

***LANCASTER COUNTY,  
SOUTH CAROLINA***

**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT**

***For the Fiscal Year Ended  
June 30, 2010***

Issued By  
Lancaster County Finance Department



**LANCASTER COUNTY, SOUTH CAROLINA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
Year Ended June 30, 2010**

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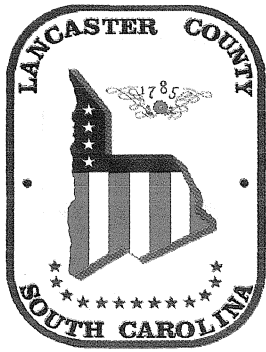
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## **INTRODUCTORY SECTION**







## Lancaster County

P.O. Box 1809  
101 N. Main St.  
Lancaster, SC 29721

Telephone:  
803-285-1565

November 12, 2010

To the Chairman, Members of County Council, and Citizens of Lancaster County:

The South Carolina Code of Laws requires an annual audit of the financial records and transactions of the County by independent certified public accountants. In compliance with that requirement, we herewith issue the comprehensive annual financial report of Lancaster County, South Carolina, for the year ended June 30, 2010.

The report consists of management's representations concerning the County's finances. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented herein. To provide a reasonable basis for making these assertions, management, including County Council, has established an internal control structure designed to protect the County's assets from loss, theft, or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the County's internal control structure has been designed to provide reasonable, but not absolute, assurance that the financial statements will be free from material misstatement. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The accounting firm of McAbee, Talbert, Halliday, & Co. was selected by the County Council to conduct an audit of the accompanying financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of Lancaster County for the fiscal year ended June 30, 2010, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was reasonable basis for rendering an unqualified opinion on the County's financial statement for the year ended June 30, 2010. The independent auditor's report is included at the beginning of the financial section of this report.

In addition to meeting the South Carolina statutory requirements, the audit of the financial statements was designed to meet the federally mandated requirements of the Single Audit Act, as amended by the Single Audit Act of

1996, and the U.S. Office of Management and Budget's Circular A-133. These standards require the independent auditor to report not only on the fair presentation of the financial statements, but also on the County's internal controls and compliance with legal requirements applicable to the administration of federal grants. The independent auditor's reports related specifically to the Single Audit are included in the Single Audit Section..

Generally accepted accounting principles require that management provide Management's Discussion and Analysis (MD&A), which is a narrative introduction, overview, and analysis of the accompanying basic financial statements. This letter of transmittal is designed to complement the MD&A which immediately follows the report of the independent auditor in the financial sections.

### ***PROFILE OF THE GOVERNMENT***

Lancaster County, South Carolina is located in the north central section of the State, and is bounded on the west by the Catawba River and Sugar Creek, on the east by Lynches River, on the South by Kershaw County, and on the north by Mecklenburg and Union counties of North Carolina. The County was established in 1785. The County includes three incorporated municipalities: Lancaster, Kershaw, and Heath Springs. The City of Lancaster, the county seat, is located 37 miles south of Charlotte, North Carolina and 60 miles north of Columbia, South Carolina, the state capital.

The industrial base of Lancaster County has changed from textiles to a diverse array of industries. Springs Global, a global textile home furnishings company, closed its doors but keeps a distribution center in Lancaster and is a principal property tax payer. Major industries include: Duracell USA, a leading energy company and one of the world's leading manufacturers of high-performance alkaline batteries and Cardinal Health, a global healthcare products and services company, which employs about 700 employees. Springs Memorial Hospital is also one of the ten highest taxpayers and employs 710. The County has a two-year university, the University of South Carolina at Lancaster, with an approximate enrollment of 1600 students. The university hopes to become a four-year college in the near future.

Lancaster County operates under the Council-Administrator form of government. The County Council is comprised of seven single member districts. The Council bi-annually elects one member to serve as Chairman, one member to serve as Vice-Chairman, and one member to serve as Secretary. County Council is responsible, among other things, for passing ordinances, adopting the budget, and appointing the Administrator. Council members, who are elected on a bi-partisan basis, serve four-year terms.

The County provides a number of services, primarily to residents of its unincorporated areas such as law enforcement, fire protection, solid waste management, and roads & bridges. The County also provides a variety of administrative services to all residents. These services include voter registration, tax assessment and collection, and health and welfare. In addition, the County is financially accountable for the County Library, County Recreation and County Airport, all of which are reported as special revenue funds in the financial statements.

Lancaster County government strives to maintain financial integrity and accountability in budgetary and internal controls. The objective of these controls is to ensure compliance with legal provisions contained in the annual budget approved by County Council and ensure fiscal accountability to its citizens.

Each year, the budget process requires all County departments and agencies to submit requests for appropriations to the County Administrator. On the basis of the requests, the Finance Director prepares a draft budget. The proposed budget is presented to the County Council for review and approval. The Council holds three readings, a public hearing and adopts the budget no later than June 30.

The appropriated budget is prepared by fund and function. County department heads may make certain transfers of appropriations within their own departmental budgets without approval of Council, and the County Administrator may make certain transfers between departments without approval of Council. The legal level of budgetary control is the fund level.

Budget-to-actual comparisons are provided in this report for each governmental fund for which an appropriated annual budget has been adopted. For the general and major special revenue funds, this comparison is presented on pages 47 through 50 as part of the basic financial statements. Other special revenue funds budget-to-actual comparisons are presented as supplementary information on pages 56 through 64. For the debt service fund, the comparison is presented on page 66.

## ***FACTORS AFFECTING ECONOMIC CONDITION***

### ***Local Economy***

Lancaster County's close proximity to the Mecklenburg County, the Charlotte Douglas International Airport and Interstate 485 makes it an ideal place to work and live. The County has experienced some downturn in the residential market during the past year but the commercial market has remained stable. As stated earlier, the industrial base of Lancaster County has changed from textiles to a diverse array of industries and a number of major corporations

have chosen to relocate here. The following is a list of some of the corporations recently relocating:

**Nutramax Laboratories, Inc.**, a privately owned company, which researches, develop, manufacturers and markets premium veterinary and consumer products. The company will invest approximately \$12.5 million in acquiring, updating, and expanding existing facilities, with the plans to create about 200 jobs over the next five years.

**Defense Venture Group**, a company which designs and manufactures security and military equipment, is expected to invest \$50 million and create about 200 jobs. The company expects to move all of its manufacturing, research & development, and headquarter operations into an existing facility in the Indian Land region of the County.

**Red Ventures**, an internet marketing and sales company that acquires new customers on behalf of leading brands in a variety of markets, recently relocated its headquarters in the northern end of the County and is currently working on an expansion. The company plans to invest more than \$20 million and generate 1,000 new jobs over the next five to seven years.

#### ***Long-term Financial Planning***

County Council is developing a strategic plan with the help of the University of South Carolina Institute of Public Policy & Research. The County used the SWOT (Strengths, Weaknesses, Opportunities, and Threats) Analysis and department heads were asked to complete a survey listing up to five SWOT items. Department heads were also asked to list up to five of their greatest needs over the next two to three years. The strategic plan will be a tool used during the fiscal year 2012 budget & subsequent budget planning to determine the services that will be provided to the citizens of Lancaster County.

The County is also developing a ten year CIP (Capital Improvement Plan). The CIP will be adopted in fiscal year 2011 and will be a planning tool for subsequent budget years.

#### ***Relevant financial policies***

Cash temporarily idle during the year was invested in demand deposits, direct obligations of the United States Treasury, and repurchase agreements. It is the County's policy to minimize market risk while maintaining the highest possible yield. Investments are currently held in the South Carolina Local Government Investment Pool of the State Treasurer. The County is currently updating financial policies which will be adopted during fiscal year 2011.

The Lancaster County Economic Development Corporation in conjunction with the Workforce Investment Act Board and a division of York Technical College will be centrally relocated in a recently vacated building donated to the County. The relocation should be complete in fiscal year 2011 and will allow these entities to work closer together in providing job training opportunities for the citizens of the County.

The County has also engaged a firm to perform a workforce analysis study. This study will determine the job skills our population is lacking and on what areas job training should be focused.

#### ***Awards and Acknowledgements***

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to Lancaster County for its Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2009. This is the eleventh consecutive year the County has received this award. In order to be awarded a Certificate of Achievement, Lancaster County published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of the comprehensive annual financial report would not have been possible without the assistance of the Finance Department staff, as well as the staffs of the County Auditor's Office and the County Treasurer's Office. The hard work and dedication of these individuals significantly contributed to the completion of this document. Moreover, the support and leadership of the County Council has been instrumental in the development of this report. We would also like to thank the accounting firm of McAbee, Talbert, Halliday, & Co., for their assistance with this project.

Respectfully submitted,



Steve Willis

County Administrator



Veronica C. Thompson

Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Lancaster  
South Carolina

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director



## **LANCASTER COUNTY, SOUTH CAROLINA**

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### **PRINCIPAL OFFICIALS**

*For the Year Ended June 30, 2010*

### **MEMBERS OF COUNTY COUNCIL**

Rudy Carter, District 5, Chair  
Larry Honeycutt, District 2, Vice Chair  
Kathy Sistare., District 7, Secretary  
Larry McCullough, District 1, Member  
Charlene McGriff, District 2, Member  
D. W. "Cotton" Cole, District 3, Member  
Jack Estridge, District 6, Member

### **ELECTED OFFICIALS**

Richard Rowell, Treasurer  
Barry Faile, Sheriff  
Sandra Estridge, Probate Judge  
Jeff Hammond, Clerk of Court  
Cheryl Morgan, Auditor  
Michael Morris, Coroner

### **ADMINISTRATIVE OFFICIALS**

Steve Willis, County Administrator  
Veronica Thompson, Finance Director  
Irene Plyler, Clerk to Council



## **FINANCIAL SECTION**



## INDEPENDENT AUDITORS' REPORT

Lancaster County Council  
Lancaster County  
Lancaster, South Carolina

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lancaster County, South Carolina (the County), as of , and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. 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 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Lancaster County, South Carolina, as of June 30, 2010, and the respective changes in financial position thereof 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 also issued our report dated November 12, 2010, on our consideration of the County'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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, and the schedule of funding progress for the retiree health plan, as listed in the table of contents, 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate 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 introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

*McAfee Talbott Halliday & Co.*

Spartanburg, South Carolina  
November 12, 2010

## LANCASTER COUNTY, SOUTH CAROLINA

### Management's Discussion and Analysis

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As management of Lancaster County, South Carolina, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of Lancaster County for the fiscal year ended June 30, 2010. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal beginning on page 1 and the County's financial statements.

#### *Financial Highlights*

- Lancaster County's assets exceeded its liabilities at the close of the most recent fiscal year by \$58,539,641 in the Statement of Net Assets. Of that amount, \$17,985,707 was available to meet ongoing obligations.
- At the close of the last fiscal year, the County's combined governmental funds reported ending fund balances of \$49,735,783 a decrease of \$15,686,654 from the prior year.
- At June 30, 2010, unreserved fund balance for the General Fund was \$13,940,414 which is 45 percent of total general fund expenditures.

#### *Overview of the Financial Statements*

The following discussion and analysis is intended to serve as an introduction to Lancaster County's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

#### **Government-wide financial statements**

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business. These statements consist of a statement of net assets and a statement of activities, which report information about the overall financial position and activities of Lancaster County government as a whole.

The *statement of activities* presents information on how the County's net assets changed during the most recent fiscal year. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid. The focus of the statement of activities is on the net cost of activities provided by the County.

The *statement of net assets* presents information on all the County's assets and liabilities, with the difference between the two reported as net assets. One can think of the County's net assets as a way a measure of financial health. Over time, increases or decreases in the County's net assets are one indicator of whether financial health is improving or deteriorating.

The government-wide financial statements includes not only information about the County itself (known as the primary government), but also one blended component unit, the SCAGO Public

## LANCASTER COUNTY, SOUTH CAROLINA

### Management's Discussion and Analysis

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Facilities Corporation for Lancaster County. The government-wide financial statements can be found on pages 22 and 23 of this report.

#### **Fund financial statements**

The fund financial statements provide more detailed information about the County's most significant funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Lancaster County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into two categories: governmental funds and fiduciary funds.

#### *Governmental funds*

Governmental funds are used to account for the County's general government activities. Unlike the government-wide financial statements, governmental fund financial statements are reported using current financial resources. Revenues are recognized to the degree that they are available to finance expenditures of the fiscal period being reported.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information provided for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances are accompanied by a reconciliation that facilitates this comparison.

The County maintains twenty-four individual governmental funds. The general fund, which is considered to be a major fund, accounts for all financial resources except those required to be accounted for in another fund. The Capital Projects Sales Tax Fund is considered a major fund. The SCAGO Public Facilities Corporation fund, used to account for installment purchase revenue bonds, is the major capital projects fund. The Transportation fund, which accounts for expenditures of gas tax funds on road construction, is also considered to be a major fund. The County's remaining twenty funds, (7) capital projects funds, (11) special revenue funds, and (2) debt service funds, are presented as non-major funds.

Lancaster County adopts an annual appropriated budget for its general, debt service and special revenue funds. Project length budgets are adopted for the capital projects fund. Budgetary comparison statements have been provided for the general fund and the special revenue funds as required supplementary information. Budgetary comparisons for the debt service and capital projects funds are included as other supplementary information.

The governmental fund financial statements can be found on pages 24 through 27 of this report.

## LANCASTER COUNTY, SOUTH CAROLINA

### Management's Discussion and Analysis

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#### *Fiduciary funds*

Fiduciary funds account for assets held by the County in a trustee capacity or as an agent on behalf of others. The resources of fiduciary funds are not available to support the County's programs and are therefore excluded from the government-wide financial statements. The statement of fiduciary fund net assets can be found on page 28 of this report.

#### **Notes to the financial statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and government fund financial statements. The notes to the financial statements begin on page 29.

#### **Other information**

To facilitate analysis, in addition to the basic financial statements and accompanying notes, this report presents the previously mentioned budgetary comparisons for the debt service and capital projects funds, a combining schedule of changes in agency fund net assets, information about the County's capital assets, and a schedule required by state law applicable to expenditures on behalf of victims of crime. This supplementary information begins on page 47.

#### *Government-wide Financial Analysis*

As noted earlier, the statement of net assets presents the difference between the County's assets and liabilities and over time may serve as an indicator of its financial position. In the case of Lancaster County, assets exceeded liabilities by \$58,539,641 at the close of the most recent fiscal year.

**LANCASTER COUNTY, SOUTH CAROLINA**  
**Management's Discussion and Analysis**

The following table presents a summary of the statement of net assets as of June 30, 2010:

<b>Lancaster County's Net Assets</b>		
	<u>Governmental Activities</u>	
	<u>FY 2010</u>	<u>FY 2009</u>
Current and other assets	\$66,229,478	\$73,732,725
Capital assets	63,403,978	45,389,006
<b>Total assets</b>	<b>\$129,633,456</b>	<b>\$119,121,731</b>
Long-term liabilities outstanding	\$63,355,638	\$62,539,054
Other liabilities	7,738,177	3,798,508
<b>Total liabilities</b>	<b>\$71,093,815</b>	<b>\$66,337,562</b>
Net assets:		
Invested in capital assets, net related of debt	\$30,319,260	\$27,608,973
Restricted	10,234,674	3,668,396
Unrestricted	17,985,707	21,506,800
<b>Total net assets</b>	<b>\$58,539,641</b>	<b>\$52,784,169</b>

By far the largest portion (52%) of Lancaster County's **net assets** is invested in capital assets less any related outstanding debt which was used to acquire those assets. Total assets increased primarily due to construction in progress recorded for the new Justice Center.

The restricted portion of Lancaster County's net assets (17%) represents resources that are subject to external restrictions on their use such as funds for property tax reduction and transportation funds. The County's restricted net assets increased primarily due collecting Capital Project Sales Tax Revenue used to pay down Installment Purchase Revenue Bond debt (Justice Center). A portion of the County's net assets (30%) reflect unrestricted assets. At the end of the current fiscal year, the County is able to report positive balances in all three categories of net assets.



# LANCASTER COUNTY, SOUTH CAROLINA

## Management's Discussion and Analysis

The table below summarizes the change in net assets for the County for the year ended June 30, 2010:

<b>Lancaster County's Changes in Net Assets</b>		
	<u>Governmental Activities</u>	
	<u>FY 2010</u>	<u>FY 2009</u>
Revenues:		
Program Revenues:		
Charges for services	\$ 8,170,535	\$ 7,486,108
Operating grants & contributions	6,378,143	2,775,364
Capital grants & contributions	946,405	5,555,897
General Revenues:		
Property taxes	24,531,262	23,375,134
Other taxes & licenses	1,446,517	1,482,296
Local option sales tax, levied for capital proj.	5,281,993	0
Unrestricted grants & contributions	3,985,341	4,492,562
Unrestricted interest income	101,224	374,332
Other	1,652,252	1,033,880
Total revenues	<u>52,493,672</u>	<u>46,575,573</u>
Expenses:		
General government	10,832,346	11,004,706
Administration of justice	1,557,943	1,705,545
Public safety and law enforcement	11,374,643	10,747,904
Public works	6,065,063	6,050,232
Public health & welfare	5,641,662	5,352,189
Economic development	5,722,386	14,662,127
Culture & recreation	3,322,019	3,879,845
Interest on long-term debt	2,222,138	1,272,708
Total expenses	<u>46,738,200</u>	<u>54,675,256</u>
Increase (Decrease) in net assets	<u>5,755,472</u>	<u>(8,099,683)</u>
Net assets- beginning of year (restated)	<u>52,784,169</u>	<u>60,883,852</u>
Net assets- end of year	<u>\$58,539,641</u>	<u>\$52,784,169</u>

For fiscal year 2010, the government's net assets increased by \$5,755,472 compared to FY09. Overall, total revenues increased in fiscal year 2010 by \$5,918,099 and total expenses declined \$7,937,056. In FY10, the County received an FAA Airport Improvement Program Grant to rehabilitate the airport runway. A reimbursement of \$2,771,606 attributed to the increase in **operating grants & contributions**. **Capital grants and contributions** declined due to the County receiving roads donated from various developments in fiscal year 2009.

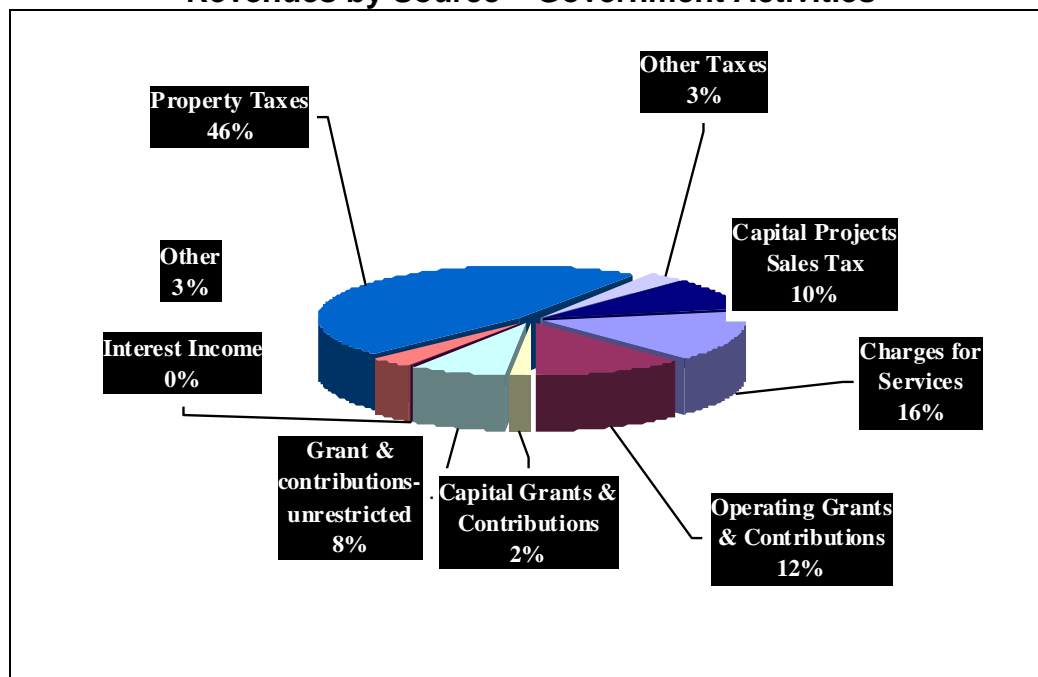
## LANCASTER COUNTY, SOUTH CAROLINA

### Management's Discussion and Analysis

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**Local option sales tax** is a new category of General Revenues in fiscal year 2010. A countywide voter's referendum was passed in November 2008 that allowed the County to collect a one cent capital projects sales tax. Collections began in May 2009 and the tax is to help fund the construction of a new justice center in the amount of \$33 million dollars.

**Revenues by Source – Government Activities**



Although the total cost of all governmental activities for the County declined, there were a number of individual expense groups that remained stable. **General government** decreased partly due to a reduction in contingency account spending because of budget constraints.

Providing activities for **public safety and law enforcement** expenses continues to be the largest expense (24%) each fiscal year. In fiscal year 2009, The County addressed issues regarding the lack of adequate Court Security by staffing eighteen sheriff's deputies assigned to serve and protect those involved in the court system. This endeavor was fully staffed for the entire fiscal year 2010, last fiscal year included staff for a partial year because of start up.

**Economic Development** was the largest decline in the expenses category. In fiscal year 2008, assessment revenue bonds were issued for road and infrastructure in the Edgewater II district. Most of the improvements occurred in FY2009.

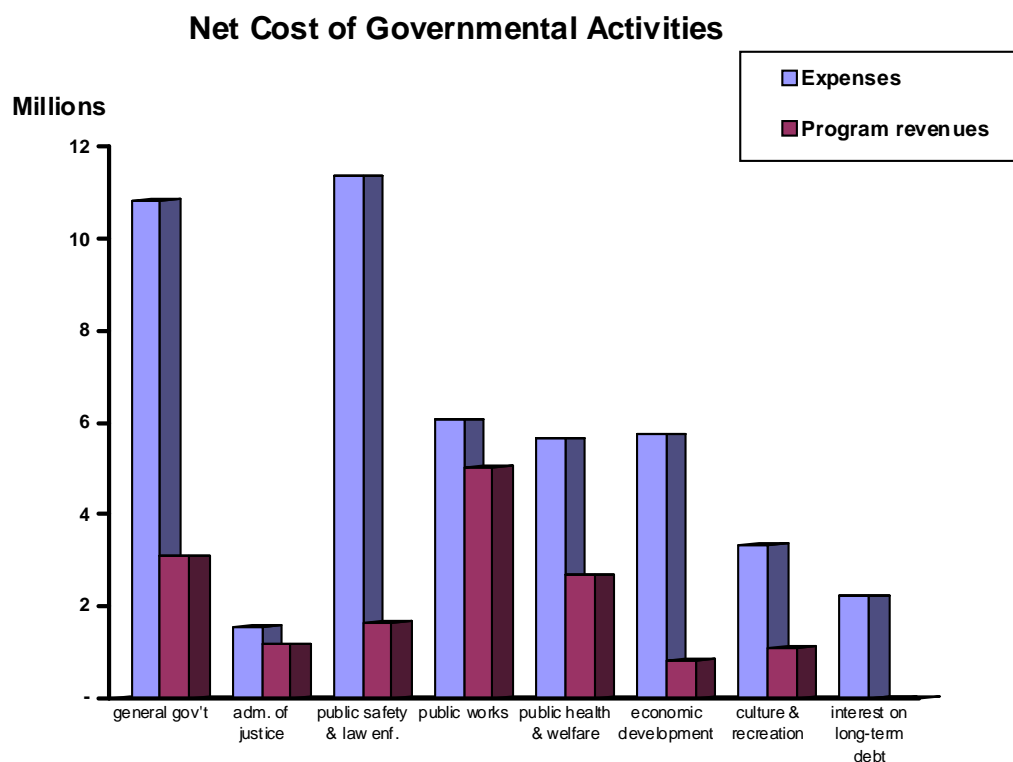
The government decreased its **culture and recreation** expense by \$557,826. Included in the decrease was an impairment loss of \$365,174 recorded in FY 2009 due to a development ceasing construction because of the economy. The County increased its **interest on long term debt** expense for two interest payments on the SCAGO bond which was issued to build a new justice center.

## LANCASTER COUNTY, SOUTH CAROLINA

### Management's Discussion and Analysis

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The chart below represents the net cost of the County's governmental activities:



### *Financial Analysis of the County's Funds*

As noted earlier, Lancaster County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the major governmental fund of the County. At the end of the fiscal year, Lancaster County reported an unreserved fund balance of \$13,940,414 in the General Fund, a decrease of \$1,518,998 from last fiscal year. The decrease was due to spending about \$500,000 to purchase & upgrade a building for the County Coroner and expending \$1,299,681 of lease proceeds received in FY 09 used to provide energy saving improvements in county buildings. The county budgeted \$175,000 to construct a road to the Springs Park boat landing. Both the Coroner and Springs Park projects were one-time expenditures funded by fund balance. In spite of the decrease, the County continues to maintain a healthy fund balance during the recession due to conservatively estimating revenues and controlled spending. The total fund balance of all the governmental funds reached \$49,735,783.

## LANCASTER COUNTY, SOUTH CAROLINA

### Management's Discussion and Analysis

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#### *General Fund Budgetary Highlights*

A budgetary comparison schedule is included for the general fund on pages 47-48. Actual expenditures exceeded revenues by \$269,841. Actual revenues were below budgetary estimates by \$186,061 and actual expenditures did not exceed budgetary appropriations by \$1,770,200. The County was able to curtail spending due to the revenues coming under budget. The County also transferred \$1,891,908 from the General Fund to provide funding for the following:

- \$963,848 to fund the Library's employees, benefits, & some operating costs;
- \$889,321 to help fund the Recreation Fund;
- \$38,739 to support for the Airport operations.

Significant variances between final budgets to actual amounts for revenues include:

- **Licenses and permits-** Building permits remained down due to the economy. Collections increased from FY09 but are still below estimates;
- **Investment earnings** collected remained less than estimated due to the down turn in the economy;
- **Charges for services** had a positive variance of \$234,034 partly due delinquent tax collection costs exceeding estimates.

The County reported no significant negative variances between final budgets and actual amounts for expenditures. There were significant differences between the original and final budgets due to the following:

- \$225,000 supplemental appropriation for the EMS department to fund overages in vehicle maintenance and medical supplies costs;
- \$605,000 to purchase ambulances paid from lease proceeds;
- \$350,000 emergency road repairs due to a flood;
- \$15,000 computer software for the Coroner's office;
- \$1,299,681 to fund costs of energy savings improvements to county buildings (lease proceeds received in FY09);
- \$309,966 to assist in constructing an Industrial Park in Kershaw (county agreed to help fund a total of \$400,000 in FY09).

#### *Capital Assets*

Lancaster County's investment in capital assets for its governmental activities as of June 30, 2010, totaled \$63,404,008, net of accumulated depreciation. This investment in capital assets includes land, buildings and building improvements, vehicles, furniture and equipment. The roads, highways and bridges (i.e., infrastructure assets) added during the fiscal year are also included. The total increase of Lancaster County's investment in capital assets was 40% from last fiscal year.

**LANCASTER COUNTY, SOUTH CAROLINA**  
**Management's Discussion and Analysis**

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**Lancaster County's Capital Assets (net of depreciation)**

	<u>Governmental Activities</u>	
	FY 2010	FY 2009
Land	\$ 4,297,745	\$ 4,168,845
Buildings & Improvements	19,930,049	17,576,957
Vehicles	8,822,559	8,803,006
Furniture & Equipment	4,495,573	4,921,426
Infrastructure	8,351,464	8,294,462
Construction in Progress	17,506,618	1,624,310
Total	\$ 63,404,008	\$ 45,389,006

Major capital asset events during the current year included the following:

- \$901,766 in restoration expenditures for the Old Courthouse;
- \$599,700 to purchase three ambulances;
- \$500,000 to purchase and upgrade Coroner's building;
- \$350,031 to purchase \$350,031 of heavy equipment & vehicles for the Roads & Bridges department
- \$322,022 to purchase vehicles for the Sheriff's department;
- \$12,295,198 construction in progress for the new justice center which will be completed in FY11;
- Infrastructure added this fiscal year included \$694,960 of roads accepted by Council from various subdivisions and roads paved.

Additional information on the County's capital assets can be found in note 3. C beginning on page 37.

*Debt Administration*

The legal limit on the amount of general obligation bonded indebtedness that the County can incur is 8% of assessed value. At the end of the current fiscal year, the County had total long-term liabilities outstanding of \$63,355,638. General obligation bonds constituted 25% (\$15,778,340) of long-term debt and are backed by the full faith and credit of the government.

**LANCASTER COUNTY, SOUTH CAROLINA**  
**Management's Discussion and Analysis**

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**Lancaster County's Outstanding Debt**  
**General Obligation and Revenue Bonds**

	<u>Governmental Activities</u>	
	<u>FY 2010</u>	<u>FY 2009</u>
General Obligation Bonds	\$15,778,340	\$14,764,408
Special Source Revenue Bonds	2,733,658	2,973,658
SCAGO PFC Installment Purchase RB	38,410,000	38,410,000
Total	<u>\$56,921,998</u>	<u>\$56,148,066</u>

Lancaster County's total long-term debt increased by \$816,589 during the current fiscal year. The County issued a general obligation bond for the Pleasant Valley Fire District in the amount of \$2.5 million dollars and reduced principal in other long term debts.

The County currently has ratings of A and A2 from Standard & Poor's Corporation and Moody's Investors Service, respectively, on general obligation bond issues. Additional information on the County's long-term debt can be found in notes 3. E on pages 39 through 43 of this report.

*Economic Factors and Next Year's Budgets and Tax Rates*

- The unemployment rate for Lancaster County was at a current level of 16.4% in June 2010. Statewide unemployment was 11.0%, while the national average was 9.5% during the same period.
- Sales tax receipts for fiscal year 2011 were 6% percent lower (\$224,789) than fiscal year 2010 for the unincorporated areas of the County.
- In order to comply with GASB 45, the Annual Required Contribution for FY11 was determined to be \$262,127 which is included in the budget.
- A Cost-of-Living Adjustment was not appropriated in the FY11 budget. Longevity increases of about \$275,000 were included though. The County also added four new positions: Automotive Inventory Clerk (1/2 year), IT employee for Sheriff's department (1/2 year), Kitchen supervisor for the Detention Center, Vocational Program Instructor for the Fire department.
- The County's aid from the State of South Carolina was reduced by about \$315,000 due to State budget cuts. The total reduction for the past two fiscal years amounts to almost \$1 million dollars.

**LANCASTER COUNTY, SOUTH CAROLINA**  
**Management's Discussion and Analysis**

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In order to maintain the County's net assets and fund balances at current levels in the face of increased demand for services, County Council adopted a budget for fiscal year 2011 which includes 68.40 mils. County Council also adopted 4.10 mils for capital replacement needs, 7.60 mils for debt service, and 3.50 mils for Court Security.

*Requests for Information*

This financial report is designed to provide a general overview of Lancaster County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to ***Finance Director, Lancaster County, P O Box 1809, Lancaster, SC 29721.***

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**EXHIBIT A**

**LANCASTER COUNTY, SOUTH CAROLINA**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2010**

	<b>Governmental Activities</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 8,471,401
Investments	42,267,216
Taxes receivable, net	1,554,188
Other receivables, net	4,834,543
Due from other governmental agencies	6,610,568
Inventories	63,519
Prepaid items	833,832
Bond issue costs, net of amortization	926,755
Land held for resale	667,456
Capital assets not being depreciated	21,804,363
Capital assets being depreciated, net of accumulated depreciation	<u>41,599,615</u>
	<u><u>\$ 129,633,456</u></u>
<b>Liabilities</b>	
Accounts payable and other current liabilities	\$ 6,873,785
Other post-employment benefit obligation	296,369
Accrued interest payable	382,483
Unearned revenue	185,540
Non-current liabilities:	
Due within one year	7,274,002
Due in more than one year	<u>56,081,636</u>
Total liabilities	<u><u>71,093,815</u></u>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	30,319,260
Restricted for:	
Capital projects	6,828,292
Property tax reduction	401,621
Public safety	27,535
Public works	2,300,153
Public health and welfare	227,103
Debt service	449,970
Unrestricted	<u>17,985,707</u>
Total net assets	<u><u>58,539,641</u></u>
	<u><u>\$ 129,633,456</u></u>

The accompanying notes are an integral part of these statements.

## EXHIBIT B

**LANCASTER COUNTY, SOUTH CAROLINA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2010**

Functions/Programs	Program Revenue				Net (Expense)
					Revenue and Changes
					In Net Assets
					Primary Government
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Primary government</b>					
Governmental Activities					
General government	\$ 10,832,346	\$ 2,649,811	\$ 291,510	\$ 139,073	\$ (7,751,952)
Administration of justice	1,557,943	1,161,469	4,725	-	(391,749)
Public safety and law enforcement	11,374,643	687,158	943,233	-	(9,744,252)
Public works	6,065,063	237,670	4,101,922	698,599	(1,026,872)
Public health and welfare	5,641,662	2,523,597	147,727	-	(2,970,338)
Economic development	5,722,386	-	824,460	-	(4,897,926)
Culture and recreation	3,322,019	910,830	64,566	108,733	(2,237,890)
Interest on long-term debt	2,222,138	-	-	-	(2,222,138)
Total primary government	<u>\$ 46,738,200</u>	<u>\$ 8,170,535</u>	<u>\$ 6,378,143</u>	<u>\$ 946,405</u>	<u>(31,243,117)</u>
<b>General revenues:</b>					
Taxes:					
Property taxes, levied for general purposes					19,657,167
Property taxes, levied for debt service					2,754,409
Property taxes, levied for court mandated security					989,120
Property taxes, levied for equipment replacement					1,130,566
Other taxes and licenses					1,446,517
Local option sales tax, levied for capital projects					5,281,993
Grants and contributions not restricted to specific programs					3,985,341
Unrestricted investment earnings					101,224
Miscellaneous					581,757
Extraordinary item - insurance recoveries, net of impairment loss					1,070,495
Total general revenues, special items, and transfers					<u>36,998,589</u>
Change in net assets					5,755,472
Net assets - beginning of year					<u>52,784,169</u>
Net assets - end of year					<u>\$ 58,539,641</u>

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

**LANCASTER COUNTY, SOUTH CAROLINA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2010**

	General Fund	Transportation	Capital Projects Sales Tax	Capital Projects Fund - SCAGO Public Facilities Corporation	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Cash and cash equivalents	\$ 5,440,111	\$ -	\$ 2,485	\$ -	\$ 3,028,805	\$ 8,471,401
Investments	11,491,509	-	-	23,600,186	7,175,521	42,267,216
Taxes receivable, net	124,555	-	-	-	31,805	156,360
Due from other funds	7,794,103	2,089,075	2,955,488	-	1,380,615	14,219,281
Due from other governments	1,633,661	211,078	1,464,632	-	235,434	3,544,805
Other receivables	597,888	-	-	-	192,631	790,519
Land held for resale	667,456	-	-	-	-	667,456
Inventories	25,511	-	-	-	38,008	63,519
Prepaid items	832,540	-	-	-	1,292	833,832
	<u>\$ 28,607,334</u>	<u>\$ 2,300,153</u>	<u>\$ 4,422,605</u>	<u>\$ 23,600,186</u>	<u>\$ 12,084,111</u>	<u>\$ 71,014,389</u>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities:</b>						
Accounts payable and accrued liabilities	\$ 5,196,511	\$ -	\$ -	\$ 565,922	\$ 620,508	\$ 6,382,941
Accrued wages payable	490,844	-	-	-	-	490,844
Due to other funds	6,425,179	-	-	3,364,180	4,429,922	14,219,281
Unearned revenue	101,986	-	-	-	83,554	185,540
	<u>12,214,520</u>	<u>-</u>	<u>-</u>	<u>3,930,102</u>	<u>5,133,984</u>	<u>21,278,606</u>
<b>Fund Balances:</b>						
<b>Reserved for:</b>						
Land held for resale	667,456	-	-	-	-	667,456
Inventories	25,511	-	-	-	-	25,511
Encumbrances	111,903	11,182	-	-	1,641,520	1,764,605
Prepaid items	832,540	-	-	-	-	832,540
Property tax reduction	401,621	-	-	-	-	401,621
DSS IV-D Incentive	227,103	-	-	-	-	227,103
Victim assistance	32,656	-	-	-	-	32,656
Drug task force	153,610	-	-	-	-	153,610
Debt service	-	-	-	-	4,299,381	4,299,381
Capital projects	-	-	-	-	314,811	314,811
<b>Unreserved, reported in non-major:</b>						
General fund	13,940,414	-	-	-	-	13,940,414
Special revenue funds	-	2,288,971	4,422,605	19,670,084	(1,396,462)	24,985,198
Capital projects funds	-	-	-	-	2,090,876	2,090,876
	<u>16,392,814</u>	<u>2,300,153</u>	<u>4,422,605</u>	<u>19,670,084</u>	<u>6,950,127</u>	<u>49,735,783</u>
	<u>\$ 28,607,334</u>	<u>\$ 2,300,153</u>	<u>\$ 4,422,605</u>	<u>\$ 23,600,186</u>	<u>\$ 12,084,111</u>	<u>\$ 71,014,389</u>

**LANCASTER COUNTY, SOUTH CAROLINA  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2010**

<b>Total Governmental Fund Balances</b>	<b>\$ 49,735,783</b>
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*Amounts reported for governmental activities in the statement of net assets are different because:*

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	63,403,978
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Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:

Taxes receivable	1,397,828
Other receivables	7,109,787
Bond issue costs	926,755

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:

Accrued interest payable	(382,483)
Other post-employments benefit liability	(296,369)
Long-term debt	<u>(63,355,638)</u>

<b>Net Assets of Governmental Activities</b>	<b><u>\$ 58,539,641</u></b>
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The accompanying notes are an integral part of these statements.

**LANCASTER COUNTY, SOUTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	General Fund	Transportation	Capital Projects Sales Tax	Capital Projects Public Facilities Corporation	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Property taxes	\$ 19,418,982	\$ -	\$ -	\$ -	\$ 4,827,689	\$ 24,246,671
Other taxes	976,296	-	5,281,993	-	470,220	6,728,509
Intergovernmental	3,290,461	1,326,253	-	-	1,977,028	6,593,742
Licenses and permits	2,864,552	-	-	-	-	2,864,552
Charges for services	2,663,366	-	-	-	1,343,829	4,007,195
Fees and fines	1,137,564	-	-	-	65,197	1,202,761
Contributions and donations	62,266	-	-	-	155,855	218,121
Investment earnings	65,030	5,328	7,420	9,712	11,745	99,235
Miscellaneous	111,652	-	-	-	27,050	138,702
Total revenues	30,590,169	1,331,581	5,289,413	9,712	8,878,613	46,099,488
<b>Expenditures</b>						
Current						
General government	10,186,854	-	21,361	-	879,691	11,087,906
Administration of justice	1,496,411	-	-	12,757,428	901,766	15,155,605
Public safety and law enforcement	8,302,504	-	-	-	2,971,450	11,273,954
Public works	4,155,822	932,627	-	-	389,984	5,478,433
Public health and welfare	5,747,912	-	-	-	134,376	5,882,288
Economic development	569,246	-	-	-	4,928,426	5,497,672
Culture and recreation	-	-	-	-	3,025,348	3,025,348
Debt service						
Principal	278,591	-	-	-	1,856,665	2,135,256
Interest and other charges	122,670	-	-	-	2,415,668	2,538,338
Capital outlay	-	-	-	-	3,059,750	3,059,750
Total expenditures	30,860,010	932,627	21,361	12,757,428	20,563,124	65,134,550
Excess (deficiency) of revenues over (under) expenditures	(269,841)	398,954	5,268,052	(12,747,716)	(11,684,511)	(19,035,062)
<b>Other Financing Sources (Uses)</b>						
Issuance of debt	-	-	-	-	2,502,721	2,502,721
Issuance of debt - capital leases	605,000	-	-	-	-	605,000
Proceeds from sale of capital assets	12,751	-	-	-	-	12,751
Transfers in	25,000	-	-	-	2,732,365	2,757,365
Transfers out	(1,891,908)	-	(840,457)	-	(25,000)	(2,757,365)
Total other financing sources and	(1,249,157)	-	(840,457)	-	5,210,086	3,120,472
<b>Extraordinary Item</b>						
Insurance recoveries	-	-	-	-	227,936	227,936
Net Change in Fund Balances	(1,518,998)	398,954	4,427,595	(12,747,716)	(6,246,489)	(15,686,654)
Fund Balances, Beginning of Year	17,911,812	1,901,199	(4,990)	32,417,800	13,196,616	65,422,437
Fund Balances, End of Year	\$ 16,392,814	\$ 2,300,153	\$ 4,422,605	\$ 19,670,084	\$ 6,950,127	\$ 49,735,783

The accompanying notes are an integral part of these statements.

**LANCASTER COUNTY, SOUTH CAROLINA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2010**

**Net Change in Fund Balances - Total Governmental Funds** **\$ (15,686,654)**

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay of \$21,196,587 exceeded depreciation expense of \$3,880,214 in the current period. 17,316,373

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the difference between the proceeds received from sale of assets and the loss on sale.

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Property taxes	284,592
Other receivables	4,096,219
Donated assets	698,599

Proceeds from debt issues are an other financing source in the funds, but a debt issue increases long-term liabilities in the statement of net assets. (3,107,721)

Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized over the term of the long-term debt in the statement of activities

Bond issuance costs	(39,700)
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Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 2,135,256

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 59,063

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Accounts payable	49,166
Landfill closure and postclosure costs	30,542
Amortization expense	82,638
Other post-employment liability	(149,826)
Compensated absences	(13,075)

**Change in Net Assets of Governmental Activities** **\$ 5,755,472**

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

**EXHIBIT E****LANCASTER COUNTY, SOUTH CAROLINA  
STATEMENT OF FIDUCIARY NET ASSETS  
JUNE 30, 2010**

	Agency Funds
Assets	
Cash and cash equivalents	\$ 6,474,162
Investments	5,991,124
Property taxes receivable	262,694
Accounts receivable	2,078
	<u>\$ 12,730,058</u>
Liabilities	
Due to other taxing units	\$ 5,883,633
Due to others	6,846,425
	<u>\$ 12,730,058</u>

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

**LANCASTER COUNTY, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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

Lancaster County, South Carolina (the County) operates under Home Rule legislation effective July 1, 1976. The County operates under a Council-Administrator form of government and provides the following services as authorized by its charter: public safety (police and judicial), public works (roads and bridges), sanitation, health and welfare, culture-recreation, public improvements, and general administration services.

The County's comprehensive annual financial report includes the accounts of all county operations. The financial statements of Lancaster County, South Carolina, have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**A. Reporting Entity**

Lancaster County is a corporate government entity incorporated under the South Carolina Home Rule Act and is governed by an elected seven member County Council. These financial statements present the government as required by U.S. generally accepted accounting principles.

The County has one blended component unit, the SCAGO Public Facilities Corporation for Lancaster County (SCAGO PFC), which is a not-for-profit 501(c)(3) organization incorporated for the specific charitable purpose of serving as a "support organization" for the capital projects of the County. The Corporation's board members are appointed by the board of directors of the South Carolina Association of Governmental Organizations. Because the Corporation exclusively benefits the County, the Corporation's financial information is blended with that of the County in these basic financial statements. Separate financial statement information for the Corporation is included in individual columns throughout the financial statements. The Corporation does not issue separate financial statements.

**B. Basis of Presentation**

Financial statements for governments like that of Lancaster County are presented from two perspectives, the government-wide perspective and the fund perspective.

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all non-fiduciary activities of the County. Net assets are calculated based on information on all the County's assets and liabilities, including property and equipment and long-term debt. As a general rule, the effect of interfund activity, if any, has been removed from the government-wide financial statements. Exceptions to this rule are interfund services provided and used, which are not eliminated during the process of consolidation because elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. In these statements, governmental activities, which are normally supported by taxes and intergovernmental revenues, are distinguished from any business type activities in which the government may be engaged and which rely on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses, including depreciation of property and equipment, are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items which are not properly included among program revenues are reported as general revenues.



**LANCASTER COUNTY, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**B. Basis of Presentation - continued**

Separate fund financial statements are provided for governmental and fiduciary funds, groupings of accounts used to control resources that have been segregated for specific activities or objectives. Major individual governmental funds are reported as separate columns in the fund financial statements. The governmental fund balance sheet includes a reconciliation of the total fund balance for all governmental funds to total net assets of governmental activities reported in the government-wide statement of net assets. In addition, the governmental statement of revenues, expenditures and changes in fund balances also includes a reconciliation of the changes in fund balances of the governmental funds to the government-wide statement of activities.

**C. Measurement Focus and Basis of Accounting**

The government-wide financial statements are 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. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The funds of the reporting entity are described below:

**Governmental Funds**

**General Fund** - The general fund is the government's primary operating fund and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

**Special Revenue Funds** - Special revenue funds accounts for specific revenues that are legally restricted to expenditure for particular purposes. The reporting entity includes one major special revenue fund, the Transportation Fund.

**Debt Service Funds** - The debt service fund and the SCAGO PFC debt service fund account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental funds and the SCAGO Public Facilities Corporation of Lancaster County.

**LANCASTER COUNTY, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**C. Measurement Focus and Basis of Accounting - Continued**

Capital Project Funds - Capital project funds are used to account for the acquisition and construction of major capital facilities. The reporting entity includes two major capital project funds, the Edgewater II District Fund and the SCAGO Public Facilities Corporation Capital Projects Fund.

Fiduciary Funds (not included in the government-wide statements)

*Agency funds* account for assets held by the County as an agent for other governmental units and courts in accordance with Acts of the General Assembly of South Carolina. The County's fiduciary fund category includes agency funds for education, clerk of court, family court, probate court, property taxes, magistrates and special assessment taxes.

**D. Assets, Liabilities and Net Assets or Equity**

*Cash and Investments*

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the primary government and its component units to invest in obligations of the United States and its agencies, general obligations (not revenue obligations) of the State of South Carolina and its political subdivisions, savings and loan associations to the extent of federal insurance, certificates of deposit collaterally secured, repurchase agreements secured by the foregoing obligations, and the State Treasurer's Investment Pool. The State Treasurer's Investment Pool is a 2a7-like pool, which is not registered with the Securities and Exchange Commission (SEC), 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.

Investments are stated at fair value which approximates cost.

*Receivables and Payables*

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

In the Statement of Net Assets, accounts receivables are stated net of their allowance for uncollectible amounts. Governmental funds report *unearned revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, all *unearned revenue* reported in the governmental funds was for grant amounts which were drawn down prior to meeting all eligibility requirements.

Property taxes receivable represents delinquent and unpaid real and personal property tax billings less an allowance for the amounts estimated to be uncollectible.

**LANCASTER COUNTY, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**D. Assets, Liabilities and Net Assets or Equity - Continued**

Taxes on real property are assessed as of January 1, levied the following September, due January 15, and become delinquent March 15. Liens attach to the property at the time the taxes are levied. The levy date for motor vehicle taxes is the first day of the month in which the motor vehicle license expires. These taxes are due by the last day of the same month.

*Inventories and Prepaid Items*

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

*Capital Assets*

Capital assets include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items) and are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	40
Vehicles	5-15
Furniture and equipment	5-15
Public domain infrastructure	20

*Compensated Absences*

It is the County's policy to permit employees to accumulate earned but unused vacation pay benefits. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. For the governmental activities, compensated absences are generally liquidated by the general fund.

*Long-term Obligations*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the lives of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

**LANCASTER COUNTY, SOUTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**D. Assets, Liabilities and Net Assets or Equity - continued**

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

*Fund Equity*

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by an outside party for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

*Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general fund, the debt service fund, and the transportation special revenue fund. When projects are underway, project length budgets are adopted for the capital projects funds. The General Fund, Equipment Replacement Fund, Local Accommodations Tax Fund, Debt Service Fund, Transportation Fund, Pleasant Valley Fire District Fund, E-911 Fund, Recreation Fund, Airport Fund, Library Fund, the Sun City/Belair Special Tax District Fund, and the Court Mandated Security Fund have legally adopted budgets. The Restricted Grants Fund budget is approved as grants are awarded and are budgeted on a project basis, therefore, some grants span over several years. All annual appropriations lapse at fiscal year end.

Each year, all County departments submit requests for appropriations to the county finance director. On the basis of the requests, the finance director prepares a draft budget. The proposed budget is presented to the County Council for review and approval. The Council holds public hearings and adopts the budget no later than June 30.

The appropriated budget is prepared by fund, function, and department. County department heads may make certain transfers of appropriations within their own departmental budgets without approval of Council, and the County Administrator may make certain transfers between departments without approval of Council. The legal level of budgetary control is the fund level.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts), if any, outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

**LANCASTER COUNTY, SOUTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010**

**NOTE 3. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

Deposits

For deposits, custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County does not have a policy for custodial credit risk.

As of June 30, 2010, the County's deposits were as follows:

	Bank Balance	Carrying Amount
	<u>\$</u>	<u>\$</u>
Demand deposits	16,291,609	14,937,859

Of the County's bank balance, \$1,583,468 was covered by FDIC insurance and \$14,708,141 was collateralized by securities held by the pledging bank's trust department or agent in the County's name.

Investments

As of June 30, 2010, the County had the following investments:

Investment Type	Fair Value	Maturity	Rating
State Treasurer's Investment Pool	\$ 11,491,509	>60 days	Not Rated
First American Government Obligations Class Y	2,751,645	Daily	Not Rated
Wells Fargo Advantage Government Money Market Account	34,015,186	Daily	Not Rated
	<u>\$ 48,258,340</u>		

Interest rate risk is the risk that the market value of securities in the portfolio will fall due to changes in the market interest rates. It is the County's policy to minimize interest rate while maintaining the highest possible yield.

Credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The County has no formal policy on managing credit risk. The State Treasurer's Investment Pool is not rated, but generally, investments in the State Treasurer's Investment Pool are collateralized by debt securities in corporate obligations, state or political subdivision obligations of investment grade or higher quality and in federal agency securities.

Custodial credit risk – For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The County minimizes credit risk by limiting investments to the types of securities allowed by law.

Concentration of credit risk is the risk of loss attributable to the magnitude of the County's investment in a single issuer. The risk is mitigated by diversifying the investment portfolio so that the impact of potential losses from any one type of security or investor will be minimized. The County places no limits on the amount that may be invested in any one issuer.

**LANCASTER COUNTY, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 3. DETAILED NOTES ON ALL FUNDS - Continued**

**A. Deposits and Investments - continued**

Reconciliation of cash and investments to the Government-wide Statement of Net Assets:

Unrestricted cash, including time deposits	\$ 8,471,401
Investments	42,267,216
Agency fund cash (not included in government-wide statement)	6,474,162
Agency fund investments (not included in government-wide statement)	5,991,124
Less: Petty cash	<u>(7,704)</u>
	<u><u>\$ 63,196,199</u></u>

**B. Receivables**

Governmental Fund accounts receivable at June 30, 2010 are summarized as follows:

	General	Transportation	Special Revenue	Debt Service	Capital Projects	Total
Receivables						
Taxes	\$ 124,555	\$ -	\$ 16,841	\$ 14,964	\$ -	\$ 156,360
Other receivables	597,888	-	58,768	-	133,863	790,519
Intergovernmental	<u>1,633,661</u>	<u>211,078</u>	<u>1,700,059</u>	<u>7</u>	<u>-</u>	<u>3,544,805</u>
Net total receivables	<u><u>\$ 2,356,104</u></u>	<u><u>\$ 211,078</u></u>	<u><u>\$ 1,775,668</u></u>	<u><u>\$ 14,971</u></u>	<u><u>\$ 133,863</u></u>	<u><u>\$ 4,491,684</u></u>

No provision for uncollectible accounts receivable was necessary as of June 30, 2010.

**LANCASTER COUNTY, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 3. DETAILED NOTES ON ALL FUNDS - Continued**

**C. Capital Assets**

Capital asset activity for the County for the year ended June 30, 2010 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 4,168,845	\$ 128,900	\$ -	\$ 4,297,745
Construction in progress	1,624,310	16,244,653	(362,345)	17,506,618
Total capital assets not being depreciated	5,793,155	16,373,553	(362,345)	21,804,363
Capital assets being depreciated:				
Buildings and improvements	28,118,090	3,316,966	-	31,435,056
Vehicles	16,250,817	1,430,209	(44,100)	17,636,926
Furniture and equipment	9,173,065	441,843	(16,200)	9,598,708
Infrastructure	12,600,456	694,960	-	13,295,416
Total capital assets being depreciated	66,142,428	5,883,978	(60,300)	71,966,106
Less accumulated depreciation for:				
Buildings and improvements	(10,541,133)	(963,874)	-	(11,505,007)
Vehicles	(7,447,811)	(1,410,656)	44,100	(8,814,367)
Furniture and equipment	(4,251,639)	(867,696)	16,200	(5,103,135)
Infrastructure	(4,305,994)	(637,988)	-	(4,943,982)
Total accumulated depreciation	(26,546,577)	(3,880,214)	60,300	(30,366,491)
Total capital assets being depreciated, net	39,595,851	2,003,764	-	41,599,615
Governmental activities capital assets, net	\$ 45,389,006	\$ 18,377,317	\$ (362,345)	\$ 63,403,978

Depreciation expense was charged to functions/programs of the County as follows:

Governmental activities:	
General government administration	\$ 801,798
Administration of justice	47,101
Public safety and law enforcement	1,316,495
Public works, including depreciation of infrastructure assets	973,940
Public health and welfare	472,858
Culture and recreation	268,022
Total depreciation expense	<u>\$ 3,880,214</u>

**LANCASTER COUNTY, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 3. DETAILED NOTES ON ALL FUNDS - Continued**

**C. Capital Assets – continued**

In August 2008, the Lancaster County Courthouse was destroyed by fire. The Courthouse, a historic building on the National Register, was 180 years old. County Council decided to restore the building. An insurance recovery of \$1,070,495 has been reported as a special item on the statement of activities.

**D. Inter-fund Transactions**

Inter-fund balances arise because the County Treasurer utilizes a cash pool to maximize earnings. Inter-fund balances at June 30, 2010 were:

Receivable Fund	Payable Fund	Amount
General Fund	Capital Projects	\$ 1,271,128
General Fund	Restricted Grants	355,675
General Fund	Airport Commission	2,709,927
General Fund	Capital Projects - SCAGO	3,364,180
General Fund	Pleasant Valley Fire District	92,692
General Fund	Debt Service	500
Capital Project Sales Tax	General Fund	2,955,488
Sun City/Belair Special Tax District	General Fund	67,003
E911 Fund	General Fund	496,384
Capital Improvement	General Fund	403,143
Court Mandated Security Fund	General Fund	160,129
Transportation Fund	General Fund	2,089,075
Edenmoor Special Tax District	General Fund	6,268
Local Accomodations Tax	General Fund	3,730
Edgewater Improvement Dist	General Fund	183,722
Edgewater II Improvement District	General Fund	946
Recreation Fund	General Fund	59,291
		<u>\$ 14,219,281</u>

Inter-fund transfers for the year ended June 30, 2010, consisted of the following:

Transfer from	Transfer to	Purpose	Amount
General Fund	Recreation Fund	Recreation operations	\$ 889,321
General Fund	Airport Fund	Airport operations	38,739
General Fund	Library Fund	Library operations	963,848
Capital Projects Sales Tax	SCAGO Debt Service Fund	Debt payments	840,457
Local Accomodations Tax	General Fund	Tourism promotions	25,000
			<u>\$ 2,757,365</u>



**LANCASTER COUNTY, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 3. DETAILED NOTES ON ALL FUNDS - Continued**

**E. Long-term Obligations**

The following is a summary of long-term obligations of the County as of June 30, 2010:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
General obligation bonds	\$ 14,764,408	\$ 2,500,000	\$ 1,486,068	\$ 15,778,340	\$ 1,624,633
Capital leases	3,202,000	605,000	409,187	3,397,813	604,414
SCAGO PFC Installment purchase revenue bonds	38,410,000	-	-	38,410,000	4,185,000
Special source revenue bonds	2,973,658	-	240,000	2,733,658	209,413
Landfill closure and postclosure costs	1,406,722	-	30,542	1,376,180	30,542
Compensated absences	828,261	630,849	617,774	841,336	620,000
Deferred amounts:					
Unamortized discount	(35,683)	-	(2,974)	(32,709)	-
Unamortized loss on advanced refunding	(239,686)	-	(21,030)	(218,656)	
Unamortized premium	1,229,367	2,721	162,412	1,069,676	-
Long-term liabilities	<u>\$ 62,539,047</u>	<u>\$ 3,738,570</u>	<u>\$ 2,921,979</u>	<u>\$ 63,355,638</u>	<u>\$ 7,274,002</u>

*General Obligation Bonds*

General obligation bonds payable at June 30, 2010 are comprised of the following individual issues:

Description of Issue	Amount
General obligation bonds, series 2001, interest at 4% to 6 %, maturing 2020	\$ 3,610,000
General obligation bonds, series 2007, interest at 3.76%, maturing 2012	763,340
General obligation bonds, series 2008, interest at 3.25% to 3.63%, maturing 2015	4,600,000
General obligation refunding bonds, series 2009, interest at 3.00% to 4.00%, maturing 2024	4,305,000
General obligation refunding bonds, series 2010, interest at 3.00% to 5.8%, maturing 2030	2,500,000
	<u>\$ 15,778,340</u>

**LANCASTER COUNTY, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 3. DETAILED NOTES ON ALL FUNDS - Continued**

**E. Long-term Obligations - Continued**

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2011	\$ 1,624,633	\$ 623,266	\$ 2,247,899
2012	1,688,707	576,718	2,265,425
2013	1,765,000	511,564	2,276,564
2014	1,825,000	444,965	2,269,965
2015	1,900,000	376,365	2,276,365
2016 to 2021	4,525,000	1,195,102	5,720,102
2021 to 2026	1,665,000	459,015	2,124,015
2027 to 2030	785,000	94,830	879,830
Total	<u>\$ 15,778,340</u>	<u>\$ 4,281,825</u>	<u>\$ 20,060,165</u>

*Advanced Refunding*

On June 1, 2009, the County issued \$4,630,000 General Obligation Refunding Bonds, Series 2009. The County issued the bonds to advance refund \$525,000 of outstanding General Obligation Bonds, Series 1996, \$3,790,000 of outstanding General Obligation Bonds, Series 1999, and to pay certain issuance costs. In connection with the issuance of the bonds, a premium of \$29,301 was recorded and is being amortized over the life of the bonds. As of June 30, 2010, the unamortized premium was \$27,219. The proceeds of the Series 2009 were deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments related to the Series 1996 and Series 1999 bonds being refunded. The advance refunding met the requirements of an in-substance defeasance and the refunded bonds were removed from the County's Statement of Net Assets.

The advance refunding resulted in a book loss of \$241,438, which is being amortized. The unamortized losses for the refunding at June 30, 2010 are shown netted against the related bonds in the Statement of Net Assets. Amortization has been included in interest expense and was \$21,030 for the year ended June 30, 2009.

The advance refunding reduced total debt service payments over the next fifteen years by approximately \$395,000. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$321,716.

*Capital Leases*

The County has entered into various lease agreements as lessee in order to finance acquisition of sanitation vehicles, ambulances and office equipment. These lease agreements include a bargain purchase options and qualify as capital leases for accounting purposes. Vehicles and equipment totaling \$13,619,725 have been purchased with proceeds from capital lease agreements.

On February 24, 2010, the County entered into a capital lease of \$605,000 to finance the purchase of ambulances.

**LANCASTER COUNTY, SOUTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010**

**NOTE 3. DETAILED NOTES ON ALL FUNDS – Continued**

**E. Long-term Obligations – Continued**

The future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2010 were as follows:

Year Ending June 30,	Amount
2010	\$ 743,088
2011	585,335
2012	591,948
2013	442,862
2014	157,429
2016 to 2021	1,049,180
2022 to 2025	702,291
Total minimum lease payments	4,272,133
Less, amount representing interest	874,315
Present value of minimum lease payments	<u>\$ 3,397,818</u>

*Installment Purchase Revenue Bonds*

The SCAGO Public Facilities Corporation for Lancaster County (the Corporation) Installment Purchase Revenue Bonds were issued pursuant to an Installment Purchase and Use Agreement and evidence proportionate interest of owners in certain rental payments to be made by the County under the terms of a Base Lease and Conveyance Agreement between the County and the Corporation dated January 28, 2009. The County leased certain real property and conveyed the improvements to the Corporation so that the Corporation may finance the cost of acquiring, constructing, and equipping a new County Courthouse and renovating, improving and equipping the County Detention Center/Sheriff's Office (the "2009 Projects"), which together with certain improvements (including the conveyed improvements), fixtures and personal property located on the real property (the "2009 Facilities") to be sold to the County pursuant to a Purchase and Use Agreement dated January 28, 2009. The Purchase and Use Agreement, which will obligate the County to make semiannual installment payments of the purchase price to the Corporation in amounts calculated to be sufficient to enable the Corporation to pay the principal and interest on the outstanding bonds; amounts budgeted as reserves for the repair and replacement of the 2009 facilities and the program administrator fees. The financial obligations of the County under the Purchase and Use Agreement do not constitute general obligations of the County to which its full faith and credit or taxing power are pledged, but are subject to and dependent upon lawful appropriations of funds being made from available sources, including but not limited to general fund monies, net collections from the Capital Project Sales Tax Fund and proceeds from general obligation bonds by the County Council to pay the installment payments due in each fiscal year. The County's obligations under the Purchase and Use Agreement are from year to year only and do not constitute a mandatory payment obligation by the County in any fiscal year in which fund are not appropriated by the County to pay the installment payments due in such fiscal year. The County has no continuing obligation to appropriate funds to pay the installment payments under the Purchase and Use Agreement and may terminate its obligations under the Purchase and Use Agreement on an annual basis without penalty. However, the County would forfeit possession of the facilities for the remainder of the lease term.

**LANCASTER COUNTY, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 3. DETAILED NOTES ON ALL FUNDS – Continued**

**E. Long-term Obligations - Continued**

*Installment Purchase Revenue Bonds – continued*

On January 28, 2009, the Corporation issued \$38,410,000 Installment Purchase Revenue Bonds Series 2009 to finance the cost of acquiring, constructing, and equipping a new County Courthouse and renovating, improving and equipping the County Detention Center/Sheriff's Office (the "2009 Projects"); and the costs of constructing a parking facility. The bonds are due in annual installments ranging from \$4,185,000 to \$8,975,000 beginning December 1, 2010 through December 1, 2016 with interest rates ranging from 3.0% to 5.0%. In connection with the Corporation's 2009 bond issue, a premium of \$1,273,606 was recorded and is being amortized over the life of the bonds. The unamortized premium at June 30, 2009 was \$1,034,805.

Arbitrage is the difference between the yield on the issuer's tax exempt bonds and the investment income earned on the proceeds. Arbitrage restrictions imposed by the federal government prohibit an issuer from retaining arbitrage profits when investing bond proceeds at a yield that exceeds the yield on the bonds. Any excess arbitrage must be related to the U.S. Treasury. The SCAGO Public Facilities Corporation for Lancaster County (the Corporation) Installment Purchase Revenue Bonds are subject to an arbitrage calculation. As of June 30, 2010, an arbitrage liability has not been calculated.

The SCAGO Public Facilities Corporation for Lancaster County (the Corporation) Installment Purchase Revenue Bonds are not a debt of the County; however, as the Corporation is blended with the operations of the District, the debt of the Corporation is included with the County's other obligations as required by generally accepted accounting principles.

*Special Source Revenue Bonds Payable*

During 2006, the County issued special source revenue bonds payable of \$2,973,658 to finance the infrastructure improvements for the Bailes Ridge project. These bonds are limited obligations of the County and are payable solely from the fee in lieu of tax revenues. The bonds are payable in annual installments beginning in 2010 and have an annual interest rate of 5.75% and will mature in 2020.

Annual debt service requirements to maturity for the special source revenue bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2011	\$ 209,413	\$ 230,913	\$ 440,326
2012	221,977	218,973	440,950
2013	238,730	206,982	445,712
2014	251,295	184,405	435,700
2015	268,048	169,827	437,875
2016 to 2020	1,544,195	510,249	2,054,444
Total	<u>\$ 2,733,658</u>	<u>\$ 1,521,349</u>	<u>\$ 4,255,007</u>

**LANCASTER COUNTY, SOUTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010**

**NOTE 3. DETAILED NOTES ON ALL FUNDS – Continued**

**E. Long-term Obligations - Continued**

*Closure and Post Closure Costs of Municipal Solid Waste Landfill*

On July 1, 1993, the County adopted GASB Statement No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Post-closure Costs*, to account for closure and post closure costs associated with this landfill. The South Carolina Department of Health and Environmental Control (DHEC) requires landfill operators to provide for inspection and maintenance of the physical characteristics of the site, as well as monitoring and maintenance of the groundwater and gas monitoring systems and the leachate collection and treatment system, for a period of thirty years following the closing. DHEC also requires that operators cover the landfill with a minimum cover of a certain permeability. The County's liability for closure and post-closure care costs is based on landfill capacity used to date. Since the landfill was closed as of June 30, 1995, the County considers it to be at 100 percent of capacity.

During fiscal 2010, the County expended \$30,541 in landfill closure costs. Remaining post-closure costs are estimated at \$1,376,180 and the long-term liabilities in the statement of net assets include that amount. Post-closure care costs are based on engineering estimates and are subject to change due to inflation, deflation, technology and/or applicable laws and regulations and are reported in the general fund.

**F. Conduit Debt Obligations**

From time to time, the County has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the County, nor the State of South Carolina, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of June 30, 2010, there is one series of Industrial Revenue bonds outstanding with an aggregate principal amount payable of \$32,000,000.

**G. Special Assessment Debt Obligations**

In July 2003, the County issued \$13,760,000 of special assessment debt. This debt is applicable to the Edgewater Improvement District, which is located in the southern part of the County, and will be used to improve the area's infrastructure. The County is acting only as an agent and is in no manner obligated to repay the special assessment debt. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2010, the outstanding balance on this debt was \$6,946,000.

In June 2006, the County issued \$35,615,000 of special assessment debt. This debt is applicable to the Edenmoor Improvement District, which is located in the northern part of the County, and will be used to improve the area's infrastructure and to construct a sheriff and EMS substation. The County is acting only as an agent and is in no manner obligated to repay the special assessment debt. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2010, the outstanding balance on this debt was \$33,174,572.

**LANCASTER COUNTY, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 3. DETAILED NOTES ON ALL FUNDS – Continued**

**G. Special Assessment Debt Obligations - Continued**

In March 2006, the County issued \$20,000,000 of special assessment debt. This debt is applicable to the Sun City Carolina Lakes Improvement District, which is located in the northern part of the County, and will be used to improve the area's infrastructure and to construct a library branch. The County is acting only as an agent and is in no manner obligated to repay the special assessment debt. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2010, the outstanding balance on this debt was \$17,695,000.

In November 2007, the County issued \$28,880,000 of special assessment debt. This debt is applicable to the Edgewater II Improvement District, which is located in the southern part of the County, and will be used to improve the area's infrastructure. The County is acting only as an agent and is in no manner obligated to repay the special assessment debt. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2010, the outstanding balance on this debt was \$28,722,000.

**NOTE 4. OTHER INFORMATION**

**A. Risk Management**

The County is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, and job related illnesses and accidents. The County pays premiums to a public entity risk pool for workman's compensation insurance and for property and casualty coverage. The public entity risk pool promises to pay to or on behalf of the insured for covered economic losses sustained during the policy period in accord with insurance policy and benefit program limits. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. There has been no significant reduction in coverage and amounts of settlements have not exceeded coverage in any of the last three years.

The County is also subject to risks of loss from providing health, life, accident, dental, and other medical benefits to employees, retirees, and their dependents. The County has enrolled substantially all its employees in the State's health insurance plans administered by the South Carolina Budget and Control Board.

**B. Employee Retirement Plans**

*Plan Description* - Eligible employees of the County are participants in the South Carolina Retirement System (SCRS) and the South Carolina Police Officers Retirement System (PORS), both of which are cost-sharing, multiple-employer defined benefit plans administered by the Retirement Division of the State Budget and Control Board. SCRS and PORS provide retirement and disability benefits, annual cost-of-living adjustments life insurance benefits and survivor benefits to plan members and beneficiaries. The plans' provisions are established under Title 9 of the South Carolina Code of Laws. The South Carolina Retirement System issues a publicly available stand-alone report, which may be obtained by writing to South Carolina Retirement Systems, P.O. Box 11960, Columbia, South Carolina 29211 or by calling 803-737-6800.

**LANCASTER COUNTY, SOUTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010**

**NOTE 4. OTHER INFORMATION - Continued**

**B. Employee Retirement Plans - Continued**

*Funding Policy* - SCRS and PORS members are required to contribute 6.50% of their annual covered salaries, and the County is required to contribute at an actuarially determined rate. The current rates actuarially determined are 9.24% and 10.65% respectively. The contribution requirements of the plan members and the County are established and may be amended by the South Carolina General Assembly. In addition to the above rates, participating employers of the SCRS contribute .15% of payroll to provide a group life insurance benefit for their participants; and employers of the PORS contribute .20% of payroll to provide a group life insurance benefit and .20% of payroll to provide an accidental death benefit.

The County's contributions (which equaled required contributions) to SCRS and PORS for the last three fiscal years were as follows:

Fiscal Year Ended June 30	SCRS	PORS
2010	\$ 853,665	\$ 542,682
2009	875,808	508,994
2008	855,122	430,680

**C. Deferred Compensation Plans**

The County offers its employees deferred compensation plans created in accordance with Internal Revenue Code Section 457 and 401(k). Both plans administered by the South Carolina Deferred Compensation Commission. The plans permit employees to defer a portion of their salary until future years. Amounts deferred are 100% vested and held in trust for the exclusive benefit of participants or their beneficiaries. The County makes no contributions under terms of these plans.

**D. Post – Employment Health Insurance Benefits**

*Plan Description* - Lancaster County provides a single-employer post-employment health benefits to employees who retire from service or who terminate with at least 20 years of service who meet one or more of the eligibility requirements, such as age, length of service, and hire date. Generally, those who retire must have at least 10 years of retirement service credit under the South Carolina Retirement System to qualify for benefits. Benefits are effective at date of retirement or when the employee is eligible for retirement benefits. The County does not issue separate, audited financial statements for this plan.

*Funding Policy* – The County currently pays \$226.41 (single coverage) towards eligible retirees' coverage. The County has chosen to fund the healthcare benefits on a pay as you go basis through an annual appropriation. For the year ended June 30, 2010, the County paid \$154,922 to provide these benefits to eligible retirees.

*Annual Other Post – Employment Benefits (OPEB) Cost and Net OPEB Obligation* – The County's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the County's annual OPEB costs for the year, the amount actuarially contributed to the plan, and changes in the County's net OPEB obligation for the post-employment health insurance benefits:

**LANCASTER COUNTY, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 4. OTHER INFORMATION – Continued**

**D. Post - Employment Health Insurance Benefits - Continued**

Annual required contribution	\$ 304,748
Interest on OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	<u>304,748</u>
Contributions made	<u>(154,922)</u>
Increase (decrease) in net OPEB obligation	149,826
Net OPEB obligation, beginning of year	<u>146,543</u>
Net OPEB obligation, end of year	<u><u>\$ 296,369</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 were as follows:

For the Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	\$ 304,748	50.84%	\$ 296,369
2009	304,748	51.91%	146,543

*Funding Status and Progress* – As of June 30, 2007, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$3,843,902. The covered payroll (annual payroll of active employees covered by the plan) was \$14,239,968, the ratio of the UAAL to the covered payroll was 26.99%. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*Actuarial Methods and Assumptions* – Projections of benefits for financial reporting purposes are based upon the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and historical pattern of sharing benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.



**LANCASTER COUNTY, SOUTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010**

**NOTE 4. OTHER INFORMATION – Continued**

**D. Post - Employment Health Insurance Benefits - Continued**

In the June 2007 actuarial valuation, the projected unit credit actuarial method was used. The actuarial assumptions included a 4.50% investment rate of return (net of administrative expenses), which is consistent with the investment return earned on the employer's general assets, and an annual medical cost trend increase of 3% to 10% annually in excess of general inflation. The investment rate included a 3.00% inflation assumption. The actuarial value of assets was set equal to the reported market value of assets. The UAAL is being amortized as a level percent of payroll required to fully amortize the UAAL over a 30 year period.

**E. Commitments and Contingencies**

*Grant Programs*

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

*Litigation*

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the government's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the government.

*Contractual Commitments*

Total contractual commitments at June 30, 2010 were as follows:

Project	Contract Amount	Job-to-Date Expenditures	Outstanding Commitments
Airport	\$ 3,028,855	\$ 2,608,187	\$ 420,668
New Justice Center	26,872,660	12,948,149	13,924,511
Old Lancaster County Courthouse	1,353,937	881,713	472,224
	<u>\$ 31,255,452</u>	<u>\$ 16,438,049</u>	<u>\$ 14,817,403</u>

**NOTE 5. SUBSEQUENT EVENT**

Subsequent to June 30, 2010, the County Council authorized the issuance of the following bonds: \$3.6 million General Obligation Refunding Bond, Series 2010D; \$7.0 million General Obligation Bond, Series 2010C; and \$870,000 General Obligation Bond for the Brookchase Special Tax District.

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## **REQUIRED SUPPLEMENTARY INFORMATION**



## SCHEDULE 1

**LANCASTER COUNTY, SOUTH CAROLINA**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Property taxes	\$ 19,447,921	\$ 19,447,921	\$ 19,418,982	\$ (28,939)
Other local taxes and tariffs	908,000	908,000	976,296	68,296
Intergovernmental	3,371,089	3,371,089	3,290,461	(80,628)
Licenses and permits	3,030,250	3,030,250	2,864,552	(165,698)
Charges for services	2,327,600	2,552,600	2,786,634	234,034
Fines, fees and forfeitures	1,013,500	1,013,500	1,014,296	796
Contributions and donations	23,000	44,705	62,266	17,561
Investment earnings	252,000	252,000	65,030	(186,970)
Miscellaneous	156,165	156,165	111,652	(44,513)
Total revenues	30,529,525	30,776,230	30,590,169	(186,061)
<b>Expenditures</b>				
Current:				
General Government				
Non-departmental	1,050,045	1,050,045	942,986	107,059
Direct assistance to other agencies	607,419	647,419	599,410	48,009
Council	806,842	2,772,330	2,709,218	63,112
Administrator	374,150	371,650	334,310	37,340
Finance	449,591	449,591	429,544	20,047
Human resources	196,523	196,523	178,624	17,899
Management information services	452,516	452,516	386,022	66,494
GIS	140,793	140,793	127,812	12,981
Building and zoning	968,350	968,350	926,839	41,511
Planning	280,764	280,764	274,049	6,715
Assessor	695,436	695,436	630,803	64,633
Auditor	350,277	350,277	324,768	25,509
Treasurer	380,071	380,071	374,042	6,029
Delinquent tax collector	254,133	254,133	223,532	30,601
Voter registration and elections	185,055	187,555	207,157	(19,602)
Risk management/register of deeds	301,697	301,697	286,495	15,202
Farmers' market	3,100	3,100	2,756	344
Vehicle maintenance	346,091	346,091	333,643	12,448
Building maintenance	952,402	968,640	894,845	73,795
	8,795,255	10,816,981	10,186,855	630,126
Administration of Justice				
Circuit court	70,943	70,943	59,443	11,500
Clerk of court	198,227	198,227	193,300	4,927
Family court	351,229	351,229	302,395	48,834
Probate court	309,490	309,490	297,941	11,549
Magistrate court	674,211	674,211	643,332	30,879
	1,604,100	1,604,100	1,496,411	107,689
Public Safety				
Coroner	198,955	213,955	244,227	(30,272)
Sheriff	5,436,080	5,461,385	5,302,632	158,753
Detention center	1,760,809	1,780,155	1,465,085	315,070
Emergency management	294,334	298,639	281,377	17,262
Fire commission	951,821	951,821	930,845	20,976
Rescue squad	46,778	46,778	41,646	5,132

## SCHEDULE 1

**LANCASTER COUNTY, SOUTH CAROLINA**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Indian Land rescue squad	49,698	49,698	36,692	13,006
	8,738,475	8,802,431	8,302,504	499,927
Public Works				
Roads and bridges	1,954,942	2,304,942	2,087,010	217,932
Landfill	57,000	57,000	30,572	26,428
Solid waste	2,130,800	2,263,692	2,038,240	225,452
	4,142,742	4,625,634	4,155,822	469,812
Public health and welfare				
EMS	4,326,737	5,151,356	5,096,539	54,817
Animal control	224,935	224,935	212,320	12,615
Environmental health	6,025	6,025	1,488	4,537
Health services	99,300	99,300	82,311	16,989
Junvenile drug court	98,176	102,576	104,031	(1,455)
Social services and food stamps	69,720	69,720	62,853	6,867
DSS Family Independence	59,080	59,080	57,265	1,815
Veteran affairs	133,654	133,654	131,104	2,550
	5,017,627	5,846,646	5,747,911	98,735
Economic Development				
Economic development commission	262,178	537,178	569,246	(32,068)
Debt Service				
Principal	397,240	397,240	278,591	118,649
Interest and other charges	-	-	122,670	(122,670)
	397,240	397,240	401,261	(4,021)
Total expenditures	28,957,617	32,630,210	30,860,010	1,770,200
Excess (deficiency) of revenues over expenditures	1,571,908	(1,853,980)	(269,841)	1,584,139
<b>Other Financing Sources (Uses)</b>				
Proceeds from capital leases	-	1,899,300	605,000	(1,294,300)
Proceeds from sale of capital assets	-	-	12,751	12,751
Transfers in	25,000	25,000	25,000	-
Transfers out	(1,891,908)	(1,891,908)	(1,891,908)	-
Total other financing sources and uses	(1,866,908)	32,392	(1,249,157)	(1,281,549)
Net change in fund balances	<u>\$ (295,000)</u>	<u>\$ (1,821,588)</u>	<u>\$ (1,518,998)</u>	<u>\$ 302,590</u>
Fund Balances, Beginning of Year			17,911,812	
Fund Balances, End of Year			<u>\$ 16,392,814</u>	

Note: The County's budget is prepared and monitored on a GAAP (generally accepted accounting principles) basis.

**SCHEDULE 2**

**LANCASTER COUNTY, SOUTH CAROLINA  
BUDGETARY COMPARISON SCHEDULE  
TRANSPORTATION SPECIAL REVENUE FUND  
FOR THE YEAR ENDED JUNE 30, 2010**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Intergovernmental	\$ 1,250,000	\$ 1,250,000	\$ 1,326,253	\$ 76,253
Investment earnings	7,500	7,500	5,328	(2,172)
Total revenues	<u>1,257,500</u>	<u>1,257,500</u>	<u>1,331,581</u>	<u>74,081</u>
<b>Expenditures</b>				
Current				
Public works	<u>1,257,500</u>	<u>1,257,500</u>	<u>932,627</u>	<u>324,873</u>
Total expenditures	<u>1,257,500</u>	<u>1,257,500</u>	<u>932,627</u>	<u>324,873</u>
Excess (deficiency) of revenues over expenditures	-	-	398,954	398,954
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	398,954	<u>\$ 398,954</u>
Fund Balances, Beginning of Year			<u>1,901,199</u>	
Fund Balances, End of Year			<u>\$ 2,300,153</u>	

**SCHEDULE 3**

**LANCASTER COUNTY, SOUTH CAROLINA  
BUDGETARY COMPARISON SCHEDULE  
CAPITAL PROJECT SALES TAX FUND  
FOR THE YEAR ENDED JUNE 30, 2010**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Other local taxes and tariffs	\$ 3,500,000	\$ 3,500,000	\$ 5,281,993	\$ 1,781,993
Investment earnings	-	-	7,420	7,420
Total revenues	<u>3,500,000</u>	<u>3,500,000</u>	<u>5,289,413</u>	<u>1,789,413</u>
<b>Expenditures</b>				
Current				
Public Safety	-	-	21,361	(21,361)
Total expenditures	<u>-</u>	<u>-</u>	<u>21,361</u>	<u>(21,361)</u>
Excess (deficiency) of revenues over expenditures	<u>3,500,000</u>	<u>3,500,000</u>	<u>5,268,052</u>	<u>1,768,052</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out	(784,736)	(784,736)	(840,457)	55,721
Total other financing sources and uses	<u>(784,736)</u>	<u>(784,736)</u>	<u>(840,457)</u>	<u>55,721</u>
Net change in fund balances	<u>\$ 2,715,264</u>	<u>\$ 2,715,264</u>	<u>4,427,595</u>	<u>\$ 1,823,773</u>
Fund Balances, Beginning of Year			(4,990)	
Fund Balances, End of Year			<u>\$ 4,422,605</u>	



**SCHEDULE 4**

**LANCASTER COUNTY, SOUTH CAROLINA  
SCHEDULE OF FUNDING PROGRESS FOR RETIREE HEALTH PLAN  
JUNE 30, 2010**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (A)</b>	<b>Actuarial Accrued Liability (AAL) (B)</b>	<b>Unfunded Actuarial Accrued Liability (UAAL) (B-A)</b>	<b>Ratio of Funded Obligation (A/B)</b>	<b>Covered Payroll (C)</b>	<b>UAAL as a % of Covered Payroll ((B-A)/C)</b>
June 30, 2007	\$ -	\$ 3,843,902	\$ 3,843,902	0.00%	\$ 14,239,968	26.99%

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## **OTHER SUPPLEMENTARY INFORMATION**



**SCHEDULE 5**

**LANCASTER COUNTY, SOUTH CAROLINA  
COMBINING BALANCE SHEET  
OTHER GOVERNMENTAL FUNDS  
JUNE 30, 2010**

	<b>Special Revenue Fund</b>	<b>Debt Service Fund</b>	<b>Capital Project Fund</b>	<b>Total Other Governmental Funds</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,593,306	\$ 435,499	\$ -	\$ 3,028,805
Investments	-	3,849,411	3,326,110	7,175,521
Taxes receivable, net	16,841	14,964	-	31,805
Due from other funds	1,195,948	-	184,667	1,380,615
Due from other governments	235,427	7	-	235,434
Other receivables	58,768	-	133,863	192,631
Inventories	38,008	-	-	38,008
Prepaid expenses	1,292	-	-	1,292
	<u>\$ 4,139,590</u>	<u>\$ 4,299,881</u>	<u>\$ 3,644,640</u>	<u>\$ 12,084,111</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 334,576	\$ -	\$ 282,636	\$ 617,212
Due to other funds	3,158,294	500	1,271,128	4,429,922
Deferred revenue	83,554	-	-	83,554
Other accrued expenses	3,296	-	-	3,296
	<u>3,579,720</u>	<u>500</u>	<u>1,553,764</u>	<u>5,133,984</u>
Fund balances:				
Reserved for:				
Encumbrances	1,641,520	-	-	1,641,520
Capital projects	314,811	-	-	314,811
Prepaid expenses	-	-	-	-
Debt service	-	4,299,381	-	4,299,381
Other purposes	-	-	-	-
Unreserved	(1,396,462)	-	2,090,876	694,415
	<u>559,870</u>	<u>4,299,381</u>	<u>2,090,876</u>	<u>6,950,127</u>
	<u>\$ 4,139,590</u>	<u>\$ 4,299,881</u>	<u>\$ 3,644,640</u>	<u>\$ 12,084,111</u>

**SCHEDULE 6**

**LANCASTER COUNTY, SOUTH CAROLINA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
OTHER GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010**

	Special Revenue Fund	Debt Service Fund	Capital Project Fund	Total Other Governmental Funds
<b>Revenues</b>				
Property taxes	\$ 2,087,120	\$ 1,908,170	\$ 832,399	\$ 4,827,689
Other taxes	470,220	-	-	470,220
Fees and fines	65,197	-	-	65,197
Intergovernmental	1,857,028	-	120,000	1,977,028
Charges for services	1,343,829	-	-	1,343,829
Investment earnings	6,561	4,737	447	11,745
Miscellaneous	27,050	-	-	27,050
Contributions and donations	155,855	-	-	155,855
Total revenues	<u>6,012,860</u>	<u>1,912,907</u>	<u>952,846</u>	<u>8,878,613</u>
<b>Expenditures</b>				
Current				
General government	879,691	-	-	879,691
Administration of Justice	-	-	901,766	901,766
Public safety and law enforcement	2,948,096	-	23,354	2,971,450
Public works	363,349	-	26,635	389,984
Public health and welfare	134,376	-	-	134,376
Culture and recreation	3,025,348	-	-	3,025,348
Economic development	710,109	-	4,218,317	4,928,426
Debt service				
Principal	130,597	1,486,068	240,000	1,856,665
Interest and other charges	66,879	2,123,140	225,649	2,415,668
Capital outlay	3,059,750	-	-	3,059,750
Total expenditures	<u>11,318,195</u>	<u>3,609,208</u>	<u>5,635,721</u>	<u>20,563,124</u>
Excess (deficiency) of revenues over expenditures	<u>(5,305,335)</u>	<u>(1,696,301)</u>	<u>(4,682,875)</u>	<u>(11,684,511)</u>
<b>Other Financing Sources (Uses)</b>				
Issuance of debt	2,502,721	-	-	2,502,721
Transfers in	1,891,908	840,457	-	2,732,365
Transfers out	(25,000)	-	-	(25,000)
Total other financing sources and uses	<u>4,369,629</u>	<u>840,457</u>	<u>-</u>	<u>5,210,086</u>
<b>Extraordinary Item</b>				
Insurance recoveries	-	-	227,936	227,936
Net change in fund balances	(935,706)	(855,844)	(4,454,939)	(6,246,489)
Fund Balances, Beginning of Year	<u>1,495,576</u>	<u>5,155,225</u>	<u>6,545,815</u>	<u>13,196,616</u>
Fund Balances, End of Year	<u>\$ 559,869</u>	<u>\$ 4,299,381</u>	<u>\$ 2,090,876</u>	<u>\$ 6,950,127</u>

LANCASTER COUNTY, SOUTH CAROLINA  
COMBINING BALANCE SHEET  
SPECIAL REVENUE FUNDS  
JUNE 30, 2010

	Recreation Fund	Airport Fund	Library Fund	Restricted Grants Fund	Capital Improvement Fund	Local Accommodations Tax Fund	Sun City/Belair Special Tax District Fund	Edenmoor Special Tax District	E-911 Fund	Pleasant Valley Fire District Fund	Court Mandated Security Fund	Total
<b>Assets</b>												
Cash and cash equivalents	\$ 650	\$ 6,476	\$ 114,685	\$ 8,572	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,462,922	\$ -	\$ 2,593,306
Taxes receivable, net	-	-	-	-	9,033	-	-	-	-	-	7,808	16,841
Due from other funds	59,291	-	-	-	403,143	3,730	67,002	6,269	496,384	-	160,129	1,195,948
Due from other governments	-	-	-	210,335	-	-	-	-	25,092	-	-	235,427
Inventory	-	38,008	-	-	-	-	-	-	-	-	-	38,008
Other receivables	3,714	-	-	-	-	5,499	-	-	49,555	-	-	58,768
Prepaid items	-	-	1,292	-	-	-	-	-	-	-	-	1,292
	<u>\$ 63,655</u>	<u>\$ 44,485</u>	<u>\$ 115,977</u>	<u>\$ 218,907</u>	<u>\$ 412,176</u>	<u>\$ 9,229</u>	<u>\$ 67,002</u>	<u>\$ 6,269</u>	<u>\$ 571,031</u>	<u>\$ 2,462,922</u>	<u>\$ 167,937</u>	<u>\$ 4,139,590</u>
<b>Liabilities and Fund Balances</b>												
<b>Liabilities:</b>												
Accounts payable	\$ -	\$ 272,056	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 62,521	\$ -	\$ 334,576
Due to other funds	-	2,709,927	-	355,675	-	-	-	-	-	92,692	-	3,158,294
Deferred revenue	-	-	-	83,554	-	-	-	-	-	-	-	83,554
Other accrued expenses	-	-	-	-	-	-	-	-	-	3,296	-	3,296
	<u>-</u>	<u>2,981,982</u>	<u>-</u>	<u>439,229</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>158,509</u>	<u>-</u>	<u>3,579,720</u>
<b>Fund balances:</b>												
Reserved for:												
Encumbrances	-	-	-	-	-	-	-	-	-	1,641,520	-	1,641,520
Capital projects	314,811	-	-	-	-	-	-	-	-	-	-	314,811
Unreserved, reported in:												
Special revenue funds	(251,156)	(2,937,497)	115,977	(220,322)	412,176	9,229	67,002	6,269	571,031	662,893	167,937	(1,396,462)
	<u>63,655</u>	<u>(2,937,497)</u>	<u>115,977</u>	<u>(220,322)</u>	<u>412,176</u>	<u>9,229</u>	<u>67,002</u>	<u>6,269</u>	<u>571,031</u>	<u>2,304,413</u>	<u>167,937</u>	<u>559,870</u>
	<u>\$ 63,655</u>	<u>\$ 44,485</u>	<u>\$ 115,977</u>	<u>\$ 218,907</u>	<u>\$ 412,176</u>	<u>\$ 9,229</u>	<u>\$ 67,002</u>	<u>\$ 6,269</u>	<u>\$ 571,031</u>	<u>\$ 2,462,922</u>	<u>\$ 167,937</u>	<u>\$ 4,139,590</u>

**LANCASTER COUNTY, SOUTH CAROLINA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	Recreation Fund	Airport Fund	Library Fund	Restricted Grants Fund	Capital Improvement Fund	Local Accommodations Tax Fund	Sun City/Belair Special Tax District Fund	Edenmoor Special Tax District	E-911 Fund	Pleasant Valley Fire District Fund	Court Mandated Security Fund	Total
<b>Revenues</b>												
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,113,988	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 973,132	\$ 2,087,120
Sales and miscellaneous taxes	-	-	-	-	-	51,590	-	-	418,630	-	-	470,220
Fees and fines	-	-	62,105	-	-	-	370	14	-	2,708	-	65,197
Intergovernmental	107,103	85,950	141,703	1,279,989	-	-	-	-	242,283	-	-	1,857,028
Charges for services	844,010	40,405	4,474	-	-	-	162,250	5,290	-	287,400	-	1,343,829
Investment earnings	241	-	479	-	-	16	-	-	768	5,057	-	6,561
Miscellaneous	-	27,050	-	-	-	-	-	-	-	-	-	27,050
Contributions and donations	-	-	36,077	119,778	-	-	-	-	-	-	-	155,855
Total revenues	951,354	153,405	244,838	1,399,767	1,113,988	51,606	162,620	5,304	661,681	295,165	973,132	6,012,880
<b>Expenditures</b>												
Current												
General government	-	144,390	-	340,052	372,034	23,215	-	-	-	-	-	879,691
Public safety and law enforcement	-	-	-	463,656	370,022	-	90,635	-	349,469	864,628	809,686	2,948,096
Public works	-	-	-	13,318	350,031	-	-	-	-	-	-	363,349
Public health and welfare	-	-	-	28,566	105,810	-	-	-	-	-	-	134,376
Culture and recreation	1,838,768	-	1,186,580	-	-	-	-	-	-	-	-	3,025,348
Economic development	-	-	-	710,109	-	-	-	-	-	-	-	710,109
Debt service	-	-	-	-	130,597	-	-	-	-	-	-	130,597
Principal	-	-	-	-	25,679	-	-	-	-	41,200	-	66,879
Interest and other charges	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	142,270	2,917,480	-	-	-	-	-	-	-	-	-	3,059,750
Total expenditures	1,981,038	3,061,870	1,186,580	1,555,701	1,354,173	23,215	90,635	-	349,469	905,828	809,686	11,318,195
Excess (deficiency) of revenues over expenditures	(1,029,684)	(2,908,465)	(941,742)	(155,934)	(240,185)	28,391	71,985	5,304	312,212	(610,663)	163,446	(5,305,335)
<b>Other Financing Sources (Uses)</b>												
Issuance of debt	-	-	-	-	-	-	-	-	-	2,502,721	-	2,502,721
Issuance of debt - capital leases	-	-	-	-	-	-	-	-	-	-	-	-
Other source	-	-	-	-	-	-	-	-	-	-	-	-
Other use	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in	889,321	38,739	963,848	-	-	-	-	-	-	-	-	1,891,908
Transfers out	-	-	-	-	-	(25,000)	-	-	-	-	-	(25,000)
Total Other Financing Sources	889,321	38,739	963,848	-	-	(25,000)	-	-	-	-	-	4,369,629
Net change in fund balances	(140,363)	(2,869,726)	22,106	(155,934)	(240,185)	3,391	71,985	5,304	312,212	1,892,058	163,446	(935,706)
Fund Balances, Beginning of Year	204,018	(67,771)	93,871	(64,388)	652,361	5,838	(4,983)	965	258,819	412,355	4,491	1,495,576
Fund Balances, End of Year	\$ 63,655	\$ (2,937,497)	\$ 115,977	\$ (220,322)	\$ 412,176	\$ 9,229	\$ 67,002	\$ 6,269	\$ 571,031	\$ 2,304,413	\$ 167,937	\$ 559,869



SCHEDULE 9

**LANCASTER COUNTY, SOUTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - RECREATION FUND**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Intergovernmental revenue	\$ 107,103	\$ 107,103	\$ 107,103	\$ -
Charges for services	1,097,055	1,097,055	844,010	(253,045)
Interest income	-	-	241	241
	<u>1,204,158</u>	<u>1,204,158</u>	<u>951,354</u>	<u>(252,804)</u>
<b>Expenditures</b>				
Current				
Culture and recreation - operations	1,986,377	1,986,377	1,838,768	147,609
Capital outlay	160,653	160,653	142,270	18,383
	<u>2,147,030</u>	<u>2,147,030</u>	<u>1,981,038</u>	<u>165,992</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(942,872)</u>	<u>(942,872)</u>	<u>(1,029,684)</u>	<u>(86,812)</u>
Other Financing Sources				
Transfer in	889,321	889,321	889,321	-
	<u>889,321</u>	<u>889,321</u>	<u>889,321</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (53,551)</u>	<u>\$ (53,551)</u>	<u>(140,363)</u>	<u>\$ (86,812)</u>
Fund Balance, Beginning of Year			<u>204,018</u>	
Fund Balance, End of Year			<u>\$ 63,655</u>	

SCHEDULE 10

**LANCASTER COUNTY, SOUTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - AIRPORT FUND**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget- Positive (Negative)</b>
Revenues				
Charges for services	\$ 22,100	\$ 22,100	\$ 40,405	\$ 18,305
Intergovernmental	-	-	85,950	85,950
Miscellaneous income	40,000	40,000	27,050	(12,950)
	<u>62,100</u>	<u>62,100</u>	<u>153,405</u>	<u>91,305</u>
Expenditures				
Current				
General government	108,215	108,215	144,390	(36,175)
Capital outlay				
General	-	-	2,917,480	(2,917,480)
	<u>108,215</u>	<u>108,215</u>	<u>3,061,870</u>	<u>(2,953,655)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(46,115)</u>	<u>(46,115)</u>	<u>(2,908,465)</u>	<u>(2,862,350)</u>
Other Financing Sources (Uses)				
Transfer in	38,739	38,739	38,739	-
	<u>38,739</u>	<u>38,739</u>	<u>38,739</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (7,376)</u>	<u>\$ (7,376)</u>	<u>(2,869,726)</u>	<u>\$ (2,862,350)</u>
Fund Balance, Beginning of Year			<u>(67,771)</u>	
Fund Balance, End of Year			<u><u>\$(2,937,497)</u></u>	

## SCHEDULE 11

**LANCASTER COUNTY, SOUTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - LIBRARY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget-Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Intergovernmental revenue	\$ 141,103	\$ 141,103	\$ 141,703	\$ 600
Charges for services	4,900	4,900	4,474	(426)
Fines, fees and copier revenue	52,000	52,000	62,105	10,105
Contributions and donations	36,077	36,077	36,077	-
Interest income	-	-	479	479
	<u>234,080</u>	<u>234,080</u>	<u>244,838</u>	<u>10,758</u>
<b>Expenditures</b>				
Current				
Culture and recreation	<u>1,197,928</u>	<u>1,197,928</u>	<u>1,186,580</u>	<u>11,348</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(963,848)</u>	<u>(963,848)</u>	<u>(941,742)</u>	<u>22,106</u>
<b>Other Financing Sources (Uses)</b>				
Transfer in	<u>963,848</u>	<u>963,848</u>	<u>963,848</u>	<u>-</u>
	<u>963,848</u>	<u>963,848</u>	<u>963,848</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,106</u>	<u>\$ 22,106</u>
Fund Balance, Beginning of Year			<u>93,871</u>	
Fund Balance, End of Year			<u>\$ 115,977</u>	

**SCHEDULE 12**

**LANCASTER COUNTY, SOUTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - CAPITAL IMPROVEMENT FUND**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget -</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues</b>				
Property taxes	\$ 1,042,150	\$ 1,042,150	\$ 1,113,988	\$ 71,838
Total revenues	1,042,150	1,042,150	1,113,988	71,838
<b>Expenditures</b>				
Capital outlay				
General government administration	562,150	562,150	372,034	190,116
Public safety and law enforcement	348,000	348,000	370,022	(22,022)
Public works	355,000	355,000	350,031	4,969
Public health and welfare	120,000	120,000	105,810	14,190
Debt service				
Principal	157,000	157,000	130,597	26,403
Interest and other charges	-	-	25,679	(25,679)
Total expenditures	1,542,150	1,542,150	1,354,173	187,977
Excess (deficiency) of revenues over expenditures	(500,000)	(500,000)	(240,185)	259,815
Net change in fund balances	\$ (500,000)	\$ (500,000)	(240,185)	\$ 259,815
Fund Balance, Beginning of Year			652,361	
Fund Balance, End of Year			\$ 412,176	

SCHEDULE 13

**LANCASTER COUNTY, SOUTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - LOCAL ACCOMMODATIONS TAX FUND**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget -</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues</b>				
Local accomodation tax revenue	\$ 50,000	\$ 50,000	\$ 51,590	\$ 1,590
Investment earnings	-	-	16	16
Total revenues	50,000	50,000	51,606	1,606
<b>Expenditures</b>				
General government administration	25,000	25,000	23,215	1,785
Total expenditures	25,000	25,000	23,215	1,785
Excess (deficiency) of revenues over expenditures	25,000	25,000	28,391	3,391
<b>Other Financing Sources (Uses)</b>				
Transfers out	(25,000)	(25,000)	(25,000)	-
Total other financing sources and uses	(25,000)	(25,000)	(25,000)	-
Net change in fund balances	\$ -	\$ -	3,391	\$ 3,391
Fund Balance, Beginning of Year			5,838	
Fund Balance, End of Year			\$ 9,229	

## SCHEDULE 14

**LANCASTER COUNTY, SOUTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - SUN CITY/BELAIR SPECIAL TAX DISTRICT FUND**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget -</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues</b>				
Charges for services	\$ 100,000	\$ 100,000	\$ 162,250	\$ 62,250
Fines, fees and forfeitures	-	-	370	370
Total revenues	100,000	100,000	162,620	62,620
<b>Expenditures</b>				
Capital outlay				
Public safety and law enforcement	100,000	100,000	90,635	9,365
Total expenditures	100,000	100,000	90,635	9,365
Excess (deficiency) of revenues over expenditures	-	-	71,985	71,985
Net change in fund balances	\$ -	\$ -	71,985	\$ 71,985
Fund Balance, Beginning of Year			(4,983)	
Fund Balance, End of Year			\$ 67,002	

**LANCASTER COUNTY, SOUTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - E-911 FUND**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Other local taxes and tariffs	\$ 430,000	\$ 430,000	\$ 418,630	\$ (11,370)
Intergovernmental	-	-	242,283	242,283
Investment earnings	500	500	768	268
Total revenues	<u>430,500</u>	<u>430,500</u>	<u>661,681</u>	<u>231,181</u>
<b>Expenditures</b>				
Capital outlay				
Public safety and law enforcement	430,500	430,500	349,469	81,031
Total expenditures	<u>430,500</u>	<u>430,500</u>	<u>349,469</u>	<u>81,031</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>312,212</u>	<u>312,212</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>312,212</u>	<u>\$ 312,212</u>
Fund Balance, Beginning of Year			<u>258,819</u>	
Fund Balance, End of Year			<u>\$ 571,031</u>	

## SCHEDULE 16

**LANCASTER COUNTY, SOUTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - PLEASANT VALLEY FIRE DISTRICT FUND**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Charges for services	\$ 265,000	\$ 265,000	\$ 287,400	\$ 22,400
Fines, fees and forfeitures	-	-	2,708	2,708
Investment earnings	-	-	5,057	5,057
Total revenues	<u>265,000</u>	<u>265,000</u>	<u>295,165</u>	<u>30,165</u>
<b>Expenditures</b>				
Capital outlay				
Public safety and law enforcement	385,140	385,140	864,628	(479,488)
Debt Service				
Interest and other charges	-	-	41,200	(41,200)
Total expenditures	<u>385,140</u>	<u>385,140</u>	<u>905,828</u>	<u>(520,688)</u>
Excess (deficiency) of revenues over expenditures	<u>(120,140)</u>	<u>(120,140)</u>	<u>(610,663)</u>	<u>(490,523)</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from long term debt	-	-	2,502,721	2,502,721
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>2,502,721</u>	<u>2,502,721</u>
Net change in fund balances	<u>\$ (120,140)</u>	<u>\$ (120,140)</u>	<u>1,892,058</u>	<u>\$ 2,012,198</u>
Fund Balance, Beginning of Year			<u>412,355</u>	
Fund Balance, End of Year			<u>\$ 2,304,413</u>	



**LANCASTER COUNTY, SOUTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - COURT MANDATED SECURITY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget -</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues</b>				
Property taxes	\$ 883,000	\$ 883,000	\$ 973,131	\$ 90,131
Total revenues	883,000	883,000	973,131	90,131
<b>Expenditures</b>				
Public safety and law enforcement	905,743	905,743	809,686	96,057
Total expenditures	905,743	905,743	809,686	96,057
Excess (deficiency) of revenues over expenditures	(22,743)	(22,743)	163,445	186,188
Net change in fund balances	\$ (22,743)	\$ (22,743)	163,445	\$ 186,188
Fund Balance, Beginning of Year			4,491	
Fund Balance, End of Year			\$ 167,936	

**SCHEDULE 18**

**LANCASTER COUNTY, SOUTH CAROLINA  
COMBINING BALANCE SHEET  
DEBT SERVICE FUNDS  
JUNE 30, 2010**

	<b>Debt Service Fund</b>	<b>Debt Service Fund - SCAGO Public Facilities Corporation</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 435,499	\$ -	\$ 435,499
Investments	-	3,849,411	3,849,411
Taxes receivable, net	14,964	-	14,964
Due from other governments	7	-	7
	<u>\$ 450,470</u>	<u>\$ 3,849,411</u>	<u>\$ 4,299,881</u>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Due to other funds	\$ 500	\$ -	\$ 500
	<u>500</u>	<u>-</u>	<u>500</u>
Fund balances:			
Reserved for:			
Debt service	449,970	3,849,411	4,299,381
	<u>\$ 450,470</u>	<u>\$ 3,849,411</u>	<u>\$ 4,299,881</u>

**LANCASTER COUNTY, SOUTH CAROLINA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**DEBT SERVICE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	<b>Debt Service Fund</b>	<b>Debt Service Fund - SCAGO Public Facilities Corporation</b>	<b>Total</b>
<b>Revenues</b>			
Property Taxes	\$ 1,908,170	\$ -	\$ 1,908,170
Investment earnings	3,387	1,350	4,737
Total revenues	<u>1,911,557</u>	<u>1,350</u>	<u>1,912,907</u>
 Debt service			
Principal retirement	1,486,068	-	1,486,068
Interest and other charges	531,240	1,591,900	2,123,140
Total expenditures	<u>2,017,308</u>	<u>1,591,900</u>	<u>3,609,208</u>
 Excess (deficiency) of revenues over expenditures	<u>(105,751)</u>	<u>(1,590,550)</u>	<u>(1,696,301)</u>
 <b>Other Financing Sources (Uses)</b>			
Transfers in	-	840,457	840,457
Total other financing sources (uses)	<u>-</u>	<u>840,457</u>	<u>840,457</u>
 Net Change in Fund Balances	(105,751)	(750,093)	(855,844)
 Fund Balances, Beginning of Year	<u>555,721</u>	<u>4,599,504</u>	<u>5,155,225</u>
 Fund Balances, End of Year	<u>\$ 449,970</u>	<u>\$ 3,849,411</u>	<u>\$ 4,299,381</u>

SCHEDULE 20

**LANCASTER COUNTY, SOUTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - DEBT SERVICE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget- Positive (Negative)</b>
<b>Revenues</b>				
Property taxes	\$ 1,843,617	\$ 1,843,617	\$ 1,908,170	\$ 64,553
Interest income	12,000	12,000	3,387	(8,613)
Total revenues	<u>1,855,617</u>	<u>1,855,617</u>	<u>1,911,557</u>	<u>55,940</u>
<b>Expenditures</b>				
Debt service				
Principal retirement	1,411,068	1,411,068	1,486,068	(75,000)
Interest and other charges	658,261	658,261	531,240	127,021
Total expenditures	<u>2,069,329</u>	<u>2,069,329</u>	<u>2,017,308</u>	<u>52,021</u>
Net Change in Fund Balances	<u>\$ (213,712)</u>	<u>\$ (213,712)</u>	(105,751)	<u>\$ 107,961</u>
Fund Balance, Beginning of Year			<u>555,721</u>	
Fund Balance, End of Year			<u>\$ 449,970</u>	

LANCASTER COUNTY, SOUTH CAROLINA  
COMBINING BALANCE SHEET  
CAPITAL PROJECTS FUNDS  
JUNE 30, 2010

	General Capital Projects Fund	Bond Projects Fund	Edgewater Improvement District Fund	Edgewater II Improvement District Fund	Bailes Ridge Project Fund	Edenmoor Special Assessments Funds	Sun City Special Assessments Fund	Total
<b>Assets</b>								
Investments	\$ -	\$ -	\$ -	\$ 800	\$ 947,597	\$ 2,198,479	\$ 179,234	\$ 3,326,110
Due from other funds	-	-	183,722	945	-	-	-	184,667
Other receivables, net	133,863	-	-	-	-	-	-	133,863
	<u>\$ 133,863</u>	<u>\$ -</u>	<u>\$ 183,722</u>	<u>\$ 1,745</u>	<u>\$ 947,597</u>	<u>\$ 2,198,479</u>	<u>\$ 179,234</u>	<u>\$ 3,644,640</u>
<b>Liabilities and Fund Balances</b>								
Liabilities:								
Accounts payable	\$ 97,969	\$ -	\$ 183,722	\$ 945	\$ -	\$ -	\$ -	\$ 282,636
Due to other funds	1,271,128	-	-	-	-	-	-	1,271,128
	<u>1,369,097</u>	<u>-</u>	<u>183,722</u>	<u>945</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,553,764</u>
<b>Fund balances:</b>								
Unreserved, reported in:								
Capital project fund	(1,235,234)	-	-	800	947,597	2,198,479	179,234	2,090,876
	<u>(1,235,234)</u>	<u>-</u>	<u>-</u>	<u>800</u>	<u>947,597</u>	<u>2,198,479</u>	<u>179,234</u>	<u>2,090,876</u>
	<u>\$ 133,863</u>	<u>\$ -</u>	<u>\$ 183,722</u>	<u>\$ 1,745</u>	<u>\$ 947,597</u>	<u>\$ 2,198,479</u>	<u>\$ 179,234</u>	<u>\$ 3,644,640</u>

**LANCASTER COUNTY, SOUTH CAROLINA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**CAPITAL PROJECT FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	General Capital Projects Fund	Bond Projects Fund	Edgewater Improvement District Fund	Edgewater II Improvement District Fund	Bailes Ridge Project Fund	Edenmoor Special Assessments Fund	Sun City Special Assessments Fund	Total
<b>Revenues</b>								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ 832,399	\$ -	\$ -	\$ 832,399
Intergovernmental	120,000	-	-	-	-	-	-	120,000
Investment earnings	-	57	-	66	83	223	18	447
Total revenues	120,000	57	-	66	832,482	223	18	952,846
<b>Expenditures</b>								
Capital outlay								
Administration of justice	901,766	-	-	-	-	-	-	901,766
Public safety and law enforcement	-	23,354	-	-	-	-	-	23,354
Public works	-	26,635	-	-	-	-	-	26,635
Economic development	120,000	-	-	4,082,278	-	16,039	-	4,218,317
Debt service								
Principal	-	-	-	-	240,000	-	-	240,000
Interest and other charges	-	-	-	-	225,649	-	-	225,649
Total expenditures	1,021,766	49,989	-	4,082,278	465,649	16,039	-	5,635,721
Excess (deficiency) of revenues over expenditures	(901,766)	(49,932)	-	(4,082,212)	366,833	(15,816)	18	(4,682,875)
<b>Extraordinary item</b>								
Insurance recoveries	227,936	-	-	-	-	-	-	227,936
Net Change in Fund Balances	(673,830)	(49,932)	-	(4,082,212)	366,833	(15,816)	18	(4,454,939)
Fund Balances, Beginning of Year	(561,404)	49,932	-	4,083,012	580,764	2,214,295	179,216	6,545,815
Fund Balances, End of Year	<u><u>\$(1,235,234)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 800</u></u>	<u><u>\$ 947,597</u></u>	<u><u>\$ 2,198,479</u></u>	<u><u>\$ 179,234</u></u>	<u><u>\$ 2,090,876</u></u>

**SCHEDULE 23**

**LANCASTER COUNTY, SOUTH CAROLINA  
COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Balance</u> <u>June 30, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2010</u>
Education Fund				
Assets				
Cash and cash equivalents	\$ 6,649,446	\$ 53,570,787	\$54,602,033	\$ 5,618,200
Accounts receivable	1,283	2,079	1,284	2,078
Property taxes receivable	147,458	262,694	147,458	262,694
	<u>\$ 6,798,187</u>	<u>\$ 53,835,560</u>	<u>\$54,750,775</u>	<u>\$ 5,882,972</u>
Liabilities				
Due to school district	\$ 6,794,041	\$ 52,855,806	\$53,774,322	\$ 5,875,525
Due to USC-L	4,146	979,754	976,453	7,447
	<u>\$ 6,798,187</u>	<u>\$ 53,835,560</u>	<u>\$54,750,775</u>	<u>\$ 5,882,972</u>
Clerk of Court				
Assets				
Cash	<u>\$ 1,076,035</u>	<u>\$ 582,832</u>	<u>\$ 1,211,796</u>	<u>\$ 447,071</u>
Liabilities				
Due to others	<u>\$ 1,076,035</u>	<u>\$ 582,832</u>	<u>\$ 1,211,796</u>	<u>\$ 447,071</u>
Family Court				
Assets				
Cash	<u>\$ 190,969</u>	<u>\$ 5,714,324</u>	<u>\$ 5,715,883</u>	<u>\$ 189,410</u>
Liabilities				
Due to others	<u>\$ 190,969</u>	<u>\$ 5,714,324</u>	<u>\$ 5,715,883</u>	<u>\$ 189,410</u>
Probate Court				
Assets				
Cash	<u>\$ 1,304</u>	<u>\$ 176,157</u>	<u>\$ 176,082</u>	<u>\$ 1,379</u>
Liabilities				
Due to others	<u>\$ 1,304</u>	<u>\$ 176,157</u>	<u>\$ 176,082</u>	<u>\$ 1,379</u>
Tax Collector Property Sold				
Assets				
Cash	<u>\$ 139,712</u>	<u>\$ 1,139,116</u>	<u>\$ 1,210,650</u>	<u>\$ 68,178</u>
Liabilities				
Due to others	<u>\$ 139,712</u>	<u>\$ 1,139,116</u>	<u>\$ 1,210,650</u>	<u>\$ 68,178</u>
Tax Collector Trust Account				
Assets				
Cash	<u>\$ 30,712</u>	<u>\$ 39,939</u>	<u>\$ 12,706</u>	<u>\$ 57,945</u>
Liabilities				
Due to others	<u>\$ 30,712</u>	<u>\$ 39,939</u>	<u>\$ 12,706</u>	<u>\$ 57,945</u>
Forfeit Land Commission				
Assets				
Cash	<u>\$ -</u>	<u>\$ 4,954</u>	<u>\$ -</u>	<u>\$ 4,954</u>
Liabilities				
Due to others	<u>\$ -</u>	<u>\$ 4,954</u>	<u>\$ -</u>	<u>\$ 4,954</u>
Magistrates				
Assets				
Cash	<u>\$ 181,843</u>	<u>\$ 1,152,456</u>	<u>\$ 1,247,935</u>	<u>\$ 86,364</u>
Liabilities				
Due to others	<u>\$ 181,843</u>	<u>\$ 1,152,456</u>	<u>\$ 1,247,935</u>	<u>\$ 86,364</u>

SCHEDULE 23 - continued

LANCASTER COUNTY, SOUTH CAROLINA  
COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010

	Balance June 30, 2009	Additions	Deductions	Balance June 30, 2010
City of Lancaster				
Assets				
Cash	\$ 430	\$ 4,131,542	\$ 4,131,350	\$ 622
Liabilities				
Due to City of Lancaster	\$ 430	\$ 4,131,542	\$ 4,131,350	\$ 622
Town of Kershaw				
Assets				
Cash	\$ 28	\$ 115,375	\$ 115,364	\$ 39
Liabilities				
Due to Town of Kershaw	\$ 28	\$ 115,375	\$ 115,364	\$ 39
Edgewater Improvement District				
Assets				
Investments	\$ 986,670	\$ 466,743	\$ 640,049	\$ 813,364
Liabilities				
Due to others	\$ 986,670	\$ 466,743	\$ 640,049	\$ 813,364
Edgewater II Improvement District				
Assets				
Investments	\$ 4,159,768	\$ 27,027	\$ 2,249,314	\$ 1,937,481
Liabilities				
Due to others	\$ 4,159,768	\$ 27,027	\$ 2,249,314	\$ 1,937,481
Sun City Improvement District				
Assets				
Investments	\$ 2,393,789	\$ 2,919,773	\$ 3,084,547	\$ 2,229,015
Liabilities				
Due to others	\$ 2,393,789	\$ 2,919,773	\$ 3,084,547	\$ 2,229,015
Edenmoor Improvement District				
Assets				
Investments	\$ 2,243,135	\$ 95,776	\$ 1,327,647	\$ 1,011,264
Liabilities				
Due to others	\$ 2,243,135	\$ 95,776	\$ 1,327,647	\$ 1,011,264
<b>ASSETS</b>				
Cash and cash equivalents	\$ 8,270,479	\$ 66,627,482	\$68,423,799	\$ 6,474,162
Investments	9,783,362	3,509,319	7,301,557	5,991,124
Property tax receivable	147,458	262,694	147,458	262,694
Accounts receivable	1,283	2,079	1,284	2,078
Total assets	\$ 18,202,582	\$ 70,401,574	\$75,874,098	\$ 12,730,058
<b>LIABILITIES</b>				
Due to other taxing units	\$ 6,798,645	\$ 58,082,477	\$58,997,489	\$ 5,883,633
Due to others	11,403,937	12,319,097	16,876,609	6,846,425
Total liabilities	\$ 18,202,582	\$ 70,401,574	\$75,874,098	\$ 12,730,058



**LANCASTER COUNTY, SOUTH CAROLINA**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE OF CAPITAL ASSETS BY FUNCTION AND ACTIVITY**  
**FOR THE YEAR ENDED JUNE 30, 2010**

Function and Activity	Land	Construction in Progress	Buildings and Improvements	Vehicles	Furniture and Equipment	Infrastructure	Total
<b>General government administration</b>							
Administration	\$ -	\$ -	\$ -	\$ 27,457	\$ -	\$ -	\$ 27,457
Building and zoning	-	-	-	135,779	22,726	-	158,505
Delinquent tax	-	-	-	29,124	-	-	29,124
Finance	-	-	-	-	25,110	-	25,110
Planning	-	-	-	-	9,945	-	9,945
Assessor	-	-	-	107,937	89,431	-	197,368
Auditor	-	-	-	17,525	21,887	-	39,412
Voter registration and elections	-	-	-	-	451,798	-	451,798
GIS	-	-	-	-	49,906	-	49,906
MIS	-	-	-	32,325	88,094	-	120,419
Economic Development	-	-	-	-	7,366	-	7,366
Non-departmental	1,506,876	13,934,076	9,394,651	-	692,259	-	25,527,862
	<u>1,506,876</u>	<u>13,934,076</u>	<u>9,394,651</u>	<u>350,147</u>	<u>1,458,522</u>	<u>-</u>	<u>26,644,272</u>
<b>Administration of justice</b>							
Clerk of Court	-	-	2,461,918	-	27,442	-	2,489,360
Probate Court	-	-	-	-	6,672	-	6,672
Family Court	7,690	-	121,600	-	-	-	129,290
Teen Court	-	-	-	-	6,469	-	6,469
Magistrate Courts	326,300	-	657,699	22,620	15,165	-	1,021,784
	<u>333,990</u>	<u>-</u>	<u>3,241,217</u>	<u>22,620</u>	<u>55,748</u>	<u>-</u>	<u>3,653,575</u>
<b>Public safety and law enforcement</b>							
E-911 Communications	-	-	-	13,200	506,171	-	519,371
Sheriff	35,000	-	2,178,225	2,387,156	379,406	-	4,979,787
Detention Center	-	-	466,119	20,723	47,142	-	533,984
Emergency Preparedness	-	-	116,400	33,121	340,703	-	490,224
Fire Commission	-	-	-	10,444,656	2,291,011	-	12,735,667
Pleasant Valley Fire District	439,900	851,985	-	-	-	-	1,291,885
	<u>474,900</u>	<u>851,985</u>	<u>2,760,744</u>	<u>12,898,856</u>	<u>3,564,433</u>	<u>-</u>	<u>20,550,918</u>
<b>Public works</b>							
Airport	598,607	2,720,557	6,092,102	-	43,950	-	9,455,216
Roads and bridges	142,205	-	119,800	1,193,374	3,329,668	13,295,416	18,080,463
	<u>740,812</u>	<u>2,720,557</u>	<u>6,211,902</u>	<u>1,193,374</u>	<u>3,373,618</u>	<u>13,295,416</u>	<u>27,535,679</u>
<b>Public health and welfare</b>							
EMS	32,400	-	438,094	2,676,666	711,291	-	3,858,451
Coroner	46,900	-	434,039	59,900	15,000	-	555,839
Animal Control	5	-	99,000	138,759	77,577	-	315,341
Health services	3,333	-	1,043,000	-	-	-	1,046,333
	<u>82,638</u>	<u>-</u>	<u>2,014,133</u>	<u>2,875,325</u>	<u>803,868</u>	<u>-</u>	<u>5,775,964</u>
<b>Culture and recreation</b>	<u>1,158,529</u>	<u>-</u>	<u>7,812,409</u>	<u>296,604</u>	<u>342,519</u>	<u>-</u>	<u>9,610,061</u>
Total governmental funds capital assets	<u>\$4,297,745</u>	<u>\$17,506,618</u>	<u>\$ 31,435,056</u>	<u>\$17,636,926</u>	<u>\$9,598,708</u>	<u>\$ 13,295,416</u>	<u>\$ 93,770,469</u>

SCHEDULE 25

**LANCASTER COUNTY, SOUTH CAROLINA**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY**  
**FOR THE YEAR ENDED JUNE 30, 2010**

<b>Function and Activity</b>	<b>Beginning of Year</b>	<b>Additions</b>	<b>Deletions</b>	<b>End of Year</b>
<b>General government administration</b>				
Administration	\$ 27,457	\$ -	\$ -	\$ 27,457
Finance	17,710	7,400	-	25,110
Building and zoning	158,505	-	-	158,505
Delinquent tax	-	29,124	-	29,124
Planning	9,945	-	-	9,945
Assessor	174,218	40,390	17,240	197,368
Auditor	43,287	7,125	11,000	39,412
Voter registration and elections	451,798	-	-	451,798
MIS	120,419	-	-	120,419
GIS	49,906	-	-	49,906
Economic Development	7,366	-	-	7,366
Non-departmental	12,070,661	13,457,201	-	25,527,862
	<u>13,131,272</u>	<u>13,541,240</u>	<u>28,240</u>	<u>26,644,272</u>
<b>Administration of justice</b>				
Clerk of Court	1,256,250	1,233,110	-	2,489,360
Probate Court	6,672	-	-	6,672
Family Court	129,290	-	-	129,290
Teen Court	6,469	-	-	6,469
Magistrate Courts	1,012,168	9,616	-	1,021,784
	<u>2,410,849</u>	<u>1,242,726</u>	<u>-</u>	<u>3,653,575</u>
<b>Public safety and law enforcement</b>				
E-911 Communications	519,371	-	-	519,371
Sheriff	4,477,893	501,894	-	4,979,787
Detention Center	252,865	281,119	-	533,984
Emergency Preparedness	490,224	-	-	490,224
Fire Commission	13,206,002	821,550	-	14,027,552
	<u>18,946,355</u>	<u>1,604,563</u>	<u>-</u>	<u>20,550,918</u>
<b>Public works</b>				
Airport	6,731,063	3,086,498	362,345	9,455,216
Roads and bridges	16,896,576	1,233,187	49,300	18,080,463
	<u>23,627,639</u>	<u>4,319,685</u>	<u>411,645</u>	<u>27,535,679</u>
<b>Public health and welfare</b>				
EMS	3,340,635	1,169,390	95,735	4,414,290
Animal Control	240,501	74,840	-	315,341
Health services	1,046,333	-	-	1,046,333
	<u>4,627,469</u>	<u>1,244,230</u>	<u>95,735</u>	<u>5,775,964</u>
<b>Culture and recreation</b>	<u>9,191,999</u>	<u>474,422</u>	<u>56,360</u>	<u>9,610,061</u>
Total governmental funds capital assets	<u>\$ 71,935,583</u>	<u>\$ 22,426,866</u>	<u>\$ 591,980</u>	<u>\$ 93,770,469</u>

**SUPPLEMENTARY INFORMATION REQUIRED  
BY THE STATE OF SOUTH CAROLINA**



SCHEDULE 26

**LANCASTER COUNTY, SOUTH CAROLINA**  
**SUMMARY SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES**  
**CLERK OF COURT AND MAGISTRATE COURTS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	<b>Total Collections</b>	<b>Amount Retained by County Treasurer</b>	<b>Amount Remitted to State Treasurer</b>	<b>Amount Allocated to Victims' Services</b>
<b>Clerk of Court:</b>				
Fines and fees	\$ 244,537	\$ 78,035	\$ 166,502	\$ -
Assessments	28,218	8,821	19,397	8,821
Surcharges	39,583	27,107	12,476	27,107
	<u>\$ 312,338</u>	<u>\$ 113,963</u>	<u>\$ 198,375</u>	<u>\$ 35,928</u>
<b>Magistrate Courts:</b>				
Fines and fees	\$ 508,449	\$ 476,836	\$ 31,613	\$ -
Assessments	422,795	41,405	381,390	41,405
Surcharges	185,009	27,546	157,463	27,546
	<u>\$ 1,116,253</u>	<u>\$ 545,787</u>	<u>\$ 570,466</u>	<u>\$ 68,951</u>
<b>Family Court:</b>				
Fines and fees	\$ 397,973	\$ 165,941	\$ 232,032	\$ -
	<u>\$ 397,973</u>	<u>\$ 165,941</u>	<u>\$ 232,032</u>	<u>\$ -</u>
<b>Public Defender:</b>				
Fines and fees	\$ 3,200	\$ -	\$ 3,200	\$ -
	<u>\$ 3,200</u>	<u>\$ -</u>	<u>\$ 3,200</u>	<u>\$ -</u>
<b>Probate Court:</b>				
Fines and fees	\$ 172,222	\$ 162,702	\$ 9,520	\$ -
	<u>\$ 172,222</u>	<u>\$ 162,702</u>	<u>\$ 9,520</u>	<u>\$ -</u>
<b>Total</b>	<u>\$ 2,001,986</u>	<u>\$ 988,393</u>	<u>\$ 1,013,593</u>	<u>\$ 104,879</u>

**Victim Assistance**

Amount reserved for victim assistance, 6/30/09	\$ 14,540
Plus: Amount allocated for victim assistance, 7/1/09-6/30/10	104,879
Less: Amounts spent for victim assistance in fiscal year 2010 from assessments and surcharges:	
Salaries and benefits	79,453
Operating expenditures	7,310
Direct assistance to other agencies	-
	<u>(86,763)</u>
Balance reserved for victim assistance, 6/30/10	<u>\$ 32,656</u>

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## **STATISTICAL SECTION**





# Statistical Section

## Index

*This part of the Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.*

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*These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.*

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**Sources:** *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The government implemented Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.*

**Note:** *During fiscal year 2008, it was determined that the Lancaster County Airport Commission, Lancaster County Library, & Joint Recreation Commission of Lancaster County did not meet the definition of a legally separate entity for financial reporting purposes, therefore these entities are included with the County's financial statements beginning in fiscal year 2008. Prior years have not been restated in the statistical section.*

Lancaster County, South Carolina  
Net Assets by Component Unit  
Last Eight Fiscal Years  
(accrual basis of accounting)

	2005	2006 (1)	2007	2008 (2)	2009 (3)	2010 (4)
Governmental Activities:						
Primary government						
Invested in capital assets, net of related debt	\$ 8,318,341	\$ 9,648,288	\$ 13,838,835	\$ 18,128,925	\$ 27,608,973	\$ 30,319,260
Restricted	3,384,709	3,531,482	3,201,375	3,557,298	3,668,396	10,234,674
Unrestricted	6,674,834	42,178,027	25,027,627	39,197,629	21,506,800	17,985,707
Total primary government net assets	<u>\$18,377,884</u>	<u>\$55,357,797</u>	<u>\$42,067,837</u>	<u>\$60,883,852</u>	<u>\$52,784,169</u>	<u>\$58,539,641</u>

(1) The Sun City & Edenmoor Special Assessment Districts and the Bailes Ridge special source revenue bonds are included in net assets beginning in fiscal year 2006.

(2) The Edgewater II Improvement District is included in net assets beginning in fiscal year 2008.

(3) The SCAGO Public Facilities Corporation is included in net assets beginning in fiscal year 2009.

(4) The Capital Project Sales Tax Fund is included in net assets beginning in fiscal year 2010.

Lancaster County, South Carolina  
Changes in Net Assets  
Last Eight Fiscal Years  
(accrual basis of accounting)

	2003	2004	2005	2006 (1)	2007 (2)	2008 (3)	2009 (4)	2010
<b>Expenses</b>								
Governmental activities primary government:								
General government administration	\$ 4,889,758	\$ 6,327,430	\$ 6,306,575	\$ 7,483,550	\$ 8,047,777	\$ 9,641,480	\$ 11,004,706	\$ 10,832,346
Public safety and law enforcement	6,156,928	7,044,593	7,501,336	7,561,537	8,187,570	10,108,792	10,747,904	11,374,643
Public works	2,280,307	2,930,478	4,073,435	3,952,300	4,710,191	7,463,470	6,050,232	6,065,063
Other activities	8,375,264	13,582,494	7,198,909	26,306,466	32,156,327	25,912,261	26,872,414	18,466,148
Total primary government expenses	21,702,257	29,884,995	25,080,255	45,303,853	53,101,865	53,126,003	54,675,256	46,738,200
<b>Program Revenues</b>								
Governmental activities primary government:								
Charges for services:								
General government administration	1,185,178	1,449,750	1,895,518	4,048,551	5,322,718	4,472,351	2,521,991	2,649,811
Administration of justice	870,445	832,818	851,113	902,749	932,736	1,230,302	1,198,420	1,161,469
Public health and welfare	1,818,974	1,688,930	1,268,397	2,136,481	2,115,531	2,274,497	2,191,295	2,523,597
Other activities	279,844	260,073	374,316	431,714	569,592	1,628,022	1,574,402	1,835,658
Operating grants and contributions	1,910,207	2,160,808	2,877,672	49,655,511	3,379,663	31,083,768	2,775,364	6,378,143
Capital grants and contributions	1,932,247	8,455,964	305,907	564,598	1,360,234	832,855	5,555,897	946,405
Total primary government program revenues	7,996,895	14,848,343	7,572,923	57,739,604	13,680,474	41,521,795	15,817,369	15,495,083
Net (Expense) Revenue	(13,705,362)	(15,036,652)	(17,507,332)	12,435,751	(39,421,391)	(11,604,208)	(38,857,887)	(31,243,117)
Total primary government net expense								
<b>General Revenues and Other Changes in Net Assets</b>								
Governmental activities primary government:								
Property taxes	11,745,396	12,796,020	14,174,358	16,682,253	18,007,222	19,646,513	23,375,134	24,531,262
Other taxes and licenses	1,333,365	1,337,740	1,132,826	1,414,470	1,197,417	1,387,257	1,482,296	6,728,510
programs	2,784,032	2,806,318	2,848,762	2,976,711	3,271,149	4,510,153	4,492,562	3,985,341
Unrestricted interest income	73,452	39,615	121,134	322,854	1,653,578	1,254,997	374,332	101,224
Other	63,230	9,393	156,735	776,925	293,010	500,844	1,033,880	1,652,252
Transfers				2,370,949	(689,885)	-		
government	15,999,475	16,989,086	18,433,815	24,544,162	23,732,491	27,299,764	30,758,204	36,998,589
<b>Changes in Net Assets</b>								
Total primary government changes in net assets	\$ 2,294,113	\$ 1,952,434	\$ 926,483	\$ 36,979,913	\$ (15,688,900)	\$ 15,695,556	\$ (8,099,683)	\$ 5,755,472

(1) FY2006 includes Sun City & Edenmoor Improvement Districts & Bailes Ridge Business Park.

(2) FY2007 includes \$17,312,904 in expenditures for the Edenmoor Improvement District.

Recreation Commission of Lancaster County did not meet the definition of a legally separate entity for financial reporting purposes, Fiscal year 2008 includes revenues and expenditures related to the Edgewater II Improvement District.

(4) Fiscal year 2009 includes revenues and expenditures related to SCAGO Public Facilities Corporation.

Lancaster County, South Carolina  
Tax Revenues By Source - Governmental Funds  
Last Eight Fiscal Years  
(accrual basis of accounting)

Fiscal Year	Real Property Tax (1)	Vehicle Tax	Local Option Sales Tax Property Tax Relief	Local Option Sales Tax for Capital Projects	Road Improvement Fee Tax	Other Taxes	Total
2003	\$ 7,523,080	\$ 1,510,958	\$ 2,711,358	\$ -	\$ 766,113	\$ 567,252	\$ 13,078,761
2004	8,057,384	1,700,426	3,038,210	-	785,085	552,655	14,133,760
2005	9,221,739	1,730,225	3,222,394	-	808,047	324,779	15,307,184
2006	11,320,315	1,892,385	3,469,553	-	841,164	573,306	18,096,723
2007	12,265,925	1,883,051	3,858,246	-	888,345	309,073	19,204,640
2008	13,952,327	1,739,865	3,929,649	-	939,535	472,394	21,033,770
2009	17,724,858	1,876,027	3,774,249	-	959,633	522,663	24,857,430
2010	19,150,376	1,831,426	3,549,460	5,281,993	976,296	470,221	31,259,772

(1) Includes ad valorem, penalties, inventory tax, homestead, manufacturer exemption, and payments in-lieu-of tax.

Lancaster County, South Carolina  
Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	2001(1)	2002	2003	2004	2005	2006(2)	2007	2008 (3)	2009 (4)	2010
General fund										
Reserved	\$ 1,145,686	\$ 1,347,253	\$ 1,812,450	\$ 1,946,879	\$ 2,263,014	\$ 2,397,155	\$ 4,353,422	\$ 3,983,761	\$ 2,450,301	\$ 2,452,400
Unreserved	3,100,924	4,266,649	4,294,798	4,348,651	5,645,672	10,221,736	13,626,979	13,672,743	15,461,511	13,940,414
Total general fund	4,246,610	5,613,902	6,107,248	6,295,530	7,908,686	12,618,891	17,980,401	17,656,504	17,911,812	16,392,814
All other governmental funds										
Reserved	445,665	464,980	471,660	465,521	555,182	540,545	555,477	985,901	5,382,530	6,266,894
Unreserved, reported in:										
Special revenue funds	290,990	830,430	1,508,765	1,832,934	1,471,904	1,738,428	1,465,509	2,723,258	3,184,088	24,985,199
Capital projects funds	5,564,922	1,794,879	622,363	1,080,094	50,981	32,852,478	10,531,215	22,932,726	38,941,499	2,090,876
Total all other governmental funds	6,301,577	3,090,289	2,602,788	3,378,549	2,078,067	35,131,451	12,552,201	26,641,885	47,508,117	33,342,969
Total fund balances all governmental funds	\$ 10,548,187	\$ 8,704,191	\$ 8,710,036	\$ 9,674,079	\$ 9,986,753	\$ 47,750,342	\$ 30,532,602	\$ 44,298,389	\$ 65,419,929	\$ 49,735,783

(1) Property tax revenues increased as a result of tax year 2000 reassessment. The County also increased its debt service millage for capital projects.

(2) FY2006 includes Sun City & Edenmoor Improvement Districts & Bailes Ridge Business Park.

(3) During fiscal year 2008, it was determined that the Lancaster County Airport Commission, Lancaster County Library, & Joint Recreation Commission of Lancaster County did not meet the definition of a legally separate entity for financial reporting purposes, therefore these entities are included with the County's financial statements beginning in fiscal year 2008. Prior years have not been restated in the statistical section.

(3) Fiscal year 2008 includes revenues and expenditures related to the Edgewater II Improvement District.

(4) Fiscal year 2009 includes net assets related to the SCAGO Public Facilities Corporation.

Lancaster County, South Carolina  
Changes in Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Revenues</b>										
Taxes	\$ 11,077,336	\$ 11,705,071	\$ 12,768,264	\$ 13,864,651	\$ 15,297,672	\$ 17,986,185	\$ 19,210,716	\$ 20,976,717	\$ 24,289,541	\$ 30,975,180
Intergovernmental revenue	5,957,219	5,198,537	6,449,610	5,455,807	5,561,542	5,612,714	7,143,069	7,722,481	6,780,712	6,593,742
Licenses and permits	948,120	1,186,811	1,352,225	1,608,618	2,048,755	4,227,204	5,418,167	4,720,683	2,727,033	2,864,552
Charges for services	1,764,626	1,924,989	1,680,700	1,755,095	1,970,615	2,278,912	2,522,904	3,541,004	3,814,421	4,007,195
Fines, fees, and forfeitures	1,048,295	969,122	929,355	842,430	950,152	918,949	947,023	1,038,828	964,382	1,202,761
Contributions and donations	148,999	125,760	147,153	22,259	393,053	494,458	379,263	2,324,810	468,171	218,121
Interest income	386,589	183,432	75,076	67,655	125,034	544,821	1,964,141	1,360,491	383,775	99,235
Contributions from property owners	-	-	-	-	-	46,541,631	(4,988,640)	26,131,035	16,254	-
Other	1,044,083	1,241,456	10,013	9,393	346,717	829,641	189,725	201,003	163,445	138,702
Total revenues	22,375,267	22,535,178	23,412,396	31,420,420	26,693,540	79,404,515	32,786,368	68,017,052	39,607,734	46,099,488
<b>Expenditures</b>										
General government	5,567,071	5,134,282	5,055,697	5,968,263	6,362,781	7,225,795	7,824,858	9,508,392	10,916,594	11,087,906
Administration of justice	1,160,533	1,183,882	1,118,761	1,156,928	1,297,475	1,350,238	1,355,332	2,588,256	4,667,838	15,155,605
Public safety and law enforcement	5,379,631	5,723,547	6,338,620	6,901,684	7,842,458	8,959,935	8,160,736	13,910,070	12,337,057	11,273,954
Public works	4,581,991	3,598,522	2,750,719	3,299,478	4,145,391	4,452,345	5,237,436	7,008,791	5,438,901	5,478,433
Public health and welfare	3,002,652	3,247,879	3,161,380	3,255,273	3,911,090	4,274,274	4,232,343	4,507,153	5,523,364	5,882,288
Economic development	-	-	-	8,022,796	154,973	19,697,038	20,492,644	18,819,783	14,647,485	5,497,672
Other	709,117	288,128	2,293	465,972	478,482	738,890	738,022	3,564,609	4,570,651	3,025,348
Debt Service										
Principal retirement	175,000	225,000	761,811	818,029	1,198,520	1,740,020	1,886,886	2,132,673	2,004,577	2,135,256
Interest & other charges	395,114	537,989	683,557	705,305	723,953	654,713	721,550	621,290	1,370,994	2,538,338
Capital Outlay	2,821,173	4,248,105	1,195,908	94,367	1,284,308	-	-	64,488	-	3,059,750
Total expenditures	23,792,282	24,187,334	23,372,182	30,688,095	27,399,431	49,093,248	50,649,807	62,725,505	61,477,461	65,134,550
<b>Excess of revenues over (under) expenditures</b>	(1,417,015)	(1,652,156)	40,214	732,325	(705,891)	30,311,267	(17,863,439)	5,291,547	(21,869,727)	(19,035,062)
<b>Other financing sources (uses)</b>										
Special Item - Insurance recoveries	-	-	-	-	-	-	-	-	827,397	227,936
Issuance of debt - capital leases	233,470	622,000	422,455	366,654	1,203,504	2,152,320	645,700	-	2,338,851	605,000
Issuance of debt	4,110,000	-	-	-	-	2,929,053	-	7,463,709	43,040,000	2,502,721
Premium on bond	-	-	-	-	-	-	-	-	1,302,907	-
Payment to refunded debt escrow agent	-	-	-	-	-	-	-	-	(4,556,438)	-
Sale of capital assets	44,907	50,052	54,116	-	-	-	-	87,900	38,549	12,751
Transfer in	-	-	-	-	-	2,370,949	116,657	2,397,963	2,461,432	2,757,365
Transfer out	(955,659)	(863,892)	(1,008,000)	-	(207,310)	-	(116,657)	(2,397,963)	(2,461,432)	(2,757,365)
Total other financing sources (uses)	3,432,718	(191,840)	(531,429)	366,654	996,194	7,452,322	645,700	7,551,609	42,991,266	3,348,408
<b>Net change in fund balances</b>	\$ 2,015,703	\$ (1,843,996)	\$ (491,215)	\$ 1,098,979	\$ 290,303	\$ 37,763,589	\$ (17,217,739)	\$ 12,843,156	\$ 21,121,539	\$ (15,686,654)
<b>Debt service as a percentage of noncapital expenditures</b>	3.06%	3.99%	7.04%	5.08%	7.78%	5.21%	5.37%	5.30%	6.39%	10.64%

Lancaster County, South Carolina  
Tax Revenues By Source - Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

Fiscal Year	Real Property Tax (1)	Vehicle Tax	Local Option Sales Tax Property Tax Relief	Local Option Sales Tax for Capital Projects	Road Improvement Fee Tax	Other Taxes	Total
2001	\$ 5,432,794	\$ 1,770,455	\$ 2,855,560	\$ -	\$ 741,736	\$ 276,791	\$ 11,077,336
2002	6,014,181	1,682,981	2,936,515	-	762,178	309,216	11,705,071
2003	7,461,685	1,510,958	2,711,358	-	766,113	318,150	12,768,264
2004	8,038,116	1,700,426	3,038,210	-	785,085	302,814	13,864,651
2005	9,212,227	1,730,225	3,222,394	-	808,047	324,779	15,297,672
2006	11,232,168	1,892,385	3,469,553	-	841,164	550,915	17,986,185
2007	12,249,611	1,883,051	3,858,246	-	888,345	331,463	19,210,716
2008	13,895,274	1,739,865	3,929,649	-	939,535	472,394	20,976,717
2009	17,156,969	1,876,027	3,774,249	-	959,633	522,663	24,289,541
2010	18,865,784	1,831,426	3,549,460	5,281,993	976,296	470,221	30,975,180

(1) Includes ad valorem, penalties, inventory tax, homestead, manufacturer exemption, and payments in-lieu-of tax.

Lancaster County, South Carolina  
General Fund Revenues by Source (1)  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

Ended	Taxes	governmental	Permits	for	and	Other	Total Revenues	Sources	Revenues
2001	10,434,452	4,717,168	948,120	1,764,626	1,048,295	1,122,327	20,034,988	728,377	20,763,365
2002	10,929,340	4,118,178	1,186,811	1,924,989	969,122	1,178,634	20,307,074	672,052	20,979,126
2003	10,849,364	5,366,165	1,352,225	1,680,700	929,355	1,285,041	21,462,850	476,571	21,939,421
2004	11,943,317	4,313,555	1,608,618	1,755,095	842,430	1,140,821	21,603,836	366,654	21,970,490
2005	13,182,936	3,936,364	2,048,755	1,970,615	950,152	1,963,282	24,052,104	1,203,504	25,255,608
2006	14,868,221	3,798,382	4,227,204	2,278,912	918,949	2,939,896	29,031,564	2,152,320	31,183,884
2007	16,233,182	3,804,301	5,418,167	2,314,704	944,729	2,364,295	31,079,378	645,700	31,725,078
2008	17,283,962	4,081,807	4,720,683	2,441,711	993,137	3,486,155	33,007,455	87,900	33,095,355
2009	18,511,312	3,885,211	2,727,033	2,638,151	914,503	1,658,131	30,334,341	2,392,400	32,726,741
2010	19,418,982	3,290,461	2,864,552	2,663,366	1,137,564	1,215,244	30,590,169	642,751	31,232,920

Lancaster County, South Carolina  
General Fund Expenditures by Function (1)  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

Ended	Government	of Justice	& Law	Public Works	& Welfare	Other	Debt Service (2)	Expenditures	Financing Uses	Expenditures
2001	5,165,913	1,160,533	5,379,631	3,158,172	3,002,652	707,954	401,158	18,976,013	955,659	19,931,672
2002	4,698,381	1,183,882	5,723,547	3,056,393	3,247,879	286,671	435,901	18,632,654	979,180	19,611,834
2003	5,055,697	1,118,761	6,338,620	2,340,051	3,161,380	2,303,436	617,190	20,935,135	1,008,000	21,943,135
2004	5,968,263	1,156,928	6,901,684	2,473,844	3,255,273	1,209,316	682,164	21,647,272	-	21,647,272
2005	6,362,781	1,297,475	7,842,458	2,597,211	3,911,090	633,455	1,020,353	23,664,823	-	23,664,823
2006	7,041,917	1,350,238	8,792,702	3,257,399	4,274,274	845,705	911,444	26,473,679	-	26,473,679
2007	7,237,294	1,355,332	7,996,671	3,543,650	4,158,251	1,125,510	830,203	26,246,911	116,657	26,363,568
2008	8,707,826	1,444,667	9,297,736	5,132,361	4,478,572	1,218,228	560,022	30,839,412	2,397,963	33,237,375
2009	10,019,189	1,471,056	8,360,088	4,011,450	5,500,232	430,948	240,747	30,033,710	2,437,723	32,471,433
2010	10,186,854	1,496,411	8,302,504	4,155,822	5,747,912	569,246	401,261	30,860,010	1,891,908	32,751,918

(1) Includes only general funds. The E-911 fund was included in general funds for fiscal years 2001-2007.

(2) Does not include G.O. bonds



Lancaster County, South Carolina  
Assessed Value and Estimated Actual Value of Taxable Property (1)  
Last Ten Fiscal Years

Fiscal Year Ended June 30	Levy Year	Real Property			Personal Property			Total	Assessed Value as a Percentage of Actual Value	Total Direct Tax Rate
		Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value			
2001	2000 (2)	86,575,525	1,731,510,500	76,739,476	733,638,806	163,315,001	2,465,149,306		6.62%	62.00
2002	2001	90,143,583	1,802,871,660	76,515,127	740,134,794	166,658,710	2,543,006,454		6.55%	66.00
2003	2002	94,097,949	1,881,958,980	71,348,521	708,821,402	165,446,470	2,590,780,382		6.39%	67.00
2004	2003	98,185,129	1,963,702,580	70,496,155	720,939,759	168,681,284	2,684,642,339		6.28%	70.73
2005	2004	103,881,998	2,077,639,960	69,500,928	733,697,829	173,382,926	2,811,337,789		6.17%	76.50
2006	2005	112,399,925	2,247,998,500	68,955,351	727,381,423	181,355,276	2,975,379,923		6.10%	86.50
2007	2006 (2)	157,645,060	3,152,901,200	71,731,401	819,867,905	229,376,461	3,972,769,105		5.77%	71.50
2008	2007	172,404,224	3,448,084,480	74,291,673	867,419,977	246,695,897	4,315,504,457		5.72%	73.80
2009	2008	201,753,816	4,035,076,320	71,159,910	836,636,302	272,913,726	4,871,712,622		5.60%	82.20
2010	2009	211,761,152	4,235,223,040	69,692,917	810,346,262	281,454,069	5,045,569,302		5.58%	80.90

(1) Source: Lancaster County Auditor: Includes all assessments including fee-in-lieu, joint industrial park, and reimbursement assessments.

(2) Real property was reassessed.

Note: Real property in Lancaster County is reassessed once every four years with a one year lag for implementation, unless there is a physical or legal change affecting the property. The county assesses real property at 4-6% (legal residency is 4%) of the appraised value. Personal property is assessed at 10.5% of market value, except railroads (9.5%), motor homes (6%) and motor vehicles (6%). The motor vehicle assessment ratio declined by .75% each year for the years of 2002 thru 2007.

Lancaster County, South Carolina  
Property Tax Millage Rates of Direct and Overlapping Governments (1)  
Last Ten Fiscal Years

Overlapping Rates														
Lancaster County										Lancaster County School District				
Levy Year Ended December 31	Fiscal Year Ended June 30	County Operating	County Debt	County Improvement & Court Security	Total County	School Operating	School Debt	Total School District	University of S.C. Lancaster	Town of Heath Springs	Town of Kershaw	City of Lancaster	Total Direct & Overlapping Rates	
2000	2001	58.00	4.00	0.00	62.00	123.50	40.50	164.00	2.00	0.00	76.00	140.10	444.10	
2001	2002	61.00	5.00	0.00	66.00	128.50	38.50	167.00	2.00	0.00	76.00	140.10	451.10	
2002	2003	62.00	5.00	0.00	67.00	133.50	38.50	172.00	2.50	0.00	77.60	142.10	461.20	
2003	2004	65.80	4.93	0.00	70.73	138.50	38.50	177.00	2.50	0.00	78.80	144.00	473.03	
2004	2005	70.80	5.70	0.00	76.50	143.50	38.50	182.00	3.50	0.00	78.80	147.00	487.80	
2005	2006	76.50	5.00	5.00	86.50	143.50	38.50	182.00	3.50	0.00	78.80	150.00	500.80	
2006	2007	64.00	3.50	4.00	71.50	119.00	38.50	157.50	3.00	0.00	64.80	137.00	433.80	
2007	2008	66.50	5.40	4.00	75.90	123.50	43.50	167.00	3.10	0.00	64.80	140.00	450.80	
2008	2009	66.70	8.00	7.50	82.20	128.50	43.50	172.00	3.30	0.00	64.80	143.50	465.80	
2009	2010	66.70	6.70	7.50	80.90	133.50	38.50	172.00	3.30	0.00	69.30	143.50	469.00	

Source: Lancaster County Auditor

(1) Overlapping rates are those of local governments that apply to property owners within Lancaster County. Not all overlapping rates apply to all Lancaster County property owners (ex. the rates for the City of Lancaster apply only to the proportion of property owners whose property is located within the geographic boundaries of the City of Lancaster.)

Note: Millage rates were rolled back in fiscal years 2001 and 2007 due to real property reassessments.

Lancaster County, South Carolina  
Principal Property Tax Payers  
Current Fiscal Year and Nine Fiscal Years Ago

Taxpayers	Fiscal Year 2010				Fiscal Year 2001			
	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Taxes Paid (1)	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Taxes Paid (1)
Duke Energy	\$ 7,192,290	1	2.56%	\$ 1,903,636	\$ 5,305,700	3	3.25%	\$ 1,229,531
The Gillette Company	4,316,050	2	1.53%	1,652,545	9,007,039	2	5.52%	1,754,036
Lancaster Hospital Corp.	4,399,190	3	1.56%	1,576,819	3,475,450	4	2.13%	1,109,226
Springs Global	4,164,199	4	1.48%	1,056,987	8,805,686	1	5.39%	1,886,840
Springland Associates	2,168,080	5	0.77%	771,437	1,586,675	6	0.97%	361,762
Pulte Home Corp.	3,251,920	6	1.16%	747,611				
Craft Development	2,182,190	7	0.78%	538,089				
Lawson Bend LLC	1,816,510	8	0.65%	447,891				
Lancaster Telephone Co.	1,235,680	9	0.44%	373,732	1,418,600	5	0.87%	384,400
Wells Real Estate	1,392,845	10	0.49%	356,847				
Kanawha					909,420	7	0.56%	303,074
Boral Bricks					948,840	8	0.58%	300,540
Rexham, Inc.					865,350	9	0.53%	274,876
Belden Wire & Cable					763,580	10	0.47%	144,642
Total assessed value of ten largest taxpayers	<u>\$ 32,118,954</u>		11.41%	<u>\$ 9,425,594</u>	<u>\$ 33,086,340</u>		20.26%	<u>\$ 7,748,927</u>
Total assessed value of all taxpayers	281,454,069		100.00%		\$ 163,315,001		100.00%	

Source: Lancaster County Treasurer

(1) Taxes paid includes amounts paid to other taxing authorities within Lancaster County.

Lancaster County, South Carolina  
Real Property Tax Levies and Collections  
Last Ten Years

Levy Year	Collected within the Fiscal Year of the Levy				Total Collections to Date			
	Original Levy	Adjustments	Total Adjusted Levy	Amount	Percentage Adjusted Levy	Collections in Subsequent Years	Amount	Percentage of Adjusted Levy
2000	\$ 4,948,569	\$ 847,652	\$ 5,796,221	\$ 5,605,387	96.7%	\$ 188,335	\$ 5,793,722	99.96%
2001	5,546,725	673,236	6,219,961	6,038,667	97.1%	177,106	6,215,773	99.93%
2002	6,220,586	526,164	6,746,750	6,512,732	96.5%	223,934	6,736,666	99.85%
2003	6,681,529	750,859	7,432,388	7,119,362	95.8%	302,701	7,422,063	99.86%
2004	7,317,411	1,139,171	8,456,582	8,140,090	96.3%	301,432	8,441,522	99.82%
2005	9,279,454	1,080,790	10,360,244	10,036,563	96.9%	298,367	10,334,930	99.76%
2006	11,116,412	147,790	11,264,202	10,837,919	96.2%	394,101	11,232,020	99.71%
2007	12,413,953	653,467	13,067,420	12,596,199	96.4%	416,742	13,012,941	99.58%
2008	16,324,750	(37,422)	16,287,328	15,243,682	93.6%	712,865	15,956,547	97.97%
2009	16,692,282	426,137	17,118,419	15,998,456	93.5%	-	15,998,456	93.46%

Source: Lancaster County Treasurer  
Includes County Ordinary, County Debt, County Capital Improvement, & County Court Security

Lancaster County, South Carolina  
Vehicle Property Tax Levies and Collections  
Last Ten Years

Levy Year	Original Levy	Adjustments	Total Adjusted Levy	Collected within the Year of the Levy (1)			Total Collections to Date		
				Amount	Percentage of Adjusted Levy	Collections in Subsequent Years	Amount	Percentage of Adjusted Levy	
2000	\$ 1,289,271	\$ 473,758	\$ 1,763,029	\$ 1,753,596	99.5%	\$ 1,372	\$ 1,754,968	99.54%	
2001	1,297,907	436,487	1,734,394	1,729,882	99.7%	883	1,730,765	99.79%	
2002	1,330,090	370,585	1,700,675	1,695,280	99.7%	1,313	1,696,593	99.76%	
2003	1,469,166	232,000	1,701,166	1,693,236	99.5%	3,659	1,696,895	99.75%	
2004	1,482,117	323,689	1,805,806	1,716,302	95.0%	85,813	1,802,115	99.80%	
2005	1,486,566	298,109	1,784,675	1,703,928	95.5%	75,950	1,779,878	99.73%	
2006	1,569,338	465,034	2,034,372	1,942,620	95.5%	86,665	2,029,285	99.75%	
2007	1,270,405	407,699	1,678,104	1,607,309	95.8%	66,710	1,674,019	99.76%	
2008	1,492,012	335,916	1,827,928	1,694,729	92.7%	76,580	1,771,309	96.90%	
2009	1,763,319	283,719	2,047,038	1,916,851	93.6%	-	1,916,851	93.64%	

(1) 2000-2004 collected within the year of the levy also includes collections for previous years levies.

Source: Lancaster County Treasurer

Includes County Ordinary, County Debt, County Capital Improvement, & County Court Security

Lancaster County, South Carolina  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Governmental Activities									
Fiscal Year	SCAGO Public Facilities			Special Source			Percentage of Personal Income		
	General Obligation Bonds	Installment Purchase Revenue Bonds	Capital Leases	Bonds	Revenue Bonds	Mortgages Payable	Total	Personal Income	Per Capita
2001	\$ 11,075,000	\$ -	\$ 2,151,767	\$ -	-	\$ 477,800	\$ 13,704,567	1.11%	\$ 223
2002	10,850,000	-	2,396,550	-	-	419,116	13,665,666	1.07%	222
2003	10,600,000	-	2,307,194	-	-	357,500	13,264,694	1.00%	213
2004	10,325,000	-	2,195,499	-	-	292,821	12,813,320	0.96%	205
2005	9,975,000	-	2,618,397	-	-	224,907	12,818,304	0.91%	203
2006	9,550,000	-	3,532,241	-	2,973,658	153,956	16,209,855	1.09%	257
2007	9,115,000	-	2,800,930	-	2,973,658	78,722	14,968,310	0.97%	209
2008	15,737,402	-	1,579,739	-	2,973,658	-	20,290,799	1.25%	276
2009	14,764,408	38,410,000	3,202,000	-	2,973,658	-	59,350,066	3.39%	782
2010	15,778,340	38,410,000	2,792,813	-	2,733,658	-	59,714,811	3.28%	768

Notes:

Population data & personal income data can be found in the Schedule of Demographic and Economic Statistics.

Special Source Revenue Bonds for Bailes Ridge Improvement District were issued in fiscal year 2006.

SCAGO Public Facilities installment purchase revenue bonds were issued in fiscal year 2009.

Lancaster County, South Carolina  
Ratios of General Bonded Debt Outstanding  
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Percentage of Estimated Actual Taxable Value of Property (1)	Debt Per Capita (2)
2001	\$ 11,075,000	0.45%	\$ 180
2002	10,850,000	0.43%	176
2003	10,600,000	0.41%	170
2004	10,325,000	0.38%	165
2005	9,975,000	0.35%	158
2006	9,550,000	0.32%	151
2007	9,115,000	0.23%	127
2008	15,737,402	0.36%	214
2009	14,764,408	0.30%	194
2010	15,778,340	0.31%	203

Note:

(1) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

(2) Population data can be found in the Schedule of Demographic and Economic Statistics.

Lancaster County, South Carolina  
Direct and Overlapping Governmental Activities Debt  
As of June 30, 2010

Governmental Unit	Net General Obligation Bonded Debt Outstanding	Percentage Applicable to County	Amount Applicable to County
Direct:			
Lancaster County	\$ 15,778,340	100%	\$ 15,778,340
Overlapping:			
City of Lancaster	550,000	100%	550,000
Lancaster School District	<u>22,980,000</u>	100%	<u>22,980,000</u>
	23,530,000		23,530,000
Total direct and overlapping debt	<u>\$ 39,308,340</u>		<u>\$ 39,308,340</u>

Sources: Lancaster County Treasurer, City of Lancaster and Lancaster County School District



Lancaster County, South Carolina  
Legal Debt Margin Information  
Last Ten Fiscal Years

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt Limit	\$ 13,121,019	\$ 13,388,515	\$ 13,291,536	\$ 13,550,321	\$ 13,926,453	\$ 14,586,682	\$ 18,405,935	\$ 18,474,600	\$ 20,861,043	\$ 21,535,417
Total net debt applicable to limit	11,075,000	10,850,000	10,600,000	10,325,000	9,975,000	9,550,000	9,115,000	15,737,402	14,764,408	13,278,341
Legal debt margin	2,046,019	2,538,515	2,691,536	3,225,321	3,951,453	5,036,682	9,290,935	2,737,198	6,096,635	8,257,076
Total net debt applicable to the limit as a percentage of debt limit	84.41%	81.04%	79.75%	76.20%	71.63%	65.47%	49.52%	85.18%	70.78%	61.66%

**Legal Debt Margin Calculation for Fiscal Year 2010**

Assessed value (1)	\$ 267,630,647
Add back: exempt Merchant Inventory (2)	\$ 1,562,070
Total assessed value	<u>269,192,717</u>
Debt limit (8% of assessed value) (3)	21,535,417
Debt applicable to limit:	
Total general obligation bonds	15,778,340
Less G.O. bonds not applicable to 8% debt limit (4)	<u>(2,500,000)</u>
Net G.O. bonds applicable to limit	<u>13,278,340</u>
Legal debt margin without a referendum (5)	<u>\$ 8,257,077</u>

Notes:

(1) Property value data can be found in the Assessed Value and Estimated Actual Value of Taxable Property schedule. Fee-in-lieu, joint industrial park, & reimbursement assessments are not included in the assessed value for debt limit calculation.

(2) Business inventory is exempt from tax, but its 1987 assessed value of \$1,562,070 is included in the computation of the legal debt margin.

(3) The legal debt limit is 8 percent of total assessed value.

(4) GO bonds for the Pleasant Valley Fire District are not subject to the 8% debt limit. Special fire fees are assessed to pay this bond.

(5) The legal debt margin is the government's available borrowing under SC Code of Laws and is calculated by subtracting the debt applicable to the legal debt limit from the legal debt limit.

Lancaster County, South Carolina  
Demographic and Economic Statistics  
Last Ten Years

Fiscal Year	County Population (1)*	Total Personal Income (In Thousands) (1)*	Per Capita Income*	School Enrollment (2)	Unemployment Rate (4)
2001	61,470	1,238,621	20,150	11,144	5.3%
2002	61,590	1,278,916	20,765	10,804	6.6%
2003	62,220	1,323,233	21,267	10,885	12.9%
2004	62,520	1,328,000	21,269	10,888	11.0%
2005	63,135	1,401,000	22,191	10,875	8.2%
2006	63,113	1,486,000	23,545	11,023	9.6%
2007	71,723	1,542,045	21,500	11,171	8.8%
2008	73,393	1,620,517	22,080	11,274	10.1%
2009	75,913	1,752,832	23,090	11,508	19.1%
2010	77,767	1,822,945	23,441	11,401	16.4%

Sources:

(1) Bureau of Census/SC Budget & Control Board Office of Research & Statistics/Bureau of Economic Analysis. All are estimates.

(2) Based on 135-Day Enrollment Reports for Lancaster County School District Schools.

(4) S.C. Employment Security Commission.

\*Statistics are based on calendar year ending December 31 prior to the fiscal year ending date.

Lancaster County, South Carolina  
Principal Employers  
Current Year and Seven Years Ago

Employer	2010			2003 (1)		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Lancaster County Schools	1,532	1	5.02%	1,374	2	4.95%
Lancaster County (2)	734	2	2.41%	426	7	1.53%
Springs Memorial Hospital	710	3	2.33%	800	3	2.88%
Cardinal Health	700	4	2.30%	700	4	2.52%
Red Ventures	575	5	1.89%	-		
Duracell	400	6	1.31%	601	5	2.16%
Continental Tire	400	7	1.31%	-		
Inspiration Ministries	335	8	1.10%	-		
Founders Federal Credit Union	320	9	1.05%	-		
Wal-Mart	303	10	0.99%	-		
Springs Industries				1,400	1	5.04%
Humana				560	6	2.02%
Berkshire Weaving				145	8	0.52%
Joslyn Clark Controls				145	9	0.52%
Virtual Image Technologies				125	10	0.45%
Total	6,009		19.70%	6,276		22.60%

Total Labor Force	30,497	27,776
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Source: Lancaster County Economic Development Corporation and SC Employment Security Commission

(1) Prior years unavailable

(2) Fiscal year 2010 includes part-time poll workers as employees

Lancaster County, South Carolina  
Full-time Equivalent County Government Employees by Function  
Last Eight Fiscal Years

Function	Full-time Equivalent Employees as of June 30							
	2003	2004	2005	2006	2007	2008	2009	2010
General Government Administration	66.50	69.00	70.50	72.50	79.00	84.00	87.00	88.50
Administration of Justice	24.50	26.50	27.50	27.00	27.00	27.50	27.50	29.00
Culture & Recreation	34.50	36.00	40.50	43.00	43.00	46.00	54.00	57.50
Public Safety & Law Enforcement	114.00	130.50	131.50	127.50	135.50	140.00	152.00	165.50
Public Works	36.50	37.00	36.00	36.50	38.50	41.50	42.50	39.00
Public Health & Welfare	54.50	57.50	64.00	59.00	66.50	74.00	83.00	83.50
	330.50	356.50	370.00	365.50	389.50	413.00	446.00	463.00

Source: Lancaster County Finance Department payroll records and Lancaster County Library.

Lancaster County, South Carolina  
Operating Indicators by Function  
Last Eight Fiscal Years

	Fiscal Year Ended June 30							
	2003	2004	2005	2006	2007	2008	2009	2010
Administration of Justice								
Clerk of Court general sessions cases disposed	1,489	1,236	1,824	1,792	1,257	1,591	1,550	2,224
Family Court cases disposed	1,261	1,053	980	1,003	1,047	827	975	997
Magistrate Court								
Criminal Docket total cases filed	2,394	1,859	1,933	2,677	2,881	2,442	2,258	2,623
Traffic Docket total cases filed	10,919	5,502	8,082	8,158	10,388	10,162	11,163	9,025
Civil Docket total cases filed	2,021	2,408	2,260	2,294	2,371	2,237	2,535	2,314
Probate Court								
Estates opened	475	502	489	477	511	518	572	593
Estates disposed	448	451	415	430	385	474	487	560
Marriage license issued	478	492	541	589	482	509	509	481
Guardianship and/or conservatorships opened	36	38	27	35	28	30	25	27
Guardianship and/or conservatorships disposed	20	30	36	36	29	40	33	20
Mental and chemical commitment files opened	n/a	n/a	376	279	296	295	295	362
Mental and chemical hearings held	n/a	90	137	135	118	83	99	145
Public Safety & Law Enforcement								
Detention Center - Total number incarcerated (1)	3,921	3,457	3,318	3,605	3,594	4,160	3,851	3,519
Coroner - Total number of calls (1)	200	250	270	315	300	307	285	270
Fire Service - Total number of calls (1)	2,478	3,098	2,705	2,914	3,196	3,311	3,246	3,306
Sheriff Department (1)								
Criminal arrests	n/a	2,133	588	1,160	799	2,802	1,905	2,374
Traffic cases	n/a	3,645	570	1,821	1,145	4,177	4,115	4,405
Arrest warrants served	n/a	2,641	2,931	2,749	2,699	2,778	2,920	2,094
Fraudulent check warrants served	n/a	469	616	460	600	430	351	277
Public Works								
Roads & Bridges: # of roads on which potholes were repaired	n/a	248	222	213	173	143	150	154
Solid Waste								
Tons of household garbage disposed of	n/a	26,186	28,066	28,840	28,903	23,187	30,290	28,507
Tons of recyclables collected	n/a	3,482	4,030	4,866	4,400	5,513	6,159	(2) 3,127
Public Health & Welfare								
Animal Control								
Number of complaints responded to	2,477	2,626	2,616	2,543	2,575	2,538	2,495	4,503
Number of animals through shelter	5,536	5,133	5,332	5,154	5,146	5,042	4,771	4,611
EMS - Total number of calls (1)	8,908	9,557	9,946	10,263	11,046	10,637	11,452	12,289

Sources: Various county departments.

Probate Court statistics.

(1) Statistics are based on the calendar year ending December 31 prior to the fiscal year ending date

(2) FY 2010 had a marked decrease in the amount of fires that were recycled; The formula for calculating recycled scrap metal was changed to provide a more accurate estimate.

Lancaster County, South Carolina  
Capital Asset Statistics by Function  
Last Eight Fiscal Years

	Fiscal Year Ended June 30							
	2003	2004	2005	2006	2007	2008	2009	2010
Public safety and law enforcement								
Number of police stations	1	1	1	1	1	1	1	1
Number of police sub-stations	2	2	2	2	2	2	2	2
Number of police vehicles	68	71	87	96	85	90	112	112
Number of fire stations	19	19	19	19	19	19	18	18
Public works								
Miles of unpaved roads maintained (1)	994.0	994.0	992.5	991.5	987.2	984.2	982.6	982.6
Miles of paved roads maintained (1)	306.0	306.0	307.5	308.5	312.8	312.4	324.8	330.8
Public health and welfare								
Number of EMS stations	6	6	6	7	7	7	7	7
Number of emergency vehicles	17	18	20	21	21	21	22	22
Culture & recreation								
Number of parks	19	20	20	21	22	24	24	24
Number of recreation centers	2	2	3	3	3	4	4	4
Number of libraries	2	2	2	2	2	2	3	3

Sources: Various county departments.

Note: Capital asset indicators are not available for the general government function or the administration of justice function.

(1) Statistics are based on calendar year ending December 31 prior to the fiscal year ending date.

## **COMPLIANCE SECTION**





## 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

Lancaster County Council  
Lancaster County  
Lancaster, South Carolina

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lancaster County, South Carolina, as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements and have issued our report thereon dated November 12, 2010. 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

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

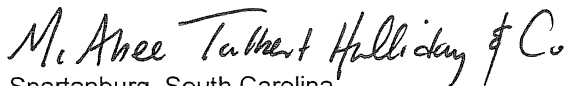
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination 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.

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 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 County'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 management, County Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Spartanburg, South Carolina  
November 12, 2010

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REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Lancaster County Council  
Lancaster County  
Lancaster, South Carolina

Compliance

We have audited the compliance of Lancaster County, South Carolina, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2010. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, Lancaster County, South Carolina, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

Management of the County, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance 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 compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, County Council, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*McAfee Talbot Holliday & Co.*

Spartanburg, South Carolina  
November 12, 2010

**LANCASTER COUNTY, SOUTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2010**

**Summary of Auditor's Results:**

1. The audit report issued on the financial statements was unqualified.
2. The audit did not disclose any noncompliance which is material to the financial statements.
3. The compliance report for major programs was unqualified.
4. The audit did not disclose any audit findings which were required to be reported.
5. Major federal programs for the County for the fiscal year ended June 30, 2010 are:

<u>Program Name</u>	<u>CFDA Number</u>
Airport Improvement Grant	20.106
Community Development Block Grant	14.228

6. The threshold for determining Type A programs for Lancaster County was \$300,000 for the year.
7. The County did not qualify as a low-risk auditee under Section 530 of Circular A-133.

**Generally Accepted Governmental Auditing Standards Findings and Questioned Costs:**

1. None

**Federal Awards Findings and Questioned Costs:**

1. None

**LANCASTER COUNTY, SOUTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2010**

<b>Federal Grantor/Pass-through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-through Grantor's Number</b>	<b>Expenditures</b>
<b>US Department of Justice Bureau of Justice Assistance</b>			
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580	2008-DD-BX-0355	\$ 48
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2007-DJ-BX-1325	3,300
Bulletproof Vest Partnership Program	16.607	N/A	8,409
Recovery Act - Edward Byrne Memorial Justice Assistance Grant Program/Grants to Units of Local Government	16.804	2009-SB-B9-2573	86,103
<b>US Department of Justice Bureau of Justice Assistance</b>			
***Passed through SC Department of Public Safety			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	1GS08021	73,058
Community Prosecution and Project Safe Neighborhoods	16.609	1P08003	23,417
Recovery Act - Edward Byrne Memorial Justice Assistance Grant Program/Grants to Units of Local Government	16.804	2009-DJ-BX-1015	133
Recovery Act - Edward Byrne Memorial Justice Assistance Grant Program/Grants to States and Territories	16.803	1GS09058	173,136
<b>US Department of Homeland Security</b>			
***Passed through SC Emergency Management Division			
Emergency Management Performance Grant	97.042	8EMPG01	57,920
Homeland Security Grant Program	97.067	7CCP01	4,774
Hazardous Materials Training Program	97.020	HMESC7042150	25,624
<b>US Department of Transportation Federal Aviation Administration</b>			
Airport Improvement Program Grant	20.106	3-45-0034-11-2008 *	2,771,606
<b>US Department of Housing and Urban Development</b>			
***Passed through SC Department of Commerce			
Community Development Block Grant	14.228	4-RP-08-003 *	50,000
Community Development Block Grant	14.228	4-V-08-003 *	238,045
Community Development Block Grant	14.228	4-W-08-012 *	126,995
<b>US Department of Agriculture US Fish &amp; Wildlife Service</b>			
<b>Federal Sportfish Restoration Funds</b>			
***Passed through SCDNR			
Sport Fish Restoration Program	15.605	F-117-B	90,000
<b>TOTAL</b>			<b>\$ 3,732,568</b>

\* Major Program

**1. Summary of Significant Accounting Policies**

*Basis of Accounting*

The Schedule of Expenditures of Federal Awards was prepared on the accrual basis of accounting.