasurer	319,332.26
2091	Sumter County School District	82,144.95
2092	South Island Psd	5,624,432.86
2093	City Of Fountain Inn	507,438.58
2094	City Of Fountain Inn	1,034.34
2095	Charleston County Treasurer	100,826,413.87
2096	Richland-Lexington Airport Dist	8,612,046.13
2105	Richland County Treasurer	365,208.59
2106	Beaufort County Treasurer	1,815,659.65
2113	Lancaster County School District	1,014,094.23
2114	Newberry County Treasurer	5,003,327.71
2117	Beaufort County Treasurer	684,067.34
2119	Beaufort County Treasurer	22,493,064.29
2120	Beaufort County Treasurer	7,084,650.22
2122	Beaufort County Treasurer	114,155.08
2125	James Island Charter High School	3,546,550.98
2126	Dsrf-City Of Union	177,009.12
2127	Spartanburg County Treasurer	78,644,148.61
2128	Lugoff-Elgin Water Authority	1,180,755.95
2130	Santee Lynches Regional Cog	551,655.43
2133	Town Of Mount Pleasant	20,373,164.64
2134	Town Of Mount Pleasant	22,400,494.50
2137	Georgetown County Treasurer	47,208,123.24
2138	City Of Charleston Housing Auth	1,543,129.78
2139	Mount Pleasant Water & Sewer	447,420.48
2140	City Of Clinton	1,259,165.57
2141	City Of Clinton	202,290.10
2142	City Of Charleston	58,839,527.49
2144	City Of Charleston	7,090,840.91
2145	City Of Charleston	28,362,035.99
2147	Newberry County Water & Sewer	407,534.96
2148	Newberry County Water & Sewer	428,843.80
2149	Newberry County Water & Sewer	201,820.15
2150	Newberry County Water & Sewer	647,712.29
2151	Spartanburg Co. S/D	259,218.39
2152	Calhoun County Treasurer	239,513.00
2153	Dorchester County Treasurer	3,779.61
2154	Lancaster Water & Sewer District	1,058,302.83
2155	City Of Charleston	2,267,493.94
2161	Oconee County Treasurer	7,112.64
2162	City Of Charleston	3,392,701.52
2163	City Of Sumter	33,197.63
2164	Greenville Water System	837,934.70
2166	Edgefield Co Water&Sewer Author	494,507.30

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

SCHEDULE OF NET POSITION IN POOL PARTICIPANT'S ACCOUNTS  
JUNE 30, 2016

2167	Town Of Irmo	1,009.76
2169	Beaufort County Treasurer	678,693.97
2170	Richland County Treasurer	11,499,627.10
2174	Beaufort County Treasurer	5,053,032.45
2175	Richland County Treasurer	134,628.95
2177	Dorchester County Treasurer	1,785.84
2178	Lexington County Treasurer	158,088.48
2179	Richland County Treasurer	577,755.08
2181	Richland County Treasurer	2,887,444.93
2182	City Of Abbeville	50,532.98
2183	Horry County Treasurer	55,640,063.24
2184	Horry County Treasurer	33,569,452.81
2185	Lancaster County Treasurer	7,917,476.29
2186	Town Of Mount Pleasant	14,939,410.18
2187	Horry County Treasurer	35,947,169.01
2188	Duncan Chapel Fire District	302,094.70
2191	Broad Creek Public Service Dist	1,464,460.04
2192	Calhoun County Treasurer	530,238.04
2194	Edgefield Co Water&Sewer Author	1,785,448.67
2195	Horry County Treasurer	10,567,920.09
2199	Newberry County Treasurer	140,710.71
2201	Greenville County Schools	39,191,386.47
2203	City Of Greenwood	670,206.13
2206	Beaufort County Treasurer	3,579,854.80
2209	City Of Columbia	37,643.03
2210	Dsrf-City Of Abbeville	47,026.77
2211	Oconee County Treasurer	148,154.29
2212	Newberry County Treasurer	1,282.30
2213	City Of Clinton	85,845.27
2214	Newberry County Treasurer	126,849.12
2224	Mount Pleasant Waterworks	995,993.20
2225	Newberry County Treasurer	34,621.57
2226	Aiken County Treasurer Acps	4,661.84
2227	Lexington County Treasurer	26,742,942.20
2228	Richland County Treasurer	1,644,617.43
2230	Richland County Treasurer	7,951,286.99
2232	Lexington County Treasurer	10,317.85
2233	Richland County Treasurer	10,977,708.33
2234	Dsrf-City Of Union	123,329.95
2235	Dsrf-City Of Union	72,326.35
2236	City Of Fountain Inn	85,139.19
2237	City Of Fountain Inn	23,074.51
2238	Ds-Joint Municipal Water & Sewer	1,367,481.15
2239	Ds-Joint Municipal Water & Sewer	1,530,255.09
2240	Town Of Central	50,417.42
2241	Town Of Central	100,834.88
2242	Town Of Central	272,253.11
2243	Town Of Central	302,503.90
2244	Lancaster Water & Sewer District	519,780.95
2245	Town Of Pawleys Island	3,030,281.42
2246	City Of Charleston	8,338,598.90
2248	Greenwood County Treasurer	6,535,367.29
2250	Laurens County Treasurer	329,448.35
2251	City Of Clinton	300,061.07
2252	Dsrf-City Of North Augusta	796,841.73
2253	Kershaw Cty & Lee Cty Reg Water	785,642.82
2254	Town Of Varnville	100,826.36
2255	Kershaw Cty & Lee Cty Reg Water	1,366,373.77
2257	Town Of Mount Pleasant	6,829,604.05
2258	Richland County Treasurer	102,161,586.51

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

SCHEDULE OF NET POSITION IN POOL PARTICIPANT'S ACCOUNTS  
JUNE 30, 2016

2259	Richland County Treasurer	13,856,584.36
2262	Dsrf-D.P.U. City Of Orangeburg	1,634,316.96
2263	Richland County Treasurer	17,853,484.00
2264	Dsrf-City Of Myrtle Beach	731,771.16
2265	Dsrf-D.P.U. City Of Orangeburg	259,137.38
2266	Dsrf-D.P.U. City Of Orangeburg	59,458.20
2269	Lexington County Treasurer	2,686,955.22
2270	Marion County School District	4,524,189.38
2271	Spartanburg Sanitary Sewer Dist	2,494,668.67
2272	City Of Clinton	21,101.06
2273	North Charleston Sewer District	1,306,631.59
2274	Newberry Co Water & Sewer Author	75,339.44
2275	Dsrf-Town Of Sullivans Island	91,190.77
2276	Richland County Treasurer	15,792,357.81
2277	Lexington County Treasurer	1,801,543.50
2278	Lexington County Treasurer	385,071.58
2279	Greenville County Schools	11,337,272.02
2281	North Charleston Sewer District	14,749,062.57
2282	Lexington County Treasurer	2,305,252.35
2283	Mount Pleasant Waterworks	4,130,067.21
2284	Richland County Treasurer	4,279,482.60
2285	Ds-Greenville Health System	541,496.06
2286	Startex-Jackson-Wellford-Duncan	724,316.74
2288	Greenville Water System	2,071,124.14
2289	Greenville Water System	362,769.88
2290	Dsrf-Town Of Jackson	43,164.20
2291	Dsrf-City Of North Augusta	795,451.75
2292	Lexington County Treasurer	447,928.29
2294	Richland County Treasurer	2,009,748.71
2295	Charleston County Schools	16,115.81
2296	Laurens Commission Of Public Wor	804,560.88
2297	Charleston County School Distric	1,920,745.48
2298	Charleston County School Distric	949,431.95
2299	Charleston County School Distric	36,411,355.88
2300	Dorchester County Treasurer	456,764.80
2302	Laurens County Water & Sewer Com	1,418,128.78
2303	Aiken County Treasurer One Cent	16,395,234.60
2304	Aiken County Public Schools	44,780.91
2305	Chester County Treasurer	7,522,451.10
2306	Richland County Treasurer	46,233,502.79
2307	Richland County Treasurer	13,356,808.27
2308	Laurens County Treasurer	2,039,673.33
2309	Georgetown County Dsn Board	401,895.61
2311	City Of Clinton	610,647.42
2312	Ds-City Of Charleston	20,906,131.22
2313	City Of Sumter	28,318,552.38
2314	Lexington County Treasurer	6,382,733.34
2315	Greenville County School Distric	44,114,694.89
2316	Lexington County Treasurer	725,410.80
2317	Lexington Co. Treasurer Series	11,502,108.26
2319	Mt. Pleasant Waterworks Water Im	160,851.47
2320	Mt. Pleasant Waterworks Waste Im	1,616,980.07
2321	Richland Co. Treasurer Series A	5,109,335.07
2322	Lexington Co. Treasurer Sd1 2015	4,017,196.01
2323	Newberry Co. Treasurer Cpst Fire	39,411.58
2324	City Of Dillon Sc Water Pollutio	45,747.86
2325	Anderson School District Two	669,304.82
2326	Startex-Jackson-Wellford-Duncan	2,761,914.32
2328	York County	109,254,392.52
2329	Lancaster Co Water & Sewer Distr	9,021,426.80

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

SCHEDULE OF NET POSITION IN POOL PARTICIPANT'S ACCOUNTS  
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2330	Spartanburg Sanitary Sewer Dist	249,426.10
2331	Cherokee County Treasurer	7,514,800.45
2332	Aiken County Treasurer School Bo	87,916,945.57
2333	Charleston County School Distric	23,319,350.42
2334	Charleston County School District	8,009,789.18
2335	Cherokee County School District	67,346,329.89
2336	Aiken Co Control Account	18,023,235.14
2337	Aiken Co Capital Projects 2	15,023,048.19
2338	Calhoun Co Rural Fire District	1,001,161.34
2339	North Charleston General Fund	580,456.86
2340	Dsrf - City Of Goose Creek	479,537.29
2341	Dsrf- City Of Darlington	14,701.78
2342	Lexington County Treasurer	6,559,942.86
2343	Newberry County Treasurer	980,299.98
2344	Horry County School District	150,694,935.07
2345	Richland County Treasurer	10,002,385.69
2346	Richland County Treasurer	11,404,284.05
2347	Greenville Co School District	9,596,698.40
2348	Lexington County Treasurer	102,616,408.47
2349	Lexington County Treasurer	9,524,346.36
2350	Newberry County Water & Sewer	100,021.06
2351	Aiken County Treas Gob 2016	9,659,421.32
		<u>\$ 4,822,193,831.70</u>

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INDEPENDENT AUDITORS' 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. George L. Kennedy, III, CPA  
State Auditor  
Office of the State Auditor  
Columbia, South Carolina

We have audited, 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, the statement of fiduciary net position and statement of changes in fiduciary net position of the South Carolina Local Government Investment Pool (the "Pool"), an investment trust fund of the State of South Carolina as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Pool's basic financial statements, and have issued our report thereon dated September 21, 2016.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

Our consideration of internal control 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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



## COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Pool's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

## PURPOSE OF THIS REPORT

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

Columbia, South Carolina  
September 21, 2016

*The Holla Group, P.A.*

